



British Virgin Islands

**ELECTRICITY
CORPORATION**

ANNUAL REPORT

2016

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CORPORATE STATEMENT



The British Virgin Islands Electricity Corporation Act No. 7 of 1978 was legislated to provide for the establishment of a Statutory Corporation, known as the British Virgin Islands Electricity Corporation. This Act came into effect in December of 1978. The Government of the British Virgin Islands is the sole shareholder of BVIEC which is under the portfolio of the Ministry of Communication and Works.

The major functions of the Corporation are the generation, transmission, supply, distribution 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 the Cabinet.

MISSION STATEMENT



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. He is also the 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 October 1, 2000 and was confirmed as General Manager on September 1, 2004.

SENIOR MANAGEMENT



MR. LEROY A. E. ABRAHAM
General Manager
B.Sc.EE, C. Eng, MIET



MR. HENRY CREQUE
Deputy General Manager
B.EE, (Hons), MIEEE, MCFI



MS. SYMORNE PENN
Transmission & Distribution Engineer
B.Sc.EE (Hons)



MR. KELVIN EUBANKS
IT Manager
B.S, M.S. Digital Technology



MRS. TAMARA GEORGE-BARRY
Human Resource Manager
B.Sc, M.P.A, M.H.A.

SENIOR MANAGEMENT CONT'D



MRS. SHONDA CAMERON

Deputy HR Manager
B.A. Business Administration



MRS. CARMEN SULLY

Financial Controller
B.A. Acct, ACCA



MS. CLEO CHRISTIAN

Deputy Financial Controller
B.S. Accounting and
Master in Accounting & Financial Management



MR. CHASWELL VARLACK

Generation Engineer
B.S. Mechanical Engineering Technology



MR. OTTLEY RYMER

Electrical Engineer
B.S. Electrical Engineering

JUNIOR MANAGEMENT



INFORMATION TECHNOLOGY DEPARTMENT

MR. HECTOR CRUZ JR.
B.S. Computer Science

MR. CEDRIC KING
B.S. Computer Science

MR. JASON BLYDEN
B.S. Information Technology



TRANSMISSION & DISTRIBUTION DEPARTMENT

MR. LEROY ABRAHAM
*B.S. Electronics Engineering
Technology*

MR. DAYMIAN JENNINGS
B.S. Electrical Engineering



FINANCE DEPARTMENT

MR. KYLE BENJAMIN
B.S. Accounting and Finance Management

MR. RANDY RAGNAUTH
C.A.T.

MS. GLENDA ALLEN
B.S. Accountancy

MS. SHAYNA AARON
B.S. Business Administration

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

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



AUDITOR

- Principal
- Chief Auditor
- Audit Department
- Government of the 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 revenue of \$52.27 million compared to \$55.38 million for the previous year. Revenue from electricity sales decreased to \$51.06 million which was 6% less than 2015 (\$54.24million). During the year, revenue from sale of electricity was derived as follows:

- 79% from Tortola,
- 15% from Virgin Gorda,
- 4% from the sister islands, and
- 2% from Streetlights.

Additionally, revenue contributed by each customer class is as follows:

- 34% of the revenue was contributed by Domestic customers
- 60% from Commercial customers
- 4% from Industrial customers, and
- 2% from Street Lighting

Operating Expenses

In 2016, \$44.69 million was spent on operating expenses. This represents 85% of total revenue which includes depreciation expenses of \$4.02 million. Overall, operating expenses decreased from \$46.45 million in 2015 compared to \$44.69 million in 2016, a decrease of 4%. Fuel and oil costs of \$21.99 million, which was the single largest expense, decreased from \$26.25 million in 2015.

During the preparation of the 2016 budget, sales were projected to increase approximately by 6% 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 5 years, the increased accuracy of the Corporation's metering infrastructure, and the economic outlook for the British Virgin Islands for the year 2016.

The above revenue and operating expenses resulted in an operating profit of \$6.37 million compared to an operating profit of \$7.79 million in 2015.

Capital Expenditures

For the year in review, the Corporation spent \$23.99 million dollars on capital additions. Details of capital expenditures are as follows:

- 93.63% on Work in Progress (Phase V Development Project)
- 2.09% on Motor Vehicles
- 1.98% on the Transmission & Distribution Systems
- 1.06% on Land & Buildings
- 0.71% on Computing Equipment
- 0.32% on Generating Plant & Equipment
- 0.22% on Furniture

Other Income and Expenses

Finance charges for 2016 amounted to \$707,678. This represents a decrease of 13% from the 2015 figure of \$811,941 which was mainly due to a reduction in the total principal amount owed by the Corporation. Foreign exchange gain for 2016 was \$42,922 as opposed to a loss of \$14,436 in 2015.

The islands which were within the Corporation's area of service during 2016 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 1330KW.

Operations

During the preparation of the 2016 budget, the Corporation projected an increase of 6.0% in the sale of electricity, over the preceding year's budget. The actual units sold were 194.97 million kilowatt hours (kWh); 5% less than the 2016 budgeted sales projection of 204.28 million units. Revenue collected from unit sales was 19% less than the value budgeted due to a corresponding reduction in global fuel prices.

During 2016, sales increased by 7.09 million units, an increase of 4% over 2015, and units generated also increased by 7.06 million units, an increase of 3.37% above 2015.

Fuel usage in 2016 increased by 380 thousand gallons. The total cost of fuel and oil however decreased to \$21.99 million in 2016 compared to \$26.25 million in 2015, a decrease of 16% of \$4.26 million, mainly due to reductions in crude oil prices.

During 2016 an additional 246 customers were added to the Distribution Network bringing the total number of customers on the system at December 31, 2016 to 16,723. The revenue per unit metered decreased 3% from 2015, and the cost per unit metered also decreased 2%.

Major Expansion

Works on Phase V Development Programme, which will introduce three (3) new 8.5 Megawatt generators to the Pockwood Pond Power Plant and an extension of the Transmission & Distribution network, officially commenced in 2015. The installation is projected to be completed during the last quarter of 2016.

Safety

During 2016, the Corporation did not record any safety issues or concerns.



246 New Customers

FINANCIAL PROFILE

Income and Expenses



51,061,230.00
Sale of Electricity



1,211,641.00
Other Income



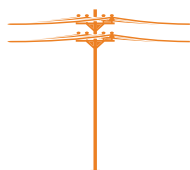
21,989,985.00
Cost of Sales



7,886,835.00
Generation



4,023,535.00
Depreciation



4,233,064.00
Transmission and Distribution



3,104,340.00
Human Resources and
Administrative



1,403,033.00
Finance



927,990.00
Customer Services and Meter
Reading



308,728.00
Vehicles



624,842.00
Information Technology



707,678.00
Bank Loan Interest



188,258.00
Other Expenses



1,206,191.00
Re-measurement gains on
defined benefit delegation
Transmission and Distribution

GENERATION

Pockwood Pond & Long Bush Power Station Plant Performance

In 2016 the Pockwood Pond Power plant generated 202,628,361 KWh of energy, while consuming 14,263,063 gallons of #2 diesel fuel (measured through the engine fuel meters) which yielded an average fuel consumption of 0.0704 Gal/KWh (gallons per kilowatt hour). The total KWh generation decreased by 1.24% from the previous year, while the total fuel consumed increased by 2.27%. The plant consumed 71,793 gallons of lubricating oil, which represents a 44.78% increase over the previous year.

The entire Pockwood Pond plant ran a total of 52,097 hours out of an available 79,056 hours. This represents a 4.40% decrease in the total running hours over the previous year. This decrease was attributed to the significant downtime of Units 2, 7 and 8 for major overhaul services. There were a total of 25,304 hours which were under-documented in 2016. This meant that there was a 6.71% error in documentation of either equipment generating hours, or the amount of documented downtime hours. There were 2,991.08 standby hours, 16,105.56 planned maintenance hours, 2,415.50 corrective maintenance hours and 143.33 forced maintenance hours documented in 2016. Standby hours accounted for 14% of the total downtime hours, while planned, corrective and forced maintenance activities accounted for 74%, 11%, and 1% respectively.

The average heat rate for Pockwood Pond plant was 8,611.38 BTU/KWh, a 3.46% decrease over the previous year.

The peak demand in 2016 was 34.01 MW, which occurred on July 27th at 12:30PM. This represents 83.6% of the Pockwood Pond Station's total installed capacity of 40.7MW. This year's peak demand was 0.65% higher than the previous year's peak of 33.7 MW.

The Long Bush Power Station generated a total of 14,082,900 KWh of energy, while utilizing 980,110 gallons of #2 diesel fuel. This yielded an average fuel consumption of 0.0696 Gal/KWh (gallons per kilowatt hour). The plant saw a significant increase in the amount of energy generated (214.05%) and fuel consumed (191.19%) over the previous year. This can be attributed to the fact that at the Pockwood Pond Power

Plant, engine #2 was out of service from March to July and Dec 2016, engine #7 out of service from January to May 2016, engine #8 out of service from September to November 2016, and engine #9 out of service from May to December 2016.

Anegada Power Station Plant Performance

The Anegada Power Plant Generated 1,999,045 KWh, an increase of 1.67% over the previous year. The plant ran a total of 8733 hours while consuming 165,532 gallons of diesel, a decrease of 2.33% when compared to the previous year. The plant realized an average fuel consumption of 0.083 G/KWh (gallons per kilowatt hour), which is a 4% reduction of the previous year's figure of 0.086 G/KWh. This is an indication that the plant ran more efficiently during 2016.

2016 Major Services

There were 2 major overhauls and 2 services conducted in 2016. These are depicted in the table below:

Engine	Type of Maintenance	Start Date	Completion Date	Engine Hrs.
7	PM (Crankshaft Replacement /60,000 Hr. Overhaul)	1/1/2016	6/5/2016	66,566
2	PM (12,000 Hour Service)	2/8/2016	7/31/2016	116,265
5	PM (4000 Hr. Service)	4/16/2016	4/16/2016	70,197
8	PM (60,000 Hour Overhaul)	8/6/2016	11/30/2016	74,358

Major Setbacks

On July 17th, 2015 engine #7 suffered a catastrophic failure of its crankshaft. The unit was slated to commence its 60,000 hour overhaul earlier the same year, but was delayed as it was slated to commence too close to the peak period. The unit was repaired and returned to service on August 8th 2016.

2015 – 2016 Peak Demand Comparison (BVI excluding Anegada)

Month	Peak Demand 2015	Peak Demand 2016	% Increase/Decrease
January	27,790	30,410	9.4%
February	29,020	30,980	6.8%
March	28,740	31,320	9.0%
April	31,710	31,790	0.3%
May	32,920	31,040	-5.7%
June	33,790	33,410	-1.1%
July	33,470	34,010	1.6%
August	32,070	31,390	-2.1%
September	31,820	31,080	-2.3%
October	32,560	31,670	-2.7%
November	30,650	30,330	-1.0%
December	29,100	30,380	4.4%

POCKWOOD POND POWER STATION

TOTAL KWH/MWH GENERATION 2016

Total KWH/MWH GENERATION 2016			
UNIT	1-JAN	31-DEC	
1	108,221,800	116,498,900	8,277.10
2	18,723,900	20,025,200	1,301.30
3	112,121,400	148,573,700	36,452.30
4	91,031,600	126,936,300	35,904.70
5	163,530,700	203,394,100	39,863.40
6	120,167,000	157,607,700	37,440.70
7	99,617,500	119,918,800	20,301.30
8	120,622,185	143,393,494	22,771.31
9	10,813	327,065	316.25
Total KWh Generated			202,628,361.00
Total MWh Generated			202,628.36

Total Run Hours 2016

UNIT	1-Jan	31-Dec	Total Hrs.
1	102236	109100	6864
2	115656	116904	1248
3	141457	149855	8398
4	140046	148528	8482
5	67659	76295	8620
6	62764	71209	8445
7	66566	71074	4508
8	69407	74573	5166
9	11	361	350
Total Run Hours			52,097

Total Lube Oil Consumption 2016

UNIT	1-Jan	31-Dec	Total	Consumption
1	15526	28974	13448.00	5.449
2	26009	28050	2041.00	5.260
3	111329	118875	7546.00	0.694
4	3907852	3914930	7078.00	0.661
5	45070	54180	9110.00	0.766
6	43880	50040	6160.00	0.552
7	155680	171970	16290.00	2.691
8	51620	61680	10060.00	1.482
9	110	170	60.00	0.636
Total Lube Oil			71,793	

Fuel Oil Consumption 2016

Engine	Total	Consumption
1	793,072.00	0.096
2	113,088.00	0.087
3	2,332,457.00	0.064
4	2,384,861.00	0.066
5	2,703,948.00	0.068
6	2,929,026.00	0.078
7	1,307,160.00	0.064
8	1,672,932.00	0.073
9	26,519.00	0.084
Total Fuel Oil Cons.	14,263,063.00	0.076

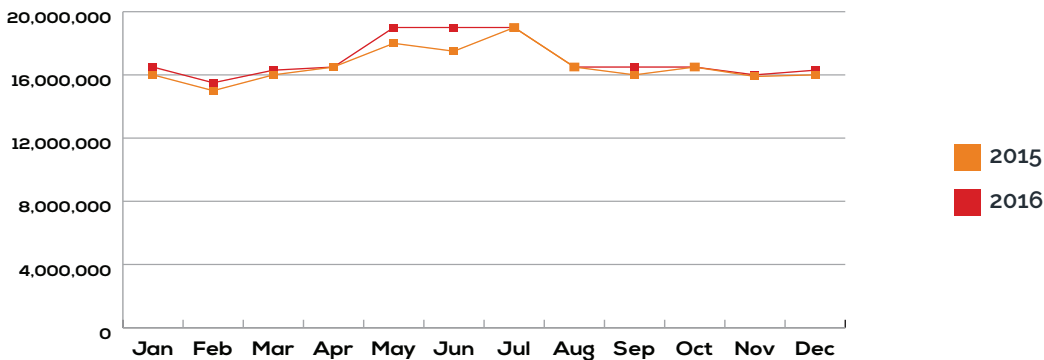
TOTAL DOWNTIME 2016

Type Of Maintenance	YTD Downtime Hours	YTD Total Lost (MW)
SB (Standby)	2,991.08	9,798.36
PM (Planned Maintenance)	16,105.56	64,288.53
CM (Corrective Maintenance)	2,415.50	9,079.87
FM (Forced Maintenance)	143.32	732.04
Total	21,655.46	83,898.81

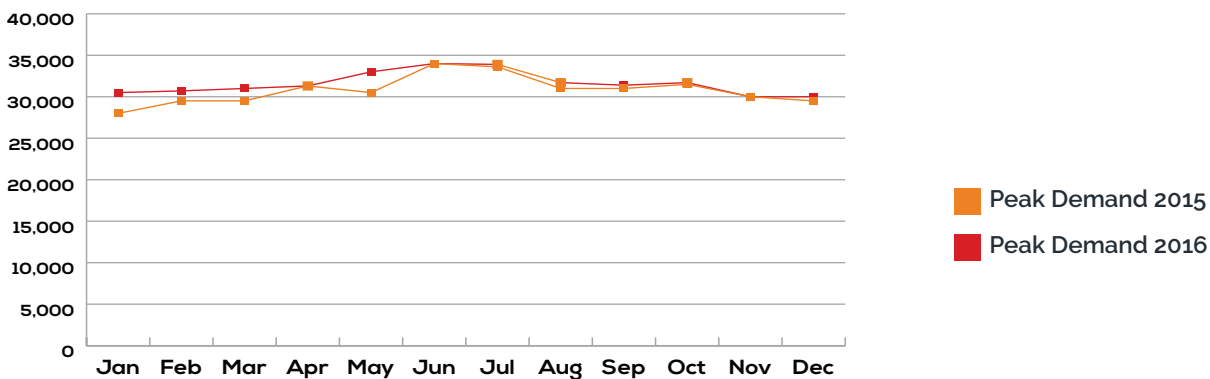
POCKWOOD POND STATION INDIVIDUAL UNIT PERFORMANCE 2016

Engine	P.M. Hours	C.M. Hours	F.M. Hours	S.B. Hours	Downtime Hrs.	Avail.	Reli.
1	76.23	774.55	12.17	1,057.77	1,920.72	90%	91%
2	6,897.10	226.72	10.00	361.53	7,495.35	19%	87%
3	14.78	217.77	31.80	105.43	369.78	97%	97%
4	77.93	136.52	19.52	130.77	364.74	97%	98%
5	19.10	77.52	21.17	46.45	164.24	99%	99%
6	9.45	162.68	13.32	126.93	312.38	98%	98%
7	3,778.07	221.68	22.13	174.10	4,195.98	54%	95%
8	3,343.88	147.48	12.47	176.53	3,680.36	60%	97%
9	1,889.02	450.58	0.75	811.57	3,151.92	73%	93%
Total	16,105.56	2,415.50	143.33	2,991.08	21,655.47	76%	95%

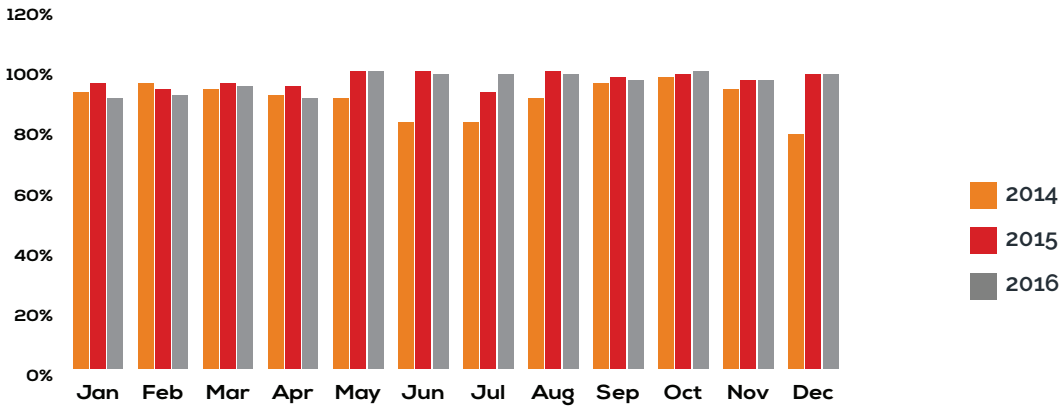
2015 - 2016 GROSS ELECTRICAL PRODUCTION COMPARISON



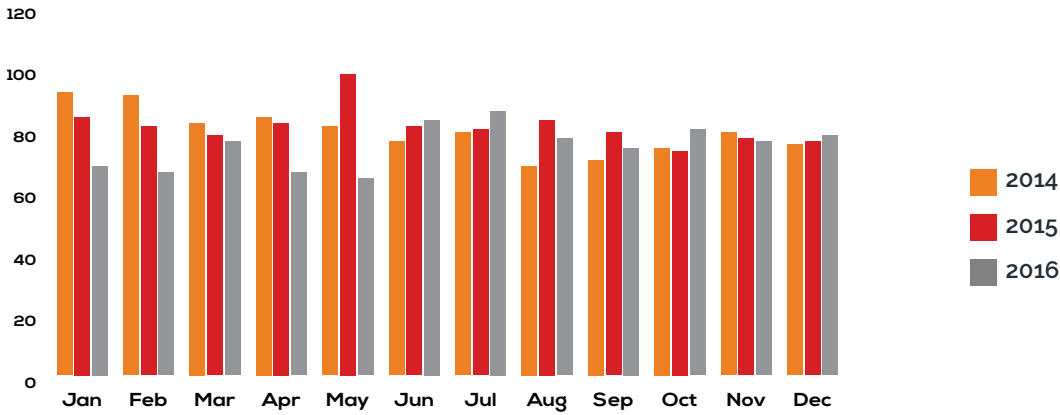
2015 - 2016 PEAK DEMAND COMPARISON



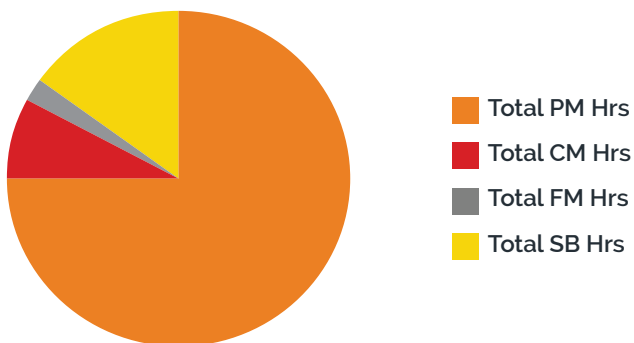
2014, 2015, 2016 MONTHLY RELIABILITY COMPARISON



2014, 2015, 2016 MONTHLY AVAILABILITY COMPARISON



2016 DOWNTIME CHART



Long Bush Power Station - KWH Generated

Engine	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sept 16	Oct 16	Nov 16	Dec 16	Total Kwh
Aggreko 1	197,955	310,000	80,000	60,000	370,000	300,000	0	70,000	310,000	60,000	100,000	40,000	1,897,955
Aggreko 2	185,184	290,000	270,000	0	170,000	0	199,000	300,000	410,000	330,000	290,000	250,000	2,694,184
Aggreko 3	146,870	230,000	360,000	330,000	0	330,000	160,000	340,000	270,000	370,000	10,000	180,000	2,726,870
Aggreko 4	140,484	220,000	360,000	390,000	430,000	350,000	230,000	360,000	490,000	420,000	430,000	260,000	4,080,484
Aggreko 5	44,700	70,000	0	440,000	420,000	0	0	0	0	0	0	0	974,700
Unit 11	115,708	181,200	158,500	126,200	133,400	172,700	51,600	227,900	137,200	81,800	254,500	68,000	1,708,708
Total Kwh	830,900	1,301,200	1,228,500	1,346,200	1,523,400	1,152,700	640,600	1,297,900	1,617,200	1,261,800	1,084,500	798,000	14,082,900

Fuel Consumed for Long Bush 2016 (Measured by Engines Meters)

Month	Gallons of Fuel Consumed
January	72,010
February	89,724
March	100,300
April	88,924
May	105,498
June	88,073
July	50,754
August	100,822
September	128,552
October	94,711
November	85,811
December	63,004
Total	980,110

Long Bush Power Station - Run Hours

Engine	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16	Dec 16	Total Kwh
Aggreko 1	187	447	89	143	379	299	0	68	320	59	167	63	2,034
Aggreko 2	175	316	291	0	154	0	219	340	470	363	334	258	2,745
Aggreko 3	139	225	373	342	0	349	165	344	294	389	15	194	2,690
Aggreko 4	133	218	371	387	436	353	230	374	495	421	433	263	3,981
Aggreko 5	42	65	0	470	419	0	0	0	0	0	0	0	954
Unit 11	109	179	0	261	118	154	39	201	116	66	226	67	1,427
Total Run Hours	784	1,450	1,124	1,603	1,506	1,155	653	1,327	1,695	1,298	1,175	845	14,615

TRANSMISSION & DISTRIBUTION

Complete Objectives 2016



Figure 1: Work being carried out in Hannah's Estate December 2016 by Distribution Linesmen

The year 2016 saw the T&D Department completing Feeder maintenance programmes throughout the year. Vegetation management was conducted on the mainlines of the Pockwood Pond East, Pockwood Pond West, Long Bush East End, Long Bush West, Long Bush Ridge and Spare Road Town Feeders. This is a very important step to alleviate the number of outages that would occur due to trees coming into contact with the mainlines. Other completed maintenance included the replacement of switch housing and fencing for HV Switches at St. Georges Church, Palestina and the Old CTL building. Maintenance was carried out on the ABS switches on the Pockwood Pond Feeders, and mainline relocations were completed at Fish Bay.

In Virgin Gorda, mainline relocation on the Fishers Cove Catholic Church Feeder occurred in the area of the Water Plant, and four (4) pole relocations in Pond Bay and Mango Bay. Vegetation management was carried out on the Catholic Church and Fishers Cove Feeders as well as an HV changeover at Windy Hill. Finally, the Air Break switches on the Catholic Church and Fishers Cove feeders and all pad mounted transformers and switches underwent the necessary maintenance.

On 28th April 2016, the subsea cable between YCCS and Bitter End, which also supplies Saba Rock, was damaged. Repair and re-instatement of this cable was completed in December 2016.

Additionally, the Department installed forty nine (49) solar lights in the areas of Pockwood Pond/Cox Heath Road, North Sound Road VG, Great Harbour JVD, Anegada and Salt Island as part of the Government of the Virgin Islands Solar Streetlighting Initiative.

Anticipated Objectives for 2017

- Relocate HV lines in South Sound, Virgin Gorda
- Complete line clearing and Air Break Switch maintenance on Tortola, Virgin Gorda, Anegada and Jost Van Dyke.
- Repair the Back-up battery system at Fishers Cove Substation Virgin Gorda.
- Maintain all pad-mounted switchgear on Wickhams Cay Feeder #1.
- Complete maintenance on Substation transformers at Pockwood Pond, Long Bush, Long Swamp, and Fishers Cove Substations.
- Complete overhead line maintenance on Anegada.
- Complete line relocations in the areas of Meyers, Jean Hill, and Nanny Cay.

HUMAN RESOURCES/ADMINISTRATION

EMPLOYEES

The below table represents the number of employees that were on the Corporation's payroll for the years 2013 – 2016. They are classified according to Departments:-

Employees				
Department	2013	2014	2015	2016
Human Resource/ Administration	14	14	13	14
Finance	42	42	38	35
Transmission & Distribution	51	51	50	48
Generation	54	50	49	48
Information Technology	5	5	6	7
Total	166	162	156	152

The following is a listing of the various staff changes (and additions) that took place during the year 2016:-

NEW EMPLOYEES

Human Resource Department:

Delight Charles - *Administrative Assistant*
Celine Richards - *Receptionist*

Transmission and Distribution Department:

Daymian Jennings - *Engineer*
(completion of scholarship)
(Re-engaged in employment)

Information Technology Department:

Tavonney Robinson - *Information Systems Officer*

Generation Department:

Brandon Jno-Marie - *Plant Operator*
Courtney Tomlinson - *Plant Operator*
Nigel Carey - *Plant Operator*

Finance Department:

Dionne Henry - *Customer Service Representative*

RESIGNATIONS

Human Resource Department:

Kishma Williams - *Administrative Assistant*

Finance Department:

Shaun Simmonds - *Junior Procurement Officer*
Krystle Maduro - *Customer Service Clerk*
Roxanne Bowen - *Customer Service Representative*
Denise Chinnery - *Accounts Officer*

TERMINATIONS

Generation Department:

Caeson Hodge - *Plant Operator*
Bruce Foxe - *Plant Operator*

Transmission and Distribution Department:

Ralph Durante - *Planning Officer*
(re-engagement contract ended)

RETIREMENTS

Generation Department:

Spencer Bassue - *Mechanical Supervisor*
Allan Gough - *Plant Operator (Anegada)*

Transmission and Distribution Department:

Rohalio George - *Labourer*

PROMOTIONS

Human Resource Department:

Shondel David - Administrative Assistant

SUMMER EMPLOYEES

Eight persons were employed by the Corporation during the summer of 2016. They were assigned as follows:-

Employees			
Name	Month	Department	School Represented
Karesha Martin	July 8 - 29, 2016 August 4 - 31, 2016	HR	Elmore Stoutt High School
David Parks	July 4 - 29, 2016	T & D	Seventh Day Adventist School
Jason Williams	July 4 - 29, 2016	Generation	College Student
Leslie Allen Jr.	July 4 - 29, 2016	Generation	College Student
Jodain Cohen	July 11 - 29, 2016 August 4 - 31, 2016	T & D	College Student
Tavonney Robinson	July 11 - 29, 2016 August 4 - 31, 2016	IT	HLSCC
Kiara Sylvester	August 8 - 31, 2016	HR	Elmore Stoutt High School
Akeem Williams	August 8 - 31, 2016	Finance	Seventh Day Adventist School

TRAINING

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

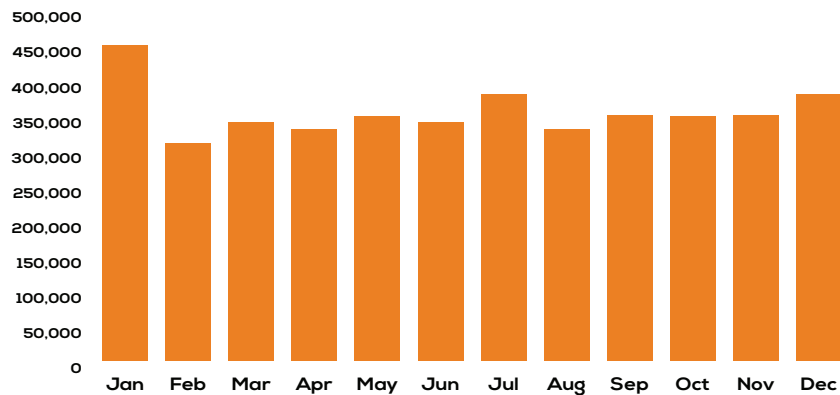
The following training courses were accomplished during the year 2016:-

Department	Courses	Location	Number of Employees
Human Resource:	CARILEC's HR/PR/CS Conference	Grenada	1
	Essentials of Excellent Customer Service	Tortola, BVI	1
Information Technology:	Toastmaster Training	Tortola, BVI	2
	Aclara Client Conference 2016	San Antonio Texas	3
	Developing User Requirements	New York	1
	How to Excel at Managing and Supervising People	Tortola, BVI	1
	Penntium Tech Training	Online/St. Croix, USVI	2
	Essentials of Excellent Customer Service	Tortola, BVI	3
	211 Business Analysis Introductions: Defining Successful Projects	Online	1
Finance:	Toastmaster Training	Tortola, BVI	2
	How to Excel at Managing and Supervising People	Tortola, BVI	4
	Islamic Finance Seminar	Scrub Island	2
	Essentials of Excellent Customer Service	Tortola, BVI	30
	Managing and Eliminating Unacceptable Behaviour and Other Performance Barriers	Tortola, BVI	3
Transmission and Distribution:	Photovoltaic System Professional Course	HLSCC	2
	Aclara Client Conference	San Antonio Texas	1
	Maintenance Training Altec TA45-M and L37-M aerial devices	Tortola, BVI	5
	How to Excel at Managing and Supervising People	Tortola, BVI	4
	Lineman Certification – Level 1	Tortola, BVI	9
	Lineman Certification – Level 2	Tortola, BVI	5
	Essentials of Excellent Customer Service	Tortola, BVI	27
	Managing and Eliminating Unacceptable Behaviour and Other Performance Barriers	Tortola, BVI	6
	CARILEC's Engineering Conference	St. Maarten	2
	Excelling as a Highly Effective Team Leader	Tortola, BVI	22
Generation:	How to Excel at Managing and Supervising People	Tortola, BVI	7
	Essentials of Excellent Customer Service	Tortola, BVI	16
	Wartsila Technical Days 2016	Santo Domingo	3
	Managing and Eliminating Unacceptable Behaviour and Other Performance Barriers	Tortola, BVI	2
	Excelling as a Highly Effective Team Leader	Tortola, BVI	13

INFORMATION TECHNOLOGY

During the year 2016, the IT Department was able to accomplish several planned initiatives and realized a good overall performance from our various platforms. Total collections through the online payment portal for 2016 amounted to \$4,346,650.14. The average collected per month was \$362,220.85 with an average monthly transaction count of 1,796. By the end of the year, website user accounts grew by 1,286 to total 8,468 accounts registered on the system.

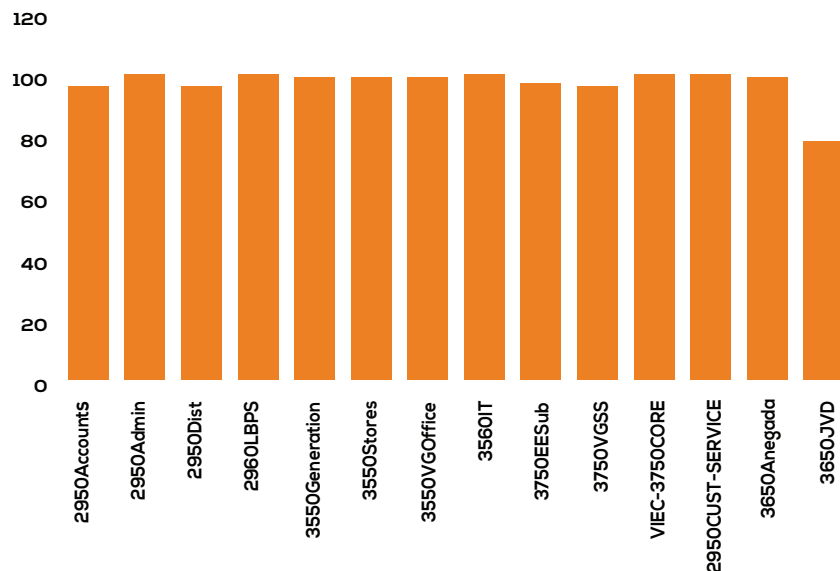
BVIEC ONLINE PAYMENT PORTAL REVENUE - 2016



Advanced Metering

The IT Department with the support of Aclara upgraded the TWACS Automatic Meter Reading servers and software. This upgrade was necessary in order to facilitate the introduction of the new General Electric meters now owned by Aclara. System performance and stability were affected by load shedding and feeder switches on the electrical grid. Network link failures to remote areas also contributed to downtime. Procedures now include the use of Aclara's ProaSys outage management software to re-discover meters in preparation for billing reads. Despite the issues, the system has continued to reduce the volume and time required for manual reading and data entry.

NETWORK SWITCH UPTIME (%) - 2016



Network Performance

As a part of the phase 5 power plant upgrade, K-Line installed a fiber cable between the Long Bush main office and the power station in Pockwood Pond. Use of the cable will improve the performance and reliability of the network and computer systems in Pockwood Pond. In October, an issue developed with the Jost Van Dyke link due to an equipment change-out. Average overall availability of the Corporation's computerized network was 97.58%. This lowered performance was due to constant intermittent connectivity to the remote offices of Virgin Gorda and the substations in Long Swamp and Fisher's Cove.

The Corporation completed an evaluation of the implementation of a wide area network connection between Long Bush and Long Swamp substation in East End. The evaluation has shown that the initiative is feasible and will support future strategic plans. The Department will install the link in 2017.

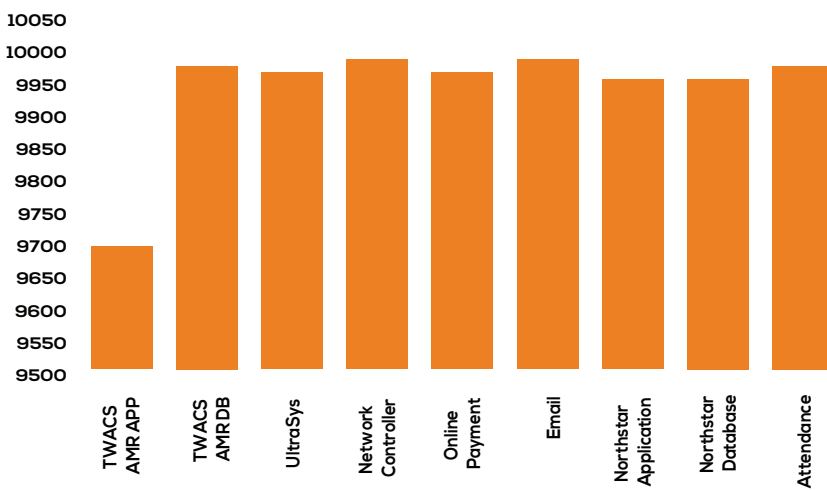
Telecommunications

In October, the Department upgraded the internal telephone system (PBX) to an IP-based system that now shares the computer network. Employees are now able to make internal calls to the Pockwood Pond power station and Virgin Gorda office extensions due to the new system's reliance on the network's stability. Use of the new systems will reduce telephone and computer network maintenance costs.

Work Management

Supported by MTAS, the Department upgraded the UltraSys work management system to Microsoft Windows Server 2012 with an updated version of the software. MTAS reviewed the creation of a fixed assets management module for the system.

AVERAGE SERVER AVAILABILITY (%) - 2016



Office and Storage Renovations

The IT Department's office was renovated by painting, retiling, installing new cubicles and changing the window blinds. In addition, a new storage area was acquired by renovating the old mechanic tool room behind the power station in Long Bush.

Servers and PCs

The Department replaced servers, personal computers and installed two storage systems onto the server network. Four server systems were upgraded to Windows Server 2012. The redesign of the server systems architecture resulted in no unplanned downtime throughout the year.

Human Resources

Two members of the department completed training in fiber cable installation and maintenance. Two members attended the Aclara client conference. One member attended AMR system training. One member attended the CARILEC Information and Operations Technology Seminar held in Barbados. Tavonney Robinson joined the Department in November as the Information Systems Officer.

Future Initiatives

Information Technology Department's major initiatives planned for the year 2017 include:

1. High Availability and Recovery Development - PWP
2. AMR Systems Enhancement
3. Geographical Information System Implementation
4. Data Center Renovations
5. Computer Systems and Server Installations and Upgrades
6. Online Payment Portal Upgrade
7. Network Infrastructure Expansion

STATISTICS

Generation and Sales Statistics

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Units Generated (MWh)	158,303	166,166	179,434	180,080	188,675	196,103	191,227	197,116	196,658	197,243	210,176	216,711
Annual Increase (%)	8.40%	4.97%	7.98%	0.36%	4.77%	3.94%	-2.49%	3.08%	-0.23%	0.30%	6.56%	3.11%
Units Sent Out (MWh)	145,406	152,873	168,333	173,168	180,111	188,458	186,452	190,923	190,700	190,087	202,942	209,979
Annual Increase (%)	7.34%	5.14%	10.11%	2.87%	4.01%	4.63%	-1.06%	2.40%	-0.12%	-0.32%	6.76%	3.47%
Units Sold (MWh)	140,315	148,097	155,552	156,100	161,775	172,121	166,315	171,189	173,097	179,032	181,215	194,973
Annual Increase (%)	8.40%	5.55%	5.03%	0.35%	3.64%	6.40%	-3.37%	2.93%	1.11%	3.43%	1.22%	7.59%
Loss % Net Generation	3.50%	3.12%	7.59%	9.86%	10.18%	8.67%	10.80%	10.34%	9.23%	5.82%	10.71%	7.15%
Max. Demand (KW)	26,750	27,240	28,840	29,510	31,020	32,660	31,560	31,500	30,850	31,580	33,790	34,010
Annual Increase (%)	12.21%	1.83%	5.87%	2.32%	5.12%	5.29%	-3.37%	-0.19%	-2.06%	2.37%	7.00%	0.65%
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%	71.01%	72.74%
Customers at Year End	13,068	13,438	13,940	14,376	14,813	15,174	15,428	16,093	15,906	16,211	16,606	16,723
(%) Increase	3.63%	2.83%	3.74%	3.13%	3.04%	2.44%	1.67%	4.31%	-1.16%	1.92%	2.44%	0.70%

Units Generated at Pockwood Pond and Long Bush Power Stations

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	11,705	12,004	12,972	14,115	14,612	14,557	16,107	15,669	15,387	15,975	16,565	16,218	17,543
February	11,055	10,929	11,577	13,057	13,946	13,349	15,267	14,525	14,837	14,539	15,198	15,011	16,838
March	11,594	13,342	13,502	13,973	14,494	14,474	17,175	15,708	16,044	16,380	16,179	16,361	18,025
April	12,039	13,287	13,400	14,363	14,759	14,976	16,495	15,506	15,834	16,089	16,851	16,837	17,833
May	12,268	13,405	14,484	15,942	16,305	15,572	17,268	16,156	16,778	16,819	16,718	16,520	18,165
June	12,804	14,262	14,403	15,709	15,894	15,847	17,141	16,770	17,328	16,583	16,970	18,858	18,694
July	13,373	14,418	14,785	16,538	16,648	17,204	17,403	17,206	17,660	17,501	17,962	19,287	19,558
August	12,826	13,575	14,250	15,600	15,356	16,553	16,377	15,937	16,587	16,965	16,633	18,006	18,271
September	11,654	13,315	12,941	14,822	14,587	15,252	15,629	15,546	16,335	16,106	15,274	17,392	17,800
October	12,395	13,091	14,589	15,400	14,570	16,381	15,199	16,812	16,957	16,923	16,751	18,819	18,641
November	11,861	13,444	14,702	14,714	14,417	16,148	16,459	15,734	16,561	16,161	16,195	17,285	17,558
December	12,460	13,230	14,560	15,200	14,491	16,363	15,581	15,659	16,806	16,617	15,947	17,583	17,785
Total	146,034	158,303	166,166	179,433	180,079	186,675	196,103	191,227	197,114	196,658	197,243	208,177	216,711

Generating Units (Long Bush)

Units 11	
Installed KVA	3,210
Installed KW	2,568
Effective KW	1,600
Engine Mfr.	Mirrlees
Engine Model	K6MK11
Engine Speed rpm	600
Alternator	Brush
Generating Voltage	13,200
Installation year 1983	1,983
Commissioned	Dec.
Age in years	31.08
Total run hours 2016	1,427
Hours run to 31/12/2016	16,129

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	2,000	2,000	5,500	5,500	5,500	5,500	5,500	5,500	1,000
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	Sept.	Sept.	Nov.	Dec.	Mar.	Apr.	Sept.	Aug.	Dec.
Age in years	26	26	21	21	9	9	10	10	3
Total run hours 2016	6,864	1,248	8,398	8,482	8,636	8,445	4,508	5,166	350
Hours run to 31/12/2016	109,100	116,904	149,855	148,528	76,295	71,209	71,074	74,573	1,498

Transmission & Distribution Network (excluding Anegada)

TRANSMISSION & DISTRIBUTION NETWORK		2016	2015	2014	2013
34.5 KV Underground Cable	Miles	10.67	10.67	10.67	10.67
13.2 KV Overhead Lines	Miles	215.54	212.87	211.31	209.97
13.2 KV Underground Cable	Miles	47.63	47.35	47.35	46.66
13.2 KV Submarine Cable	Miles	32	32	32	32
34.5 KV Overhead Cable (Double Circuit)	Miles	2.28	2.28	2.28	2.28
34.5 KV Submarine Cable (Double Circuit)	Miles	19.88	19.88	19.88	19.88
LV Overhead Lines	Miles	233.28	231.57	230.17	227.57
LV Underground Cables	Miles	78.76	77.41	75.86	74.63
No. of Transformers	No.	2,232	2,204	2,171	2,145
Total Transformer Capacity	KVA	144,924	143,231	138,775	137,234
Average Size of Transformers	KVA	64.93	64.99	63.92	63.98

Transmission & Distribution Network (Anegada)

TRANSMISSION & DISTRIBUTION NETWORK		2016	2015	2014	2013
13.2 KV Overhead Lines	Miles	16.05	16.05	16.05	16.05
13.2 KV Underground Cable	Miles	0.1468	0.1468	0.1468	0.1468
LV Overhead Lines	Miles	9.51	9.51	9.51	9.51
LV Underground Cables	Miles	0.72	0.72	0.72	0.72
No. of Transformers	No.	61	61	61	61
Total Transformer Capacity	KVA	2011.5	2011.5	2011.5	2011.5
Average Size of Transformers	KVA	32.98	32.98	32.98	32.98
Streetlights - a) No.		121	121	121	121
b) Wattage	W	16,050	16,050	16,050	16,050

Customer Sales (Main Network)

CUSTOMER & SALES		2016	2015	2014	2013
Customers at 31 st December	No.	16,723	16,606	16,399	16,191
Units Sold	KWH	194,973,479	187,878,731	179,032,360	173,096,871
Average Units/ Customers/ Month	KWH	971.58	942.83	909.77	890.91
Total Revenue	\$	51,061,230	54,238,388	67,837,180	67,380,191
Revenue/ Unit Metered	\$/KWH	0.26189	0.28869	0.37891	0.38926
Total Operating Expenditure	US\$	44,690,611	46,448,587	59,713,298	61,982,317
Cost/ Unit Metered	US\$/KWH	0.22921	0.24723	0.33353	0.35808
Estimated Population of Territory	No.	36,092	29,151	28,804	28,514

Customer Sales (Anegada)

		2016	2015	2014	2013
Customers at 31 st December	No.	233	228	222	221
Units Sold	KWH	1,548,328	1,476,310	1,379,818	1,322,827
Average Units/ Customers/ Month	KWH	553.77	539.59	517.95	498.80
Total Revenue	\$	428,373	453,076	538,745	531,111
Revenue/ Unit Metered	\$/KWH	0.27667	0.30690	0.39045	0.40150
Total Operating Expenditure	US\$	432,321	729,133	629,686	671,205
Cost/ Unit Metered	US\$/KWH	0.27922	0.493889	0.45635	0.507402
Estimated Population of Territory	No.	318	315	311	308
Units/ head of population/ Month	KWH	405.32	390.56	369.83	358.16
Streetlights- a) No.		121	121	121	121
b) Wattage	W	16,050	16,050	16,050	16,050

Sales By Island

Island	2016	2015	2014	2013
Tortola	\$40,085,222	\$42,034,997	\$51,769,316	\$51,309,501
Virgin Gorda	\$7,643,489	\$9,025,628	\$11,064,732	\$11,222,219
Anegada	\$430,348	\$453,076	\$538,745	\$531,111
Jost Van Dyke	\$595,730	\$590,433	\$662,027	\$641,898
Camanoë	\$1,060,717	\$1,115,884	\$1,356,925	\$1,467,892
Streetlighting	\$1,245,724	\$1,354,999	\$1,674,752	\$1,719,292
Total	\$51,061,230	\$54,575,017	\$67,066,497	\$66,891,914

2016 Summary of Units Sold

Customer Type	Units Sold kwh	No. Of Customers as per System	No. of Customers Billed	Sales
Domestic	61,181,777	14,392	14,283	\$17,184,136
Commercial	121,845,839	2,305	2,287	\$30,707,625
Industrial	8,082,943	25	25	\$1,923,745
Streetlighting	3,862,920	1	1	\$1,245,724
Total	194,973,479	16,723	16,596	\$51,061,230

Streetlighting

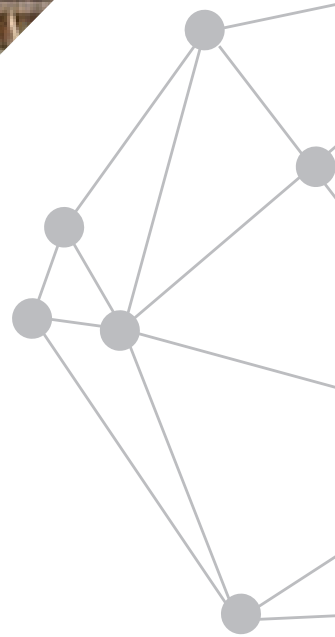
Tortola	Type of Fixture	Wattage	Quantity	Total Wattage
	Urbis	70	1,189	83,230
	Sodium	150	884	133,800
	Mercury	175	499	87,325
	Sodium	250	35	8,750
	Sodium	400	2	800
	LED	40	40	1,600
	LED	42	2	84
	LED	46	2	92
	LED	53	16	848
	LED	54	14	756
	LED	58	33	1,914
	LED	60	16	960
	LED	70	10	700
	LED	130	18	2,340
	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	2,893	343,355
Virgin Gorda	Mercury	175	62	10,850
	Sodium	150	158	23,900
	Urbis	70	153	10,710
		Total	373	45,460
Jost Van Dyke	Mercury	175	9	1,575
	Sodium	150	62	9,500
	Urbis	70	43	3,010
		Total	114	14,085
Anegada	Mercury	175	20	3,500
	Sodium	150	61	9,750
	Urbis	70	40	2,800
		Total	121	16,050
		Grand Total	3,501	418,950

Vehicle Fleet Listing

Item	Des.	Number	Type	Year	Section	Location
1	GSB	12	Freightliner Bucket Truck	2016	Distribution	Virgin Gorda
2	GSB	10	Nissan Frontier	2016	Distribution	Tortola
3	GSB	15	GMC Yukon	2015	Administration	Tortola
4	GSB	25	Chevrolet Silverado	2015	Administration	Tortola
5	GSB	5	Nissan Frontier	2015	Generation	Tortola
6	GSB	19	Chevrolet 3500 Double Cab	2015	Distribution	Tortola
7	GSB	49	Chevrolet Silverado	2015	Distribution	Tortola
8	GSB	8	Chevrolet Silverado	2015	Distribution	Tortola
9	GSB	28	Chevrolet Silverado	2015	Distribution	Tortola
10	GSB	42	Chevrolet Silverado	2015	Distribution	Tortola
11	GSB	4	Nissan Frontier	2015	Distribution	Tortola
12	GSB	39	Nissan Frontier	2015	Distribution	Tortola
13	GSB	26	Chevrolet 2500	2015	Distribution	Virgin Gorda
14	GSB	38	Chevrolet Silverado	2015	Distribution	Virgin Gorda
15	GSB	29	Nissan Frontier	2014	Distribution	Tortola
16	GSB	31	Kia Sportage	2013	Customer Service	Virgin Gorda
17	GSB	22	Nissan Frontier	2012	Distribution	Tortola
18	GSB	23	Nissan Frontier	2012	Distribution	Tortola
19	GSB	47	Nissan Frontier	2012	Distribution	Tortola
20	GSB	133	Suzuki Jimny	2012	Customer Service	Tortola
21	GSB	45	Nissan Frontier	2012	Generation	Tortola
22	GSB	129	Chevrolet Silverado	2011	Distribution	Tortola
23	GSB	130	Chevrolet Silverado	2011	Distribution	Tortola
24	GSB	131	Chevrolet Silverado	2011	Distribution	Tortola
25	GSB	33	Mitsubishi Montero	2011	Distribution	Tortola
26	GSB	128	Chevrolet Colorado	2011	IT	Tortola
27	GSB	1	Hyundai Tucson	2011	Administration	Tortola
28	GSB	44	Hyundai Vera Cruz	2011	Finance	Tortola
29	GSB	134	Nissan Frontier	2011	Generation	Tortola
30	GSB	43	Suzuki Jimny	2010	Meter Readers	Tortola
31	GSB	77	Suzuki Jimny	2010	Meter Readers	Tortola
32	GSB	78	Suzuki Jimny	2010	Meter Readers	Tortola
33	GSB	9	Nissan Frontier	2010	Distribution	Virgin Gorda
34	GSB	41	Suzuki Jimny	2010	Distribution	Virgin Gorda
35	GSB	3	Mitsubishi Montero	2009	Administration	Tortola
36	GSB	34	Suzuki Jimny	2009	Customer Service	Tortola
37	GSB	36	Greatwall Deer	2007	Generation	Anegada
38	GSB	24	Chevrolet Colorado - 4 Door	2006	Distribution	Tortola

Vehicle Fleet Listing

Item	Des.	Number	Type	Year	Section	Location
39	GSB	30	Colorado X-Cab	2006	Distribution	Tortola
40	GSB	35	Chevrolet Colorado	2004		Tortola
41	GSB	32	Chevrolet 2500HD Silverado	2004	Distribution	Tortola
42	GSB	48	Chevrolet Colorado	2004	Distribution	Tortola
43	GSB	2	Chevrolet Silverado	2004	Distribution	Tortola
44	GSB	46	Chevrolet Silverado	2004	Distribution	Tortola
45	GSB	27	Chevrolet Silverado HD	2002	Distribution	Anegada
46	GSB	37	Chevrolet Silverado 2500 HD	2002	Generation	Tortola
47	GSB	11	Chevrolet Silverado 2500 HD	2001	Distribution	Tortola
48	GSB	13	Ford Bucket Truck	2001	Distribution	Tortola
49	GSB	40	Chevrolet CK 2500	2000	Distribution	Tortola
50	GSB	14	Ford Bucket Truck	2000	Distribution	Tortola
51	GSB	16	Ford Bucket Truck	2000	Distribution	Virgin Gorda
52	GSB	20	Chevrolet K2500	1999	Generation	Tortola
53	GSB	127	Chevrolet S-10	1999	Finance	Tortola
54	GSB	15	Ford Bucket Truck	1990	Distribution	Anegada



FINANCIAL

STATEMENTS



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 2016**

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 2016 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 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 2016, and its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards applied on the basis consistent with the preceding year.

Sonia M. Webster
Auditor General
03 June 2019

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Financial Statements For the year ended 31 December 2016

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BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Corporation Directory At 31 December 2016

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 (*Permanent Secretary – Ministry of Communications and Works*)

Registered Office

Long Bush

P.O. Box 268

Road Town, Tortola VG 1110

British Virgin Islands

Legal Advisors

O'Neal Webster

Simmonds Building

Wickhams Cay 1

30 DeCastro Street

Road Town, Tortola VG 1110

British Virgin Islands



**BAKER TILLY
(BVI) LIMITED**

Chartered Accountants

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Nibbs Street
Road Town, Tortola VG 1110
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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION**

Opinion

We have audited the financial statements of the British Virgin Islands Electricity Corporation (the "Corporation"), which comprise the statement of financial position as at 31 December 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4 to 27.

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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the British Virgin Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other 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 28 and 29 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Baker Tilly (BVI) Limited

**Chartered Accountants
Tortola, British Virgin Islands
23 May 2018**

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Financial Position

At 31 December 2016

Expressed in U.S. Dollars

	Note	2016	2015
Current assets			
Cash and cash equivalents		2,828,917	8,286,942
Fixed term deposits	3	2,705,996	2,696,516
Trade and other receivables	4,11	30,700,699	29,090,491
Inventory	5	8,746,760	8,573,501
Other current assets		524,184	439,855
		<u>45,506,556</u>	<u>49,087,305</u>
Non-current assets			
Property, plant and equipment	6	<u>78,118,458</u>	<u>58,196,997</u>
Total assets		<u>\$ 123,625,014</u>	<u>\$ 107,284,302</u>
Current liabilities			
Trade and other payables	7	6,104,453	7,613,242
Loans payable	8	4,333,864	4,333,864
Customers' deposits		<u>1,980,013</u>	<u>1,717,590</u>
		<u>12,418,330</u>	<u>13,664,696</u>
Non-current liabilities			
Loans payable	8	24,093,846	12,848,640
Pension fund liability	9	12,232,075	13,697,674
Deferred capital receipts	10	<u>8,092,866</u>	<u>8,366,169</u>
		<u>44,418,787</u>	<u>34,912,483</u>
Total liabilities		<u>56,837,117</u>	<u>48,577,179</u>
Equity			
Share capital	12	7,052,465	7,052,465
Contributed surplus	12	9,661,763	9,661,763
Retained earnings		<u>50,073,669</u>	<u>41,992,895</u>
Total equity		<u>66,787,897</u>	<u>58,707,123</u>
Total liabilities and equity		<u>\$ 123,625,014</u>	<u>\$ 107,284,302</u>

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Comprehensive Income
For the year ended 31 December 2016

Expressed in U.S. Dollars

	Note	2016	2015
Income			
Sale of electricity	11	51,061,230	54,238,388
Total income		51,061,230	54,238,388
Cost of sales			
Fuel cost		21,989,985	26,253,670
Gross profit		29,071,245	27,984,718
Expenses			
Generation		7,886,835	6,879,311
Depreciation	6	4,023,535	4,034,550
Distribution and transmission		4,233,064	2,886,077
General and administrative	11	3,104,340	2,812,205
Finance		1,403,033	1,433,288
Customer service and meter reading		927,990	970,979
Information technology		624,842	548,098
Vehicles		308,728	248,428
Other expenses		188,258	381,981
Total expenses		22,700,625	20,194,917
Operating profit		6,370,620	7,789,801
Other income/(expenses)			
Release of deferred capital receipts	10	926,817	939,197
Other income		218,069	178,565
Interest income		23,833	43,192
Foreign exchange gain/(loss)		42,922	(14,436)
Total other income		1,211,641	1,146,518
Income before finance cost		7,582,261	8,936,319
Finance cost		707,678	811,941
Net income before taxation		6,874,583	8,124,378
Taxation	13	—	—
Net income during the year		6,874,583	8,124,378
Other comprehensive income			
Remeasurement gain/(loss) on defined benefit obligation	9	1,206,191	(763,465)
Total comprehensive income		\$ 8,080,774	\$ 7,360,913

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 2016**

Expressed in U.S. Dollars

	2016			
	Share capital	Contributed surplus	Retained earnings	Total
Balance at 1 January	7,052,465	9,661,763	41,992,895	58,707,123
Net income during the year	—	—	6,874,583	6,874,583
Other comprehensive income for the year	—	—	1,206,191	1,206,191
Total comprehensive income	—	—	8,080,774	8,080,774
Balance at 31 December	\$ 7,052,465	\$ 9,661,763	\$ 50,073,669	\$ 66,787,897

	2015			
	Share capital	Contributed surplus	Retained earnings	Total
Balance at 1 January	7,052,465	9,661,763	34,631,982	51,346,210
Net income during the year	—	—	8,124,378	8,124,378
Other comprehensive loss for the year	—	—	(763,465)	(763,465)
Total comprehensive income	—	—	7,360,913	7,360,913
Balance at 31 December	\$ 7,052,465	\$ 9,661,763	\$ 41,992,895	\$ 58,707,123

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Cash Flows

For the year ended 31 December 2016

Expressed in U.S. Dollars

	2016	2015
Cash flows from operating activities		
Total comprehensive income	8,080,774	7,360,913
Adjustments for:		
Depreciation	4,023,535	4,034,550
Finance cost	707,678	811,941
Loss on disposal of property, plant & equipment	45,481	—
Interest income	(23,833)	(43,192)
Foreign exchange (gain)/loss	(42,922)	14,436
<i>Operating profit before working capital changes</i>	<u>12,790,713</u>	<u>12,178,648</u>
Increase in trade and other receivables	(1,694,537)	(3,916,002)
(Increase)/decrease in inventory	(173,259)	385,333
(Decrease)/increase in trade and other payables	(1,508,789)	3,223,000
Increase/(decrease) in customer deposits	262,424	(916,241)
(Decrease)/increase in pension fund liability	(1,465,599)	1,407,363
(Decrease)/increase in deferred capital receipts	(273,303)	1,137,587
<i>Cash flows from operating activities</i>	<u>7,937,650</u>	<u>13,499,688</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,990,477)	(18,217,946)
Purchase of fixed term deposits	(9,480)	(1,884,432)
Interest received	23,833	43,192
<i>Cash flows from investing activities</i>	<u>(23,976,124)</u>	<u>(20,059,186)</u>
Cash flows from financing activities		
Net proceeds from loans payable	11,245,205	5,679,439
Interest paid	(707,678)	(811,941)
<i>Cash flows from financing activities</i>	<u>10,537,527</u>	<u>4,867,498</u>
Net decrease in cash and cash equivalents	(5,500,947)	(1,692,000)
Cash and cash equivalents at beginning of year	8,286,942	9,993,378
Effect of exchange rate fluctuations on cash and cash equivalents	42,922	(14,436)
Cash and cash equivalents at end of year	<u>\$ 2,828,917</u>	<u>\$ 8,286,942</u>
Cash and cash equivalents comprise the following items:		
Cash on hand	3,600	3,600
Cash at bank	2,825,317	8,283,342
Cash and cash equivalents	<u>\$ 2,828,917</u>	<u>\$ 8,286,942</u>

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2016

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 23 May 2018.

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”) and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to companies reporting under IFRSs. The financial statements comply with IFRSs as issued by the International Accounting Standards Board (“IASB”).

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

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

There are no new, revised or amended IFRSs or IFRS IC interpretations that are effective for the first time for the financial year beginning 1 January 2016 that would be 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.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2016

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES

(c) Use of 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 2016 was \$400,913 (2015: \$497,028). Refer to note 4.

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 2016 was \$8,746,760 (2015: \$8,573,501). Refer to note 5.

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 2016 was \$78,118,458 (2015: \$58,196,997). As of 31 December 2016 and 2015, the Corporation's property, plant and equipment had no residual value. Refer to note 6.

Determination of impairment of property, plant and equipment

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 2016 and 2015. Refer to note 6.

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.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements For the year ended 31 December 2016

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) 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.

(e) 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.

(f) Other specific 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 (3) months or less from the date of acquisition.

Fixed term deposit

Fixed term deposit is a term deposit held at a financial institution that is generally short-term with maturities ranging from more than three (3) months to a year. When a term deposit is purchased, the money can only be withdrawn after the term has ended or by giving a predetermined number of days' notice.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2016

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Other specific instruments

Share capital

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

(g) Inventory

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.

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.

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.

(h) 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 they are consistent with the expected pattern of economic benefits from the items of property, plant and equipment.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements For the year ended 31 December 2016

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) 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.

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.

(i) 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.

(j) 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.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2016

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) 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.

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.

(l) 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.

(m) Borrowing cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Notes to and forming part of the Financial Statements

For the year ended 31 December 2016

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) 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.

(o) 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.

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.

(p) Amended and newly issued accounting standards not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, 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:

IAS 1, "Presentation of Financial Statements" ("IAS 1")

IAS 1 is effective from 1 January 2016 and amends IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

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2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(p) Amended and newly issued accounting standards not yet adopted

IAS 1, "Presentation of Financial Statements" ("IAS 1")

- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and,
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

IFRS 9, "Financial Instruments: Classification and Measurement" ("IFRS 9")

IFRS 9, effective for annual periods beginning on or after 1 January 2018, 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.

During the year, the Corporation accounted for its financial assets in accordance with the classifications and measurement requirements under IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 will be applied in the Corporation's financial statements for the year ending 31 December 2018, which may result in additional disclosures to the Corporation's financial statements upon implementation.

3. FIXED TERM DEPOSITS

As at 31 December 2016, the Corporation had fixed term deposits totalling \$2,705,996 (2015: \$2,696,516). These deposits earn interest ranging between 0.25% to 1.25% (2015: 0.65% to 1.35%) per annum and will automatically renew upon their maturity, which are between six (6) to twelve (12) months.

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4. TRADE AND OTHER RECEIVABLES

	2016	2015
Accounts receivable, trade (refer also to note 11)	28,671,449	26,653,150
Other receivables	<u>2,430,163</u>	<u>2,934,369</u>
	31,101,612	29,587,519
Provision for doubtful accounts	<u>(400,913)</u>	<u>(497,028)</u>
	<u>\$30,700,699</u>	<u>\$29,090,491</u>

5. INVENTORY

	2016	2015
Generating plant and equipment parts	5,773,878	5,764,469
Distribution and transmission parts	2,602,609	2,647,396
Diesel fuel	1,291,300	575,169
Lubricating oil	71,310	31,621
Vehicle parts	248,290	211,716
Other spare parts and supplies	48,927	52,914
Goods in transit	<u>106,914</u>	<u>401,285</u>
	10,143,228	9,684,570
Provision for obsolete inventory	<u>(1,396,468)</u>	<u>(1,111,069)</u>
	<u>\$8,746,760</u>	<u>\$8,573,501</u>

During the year, the Corporation recognised an additional provision of \$285,399 for obsolete inventory.

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6. 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 2016		17,941,022	59,463,814	51,004,162	2,014,489	3,444,513	426,950	16,359,339	150,654,289
Additions during the year		253,340	77,203	467,364	500,527	176,094	53,267	22,462,682	23,990,477
Write-offs		(45,481)	—	—	(183,693)	—	—	—	(229,174)
At 31 December 2016		18,148,881	59,541,017	51,471,526	2,331,323	3,620,607	480,217	38,822,021	174,415,592
Accumulated depreciation									
At 1 January 2016		9,266,329	40,359,659	39,476,783	1,413,581	1,615,132	325,808	—	92,457,292
Charge for the year		436,748	1,343,413	1,656,977	275,284	272,794	38,319	—	4,023,535
Write-offs		—	—	—	(183,693)	—	—	—	(183,693)
At 31 December 2016		9,703,077	41,703,072	41,133,760	1,505,172	1,887,926	364,127	—	96,297,134
Net book value									
At 31 December 2016	\$	8,445,804	\$ 17,837,945	\$ 10,337,766	\$ 826,151	\$ 1,732,681	\$ 116,090	\$ 38,822,021	\$ 78,118,458
At 31 December 2015	\$	8,674,693	\$ 19,104,155	\$ 11,527,379	\$ 600,908	\$ 1,829,381	\$ 101,142	\$ 16,359,339	\$ 58,196,997

The Corporation's management, after due consideration of the assessment of their assets for impairment, believes that there are no indications that the property, plant and equipment as of 31 December 2016 and 2015 are impaired or their carrying amounts cannot be recovered.

Fully depreciated property, plant and equipment not written-off as at 31 December 2016 amounted to \$36,918,128 (2015: \$48,283,354).

The amount of borrowing costs capitalised for the year ended 31 December 2016 was \$709,499 (2015: \$26,298). The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 3.5% (2015: 3.5%).

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7. TRADE AND OTHER PAYABLES

	2016	2015
Accounts payable	5,741,192	7,303,139
Accrued expenses	<u>363,261</u>	<u>310,103</u>
	<u>\$6,104,453</u>	<u>\$7,613,242</u>

Accounts payable and accrued expenses include outstanding creditor balances, accrued payroll and other employee benefits, accrued professional fees and other accrued expenses.

8. LOANS PAYABLE

	2016	2015
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.	7,502,000	9,502,533
Repayable within one year	<u>(2,000,532)</u>	<u>(2,000,533)</u>
Repayable outside of one year	<u>\$5,501,468</u>	<u>\$7,502,000</u>
British Virgin Islands Social Security Board		
\$23,842,375 of the \$35,000,000 total value of the loan, was borrowed in connection with the Phase V Development Programme. The loan is repayable over fifteen (15) years or sixty (60) quarterly instalments which commenced on 31 October 2015 and bears interest at a fixed rate of 3.5% per annum for the first 7 years and 5.0% for the next 8 years. This loan is secured by assets of the Corporation and is guaranteed by the Government.	5,346,640	7,679,972
Drawdowns during the year	15,579,070	-
Repayable within one year	<u>(2,333,332)</u>	<u>(2,333,332)</u>
Repayable outside of one year	<u>\$18,592,378</u>	<u>\$5,346,640</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 2016 and 2015, the facility was unused.

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8. LOANS PAYABLE (Cont'd)

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 2016 and 2015, these facilities were unused.

9. 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 20 March 2017.

	2016	2015
Present value of funded obligations	28,370,255	28,055,338
Fair value of plan assets	(16,138,180)	(14,357,664)
Liability in the statement of financial position	<u>\$12,232,075</u>	<u>\$13,697,674</u>

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

	2016	2015
Current service cost	1,055,060	1,038,980
Net interest on net defined benefit liability/(asset)	660,817	590,202
Administrative expense allowance	<u>25,395</u>	<u>25,258</u>
	<u>\$1,741,272</u>	<u>\$1,654,440</u>

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9. PENSION FUND LIABILITY (Cont'd)

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

	2016	2015
Opening net liability	13,697,674	12,290,311
Unrecognised loss in previous years charged to retained earnings	-	-
Opening net liability	13,697,674	12,290,311
Net pension cost	1,741,272	1,654,440
Remeasurements recognised in other comprehensive income	(1,206,191)	763,465
Corporation contributions	(2,000,680)	(1,010,542)
Closing net liability	<u>\$12,232,075</u>	<u>\$13,697,674</u>

Remeasurements recognised in other comprehensive income were as follows:

	2016	2015
Actuarial loss on obligations/adjustments	1,169,054	188,822
Actuarial loss from changes in financial assumptions	-	-
Expected return on plan assets	<u>37,137</u>	<u>(952,287)</u>
	<u>\$1,206,191</u>	<u>\$(763,465)</u>

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

	2016	2015
Discount rate	5.0%	5.0%
Rate of compensation increase	4.0%	4.0%

The major categories of plan assets are as follows:

	2016	2015
Equity securities	39.4%	39.7%
Debt securities	23.3%	23.9%
Others	<u>37.3%</u>	<u>36.4%</u>
	<u>100.0%</u>	<u>100.0%</u>

For the year ended 31 December 2016, the Corporation paid contributions to the pension fund of \$2.001 million (2015: \$1.011).

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 2016 would have changed as a result of an approximate 1% per annum change.

	2016	2015
Discount rate	(3,758,231)	4,738,805
Future salary increases	<u>1,457,834</u>	<u>(1,231,507)</u>
	<u>\$(2,300,397)</u>	<u>\$3,507,298</u>

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10. DEFERRED CAPITAL RECEIPTS

	2016	2015
Balance at 1 January	8,366,169	7,228,582
Customer contributions for the year	653,514	2,076,784
Released to the statement of comprehensive income	(926,817)	(939,197)
Balance at 31 December	<u>\$8,092,866</u>	<u>\$8,366,169</u>

11. RELATED PARTY TRANSACTIONS

The Corporation earned \$10,283,454 (2015: \$6,507,742) in revenue from the Government for the sale of electricity during the year. \$21,138,231 (2015: \$18,559,697) remained outstanding as at 31 December 2016. Refer also to note 14(b).

Directors' fees and expenses during the year amounted to \$101,542 (2015: \$129,466).

During the year, the Corporation paid salaries and wages of \$834,853 (2015: \$826,748) with respect to remuneration for key management personnel.

12. SHARE CAPITAL

The Corporation has an unlimited authorised share capital.

	2016	2015
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.

13. 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.

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14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial assets of the Corporation include cash and cash equivalents, fixed term deposits 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:

	2016		2015	
	Fair value	% of Total assets	Fair value	% of Total assets
Liabilities				
British Pound	\$(61,698)	(0.05)%	\$(116,273)	(0.11)%

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:

	2016	2015
Cash at bank	0.43%	0.47%
Loans payable	3.50% to 5.50%	3.50% to 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.

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

(a) Market risk

Interest rate risk

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, since it is locked into a fixed price supply agreement until 31 August 2018 (refer to note 16).

The sensitivity analysis of the Corporation's profit before tax for changes in commodity prices is based on the assumption that year-end diesel fuel inventory prices move 19% (2015: 22%) resulting in a change of \$245,347 (2015: \$126,357), 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 Prices as regulated by the U.S. 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, fixed term deposits 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 2016 and 2015, the Corporation's financial assets exposed to credit risk amounted to the following:

	2016	2015
Cash and cash equivalents	2,828,917	8,286,942
Fixed term deposits	2,705,996	2,696,516
Trade and other receivables	<u>30,700,699</u>	<u>29,090,491</u>
	<u>\$36,235,612</u>	<u>\$40,073,949</u>

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

(b) Credit risk

Cash and cash equivalents and fixed term deposits

The Corporation held cash and cash equivalents and fixed term deposits with various financial institutions totaling \$5,534,913 (2015: \$10,983,458) as at 31 December 2016. 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.

Trade and other receivables - net

The ageing of the Corporation's trade and other receivables as at 31 December 2016 and 2015, is as follows:

	2016		2015	
	Gross	Impairment	Gross	Impairment
Current	6,933,948	—	6,530,155	—
31 – 90 days	2,572,247	—	2,773,992	—
Over 90 days	<u>21,595,417</u>	<u>400,913</u>	<u>20,283,372</u>	<u>497,028</u>
	<u>\$31,101,612</u>	<u>\$400,913</u>	<u>\$29,587,519</u>	<u>\$497,028</u>

The movement in the allowance for doubtful accounts as at 31 December 2016 and 2015 is as follows:

	2016	2015
Balance at 1 January	497,028	495,213
Additional allowance	—	17,624
Accounts written-off during the year	(96,115)	(15,809)
Balance at 31 December	<u>\$400,913</u>	<u>\$497,028</u>

Of the total balance over 90 days, only \$400,913 (2015: \$497,028) 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 customers occupying rental premises 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.

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

(b) Credit risk

Trade and other receivables - net

As at 31 December 2016 and 2015, the Corporation's receivables from the Government were as follows:

	2016	2015
Current	1,045,832	857,019
31 – 90 days	1,792,523	1,761,085
Over 90 days	<u>18,299,876</u>	<u>15,941,593</u>
	<u>\$21,138,231</u>	<u>\$18,559,697</u>

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:

	On Demand	Less than 6 months	6 months to 1 year	More than 1 year	Total
2016					
Trade and other payables	6,104,453	—	—	—	6,104,453
Loans payable	—	2,166,932	2,166,932	24,093,846	28,427,710
Customers' deposits	1,980,013	—	—	—	1,980,013
Pension fund liability	—	—	—	<u>12,232,075</u>	<u>12,232,075</u>
	<u>\$8,084,466</u>	<u>\$2,166,932</u>	<u>\$2,166,932</u>	<u>\$36,325,921</u>	<u>\$48,744,251</u>
2015					
Trade and other payables	7,613,242	—	—	—	7,613,242
Loans payable	—	2,166,932	2,166,932	12,848,640	17,182,504
Customers' deposits	1,717,590	—	—	—	1,717,590
Pension fund liability	—	—	—	<u>13,697,674</u>	<u>13,697,674</u>
	<u>\$9,330,832</u>	<u>\$2,166,932</u>	<u>\$2,166,932</u>	<u>\$26,546,314</u>	<u>\$40,211,010</u>

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15. 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, fixed term deposits, 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.

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

16. COMMITMENTS

(a) Delta Petroleum Caribbean Limited ("Delta")

On 30 August 2014, the Corporation entered into a contract with Delta Petroleum Caribbean Limited ("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. Based on fuel prices as at 31 December 2016, the remaining volume of the contract as of that date was 26,286,800 (2015: 53,763,800) U.S. gallons and its contract value was approximately \$75,391,954 (2015: \$153,535,498).

(b) Wartsila Finland Oy ("Wartsila")

On 6 March 2015, the Corporation entered into a contract with Wartsila Finland Oy ("Wartsila") involving the Phase V Development Programme – Package A. This project involves extending the present primary power station located at Pockwood Pond to accommodate four (4) generating units and the installation of various generating, distribution and transmission equipment. The estimated cost of the Package A project was \$31,315,149 and the project commenced on 29 July 2015.

On 18 August 2015, the Corporation issued variation order BVI A001 to the Package A project with Wartsila for the supply of electrical equipment for the Long Bush sub-station valued at \$788,295. This variation order is as directed under Clause 13 of the Conditions of the Contract to make variations in the works for the Phase V Development Programme: Package A – Pockwood Pond Power Station.

On 6 November 2015, Wartsila issued negative change order BVI A002 for slope protection, erosion protection, and flood ditches. By this variation order all works related to slope protection, erosion protection, and flood ditches was transferred from Wartsila to the Corporation's scope of work, and the work will now be performed under Wartsila's supervision. The contract price was adjusted downwards by \$500,000.

On 11 December 2015, the Corporation executed variation order Expansion Scope. This variation expands the scope of the project by adding one (1) 9L46 diesel oil fired generating set complete with all associated mechanical and electrical equipment and required civil works. This has increased the contract price of Package A by \$8,161,281.

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16. COMMITMENTS (Cont'd)

(b) Wartsila Finland Oy ("Wartsila")

On 25 February 2016, the Corporation issued variation order BVI A003. This variation expands the scope of the project by adding the foundation for a fourth (4th) generating unit. This has increased the contract price by \$161,704 bringing the total contract value to \$39,926,429.

(c) K-Line International (Canada) Ltd. ("K-Line")

On 8 April 2015, the Corporation entered into a contract with K-Line International (Canada) Ltd. ("K-Line") involving the Corporation's Phase V Development Programme – Package B. This project involves infrastructure reinforcement through the installation of two (2) new one hundred eighty five (185) square millimetre power cables between the Pockwood Pond Power Station and the Long Bush Power Station. The estimated cost of the Package B project was \$6,009,105 and the commencement date was on 14 April 2015.

(d) Other

The Corporation also has a commitment under the Phase V project which will include earthworks, preparation for additional costs associated with future fuel storage, soil stabilisation, Long Bush sub-station building extension, Long Bush sub-station electrical equipment and consultancy costs. These works have been awarded to various contractors, and the total cost has been estimated at \$4,356,102. Therefore, the Corporation's total commitment under the Phase V Development Programme inclusive of the third engine which is valued at \$8,161,281 is approximately \$12,517,383. The source of funding for these commitments will be from internally generated funds and not from loan funds.

17. SUBSEQUENT EVENTS

The Phase V Development Program was substantially completed by May 2017. On 4 May 2017 the new power station was officially handed over to the Corporation and was also renamed the "Henry Wilfred Smith Power Station" in honor of the longest serving employee for his contribution to the Corporation and the entire Territory of over 44 years of service.

On 6 and 20 September 2017 Hurricanes Irma and Maria badly affected the British Virgin Islands. As a result of both hurricanes, approximately 85-90% of the Corporation's grid network was destroyed and Station A of the power station sustained significant damage. Station B sustained minimal damage. As a direct result, it has been estimated that the Corporation temporarily lost approximately 20% of its customer base with a loss of approximately 50% of its revenue.

As of 22 November 2017, the Corporation had committed approximately \$12.5 million on restoring its electrical infrastructure. By 30 April 2018, the Corporation had restored approximately 99% of its customer base for those customers that are eligible for reconnection.

18. 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 2016

Expressed in U.S. Dollars

	2016	2015
Generation		
Materials and maintenance	4,517,499	3,683,273
Wages and salaries	2,286,338	2,161,943
Social security	51,953	60,958
Pension expense	496,640	480,337
Payroll tax	103,486	94,055
Other employee expenses	132,362	128,220
Other generation expenses	298,557	270,525
	<u>\$ 7,886,835</u>	<u>\$ 6,879,311</u>
Distribution and transmission		
Materials and maintenance	1,312,984	174,511
Wages and salaries	1,831,932	1,672,407
Social security	51,288	56,862
Pension expense	472,120	445,720
Payroll tax	86,134	83,778
Other employee expenses	125,312	119,119
Other distribution expenses	353,294	333,680
	<u>\$ 4,233,064</u>	<u>\$ 2,886,077</u>
General and administrative		
Insurance	659,083	676,282
Legal and professional fees	603,642	583,477
Wages and salaries	572,221	599,206
Social security	13,363	16,159
Pension expense	187,974	188,306
Payroll tax	28,482	30,092
Other employee expenses	36,315	31,294
Other expenses	1,003,260	687,389
	<u>\$ 3,104,340</u>	<u>\$ 2,812,205</u>
Finance		
Wages and salaries	786,849	798,448
Social security	22,158	23,299
Pension expense	252,523	239,426
Payroll tax	36,940	37,726
Other employee expenses	57,459	47,318
Other expenses	247,104	287,071
	<u>\$ 1,403,033</u>	<u>\$ 1,433,288</u>

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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

For the year ended 31 December 2016

Expressed in U.S. Dollars

	2016	2015
Customer services and meter reading		
Wages and salaries	605,133	639,278
Social security	20,452	22,351
Pension expense	182,315	173,514
Payroll tax	22,446	22,826
Other employee expenses	51,164	54,402
Other expenses	46,480	58,608
	<u>\$ 927,990</u>	<u>\$ 970,979</u>
Information technology		
Wages and salaries	257,445	245,108
Social security	7,626	7,554
Pension expense	83,836	75,200
Payroll tax	12,492	12,096
Other employee expenses	18,005	13,227
Other expenses	245,438	194,913
	<u>\$ 624,842</u>	<u>\$ 548,098</u>
Vehicles		
Wages and salaries	196,850	156,969
Social security	6,983	5,872
Pension expense	65,864	51,937
Payroll tax	7,886	6,801
Other employee expenses	16,698	13,017
Other expenses	14,447	13,832
	<u>\$ 308,728</u>	<u>\$ 248,428</u>

