

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

ANNUAL

REPORT

2014



British Virgin Islands
**ELECTRICITY
CORPORATION**

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CORPORATE STATEMENT

The British Virgin Islands Electricity Corporation Ordinance No. 7 of 1978 was legislated in 1978 to provide for the establishment of a Statutory Corporation to be known as the British Virgin Islands Electricity Corporation. This Ordinance came into effect in January of 1979.

The major functions of the Corporation are the generation, transmission, distribution, supply and sale of electricity throughout the British Virgin Islands.

The Corporation is made up of a Chairman, four ordinary members and two Ex-officio members all appointed by Executive Council.

The main goal and objective of the British Virgin Islands Electricity Corporation is to provide the best possible service to its customers and to aid in the development of the Territory's electrical infrastructure by adequately supplying a reliable and continuous electrical supply to the entire British Virgin Islands' population at an affordable cost.



BOARD MEMBERS

RON POTTER
Chairman



Appointed as Chairman of the Board effective December 1, 2013 for a period of 3 years. Managing Director of BDO Limited.

PEARL SMITH
Vice Chairman



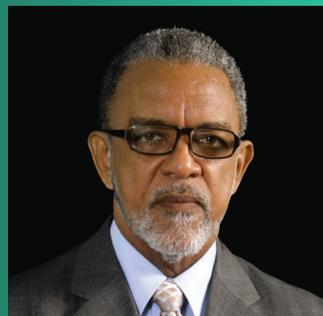
Re-appointed as a Board Member effective September 1, 2011 for a period of 3 years. She is retired from BVIEC after holding the position of Corporate Secretary/Personnel Administrator.

LUCIA LETTSOME
Member



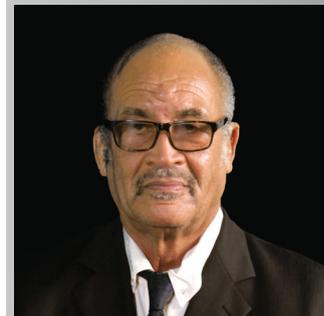
Appointed as a Board Member effective December 1, 2013 for a period of 2 ½ years. Mrs. Lettsome retired from the Public Service in 2009 after 43 years of service; was appointed Chief Financial Officer – BVI Tourist Board 2009 – 2011. She holds a Masters Degree in Business Administration from the University of the West Indies.

ELLSWORTH FLAX
Member



Appointed as a Board Member effective March 1, 2012 for a period of 2 years. A former pilot with Air BVI Limited. A landscaper and apiarist, Mr. Flax is a retired businessman.

IRA SKELTON
Member



Re-appointed as a Board Member effective September 1, 2012 for a period of 3 years. Mr. Skelton is retired from BVIEC after holding the position of Ag. Distribution Superintendent within the Transmission and Distribution Department.

SEAN PALMER
Member



Appointed as a Board Member effective December 1, 2013 for a period of 2 years. He has been a financial services professional since 1999 and is also the owner of a hospitality business.

ANTHONY McMASTER
Ex-Officio Member



Permanent Secretary, Ministry of Communications and Works

LEROY A.E. ABRAHAM
Ex-Officio Member



Appointed since September 1, 2000 and was confirmed as General Manager on September 1, 2004.

SENIOR MANAGEMENT



General Manager
Mr. Leroy A.E. Abraham
B.Sc.EE, C. Eng, MIET



Deputy General Manager
Mr. Henry Creque
B.EE, (Hons), MIEEE, MCFI



Transmission & Distribution Engineer
Ms. Symorne Penn
B.EE (Hons)



IT Manager
Mr. Kelvin Eubanks
B.S, M.S. Digital Technology



Human Resource Manager
Mrs. Tamara George-Barry
B.Sc, M.P.A, M.H.A.



Deputy HR Manager
Mrs. Shonda Cameron
B.A. Business Administration



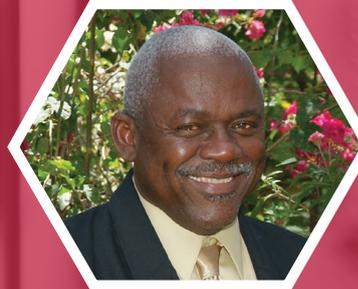
Financial Controller
Mrs. Carmen Sully
B.A. Acct, ACCA



Deputy Financial Controller
Ms. Cleo Christian
B.S. Accounting M.A.F.M.

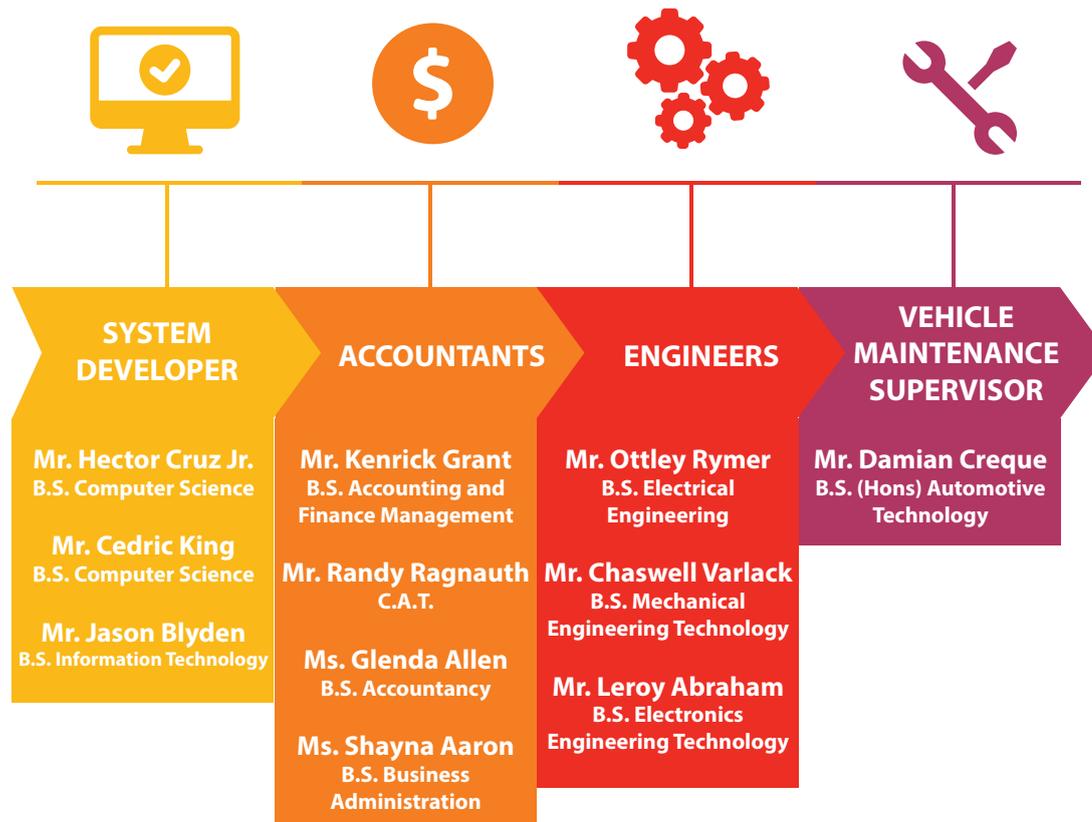


Plant Manager
Mr. Wilfred Smith



Deputy Plant Manager
Mr. Frederick Frett

JUNIOR MANAGEMENT



HEAD OFFICE, BANKERS, SOLICITORS AND AUDITORS

HEAD OFFICE

Long Bush, Tortola
British Virgin Islands
P.O. Box 268
Road Town, Tortola VG 1110
British Virgin Islands

Tel: 284-494-3911
Fax: 284-494-4291
bviecgm@bvielectricity.com

SOLICITORS

O'Neal Webster
Simmonds Building Wickham's Cay 1
Road Town, Tortola
British Virgin Islands

BANKERS

First Caribbean International Bank
Road Town, Tortola
British Virgin Islands

Barclays Banks PLC
Old Broad Street Branch
London, England

Scotia Bank (BVI) Limited
Road Town, Tortola
British Virgin Islands

AUDITOR

Principal
Chief Auditor
Audit Department
Government of the Virgin Islands

First Bank VI
Road Town, Tortola
British Virgin Islands

Banco Popular de Puerto Rico
Road Town, Tortola
British Virgin Islands

National Bank of the Virgin Islands
Road Town, Tortola
British Virgin Islands

CONTRACTED AUDITOR

Baker Tilly (BVI) Ltd
P.O. Box 650
Tropic Isle Building
Nibbs Street
Road Town, Tortola, VG 1110
British Virgin Islands

EXECUTIVE SUMMARY

OPERATING REVENUES

At the end of the year in review, the Corporation realized operating revenue of \$67.42 million compared to \$68.3 million for the previous year. Revenue from electricity sales decreased to \$66.4 million which was 1.51% less than 2013 (\$67.38 million). During the year 77.19% of the revenue from the sale of electricity came from Tortola, 16.50% came from Virgin Gorda, 3.81% came from the other islands and 2.50% came from Streetlights. Domestic customers contributed 32% of the revenue, commercial customers 59%, industrial customers 7% and streetlighting 2%.

OPERATING EXPENSES

Operating expenses, which were 90.81% of total revenue included depreciation expenses of \$4.10 million. Overall, operating expenses decreased from \$61.98 million in 2013 to \$61.22 million in 2014, a decrease of 1.23%. Fuel and oil costs of \$39.75 million, which was the single largest expense, decreased from 40.82 million in 2013.

During the preparation of the 2014 budget, sales were projected to increase approximately 1.0% over the previous year's sales. This assumption was made in light of the previous year's growth, extrapolation of the unit sales growth rate over the previous 5 years, the increased accuracy of the Corporation's metering infrastructure, and the economic outlook for the British Virgin Islands for the year 2013.

The above revenue and operating expenses resulted in an operating profit of \$5.14 million compared to an operating profit of \$5.40 million in 2013.

CAPITAL EXPENDITURES

For the year in review, the Corporation spent 1.60 million dollars on capital additions. Details as follows: 15.72% was spent on Generating Plant and equipment, 19.53% on the Transmission and Distribution Systems, 14.79% on motor vehicles, 2.70% on furniture, 15.29% on computing equipment, 2.76% on Land and Building, and 29.21% on work in progress.

OTHER INCOME AND EXPENSES

Finance charges decreased by 7.77% mainly due to a reduction in the total principal amount owed by the Corporation.

In 2014, there was an unrealized foreign exchange loss of \$19,098 compared with a loss of \$35,965 in 2013.

The islands which were within the Corporation's area of service during 2014 were:

1. Tortola
2. Beef Island
3. Frenchman's Cay
4. Virgin Gorda
5. Great Camanoe
6. Jost Van Dyke
7. Marina Cay
8. Little Thatch
9. Scrub Island
10. Saba Rock
11. Buck Island
12. Anegada

The electrical demands of the first eleven (11) islands were met from the power stations on the island of Tortola, at Long Bush and Pockwood Pond. The electrical demand of the 12th Island - Anegada, was met by a small power station at that location with an installed capacity of 1330 KW.

OPERATIONS

During the preparation of the 2014 budget, the Corporation projected an increase of 1.0% in the sale of electricity over the preceding year's budget. The actual units sold were 179.03 million kilowatt hours (kWh); 0.18% less than the projected value of 179.4 million units. Revenue collected from unit sales was 5.98% less than the value projected due to lower than projected fuel prices.

During 2014, sales increased by 5.94 million units, an increase of 3.43% over 2013, and units generated also increased by 0.59 million units, an increase of 0.30% above 2013.

Fuel usage in 2014 increased slightly above 2013 by approximately 0.12 million gallons. The total cost of fuel and oil however decreased to \$39.75 million in 2014 compared with \$40.82 million in 2013, a decrease of 2.60% or \$1.06 million, mainly due to fluctuations in crude oil prices.

During 2014 an additional 305 customers were added to the Distribution Network bringing the total number of customers on the system at December 31, 2013, to 16,211. The revenue per unit metered decreased 4.63% from 2013 and the cost per unit metered also decreased 4.73%.

2014



+ 5.94 MILLION

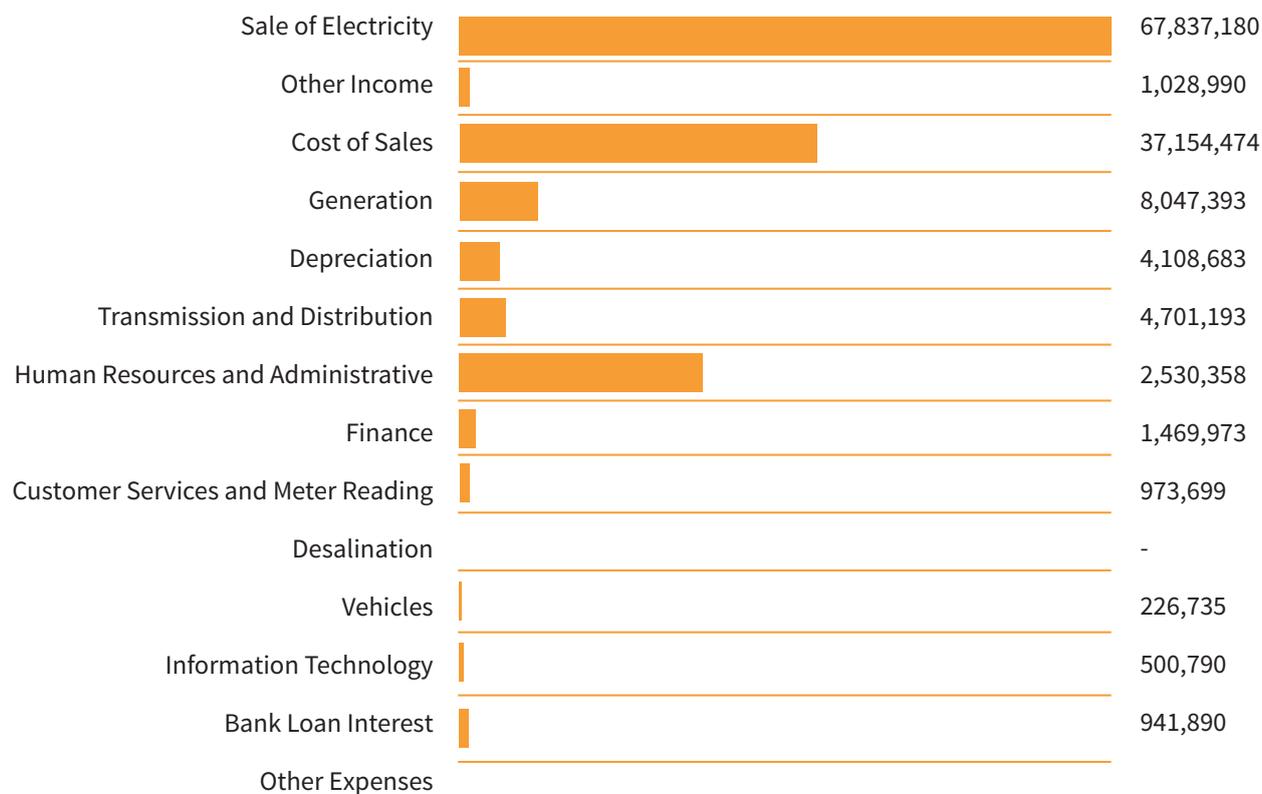


**OIL AND FUEL
\$39.75 MILLION**



+305 CUSTOMERS

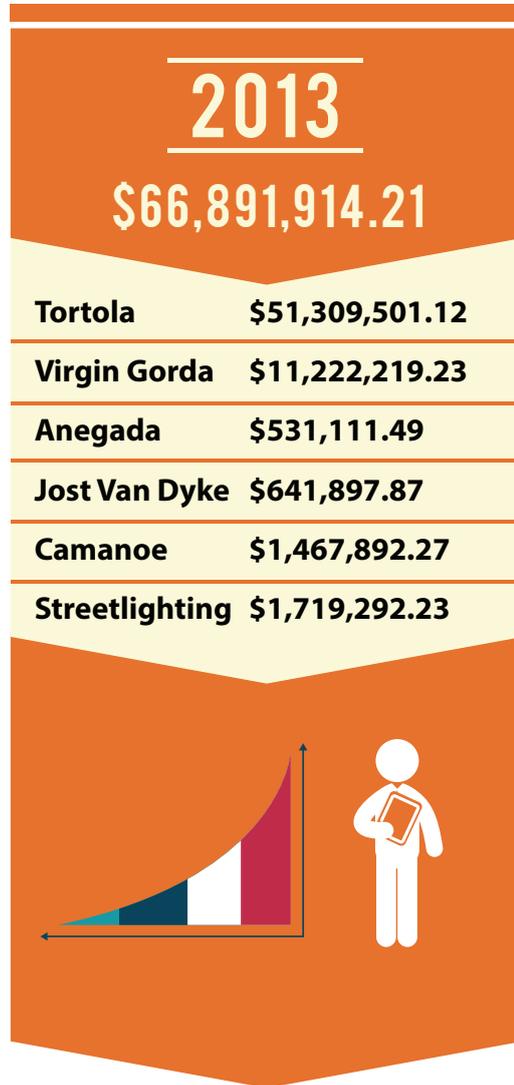
FINANCIAL PROFILE

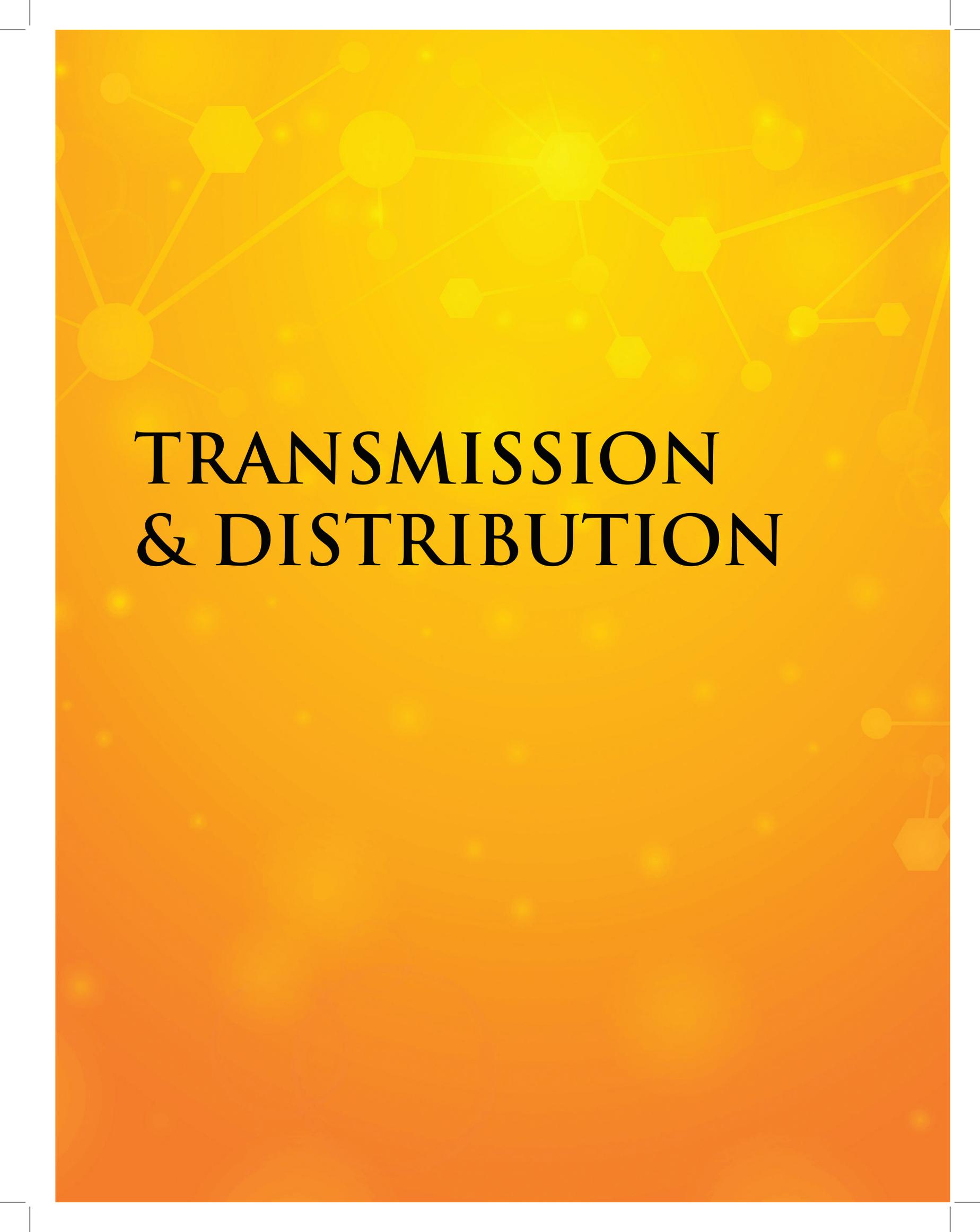


Release of Deferred Capital Receipts See other Income as per Financial Statements

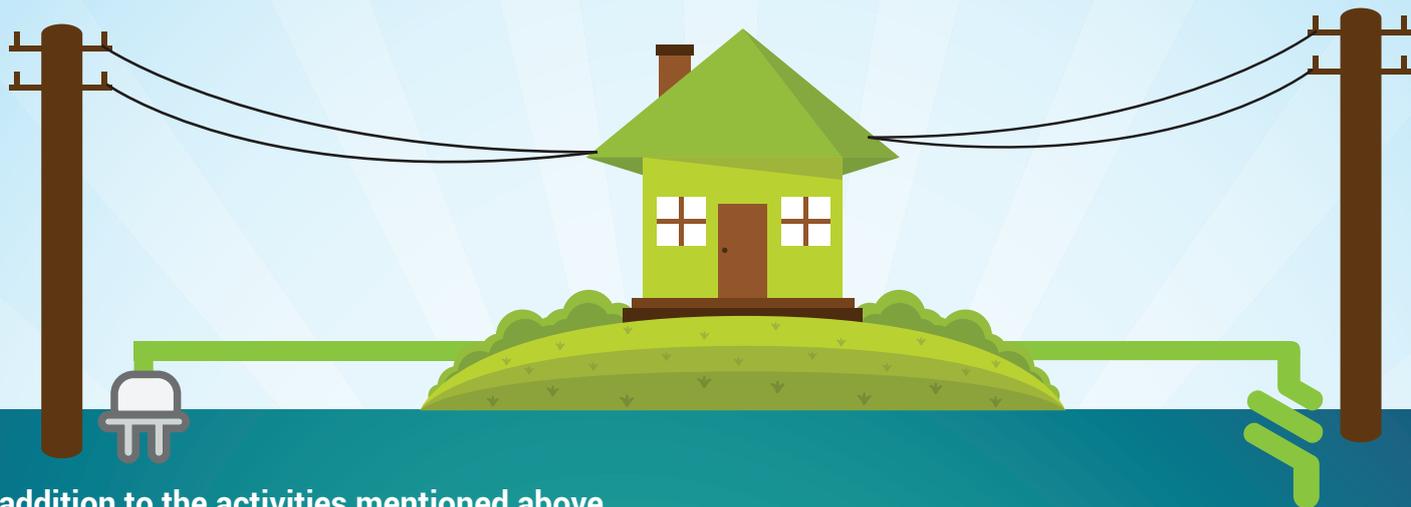
CUSTOMER TYPE	UNITS SOLD	NO. OF CUSTOMERS	SALES (\$1000)
Domestic	53,864,823.00	14,085	21,161,669.58
Commercial	107,712,664.00	2,288	39,551,918.21
Industrial	13,591,953.00	25	4,678,157.18
Streetlighting	3,862,920.00	1	1,675,752.15
	179,032,360.00	16,399	67,067,497.12

AREAS OF SERVICE AND OPERATIONS



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TRANSMISSION & DISTRIBUTION



In addition to the activities mentioned above, the department performed the following projects during the course of 2014:

Performed works to ensure that all Air Break switches were properly grounded on Tortola and Virgin Gorda.

01

02

Completed vegetation management on all feeders on the T&D network, including all sister islands.

Completed the tagging of all transformers on the T&D network.

03

04

Removed an H-pole structure at Lower Hope Estate.

Replaced a decaying H-pole structure at Jean Hill.

05

06

Replaced a decaying H-pole at Sophie Bay.

Replaced three (3) decaying poles on the Long Swamp Airport Feeder on Beef Island.

07

08

Replaced all Low Voltage fuses on all transformers on the Pockwood Pond East and West Feeders.

Repaired all day burners on the system, including the sister islands.

09

Performed works to ensure that all pad mounted switches on the network were properly grounded on Tortola and Virgin Gorda.

10

11

Installed a new low voltage cabinet to upgrade the power at BVIEC's Long Bush Office.

12

Installed a new length of High Voltage cable to Biras Creek Hotel.

13

Serviced all Lucy switches on the system.

14

Replaced all corroded and leaking radiators on the Interconnecting Transformers at Long Swamp and Pockwood Pond.

15

Completed repairs to the Fishers Cove 1 Submarine Cable at Long Swamp.

16

Completed repairs to the submarine cable supplying the island of Jost Van Dyke.

17

Reinstated the link between Maria's Gap and Maria's By the Sea between the Wickhams Cay I and Wickhams Cay II feeders.



Some of the objectives the Department plans to accomplish in 2015 are:

To service ALL Air Break Switches on all feeders on the T&D Network.

To complete vegetation management on all feeders on the T&D Network.

To complete the line relocation at Old Yard Village in Virgin Gorda.

To fix all blown or damaged streetlights on the T&D Network in Virgin Gorda.

To complete the line relocation at the Dungeon and to replace the TCP Air Break Switch.

To complete Low Voltage changeovers at Harrigan Estate, Johnson Ghut, Purcell Estate, Trunk Bay, Huntums Ghut, & Cane Garden Bay.

To service all transformers at Pockwood Pond and Long Bush switch yards.

To cover switches at Marina Cay, Privateer Bay, Sprat Point, Cultural Center, and transformer at the Baughers Bay Pre School.

To ensure that All switches in All the substations are serviced with the assistance of the TAMCO Engineers.

To correct all defects with the AMI Meters in the following cycles 101, 102, 103 & 104 in order to achieve 90% success reads.

To complete the remaining energy audits.

To replace the rotten H-Pole Structure on Great Camanoe.

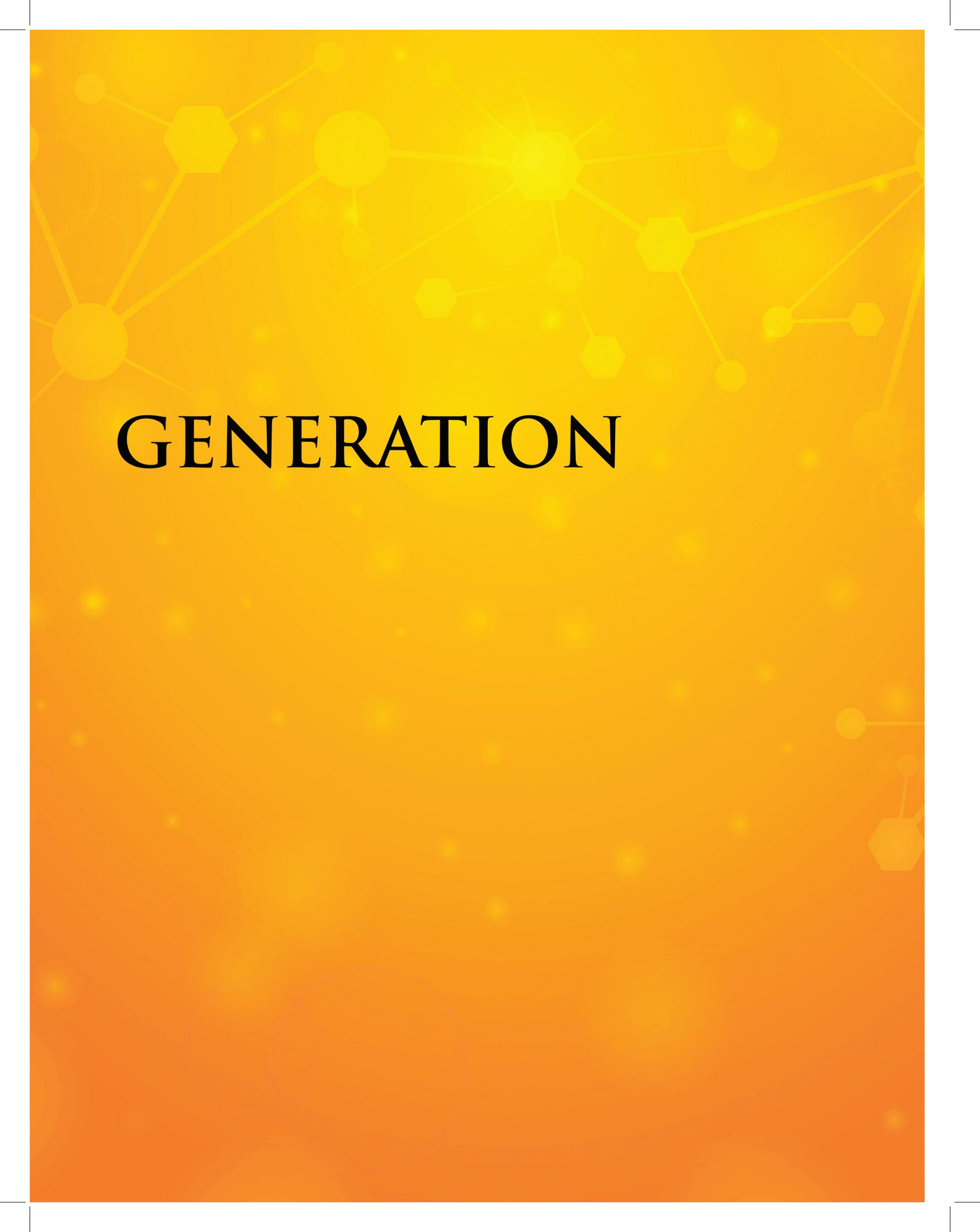
To ensure that all Pole Mounted and Pad Mounted transformers have complete sets of High Voltage and Low Voltage fuses.

To replace all corroded HV pins and pin insulators from Sand Beal to Pomato Point (Anegada West Feeder).

To replace 15 pairs of HV Discs on the East Feeder of the Anegada network.

To repair 95% of all blown streetlights and all day burners on the Anegada Network.



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GENERATION

POCKWOOD POND & LONG BUSH POWER STATIONS

The Pockwood Pond Power Station generated 197,242,504 KWh while consuming 13,169,922 gallons of #2 diesel (measured through engine fuel meters), which yielded an average fuel consumption of 0.067 G/KWh (gallons per kilowatt hour). The total KWh generation increased by 0.3% over the previous year, while the total fuel consumed increased by 1.6%. The plant consumed 45,986 gallons of lubricating oil in 2014, which represents a 6% increase over the previous year.

The entire Pockwood Pond plant ran a total of 49,007 hours out of an available 78,840 hours. This represents a 6.9% increase in total run hours over the previous year. This increase can be attributed to the fact the engine #9 at the Pockwood Pond plant was required to operate more regularly during peak periods. There were a total of 294.77 undocumented hours in 2014, a significant and noteworthy reduction realized over the previous period. This left 78,545.23 total available hours, of which 29,538.23 was attributed to standby, planned, corrective and forced maintenance activities. Standby activities accounted for 51%, planned maintenance 29%, corrective maintenance 19% and forced maintenance 0.5% of the total downtime hours.

The average heat rate for the Pockwood Pond plant was 8,841.34 BTU/KWh. The plant utilized 1,173,198,960,000 (one trillion, one hundred and

seventy three billion, one hundred and ninety eight million, nine hundred and sixty thousand) BTUs of diesel, while generating 673,019,037,599 (six hundred and seventy three billion, and nineteen million, and thirty seven thousand, five hundred and ninety nine) BTUs of energy, representing an average efficiency of 42.63%.

The peak demand in 2014 was 31.6 MW, which occurred on June 23rd at 11:30 am. This represented 78% of the Pockwood Pond Station's total installed capacity of 40.7 MW. This year's peak demand was 2.3 % higher than the previous year's peak of 30.9 MW. The Long Bush Power Station generated a total of 960,700 KWh of energy, while utilizing 67,956 gallons of #2 diesel. This represents an average fuel consumption of .071 G/KWh (gallons per kilowatt hour). Anegada Power Station The Anegada Power Plant Generated 1,364,456 KWh and ran a total of 11,268 hours. The plant consumed 125,265 gallons of diesel, which produced an average fuel consumption of 0.092 G/ KWh (Gallons per KWh) 2014 Major Services There were 3 major overhauls and 4 turbocharger services conducted in 2014, which are depicted in the table below:

ENGINE	TYPE OF MAINTENANCE	START DATE	COMPLETION DATE	ENGINE HRS.
4	24,000 Hr. Overhaul	February 15, 2014	April 6, 2014	126,523
6	8,000 Hr. T.C. Service	March 1, 2014	March 2, 2014	50,832
3	8,000 Hr. T.C Service	April 12, 2013	April 13, 2013	129,150
3	24,000 Hr. Overhaul	May 10, 2014	July 14, 2014	129,689
6	48,000 Hr. Overhaul	August 1, 2014	December 18, 2014	54,210
5	8,000 Hr. T.C. Service	November 8, 2014	November 9, 2014	59,115
1	8,000 Hr. T.C. Service	November 22, 2014	November 23, 2014	96,422

MAJOR SETBACKS

Starting in the month of July, a number of the actuator units on the Wartsila engines began to display unusual characteristics. After taking samples and sending the actuator units to Governor Control Systems, it was discovered that these units were laced with industrial salt. The situation caused numerous outages, as the faulty actuator units are responsible for control the speed of the engines.

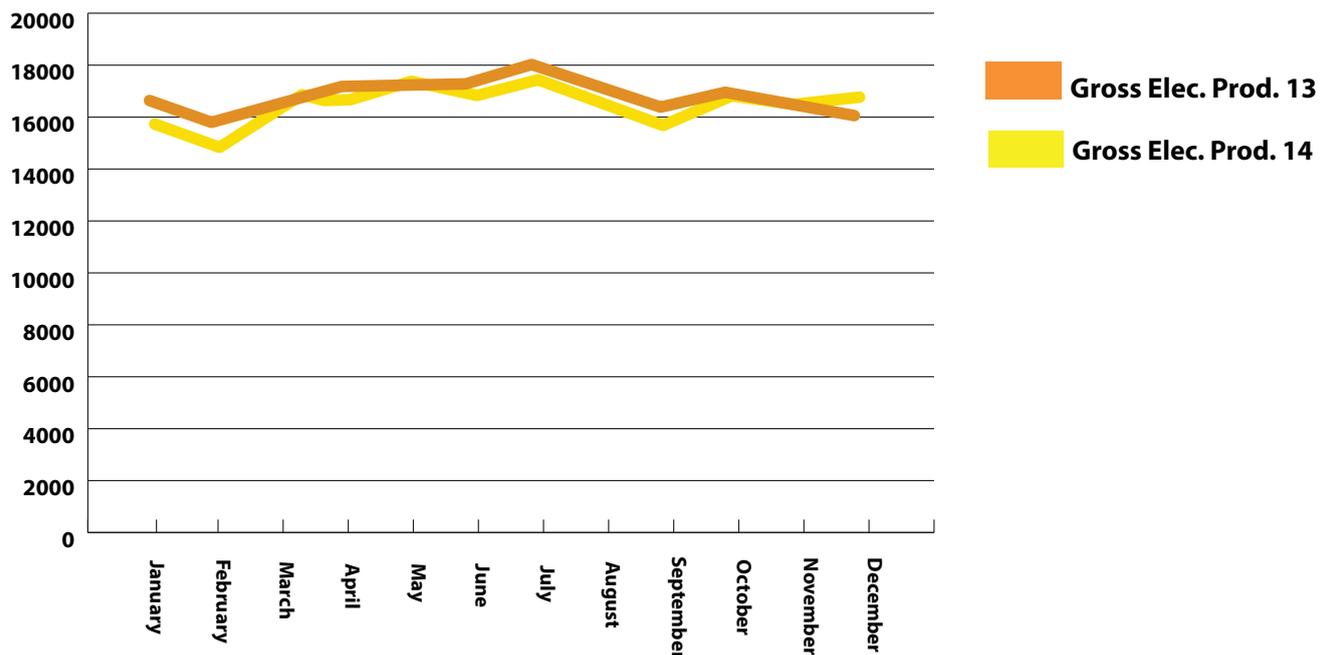
On May 26th the alternator of engine #9 suffered irreparable damage. The unit was out of operation for numerous months, as a replacement alternator had to be sourced.

On July 30th engine #6 suffered severe damage due to the unit going into over-speed. It was later discovered that the actuator of this unit was also contaminated with salt, causing it to malfunction.

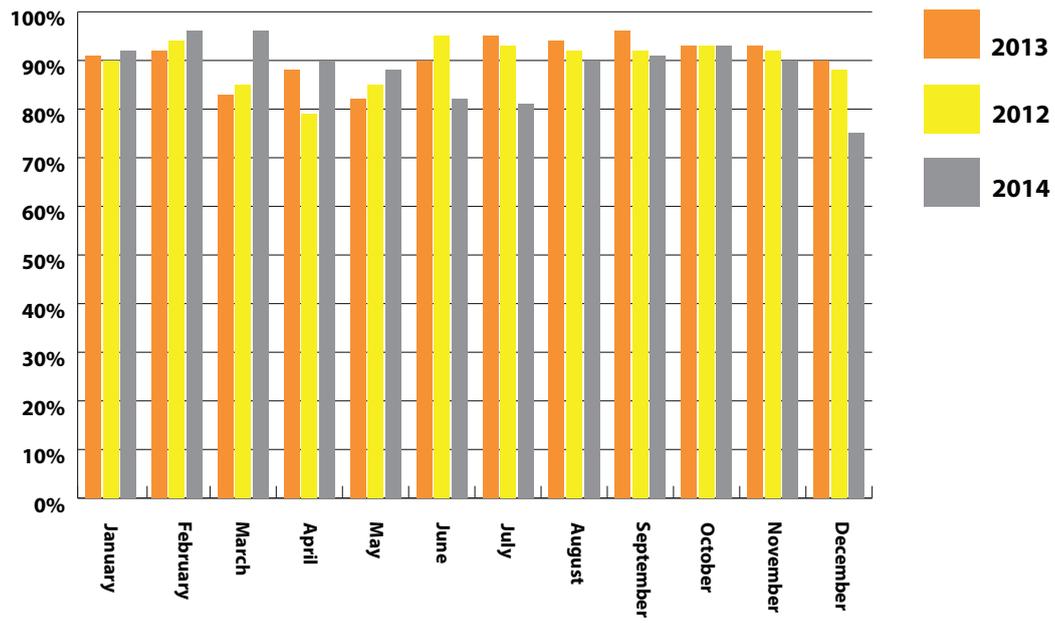
- The 24,000 hour overhaul of engine #3 commenced on May 10th and was completed on July 14th. This activity was conducted by Wartsila in conjunction with the Generation Department’s mechanical team.
- The 48,000 Hour overhaul of engine #6 commenced on August 1st and was completed on December 18th. The overhaul was conducted %by Wartsila in conjunction with the Generation Department’s mechanical team.
- The Pockwood Pond plant realized an average fuel consumption of 0.067 G/KWh (calculated using engine meters) at the end of 2014.
- The Pockwood Pond plant had an average reliability of 91% at the end of 2014.

NOTABLE ACHIEVEMENTS

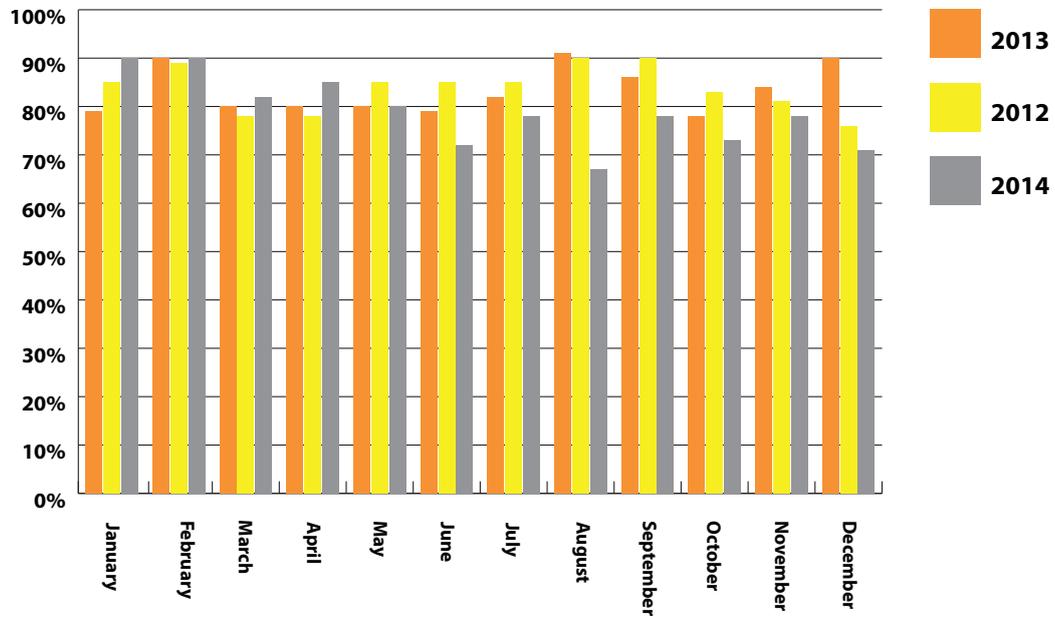
The 24,000 hour overhaul of engine #4 commenced on February 15th and was completed on April 5th. This activity was conducted by Wartsila in conjunction with the Generation Department’s mechanical team.



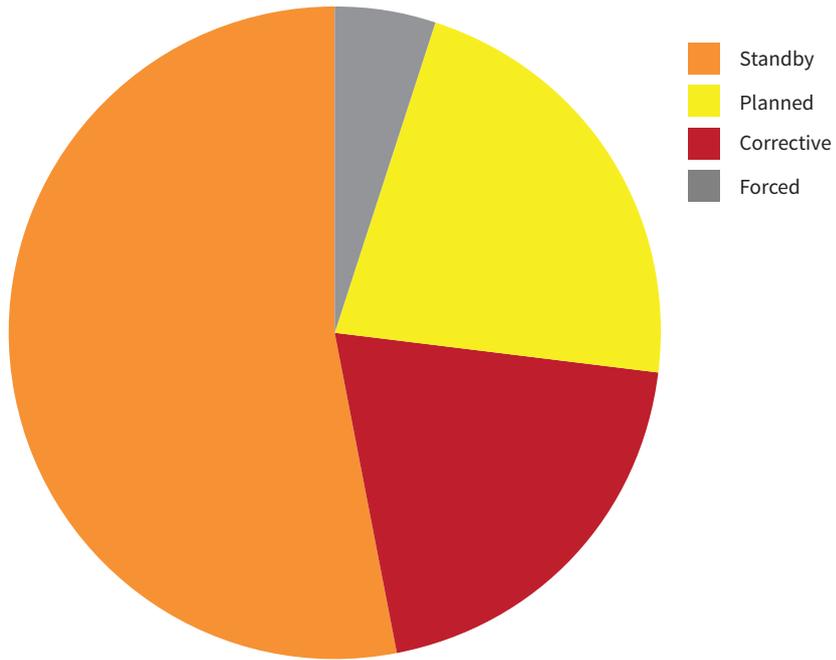
Monthly Reliability Chart 2014

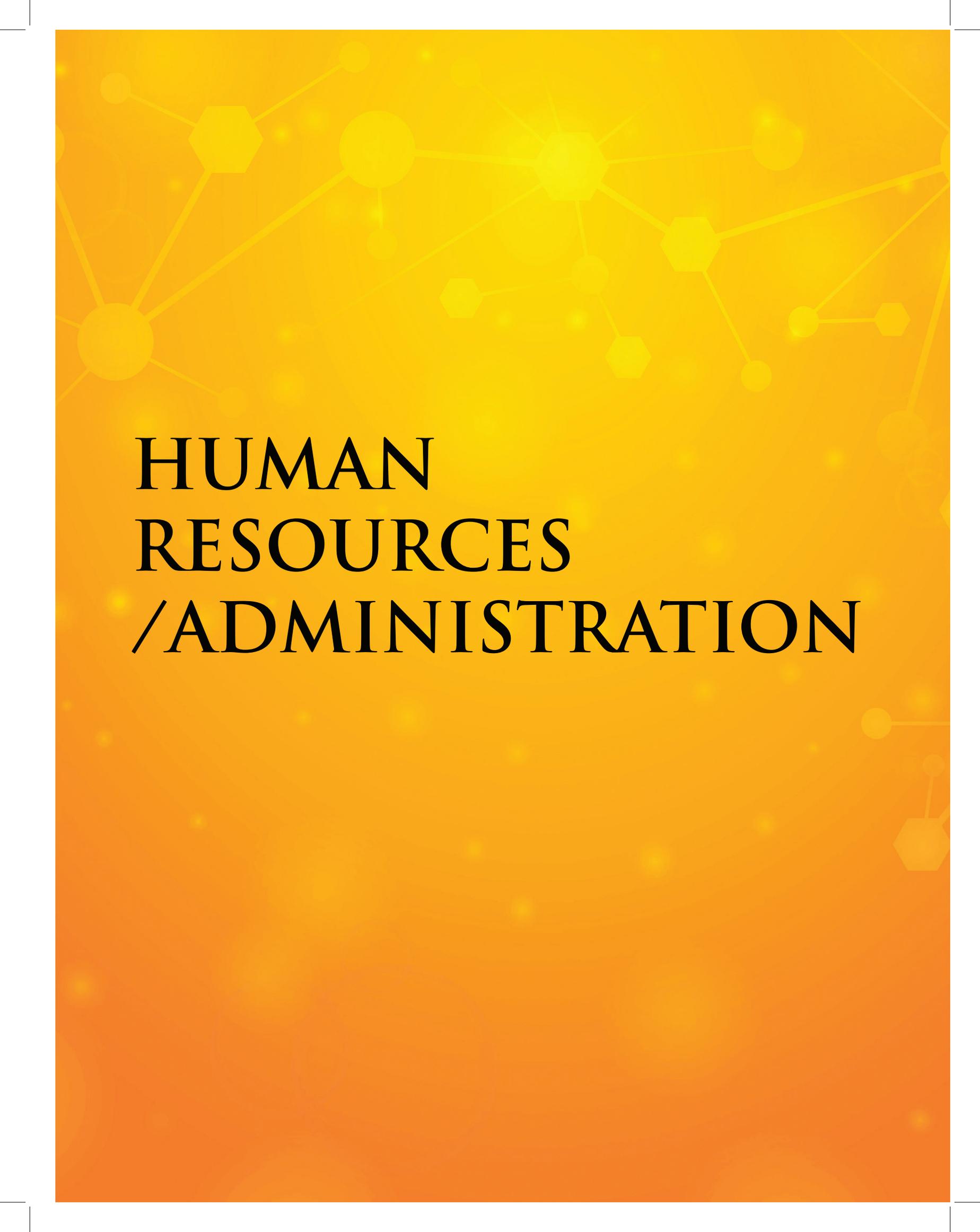


Monthly Availability Chart 2014



2014 Downtime Chart



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HUMAN RESOURCES /ADMINISTRATION

EMPLOYEES

The below table depicts the amount of employees that were on the Corporation's payroll for the years ending 2011 – 2014. They are classified according to departments:-

The following is a listing of the various staff changes and additions that took place during the year 2014:-

DEPARTMENT	2011	2012	2013	2014
Human Resources/Administration	13	14	14	14
Finance	43	45	42	42
Transmission & Distribution	54	56	51	51
Generation	62	60	54	50
Information Technology	4	4	5	5
Total	176	179	166	162

NEW EMPLOYEES

Human Resource:

Laura Winter - *Administrative Assistant*

Transmission and Distribution:

Ralph Durante - *Planning Officer (Re-engaged in employment)*

Alex George - *Labourer*

Shaquil Samuel - *Assistant Linesman*

Generation:

Tramore Frazer - *Assistant Mechanic*

Khamal Bertie - *Electrician*

Finance:

Shayna Aaron - *Accountant*

Celicha Stoddard - *Customer Service Representative*

Tamara Phillip - *Junior Inventory Officer*

Kendrie Seraphin - *Customer Service Representative*

RESIGNATIONS

Generation:

Tramore Frazer - *Assistant Mechanic*

Mervin Flaherty - *Plant Operator*

Finance:

Cyrine Charles - *Resignation*

Rockel Woods - *Junior Inventory Officer*

Generation:

Karem Caines - *Assistant Cable Joints*

TERMINATIONS

Human Resource:

Diedra Donovan - *Administrative Assistant*

RETIREMENTS

Generation:

Wilfred Smith - *Plant Manager (Re-engagement contract ended)*

Fredrick Frett - *Deputy Plant Manager (Re-engagement contract ended)*

Hector Cruz Sr. - *Operations Foreman*

Transmission and Distribution:

Reuben Gilbert - *Labourer*

Rodney Fahie - *Labourer*

Finance:

- Clive Walwyn - *Inventory Supervisor (Re-engagement contract ended)*
- Arnold Donovan - *Senior Customer Service Representative*

PROMOTIONS

Transmission and Distribution:

- Shemroy Skeete - *Planning Officer*

Generation Department:

- Shawn Smith - *Shift Controller*
- Clevan Thomas - *Shift Controller*

SUMMER EMPLOYEES

Ten persons were given the opportunity to be employed by the Corporation during the summer of 2014. They were assigned as follows:-

- Kytania McKenzie** - *Finance Department*
- Shavanese Cameron** - *Finance Department*
- Jerry Jones** - *Generation Department (scholarship recipient)*
- Leslie Allen Jr.** - *Generation Department*
- Laura Winter** - *Human Resource Department*
- Danielle Wheatley** - *Human Resource Department*
- Kezia Pickering** - *Transmission and Distribution Department*
- Angelo Smith** - *Transmission and Distribution Department*
- Donte Hodge** - *Transmission and Distribution Department*
- Shackelle Baptiste** - *Transmission and Distribution Department*

TRAINING

Training presents a prime opportunity to expand the knowledge base of all employees and as such, every year greater effort is placed to continuously improve the skills and abilities of our human resources. Training and development provides both the company as a whole and the individual employees with benefits that make the cost and time a worthwhile investment.

The following training courses were accomplished during the year 2014:-

DEPARTMENT	COURSES	VENUE	NUMBER OF EMPLOYEES
Transmission & Distribution:	Spot the Energy Savings Opportunities Webinar	BVIEC Conference Room	1
	Introduction to Renewable Energy Generation with Photovoltaic Systems Workshop	HLSCC	2
	2014 Energy Conference	San Juan, Puerto Rico	1
	2014 IEEE PES T&D Conference and Exposition	Chicago, Illinois	2
	Aclara Client Conference 2014	Chicago, Illinois	1
	Drivability Diagnostics Training	Nibbs Auto Sales and Parts, Tortola, BVI	5
	Wiring Schematics Interpretation & Parasitic	BVIEC Training Room	6
	Carilec's 2014 Engineering and GIS Conference	Aruba	1
	21st Annual Conference for Administrative Excellence	Las Vegas, Nevada	1

TRAINING (CONT'D)

DEPARTMENT	COURSES	VENUE	NUMBER OF EMPLOYEES
Generation	Spot the Energy Savings Opportunities Webinar	BVIEC Conference Room	2
	Power Plant Operators Level 2	Tortola, BVI	8
	Human Resource / Occupational Health and Safety Conference	St. Lucia	2
	Indispensible Assistant	Puerto Rico	1
	Getting the Most from Microsoft Excel	St. Thomas, USVI	1
	Site Visit – Power Plant	Heleskini, Finland	1
	Power Plant Operators Level 3	Tortola, BVI	5
	Carilec's 2014 Engineering and GIS Conference	Aruba	1

DEPARTMENT	COURSES	VENUE	NUMBER OF EMPLOYEES
Finance:	Aclara Client Conference 2014	Orlando, Florida	1
	Service of Excellence Roundtable – Creating the Ultimate Customer Experience	Tortola, BVI	2
	The Professional Assistant Seminar	Tortola, BVI	1
	Getting the Most from Microsoft Excel	St. Thomas, USVI	4

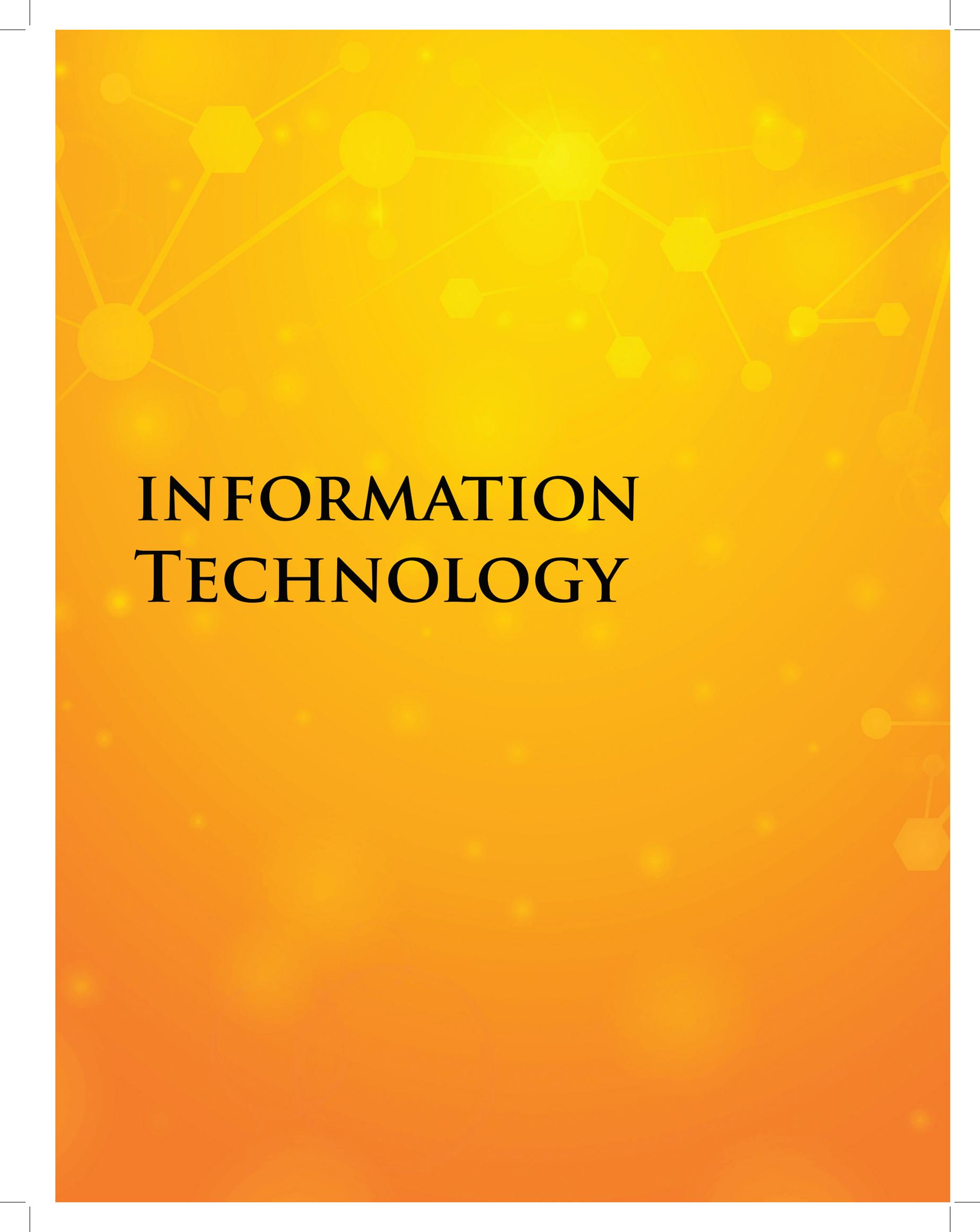
TRAINING (CONT'D)

DEPARTMENT	COURSES	VENUE	NUMBER OF EMPLOYEES
Human Resources	Spot the Energy Savings Opportunities Webinar	BVIEC Conference Room	1
	Human Resource / Occupational Health and Safety Conference	St. Lucia	1
	EUCI's Utility Aging Workforce Conference	Chicago, Illinois	1
	Carilec's Administrative Professional Seminar and Business Writing Boot camp	St. Lucia	1
	Site Visit – Power Plant	San Antonio Texas	1
	Carilec's 2014 CEO Conference	St. Thomas, USVI	1
	Indispensible Assistant	Puerto Rico	1
	Service of Excellence Roundtable – Creating the Ultimate Customer Experience	Tortola, BVI	1
	Getting the Most from Microsoft Excel	St. Thomas, USVI	1
	Site Visit – Power Plant	Heleskini, Finland	1
	Carilec's 2014 Engineering and GIS Conference	Aruba	1
	21st Annual Conference for Administrative Excellence	Las Vegas, Nevada	1
	Wartsila Executives day 2014	Miami, Florida	1
	Site Visit – Phase V Development Meeting	New Castle, UK	1

TRAINING (CONT'D)

DEPARTMENT	COURSES	VENUE	NUMBER OF EMPLOYEES
Information Technology	Microsoft Hyper-V Master Class	Online	1
	CompTia A+ Certification Exam Prep	Reston, Virginia	1
	Business Analysis Introduction: Defining Successful Projects	Reston, Virginia	1
	Administering Windows Server 2012	Tortola, BVI	2
	Administering Microsoft SQL Server Databases	Fort Lauderdale	1
	Network Configuration and Troubleshooting 451	Rockville, Maryland	1
	Certified Fiber Optic Technician	West Grapevine, Texas	1

DEPARTMENT	COURSES	VENUE	NUMBER OF EMPLOYEES
Board Members	Site Visit – Power Plant	San Antonio Texas	2
	Site Visit – Power Plant	Heleskini, Finland	3
	Site Visit – Phase V Development Meeting	New Castle, UK	1

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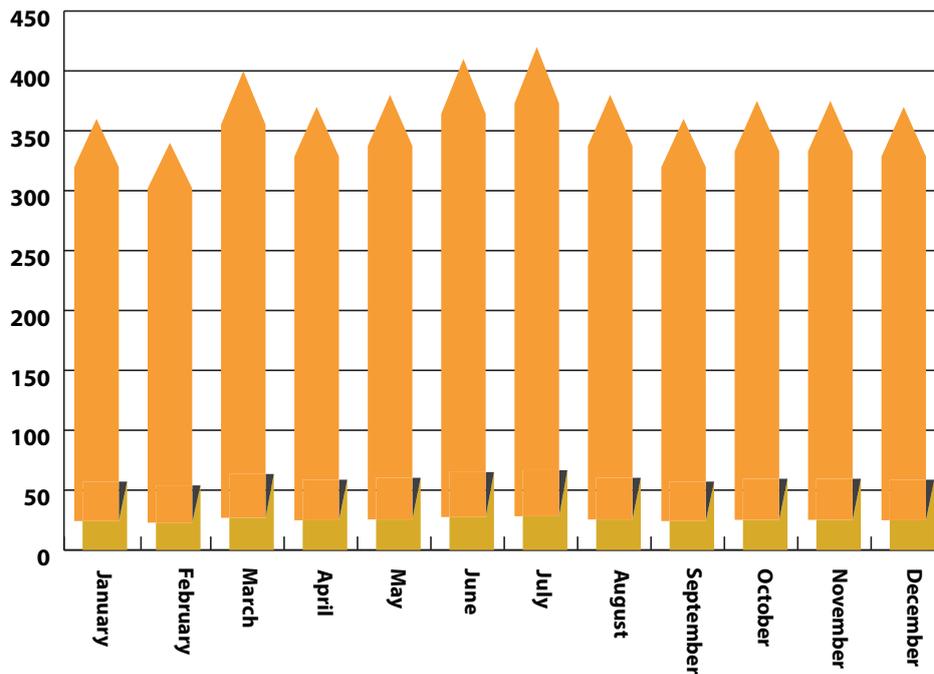
INFORMATION TECHNOLOGY

WEBSITE DEVELOPMENT

Total collections through the online payment portal for the year amounted to around \$4,555,000 million dollars, compared to approximately \$3,906,000 in 2013. The average amount collected per month was \$379,581 with an average monthly transaction count of 1420. A total of 1303 new user accounts were added to amount to 5,732 website user accounts registered on the system. Pre-authorized Recurring Payment System processing was intermittent and as such could not be launched. The issues are expected to be addressed early in 2015.

familiarization of staff with the proposed system, a live demonstration was given to the BVIEC staff by BDO Canada/BVI. Additionally, several BVIEC Employees paid multiple visits to the Rite Way Supermarket main office to discuss and review the software in operation in that environment. Implementation of a new Financial Management System is planned for next year.

BVIEC Online Payment Portal Revenue - 2014



FINANCIAL MANAGEMENT SYSTEM

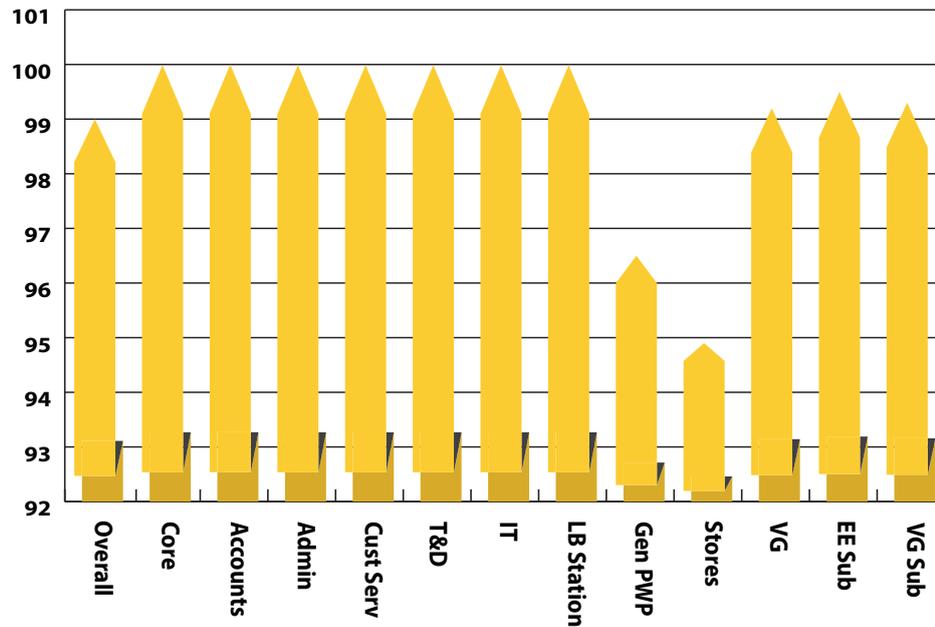
During the initiation phase of the planned upgrade of the Financial Management System, Harris Computers recommended BDO Canada as a possible consultant to the project. BDO Canada, supported by the local BDO office proposed an Enterprise Resource Planning solution in the form of Microsoft's Dynamics GP Financial Management System. As a part of the

NETWORK PERFORMANCE

Average network switch availability throughout the offices of the Corporation was 99.10%. This was due to maintenance activities being carried out on the Generation and stores department switches. The possibility of reinstalling network connectivity to Anegada and Jost Van Dyke was investigated and deemed feasible. The project for equipment

installation and configuration is planned for next year.

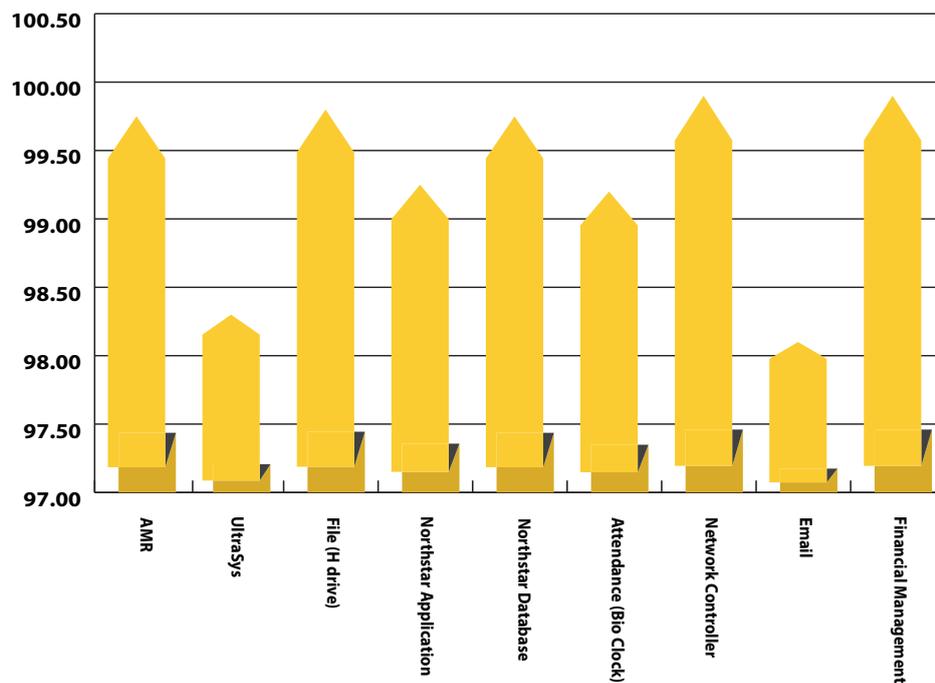
Network Switch Uptime Percentages - 2014

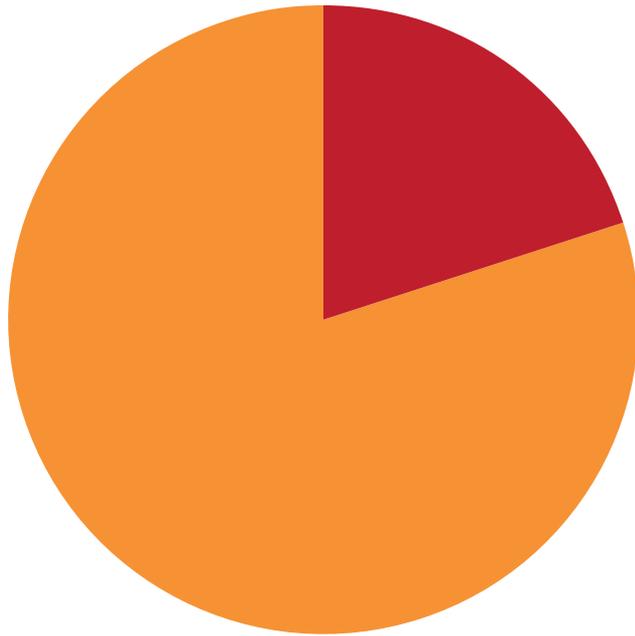


The termination of the fiber cable between the Long Swamp and Fisher’s cove substations is incomplete due to the contractor not fulfilling the agreement. A new contractor will be solicited in 2015 to complete the work.

HARDWARE

Average Server Availability - 2014





■ Server systems total capacity - 2014 available
■ Server systems total capacity - 2014 used

Several server systems were upgraded from Windows 2003 to Windows 2008 and 2014. A power surge in May caused the failure of several server hard disk drives on the virtualization servers and hence the failure of the Northstar, E-mail and Maintenance Management systems. All services were fully restored within seven days of the failures. The server systems architecture is being redesigned in order to reduce the effect of such failures.

EMPLOYEE/PURPOSE	DEPARTMENT
Tamika Millington	Finance
Kashan Simmonds	Finance
Verda Fraser	Finance
Leona Brewley	Finance
Carmen Sully	Finance
Jamie Jones	Finance
Trevor Gumbs	T&D
Ralph Durante	T&D
Sonia Dasent	T&D
Chaswell Varlack	Generation

Several personal computers were upgraded throughout the year. The list of persons is as follows;

ADVANCED METERING INFRASTRUCTURE

The electrical meter replacement initiative conducted throughout the territory was completed this year. The initiative involved the replacement of the older analog meters to newer smart digital meters. These meters are remotely accessed by the AMR systems for reading customer consumption data for billing purposes. Although the AMR system was used extensively throughout the year, it was plagued with a number of operational challenges. Equipment stability was affected by load shedding, transformer shutdown and feeder switching during the year. Additionally there were failures of a number of fuses and other equipment at the substations. Aclara representatives paid a visit to the Corporation in November to review the system and address several concerns aired by the members of the project team. They also demonstrated the operation of the upgraded TWACS system named iiDEAS which now includes a meter data management database.

HUMAN RESOURCES

Lance McIntosh attended Fiber Cable technician training and attained his certification. Jason Blyden and Cedric King attended Windows Server 2012 administration training held locally. Hector Cruz attended Business Analysis training. A job description was submitted to the HR Department for the hiring of an Information Systems Help Desk Clerk in 2015.

Information Technology Department Initiatives planned for the year 2015 include:

- Backup and High Availability Development
- AMR Systems Upgrade
- Server Systems Reconfiguration
- Northstar System Upgrade
- Harris Financials Upgrade
- Website Reliability Development
- Network Expansion

The background of the page is a vertical gradient from light yellow at the top to a darker orange at the bottom. Overlaid on this background is a network diagram consisting of various yellow nodes (circles and hexagons) connected by thin yellow lines. The nodes are scattered across the page, with a higher concentration in the upper half. The word "STATISTICS" is centered in the upper half of the page.

STATISTICS

Generation and Sales Statistics

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Units Generated (MWh)	158,303	166,166	179,434	180,080	186,675	196,103	191,227	197,116	196,658	197,243
Annual Increase (%)	8.40%	4.97%	7.98%	0.36%	3.66%	5.05%	-2.49%	3.08%	-0.23%	0.30%
Units Sent Out (MWh)	145,406	152,873	168,333	173,168	180,111	188,458	186,452	190,923	190,700	190,087
Annual Increase (%)	7.34%	5.14%	10.11%	2.87%	4.01%	4.63%	-1.06%	2.40%	-0.12%	-0.32%
Units Sold (MWh)	140,315	148,097	155,552	156,100	161,775	172,121	166,315	171,189	173,097	179,032
Annual Increase (%)	8.40%	5.55%	5.03%	0.35%	3.64%	6.39%	-3.37%	2.93%	1.11%	3.43%
Loss % Net Generation	3.50%	3.12%	7.59%	9.86%	10.18%	8.67%	10.80%	10.34%	9.23%	5.82%
Max. Demand (KW)	26,750	27,240	28,840	29,510	31,020	32,660	31,560	31,500	30,850	31,580
Annual Increase (%)	12.21%	1.83%	5.87%	2.32%	5.12%	5.29%	-3.37%	-0.19%	-2.06%	2.37%
System Load Factor (%) (Generated basis)	67.56%	69.64%	71.02%	69.66%	68.70%	68.54%	69.17%	71.43%	72.77%	71.30%
Customers at Year End	13,068	13,438	13,940	14,376	14,813	15,174	15,428	16,093	15,906	16,211
(%) Increase	3.63%	2.83%	3.74%	3.13%	3.04%	2.44%	1.67%	4.31%	-1.16%	1.92%

Units Generated at Pockwood Pond and Long Bush Power Stations

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
January	11,705	12,004	12,972	14,115	14,612	14,557	16,107	15,669	15,387	15,975	16,565
February	11,055	10,929	11,577	13,057	13,946	13,349	15,267	14,525	14,837	14,539	15,198
March	11,594	13,342	13,502	13,973	14,494	14,474	17,175	15,708	16,044	16,380	16,179
April	12,039	13,287	13,400	14,363	14,759	14,976	16,495	15,506	15,834	16,089	16,851
May	12,268	13,405	14,484	15,942	16,305	15,572	17,268	16,156	16,778	16,819	16,718
June	12,804	14,262	14,403	15,709	15,894	15,847	17,141	16,770	17,328	16,583	16,970
July	13,373	14,418	14,785	16,538	16,648	17,204	17,403	17,206	17,660	17,501	17,962
August	12,826	13,575	14,250	15,600	15,356	16,553	16,377	15,937	16,587	16,965	16,633
September	11,654	13,315	12,941	14,822	14,587	15,252	15,629	15,546	16,335	16,106	15,274
October	12,395	13,091	14,589	15,400	14,570	16,381	15,199	16,812	16,957	16,923	16,751
November	11,861	13,444	14,702	14,714	14,417	16,148	16,459	15,734	16,561	16,161	16,195
December	12,460	13,230	14,560	15,200	14,491	16,363	15,581	15,659	16,806	16,617	15,947
Total	146,034	158,303	166,166	179,433	180,079	186,675	196,103	191,227	197,114	196,658	197,243

Generating Units (Long Bush)

Units	11
Installed KVA	3,210
Installed KW	2,568
Effective KW	1,800
Engine Mfr.	Mirrlees
Engine Model	K6MK11
Engine Speed rpm	600
Alternator	Brush
Generating Voltage	13,200
Installation year	1983
Commissioned	Dec.
Age in years	30.08
Total run hours 2014	18
Hours run to 31/12/2014	13,430

Generating Units (Pockwood Pond)

Units	1	2	3	4	5	6	7	8	9
Installed KVA	3,891	3,891	6,875	6,875	7,063	7,063	7,063	7,063	2,500
Installed KW	3,112	3,112	5,500	5,500	5,500	5,500	5,500	5,500	2,000
Effective KW	2,500	2,500	5,500	5,500	5,500	5,500	5,500	5,500	1,500
Engine Mfr.	Mirrlees	Mirrlees	Wartsila	Wartsilla	Wartsilla	Wartsilla	Wartsilla	Wartsilla	Cummins
Engine Model	KMAJMK3	KMAJMK3	9L38	9L38	9L38	9L38	9L38	9L38	QSK60-G6
Engine Speed rpm	600	600	600	600	600	600	600	600	1800
Alternator	Brush	Brush	ABB	ABB	ABB	ABB	ABB	ABB	Stamford
Generating Voltage	3,300	3,300	6,600	6,600	13,200	13,200	13,200	13,200	480
Installation year	1990	1990	1995	1995	2007	2007	2006	2006	2013
Commissioned	Sep.	Sep.	Nov.	Dec.	March	April	Sep.	Aug.	Dec.
Age in years	25.67	23.34	23.34	18.17	18.08	7.83	7.75	8.33	1.05
Total run hours 2014	3,617	3,201	5,995	6,248	8,320	4,925	8,396	8,309	352.88
Hours run to 31/12/2014	96,898	111,477	133,331	132,116	60,257	54,482	62,357	61,073	364.23

TRANSMISSION & DISTRIBUTION NETWORK

TRANSMISSION & DISTRIBUTION NETWORK		2014	2013	2012
34.5 KV Underground Cable	Miles	10.67	10.67	10.67
13.2 KV Overhead Lines	Miles	211.31	209.97	162.84
13.2 KV Underground Cable	Miles	47.35	46.66	40.01
13.2 KV Underground Cable	Miles	32	32	32.00
34.5 KV Overhead Cable (Double Circuit)	Miles	2.28	2.28	2.28
34.5 KV Submarine Cable (Double Circuit)	Miles	19.88	19.88	19.88
LV Overhead Lines	Miles	230.17	227.57	206.08
LV Underground Cables	Miles	75.86	74.63	55.97
No. of Transformers	No.	2,171	2,145	
Total Transformer Capacity	KVA	138,775.00	137,234.00	98,776.50
Average Size of Transformers	KVA	63.92215569	63.97855478	56.31

TRANSMISSION & DISTRIBUTION NETWORK (Anegada)

TRANSMISSION & DISTRIBUTION NETWORK		2014	2013	2012
13.2 KV Overhead Lines	Miles	16.05	16.05	15.6
13.2 KV Underground Cable	Miles	0.1468	0.1468	0.05
LV Overhead Lines	Miles	9.51	9.51	8.88
LV Underground Cables	Miles	0.72	0.72	0.48
No. of Transformers	No.	61	61	57
Total Transformer Capacity	KVA	2011.5	2011.5	1,629.50
Average Size of Transformers	KVA	32.98	32.98	28.59
Streetlights	a) No.	121	121	110
	b) Wattage	16050	16050	17250

Customer and Sales (Main Network)

CUSTOMER AND SALES		2013	2014
Customers at 31 st December	No.	16,191	16,399
Units Sold	KWH	173,096,871	179,032,360
Average units/customer/month	KWH	890.9109536	909.7727504
Total Revenue	\$	\$67,380,191	\$67,837,180
Revenue/Unit Metered	\$/KWH	\$0.38926	\$0.37891
Total Operating Expenditure	US\$	\$61,982,317	\$59,713,298
Cost/Unit Metered	US\$/KWH	0.35808	0.33353
Estimated Population of Territory	No.	28,514	28,804

Customer and Sales (Anegada)

CUSTOMER AND SALES		2013	2014
Customers at 31 st December	No.	221	222
Units Sold	KWH	1,322,827	1,379,818
Average units/customer/month	KWH	498.80	517.95
Total Revenue	\$	531,111	538,745
Revenue/Unit Metered	\$/KWH	0.4015	0.3904
Total Operating Expenditure	US\$	\$671,205	
Cost/Unit Metered	US\$/KWH	507401951	0
Estimated Population of Anegada	No.	308	311
Units/head of population/month	KWH	358.16	369.83
Streetlights	a) No.	121	
	b) Wattage	W	16,050

Street Lights

ISLAND	TYPE OF FIXTURE	WATTAGE	QUANTITY	TOTAL WATTAGE
TORTOLA	Urbis	70	1,189	83,230
	Sodium	150	884	133,800
	Mercury	175	499	87,325
	Sodium	250	35	8,750
	Sodium	400	2	800
	LED	40	10	400
	LED	42	2	84
	LED	46	2	92
	LED	53	16	848
	LED	54	14	756
	LED	58	33	1,914
	LED	60	16	960
	LED	70	10	700
	LED	130	18	2,340
	LED	135	14	1,890
	LED	140	16	2,240
	LED	158	42	6,636
	LED	168	15	2,520
	LED	172	16	2,752
	Solar	40	2	80
	Solar	70	4	280
	Solar	98	21	2,058
	Metal Halide	1500	1	1,500
Tungsten	100	2	200	
	Total		2,863	342,155

Street Lights (Cont'd)

ISLAND	TYPE OF FIXTURE	WATTAGE	QUANTITY	TOTAL WATTAGE
VIRGIN GORDA	Mercury	175	62	10,850
	Sodium	150	158	23,900
	Urbis	70	153	10,710
	Total		373	45,460

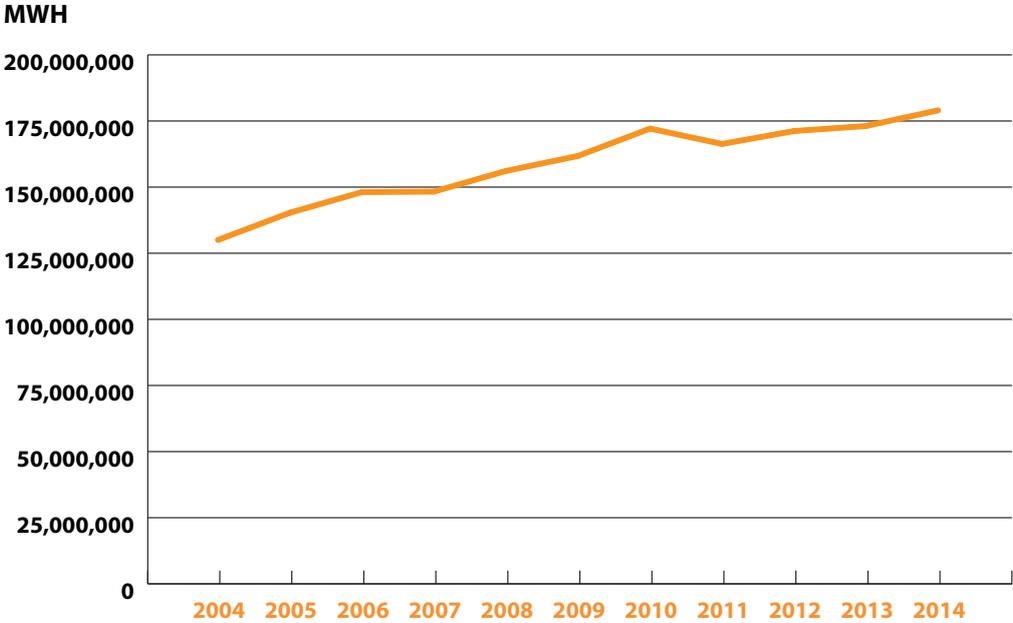
ISLAND	TYPE OF FIXTURE	WATTAGE	QUANTITY	TOTAL WATTAGE
JOST VAN DYKE	Mercury	175	9	1,575
	Sodium	150	62	9,500
	Urbis	70	43	3,010
	Total		114	14,085

ISLAND	TYPE OF FIXTURE	WATTAGE	QUANTITY	TOTAL WATTAGE
ANEGADA	Mercury	175	20	3,500
	Sodium	150	61	9,750
	Urbis	70	40	2,800
	Total		114	14,085
	GRAND TOTAL		3,471	417,750

Summary of Statistics

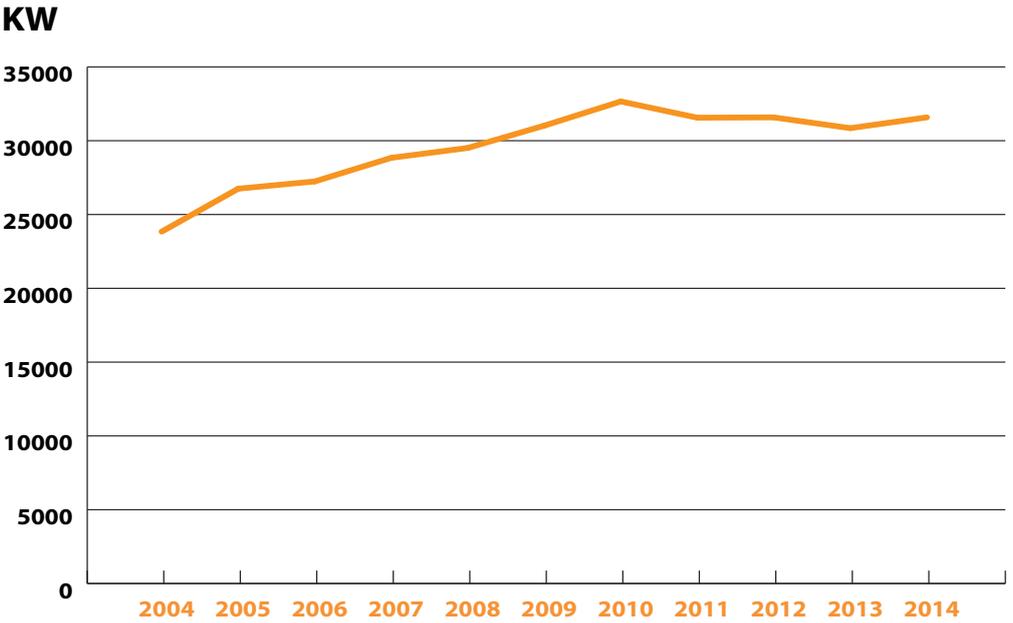
Units Sold

Units sold increased from approximately 173.1 million units to 179.0 million units in 2014, an increase of 3.43%.



Maximum Demand

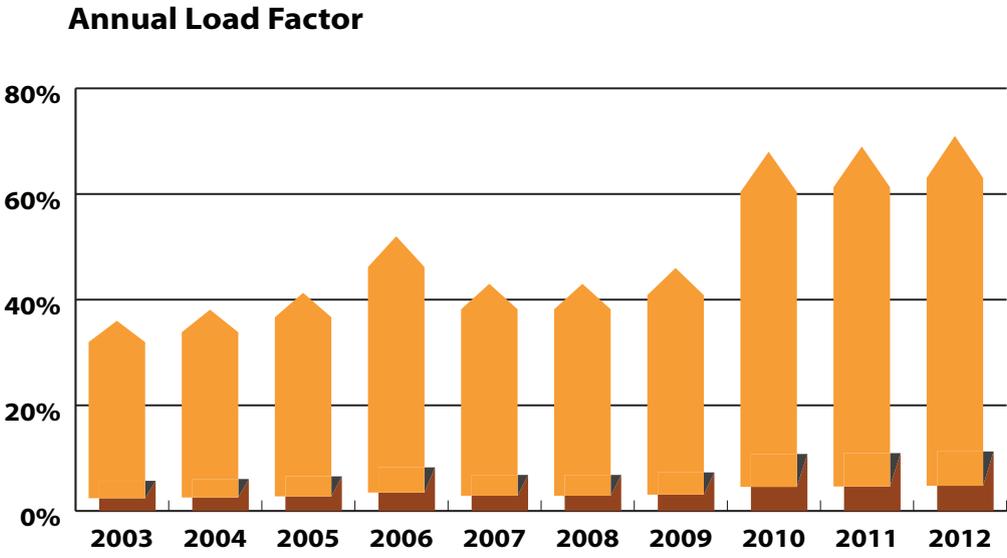
The maximum demand experienced during 2014 increased to 31,580 KW, 2.37% more than 2013's maximum demand of 30,850 KW



Summary of Statistics (Cont'd)

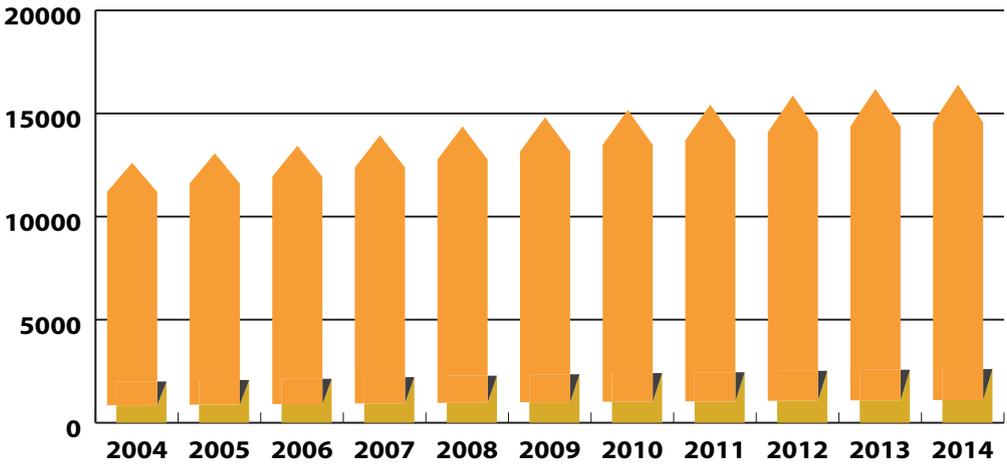
Annual Load Factor

The Annual Load Factor for 2014 of 71.3%, was lower than 2013's load factor of 72.8%



Customers

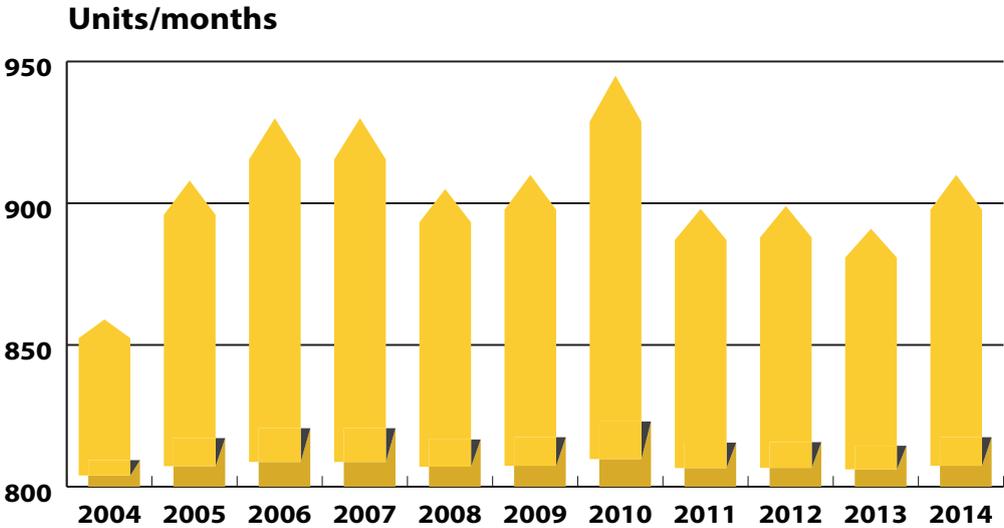
The total number of customers rose from 16,191 in 2013 to 16,399 in 2014, an increase of 1.28%.



Summary of Statistics (Cont'd)

Average Usage

The average usage per customer per month increased from 891 units to 910 units in 2014, an increase of 2.12%.

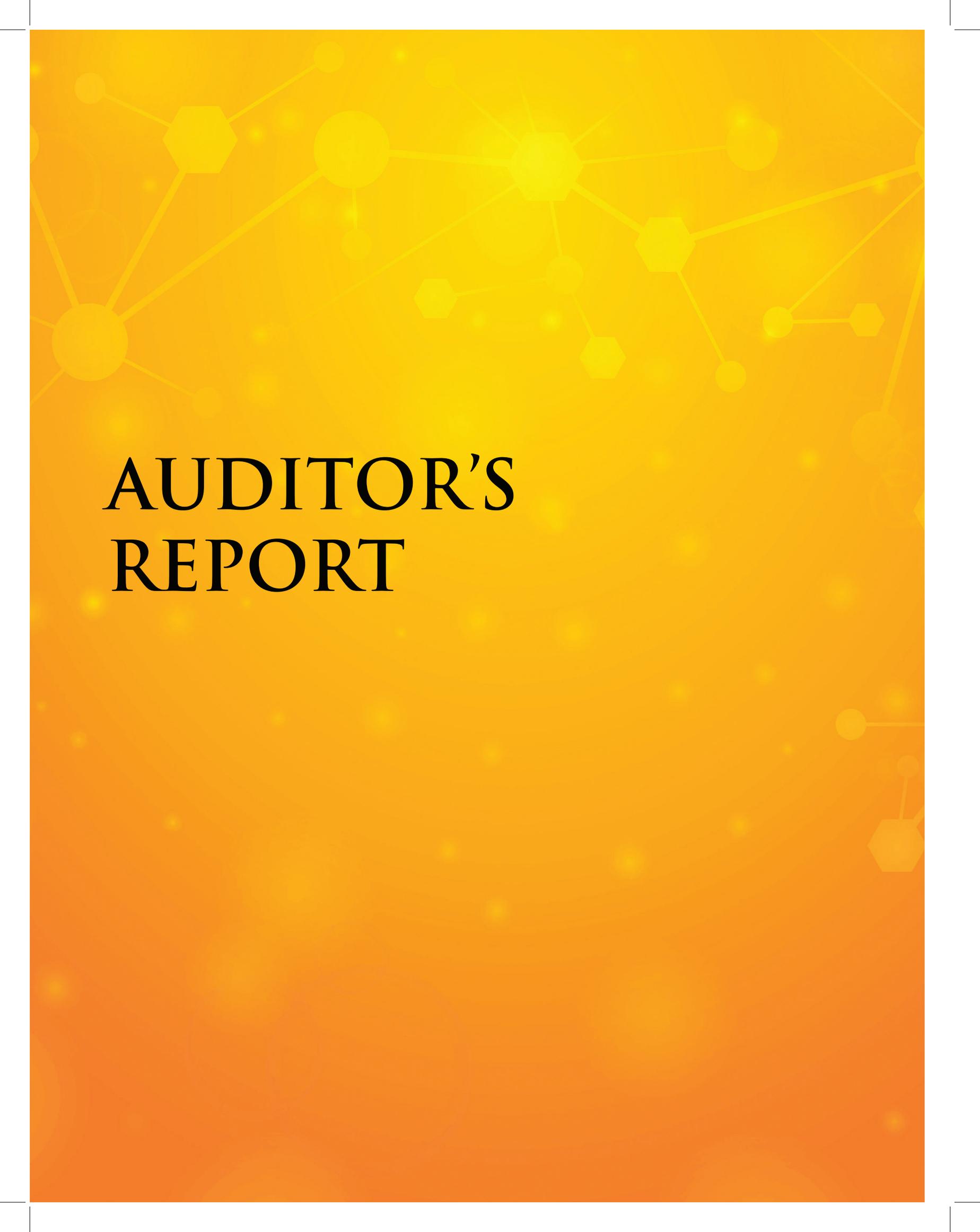


Vehicle Fleet Listing

Item	Des.	Number	Type	Year	Section	Location
1	GSB	29	Nissan Frontier	2014	Distribution	Tortola
2	GSB	31	Kia Sportage	2013	Customer Services	Tortola
3	GSB	133	Suzuki Jimny	2012	Meter Readers	Tortola
4	GSB	22	Nissan Frontier	2012	Distribution	Tortola
5	GSB	23	Nissan Frontier	2012	Distribution	Tortola
6	GSB	45	Nissan Frontier	2012	Generation	Tortola
7	GSB	47	Nissan Frontier	2012	Distribution	Tortola
8	GSB	1	Hyundai Tucson	2011	Administration	Tortola
9	GSB	33	Mitsubishi Montero	2011	Distribution	Tortola
10	GSB	44	Hyundai Vera Cruz	2011	Accounts	Tortola
11	GSB	128	Chevy Colorado	2011	IT	Tortola
12	GSB	129	Chevrolet Silverado	2011	Distribution	Tortola
13	GSB	130	Chevrolet Silverado	2011	Distribution	Tortola
14	GSB	131	Chevrolet Silverado	2011	Distribution	Tortola
15	GSB	134	Nissan Frontier	2011	Generation	Tortola
16	GSB	9	Nissan Frontier	2010	Distribution	Virgin Gorda
17	GSB	41	Suzuki Jimny	2010	Customer Services	Virgin Gorda
18	GSB	43	Suzuki Jimny	2010	Meter Readers	Tortola
19	GSB	77	Suzuki Jimny	2010	Meter Readers	Tortola
20	GSB	78	Suzuki Jimny	2010	Meter Readers	Tortola
21	GSB	3	Mitsubishi Montero	2009	Administration	Tortola
22	GSB	34	Suzuki Jimny	2009	Customer Services	Tortola
23	GSB	5	Greatwall Deer	2007	Generation	Tortola
24	GSB	26	Greatwall Deer	2007	Generation	Tortola
25	GSB	36	Greatwall Deer	2007	Generation	Tortola
26	GSB	24	Chevrolet Colorado - 4 door	2006	Distribution	Tortola
27	GSB	30	Colorado X-Cab	2006	Distribution	Tortola
28	GSB	7	Envoy XUV SLT	2005	Administration	Tortola
29	GSB	2	Chevy Silverado	2004	Distribution	Tortola
30	GSB	32	Chevrolet 2500HD Siverado	2004	Distribution	Tortola
31	GSB	35	Chevrolet Colorado	2004	Generation	Tortola
32	GSB	46	Chevy Silverado	2004	Distribution	Tortola
33	GSB	48	Chevrolet Colorado	2004	Distribution	Tortola

Vehicle Fleet Listing (Cont'd)

Item	Des.	Number	Type	Year	Section	Location
34	GSB	19	Chevrolet CT X-Cab	2003	Generation	Tortola
35	GSB	12	Chevy S-10 Extra Cab	2002	Customer Services	Tortola
36	GSB	10	Ford F450 4cu. Yd	2002	Distribution	Tortola
37	GSB	27	Chevy Silverado 2500 HD	2002	Distribution	Tortola
38	GSB	37	Chevy Silverado 2500 HD	2002	Generation	Tortola
39	GSB	11	Chevy Silverado 2500 HD	2001	Distribution	Tortola
40	GSB	13	Ford Bucket Truck	2001	Distribution	Virgin Gorda
41	GSB	14	Ford Bucket Truck	2000	Distribution	Tortola
42	GSB	16	Ford Bucket Truck	2000	Distribution	Virgin Gorda
43	GSB	40	Chevrolet CK 2500	2000	Distribution	Virgin Gorda
44	GSB	20	Chevrolet Pick-up	1999	Distribution	Tortola
45	GSB	127	Chevrolet S-10	1999	Accounts	Tortola
46	GSB	15	Ford Bucket Truck	1990	Distribution	Tortola

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AUDITOR'S REPORT



OFFICE OF THE AUDITOR GENERAL GOVERNMENT OF THE VIRGIN ISLANDS

PO Box 174, Road Town, Tortola, British Virgin Islands
Telephone: (284) 468-4144, Facsimile: (284) 468-4148

To: The Chairman, Members and Shareholder
British Virgin Islands Electricity Corporation

Audit Certificate **Financial Statements for the Year Ended 31 December 2014**

I hereby certify that, in accordance with Section 21(3) of the British Virgin Islands Electricity Corporation Ordinance, CAP. 277, the accounts of the Corporation for the year ended 31 December 2014 as attached hereto have been examined.

The audit examination was carried out on my behalf by the firm of chartered accountants, Baker Tilly (BVI) Limited, as provided for under Section 21(b) of the Audit Act 2003. The audit was conducted in accordance with International Standards on Auditing, which require that the audit comply with ethical requirements and be planned and performed to obtain reasonable assurance that the financial statements are free from material misstatements. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of judgments made by management in the preparation of financial statements.

I have received all the information and explanations which to the best of my knowledge and belief were necessary, and the Corporation has complied with the financial provisions of the British Virgin Islands Electricity Corporation Ordinance, with which it is the duty of the Corporation to comply including the maintenance of proper accounting and related records.

Based on, and in concordance with, the report submitted by the firm of chartered accountants Baker Tilly (BVI) Limited, in my opinion the financial statements present fairly in all material respects the financial position of the British Virgin Islands Electricity Corporation as at 31 December 2014 and the results of its operations for the year then ended in conformity with International Financial Reporting Standards applied on the basis consistent with the preceding year.

Amoret Davies
Acting Auditor General
7 April 2016

**BRITISH VIRGIN ISLANDS
ELECTRICITY CORPORATION**

Financial Statements
For the year ended 31 December 2014

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Financial Statements For the year ended 31 December 2014

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BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Corporation Directory At 31 December 2014

Board of Directors

Chairman

Mr. Ron Potter

Vice Chairman

Ms. Pearl Smith

Members

Mr. Ira Oliver Skelton

Mr. Ellsworth Flax

Ms. Lucia Lettsome

Mr. Sean Palmer

Ex-officio members

Mr. Leroy A. E. Abraham (*General Manager*)

Mr. Anthony McMaster (*Ag. Permanent Secretary – Ministry of Communications and Works*)

Registered Office

Long Bush

P.O. Box 268

Road Town, Tortola VG1110

British Virgin Islands

Legal Advisors

O'Neal Webster

Simmonds Building

Wickhams Cay 1

30 DeCastro Street

Road Town, Tortola VG1110

British Virgin Islands



**BAKER TILLY
(BVI) LIMITED**

Chartered Accountants

P.O. Box 650

Tropic Isle Building

Nibbs Street

Road Town, Tortola VG 1110

British Virgin Islands

Tel: +1 284 494 5800

Fax: +1 284 494 6565

www.bakertillybvi.com

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION**

We have audited the accompanying financial statements of the British Virgin Islands Electricity Corporation (the "Corporation"), which comprise the statement of financial position as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 26.

This report is made solely to the Corporation's shareholders in accordance with section 21(3) of the British Virgin Islands Electricity Corporation Ordinance, 1978. Our audit work has been undertaken so that we might state to the Corporation's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Corporation's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as at 31 December 2014, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Supplementary information

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Corporation taken as a whole. The supplementary information included in the schedule to the financial statements set out on pages 27 and 28 is presented for the purpose of additional analysis and has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Baker Tilly (BVI) Limited

Chartered Accountants
17 February 2016
Tortola, British Virgin Islands

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Financial Position

At 31 December 2014

Expressed in U.S. Dollars

	Note	2014	2013
Current assets			
Cash and cash equivalents		10,805,461	9,100,639
Trade and other receivables	3,10	25,120,533	22,812,945
Inventory	4	8,958,834	8,437,557
Other current assets		<u>493,811</u>	<u>526,750</u>
		<u>45,378,639</u>	<u>40,877,891</u>
Non-current assets			
Property, plant and equipment	5	<u>44,013,601</u>	<u>46,516,825</u>
Total assets		<u>\$ 89,392,240</u>	<u>\$ 87,394,716</u>
Current liabilities			
Trade and other payables	6	4,390,242	6,097,952
Loans payable	7	2,000,532	2,000,532
Customers' deposits		<u>2,633,827</u>	<u>2,183,309</u>
		<u>9,024,601</u>	<u>10,281,793</u>
Non-current liabilities			
Loans payable	7	9,502,536	11,503,068
Pension fund liability	8	12,290,311	10,134,131
Deferred capital receipts	9	<u>7,228,582</u>	<u>7,695,681</u>
		<u>29,021,429</u>	<u>29,332,880</u>
Total liabilities		<u>38,046,030</u>	<u>39,614,673</u>
Equity			
Share capital	11	7,052,465	7,052,465
Contributed surplus	11	9,661,763	9,661,763
Retained earnings		<u>34,631,982</u>	<u>31,065,815</u>
Total equity		<u>51,346,210</u>	<u>47,780,043</u>
Total liabilities and equity		<u>\$ 89,392,240</u>	<u>\$ 87,394,716</u>

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Comprehensive Income
For the year ended 31 December 2014

Expressed in U.S. Dollars

	Note	2014	2013
Income			
Sale of electricity	10	<u>66,364,688</u>	<u>67,380,191</u>
Total income		66,364,688	67,380,191
Cost of sales			
Fuel cost		<u>39,754,686</u>	<u>40,816,415</u>
Gross profit		<u>26,610,002</u>	<u>26,563,776</u>
Expenses			
Generation		7,001,094	6,777,933
Depreciation	5	4,104,843	3,951,446
Distribution and transmission		4,729,670	4,244,433
General and administrative	10	2,463,817	2,797,675
Finance		1,243,495	1,404,167
Customer service and meter reading		1,023,566	1,022,340
Information technology		527,092	515,081
Desalination		—	29,350
Vehicles		241,361	244,054
Other expenses		<u>130,345</u>	<u>179,423</u>
Total expenses		<u>21,465,283</u>	<u>21,165,902</u>
Operating profit		<u>5,144,719</u>	<u>5,397,874</u>
Other income/(expenses)			
Release of deferred capital receipts	9	848,985	860,265
Other income		185,299	108,240
Interest income		36,891	33,100
Foreign exchange loss		<u>(19,098)</u>	<u>(35,965)</u>
Total other income		<u>1,052,077</u>	<u>965,640</u>
Income before finance cost		6,196,796	6,363,514
Finance cost		<u>941,890</u>	<u>1,021,269</u>
Net income before taxation		5,254,906	5,342,245
Taxation	12	<u>—</u>	<u>—</u>
Net income during the year		5,254,906	5,342,245
Other comprehensive income			
Remeasurement (loss)/gain on defined benefit obligation	8	<u>(1,688,739)</u>	<u>2,554,613</u>
Total comprehensive income		<u>\$ 3,566,167</u>	<u>\$ 7,896,858</u>

Refer to the schedule to the financial statements for a detailed analysis of expenses.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Changes in Equity
For the year ended 31 December 2014
Expressed in U.S. Dollars

	2014			
	Share capital	Contributed surplus	Retained earnings	Total
Balance at 1 January	7,052,465	9,661,763	31,065,815	47,780,043
Net income during the year	—	—	5,254,906	5,254,906
Other comprehensive loss for the year	—	—	(1,688,739)	(1,688,739)
Total comprehensive income	—	—	3,566,167	3,566,167
Balance at 31 December	\$ 7,052,465	\$ 9,661,763	\$ 34,631,982	\$ 51,346,210

	2013			
	Share capital	Contributed surplus	Retained earnings	Total
Balance at 1 January	7,052,465	9,661,763	23,168,957	39,883,185
Net income during the year	—	—	5,342,245	5,342,245
Other comprehensive income for the year	—	—	2,554,613	2,554,613
Total comprehensive income	—	—	7,896,858	7,896,858
Balance at 31 December	\$ 7,052,465	\$ 9,661,763	\$ 31,065,815	\$ 47,780,043

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Cash Flows
For the year ended 31 December 2014

Expressed in U.S. Dollars

	2014	2013
Cash flows from operating activities		
Total comprehensive income	3,566,167	7,896,858
Adjustments for:		
Depreciation	4,104,843	3,951,446
Finance cost	941,890	1,021,269
Interest income	(36,891)	(33,100)
Foreign exchange loss	19,098	35,965
<i>Operating profit before working capital changes</i>	<u>8,595,107</u>	<u>12,872,438</u>
Increase in trade and other receivables	(2,274,649)	(4,572,418)
(Increase)/decrease in inventory	(521,277)	316,526
Decrease in trade and other payables	(1,707,710)	(332,686)
Increase/(decrease) in customer deposits	450,518	(26,692)
Increase/(decrease) in pension fund liability	2,156,180	(1,934,366)
Decrease in deferred capital receipts	(467,099)	(110,294)
<i>Cash flows from operating activities</i>	<u>6,231,070</u>	<u>6,212,508</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,601,619)	(1,709,541)
Interest received	36,891	33,100
<i>Cash flows from investing activities</i>	<u>(1,564,728)</u>	<u>(1,676,441)</u>
Cash flows from financing activities		
Repayment of loans payable	(2,000,532)	(2,000,537)
Interest paid	(941,890)	(1,021,269)
<i>Cash flows from financing activities</i>	<u>(2,942,422)</u>	<u>(3,021,806)</u>
Net increase in cash and cash equivalents	1,723,920	1,514,261
Cash and cash equivalents at beginning of year	9,100,639	7,622,343
Effect of exchange rate fluctuations on cash and cash equivalents	(19,098)	(35,965)
Cash and cash equivalents at end of year	<u>\$ 10,805,461</u>	<u>\$ 9,100,639</u>
Cash and cash equivalents comprise the following items:		
Cash on hand	3,600	3,100
Cash at bank	4,097,020	3,689,850
Short-term deposits	6,704,841	5,407,689
Cash and cash equivalents	<u>\$ 10,805,461</u>	<u>\$ 9,100,639</u>

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

Expressed in U.S. Dollars

1. GENERAL INFORMATION

The British Virgin Islands Electricity Corporation (the “Corporation”) is a corporate body established in the British Virgin Islands under the British Virgin Islands Electricity Corporation Ordinance, 1978 (the “Ordinance”) and is wholly owned by the Government of the British Virgin Islands (the “Government”). The principal activities of the Corporation are the generation, transmission, supply, distribution and sale of electricity within the British Virgin Islands. The financial records and statements are maintained and presented in United States (U.S.) Dollars, rounded to the nearest dollar.

The financial statements were authorised for issue by the Board of Directors on 17 February 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Corporation’s financial statements are set out below.

(a) Statement of compliance

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of preparation

The financial statements are prepared on the basis of historical costs and do not take into account increases in the market value of assets.

The accounting policies have been applied consistently by the Corporation and are consistent with those used in the previous year.

There are no new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2014 that would have expected to have a material impact on the Corporation’s financial statements.

(c) Use of estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Estimation of provision for doubtful accounts

Recoverability of specific receivables and other asset items is evaluated based on the best available facts and circumstances, including but not limited to, the length of the Corporation’s relationship with its debtors and debtors’ payment behaviour. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. The total provision for doubtful accounts as at 31 December 2014 was \$495,213 (2013: \$658,878). Refer to note 3.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES

(c) Use of estimates

Determination of net realisable value of inventory

The Corporation's estimates of the net realisable values of inventory are based on the most reliable evidence available, at the time the estimates are made, of the amount that the inventory is expected to be realised at. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventory to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of a change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realisable value. Inventory stated at net realisable value as at 31 December 2014 was \$8,958,834 (2013: \$8,437,557). Refer to note 4.

Estimation of useful lives and residual values of property, plant and equipment

The estimated useful lives and residual values of property, plant, and equipment are based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and legal or other limits on the use of the assets. The carrying value of property, plant and equipment as at 31 December 2014 was \$44,013,601 (2013: \$46,516,825). As of 31 December 2014 and 2013, the Corporation's property, plant and equipment had no residual value. Refer to note 5.

Property, plant and equipment impairment

The Corporation determines whether its property, plant and equipment are impaired on a regular basis. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Corporation's financial condition and results of operations. While management believes that the assumptions made are appropriate and reasonable, significant changes in assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under IFRSs. There were no impairment losses recognised on property, plant and equipment as of 31 December 2014 and 2013. Refer to note 5.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(d) Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash deposited with banks and short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are classified as loans and receivables.

Trade and other receivables are recorded at invoiced amounts based on meter readings and are subsequently recorded at fair value reduced by any appropriate allowances for estimated irrecoverable amounts. An allowance for doubtful accounts is established when there is evidence that the Corporation will not be able to collect amounts due. The Corporation primarily uses the specific identification method to determine if the receivable is impaired. The carrying amount of the receivable is reduced through the use of the allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

The Corporation determines its allowance by considering a number of factors, including the length of time trade receivables are past due, the Corporation's previous loss history, the customer's current ability to pay its obligation to the Corporation, and the condition of the general economy and the industry as a whole. The Corporation writes off accounts receivable when they become uncollectible. Actual bad debts, when determined, reduce the allowance, the adequacy of which management then reassesses. The Corporation writes off accounts after a determination by management that the amounts at issue are no longer likely to be collected, following the exercise of reasonable collection efforts and upon management's determination that the costs of pursuing the collection outweigh the likelihood of recovery.

Financial liabilities at amortised cost

Financial liabilities measured at amortised cost are non-derivative contractual obligations to deliver cash or another financial asset to another entity. These comprise trade and other payables, loans payable and customers' deposits.

These financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from equity.

(e) Inventory

Non-fuel items

Non-fuel items are carried at the lower of cost and net realisable value. The cost of inventory is based on the weighted average cost principle which is also reduced by a specific provision for obsolete items, as determined by management. The cost includes the cost of bringing items to their existing location and condition.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Inventory

Non-fuel items

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

When items of inventory are used by the Corporation, these are transferred to property, plant and equipment or expensed as repairs and maintenance, as deemed appropriate.

Fuel items

Fuel items are carried at cost which is determined on a first-in, first-out basis. The cost includes the cost of bringing these items to their existing location and condition.

(f) Property, plant and equipment

Items of property, plant and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives.

The rates of depreciation in use are based on the following estimated useful lives:

Buildings	20-40 years
Generating plant and equipment	8-25 years
Distribution and transmission equipment	5-25 years
Motor vehicles	4 years
Computer and other equipment	5-16 years
Furniture and fittings	8 years

Freehold land is not depreciated where the cost is distinguishable from the cost of the buildings.

The useful lives, residual values and depreciation methods are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

The initial cost of an item of property, plant and equipment includes its purchase price plus any cost attributable in bringing the asset to its intended location and working condition. Cost also includes interest and other financing charges on borrowed funds used to finance the acquisition of assets to the extent incurred during the period of installation and construction.

Subsequent expenditure incurred to replace a component of an asset is capitalised only when it increases the future economic benefits embodied in that asset. All other expenditure is recognised in the statement of comprehensive income when it is incurred.

Construction in progress is carried at cost and transferred to the related asset account when the construction or installation and related activities necessary to prepare the asset for its intended use are complete, and the asset is ready for service. Construction in progress is not depreciated until it is brought into use.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) **Property, plant and equipment**

When an asset is retired or otherwise disposed of, the cost and the related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

(g) **Deferred capital receipts**

Customer contributions towards distribution and transmission equipment are taken to deferred capital receipts on the transaction date and are credited to the statement of comprehensive income on a systematic basis over the respective useful life of the assets.

(h) **Impairment**

The carrying amounts of the Corporation's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is estimated as the greater of an asset's net selling price and value in use.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the statement of comprehensive income.

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 amortisation, if no impairment loss had been recognised.

(i) **Pension plan**

The Corporation's net obligation in respect of its defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the unrecognised past service cost and fair value of plan assets are deducted. The discount rate is the yield at the reporting date in AA credit-rated bonds that have maturity dates approximating the terms of the Corporation's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method.

The Corporation must meet the balance of the cost of funding the Pension Fund and the Corporation must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (annual) actuarial valuations of the Pension Fund.

In calculating the Corporation's obligation in respect of its defined benefit pension plan, all actuarial gains and losses are recognised in the statement of comprehensive income. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirement that applies to the Corporation.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Pension plan

The past service cost, the service cost and the net interest expense for the year is included in the employee benefits expense in the statement of comprehensive income. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income.

(j) Revenue and expenditure recognition

Income from the sale of electricity is recognised based on units of electricity consumed by customers multiplied by the unit price per usage. The unit price per usage is based on a standard price stated in the Corporation's by-laws. The Corporation also includes a fuel price levy in the electricity charges billed to customers.

The fuel price levy represents any fluctuations in the cost of fuel which is the difference between the standard cost of fuel and the average cost of fuel purchased.

Interest income is recognised in the statement of comprehensive income as it accrues, taking into account the effective yield of the asset or an applicable floating rate. All other income is recognised in the statement of comprehensive income on the accrual basis.

Expenses are recorded on the accrual basis.

(k) Foreign currency transactions

Transactions in foreign currencies are converted at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. Dollars at the foreign currency exchange rates ruling at the statement of financial position date. Foreign currency exchange differences arising on conversion or translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost are translated at the foreign currency exchange rate ruling at the date of the transaction, or if impaired, at the date of the impairment recognition. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into U.S. Dollars at the foreign currency exchange rates ruling at the dates that the values were determined.

(l) Contingent liabilities

Certain conditions may exist as of the reporting date, which may result in a loss to the Corporation but which will only be resolved when one or more future events occur or fail to occur. The directors assess such contingent liabilities, and such assessment inherently involves an exercise of judgment.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Contingent liabilities

If the assessment of a contingency indicates that there is a present obligation as a result of a past event, that it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated, then the estimated liability is accrued in the Corporation's financial statements. If the assessment indicates that there is a possible obligation, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, is disclosed.

Loss contingencies considered remote are generally not disclosed.

(m) Newly issued accounting standard not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Corporation, except the following as set out below:

IFRS 9 (new), "Financial Instruments: Classification and Measurement" effective for annual periods beginning on or after 1 January 2018, is relevant to the Corporation's operations. The standard contains requirements in the following areas:

- **Classification and measurement.** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- **Impairment.** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- **Hedge accounting.** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures
- **Derecognition.** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The Corporation currently accounts for its financial assets in accordance with the classification and measurement requirements under IAS 39. Due to the nature of these investments, these requirements will remain the same under IFRS 9; however, the adoption may result in additional disclosures to the Corporation upon implementation.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

**Notes to and forming part of the Financial Statements
For the year ended 31 December 2014**

Expressed in U.S. Dollars

3. TRADE AND OTHER RECEIVABLES

	2014	2013
Accounts receivable, trade	22,805,080	21,155,593
Other receivables	<u>2,810,666</u>	<u>2,316,230</u>
	25,615,746	23,471,823
Provision for doubtful accounts	<u>(495,213)</u>	<u>(658,878)</u>
	<u>\$25,120,533</u>	<u>\$22,812,945</u>

Refer also to notes 10 and 13(b).

4. INVENTORY

	2014	2013
Generating plant and equipment parts	5,646,252	4,669,719
Distribution and transmission parts	2,700,961	2,318,074
Diesel fuel	1,193,525	1,465,891
Lubricating oil	15,499	33,431
Vehicle parts	208,054	195,698
Other spare parts and supplies	46,774	49,315
Goods in transit	<u>258,838</u>	<u>816,498</u>
	10,069,903	9,548,626
Provision for obsolete inventory	<u>(1,111,069)</u>	<u>(1,111,069)</u>
	<u>\$ 8,958,834</u>	<u>\$ 8,437,557</u>

During the year, the Corporation did not recognise any additional provision for obsolete inventory.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

**Notes to and forming part of the Financial Statements
For the year ended 31 December 2014**

Expressed in U.S. Dollars

5. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Generating Plant & Equipment	Distribution & Transmission Equipment	Motor Vehicles	Computer & Other Equipment	Furniture & Fittings	Work in Progress	Total
Cost								
At 1 January 2014	17,826,993	59,153,892	49,063,514	1,752,646	2,976,383	482,560	354,145	131,610,133
Additions	44,206	251,841	312,841	236,813	244,903	43,214	467,801	1,601,619
Write-offs	—	—	—	(196,990)	(124,723)	(111,519)	—	(433,232)
At 31 December 2014	17,871,199	59,405,733	49,376,355	1,792,469	3,096,563	414,255	821,946	132,778,520
Accumulated depreciation								
At 1 January 2014	8,435,161	37,551,782	35,979,524	1,567,520	1,205,502	353,819	—	85,093,308
Charge for the year	415,645	1,412,176	1,820,467	176,340	237,720	42,495	—	4,104,843
Write-offs	—	—	—	(196,990)	(124,723)	(111,519)	—	(433,232)
At 31 December 2014	8,850,806	38,963,958	37,799,991	1,546,870	1,318,499	284,795	—	88,764,919
Net book value								
At 31 December 2014	\$ 9,020,393	\$ 20,441,775	\$ 11,576,364	\$ 245,599	\$ 1,778,064	\$ 129,460	\$ 821,946	\$ 44,013,601
At 31 December 2013	\$ 9,391,832	\$ 21,602,110	\$ 13,083,990	\$ 185,126	\$ 1,770,881	\$ 128,741	\$ 354,145	\$ 46,516,825

The Corporation's management, after due consideration of the assessment of its assets for impairment, believes that there are no indications that the property, plant and equipment as of 31 December 2014 and 2013 are impaired or its carrying amounts cannot be recovered.

Fully depreciated property, plant and equipment not written-off as at 31 December 2014 was \$47,507,676 (2013: \$38,442,798).

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2014

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6. TRADE AND OTHER PAYABLES

	2014	2013
Accounts payable	4,085,429	5,686,435
Accrued expenses	<u>304,813</u>	<u>411,517</u>
	<u>\$4,390,242</u>	<u>\$6,097,952</u>

The trade and other payables include outstanding creditor balances, accrued payroll and other employee benefits, accrued professional fees and other accrued expenses.

7. LOANS PAYABLE

	2014	2013
Banco Popular de Puerto Rico		
\$30,008,000 was borrowed in connection with the Phase IV Development Programme. The loan is repayable in 60 quarterly instalments which commenced 31 December 2005 and bears interest at a fixed rate of 5.5% per annum. This loan is secured by assets of the Corporation and is guaranteed by the Government.	11,503,068	13,503,600
Repayable within one year	(2,000,532)	(2,000,532)
Repayable outside of one year	<u>\$9,502,536</u>	<u>\$11,503,068</u>

Revolving line of credit

The Corporation has a \$2,000,000 revolving line of credit which bears interest at prime rate plus 0.5% per annum and is secured by a charge over the assets of the Corporation and an unconditional and irrevocable guarantee from the Government. As at 31 December 2014 and 2013, the facility was unused.

Overdraft facility

The Corporation has the following facilities available from Scotia Bank (BVI) Limited:

	Amount authorised	Rate
Operating line of credit	\$800,000	Prime rate + 1%
Standby line of credit	\$1,000,000	Prime rate + 1%

Both of the facilities bear interest at prime rate plus 1% per annum. The standby line of credit is subject to a standby fee of ½% of the amount authorised or \$5,000 per annum. These facilities are secured by an unconditional and irrevocable guarantee from the Government. As at 31 December 2014 and 2013, these facilities were unused.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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For the year ended 31 December 2014**

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8. PENSION FUND LIABILITY

The Corporation has established a defined benefit plan which is fully funded. The assets of the plan are held independently of the Corporation's assets. The plan is valued by independent actuaries with the most recent valuation being carried out on 28 September 2015.

	2014	2013
Present value of funded obligations	26,732,772	23,181,108
Fair value of plan assets	(14,442,461)	(13,046,977)
Liability in the statement of financial position	<u>\$12,290,311</u>	<u>\$10,134,131</u>

The amount recognised in the statement of comprehensive income as pension expense is as follows:

	2014	2013
Current service cost	927,673	1,041,981
Net interest on net defined benefit liability/(asset)	532,729	578,718
Administrative expense allowance	<u>25,200</u>	<u>25,653</u>
	<u>\$1,485,602</u>	<u>\$1,646,352</u>

The movement in the present value of the pension liability in the current year was as follows:

	2014	2013
Opening net liability	10,134,131	12,068,497
Unrecognised loss in previous years charged to retained earnings	<u>-</u>	<u>-</u>
Opening net liability	10,134,131	12,068,497
Net pension cost	1,485,602	1,646,352
Remeasurements recognised in other comprehensive income	1,688,739	(2,554,613)
Corporation contributions	<u>(1,018,161)</u>	<u>(1,026,105)</u>
Closing net liability	<u>\$12,290,311</u>	<u>\$10,134,131</u>

Remeasurements recognised in other comprehensive income were as follows:

	2014	2013
Actuarial loss on obligation/adjustments	(550,560)	1,010,725
Actuarial loss from changes in financial assumptions	(1,887,391)	1,794,197
Expected return on plan assets	<u>749,212</u>	<u>(250,309)</u>
	<u>\$(1,688,739)</u>	<u>\$2,554,613</u>

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

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8. PENSION FUND LIABILITY (Cont'd)

The principal actuarial assumptions used in calculating the pension fund liability are:

	2014	2013
Discount rate	5.0%	5.5%
Rate of compensation increase	4.0%	4.0%

The major categories of plan assets are as follows:

	2014	2013
Equity securities	40.0%	19.2%
Debt securities	26.3%	46.5%
Others	<u>33.7%</u>	<u>34.3%</u>
	<u>100.0%</u>	<u>100.0%</u>

For the year ended 31 December 2014, the Corporation is expected to pay contributions to the pension fund of \$1.060 million (2013: \$1.025 million).

Significant actuarial assumptions for the determination of the pension fund liability are discount rate and rate of compensation increase. The following table summarises how the pension fund liability as at 31 December 2014 would have changed as a result of an approximate 1% per annum change.

	2014	2013
Discount rate	4,556,825	3,823,833
Future salary increases	<u>(1,076,307)</u>	<u>(1,018,602)</u>
	<u>\$3,480,518</u>	<u>\$2,805,231</u>

9. DEFERRED CAPITAL RECEIPTS

	2014	2013
Balance at 1 January	7,695,681	7,805,975
Customer contributions for the year	381,886	749,971
Released to the statement of comprehensive income	<u>(848,985)</u>	<u>(860,265)</u>
Balance at 31 December	<u>\$7,228,582</u>	<u>\$7,695,681</u>

10. RELATED PARTY TRANSACTIONS

The Corporation earned \$9,938,678 (2013: \$11,135,840) in revenue from the Government for the sale of electricity during the year. \$13,548,951 (2013: \$11,945,658) remained outstanding as at 31 December 2014. Refer also to note 13(b).

Directors' fees and expenses during the year amounted to \$131,413 (2013: \$81,634).

During the year, the Corporation paid salaries and wages of \$867,461 (2013: \$878,128), representing remuneration for key management personnel.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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11. SHARE CAPITAL

The Corporation has an unlimited authorised share capital.

	2014	2013
Issued and fully paid: 778 shares of \$1.00 par value each	778	778
Share premium	<u>7,051,687</u>	<u>7,051,687</u>
	<u>\$7,052,465</u>	<u>\$7,052,465</u>

All shares in the Corporation are owned by the Government.

A Board of Directors has been appointed. The Chairman has a casting, as well as deliberative vote; however, the decision of the majority of the directors present and voting at any meeting of the Corporation is deemed to be the decision of the Corporation.

Contributed surplus represents amounts contributed by the Government in addition to its subscription to the issued share capital.

12. TAXATION

In accordance with section 20 of the Ordinance, the Corporation is exempt from customs duties, land and house taxes, stamp duties and income taxes.

Effective 1 January 2005, the Government of the British Virgin Islands, by virtue of the introduction of the Payroll Taxes Act, 2004, which reduced the rate of income tax to zero, effectively abolished both personal and corporate income tax in the Territory. Further, beginning 1 January 2005, the Corporation became subject to a payroll tax equating to 6% of all salaries, wages and benefits paid to employees.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial assets of the Corporation include cash and cash equivalents and trade and other receivables. Financial liabilities include trade and other payables, loans payable and customers' deposits.

The nature and extent of the financial instruments outstanding at the reporting date and the risk management policies employed by the Board or Directors are discussed below.

(a) Market risk

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation incurs foreign currency risk on transactions that are denominated in currencies other than the U.S. Dollar. Foreign currency balances held at year end expressed in U.S. Dollars are as follows:

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13. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)**

(a) **Market risk**

Foreign currency risk

	2014		2013	
	Fair value	% of Total assets	Fair value	% of Total assets
Assets				
British Pound	—	—%	32,496	0.04%
Liabilities				
British Pound	(198,707)	(0.22%)	(379,578)	(0.43%)

A sensitivity analysis was performed in respect to the assets and liabilities denominated in currencies other than the U.S. Dollar and management noted that there would be no material effect to the Corporation's total equity and total comprehensive income.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation's income and operating cash flows are substantially independent of changes in market rates since the majority of interest bearing instruments are fixed rate instruments.

The table below summarises the weighted average interest rates for the interest-bearing financial instruments:

	2014	2013
Cash at bank	0.37%	0.40%
Loans payable	5.50%	5.50%

The Corporation is exposed to interest rate cash flow risk on cash and cash equivalents to the extent that prevailing interest rates may fluctuate on these instruments.

The Corporation is exposed to interest rate price risk on those loans with fixed interest rates to the extent that the applied interest rates may be greater than the prevailing market rates in the period to maturity.

A sensitivity analysis was performed in respect to the interest-bearing financial instruments and management noted that there would be no material effect to the Corporation's total equity and total comprehensive income.

Commodity/price risk

The Corporation is exposed to the risk of fluctuations in prevailing market commodity prices on fuel and oil. The commodity prices are greatly affected by world economic events that dictate the level of supply and demand. The Corporation has not entered into hedged agreements to reduce its exposure to commodity price risk.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Market risk

Commodity/price risk

The sensitivity analysis of the Corporation's profit before tax for changes in commodity prices is based on the assumption that the fuel prices moves 28% (2013: 7%) resulting in a change of \$334,187 (2013: \$103,556), with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of the historical prices of fuel from New York Harbor Ultra-Low Sulfur Diesel (ULSD) End of Day Settlement Price as regulated by the US Energy Information Administration.

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. Financial assets which potentially expose the Corporation to credit risk consist of cash and cash equivalents and trade and other receivables. The Corporation invests available cash with banks with high credit ratings. Credit risk on trade and other receivables is limited, as these are shown net of a provision for doubtful debts. The extent of the Corporation's exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Corporation's statement of financial position.

As at 31 December 2014 and 2013, the Corporation's financial assets exposed to credit risk amounted to the following:

	2014	2013
Cash at bank and short-term deposits	10,801,861	9,097,539
Trade and other receivables	<u>25,120,533</u>	<u>22,812,945</u>
	<u>\$35,922,394</u>	<u>\$31,910,484</u>

Cash at bank and short-term deposits

The Corporation held cash and short-term deposits with various financial institutions of \$10,801,861 (2013: \$9,097,539) as at 31 December 2014. The Corporation is subject to credit risk to the extent that these institutions may be unable to fulfil their obligations either to return the Corporation's cash and cash equivalents or repay amounts owed. The Corporation does not anticipate any losses as a result of this concentration.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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13. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)**

(b) **Credit risk**

Trade and other receivables - net

The ageing of the Corporation's trade and other receivables as at 31 December 2014 and 2013, is as follows:

	2014		2013	
	Gross	Impairment	Gross	Impairment
Current	7,518,877	—	8,439,080	—
31 – 90 days	3,111,489	—	3,935,118	—
Over 90 days	<u>14,985,380</u>	<u>495,213</u>	<u>11,097,625</u>	<u>658,878</u>
	<u>\$25,615,746</u>	<u>\$495,213</u>	<u>\$23,471,823</u>	<u>\$658,878</u>

The movement in the allowance for doubtful accounts as at 31 December 2014 and 2013 is as follows:

	2014	2013
Balance at 1 January	658,878	332,483
Additional allowance	—	326,395
Accounts written-off during the year	<u>(163,665)</u>	<u>—</u>
Balance at 31 December	<u>\$495,213</u>	<u>\$658,878</u>

Of the total balance over 90 days, only \$495,213 (2013: \$658,878) is considered impaired and was fully provided in the provision for bad debts. This relates to the portion of the receivable which the Corporation is not certain that it will recover.

The Corporation requires security deposits from all customers upon application of a new service. Management performs periodic reviews of receivable balances and uses disconnection exercises to encourage payment of accounts.

The Corporation does not believe it is subject to any significant concentration of credit risk as its private accounts receivable are largely derived from sales of electricity supplied to consumers throughout the British Virgin Islands.

As at 31 December 2014 and 2013, the Corporation's receivables from the Government were as follows:

	2014	2013
Current	885,756	1,048,690
31 – 90 days	1,849,738	2,110,120
Over 90 days	<u>10,813,457</u>	<u>8,786,848</u>
	<u>\$13,548,951</u>	<u>\$11,945,658</u>

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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For the year ended 31 December 2014

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13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Credit risk

The balances due from the Government are expected to be repaid and the risk of default is considered minimal by management.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due.

The Corporation's approach to managing its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed.

The following are the contractual maturities of financial liabilities based on contractual undiscounted payments:

2014	On Demand	Less than 6 months	6 months to 1 year	More than 1 year	Total
Trade and other payables	4,390,242	—	—	—	4,390,242
Loans payable	—	1,000,266	1,000,266	9,502,536	11,503,068
Customers' deposits	2,633,827	—	—	—	2,633,827
Pension fund liability	—	—	—	12,290,311	12,290,311
	<u>\$7,024,069</u>	<u>\$1,000,266</u>	<u>\$1,000,266</u>	<u>\$21,792,847</u>	<u>\$30,817,448</u>
2013	On Demand	Less than 6 months	6 months to 1 year	More than 1 year	Total
Trade and other payables	6,097,952	—	—	—	6,097,952
Loans payable	—	1,000,266	1,000,266	11,503,068	13,503,600
Customers' deposits	2,183,309	—	—	—	2,183,309
Pension fund liability	—	—	—	10,134,131	10,134,131
	<u>\$8,281,261</u>	<u>\$1,000,266</u>	<u>\$1,000,266</u>	<u>\$21,637,199</u>	<u>\$31,918,992</u>

14. FAIR VALUE INFORMATION

Many of the Corporation's financial instruments are measured at fair value in the statement of financial position. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with absolute precision. Nevertheless, fair values can be reliably determined within a reasonable range of estimates.

For certain other financial instruments, including cash and cash equivalents, trade and other receivables, trade and other payables, loans payable – current and customer deposits, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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For the year ended 31 December 2014

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14. FAIR VALUE INFORMATION (Cont'd)

Pension fund liability is measured at fair value based on actuarial valuation of the Pension Fund.

15. COMMITMENTS

On 30 August 2014, the Corporation entered into a contract with Delta Petroleum Caribbean Ltd (“Delta”) for the exclusive supply of 72,140,300 U.S. gallons of refined petroleum products for the period covering 1 September 2014 to 31 August 2018 (2013: 27,023,800 U.S. gallons for the period covering 1 September 2012 to 31 August 2014). Based on fuel prices as at 31 December 2014, the remaining volume of the contract as of that date was 67,552,300 (2013: 8,647,300) U.S. gallons and its contract value was approximately \$192,419,407 (2013: \$27,578,684).

16. SUBSEQUENT EVENTS

The Corporation’s Phase V Development Programme – Package A involves extending the present primary power station located at Pockwood Pond to accommodate four (4) generating units and initially installing the following:

- Two (2) Wartsila 9L46 rated at 8.1 MW
- New central control room
- New 13.2 KV switchgear bus
- Additional 34.5 switchgear
- New station step-up and earthing transformers

The Letter of Acceptance was signed by Wartsila Finland Oy (Wartsila) to carry out the “Works” detailed above for the sum of approximately thirty-three million dollars (\$33,000,000.00). The Commencement Date and Notice to Proceed Date was recognised as July 29, 2015.

The Corporation’s Phase V Development Programme – Package B involves reinforcing the transmission infrastructure by installing two (2) new 185 mmsq. Power cables, extending the Long Bush substation building, and the installation of all relevant switchgear and transformers.

This aspect of the project is to be undertaken by K-Line International (Canada) Ltd. at an estimated cost of six million, nine thousand, one hundred and four dollars and nineteen cents (\$6,009,104.19), and it is the Corporation’s intention to partially self-finance the needed infrastructural requirements to reinforce the transmission system.

The Letter of Acceptance was signed by K-Line on March 3, 2015.

The Corporation’s commitment under the Phase V project which will include a third engine, earthworks, future fuel storage, soil stabilization, Long Bush Substation Building extension, and Long Bush Substation equipment is approximately four million, three hundred and fifty thousand, six hundred and forty five dollars (\$4,350,645.00).

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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16. SUBSEQUENT EVENTS (Cont'd)

On 4 September 2015, the Corporation obtained a loan ("Loan Agreement") of \$35,000,000 at the fixed rate of 3.5% interest per annum for the first seven years and 5.0% per annum thereafter from the British Virgin Islands Social Security Board to aid in financing the Corporation's Phase V Development Program. The loan is repayable over fifteen years, in sixty quarterly instalments commencing 31 October 2015, and thereafter on the 31st day of January, the 30th day of April, the 31st day of July and the 31st day of October in each year.

The Government unconditionally and irrevocably guarantees the BVI Social Security Board, as principal obligor and not merely as surety, the due and punctual payment of all principal moneys and interest becoming due and payable by the Corporation under the said Loan Agreement and if and whenever any such principal moneys and/or interest are not paid in accordance with the provisions of the Loan Agreement, the Government will within six months of demand in writing pay the same in the manner, at the place and in the currency provided for in the Loan Agreement as of the Government, instead of the BVI Electricity Corporation.

On 28 October 2015, the Corporation agreed to the full and final settlement of \$290,000 inclusive of legal costs (the remainder of the quantum of damages and being the balance owed from a total settlement of \$490,000) arising from an accident involving one of its former employees. An interim payment of \$200,000 had been made in August 2012 by the Corporation's insurers who had subordinated the claim.

On 14 July 2015, after a dispute over contractual fuel delivery pricing, the Corporation sought interim injunction relief from the Eastern Caribbean Supreme Court (the "Court") compelling Delta to continue deliveries in accordance with the terms of their renewed contract dated 30 August 2014 (refer also to note 15). Subsequently on 13 January 2016, a High Court judge ruled in favour of the Corporation and ordered Delta that specific performance should be made on the contract dated 30 August 2014 which will continue in full force and effect for the duration of tenure and that the sum of \$794,000 be paid to the Corporation as liquidated damages under the contract for the periods that they have been found liable.

17) COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Schedule to the Financial Statements - Expenses

For the year ended 31 December 2014

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	2014	2013
Generation		
Materials and maintenance	3,843,897	3,122,462
Wages and salaries	2,160,077	2,539,440
Social security	63,473	73,143
Pension expense	442,042	518,425
Payroll tax	97,743	112,486
Other employee expenses	139,239	152,815
Other generation expenses	254,623	259,162
	<u>\$ 7,001,094</u>	<u>\$ 6,777,933</u>
Distribution and transmission		
Materials and maintenance	1,960,389	1,311,457
Wages and salaries	1,689,873	1,785,223
Social security	56,810	59,015
Pension expense	402,410	450,991
Payroll tax	79,049	82,584
Other employee expenses	121,715	130,853
Other distribution expenses	419,424	424,310
	<u>\$ 4,729,670</u>	<u>\$ 4,244,433</u>
General and administrative		
Insurance	661,176	615,560
Legal and professional fees	471,505	380,669
Wages and salaries	582,875	558,561
Social security	15,584	14,951
Pension expense	159,369	170,951
Payroll tax	27,229	27,861
Other employee expenses	30,395	29,541
Other expenses	515,684	999,581
	<u>\$ 2,463,817</u>	<u>\$ 2,797,675</u>
Finance		
Wages and salaries	777,725	812,780
Social security	22,939	24,274
Pension expense	207,453	220,189
Payroll tax	36,434	35,897
Other employee expenses	47,256	51,202
Other expenses	151,688	259,825
	<u>\$ 1,243,495</u>	<u>\$ 1,404,167</u>

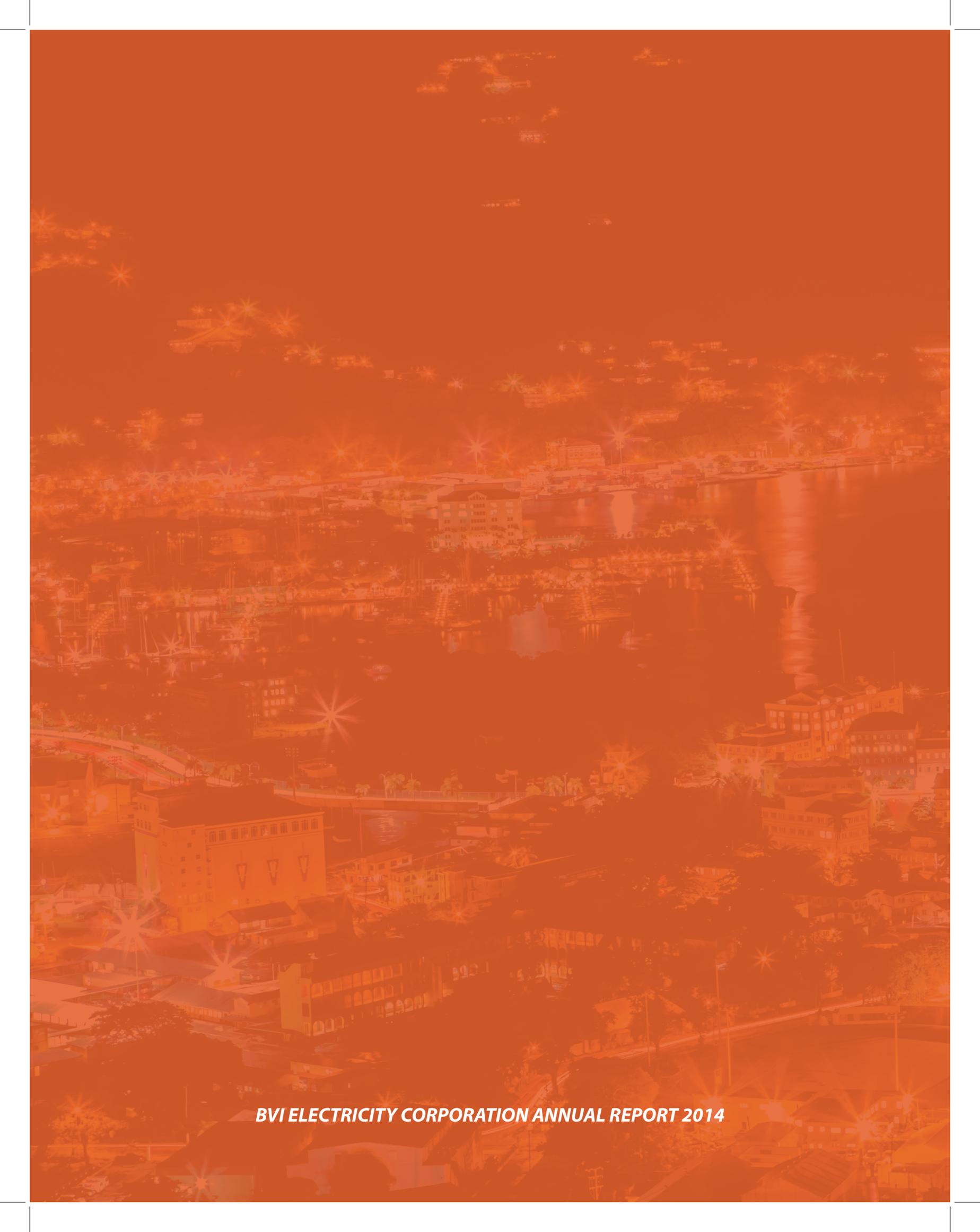
BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Schedule to the Financial Statements - Expenses (Cont'd)

For the year ended 31 December 2014

Expressed in U.S. Dollars

	2014	2013
Customer services and meter reading		
Wages and salaries	689,917	687,394
Social security	23,813	23,184
Pension expense	162,219	170,290
Payroll tax	25,590	25,887
Other employee expenses	60,931	60,762
Other expenses	61,096	54,823
	<u>\$ 1,023,566</u>	<u>\$ 1,022,340</u>
Information technology		
Wages and salaries	240,857	220,446
Social security	7,348	7,037
Pension expense	65,626	66,751
Payroll tax	11,636	10,698
Other employee expenses	13,202	12,844
Other expenses	188,423	197,305
	<u>\$ 527,092</u>	<u>\$ 515,081</u>
Desalination		
Desalination plant maintenance	<u>\$ —</u>	<u>\$ 29,350</u>
Vehicles		
Wages and salaries	158,573	157,358
Social security	5,814	5,579
Pension expense	46,484	48,755
Payroll tax	6,527	6,123
Other employee expenses	13,010	13,047
Other expenses	10,953	13,192
	<u>\$ 241,361</u>	<u>\$ 244,054</u>



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