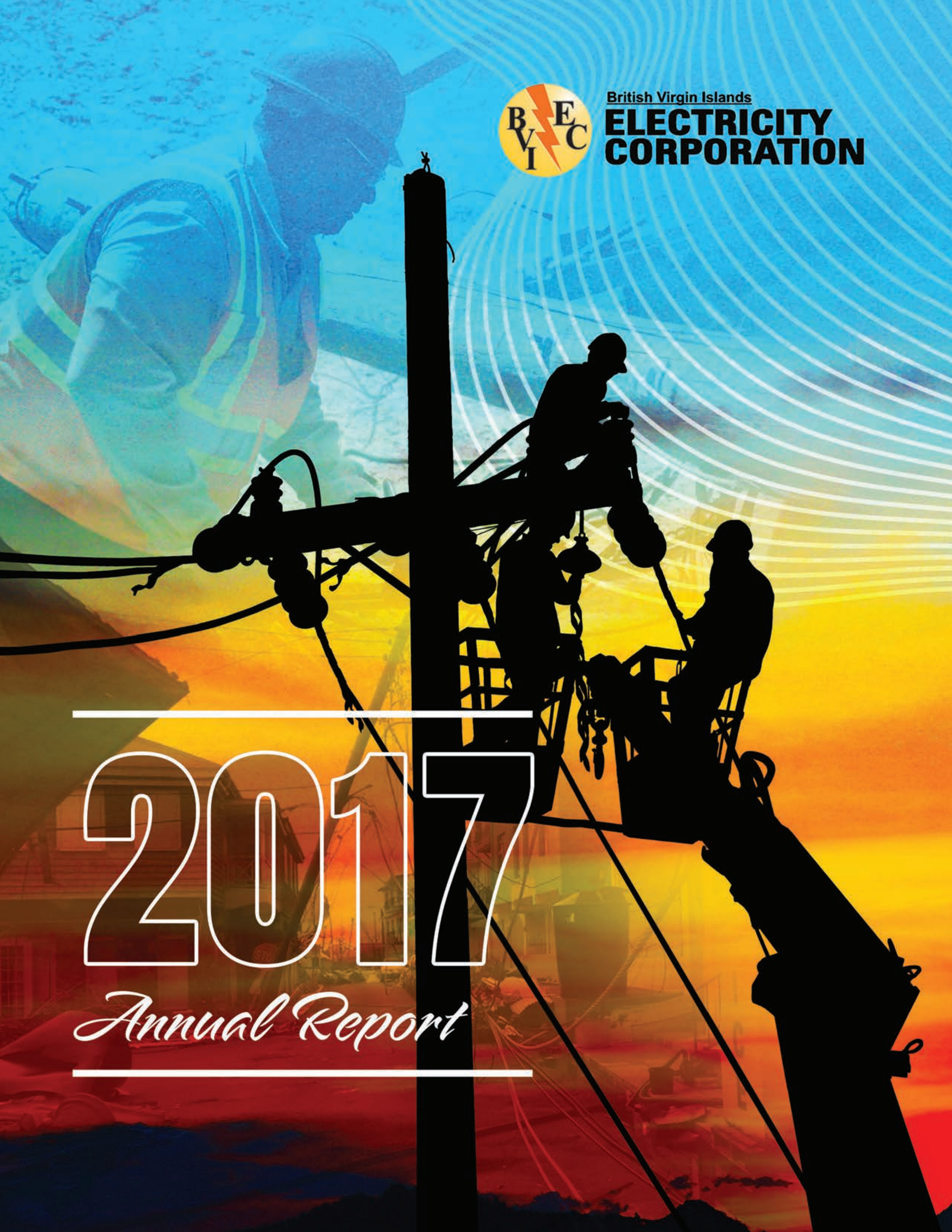
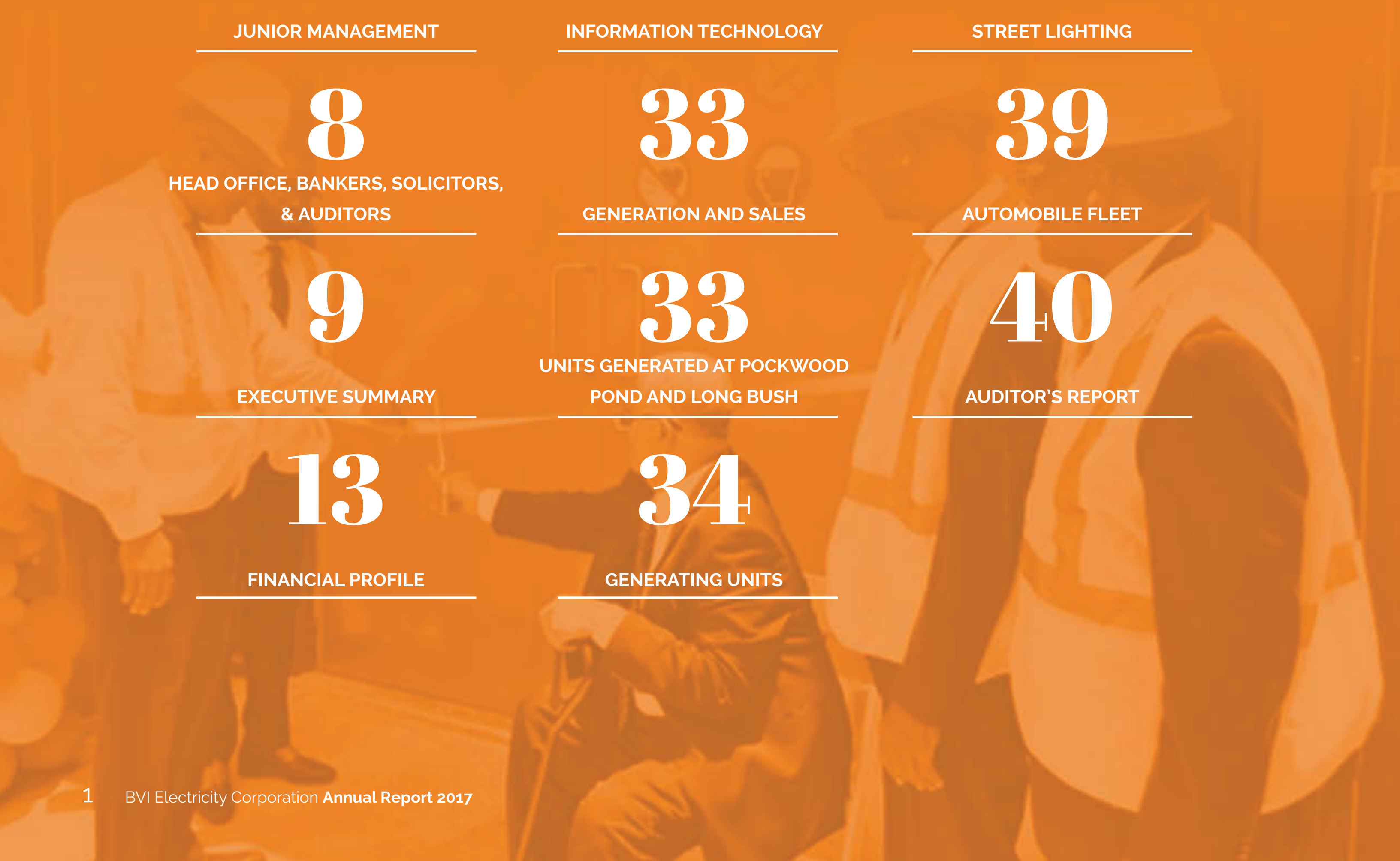

British Virgin Islands
ELECTRICITY CORPORATION
BVIEC
2017
Annual Report

Table of Contents



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 Virgin Islands (UK) 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, five 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

Re-appointed as Chairman of the Board effective 1st December 2016 for a period of 3 years. He is also the Managing Director of BDO Limited.

LUCIA LETTSOME
MEMBER

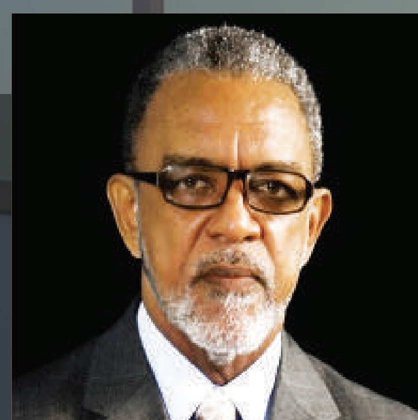
Re-appointed as a Board Member effective 1st June 2016 for a period of 2 ½ years. Mrs. Lettsome retired from the Public Service in 2009 after 43 years of service; was appointed Chief Financial Officer – BVI Tourist Board 2009 – 2011. She holds a Masters Degree in Business Administration from the University of the West Indies.

PEARL SMITH
VICE CHAIRMAN

Re-appointed as a Board Member effective 1st September 2016 for a period of 2 years. She is retired from BVIEC after holding the position of Corporate Secretary/Personnel Administrator.

ELLSWORTH FLAX
MEMBER

Re-appointed as a Board Member effective 1st March 2016 for a period of 3 ½ 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 1st September 2017 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

Re-appointed as a Board Member effective 1st January 2016 for a period of 3 years. He has been a financial services professional since 1999 and is also the owner of a hospitality business.

LEROY A. E. ABRAHAM
EX-OFFICIO MEMBER

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

ANTHONY MCMASTER
EX-OFFICIO MEMBER

Permanent Secretary, Ministry of Communications and Works.

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, MCMI

MR. KELVIN EUBANKS

IT Manager

B.S, M.S. Digital Technology

MRS. CARMEN SULLY

Financial Controller

B.A. Acct, FCCA

MS. CLEO CHRISTIAN

Deputy Financial Controller

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

SENIOR MANAGEMENT (Cont'd)

MR. CHASWELL VARLACK

Generation Engineer
B.S. Mechanical Engineering Technology

MRS. TAMARA GEORGE-BARRY

Human Resource Manager
B.Sc, M.P.A, M.H.A.

MS. SYMORNE PENN

Transmission & Distribution Engineer
B.Sc.EE (Hons)

MRS. SHONDA CAMERON

Deputy HR Manager
B.A. Business Administration

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

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

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

AUDITOR

Principal
Chief Auditor
Audit Department
Government of the Virgin Islands
Road Town, Tortola, VG 1110
British Virgin Islands

SOLICITORS

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

CONTRACTED AUDITOR

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

BANKERS

First Caribbean International Bank
Road Town, Tortola
British Virgin Islands

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

Executive Summary

Operating Revenues

At the end of the year in review, the Corporation realized revenue of $40.58 million compared to $52.27 million for the previous year. Revenue from electricity sales decreased to $39.41 million which was 23% less than 2016 ($51.06 million). During the year, revenue from sale of electricity was derived as follows:

- 79.41% came from Tortola,
- 14.51% from Virgin Gorda,
- 3.98% from the sister islands, and
- 2.09% from Streetlights.

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

- 33% from Domestic customers,
- 62% from Commercial customers
- 3% from Industrial customers, and
- 2% from Street Lighting

Operating Expenses

In 2017, $41.14 million was spent on operating expenses. This represents 101.40% of total revenue which includes depreciation expenses of $6.03million. Overall, operating expenses decreased from $44.69 million in 2016 compared to $41.14 million in 2017, a decrease of 8%. Fuel and oil costs of $19.63 million, which was the single largest expense, decreased from $21.99 million in 2016.

$40.58M

Revenue for 2017

$41.14M

Operating Expense in 2017

During the preparation of the 2017 Budget, sales were projected to increase approximately 3% 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 2017.

The financial results of the Corporation were adversely affected by two (2) Category 5 hurricanes, Irma and Maria that impacted the British Virgin Islands in quick succession on September 6th and 20th, 2017 respectively. As a result, there was significant structural damage and significant loss of business. Consequently, the above revenue and operating expenses resulted in an operating loss of $1,734,192 compared to an operating profit of $6,370,620 in 2016.

Capital Expenditures

For the year in review, the Corporation spent $15.46 million dollars on capital additions. Details of capital expenditures are as follows:

- 87.43% on Phase V Project
- 5.48% on the Transmission & Distribution Systems
- 3.33% on Computing Equipment
- 2.23% on Land & Buildings
- 0.81% on Generating Plant & Equipment
- 0.70% on Motor Vehicles
- 0.02% on Furniture

Due to passages of hurricanes Irma and Maria, Fixed asset disposals in 2017 were mainly due to Hurricanes Irma and Maria were $20.86 million. Details are as follows:

- 83.68% of the Transmission & Distribution Systems
- 8.11% of Land & Buildings
- 4.07% of Computing Equipment
- 2.70% of Motor Vehicles
- 0.85% of Furniture
- 0.58% of Generating Plant & Equipment

Other Income and Expenses

Finance charges for 2017 amounted to $996,908. This represents an increase of 40.87% from the 2016 figure of $707,678. In 2016 In 2016 borrowing costs (interest) directly attributable to the Phase V Development Project were capitalized during construction. The project was substantially completed in 2017 and the capitalization of interest ceased, hence the increase in finance charges compared to 2016.

Foreign exchange loss for 2017 was $57,879 compared to a gain of $42,922 in 2016.

The islands which were within the Corporation's area of service during 2017 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

The actual units sold were 147.04 million kilowatt hours (kWh); 31% less than the budgetted sales projection of 212.80 million units. Revenue collected from unit sales was 33% less than the value budgetted due to hurricanes Irma and Maria. Prior to the hurricanes of September 2017, the number of customers billed was 16,822 as at August 2017. This number was subsequently reduced to 8,000 customers as at December 31, 2017 as a result of BVIEC's grid restoration efforts.

As a direct result, sales in 2017 decreased by 47.92 million units, a decrease of 24.58% from 2016, and units generated also decreased by 45,682 million units, a decrease of 21.08% from 2016.

Fuel usage in 2017 decreased by 3.69 million gallons. The total cost of fuel and oil also decreased to $19.63 million in 2017 compared to $21.99 million in 2016 a decrease of 10.71% of $2.36 million, mainly due to reduction in fuel consumption after hurricanes Irma and Maria which occurred on September 6th and 20th, 2017, respectively.

Major Expansion

Works on Phase V Development Programme, which introduced three (3) new 8.5 Megawatt generators to the Pockwood Pond Power Plant and reinforcement of the Transmission & Distribution network, officially commenced in 2015. On May 4, 2017 Package A of the project, which was awarded to Wartsila, included the extension of the Pockwood Pond Power Station and the commissioning of three (3) new Wartsila 9L46 Units, was completed and handed over via an official ceremony. At this ceremony, the Pockwood Pond Power Station was officially renamed the Henry Wilfred Smith Power Station. The completion of Phase B of the project (Transmission & Distribution network extension), which was awarded to K-Line International (Canada) Ltd., was delayed due to the 2017 hurricanes. This is expected to be completed by mid-2019 due to BVIEC's hurricane recovery efforts.

As a result of the commissioning of the three (3) new Wartsila 9L46 generators which added 25.5 MW of generating capacity to the Pockwood Pond Power Station, the Long Bush Power Station was decommissioned in February 2017. At this time, the only functional Genset at this facility was a Mirrlees K6 Major commissioned in December 1983.

Safety

During 2017, the Corporation recorded no safety issues or concerns.

FINANCIAL PROFILE

$ 1,300,101
FINANCE

$ 39,410,425
SALE OF ELECTRICITY

$ 19,634,402
COST OF SALES

$ 6,201,507
GENERATION

$ 2,982,442
HUMAN RESOURCES AND ADMINISTRATIVE

$ 6,030,414
DEPRECIATION

TRANSMISSION AND DISTRIBUTION
$ 2,571,732

OTHER INCOME
$ 1,166,729

$996,908

BANK LOAN INTEREST

$872,654

CUSTOMER SERVICES AND METER READING

$632,252

INFORMATION TECHNOLOGY

OTHER EXPENSES

$589,974

VEHICLES

$329,139

RE-MEASUREMENT GAINS ON DEFINED BENEFIT OBLIGATION

$573,883

GENERATION

Pockwood Pond & Long Bush Power Station Plant Performance

In 2017 the Pockwood Pond Power plant generated 171,029,071 KWh of energy, while consuming 11,333,359 gallons of #2 diesel fuel (measured through the engine fuel meters) which yielded an average fuel consumption of 0.072 Gals/KWh (gallons per kilowatt hour). The total KWh generation decreased by 15.59% from the previous year, while the total fuel consumed decreased by 20.54%. The plant consumed 35,766 gallons of lubricating oil, which represents a 50.18% decrease over the previous year.

The entire Pockwood Pond plant ran a total of 33,461 hours out of an available 78,840 hours. This represents a 35.77% decrease in the total running hours over the previous year. This decrease was attributed to the reduction of demand after the 2017 hurricanes. There were a total of 6,075 hours which were un-documented in 2017. This means that there was a 7.71% error in documentation of either equipment generating hours, or the amount of documented downtime hours. There were 29,547.20 standby hours, 5,101.01 planned maintenance hours, 533.28 corrective maintenance hours and 5,060.61 forced maintenance hours documented in 2017. Standby hours accounted for 73 % of the total downtime hours, while planned, corrective and forced maintenance activities accounted for 13%, 1%, and 13% respectively.

The average heat rate for Pockwood Pond plant was 9760 kJ/KWh, a 13.34% increase over the previous year.

After the completion of the Phase V expansion, the installed capacity of the Henry Wilfred Smith Power Station increased to 58.5 MW or 59.5 MW with the Black Start Unit. The peak demand in 2017 was 34.01 MW, which occurred on July 28th at 3:00 PM. This represents 57.16% of the Pockwood Pond Station's total installed capacity of 59.5 MW. This year's peak demand was 1.1% higher than the previous year's peak of 33.64 MW.

The Long Bush Power Station generated a total of 598,600 KWh of energy, while utilising 48,998 gallons of #2 diesel fuel. This yielded an average fuel consumption of 0.0819 Gal/KWh (gallons per kilowatt hour). The plant was decommissioned in February 2017 due to the commissioning of Units 10, 11 and 12 at Pockwood Pond Power Station.

Anegada Power Station Plant Performance

The Anegada Power Plant generated 1,707,896 KWh, a decrease of 14.56% over the previous year. The plant ran a total of 8,716 hours while consuming 154,280 gallons of diesel fuel, a decrease of 6.80% when compared to the previous year. The plant realised an average fuel consumption of 0.090 Gals/KWh (gallons per kilowatt hour), which is a 9% increase of the previous year's figure of 0.083 Gals/KWh. This is an indication that the plant ran less efficiently during 2017.

2017 Major Services

There were 4 services conducted in 2017. These are depicted in the table below:

Engine	Type of Maintenance	Start Date	Completion Date
3	Update Synchroscope	14/05/2017	16/05/2017
4	Update Synchroscope	12/05/2017	23/05/2017
5	12,000Hr overhaul	29/08/2017	31/08/2017
7	Turbocharger damage	07/03/2017	06/08/2017

Major Setbacks

During the passage of Hurricanes Irma and Maria on September 6th and 20th respectively, Station A suffered damage to approximately 70% of its roof, causing damage to some of the Units' ancillary equipment and offices. Furthermore, on October 8th, 2017 due to the damage caused by the hurricanes, Station A suffered another catastrophic loss when the 480V board which supplies Gensets 1 – 4 and the original control room caught fire. Replacement of the Station A roof and 480V board are slated to commence by the 1st quarter of 2019 due to the organization's hurricane restoration efforts.

Figure 1: Henry Wilfred Smith Power Station after Hurricane Irma

Units 1 & 2 Mirrlees K6 Major MK3 commissioned in 1990 at Pockwood Pond and Unit 11 Mirrlees K6 Major MK2 commissioned in 1983 at Long Bush Power Station were retired in situ due to the commissioning of Units 10, 11 and 12 at the Pockwood Pond Power Station. The retiring of Units 1, 2 & 11 signaled the end of the Mirrlees era of generating units and all electricity is now being produced solely by Wartsila generating units.

The 4 MW of rented Aggreko Units which were installed at the Long Bush Power Station to support the organization meeting its load demand during the construction of the Phase V Project were also decommissioned.

Figure 2 & 3: Fire at the Henry Wilfred Smith Power Station

2016 – 2017 Peak Demand Comparison (BVI excluding Anegada)

Month	Peak 2016	Peak 2017	%Increase/ Decrease
Jan	30,410	29,950	-1.5%
Feb	30,980	31,160	0.6%
Mar	31,320	31,060	-0.8%
Apr	31,790	31,825	0.1%
May	31,040	32,530	4.8%
Jun	33,410	33,980	1.7%
Jul	33,640	34,010	1.1%
Aug	31,390	33,310	6.1%
Sep	31,080	31,520	1.4%
Oct	31,670	10,440	-67.0%
Nov	30,330	11,627	-61.7%
Dec	30,380	15,145	-50.1%

POCKWOOD POND POWER STATION 2017

Total KWH/MWH GENERATION 2017			
Engine	**1-Jan**	**31-Dec**	**Total**
1	116,498,900	116,630,500	131,600
2	20,025,200	20,229,000	203,800
3	148,573,700	153,543,900	4,970,200
4	26,936,300	32,551,200	5,614,900
5	3,394,100	15,891,700	12,497,600
6	57,607,700	68,768,200	11,160,500
7	19,818,800	24,171,100	4,352,300
8	43,393,494	60,656,892	17,263,398
10	0	37,266,799	37,266,799
11	0	38,950,768	38,950,768
12	0	38,617,206	38,617,206
Total KWh Generated			**171,029,071**
Total MWh Generated			**171,029**

Total Run Hours 2017

Engine	1-Jan	31-Dec	Total Hrs.
1	109,100	109,260	160
2	116,904	117,501	597
3	149,855	151,008	1,153
4	148,528	149,917	1,389
5	76,295	79,758	3,463
6	71,209	74,309	3,100
7	71,074	72,263	1,189
8	74,573	79,436	4,863
10	0	5,825	5,825
11	0	5,780	5,780
12	0	5,942	5,942
Total			**33,461**

Total Lube Oil Consumption 2017

Engine	1-Jan	31-Dec	Total	Consumption
1	28,974	29,303	329	2.056
2	28,050	28,332	282	0.472
3	118,875	120,544	1,669	1.448
4	3,914,930	3,917,298	2,368	1.705
5	54,180	59,000	4,820	1.392
6	50,040	54,460	4,420	1.426
7	171,970	176,560	4,590	3.860
8	61,680	68,270	6,590	1.355
10			3,349	0.575
11			3,713	0.642
12			3,636	0.612
Total Lube Oil Consumption			**35,766**	

Fuel Oil Consumption 2017

Engine	Total (Gals)	Consumption
1	13,359	0.101
2	17,085	0.084
3	332,763	0.067
4	370,611	0.066
5	865,182	0.069
6	781,404	0.070
7	290,504	0.068
8	1,468,645	0.063
10	2,253,858	0.060
11	2,427,157	0.062
12	2,512,791	0.065
Total Fuel Oil Cons.	**11,333,359**	**0.071**

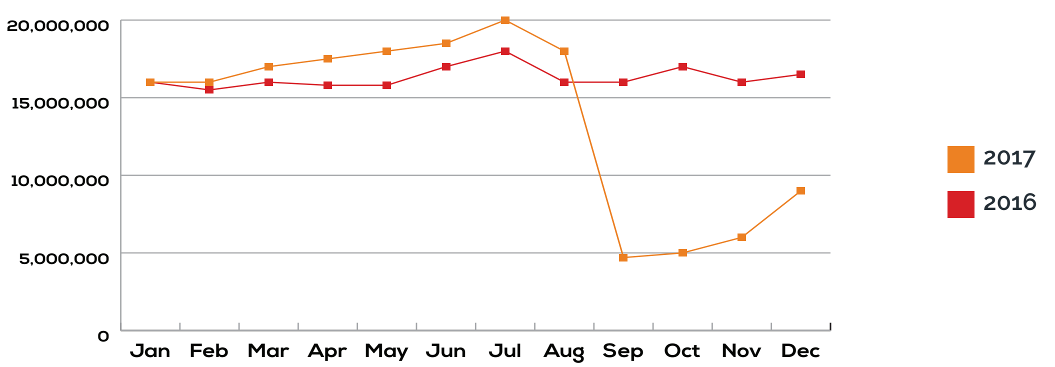
TOTAL DOWNTIME 2017

Type Of Maintenance	YTD Downtime Hours	YTD Total Lost (MW)
SB (Standby)	35,869.17	208,158.24
PM (Planned Maintenance)	9,552.22	54,967.58
CM (Corrective Maintenance)	515.05	2,731.62
FM (Forced Maintenance)	8,653.47	50,837.46
Total	**54,589.91**	**316,694.90**

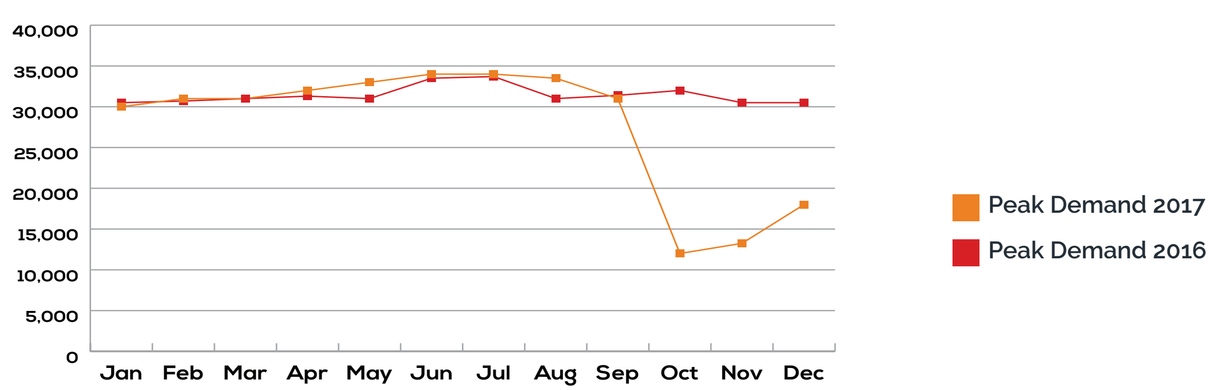
POCKWOOD POND STATION INDIVIDUAL UNIT PERFORMANCE 2017

Engine	P.M. Hours	C.M. Hours	F.M. Hours	S.B. Hours	Downtime Hrs.	Avail.	Reli.
1	132.62	2.73	2.00	448.02	585.37	0.98	1.00
2	646.18	39.42	1.47	1,141.14	1,828.21	0.92	1.00
3	268.84	46.33	471.43	5,626.78	6,413.38	0.83	0.86
4	982.12	11.73	263.85	6,015.23	7,272.93	0.77	0.89
5	100.12	12.75	186.75	4,509.95	4,809.56	0.88	0.89
6	229.54	85.72	227.29	4,538.94	5,081.50	0.86	0.88
7	749.72	297.16	3,570.72	2,388.84	7,006.43	0.39	0.40
8	558.46	37.44	65.42	2,567.11	3,228.43	0.84	0.90
10	555.17	0.00	7.78	598.60	1,161.55	0.60	0.67
11	478.22	0.00	138.61	953.70	1,570.54	0.68	0.73
12	400.03	0.00	125.28	758.88	1,284.20	0.69	0.73
Total	**5,101.01**	**533.28**	**5,060.61**	**29,547.20**	**40,242.09**	**0.70**	**0.75**

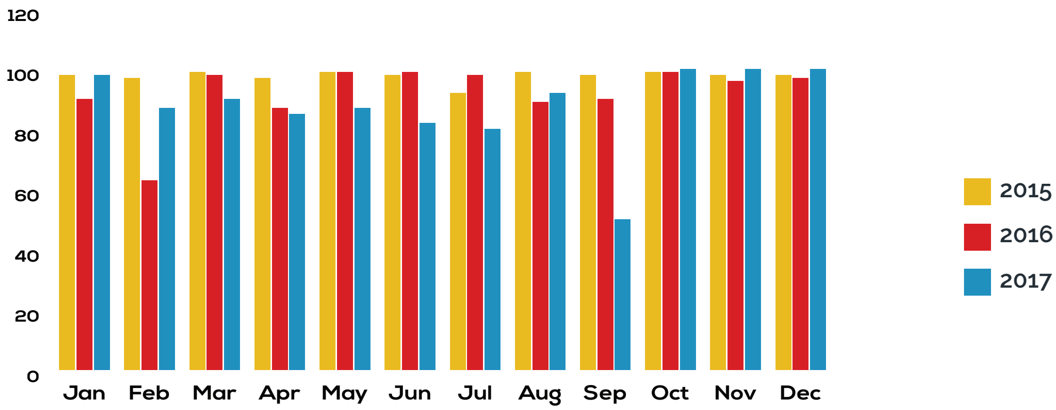
2016 - 2017 GROSS ELECTRICAL PRODUCTION COMPARISON



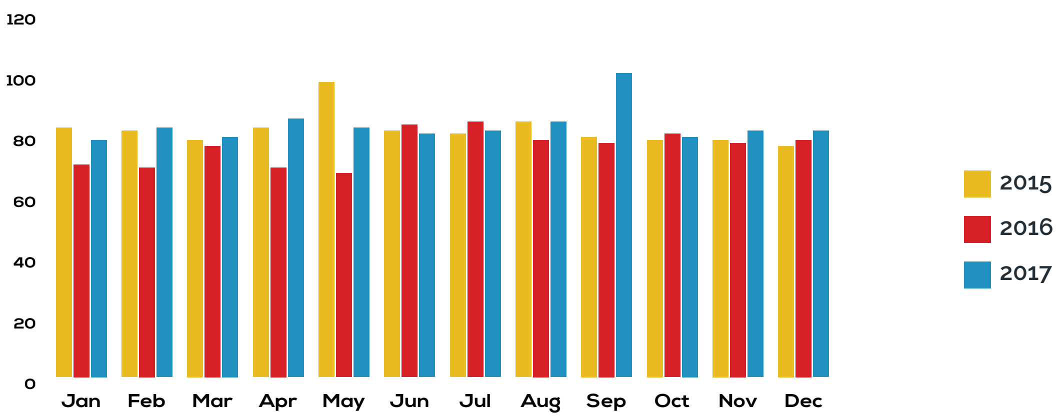
2016 - 2017 PEAK DEMAND COMPARISON



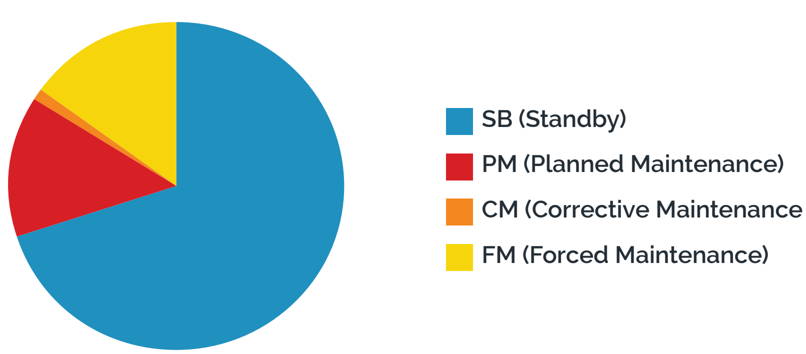
2015 - 2017 MONTHLY RELIABILITY COMPARISON



2015 - 2017 MONTHLY AVAILABILITY COMPARISON



2017 DOWNTIME CHART



Long Bush Power Station - KWH Generated 2017

Engine	KW	Jan-17	Total Kwh
Aggreko 1	1000	150,000	150,000
Aggreko 2	1000	110,000	110,000
Aggreko 3	1000	130,000	130,000
Aggreko 4	1000	200,000	200,000
Unit 11	2500	8,600	8,600
Total Kwh Generated*	**6500**	**598,600**	**598,600**

Long Bush Power Station - Run Hours 2017

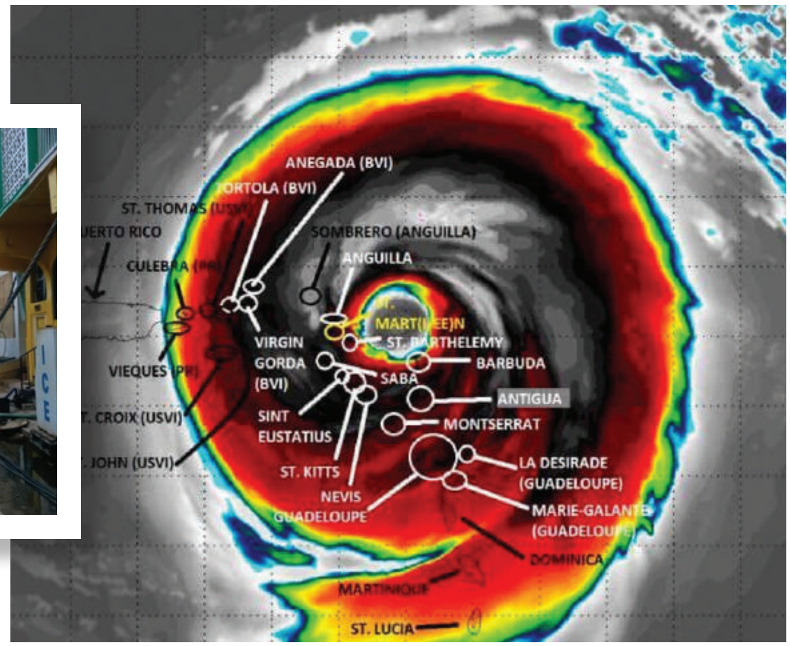
Engine	Jan-17	Total Run Hours
Aggreko 1	150	150
Aggreko 2	120	120
Aggreko 3	146	146
Aggreko 4	205	205
Unit 11	4	4
Total Run Hours*	**625**	**625**

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

Month	Gallons of Fuel Consumed
January	48,998
Total Run Hours*	**48,998**

* Due to the commissioning of Units 10, 11 & 12 at the Pockwood Pond Power Station, the Long Bush Power Station was decommissioned.

& TRANSMISSION DISTRIBUTION



This year proved to be a very challenging year for the Transmission & Distribution Department particularly with unplanned maintenance activities.

The Department was able to complete some planned objectives for the year 2017 including line clearing on the Ridge Feeder on Tortola and on the Fishers Cove Feeder on Virgin Gorda.

The 2017 Hurricane Season was extraordinary. The impact of three weather events including the deluge in August 2017 and two (2) category 5 hurricanes – Irma and Maria in Septemer 2017 on the Territory were the reason.

The response and recovery efforts associated with these weather events posed significant challenges for the organisation due to the magnitude of the destruction of the Transmission & Distribution overhead infrastructure and the majority of the organisation's assets.

All feeders experienced varying levels of damage totalling approximately 90% of the overhead network including a few feeders such as the Ridge, Spare Road Town, Long Bush West, Long Swamp Greenland, Long Swamp Airport and Pockwood Pond West Feeders on Tortola and the Fishers Cove Feeder on Virgin Gorda which were completely decimated.

The BVI Electricity Corporation (BVIEC) realized the benefit of its partnerships with Caribbean Electric Utility Services Corporation (CARILEC) - The Assocation of Electric Energy Solution Providers and private subcontractors, Mactech based in Jamaica and Island Wide based in St. Lucia who rendered assistance to restoration efforts as as BVIEC staff complement was inadequate to restore the grid in a timely manner.

Furthermore, procuring the materials necessary to complete grid restoration posed significant challenges, as other countries in the region were also affected by these hurricanes and were likewise in need of the same materials. Due to this, significant efforts were placed on salvaging materials for the continuation of restoration activities.

The rebuild of the national grid provided an opportunity for a number of changes to be made for the purposes of improving the T&D network resilience. These including but are not limited to:

- Standardising class of poles used from Class 3 and 4 to Class 2
- Re-location of 95% of the main lines along main roads for easier access and maintainability.
- Replacement of open LV conductors circuits to multiplex service conductors.
- Undergrounding some portions of mainlines (Harrigan Estate, Sophie Bay, Parham Town, and Jost Van Dyke)

At the end of 2017 BVIEC was successful in restoring electricity to approximately 9,524 of its 16,822 customer base.

Anticipated Objectives for 2018

All efforts would be placed on continuing restoration efforts of the Transmission and Distribution Network to the remainder of our valued customers whose buildings are fit to receive electricity.

Hurricane Restoration Teams that came to assist in 2017

VINLEC - St. Vincent Electricity Services Limited

Ruddy's Electrical from St. Vincent

Aruba - N.V. ELMAR

BEL - Belize Electricity Limited

Water-En Energiebedrijf Bonaire N.V. (WEB)

CUC - Caribbean Utilities Company Ltd.

LUCELEC - St. Lucia Electricity Services Limited

GRENLEC- Grenada Electricity Services

BELCO - Bermuda Electric Light Company Limited

Island Wide - St. Lucia

HUMAN RESOURCES

Employees

The table below represents the number of employees that were on the Corporation's payroll for the years 2014 – 2017. They are classified according to departments:-

Employees				
Department	**2014**	**2015**	**2016**	**2017**
Human Resource/ Administration	14	13	14	14
Finance	42	38	35	34
Transmission & Distribution	51	50	48	45
Generation	50	49	48	50
Information Technology	5	6	7	7
Total	**162**	**156**	**152**	**150**

The following is a listing of the various staff changes and additions that took place during the year 2017:-

New Employees

Human Resource Department:

Karesha Martin - Office Clerk

Finance Department:

Junell Daley - Customer Service Rep/ Cashier
Michael Clyne - Accounts Officer

Generation Department:

Neil Jackson - Plant Operator
Grashaun Audain - Plant Operator
Enous Prince - Electrician

Resignations

Finance Department:

Shayna Aaron - Accountant
Dionne Henry - Customer Service Representative (VG)
Junell Daley - Customer Service Rep/ Cashier

Transmission and Distribution Department:

Ivin Percival - Assistant Linesman

Terminations

Generation Department:

Juanicia-Maria Malone - Assistant Planning Officer

Retirements

Transmission and Distribution Department:

Eric Donovan - Junior Cable Jointer
Mitchell Brewley - Labourer

Promotions

Transmission and Distribution Department:

Edward Pollock - Junior Linesman
Michael Vanterpool - Senior Linesman

Generation Department:

Daniel Vanterpool - Shift Controller

Summer Employees

Thirteen persons were given the opportunity to be employed by the Corporation during the summer of 2017. They were assigned as follows:-

Employees			
Name	**Month**	**Department**	**School Represented**
Shamoy Todman	July 3 – 31, 2017	Admin/HR	Georgia State Perimeter College
Davere Clarke	July 3 – 31, 2017	Finance	Seventh Day Adventist School
Rhevaun Sprauve	July 3 – 31, 2017	Generation/T&D	University of Central Florida
Jahmoi Albert	July 3 – 31, 2017	Generation	ESHS (Grade 11)
Jamelia Benjamin	August 1 – 31, 2017	Finance	ESHS (Grade 11)
Hugh David Jr.	August 1 – 31, 2017	Generation	Seventh Day Adventist School
Dimitri Donovan	August 1 – 31, 2017	Admin/HR	Seventh Day Adventist School
K'wana Barnes	July 3 – 31, 2017 August 1 – 18, 2017	Admin/HR	HLSCC
Lia Hodge	July 3 – 31, 2017 August 1 – 18, 2017	Admin/HR	Antilles School (Grade 10) – St. Thomas, USVI
Ronique Todman	July 4 – 31, 2017 August 1 – 18, 2017	T&D	ASA College – Miami, FL
Clyde Potter Jr.	July 3 – 31, 2017 August 1 – 31, 2017	T&D	University of Bristol
Shondre Davies	July 3 – 31, 2017 August 1 – 31, 2017	Finance/Admin	ESHS (Grade 11)
Karesha Martin	July 3 – 31, 2017 August 1 – 31, 2017	Admin/HR	ESHS Graduate

Training

Due to the passage of hurricanes Irma and Maria and restoration efforts that took place during the latter part of 2017, training plans were haulted except for the following:

Department	Courses	Location	Number of Employees
Human Resource:	CARILEC'S 2017 HR/PR/CS CONFERENCE	Grenada	1
	CARILEC'S Board Meeting	St. Maarten	1
	Wartsila Strategic Meeting	Fort Lauderdale	1
Transmission and Distribution:	CARILEC's Linesman Certification Programme	BVIEC Training Room – Long Bush, Tortola	7
	Vision Hi-Tech Training & Expo	Kansas City	3
Generation:	Wartsila Land & Sea Academy	Fort Lauderdale	5

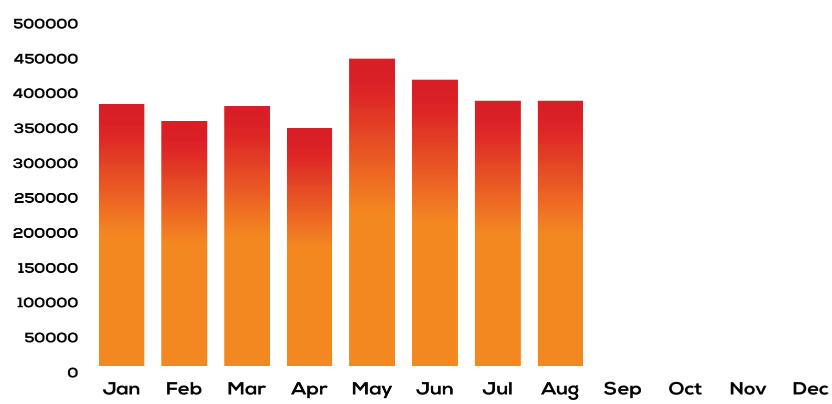
INFORMATION TECHNOLOGY

In 2017 the territory experienced devastation caused by hurricanes Irma and Maria. While the server systems at Long Bush were only shut down due to the absence of electricity, the external communications infrastructure to the Corporation's substations and remote offices suffered major damage.

Website

The Corporation's website was upgraded to a more modern layout with improved graphics and images. Access to the payment portal was also made more obvious. The planned upgrade of the payment portal did not take place however, due to the disruption caused by hurricanes Irma and Maria. Total collections through the online payment portal up to September 2017 amounted to \$2,902,722.14. The average collected per month over that period was \$241,893.85 with an average monthly transaction count of 1,188. By the end of the year, website user accounts grew by 1,286 to total 8,468 accounts registered on the system.

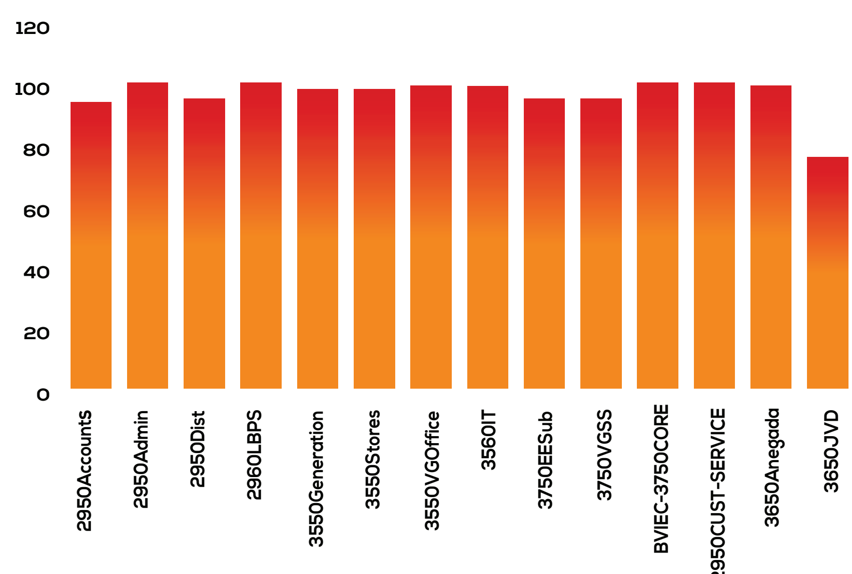
BVIEC ONLINE PAYMENT PORTAL REVENUE - 2017



Advanced Metering

The Automatic Reading System suffered major damage due to hurricanes Irma and Maria. While the servers were unscathed, the substation communication equipment at all locations were damaged due to their exposure to the elements. By October however, the Long Bush system was restored by using replacement parts already in the Inventory. The remaining substations, Pockwood Pond, Long Swamp and Virgin Gorda required parts that would be delivered in 2018.

NETWORK SWITCH UPTIME (%) - 2017



Network Performance

The I.T. Department upgraded the core of the network, a pairing of high-performance Cisco network switches. We also conducted a major upgrade of the infrastructure in the data center in Long Bush. This improved the positioning of the servers and cabling by making them properly organized, spaced and secured. This upgrade moved the overall network bandwidth up from a nowadays-lowly 100 Megabits per second to no less than 1000 Megabits (one Gigabit) per second, accommodating more data, voice and video traffic.

The computerised network suffered major damage due to the hurricanes. All WAN links connections were lost due to antennas and towers either blown away or severely damaged. After the hurricane, the department, supported by Digicel installed a new Wide Area Wireless Link between Long Bush and the Pier Park. The Pier Park was the location of the Corporation's temporary main office until 2018. By the end of the year, the unofficial commissioning of the new fiber link to Long Bush restored network connectivity to Pockwood Pond. FLOW also installed a temporary leased service as a backup. We were unable to restore Service in Virgin Gorda however, by November, the cashiers were able to accept customer payments through the configuration of FLOW wireless internet devices.

Average overall availability or the Corporation's computerised network was 97.58% up to September 2017. This 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 wide area network connection between Long Bush and the Long Swamp substation in East End was installed early during the year. This link removed the dependency on the FLOW leased link for transfer of AMR data for processing at the Corporation's Data Center. The force of the hurricanes in September the same year brought the link down.

Telecommunications

Up to September of 2017, before hurricanes Irma and Maria, the PBX system operated acceptably. Several direct digital lines were added for specific members of the Corporation. This included managers, supervisors and other staff that require interaction with the public from time to time. The call accounting system was not installed however.

Work Management

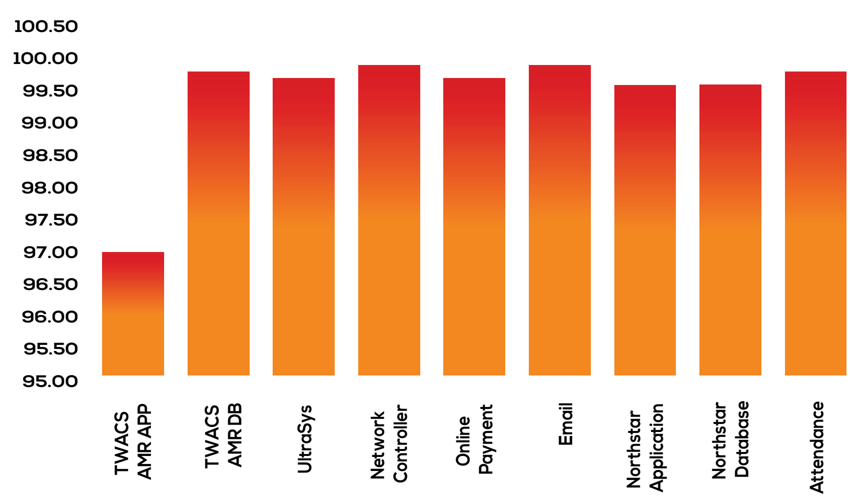
The organisation suspended any further work on the UltraSys system due to the pending Financial System Upgrade. We will honor only the maintenance contract until the system is eventually taken out of service.

Office and Storage Renovations

The IT Department office lost the roof during hurricane Irma. As a result almost all the equipment was damaged. This was one year after upgrading the furniture and two years after replacing the roof. The Data Center was unscathed apart from water on the floor in the small office which blew in under the main door. The recently acquired store room suffered damage due to a broken window and water blowing in onto the equipment. The small store room at the front of the Administration building fared much better.

Servers and PCs

AVERAGE SERVER AVAILABILITY (%) - 2017



The Department redesigned, upgraded and aesthetically improved the infrastructure in the Long Bush Data Center. The servers and core switches were relocated and re-organised with additional racks. The network cabling within was rewired to match modern standards of security and reliability. I protective door was also installed between the main server section and the office within. These improvements were made none too soon and proved to be effective as the Data Center withstood the onslaught of the floods and hurricanes without losing a single bit of data.

Human Resources

Two members of the department completed training in fiber cable installation and maintenance. Two department 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.

Future Initiatives

Information Technology Department's major initiatives planned for the year 2018 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

Server Room

STATISTICS

Generation and Sales Statistics

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Units Generated (MWh)	179,434	180,080	188,675	196,103	191,227	197,116	196,658	197,243	210,176	216,711	171,029
Annual Increase (%)	7.98%	0.36%	4.77%	3.94%	-2.49%	3.08%	-0.23%	0.30%	6.56%	3.11%	-21.08%
Units Sent Out (MWh)	168,333	173,168	180,111	188,458	186,452	190,923	190,700	190,087	202,942	209,979	140,435
Annual Increase (%)	10.11%	2.87%	4.01%	4.63%	-1.06%	2.40%	-0.12%	-0.32%	6.76%	3.47%	-33.12%
Units Sold (MWh)	155,552	156,100	161,775	172,121	166,315	171,189	173,097	179,032	181,215	194,973	147,048
Annual Increase (%)	5.03%	0.35%	3.64%	6.40%	-3.37%	2.93%	1.11%	3.43%	1.22%	7.59%	-24.58%
Loss % Net Generation	7.59%	9.86%	10.18%	8.67%	10.80%	10.34%	9.23%	5.82%	10.71%	7.15%	-4.71%
Max. Demand (KW)	28,840	29,510	31,020	32,660	31,560	31,500	30,850	31,580	33,790	33,640	34010
Annual Increase (%)	5.87%	2.32%	5.12%	5.29%	-3.37%	-0.19%	-2.06%	2.37%	7.00%	-0.44%	1.10%
System Load Factor (%) (generated basis)	71.02%	69.66%	68.70%	68.54%	69.17%	71.43%	72.77%	71.30%	71.01%	73.54%	57.41%
Customers at Year End	13,940	14,376	14,813	15,174	15,428	16,093	15,906	16,211	16,606	16,723	9,524
(%) Increase	3.74%	3.13%	3.04%	2.44%	1.67%	4.31%	-1.16%	1.92%	2.44%	0.70%	0.59%

Units Generated at Pockwood Pond and Long Bush Power Stations

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
January	14,115	14,612	14,557	16,107	15,669	15,387	15,975	16,565	16,218	17,543	17,390
February	13,057	13,946	13,349	15,267	14,525	14,837	14,539	15,198	15,011	16,838	16,732
March	13,973	14,494	14,474	17,175	15,708	16,044	16,380	16,179	16,361	18,025	17,839
April	14,363	14,759	14,976	16,495	15,506	15,834	16,089	16,851	16,837	17,833	17,989
May	15,942	16,305	15,572	17,268	16,156	16,778	16,819	16,718	16,520	18,165	19,069
June	15,709	15,894	15,847	17,141	16,770	17,328	16,583	16,970	18,858	18,694	19,229
July	16,538	16,648	17,204	17,403	17,206	17,660	17,501	17,962	19,287	19,558	20,095
August	15,600	15,356	16,553	16,377	15,937	16,587	16,965	16,633	18,006	18,271	18,785
September	14,822	14,587	15,252	15,629	15,546	16,335	16,106	15,274	17,392	17,800	4,170
October	15,400	14,570	16,381	15,199	16,812	16,957	16,923	16,751	18,819	18,641	5,134
November	14,714	14,417	16,148	16,459	15,734	16,561	16,161	16,195	17,285	17,558	6,706
December	15,200	14,491	16,363	15,581	15,659	16,806	16,617	15,947	17,583	17,785	8,490
Total	**179,433**	**180,079**	**186,675**	**196,103**	**191,227**	**197,114**	**196,658**	**197,243**	**208,177**	**216,711**	**171,628**

Generating Units (Long Bush)	
Units 11	
Installed KVA	3210
Installed KW	2568
Effective KW	1600
Engine Mfr.	Mirrlees
Engine Model	K6MK11
Engine Speed rpm	600
Alternator	Brush
Generating Voltage	13200
Installation year 1983	1983
Commissioned	Dec.
Age in years	31.08
Total run hours 2017	**4**
Hours run to 31/12/2016	16,133

Generating Units (Pockwood Pond) 2017										
Units	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
Installed KVA	6,875	6,875	7,063	7,063	7,063	7,063	2,500	10,640	10,640	10,640
Installed KW	5,500	5,500	5,500	5,500	5,500	5,500	2,000	8,500	8,500	8,500
Effective KW	5,500	5,500	5,500	5,500	5,500	5,500	1,000	8,500	8,500	8,500
Engine Mfr.	Wartsila	Wartsila	Wartsila	Wartsila	Wartsila	Wartsila	Cummins	Wartsila	Wartsila	Wartsila
Engine Model	9L38	9L38	9L38	9L38	9L38	9L38	QSK60-G6	9L46	9L46	9L46
Engine Speed rpm	600	600	600	600	600	600	1800	514	514	514
Alternator	ABB	ABB	ABB	ABB	ABB	ABB	Stamford	ABB	ABB	ABB
Generating Voltage	6,600	6,600	13,200	13,200	13,200	13,200	480	13,200	13,200	13,200
Installation year	1995	1995	2007	2007	2006	2006	2013	2017	2017	2017
Commissioned	Nov.	Dec.	March	April	Sep.	Aug.	Dec.	Mar	Feb	Feb
Age in years	22	22	10	10	11	11	4	1	1	1
Total run hours 2017	**1,153**	**1,389**	**3,463**	**3,100**	**1,189**	**4,863**	**0**	**5,825**	**5,780**	**5,942**
Hours run to 31/12/2017	151,008	149,917	79,758	74,309	72,263	79,436	1498	5,825	5,780	5,942

Transmission & Distribution Network (excluding Anegada)

TRANSMISSION & DISTRIBUTION NETWORK		2017	2016	2015	2014
34.5 KV Underground Cable	Miles	10.67	10.67	10.67	10.67
13.2 KV Overhead Lines	Miles	129.57	215.54	212.87	211.31
13.2 KV Underground Cable	Miles	48.51	47.63	47.35	47.35
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	233.96	233.28	231.57	230.17
LV Underground Cables	Miles	79.72	78.76	77.41	75.86
No. of Transformers	No.	992	2232	2204	2171
Total Transformer Capacity	KVA	**44,562.50**	**144,924.00**	**143,231.00**	**138,775.00**
Average Size of Transformers	KVA	44.92	64.93	64.99	63.92

Transmission & Distribution Network (Anegada)

TRANSMISSION & DISTRIBUTION NETWORK		2017	2016	2015	2014
13.2 KV Overhead Lines	Miles	16.05000	16.05000	16.05000	16.05000
13.2 KV Underground Cable	Miles	0.14680	0.14680	0.14680	0.14680
LV Overhead Lines	Miles	9.51000	9.51000	9.51000	9.51000
LV Underground Cables	Miles	0.72000	0.72000	0.72000	0.72000
No. of Transformers	No.	61.00000	61.00000	61.00000	61.00000
Total Transformer Capacity	KVA	**2,011.50000**	**2,011.50000**	**2,011.50000**	**2,011.50000**
Average Size of Transformers	KVA	32.98000	32.98000	32.98000	32.97541
Streetlights - a) No.		14	121	121	121
b) Wattage	W	2,265	16,050	16,050	16,050

Customer Sales (Main Network)

CUSTOMER & SALES		2017	2016	2015	2014
Customers at 31st December	No.	9,524	16,723	16,606	16,399
Units Sold	KWH	147,048,670	194,973,479	187,878,731	179,032,360
Average Units/ Customers/ Month	KWH	728.45	971.58	942.83	909.77
Total Revenue	$	**39,410,425**	**51,061,229**	**54,238,388**	**67,837,180**
Revenue/ Unit Metered	$/KWH	0.26801	0.26189	0.28869	0.37891
Total Operating Expenditure	US$	**41,144,614**	**44,690,611**	**46,448,587**	**59,713,298**
Cost/ Unit Metered	US$/KWH	0.27980	0.22921	0.24723	0.33353
Estimated Population of Territory	No.	32,800*	35,774	29,151	28,804

Customer Sales (Anegada)

		2017	2016	2015	2014
Customers at 31st December	No.	232	233	228	222
Units Sold	KWH	1,277,181.00	1,548,328.00	1,476,310.00	1,379,818.00
Average Units/ Customers/ Month	KWH	458.76	553.77	539.59	517.95
Total Revenue	$	357,670.67	430,348.00	453,076.00	538,745.00
Revenue/ Unit Metered	$/KWH	0.2800	0.2779	0.3069	0.3904
Total Operating Expenditure	US$	527,290.00	432,321.00	729,133.00	629,686.00
Cost/ Unit Metered	US$/KWH	0.41	0.28	0.49	0.46
Estimated Population of Territory	No.	321*	318	315	311
Units/ head of population/ Month	KWH	331.56	405.32	390.56	369.83
Streetlights- a) No.		14	121	121	121
b) Wattage	W	2,265	16,050	16,050	16,050

Sales By Island

Island	2017	2016	2015	2014
Tortola	31,297,303	40,085,222	42,034,997	51,769,316
Virgin Gorda	5,719,071	7,643,489	9,025,628	11,064,732
Anegada	357,671	430,348	453,076	538,745
Jost Van Dyke	439,977	595,730	590,433	662,027
Camanoe	772,370	1,060,717	1,115,884	1,356,925
Streetlighting	824,034	1,245,724	1,354,999	1,674,752
Total	**39,410,425**	**51,061,230**	**54,575,017**	**67,066,497**

2017 Summary of Units Sold

Customer Type	Units Sold kwh	No. Of Customers as per System	No. of Customers Billed	Sales
Domestic	46,065,355	14,447	14,322	13,003,972
Commercial	93,814,519	2,349	2,329	24,453,285
Industrial	4,593,516	25	25	1,129,134
Streetlighting	2,575,280	1	1	824,034
Total	**147,048,670**	**16,822**	**16,676**	**39,410,425**

Streetlighting

	Type of Fixture	Wattage	Quantity	Total Wattage
Tortola	Urbis	70	100	7,000
	Sodium	150	20	4,200
	Sodium	250	27	6,750
	LED	40	45	1,800
	LED	140	30	4,200
		Total	**222**	**23,950**
Virgin Gorda	LED	40	10	400
	Sodium	150	5	950
	Urbis	70	20	1,400
		Total	**35**	**2,750**
Jost Van Dyke	LED	40	5	200
	Sodium	150	3	650
	Urbis	70	8	560
		Total	**16**	**1,410**
Anegada	LED	40	5	875
	Sodium	150	2	900
	Urbis	70	7	490
		Total	**14**	**2,265**
		Grand Total	**287**	**30,375**

Vehicle Fleet Listing

Item	Des.	Number	Type	Year
1	GSB	182	Suzuki Jimny	2018
2	GSB	34	Suzuki Jimny	2018
3	GSB	03	Montero Sport	2018
4	GSB	127	Chevy Colorado Crew Cab	2017
5	GSB	36	Suzuki Jimny	2017
6	GSB	161	Freightliner Bucket Truck	2017
7	GSB	12	Freightliner Bucket Truck	2016
8	GSB	6	Hyundai Tucson	2016
9	GSB	10	Nissan Frontier	2016
10	GSB	32/176	Chevrolet Silverado	2016
11	GSB	48	Chevrolet 2500 Silverado	2016
12	GSB	40	Chevrolet Silverado	2016
13	GSB	02	Colorado Crew Cab	2016
14	GSB	42	Chevy Silverado	2015
15	GSB	25	Chevy Silverado	2015
16	GSB	38	Chevy Silverado	2015
17	GSB	8	Chevy Silverado	2015
18	GSB	28	Chevy Silverado	2015
19	GSB	39	Nissan Frontier	2015
20	GSB	4	Nissan Frontier	2015
21	GSB	07	GMC Yukon	2015
22	GSB	26	Chevrolet 2500	2015
23	GSB	19/174	Chevrolet 3500 Double Cab	2015
24	GSB	15/175	Chevrolet Silverado	2015
25	GSB	5	Nissan Frontier	2015
26	GSB	29	Nissan Frontier	2014
27	GSB	31	Kia Sportage	2013

Vehicle Fleet Listing (Cont'd)

Item	Des.	Number	Type	Year
28	GSB	133	Suzuki Jimny	2012
29	GSB	45/44	Nissan Frontier	2012
30	GSB	23	Nissan Frontier	2012
31	GSB	47	Nissan Frontier	2012
32	GSB	22	Nissan Frontier	2012
33	GSB	33	Mitsubishi Montero	2011
34	GSB	128	Chevy Colorado	2011
35	GSB	129	Chevrolet Silverado	2011
36	GSB	130	Chevrolet Silverado	2011
37	GSB	131	Chevrolet Silverado	2011
38	GSB	134/35	Nissan Frontier	2011
39	GSB	9	Nissan Frontier	2010
40	GSB	41	Suzuki Jimny	2010
41	GSB	77	Suzuki Jimny	2010
42	GSB	3	Mitsubishi Montero	2009
43	GSB	46	Chevy Silverado	2004
44	GSB	27	Chevy Silverado 2500 HD	2002
45	GSB	13	Ford Bucket Truck	2001
46	GSB	14	Ford Bucket Truck	2000
47	GSB	16	Ford Bucket Truck	2000

2017 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 2017

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 2017 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 2017, 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

"Towards Greater Accountability"

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Financial Statements
For the year ended 31 December 2017

Table of Contents

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Corporation Directory
At 31 December 2017

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

Chartered Accountants

PO Box 650
Tropic Isle Building
Nibbs Street
Road Town, Tortola VG 1110
British Virgin Islands

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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 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 28.

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 2017, 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 29 and 30 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 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
17 May 2019

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Financial Position
At 31 December 2017
Expressed in U.S. Dollars

	Note(s)	2017	2016
Current assets			
Cash and cash equivalents		9,583,857	2,828,917
Fixed term deposits	3	2,750,263	2,705,996
Trade and other receivables	4,11	27,938,058	30,700,699
Inventory	5	11,882,465	8,746,760
Other current assets		128,802	524,184
		52,283,445	45,506,556
Non-current assets			
Property, plant and equipment	6	84,143,375	78,118,458
Total assets		$ 136,426,820	$ 123,625,014
Current liabilities			
Trade and other payables	7	11,660,550	6,104,453
Loans payable	8	2,583,865	4,333,864
Customers' deposits		1,188,967	1,980,013
		15,433,382	12,418,330
Non-current liabilities			
Loans payable	8	34,251,203	24,093,846
Pension fund liability	9	11,820,640	12,232,075
Deferred capital receipts	10	9,124,186	8,092,866
		55,196,029	44,418,787
Total liabilities		70,629,411	56,837,117
Equity			
Share capital	12	7,052,465	7,052,465
Contributed surplus	12	9,661,763	9,661,763
Retained earnings		49,083,181	50,073,669
Total equity		65,797,409	66,787,897
Total liabilities and equity		$ 136,426,820	$ 123,625,014

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Comprehensive Income
For the year ended 31 December 2017
Expressed in U.S. Dollars

	Note	2017	2016
Income			
Sale of electricity	11	39,410,425	51,061,230
Total income		39,410,425	51,061,230
Cost of sales			
Fuel cost		19,634,402	21,989,985
Gross profit		19,776,023	29,071,245
Expenses			
Generation		6,201,507	7,886,835
Depreciation	6	6,030,414	4,023,535
Distribution and transmission		2,571,732	4,233,064
General and administrative	11	2,982,442	3,104,340
Finance		1,300,101	1,403,033
Customer service and meter reading		872,654	927,990
Information technology		632,252	624,842
Vehicles		329,139	308,728
Other expenses		589,974	188,258
Total expenses		21,510,215	22,700,625
Operating (loss)/profit		(1,734,192)	6,370,620
Other income/(expenses)			
Insurance recoveries		10,000,000	–
Hurricane expenditure		(6,530,311)	–
(Loss)/gain on disposal of property, plant and equipment		(3,143,228)	45,481
Release of deferred capital receipts	10	575,341	926,817
Other income		264,726	172,588
Interest income		58,080	23,833
Foreign exchange (loss)/gain		(57,879)	42,922
Total other income		1,166,729	1,211,641
(Loss)/income before finance cost		(567,463)	7,582,261
Finance cost		996,908	707,678
Net (loss)/income before taxation		(1,564,371)	6,874,583
Taxation	13	–	–
Net (loss)/income after taxation		(1,564,371)	6,874,583
Other comprehensive income			
Remeasurement gain on defined benefit obligation	9	573,883	1,206,191
Total comprehensive (loss)/income		$ (990,488)	$ 8,080,774

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 2017
Expressed in U.S. Dollars

	2017			
	Share capital	**Contributed surplus**	**Retained earnings**	**Total**
Balance at 1 January	7,052,465	9,661,763	50,073,669	66,787,897
Net loss during the year	–	–	(1,564,371)	(1,564,371)
Other comprehensive income for the year	–	–	573,883	573,883
Total comprehensive loss	–	–	(990,488)	(990,488)
Balance at 31 December	$ 7,052,465	$ 9,661,763	$ 49,083,181	$ 65,797,409

	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

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Cash Flows
For the year ended 31 December 2017
Expressed in U.S. Dollars

	2017	2016
Cash flows from operating activities		
Total comprehensive (loss)/income	(990,488)	8,080,774
Adjustments for:		
Depreciation	6,030,414	4,023,535
Finance cost	996,908	707,678
Loss on disposal of property, plant & equipment	3,143,228	45,481
Interest income	(58,080)	(23,833)
Foreign exchange loss/(gain)	57,879	(42,922)
Operating profit before working capital changes	9,179,861	12,790,713
Decrease/(increase) in trade and other receivables	2,762,641	(1,610,208)
Decrease/(increase) in other current assets	395,382	(84,329)
Increase in inventory	(3,135,705)	(173,259)
Increase/(decrease) in trade and other payables	5,556,097	(1,508,789)
(Decrease)/increase in customer deposits	(791,046)	262,424
Decrease in pension fund liability	(411,435)	(1,465,599)
Increase/(decrease) in deferred capital receipts	1,031,318	(273,303)
Net cash flows from operating activities	14,587,113	7,937,650
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,464,442)	(23,990,477)
Proceeds from sale of property, plant and equipment	265,883	—
Purchase of fixed term deposits	(44,267)	(9,480)
Interest received	58,080	23,833
Net cash flows used in investing activities	(15,184,746)	(23,976,124)
Cash flows from financing activities		
Net proceeds from loans payable	8,407,360	11,245,205
Interest paid	(996,908)	(707,678)
Net cash flows from financing activities	7,410,452	10,537,527
Net increase/(decrease) in cash and cash equivalents	6,812,819	(5,500,947)
Cash and cash equivalents at beginning of year	2,828,917	8,286,942
Effect of exchange rate fluctuations on cash and cash equivalents	(57,879)	42,922
Cash and cash equivalents at end of year	$ 9,583,857	$ 2,828,917
Cash and cash equivalents comprise the following items:		
Cash on hand	3,600	3,600
Cash at bank	9,580,257	2,825,317
Cash and cash equivalents	$ 9,583,857	$ 2,828,917

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 statements were authorised for issue by the General Manager on 17 May 2019.

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 financial records and statements are maintained and presented in United States (U.S.) Dollars, rounded to the nearest dollar.

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 2017 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Use of estimates (Cont'd)

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 2017 was $385,194 (2016: $400,913). 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 2017 was $11,882,465 (2016: $8,746,760). 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 2017 was $84,143,375 (2016: $78,118,458). As of 31 December 2017 and 2016, 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 2017 and 2016. Refer to note 6.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

(c) **Use of estimates** (Cont'd)

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

(d) **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 a receivable is impaired. The carrying amount of a 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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

(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.

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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

(h) **Property, plant and equipment** (Cont'd)

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.

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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

(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.

(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.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

(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.

(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.

Expressed in U.S. Dollars

2. **SIGNIFICANT ACCOUNTING POLICIES** (Cont'd)

(o) **Contingent liabilities** (Cont'd)

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 after 1 January 2017, 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 Company. However, IFRS 9, "Financial Instruments: Classification and Measurement" effective for annual periods beginning on or after 1 January 2018, may result in additional disclosures for the Company upon implementation.

3. **FIXED TERM DEPOSITS**

As at 31 December 2017, the Corporation had fixed term deposits totalling $2,750,263 (2016: $2,705,996). These deposits earn interest ranging between 0.25% to 1.21% (2016: 0.25% to 1.25%) per annum and will automatically renew upon their maturity, which are between six (6) to twelve (12) months.

4. **TRADE AND OTHER RECEIVABLES**

	2017	**2016**
Accounts receivable, trade (refer also to note 11)	17,382,117	28,671,449
Other receivables	10,941,135	2,430,163
	28,323,178	31,101,612
Provision for doubtful accounts	(385,194)	(400,913)
	$27,938,058	$30,700,699

Expressed in U.S. Dollars

5. INVENTORY

	2017	2016
Generating plant and equipment parts	6,106,915	5,773,878
Hurricane restoration stocks	3,457,477	—
Distribution and transmission parts	1,404,163	2,602,609
Diesel fuel	862,152	1,291,300
Lubricating oil	59,805	71,310
Vehicle parts	226,162	248,290
Other spare parts and supplies	43,139	48,927
Goods in transit	1,404,980	106,914
	13,564,793	10,143,228
Provision for obsolete inventory	(1,682,328)	(1,396,468)
	$11,882,465	$8,746,760

During the year, the Corporation recognised an additional provision of $285,860 for obsolete inventory.

Notes to and forming part of the Financial Statements
For the year ended 31 December 2017
Expressed in U.S. Dollars

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 2017	18,148,881	59,541,017	51,471,526	2,331,323	3,620,607	480,217	38,822,021	174,415,592
Additions during the year	13,049,572	33,328,775	7,282,117	107,977	515,229	2,793	(38,822,021)	15,464,442
Write-off's	(1,692,637)	(120,539)	(17,460,075)	(565,888)	(791,948)	(234,778)	–	(20,865,865)
At 31 December 2017	29,505,816	92,749,253	41,293,568	1,873,412	3,343,888	248,232	–	169,014,169
Accumulated depreciation								
At 1 January 2017	9,703,077	41,703,072	41,133,760	1,505,172	1,887,926	364,127	–	96,297,134
Charge for the year	760,790	2,655,053	1,952,016	342,676	289,887	29,992	–	6,030,414
Write-off's	(1,123,607)	(120,539)	(14,813,888)	(544,943)	(702,207)	(151,570)	–	(17,456,754)
At 31 December 2017	9,340,260	44,237,586	28,271,888	1,302,905	1,475,606	242,549	–	84,870,794
Net book value								
At 31 December 2017	$ 20,165,556	$ 48,511,667	$ 13,021,680	$ 570,507	$ 1,868,282	$ 5,683	$ –	$ 84,143,375
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

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 2017 and 2016 are impaired or their carrying amounts cannot be recovered.

Fully depreciated property, plant and equipment not written-off as at 31 December 2017 amounted to $48,504,100 (2016: $50,681,321).

The amount of borrowing costs capitalised for the year ended 31 December 2017 was $556,355 (2016: $709,499). 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% (2016: 3.5%).

Expressed in U.S. Dollars

7. TRADE AND OTHER PAYABLES

	2017	2016
Accounts payable	10,857,148	5,741,192
Accrued expenses	803,402	363,261
	$11,660,550	$6,104,453

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

	2017	2016
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.	6,501,733	7,502,000
Repayable within one year	(2,000,532)	(2,000,532)
Repayable outside of one year	$4,501,201	$5,501,468
British Virgin Islands Social Security Board		
$35,000,000 (2016: $23,842,375) 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.	19,175,710	5,346,640
Drawdowns during the year	11,157,625	15,579,070
Repayable within one year	(583,333)	(2,333,332)
Repayable outside of one year	$29,750,002	$18,592,378

Expressed in U.S. Dollars

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 2017 and 2016, 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 19 November 2018.

	2017	2016
Present value of funded obligations	30,000,857	28,370,255
Fair value of plan assets	(18,180,217)	(16,138,180)
Liability in the statement of financial position	$11,820,640	$12,232,075

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

	2017	2016
Current service cost	1,076,734	1,055,060
Net interest on net defined benefit liability/(asset)	574,830	660,817
Administrative expense allowance	25,805	25,395
	$1,677,369	$1,741,272

Expressed in U.S. Dollars

9. **PENSION FUND LIABILITY** (Cont'd)

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

	2017	2016
Opening net liability	12,232,075	13,697,674
Net pension cost	1,677,369	1,741,272
Remeasurements recognised in other comprehensive income	(573,883)	(1,206,191)
Corporation contributions	(1,514,921)	(2,000,680)
Closing net liability	$11,820,640	$12,232,075

Remeasurements recognised in other comprehensive income were as follows:

	2017	2016
Actuarial loss on obligations/adjustments	40,419	1,169,054
Expected return on plan assets	533,464	37,137
	$573,883	$1,206,191

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

	2017	2016
Discount rate	5.0%	5.0%
Rate of compensation increase	4.0%	4.0%

The major categories of plan assets are as follows:

	2017	2016
Equity securities	32.9%	39.4%
Debt securities	22.4%	23.3%
Others	44.7%	37.3%
	100.0%	100.0%

For the year ended 31 December 2017, the Corporation paid contributions to the pension fund of $1.515 million (2016: $2.001 million).

Significant actuarial assumptions for the determination of the pension fund liability are discount rate and rate of compensation increase. The following table summarises how the pension fund liability as at 31 December 2017 would have changed as a result of an approximate 1% per annum change.

	2017	2016
Discount rate	(3,915,295)	(3,758,231)
Future salary increases	1,507,624	1,457,834
	$(2,407,671)	$(2,300,397)

Expressed in U.S. Dollars

10. DEFERRED CAPITAL RECEIPTS

	2017	2016
Balance at 1 January	8,092,866	8,366,169
Customer contributions for the year	1,606,661	653,514
Released to the statement of comprehensive income	(575,341)	(926,817)
Balance at 31 December	$9,124,186	$8,092,866

11. RELATED PARTY TRANSACTIONS

The Corporation earned $6,164,505 (2016: $10,283,454) in revenue from the Government for the sale of electricity during the year. $11,214,779 (2016: $21,138,231) remained outstanding as at 31 December 2017. Refer also to note 14(b).

Directors' fees and expenses during the year amounted to $88,221 (2016: $101,542).

During the year, the Corporation paid salaries and wages of $1,216,536 (2016: $834,853) with respect to remuneration for key management personnel.

12. SHARE CAPITAL

The Corporation has an unlimited authorised share capital.

	2017	2016
Issued and fully paid: 778 shares of $1.00 par value each	778	778
Share premium	7,051,687	7,051,687
	$7,052,465	$7,052,465

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.

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:

	2017		2016	
	Fair value	**% of Total assets**	**Fair value**	**% of Total assets**
Liabilities				
British Pound	$(401,969)	(0.29)%	$(61,698)	(0.05)%

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:

	2017	**2016**
Cash at bank	0.94%	0.43%
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.

Expressed in U.S. Dollars

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

(a) **Market risk** (Cont'd)

Interest rate risk (Cont'd)

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

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

Commodity/price risk

The Corporation is exposed to the risk of fluctuations in prevailing market commodity prices on fuel and oil. The commodity prices are greatly affected by world economic events that dictate the level of supply and demand. The Corporation has not entered into hedged agreements to reduce its exposure to commodity price risk, 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 10% (2016: 19%) resulting in a change of $86,215 (2016: $245,347), 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 2017 and 2016, the Corporation's financial assets exposed to credit risk amounted to the following:

	2017	**2016**
Cash and cash equivalents	9,580,257	2,825,317
Fixed term deposits	2,750,263	2,705,996
Trade and other receivables	27,938,058	30,700,699
	$40,268,578	$36,232,012

Expressed in U.S. Dollars

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

(b) **Credit risk** (Cont'd)

Cash and cash equivalents and fixed term deposits

The Corporation held cash and cash equivalents and fixed term deposits with various financial institutions totaling $12,330,520 (2016: $5,531,313) as at 31 December 2017. 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 2017 and 2016, is as follows:

	2017		**2016**	
	Gross	**Impairment**	**Gross**	**Impairment**
Current	2,517,964	–	6,933,948	–
31 – 90 days	494,401	–	2,572,247	–
Over 90 days	25,310,887	385,194	21,595,417	400,913
	$28,323,252	$385,194	$31,101,612	$400,913

The movement in the allowance for doubtful accounts as at 31 December 2017 and 2016 is as follows:

	2017	**2016**
Balance at 1 January	400,913	497,028
Additional allowance	1,188	–
Accounts written-off during the year	(16,907)	(96,115)
Balance at 31 December	$385,194	$400,913

Of the total balance over 90 days, only $385,194 (2016: $400,913) 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.

Expressed in U.S. Dollars

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

(b) **Credit risk** (Cont'd)

Trade and other receivables – net (Cont'd)

As at 31 December 2017 and 2016, the Corporation's receivables from the Government were as follows:

	2017	2016
Current	161,155	1,045,832
31 - 90 days	25,703	1,792,523
Over 90 days	11,027,921	18,299,876
	$11,214,779	$21,138,231

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:

2017	On Demand	Less than 6 months	6 months to 1 year	More than 1 year	Total
Trade and other payables	11,660,550	—	—	—	11,660,550
Loans payable	—	1,000,266	1,583,599	34,251,203	36,835,068
Customers' deposits	1,188,967	—	—	—	1,188,967
Pension fund liability	—	—	—	11,820,640	11,820,640
	$12,849,517	$1,000,266	$1,583,599	$46,071,843	$61,505,225

Expressed in U.S. Dollars

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

(c) **Liquidity risk** (Cont'd)

2016	**On Demand**	**Less than 6 months**	**6 months to 1 year**	**More than 1 year**	**Total**
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	—	—	—	12,232,075	12,232,075
	$8,084,466	$2,166,932	$2,166,932	$36,325,921	$48,744,251

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 2017, the remaining volume of the contract as of that date was 13,138,300 (2016: 26,286,800) U.S. gallons and its contract value was approximately $37,678,934 (2016: $75,391,954).

16. **COMMITMENTS** (Cont'd)

(b) **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 transmission infrastructure reinforcement through the installation of two (2) new 34.5KV 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.

Due to several factors outside the Corporation's control including Hurricanes Irma and Maria on 6 and 20 September 2017, Package B has still not been completed. However, this portion of the Phase V project is scheduled to be completed in 2019.

(c) **Others**

The Corporation also has a commitment under the Phase V project which will include earthworks, preparation for additional costs associated with excavation for 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.

On 31 March 2018, the Corporation completed the restoration of the electrical infrastructure at a cost of $20,308,519. The following is the breakdown of the costs: Overseas materials: $8,803,339; Labour: $4,862,215; Heavy equipment: $2,876,493; Transportation: $519,040; Meals: $1,155,930; Local materials: $121,991; Fuel: $81,021 and; Miscellaneous: $1,888,490.

17. **SUBSEQUENT EVENTS**

On 8 October 2017, there was a fire at the Henry Wilfred Smith Power Station in the 480V Low Voltage Control Room (LVCR) which houses the switchgears and battery charges. As a result of the fire and smoke, a transformer switch and a number of other switches and equipments were extensively damaged. On 22 March 2019, the Corporation received the amount of $745,000 as final settlement from the fire loss claimed from its insurer.

On 17 April 2019, the Corporation's Board of Directors was dissolved with immediate effect.

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 2017
Expressed in U.S. Dollars

	2017	2016
Generation		
Materials and maintenance	2,669,091	4,517,499
Wages and salaries	1,985,132	2,286,338
Social security	59,240	51,953
Pension expense	495,651	496,640
Payroll tax	92,874	103,486
Other employee expenses	150,632	132,362
Other generation expenses	748,887	298,557
	$ 6,201,507	$ 7,886,835
Distribution and transmission		
Materials and maintenance	(76,354)	1,312,984
Wages and salaries	1,465,496	1,831,932
Social security	83,488	51,288
Pension expense	491,436	472,120
Payroll tax	154,980	86,134
Other employee expenses	129,480	125,312
Other distribution expenses	323,206	353,294
	$ 2,571,732	$ 4,233,064
General and administrative		
Insurance	727,157	659,083
Legal and professional fees	377,943	603,642
Wages and salaries	657,938	572,221
Social security	15,329	13,363
Pension expense	183,765	187,974
Payroll tax	49,291	28,482
Other employee expenses	40,240	36,315
Other expenses	930,779	1,003,260
	$ 2,982,442	$ 3,104,340
Finance		
Wages and salaries	768,850	786,849
Social security	21,165	22,158
Pension expense	201,594	252,523
Payroll tax	38,386	36,940
Other employee expenses	51,354	57,459
Other expenses	218,752	247,104
	$ 1,300,101	$ 1,403,033

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Schedule to the Financial Statements - Expenses (Cont'd)
For the year ended 31 December 2017
Expressed in U.S. Dollars

	2017	2016
Customer services and meter reading		
Wages and salaries	570,522	605,133
Social security	20,715	20,452
Pension expense	161,196	182,315
Payroll tax	23,723	22,446
Other employee expenses	47,763	51,164
Other expenses	48,735	46,480
	$ 872,654	$ 927,990
Information technology		
Wages and salaries	282,602	257,445
Social security	8,310	7,626
Pension expense	76,624	83,836
Payroll tax	15,864	12,492
Other employee expenses	20,487	18,005
Other expenses	228,365	245,438
	$ 632,252	$ 624,842
Vehicles		
Wages and salaries	203,180	196,850
Social security	7,722	6,983
Pension expense	67,104	65,864
Payroll tax	11,731	7,886
Other employee expenses	17,743	16,698
Other expenses	21,659	14,447
	$ 329,139	$ 308,728