

**ST. VINCENT ELECTRICITY SERVICES LIMITED**

**FINANCIAL STATEMENTS**

**AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2019**

**(With comparative figures as at and for the year ended December 31, 2018)**

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## **ST. VINCENT ELECTRICITY SERVICES LIMITED**

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## **CORPORATE INFORMATION**

### **Registered Office**

Kingstown  
St. Vincent and the Grenadines

### **Directors**

Ms. René M. Baptiste – Chairman, C.M.G., LL.B (Hons.), L.E.C.  
Mr. Maurice Edwards – BSc, CGA, O.B.E.  
Mr. Godfred Pompey – Q.A.T, BSc., MA  
Mr. Brian George – B. Eng. (Hons.), MSc, PMP  
Mr. Simon Glynn (until April 21, 2019)  
Mr. Patrick Da Silva  
Mr. Tyrone Burke  
Mr. Lance Peters  
Mr. Alex Williams

### **Company Secretary**

Mrs. Juliette Hinds-Wilson – CMA, ACIS

### **Chief Executive Officer**

Mr. Thornley Myers – MSc, MASC, Dip. Mgmt.

### **Solicitors**

Saunders & Huggins

### **Bankers**

The Bank of Nova Scotia  
CIBC First Caribbean International Bank (Barbados) Limited  
Bank of St. Vincent and the Grenadines Ltd  
RBTT Bank (Caribbean) Ltd

### **Auditors**

KPMG Chartered Accountants

**KPMG**

First Floor  
National Insurance Services Headquarters  
Upper Bay Street  
P.O. Box 587, Kingstown  
St. Vincent and the Grenadines

Telephone: (784) 451-1300  
Fax: (784) 451-2329  
Email: kpmg@kpmg.vc

**INDEPENDENT AUDITORS' REPORT**

To the Shareholder  
St. Vincent Electricity Services Limited  
St. Vincent

***Opinion***

We have audited the financial statements of St. Vincent Electricity Services Limited ("the Company"), which comprise the statement of financial position as at December 31, 2019, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in St. Vincent, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **INDEPENDENT AUDITORS' REPORT CONTINUED**

To the Shareholder  
St. Vincent Electricity Services Limited

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



## INDEPENDENT AUDITORS' REPORT, CONTINUED

To the Shareholder  
St. Vincent Electricity Services Limited

### *Auditors' Responsibilities for the Audit of the Financial Statements, continued*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG'.

Chartered Accountants  
Kingstown, St. Vincent and the Grenadines  
November 26, 2020

# ST. VINCENT ELECTRICITY SERVICES LIMITED

## Statement of Financial Position

As of December 31, 2019

With comparative figures for year ended December 31, 2018

(Expressed in Eastern Caribbean Dollars)

	Note	2019 \$	2018 \$
<b>Assets</b>			
Property, plant and equipment	5	150,059,147	165,972,149
Long-term investments	6	6,824,350	8,779,976
<b>Total non-current assets</b>		156,883,497	174,752,125
Inventories	7	4,126,475	4,793,996
Current portion of long-term investments	6	1,976,852	1,897,027
Short-term investments	8	12,693,237	12,426,148
Trade and other receivables	9	35,594,055	31,228,410
Prepayments		1,407,481	847,326
Cash at bank		3,605,629	2,272,621
<b>Total current assets</b>		59,403,729	53,465,528
<b>Total assets</b>		216,287,226	228,217,653
<b>Equity</b>			
Share capital	10	29,045,910	29,045,910
Self-insurance fund	5,11(b)	20,768,631	21,101,631
Retained earnings		97,782,313	87,356,973
<b>Total equity</b>		147,596,854	137,504,514
<b>Liabilities</b>			
Borrowings	11	8,422,050	16,821,588
Consumers' contributions to line extensions	12	372,363	539,534
Deferred grant income	13	-	1,873,189
Consumers' deposits	14	10,771,884	12,059,494
Deferred tax liability	15	22,085,770	27,888,364
<b>Total non-current liabilities</b>		41,652,067	59,182,169
Income tax payable		2,682,766	1,630,864
Current portion of borrowings	11	8,165,385	13,463,496
Trade and other payables	16	16,190,154	16,402,661
Bank overdraft		-	33,949
<b>Total current liabilities</b>		27,038,305	31,530,970
<b>Total liabilities</b>		68,690,372	90,713,139
<b>Total equity and liabilities</b>		216,287,226	228,217,653

See accompanying notes to the financial statements.

Approved by the Board of Directors:

  
Director

  
Director

# ST. VINCENT ELECTRICITY SERVICES LIMITED

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019

With comparative figures for year ended December 31, 2018

*(Expressed in Eastern Caribbean Dollars)*

	Note	2019 \$	2018 \$
<b>Revenues</b>			
Energy sales		70,927,007	68,572,156
Fuel surcharge recovered		54,088,806	50,514,230
Other revenue		2,276,852	1,292,664
		<u>127,292,665</u>	<u>120,379,050</u>
<b>Operating expenses</b>			
Diesel generation		28,767,614	25,900,743
Hydro generation		4,002,941	4,075,915
Renewable energy purchased		699,283	306,923
Transmission and distribution		12,215,471	11,416,474
Fuel surcharge		53,166,772	51,227,716
Administrative expenses		17,699,080	19,946,465
	17	<u>116,551,161</u>	<u>112,874,236</u>
<b>Operating profit</b>		10,741,504	7,504,814
Other gains (losses), net	18	<u>62,472</u>	<u>(556,976)</u>
<b>Profit before net finance costs and taxation</b>		<u>10,803,976</u>	<u>6,947,838</u>
Finance income		715,710	705,211
Finance costs		<u>(1,123,175)</u>	<u>(1,908,515)</u>
<b>Net finance costs</b>		<u>(407,465)</u>	<u>(1,203,304)</u>
<b>Profit before taxation</b>		10,396,511	5,744,534
Income tax expense	19	<u>(304,171)</u>	<u>210,765</u>
<b>Profit for the year being total comprehensive income</b>		<u>10,092,340</u>	<u>5,955,299</u>
Earnings per share	20	1.74	1.03

See accompanying notes to the financial statements.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019

With comparative figures for year ended December 31, 2018

*(Expressed in Eastern Caribbean Dollars)*

	Note	Share capital \$	Self-insurance fund \$	Retained earnings \$	Total \$
<b>Balance as of December 31, 2018</b>		29,045,910	21,101,631	87,356,973	137,504,514
<b>Total comprehensive income for the year</b>					
Profit for the year		-	-	10,092,340	10,092,340
<b>Total comprehensive income for the year</b>		-	-	10,092,340	10,092,340
<b>Transactions with owners, recorded directly in equity</b>					
Transfer from self-insurance fund		-	(1,333,000)	1,333,000	-
Transfer to self-insurance fund	26	-	1,000,000	(1,000,000)	-
<b>Balance as of December 31, 2019</b>		29,045,910	20,768,631	97,782,313	147,596,854

*See accompanying notes to the financial statements.*

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2019

With comparative figures for year ended December 31, 2018

*(Expressed in Eastern Caribbean Dollars)*

	Note	Share capital \$	Self-insurance fund \$	Retained earnings \$	Total \$
<b>Balance as of December 31, 2017 under IAS 39</b>		29,045,910	24,389,199	83,789,803	137,224,912
<i>Effect of change in accounting policy</i>					
Remeasurement of investments IFRS 9	3	-	-	327,300	327,300
Recognition of IFRS 9 ECLs	3	-	-	(6,002,997)	(6,002,997)
		-	-	(5,675,697)	(5,675,697)
<b>Opening balance January 1, 2018 under IFRS 9</b>		29,045,910	24,389,199	78,114,106	131,549,215
<b>Total comprehensive income for the year</b>					
Profit for the year		-	-	5,955,299	5,955,299
<b>Total comprehensive income for the year</b>		-	-	5,955,299	5,955,299
<b>Transactions with owners, recorded directly in equity</b>					
Transfer from self-insurance fund	26	-	(3,287,568)	3,287,568	-
<b>Balance as of December 31, 2018</b>		29,045,910	21,101,631	87,356,973	137,504,514

*See accompanying notes to the financial statements.*

# ST. VINCENT ELECTRICITY SERVICES LIMITED

## Statement of Cash Flows

For the year ended December 31, 2019

With comparative figures for year ended December 31, 2018

(Expressed in Eastern Caribbean Dollars)

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Profit for the year		10,092,340	5,955,299
<b>Adjustments for:</b>			
Depreciation	5	20,071,995	19,554,195
Amortization of consumers' contributions to line extensions	12	(564,250)	(1,276,087)
(Gain) / loss on disposal of property, plant and equipment		(85,533)	386,156
Finance costs		1,123,175	1,908,515
Amortization of deferred grant income	13	(115,009)	(7,341)
Finance income		(715,710)	(705,211)
Fair value gain on FVTPL financial assets		-	327,300
Income tax expense		304,171	(210,765)
<b>Operating profit before working capital changes</b>		30,111,179	25,932,061
Change in inventories		891,265	(1,922,982)
Effect of change in accounting policy: ECL		-	(6,002,997)
Change in trade and other receivables		(4,195,809)	1,151,111
Change in prepayments		(560,155)	62,255
Change in trade and other payables		313,501	(2,667,900)
<b>Cash generated from operations</b>		26,559,981	16,551,548
Interest paid		(2,883,095)	(1,516,052)
Interest received		716,086	875,852
Income tax paid		(5,054,863)	(2,346,214)
<b>Net cash generated from operating activities</b>		19,338,109	13,565,134
<b>Cash flows from investing activities</b>			
Acquisition of long-term securities		-	(1,000,000)
Proceeds from redemption of short-term investment securities		-	4,141,791
Acquisition of short-term investment securities		(267,089)	-
Acquisition of property, plant and equipment	5	(6,347,585)	(9,577,286)
Proceeds from disposal of property, plant and equipment		100,763	78,162
Proceeds from redemption of long-term investment securities		1,897,027	1,538,018
<b>Net cash used in investing activities</b>		(4,616,884)	(4,819,315)
<b>Cash flows from financing activities</b>			
Change in consumers' deposits		(53,698)	240,650
Repayment of borrowings		(13,697,649)	(9,217,787)
Proceeds from long-term loan/grant		-	1,758,180
Net change in consumers' contributions	12	397,079	260,144
<b>Net cash used in financing activities</b>		(13,354,268)	(6,958,813)
<b>Net increase in cash and cash equivalents</b>		1,366,957	1,787,006
<b>Cash and cash equivalents - beginning of year</b>		2,238,672	451,666
<b>Cash and cash equivalents - end of year</b>		3,605,629	2,238,672
<b>Represented by:</b>			
Cash and cash equivalents		3,605,629	2,272,621
Bank overdraft		-	(33,949)
		3,605,629	2,238,672

See accompanying notes to the financial statements.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 1. Reporting entity

St. Vincent Electricity Services Limited ("the Company") was incorporated under the laws of St. Vincent and the Grenadines on November 27, 1961 and continued as Company 64 of 1961 under Section 365 of the Companies' Act of 1994, under the laws of St. Vincent and the Grenadines. The Company operates under the Electricity Supply Act of 1973, and has an exclusive license for the exercise and performance of functions relating to the supply of electricity in St. Vincent and the Grenadines. The Company's registered office is situated at Paul's Avenue, Kingstown, St. Vincent and the Grenadines.

The Company is 100% owned by the Government of St. Vincent and the Grenadines.

## 2. Basis of preparation

### (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were approved for issue by the Board of Directors on November 26, 2020.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets which are measured at fair value. The methods used to measure fair value are discussed further in Note 4.

### (c) Functional and presentation currency

The financial statements are presented in Eastern Caribbean dollars, which is the Company's functional currency. All financial information is presented in Eastern Caribbean dollars, unless otherwise indicated, and has been rounded to the nearest dollar.

### (d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3(f) - Financial instruments
- Note 3(g) - Property, plant and equipment
- Note 3(o) - Revenue recognition
- Note 4(b) - Measurement of fair values

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### (a) Foreign currency transactions

Transactions in foreign currencies are translated into Eastern Caribbean dollars at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

### (b) Cash, cash equivalents and short-term investment securities

Cash comprises cash on hand and demand deposits held with banks. Cash equivalents comprise short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term commitments rather than for investment purposes and original maturities of ninety (90) days or less at the date of purchase. Highly liquid investments include deposits where the maturities do not exceed three months from the acquisition date. Investments with maturities between ninety (90) days and one year at the date of purchase and consist primarily of certificates of deposit are considered to be short-term investment securities. Cash and cash equivalents and short-term investment securities are measured at amortized cost.

### (c) Dividends

Dividends that are proposed and declared after the reporting date are not shown as a liability but are disclosed as a note to the financial statements.

Dividends declared are recognised as a liability in the Company's financial statements in the period in which they become a constructive obligation.

### (d) Trade and other receivables

Trade and other receivables are carried initially at fair value and subsequently measured at amortized cost less a provision for impairment. The provision for impairment of trade and other receivables is established based on lifetime expected credit losses (ECL). The amount of the provision is recognized in profit and loss.

Trade and other receivables, being short-term, are not discounted.

### (e) Inventories

Inventories are measured at the lower of cost, cost being determined on the weighted average basis, and net realizable value. Allowance is made for obsolete, slow-moving and damaged goods.

Goods-in-transit are stated at invoiced cost.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies (cont'd)

### (f) Financial instruments

#### (i) Classification

To determine classification and measurement categories IFRS 9 requires all financial assets, except derivatives, to be assessed based on a combination of the business model for managing the assets and the instrument's contractual cash flow characteristics.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

#### (ii) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognizes trade and other receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends to either settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### (iii) Non-derivative financial assets - measurement

##### **Loans and receivables**

On initial recognition, these assets are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost less any impairment.

##### **Equity securities**

Equity securities are measured at fair value through profit and loss (FVTPL). On initial recognition, these assets are measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies (cont'd)

### (f) Financial instruments (cont'd)

#### (iii) *Non-derivative financial assets – measurement (cont'd)*

##### **Debt securities**

The Company's investments in debt securities pass the business and cash flow characteristics tests and are therefore measured at amortized costs less any impairment.

#### (iv) *Non-derivative financial liabilities – measurement*

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

### (g) Property, plant and equipment

#### (i) *Recognition and measurement*

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The net proceeds of assets disposed of or retired during the year less the net book value of such assets are taken to profit or loss.

#### (ii) *Subsequent expenditure*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

#### (iii) *Depreciation*

Land is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are available for use. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated useful lives, as follows:

• Freehold property	2½	-	5% per annum
• Generation plant & machinery	5	-	20% per annum
• Transmission & distribution	5	-	6% per annum
• Motor vehicles			25% per annum
• Furniture and equipment			12½% per annum

Depreciation is recognized in profit or loss.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies (cont'd)

### (g) Property, plant and equipment (cont'd)

#### (iv) Other

The assets' residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

### (h) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income (OCI) in which case it is recognised in equity or OCI as appropriate.

#### (i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if certain criteria are met.

#### (ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences relating to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies (cont'd)

### (h) Income tax (cont'd)

#### (ii) *Deferred tax (cont'd)*

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

### (i) Impairment

#### (i) *Non-derivative financial assets*

The company uses the forward looking expected credit loss method ("ECL") in its impairment assessment of its financial assets.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL) unless there has been no significant increase in credit risk since origination in which case, the allowance is based on the 12 months expected credit loss.

The Company's financial assets include accounts receivable which are short term in nature. As is permitted by IFRS 9, the Company has voluntarily elected to select an accounting policy which recognizes full lifetime expected credit losses. A practical expedient method, in the form of a provision matrix, has been applied for trade receivables based on customer categories, historical credit loss experiences and future economic expectations. The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECL's is a significant estimate. The amount of ECL's is sensitive to change in circumstances and forecasted economic conditions. The Company's historical credit loss experience and forecasted conditions may not be representative of actual customer defaults in the future. Information about the Company's receivables is disclosed in note 10.

The Company's financial assets measured at mortised cost under IFRS 9 mainly comprise Government bonds which are medium term in nature. Given that there have not been significant increases in related credit risk, the allowance assessment for financial assets measured at amortized cost and other receivables has been based on 12 months expected credit losses. An ECL probabilistic approach has been used based on:

- a) An unbiased and probability-weighted amount that is determined by evaluating ranges of possible outcomes;
- b) The time value of money; and
- c) Reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies (cont'd)

### (i) Impairment (cont'd)

#### (i) *Non-derivative financial assets (cont'd)*

The key elements of the ECL calculations are outlined below:

- a) Probability of Default: This measures the instances of default over a period divided by the number of payments expected at the beginning of a period.
- b) Loss Given Default: This represents amounts never collected or amounts written off once a default event occurs
- c) Exposure at Default: This represents the outstanding amounts collectible at default.

Forward looking information:

In its ECL model the Company relied on a range of forward-looking information as economic inputs, such as:

- GDP growth
- Inflation
- Unemployment rates
- Central government debt

#### (ii) *Non-financial assets*

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories), to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies (cont'd)

### (j) Trade and other payables

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

### (k) Borrowings

Borrowings are recognized at fair value, being their issue proceeds, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit and loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

### (l) Consumers' deposits

Given the long-term nature of the customer relationship, customers' deposits are shown as non-current liabilities.

Customers' deposits are refundable on termination of supply and bear interest at the rate of 2% per annum.

### (m) Consumers' contributions

In certain specified circumstances, consumers requiring line extensions are required to contribute the estimated capital cost of the extensions. These contributions are amortized over the estimated useful lives of the relevant capital cost on the straight-line basis by way of a reduction of the depreciation charge under transmission and distribution costs. Contributions in excess of the applicable capital cost of line extensions are recorded as other revenue in the period in which they are completed. The capital costs of consumer line extensions are included in property, plant and equipment.

### (n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Among the rights attaching to the Company's issued ordinary shares are the right to:

- (i) attend and vote at meetings of shareholders of the Company; and
- (ii) receive dividends as declared from time to time by the Company

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies (cont'd)

### (o) Revenue recognition

Revenue is income that arises in the course of the ordinary activities of the Company. It comprises income from the sale of energy and from fuel surcharge, which are recognised and measured as follows:

#### (i) *Sale of energy*

Revenue from energy sales is based on (1) meter readings, which are carried out on a rotational basis throughout each month, and (2) estimates of customer use between the meter reading date and the reporting date. The accrual for such unbilled sales is calculated on the basis of apportionment of revenue derived from the meter reading period next following the reporting date. The amount for unbilled sales is included in accrued income.

#### (ii) *Fuel surcharge*

In addition to the normal tariff rates charged for energy sales, a fuel surcharge is calculated which is based on the difference between the cost of fuel used to generate energy sales in the current month and the fuel price at the base period. The surcharge is recovered by applying the month's surcharge rate to units billed in the following month. The provision for unbilled fuel surcharge is included in accrued income.

### (p) Employee benefits

#### (i) *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) *Pension*

The Company provides retirement benefits, under a defined-contribution plan, for substantially all of its employees. The pension plan is funded by payments from employees and the Company at rates as provided for in the plan's rules.

The Company's obligation in respect of the defined-contribution plan is limited to the contributions it is required to make under the plan's rules.

The Company's contributions to the defined-contribution pension plan are charged to profit or loss in the year to which they relate.

#### (iii) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 3. Significant accounting policies (cont'd)

### (q) Deferred grant income

Grants related to the acquisition of property, plant and equipment are deferred and credited to income on a basis consistent with the amortization of the cost of the asset to which they relate (note 14).

### (r) Finance income and expense

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of financial assets at FVTPL and foreign currency gains on investments. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established.

Finance expense comprises interest expense and foreign currency losses on borrowings.

### (s) New standards, amendments and interpretations of existing standards

#### (i) *New standards, amendments and interpretations effective in the current year*

A number of new standards are effective from January 1, 2019 but they did not have a material effect on the financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Except for the change below, the Company has consistently applied the accounting policies set out in note 3 to all periods presented in the financial statements.

#### **IFRS 16 Leases effective 1 January 2019**

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees- leases of "low-value" assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of the lease, a lessee will recognize a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. right-of-use asset).

Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Company did not adopt IFRS 16. Management assessed the impact of adopting the new standard and determined that it was not material to the financial statements.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

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## 3. Significant accounting policies (cont'd)

### (s) New standards, and interpretations of and amendments to existing standards (cont'd)

#### (i) New standards, amendments and interpretations not yet effective

The following new or amended standards are not expected to have a significant impact on the Company's financial statements:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) effective date to be determined
- IFRS 17 *Insurance contracts* effective 1 January 2021
- IFRIC 23 *Uncertainty over Income Tax Treatments* effective 1 January 2019
- IFRS 16 *Leases* effective 1 January 2019

## 4. Financial instruments – fair values and risk management

### (a) Accounting classifications

The following table shows the accounting classifications of financial assets and financial liabilities at fair value through profit or loss and amortised cost.

December 31, 2019	FVTPL \$	Amortized Cost \$	Total \$
<b>Financial assets</b>			
Debt securities (note 6)	-	7,588,702	7,588,702
Equity securities (note 6)	1,212,500	-	1,212,500
Short-term investments (note 8)	-	12,693,237	12,693,237
Trade and other receivables (note 9)	-	35,594,055	35,594,055
Cash and cash equivalents	-	3,605,629	3,605,629
<b>Total financial assets</b>	<b>1,212,500</b>	<b>59,481,623</b>	<b>60,694,123</b>
<b>Financial liabilities</b>			
Borrowings (note 11)	-	16,587,435	16,587,435
Customers' deposits (note 14)	-	10,771,884	10,771,884
Trade and other payables (note 16)	-	16,190,154	16,190,154
Overdraft	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>43,549,473</b>	<b>43,549,473</b>

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 4. Financial instruments – fair values and risk management (cont'd)

### (a) Accounting classifications (cont'd)

December 31, 2018	FVTPL \$	Amortized Cost \$	Total \$
<b>Financial assets</b>			
Debt securities (note 6)	-	9,464,503	9,464,503
Equity securities (note 6)	1,212,500	-	1,212,500
Short-term investments (note 8)	-	12,426,148	12,426,148
Trade and other receivables (note 9)	-	31,228,410	31,228,410
Cash and cash equivalents	-	2,272,621	2,272,621
<b>Total financial assets</b>	<b>1,212,500</b>	<b>55,391,682</b>	<b>56,604,182</b>
<b>Financial liabilities</b>			
Borrowings (note 11)	-	30,285,084	30,285,084
Customers' deposits (note 14)	-	12,059,494	12,059,494
Trade and other payables (note 16)	-	16,402,661	16,402,661
Overdraft	-	33,949	33,949
<b>Total financial liabilities</b>	<b>-</b>	<b>58,781,188</b>	<b>58,781,188</b>

### (b) Measurement of fair values

A number of the Company's accounting policies and disclosures require the determination of fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether the price is directly observable or estimated using another valuation technique. The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Company determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 4. Financial instruments – fair values and risk management (cont'd)

### (b) Measurement of fair values (cont'd)

#### Valuation models

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table presents the Company's financial assets that are measured at fair value at December 31, 2019:

Financial assets	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Long-term investments (note 6)	1,012,500	-	7,588,702	8,601,202
Short-term investments	-	-	12,693,237	12,693,237
	1,012,500	-	20,281,939	21,294,439

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

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## 4. Financial instruments – fair values and risk management (cont'd)

### (b) Measurement of fair values (cont'd)

The following table presents the Company's financial assets that are measured at fair value at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Long-term investments(note 6)	-	1,012,500	9,464,503	10,477,003
Short-term investments	-	-	12,426,148	12,426,148
	-	1,012,500	21,890,651	22,903,151

### (c) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of reserves.

#### (i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company's audit committee is responsible for monitoring compliance with the Company's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in these functions by internal audit. Internal audit performs both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### (ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It arises principally from the Company's receivables from customers and investments in debt securities.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 4. Financial instruments – fair values and risk management (cont'd)

### (c) Financial risk management (cont'd)

#### (ii) Credit risk (cont'd)

The Company has policies in place to ensure that sales are made to customers with an appropriate credit rating. The Company establishes an allowance for impairment that represents the expected credit losses over the lifetime of trade and other receivables. The collective loss allowance is determined using a practical expedient method in the form of a provision matrix to measure expected credit losses, based on customer categories, historical credit loss experiences and future economic expectations. Trade and other accounts receivable are shown net of the impairment provision for doubtful debts. Cash and short-term investments are held with reputable financial institutions which are regulated, which in management's view, present minimal risk of default.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount	
	2019	2018
	\$	\$
Domestic	10,704,164	9,760,489
Commercial	9,820,428	9,022,168
Industrial	1,046,641	1,637,893
Government	21,616,555	17,095,038
	43,187,788	37,515,588
Provision for impairment of trade receivables	(9,075,492)	(7,410,481)
Trade receivables, net	34,112,296	30,105,107

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Trade receivables	Other receivables
	\$	\$
Balance as at January 1, 2018	5,958,553	5,343,057
Impairment loss recognised	1,451,928	3,247,904
Balance as at December 31, 2018	7,410,481	8,590,961
Impairment loss recognised	1,665,011	764,897
Balance as at December 31, 2019	9,075,492	9,355,858

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 4. Financial instruments – fair values and risk management (cont'd)

### (c) Financial risk management (cont'd)

#### (iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ensuring availability of funding through an adequate amount of committed credit facilities.

The management of the Company aims at maintaining flexibility in funding by monitoring budgeting commitments and by keeping committed lines of credit available and by monitoring the timing of its cash flows.

The following are the contractual maturities of financial liabilities, excluding interest payments and excluding the impact of netting arrangements:

	Carrying amount \$	Contractual cash flows \$	1 year \$	2-5 years \$	More than 5 years \$
<b>December 31, 2019</b>					
Trade and other payables	(16,190,154)	(16,190,154)	(16,190,154)	-	-
Borrowings	(16,587,435)	(16,587,435)	(8,520,379)	(6,315,850)	(1,751,205)
Customers' deposits	(10,771,884)	(10,771,884)	(328,000)	(1,312,000)	(9,131,884)
	<u>(43,549,473)</u>	<u>(43,549,473)</u>	<u>(25,038,533)</u>	<u>(7,627,850)</u>	<u>(10,883,089)</u>
	Carrying amount \$	Contractual cash flows \$	1 year \$	2-5 years \$	More than 5 years \$
<b>December 31, 2018</b>					
Bank overdraft	(33,949)	(33,949)	(33,949)	-	-
Trade and other payables	(16,402,661)	(16,402,661)	(16,402,661)	-	-
Borrowings	(30,285,084)	(30,285,084)	(13,463,496)	(14,305,252)	(2,516,336)
Customers' deposits	(12,059,494)	(12,059,494)	(328,000)	(1,312,000)	(10,419,494)
	<u>(58,781,188)</u>	<u>(58,781,188)</u>	<u>(30,228,106)</u>	<u>(15,617,252)</u>	<u>(12,935,830)</u>

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

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## 4. Financial instruments – fair values and risk management (cont'd)

### (c) Financial risk management (cont'd)

#### (iv) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company does not generally engage in currency hedges, and rather aims to have financial liabilities denominated in local currencies in order to avoid currency risk.

The Company's operations are conducted in Eastern Caribbean dollars (EC), and incurs foreign currency risk on transactions that are denominated in a currency other than the functional currency, the EC dollar. There is no exposure to foreign currency risk in respect of the United States Dollar because the EC Dollar is pegged at EC\$2.70 for US\$1. However, there is exposure to foreign currency risk affecting the Company's statement of profit or loss and other comprehensive income resulting from the fluctuations of other currencies. Currently, all assets and liabilities are denominated in Eastern Caribbean dollars. All foreign currency transactions are translated to Eastern Caribbean dollars.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The table below summarizes the Company's exposure to interest rate risks:

	2019 \$	2018 \$
<b>Fixed-rate instruments</b>		
Financial assets	20,260,713	21,890,651
Financial liabilities	23,905,500	37,656,847

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 5. Property, plant and equipment

	Freehold property \$	Generation Plants and Machinery \$	Transmission & distribution \$	Other \$	Total \$
<b>Operational assets at cost</b>					
As of January 1, 2018	70,632,832	222,735,603	192,074,904	22,895,900	508,339,239
Transfers	8,418,401	5,273,482	6,462,005	702,304	20,856,192
Disposals	-	(9,437,156)	(93,398,077)	(204,552)	(103,039,785)
As of December 31, 2018	79,051,233	218,571,929	105,138,832	23,393,652	426,155,646
Transfers	1,930,563	2,408,812	4,107,713	709,550	9,156,638
Disposals	-	(3,820,783)	-	(141,796)	(3,962,579)
As of December 31, 2019	80,981,796	217,159,958	109,246,545	23,961,406	431,349,705
<b>Accumulated depreciation</b>					
As of January 1, 2018	45,020,892	150,491,755	143,578,311	17,255,830	356,346,788
Charge for the year	2,133,119	9,420,496	6,126,865	1,873,715	19,554,195
Disposals and transfers	-	(9,146,354)	(93,224,562)	(204,550)	(102,575,466)
As of December 31, 2018	47,154,011	150,765,897	56,480,614	18,924,995	273,325,517
Charge for the year	2,080,313	15,446,512	1,032,925	1,512,245	20,071,995
Disposals and transfers	-	(1,871,165)	-	(129,071)	(2,000,236)
As of December 31, 2019	49,234,324	164,341,244	57,513,539	20,308,169	291,397,276
<b>Net book value</b>					
As of December 31, 2017	25,611,940	72,243,848	48,496,593	5,640,070	151,992,451
As of December 31, 2018	31,897,222	67,806,032	48,658,218	4,468,657	152,830,129
As of December 31, 2019	31,747,472	52,818,714	51,733,006	3,653,237	139,952,429

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 5. Property, plant and equipment (cont'd)

	Freehold property \$	Generation Plants and Machinery \$	Transmission & distribution \$	Other \$	Total \$
<b>Capital work-in-progress</b>					
As of January 1, 2018	697,331	16,870,854	644,817	3,779	18,216,781
Additions	321,907	2,739,666	5,817,188	698,525	9,577,286
Transfers	(697,331)	(12,994,552)	(6,462,005)	(702,304)	(20,856,192)
As of December 31, 2018	321,907	6,615,968	-	-	6,937,875
As of January 1, 2019	321,907	6,615,968	-	-	6,937,875
Additions	403,953	888,846	4,150,323	901,958	6,345,080
Transfers	-	(4,339,375)	(4,107,713)	(709,550)	(9,156,638)
As of December 31, 2019	725,860	3,165,439	42,610	192,408	4,126,317
<b>Capital Spares</b>					
As of December 31, 2018	-	4,353,631	4,417,506	-	8,771,137
Additions/(transfers)	-	85,127	(291,655)	-	(206,528)
As of December 31, 2019	-	4,438,758	4,125,851	-	8,564,609
<b>Provision of obsolescence</b>					
As of December 31, 2018	-	1,755,394	811,598	-	2,566,992
Charges for the year	-	96,410	(79,194)	-	17,216
As of December 31, 2019	-	1,851,804	732,404	-	2,584,208
<b>Net book value</b>					
As of December 31, 2017, as restated	26,309,271	91,503,086	51,895,041	5,643,849	175,351,247
As of December 31, 2018	32,219,129	77,020,237	52,264,126	4,468,657	165,972,149
As of December 31, 2019	32,473,332	58,571,107	55,169,063	3,845,647	150,059,147

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 5. Property, plant and equipment (cont'd)

### Self-insurance fund

The Company has created a self-insurance fund for the coverage of its transmission and distribution assets. The transmission and distribution system which is included in property, plant and equipment has a carrying value of \$55,169,063 at December 31, 2019 (2018: \$52,264,126). The value of the fund was \$20,768,631 at December 31, 2019 (2018: \$21,101,631).

The fund is held as a reserve and has been created by way of appropriations from retained earnings, but is not funded by designated assets.

## 6. Long-term investments

	2019 \$	2018 \$
<b>Equity Securities</b>		
20,000 Eastern Caribbean Securities Exchange Limited Class B Shares	200,000	200,000
150,000 Bank of St. Vincent and the Grenadines Limited Shares	1,012,500	1,012,500
Total equity securities FVTPL	1,212,500	1,212,500
<b>Debt securities</b>		
4.5% Government of St. Vincent and the Grenadines bonds, due January 31, 2023	6,792,468	8,546,638
7% Government of St. Vincent and the Grenadines bonds, due July 16, 2025	857,143	1,000,000
Total debt securities at amortized cost	7,649,611	9,546,638
Less: provision for impairment	(60,909)	(82,135)
Debt securities, net	7,588,702	9,464,503
Total investments	8,801,202	10,677,003
Less: current portion	(1,976,852)	(1,897,027)
	6,824,350	8,779,976

The movement in the allowance for impairment of investments during the year is as follows:

	2019 \$	2018 \$
Balance as at January 1	(82,135)	(94,013)
Recovery for the year	21,226	11,878
Balance as at December 31	(60,909)	(82,135)

The Company's shareholding in the Bank of St. Vincent and the Grenadines Ltd as at December 31, 2019 is 150,000 (2018: 150,000) shares. The current market price of the shares in the Bank of St. Vincent and the Grenadines Limited is EC\$6.75 per share (2018: EC\$6.75).

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 7. Inventories

	2019 \$	2018 \$
Uniforms	675,594	731,922
Fuel, lubricants and chemicals	3,221,785	4,045,406
Stationery	222,195	189,555
	4,119,574	4,966,883
Add: Goods-in-transit	184,672	22,100
Less: provision for obsolescence	(177,771)	(194,987)
	4,126,475	4,793,996

## 8. Short-term investments

Short term investments of \$12,693,237 (2018: \$12,426,148) comprise interest bearing certificates of deposit with maturities of less than one year held with the Bank of St. Vincent and the Grenadines. The deposits bear interest at rates ranging from 1.85% to 2.25% annually (2018: 1.85% to 2.25%).

## 9. Trade and other receivables

	2019 \$	2018 \$
Trade receivables, gross	43,187,788	37,515,588
Less: provision for impairment of trade receivables	(9,075,492)	(7,410,481)
Trade receivables, net	34,112,296	30,105,107
Other receivables, gross	10,837,617	9,714,264
Less: provision for impairment of other receivables	(9,355,858)	(8,590,961)
Other receivables, net	1,481,759	1,123,303
Trade and other receivables, net	35,594,055	31,228,410

The movement in the allowance for impairment of trade receivables during the year is as follows:

	2019 \$	2018 \$
Balance at the beginning of year	7,410,481	5,958,553
Provision for impairment of trade receivables	1,665,011	1,451,928
Balance at end of year	9,075,492	7,410,481

The movement in the allowance for impairment of other receivables during the year is as follows:

	2019 \$	2018 \$
Balance at the beginning of year	8,590,961	5,343,056
Provision for impairment of other receivables	764,897	3,247,905
Balance at end of year	9,355,858	8,590,961

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 10. Share capital

**Authorized** – Unlimited number of ordinary shares without nominal or par value.

	2019 \$	2018 \$
<b>Issued and fully paid</b> – 5,809,182 ordinary shares without nominal or par value	29,045,910	29,045,910

## 11. Borrowings

	Note	2019 \$	2018 \$
<b>(a) Caribbean Development Bank Funding Government of St. Vincent and the Grenadines - First Power Project:</b>			
International Development Association	12(a)	545,764	600,346
<b>(b) Caribbean Development Bank (CDB) Funding - Third Power Project:</b>			
Lowmans Bay Project	12(b)	3,385,786	7,890,143
<b>(c) Government of St. Vincent and the Grenadines</b>			
United States Agency for International Development	12(c)	5,091,660	5,856,792
<b>(d) European Investment Bank - Lowmans Bay</b>	12(d)	3,130,303	5,409,983
<b>(e) PDV Caribé</b>	12(e)	4,433,922	10,527,820
Total long-term borrowings		16,587,435	30,285,084
Less: current portion		(8,165,385)	(13,463,496)
		8,422,050	16,821,588

### (a) Government of St. Vincent and the Grenadines (Caribbean Development Bank (CDB) Funding - First Power Project)

- (i) 0.75% loan obtained through the International Development Association (IDA).

This loan is for US\$664,210 and is repayable in 80 semi-annual installments of US\$10,075 plus interest, with the final installment due October 15, 2029.

The above loan was made by the CDB to the Government of St. Vincent and the Grenadines for on-lending by the Government to the Company. The loan agreement provides that:

- (1) all payments of principal and interest shall be made by the Company to CDB and such payments shall be deemed payments by the Company to the Government.
- (2) the loans are to be secured by execution of a debenture giving a first floating charge over the undertaking and its uncalled capital.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 11. Borrowings (cont'd)

### (b) Caribbean Development Bank (CDB) Funding - Third Power Project

Loan of US\$18,311,000, obtained through the ordinary capital resources of CDB, repayable in 44 approximately equal and consecutive quarterly installments of US\$415,777, plus interest at a rate of 3.80% per annum on the principal amount. The Company shall pay a commitment charge of 1% per annum on the amount of the loan unwithdrawn. The loan is secured by the guarantee of the Government of St. Vincent and the Grenadines and is due to mature in July 2020.

The loan agreement provides for a grace period of 4 years following August 2005, the date of first draw-down on the loan. Other covenants stipulated in the agreement provide that:

- (i) the Company's accounts receivable shall not exceed sixty (60) days sales;
- (ii) the Company maintains a debt service coverage ratio of at least 1.5 times its total debt service;
- (iii) no further expansion shall take place at Cane Hall site;
- (iv) the Company continues to set aside an amount of at least one million Eastern Caribbean dollars (\$1,000,000) annually for the purposes of its self-insurance plan in respect of its transmission and distribution assets;
- (v) the Company to submit to the Bank by March 31, in each year, a three year forecast of its financial performance;
- (vi) the Company should not pay dividends during the implementation of the project or in any year thereafter during which it fails to maintain a debt service ratio of at least 1.5 times;
- (vii) the Company should not sell, lease or transfer any of its assets which could materially and adversely affect its capacity to carry on its business;
- (viii) the Company should not make any loans to any of its directors or shareholders or to any other person for any purpose whatsoever; and
- (ix) the Company should not incur any new debt unless the debt service ratio coverage of 1.5 times is maintained.

### (c) Government of St. Vincent and the Grenadines

United States Agency for International Development Loan for US\$7,500,000, repayable in 60 semi-annual installments of US\$122,951 and a final installment of US\$122,940 due on June 30, 2025, plus interest at 4% to June 30, 2007, and at 5% thereafter. The loan agreement provides that the Company is required to earn an annual rate of return of 8% on the current net asset value of the Company's operational assets.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 11. Borrowings (cont'd)

### (d) European Investment Bank - Lowmans Bay

Loan of EUR 8,300,000, to be disbursed up to US\$10,000,000, repayable in 22 semi-annual installments of US\$454,545, plus interest at a fixed rate of 5.505%, due to mature in May 2020.

The loan agreement provides for a grace period of 4 years from June 2005, the date of disbursement of the first tranche. This loan is secured by the guarantee of the Government of St. Vincent and the Grenadines. Financial covenants stipulate that the Company shall:

- (i) maintain a debt service ratio of at least 1.5; and
- (ii) not declare any dividends or make any other distributions to any shareholder, unless the debt service ratio is more than 1.5.

### (e) PDV Caribé

Loan of US\$12,000,000, for a period of ten (10) years, including a two (2) year grace period from October 3, 2010 the date of the first drawdown before principal and interest payments begin. The loan is repayable in equal, or approximately equal, and consecutive semi-annual installments, plus interest at a fixed rate of 4.5%, commencing from October 2012, the first due date after the expiry of the two (2) year grace period.

## 12. Consumers' contributions to line extensions

	Government \$	Other consumers \$	Total \$
<b>Contributions</b>			
At beginning of year	4,363,153	21,280,993	25,644,146
Received during the year	-	398,245	398,245
Refunds	-	(1,166)	(1,166)
At end of year	4,363,153	21,678,072	26,041,225
<b>Amortization</b>			
At beginning of year	4,363,153	20,741,459	25,104,612
Amortization for the year	-	564,250	564,250
At end of year	4,363,153	21,305,709	25,668,862
<b>Carrying amounts</b>			
As of December 31, 2018	-	539,534	539,534
As of December 31, 2019	-	372,363	372,363

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 13. Deferred grant income

	2019 \$	2018 \$
Agence Française de Development Group Grant	115,009	122,350
Caricom Development Fund (CDF)	-	1,758,180
	115,009	1,880,530
Amortization	(115,009)	(7,341)
Unamortized balance	-	1,873,189

## 14. Consumers' deposits

	2019 \$	2018 \$
<b>Deposits</b>		
Beginning of year	7,371,762	7,131,112
Received during the year	379,382	497,266
Refunds	(433,080)	(256,616)
End of year	7,318,064	7,371,762
<b>Interest</b>		
Beginning of year	4,687,732	4,545,859
Expense for the year	87,167	284,177
Paid/reversed during the year	(1,321,079)	(142,304)
End of year	3,453,820	4,687,732
Total	10,771,884	12,059,494

## 15. Deferred tax liability

Deferred tax liability is calculated in full on temporary differences using a tax rate of 30% (2018: 30%). The movement on the deferred tax liability account is as follows:

	2019 \$	2018 \$
At beginning of year	27,888,364	32,203,299
Recognised in profit or loss	(5,802,594)	(4,314,935)
At end of year	22,085,770	27,888,364

Deferred tax liability is attributable to the following:

	2019 \$	2018 \$
Property, plant and equipment	25,948,003	28,512,870
Bad debt provision	(5,505,346)	(2,131,560)
Provision for obsolescence	(828,594)	(828,594)
Unbilled sales	2,471,707	2,335,648
Total liability	22,085,770	27,888,364

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 16. Trade and other payables

	2019 \$	2018 \$
Trade payables	8,218,618	6,965,925
Accrued expenses	5,846,346	7,253,851
Other payables	1,091,763	1,149,458
Government of St. Vincent and the Grenadines	1,033,427	1,033,427
	<u>16,190,154</u>	<u>16,402,661</u>

## 17. Expenses by nature

	2019 \$	2018 \$
Fuel cost over base price	53,166,772	51,227,716
Fuel at base price	3,860,655	3,562,286
Depreciation (note 5)	20,071,995	19,554,195
Repairs and maintenance	10,721,983	8,195,279
Employee benefit expense (note 22)	17,053,071	18,024,832
Other operating expenses	9,849,476	9,264,399
Impairment losses, net (note 23)	2,391,459	4,321,616
Amortization of consumers' contributions to line extensions (note 13)	(564,250)	(1,276,087)
	<u>116,551,161</u>	<u>112,874,236</u>

## 18. Other losses (gains), net

	2019 \$	2018 \$
Loss (gain) on disposal of property, plant and equipment	(85,533)	386,156
Foreign exchange (gain)/loss	23,061	(16,680)
Equity investments at FVTPL - Net change in fair value	-	187,500
	<u>(62,472)</u>	<u>556,976</u>

## 19. Income tax expense

Income tax expense comprises:

	2019 \$	2018 \$
Current	6,106,765	4,104,170
Deferred	(5,802,594)	(4,314,935)
	<u>304,171</u>	<u>(210,765)</u>

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 19. Income tax expense (cont'd)

Reconciliation of effective tax rate:

	2019 %	2019 \$	2018 %	2018 \$
Profit before taxation		10,396,511		5,744,534
Income tax using applicable corporation tax rate	30.00	3,118,953	30.00	1,723,360
Non-deductible expenses (net)	61.93	6,438,869	120.59	6,927,520
Tax incentives	(33.69)	(3,502,917)	(79.12)	(4,545,306)
Change in temporary differences	(29.41)	(3,057,221)	(40.10)	(2,303,633)
Effect of change in applicable tax rate	-	-	(35.03)	(2,012,706)
Under provision – prior year	(25.91)	(2,693,513)	-	-
	2.93	304,171	(3.66)	(210,765)

## 20. Earnings per share

Earnings per share is calculated upon net profit for the year of \$10,092,340 (2018: \$5,955,299) and 5,809,182 (2018: 5,809,182) average issued and outstanding ordinary shares.

## 21. Related parties

A related party is a person or entity that is related to the Company.

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## 21. Related parties (cont'd)

(b) An entity is related to the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the Company.
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company.

(c) Related party transactions

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

(d) Transactions with key management personnel

- (i) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;
- (ii) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
- (iii) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;
- (iv) termination benefits.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 21. Related parties (cont'd)

### (d) Transactions with key management personnel (cont'd)

Transactions with related parties during the year were as follows:

	2019 \$	2018 \$
<b>Revenue</b>		
Government of St. Vincent and the Grenadines and its corporations	20,078,790	13,948,507
<b>Expenses</b>		
Management compensation	1,748,519	1,668,768
Directors' fees and expenses	221,922	190,955

The Government of St. Vincent and the Grenadines receives a 10% discount on tariff sales for all accounts other than street lighting.

Balances arising from supply of services at year end and included in trade and other receivables were as follows:

	2019 \$	2018 \$
Government of St. Vincent and the Grenadines	21,616,555	17,095,038

Other balances with related parties were as follows as at December 31:

	2019 \$	2018 \$
<b>Investment</b>		
Government of St. Vincent and the Grenadines (note 6)	7,649,611	9,546,638
<b>Other receivables</b>		
Government of St. Vincent and the Grenadines	104,037	104,037
<b>Other payables</b>		
Government of St. Vincent and the Grenadines (note 16)	1,033,427	1,033,427
<b>Long-term borrowings</b>		
Loans guaranteed by the Government of St. Vincent and the Grenadines (note 11)	6,516,089	13,300,126

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

(Expressed in Eastern Caribbean Dollars)

## 22. Employee benefit expense

	2019 \$	2018 \$
Salaries and wages	15,063,251	15,256,324
National insurance contributions	637,088	632,844
Medical insurance contributions	418,452	382,864
Pension expense	934,280	1,752,800
	<u>17,053,071</u>	<u>18,024,832</u>
Number of employees at the reporting date	<u>309</u>	<u>313</u>

## 23. Impairment

	2019 \$	2018 \$
Impairment loss derecognized	(17,223)	(366,338)
Trade receivables impairment	1,665,011	1,451,928
Other receivables impairment	764,897	3,247,905
Debt securities at FVTPL	(21,226)	(11,878)
	<u>2,391,459</u>	<u>4,321,617</u>

## 24. Capital commitments

As of December 31, 2019, the Board of Directors approved capital expenditure totaling \$12.25 million (2018: \$36.69 million).

## 25. Contingent liabilities

Interest at the rate of 18% is charged on amounts past due to PDVSA for the purchase of petroleum products. As at November 30, 2014, accrued interest amounting to \$5,092,867 has been accrued by PDVSA on the outstanding balance. Included in this amount is \$3,891,027 in respect of LPG imports which the Company believes is not the responsibility of the Company.

Consequently, the Company is not admitting liability and is disputing any claims for the above amounts. If, however, the resolution of the dispute does not go in the Company's favor, the liability will be recorded in the period in which the dispute is resolved.

# ST. VINCENT ELECTRICITY SERVICES LIMITED

Notes to the Financial Statements

December 31, 2019

*(Expressed in Eastern Caribbean Dollars)*

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## **26. Self-insurance fund**

In accordance with a plan that was approved at a special Board of Directors' meeting on May 26, 2018, a total of \$1,333,000 (2018: \$3,287,568) was appropriated from the self-insurance fund (see notes 5 and 12(b)) to fund the defined contribution plan.

## **27. Subsequent Event**

Certain impacts to public health conditions particular to the coronavirus disease (COVID-19) outbreak that occurred subsequent to year end may have a significant negative impact on the operations and profitability of the Company. The extent of the impact on the financial performance of the Company will depend on future developments, including, but not limited to (i) duration and spread of the outbreak, (ii) the restrictions and advisories by Government, public health officials and others, and (iii) the overall effects on the economy including our customers, all of which are highly uncertain and cannot be predicted. If the local economy is impacted for an extended period because of these things, then the Company's future results may be materially adversely affected. The Company has been focused on protecting the health and wellbeing of its staff and ensuring the continuity of its business operations.

**ST. VINCENT ELECTRICITY SERVICES LIMITED**

**ADDITIONAL INFORMATION**

**TO THE**

**FINANCIAL STATEMENTS**

**AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With comparative figures as at and for year the ended December 31, 2018)**

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## **ADDITIONAL INFORMATION**

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**Schedule I and II**

**KPMG**

First Floor  
National Insurance Services Headquarters  
Upper Bay Street  
P.O. Box 587, Kingstown  
St. Vincent and the Grenadines

Telephone: (784) 451-1300  
Fax: (784) 451-2329  
Email: kpmg@kpmg.vc

**ADDITIONAL COMMENTS OF INDEPENDENT AUDITORS**

To the Shareholder  
St. Vincent Electricity Services Limited  
Kingstown

The accompanying schedules I and II are presented as supplementary information only. In this respect, they do not form part of the financial statements of St. Vincent Electricity Services Limited for the year ended December 31, 2019 and hence are excluded from the opinion expressed in our report dated November 26, 2020 to the shareholder on such financial statements.

A handwritten signature of the KPMG firm, written in dark ink. The letters 'KPMG' are stylized and cursive.

Chartered Accountants  
Kingstown, St. Vincent and the Grenadines

# ST. VINCENT ELECTRICITY SERVICES LIMITED

## Financial Statistics

As at and for the year ended December 31, 2019

(Expressed in Eastern Caribbean Dollars)

	2019 XCD 000's	2018 XCD 000's	2017 XCD 000's	2016 XCD 000's	2015 XCD 000's	2014 XCD 000's
<b>SUMMARISED BALANCE SHEET</b>			<b>Restated</b>	<b>Restated</b>	<b>Restated</b>	<b>Restated</b>
Share capital	29,046	29,046	29,046	29,046	29,046	29,046
Retained earnings	97,782	87,356	83,790	82,461	86,602	78,347
Other reserves	20,769	21,102	24,390	26,316	26,638	27,056
Non – current liabilities	41,652	57,309	73,505	82,565	100,989	113,981
Deferred income	-	1,873	122	130	138	147
	189,249	196,686	210,853	220,518	243,413	248,577
Fixed assets (Net)	150,059	165,972	175,351	182,761	186,764	197,105
Long-term investments	6,824	8,779	9,619	11,297	12,902	14,437
Retirement benefit asset		-	-	-	-	362
Current assets	59,404	53,466	57,026	65,419	76,794	76,858
Current liabilities	(27,038)	(31,531)	(31,143)	(38,959)	(33,047)	(40,185)
	189,249	196,686	210,853	220,518	243,413	248,577
<b>SUMMARISED RESULTS</b>						
<b>Operating Revenues</b>						
Electricity sales	70,927	68,572	69,493	70,479	67,456	65,021
Fuel surcharge	54,089	50,514	38,221	33,114	42,362	67,851
Other	2,277	1,292	1,189	1,169	1,632	2,781
<b>Total</b>	127,293	120,378	108,903	104,762	111,450	135,653
<b>Operating Expenses</b>						
Fuel cost covered by surcharge	53,167	51,228	38,304	33,786	41,958	67,737
Renewable energy purchased	699	307	235	189	137	206
Operating and maintenance						
- Hydro	1,890	1,832	2,150	3,676	4,120	1,886
- Diesel	18,200	15,808	17,186	10,986	6,141	15,705
Transmission & distribution	5,567	4,842	4,915	11,186	10,950	4,394
Administration & other	16,956	19,491	19,709	13,153	13,094	20,618
Depreciation	20,072	19,554	19,690	19,907	20,947	20,263
<b>Total</b>	116,551	113,062	102,189	92,883	97,347	130,809
Operating income	10,742	7,317	6,714	11,878	14,103	4,844
Interest and other cost	(345)	(1,572)	(329)	(1,185)	(2,895)	(3,246)
Net profit before tax	10,397	5,745	6,385	10,693	11,208	1,598
Income tax expense	(304)	210	(6,618)	1,668	(2,953)	(1,116)
Net profit after tax	10,093	5,955	(233)	12,361	8,255	482
Other comprehensive income	-	-	(364)	(322)	(419)	-
Appraisal element in depreciation/reversed	-	-	-	(1,157)	(506)	961
Retained earnings brought forward	87,356	83,790	82,461	86,602	78,347	76,568
Impact of change in policy	-	(5,676)	-	2,404	925	3,240
Transfer from retirement benefit reserve	-	-	(684)	-	-	-
Final/Interim dividend	-	-	-	(17,427)	-	(2,904)
Transfer from (to) self-insurance fund	333	3,288	2,610	-	-	-
Retained earnings carried forward	97,782	87,357	83,790	82,461	86,602	78,347

# ST. VINCENT ELECTRICITY SERVICES LIMITED

## Financial Statistics

As at and for the year ended December 31, 2019

(Expressed in Eastern Caribbean Dollars)

	2019	2018	2017	2016	2015	2014
<b>GENERATING PLANT (KW)</b>						
<b>Site Rated Capacity (KW)</b>						
St. Vincent	38,840	35,008	37,300	41,413	41,413	41,413
Bequia	4,145	4,145	4,145	4,145	4,145	4,145
Union Island	1,438	1,838	1,838	1,530	1,530	1,170
Canouan	4,040	4,040	4,040	4,040	4,040	4,040
Mayreau	368	368	302	284	284	284
<b>Firm Capacity (KW)</b>						
St. Vincent	30,140	26,308	28,600	32,713	32,713	33,357
Bequia	2,090	2,090	2,090	2,090	2,090	2,579
Union Island	1,074	1,074	1,074	770	770	693
Canouan	1,560	1,560	1,560	1,560	1,560	2,484
Mayreau	140	140	114	120	120	162
<b>Peak Demand (KW) - (All Time)</b>						
St. Vincent	21,692	21,692	21,692	21,692	21,424	21,120
Bequia	1,830	1,660	1,574	1,570	1,570	1,570
Union Island	589	589	580	533	533	533
Canouan	810	810	810	810	810	810
Mayreau	121	91	79	79	79	79
<b>PRODUCTION AND SALES</b>						
<b>Gross Generation (kWhs)</b>						
Hydro	21,617,946	23,770,249	20,327,820	15,932,020	16,757,832	11,858,670
Solar	1,662,172	1,149,929	816,242	809,941	866,064	343,256
Diesel	129,795,526	125,009,805	128,932,762	136,231,070	128,625,162	129,469,267
	153,075,644	149,929,983	150,076,824	152,973,031	146,249,058	141,671,193
<b>Own Use</b>	(4,738,881)	(4,544,729)	(4,719,722)	(4,728,124)	(4,529,913)	(4,667,575)
<b>Net Generation</b>	148,336,763	145,385,254	145,357,102	148,244,907	141,719,145	137,003,618
<b>Renewable energy purchased</b>	1,384,277	813,926	594,193	436,004	302,079	159,568
<b>Net energy available for sale</b>	149,721,040	146,199,180	145,951,295	148,680,911	142,021,224	137,163,186
<b>Sales (kWhs)</b>						
Domestic	70,002,313	68,226,521	68,483,434	67,492,978	63,506,236	60,397,932
Commercial	58,280,418	56,947,765	57,072,135	60,008,499	58,601,969	56,749,650
Industrial	7,138,241	6,938,268	7,277,376	7,385,600	7,394,177	7,069,590
Street lighting	2,986,108	3,003,348	3,098,274	3,232,336	3,182,880	3,175,998
<b>Total Sales</b>	138,407,080	135,115,902	135,931,219	138,119,413	132,685,262	127,393,170
Loss (% of Net Generation)	7.56%	7.58%	6.86%	7.10%	6.57%	7.12%
<b>Number of Consumers at year end</b>						
Domestic	41,145	40,402	39,569	39,012	38,248	37,531
Commercial	4,671	4,619	4,536	4,486	4,479	4,431
Industrial	24	24	23	23	22	21
Street lighting	46	46	46	46	47	47
	45,886	45,091	44,174	43,567	42,796	42,030