The Anguilla Electricity Company Limited

Annual Report and Accounts

2015

...transitioning to renewable energy

ANGLEC:
"Out and About"















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Selected Financial Information

OPERATING COSTS

Total operating cost for the year ended 2015 is being reported at EC$50.76 million, whilst that for 2014 was EC$67.15 million, this was a decrease of EC$16.39 million or 24% 2015/2014. Total fuel cost for 2015 was EC$32.97 million as compared with EC$49.54 million in 2014, representing a decrease year on year of EC$ 16.57 million, or 33%.

Other Generation cost for 2015 was EC$9.82 million as compare with EC$9.24 million in 2014, an increase in cost of EC$576 thousand, or 6%. Other Generation cost as a function of total revenue was 15% (2014-11%).

FUEL COST

Fuel cost is the single major cost incurred by the company. It accounted for 50% as a function of our revenues. In 2014 it accounted for 61%. We noted during the year under review that the average cost per imperial gallon (IG) of gasoil fuel was EC$6.36, by way of comparison it was EC$10.05 in 2014, this represents a drop of EC$3.69 per IG or 37% between the two years. Further, we consumed 5.06 million IG of fuel in 2015, as compared with 4.83 million IG in 2014, an increase of 233 thousand IG, or 5% over 2015/2014.

Because of the decrease in fuel during 2015 we were able to pass on these savings to our customer, by way of reductions in the fuel surcharge rates. We dropped the fuel surcharge from EC$0.35 per Kwh to EC$0.22 per Kwh, a drop of 37%; and then again on 21 September, 2015 from EC$0.22 per Kwh to EC$0.15 per Kwh, a further drop of 32%. This EC$0.15 per Kwh was the effective fuel surcharge rate at the end of the financial year.

OTHER GENERATION

Other Generation cost, i.e. Generation cost excluding fuel, was reported at EC$9.82 million in 2015 as compared with EC$9.24 million in 2014, an increase of EC$580 thousand, or 6%. This increase in Generation cost is primarily due to increases in the repairs and maintenance of the generation equipment.

TRANSMISSION AND DISTRIBUTION

We reported total Transmission and Distribution cost of EC$7.98 million in 2015 as compared with EC$8.37 million in 2014, a reduction in cost to the company of EC$393 thousand or 5%, year on year. This reduction in cost, 2015 vs 2014, is explained in part by a non-recurring charge for Hurricane Gonzalo expenses, an amount of EC$858 thousand incurred in 2014.

OTHER INCOME

Other income dropped between 2014/2015 by EC$1.66 million, a decrease of 41%. We are reporting Other Income of EC$2.40 million in 2015 as compared with EC$4.06 million in 2014. We note a significant drop in our Late Charges income which dropped by EC$1.56 million or 64% between 2015/2014, from EC$2.45 million in 2014 to EC$890 thousand in 2015.

OPERATING EXPENSES

Total Operating Expenses, comprised of Administrative Expenses and Customer Services, was reported at EC$ 12.7 million in 2015 as compared with EC$10.34 million in 2014, an increase of EC$2.36 million, or 23% between the two years. We note the increase in cost incurred was due to the settlement of two legal matters detailed in Note 32 of the notes attached to the Financial Statements.

FINANCE COST

Finance cost decreased between 2014 and 2015 by EC$ 281 thousand, or 33%, from 2014 - EC$854 thousand to 2015 - EC$573 thousand. This decrease was due to the loan interest expense which dropped due to the paying off of significant long-term loans during the year.

NET INCOME

Net Income decreased from EC$6.35 million in 2014 to EC$3.72 million in 2015, a decrease of EC$2.63 million, or 41%. The Net Income as a function of total Revenue was 6%, as compared with 8% in 2014. The major drivers of this performance during the year were (1) the increased Kwh of electricity sold, by some 3 million Kwh, or 4%, 2015/2014, (2) the lower fuel cost experienced during 2015 versus 2014, (3) general lower cost under the Transmission and Distribution, Administrative cost and Customer services expenses, countered significantly by the two matters settled (as highlighted in the Operating Expenses section of this report above).

TOTAL COMPREHENSIVE INCOME

The Total Comprehensive Income for 2015 was EC$3.5 million as compared with EC$6.6 million in 2014, a decrease year on year of EC$3.1 million, or 47.50%.

The difference between the Net Income figures and the Total Comprehensive Income was an actuarial loss of EC$234 thousand reported in 2015 (an actuarial gain of EC$302 thousand was recorded in 2014).

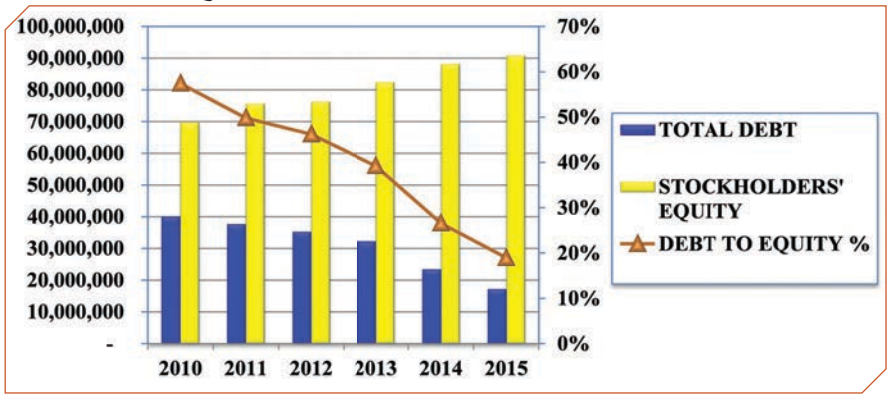
Selected Financial Information *(continued)*

CAPITAL EXPENDITURES

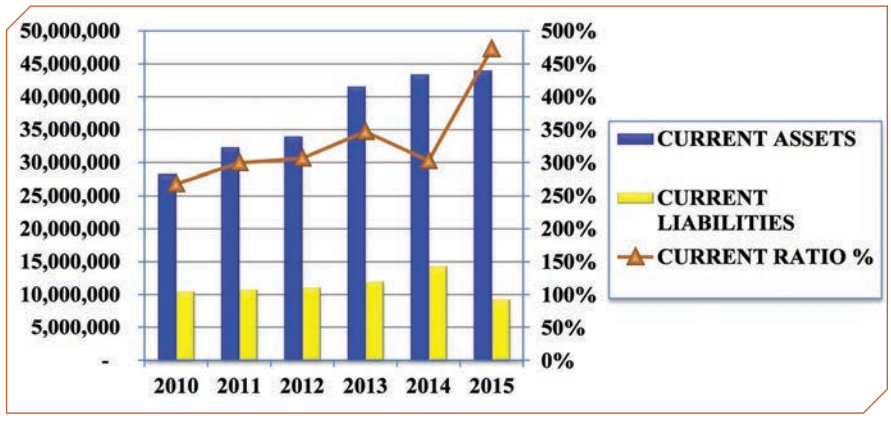
The need to continue investing to improve the efficiency of our operations, particularly in the Generation and Transmission and Distribution areas are of the highest importance. This year capital expenditures of EC$4.29 million were expended as follows:

Building	EC$ -
Plant and Machinery	EC$ 1.32
Furniture, Fittings and Equipment	EC$ 0.27
Vehicles	EC$ 0.73
Work in Progress	EC$ 1.97
	EC$ 4.29

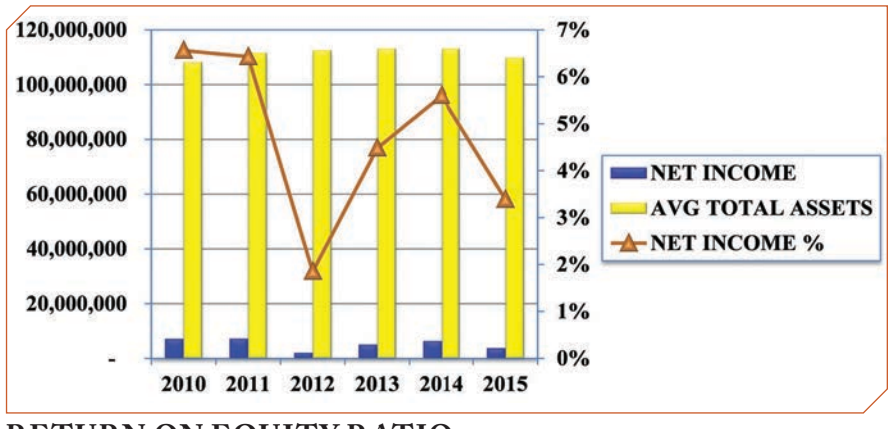
DEBT TO EQUITY RATIO



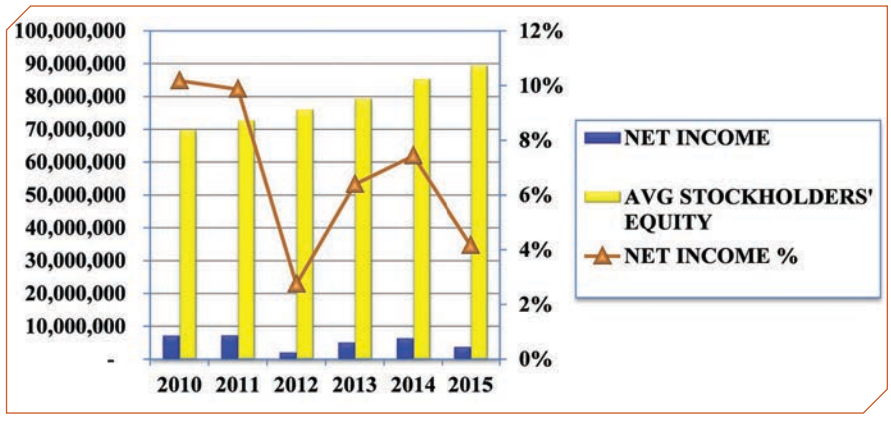
CURRENT RATIO



RETURN ON ASSETS RATIO



RETURN ON EQUITY RATIO

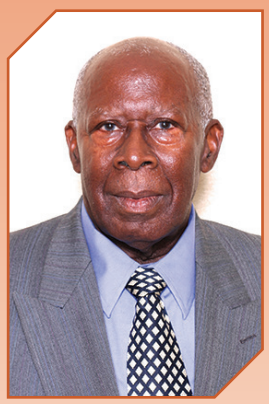


Selected Financial Information *(continued)*

(in 000's)	2015	2014	2013	2012	2011
Income Statement Information					
Gross Operating Revenue	**$65,412**	$80,632	$80,830	$82,236	$81,833
Cost of Operations	**($50,761)**	($67,154)	($70,265)	($72,375)	($69,836)
Gross Operating Profit	**$14,651**	**$13,478**	**$10,565**	**$9,861**	**$11,997**
Operating Expenses	**($12,750)**	($10,342)	($10,205)	($10,946)	($7,466)
Other income	**$2,396**	$4,063	$5,737	$4,325	$4,018
Net Operating Profit	**$4,297**	**$7,199**	**$6,097**	**$3,240**	**$8,549**
Finance Cost, net	**($573)**	($854)	($1,023)	($1,155)	($1,336)
Net Income	**$3,724**	**$6,345**	**$5,074**	**$2,085**	**$7,213**
Additional gain/(loss)-net	**($234)**	$302	$987	($281)	$0
Total Comprehensive Income	**$3,490**	$6,647	$6,061	$1,804	$7,213
Balance Sheet Information					
Non-current Assets	**$64,192**	$68,235	$73,251	$77,737	$81,200
Current Assets	**$44,027**	$43,434	$41,575	$33,993	$32,333
Total Assets	**$108,219**	**$111,759**	**$114,826**	**$111,730**	**$113,533**
Long-term Liabilities	$7,922	$9,095	$20,364	$24,225	$26,960
Current Liabilities	$9,312	$14,355	$11,985	$11,089	$10,797
Total Liabilities	**$17,234**	**$23,450**	**$32,349**	**$35,314**	**$37,757**
Shareholders' Equity	$90,985	$88,309	$82,477	$76,416	$75,776
Total Liabilities & Shareholders' Equity	**$108,219**	**$111,759**	**$114,826**	**$111,730**	**$113,533**
Dividends Declared	**$931**	**$815**	**$815**	**$0**	**$1,164**
Statistical Information (000's)					
Units Sold - kWh	81,167	78,074	77,406	78,887	83,674
Energy Losses - kWh	10,287	8,670	8,658	7,987	8,989
Net Generation (Units Sent Out) - kWh	91,454	86,744	86,064	86,874	92,663
Station Usage - kWh	2,810	2,760	2,498	2,601	2,728
Gross Generation - kWh	94,264	89,504	88,562	89,475	95,391
Fuel Used - Imperial Gallons	5,060	4,827	4,675	4,771	5,045

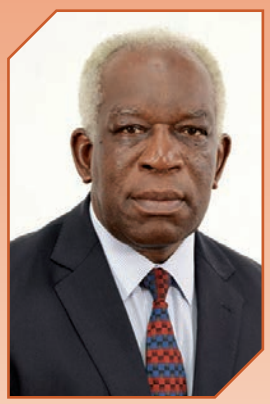
Board of Directors

Mr. Harold Ruan
CHAIRMAN

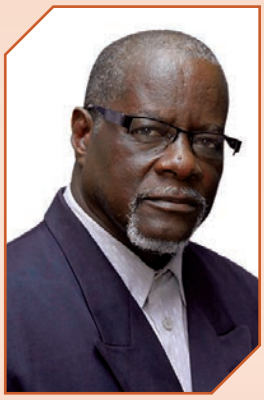


Mr. James Richardson
VICE -CHAIRMAN

Mr. J. Artnell Richardson
MEMBER



Mr. Erville Hughes
MEMBER



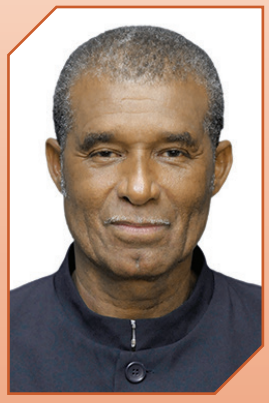
Mr. Desmond Richardson
MEMBER

Ms. Dawnette Gumbs
MEMBER

Ms. Linette Sasso
MEMBER

Mr. Gareth Hodge
MEMBER

Ms. Shinnette Connor
MEMBER



Mr. Colonel Harrigan
MEMBER *

Mr. Bernard Smith
MEMBER *

Mr. Victor Nickeo
MEMBER *

** Replaced on 10th March, 2016*

Management Team

Mr. David Gumbs
CHIEF EXECUTIVE OFFICER

Mr. Hadley Haynes
CHIEF FINANCIAL OFFICER

Ms. Jeri Richardson
CORPORATE SECRETARY

Mr. Sylvan Brooks
SYSTEMS CONTROL ENGINEER

Mr. Steve Hodge
NETWORK OPERATIONS ENGINEER

Ms. Shaunel Reid
INTERNAL AUDIT MANAGER

Mr. Elvin Richardson
INFORMATION TECHNOLOGYY MANAGER

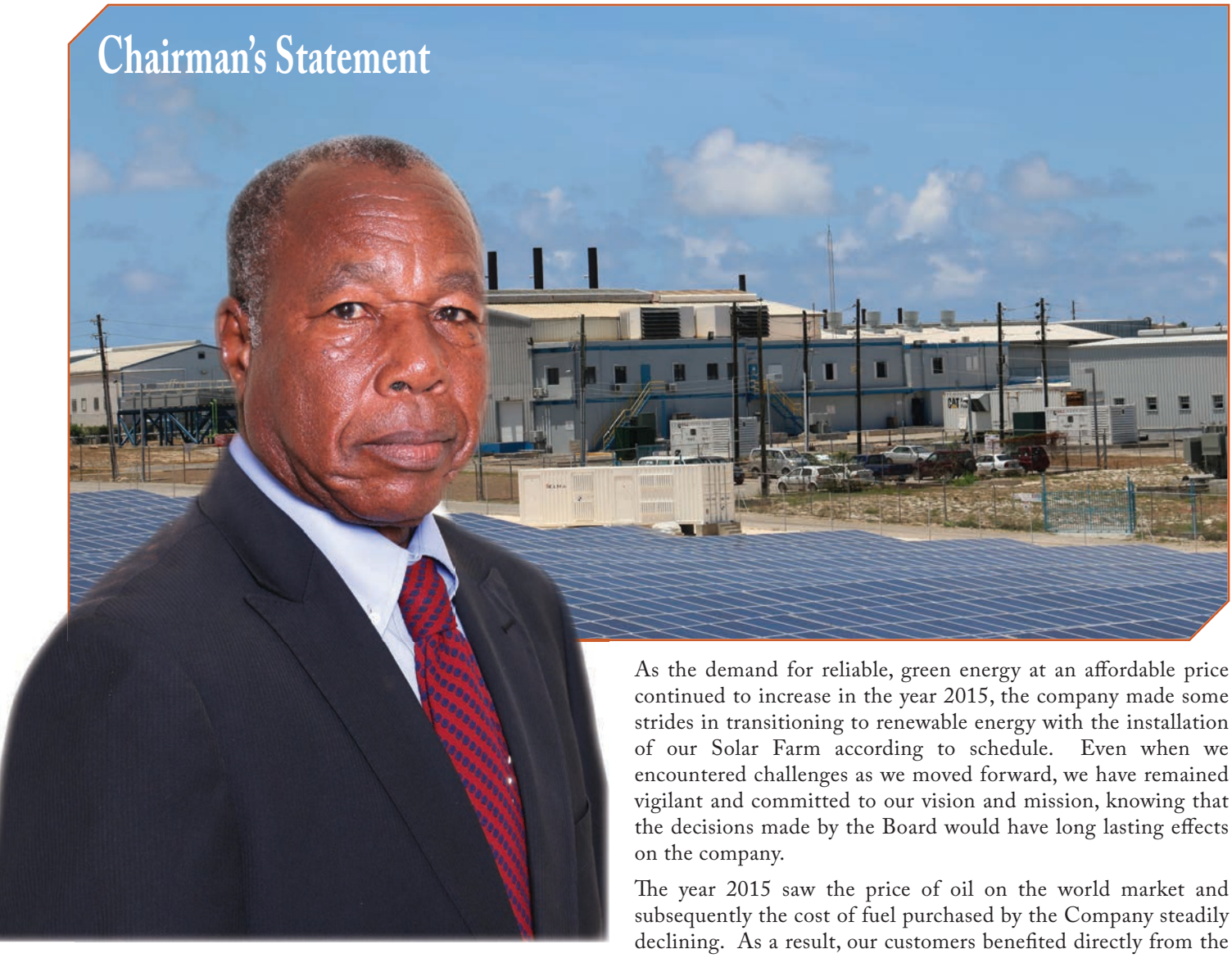
Ms. Erimel Franklin
HUMAN RESOURCES MANAGER

Mr. Ivor Ible
TRANSMISSION AND DISTRIBUTION SUPERINTENDENT

Mr. Neil Allen
PLANT ENGINEER

Ms. Maureen Woodley
ACCOUNTANT

Chairman's Statement



MR. J. ARTNELL RICHARDSON
(OCTOBER 2014 TO OCTOBER 2015)

As the demand for reliable, green energy at an affordable price continued to increase in the year 2015, the company made some strides in transitioning to renewable energy with the installation of our Solar Farm according to schedule. Even when we encountered challenges as we moved forward, we have remained vigilant and committed to our vision and mission, knowing that the decisions made by the Board would have long lasting effects on the company.

The year 2015 saw the price of oil on the world market and subsequently the cost of fuel purchased by the Company steadily declining. As a result, our customers benefited directly from the significant reduction in the fuel surcharge which was reduced from EC$0.35/kWh to EC$0.22/kWh on January 15th and was further reduced from EC$0.22/kWh to EC$0.15/kWh on 21st September, 2015.

We welcome our Internal Audit Manager Ms. Shaunel Reid and our Internal Auditor Ms. Lakisha Proctor. The Audit Department has a mandate to plan, execute, develop, and implement the operation of auditing programmes, policies and procedures in accordance with International Auditing Standards. We wish the Officers every success in their respective roles.

At the 12th Annual General Meeting, Directors Mrs. Kathleen Rogers, Mrs. Hertha Richardson and Mr. Courtney Morton retired and did not seek re-election to the Board. The Board wishes to thank the retired directors for their contribution during their tenure, and to welcome the new directors Mr. Harold Ruan, Mr. Erville Hughes and Ms. Dawnette Gumbs who were elected by the shareholders to serve as Directors on the Board.

As I pass the mantle on, I wish the incoming Chairman Mr. Harold Ruan every success. Also, I wish to take this opportunity to express my thanks and appreciation to the members of Board, Management and Staff of the company for their support during my tenure as Chairman.

Chairman's Statement

MR. HAROLD RUAN
(ELECTED NOVEMBER 2015)

I wish to thank my fellow colleagues for the expression of good faith in me, by electing me as Chairman of the Board of Directors.

I take this opportunity to welcome Mr. Gareth Hodge, Ms. Linette Sasso and Ms. Shinnette Connor who were elected to the Board at a Special Meeting of Shareholders held on 10th March, 2016 and to thank Mr. Victor Nickeo, Bernard Smith and Colonel Harrigan for their contribution during their tenure on the Board.

The areas we initially looked at were:

1. An improvement in customer relations, by looking at disputes and ways and means of bringing about mutual settlements.
2. Emphasis was also placed on the Generation & Transmission and Distribution (T&D); the heart, arteries and veins of the organisation.

The Board was obliged to be effective, prudent and responsible as to mitigate against the negative impact the proposed increase in the licence fee by 150% and the imposition of a gross revenue tax of 0.65% would have on the company. These taxes will inevitably reduce the profitability of the company as this cost will be absorbed by Anglec.

At this juncture, let me thank the retiring director Mr. James Richardson for maintaining an excellent working relationship with the new members over the past year and for the contribution made towards the development of the company over the past years. I am sure that his heart will always be with the company.

Directors' Report for the year ended December 31, 2015

Principle Activities

The principle activities of the company are the generation, transmission and distribution of electricity.

Non-Executive Directors

The Directors who served the company since the 12th Annual General Meeting held on 29th October 2015 to present are:

Mr. Harold Ruan
Mr. James Richardson
Mr. Desmond Richardson
Mr. J. Artnell Richardson
Ms. Dawnette Gumbs
Mr. Erville Hughes
Mr. Bernard Smith (Removed from office 10th March, 2016)
Mr. Victor Nickeo (Removed from office 10th March, 2016)
Mr. Colonel Harrigan (Removed from office 10th March, 2016)
Mr. Gareth Hodge (Elected 10th March, 2016)
Ms. Linette Sasso (Elected 10th March, 2016)
Ms. Shinnette Connor (Elected 10th March, 2016)

In accordance with Clause 4 of By-Law No. 3 of the company, Director James Richardson will retire by rotation and has decided not to seek re-election to the Board.

Board and Committee Meetings

The Board has a set ordinary meeting once per month to conduct the business of the company. The sub-committees of the Board are the Audit and Finance Committee, the Human Resources Committee and the Technical Committee. The Committees of the Board meet at least once per quarter. Directors attended additional Special Meetings of the Board as required. During the year 2015 the Board met fourteen (14) times. Nine (9) Ordinary Meetings and five (5) Special Meetings were held.

The Board carried out its responsibilities in accordance with the Companies Act and the By-Laws of the company.

Summary of Financial Performance

For the fiscal year 2015, the company sold 81,166,812 KWh of electricity. Total revenues were EC$65,411,689, a decrease of 19% compared to the previous year, mainly attributable to an EC$16,901,546, or negative 50% drop in the fuel surcharge recoveries.

Net Income for the year totaled EC$3,723,370 a decrease of EC$ 2,621,897, or negative 41% over the previous year.

The Company achieved Earnings per Share of EC$0.32, a decrease of 41% over 2014.

Dividends

The Board's recommendation on the payment of a dividend is based on the performance of the company during the fiscal year and the future obligations of the company. A dividend of $0.08 XCD per ordinary share for the 2015 financial year has been declared by the Board of Directors at its meeting on 18th July, 2016. The Board will make a recommendation to the shareholders to pay dividends accordingly.

Appointment of Auditors

Shareholders at the last Annual General Meeting made a decision not to re-appoint PWC, St. Maarten. In light of this, the company published a Request for Proposals for External Audit Services inviting licensed public accountants to consider the opportunity. The results of the 2016 Tender would be provided to the shareholders at the 2016 Annual General Meeting. The Directors wish to thank PWC, St. Maarten for their services over the past years.

Cautionary Statement

Discussions in the Annual Report relating to the company's expectations, objectives and outlook, inter alia, may constitute forward looking statements. The actual position of the company may be different from expressions made or implied, depending on factors such as economic conditions affecting demand and supply, government regulations and taxation and acts of God which may significantly affect the operations of the company and for which the company has no control.

BY ORDER OF THE BOARD

Jeri Richardson

Jeri Richardson

Corporate Secretary

2015: A year of Many Successes and Continued Challenges

The 2015 fiscal year was one of many successes and continued challenges for the organization. To strive towards our goal to be the model energy provider in the Caribbean, we pursued a number of initiatives including the development of our 1MW solar farm, expansion of our diesel based generation facility, relocation of our major outgoing feeders from the power station to the distribution point, development of our staff and the development of our community. It is through the hard work on the continued contributions of many that we continue to succeed in growing and developing this organization.

DEVELOPING OUR TRANSMISSION AND DISTRIBUTION CAPABILITIES

The damage incurred from Hurricane Gonzalo prompted significant repairs and maintenance activities throughout the island. Many poles were realigned, replaced and refurbished where necessary as part of our weekly revamp exercises. The purchase of a tree cutting truck and chipper in 2015 gave fresh impetus to these exercises. To ensure proper management of this new equipment, Specialists from ALTEC Puerto Rico provided the Linesmen with operational training. As a result of these improvements, the island saw a decline in outages as the encroaching vegetation on the network was reduced.

During 2015 we faced significant challenges on the eastern part of the island due to the extraordinarily dry conditions, strong trade winds and the continuous salt spray, which lead to the occasional burning of poles. To help resolve the challenge, we conducted research and sought advice from our industry partners. As a result, we implemented a new program to upgrade our pole hardware with specially sized porcelain type cut outs in the fire prone areas.

After facing challenges and a safety concerns, the Company's aging Digger Derrick was rendered unfit for operations. Given the safety concerns, the machine was decommissioned and plans were put in place for a replacement in early 2016. With our continually aging fleet, vehicle maintenance has become an area of focus. In an effort to enhance our operations and improve cost savings, the Company procured a diagnostic scanning tools which allowed for in-house mechanics to perform internal trouble shooting on vehicles.

Several additional facility initiatives were undertaken in 2015 to enhance our operations and to facilitate the upcoming construction of the utility scale 1MW solar farm. Some of these initiatives include:

1. The relocation of fencing and other infrastructure to facilitate the construction of the ANGLEC solar farm
2. Extension of the Substations' hardware controls, including the installation of Areva relay communication devices and the related training which was facilitated by our sister utility in the United States Virgin Islands (WAPA).
3. The upgrade of our meters to advanced metering infrastructure (AMI) technology. After completion of the pilot program and certifications by the Public Services Commission (PSC), the first phase of ANGLEC's AMI initiative was completed in late June.
4. The installation of a new 40KVA standby generator to supply critical functions (Garage Operations and Stores) during adverse weather conditions or other outages
5. The relocation of the feeders from the power station building to the established distribution point. This major infrastructural project will culminate next year with the movement of overhead lines to underground. This initiative enhances the use of space in our power station and facilitates future growth and expansion.
6. Construction of a cistern to supply water for several Corito facilities. The cistern allows for reliability of supply for water, which is essential to our operations.
7. The installation of screen gravel for insulation purposes at ANGLEC's Corito and West End substations to ensure adequate safety and reduction of risks at these facilities.

DEVELOPING OUR GENERATION CAPACITY

To ensure we continue to maintain a high level of safe and reliable service, ANGLEC undertook a number of major initiatives. Some of these initiatives included:

1. A major overhaul on ANGLEC's Engine #13. This proactive maintenance entailed the complete stripping and rebuilding of the ten-year-old machine. Engines #11 and #12 are timetabled for similar overhauls in 2016.

2. An extensive repair job was undertaken on the Company's 80,000 imperial gallon diesel bulk tank, which was refitted with a new base ensuring that we can maintain adequate fuel supply levels.

3. Procurement of a computerized maintenance system. Once fully operational, this software will further enhance all aspects of maintenance operations within generation and other departments.

4. A reputable company was selected to conduct comprehensive environmental testing of the generation plant to evaluate its emission standards. This study will commence in 2016.

In addition to the major initiatives carried out in 2015, we anticipate taking on two of most significant generation expansion initiatives in over eight years in the coming year. These initiatives include:

1. The commissioning of two high speed units purchased at 2015-year end. These units will serve multiple purposes by ensuring we maintain a high level of reserve capabilities, assist in load balancing measures for the Company's 1MW solar farm and provide power in emergency situations.

2. In late 2015, we entered into a contract and executed the groundbreaking for ANGLEC's 1 megawatt (MW) solar farm project. Construction of this renewable energy source is scheduled to commence in the spring of 2016. This initiative will not only decrease ANGLEC's emissions, but will allow the opportunity to give down time to select generation units by utilizing this green alternative as a substitute. Given the level of renewable energy penetration this system will represent; we anticipate some challenges in managing the energy and the related volatility. To reduce the risk associated with the expected volatility, the solar farm will be connected to the busbar of ANGLEC's generation system. Doing so will allow ANGLEC's systems to work in a team arrangement constantly communicating and adjusting in real time. This will be a historic event for the island of Anguilla.

We believe that the above initiatives will allow for improved efficiencies, cost savings and improved safety in the years to come.

DEVELOPING OUR INFORMATION AND TECHNOLOGICAL INFRASTRUCTURE

In 2015 the company focused making the internal logistics even more efficient, effective and compliant. By mid-year we executed a major upgrade to the Clevest Work Order Software or Phase 3 of the Clevest rollout. Clevest Phase 3 will enable technicians in the field to create work orders on site. This system will improve customer response times, save on fuel, improve customer service by providing real-time customer information and improve transparency. The pilot testing results are expected to yield a more efficient work force overall.

In addition to improving our field based platforms, we focused heavily on improving security for our online systems. Our systems were enhanced to eliminate common issues customers experienced online including making double payments, creating a validation scheme for recurring payments, and enhancing the timing of automated payments to ANGLEC. For our online credit card gateway, we reinforced the system to protect against hacking and credit card fraud.

ANGLEC became Microsoft Compliant in 2015, a noteworthy milestone for the Company. With a single volume license agreement, we are afforded automatic upgrades for all company computers. The work force synergy this created was remarkable and added several employee perks, notably each employee being granted the same updating privileges on personal home computers.

DEVELOPING OUR HUMAN RESOURCES

ANGLEC is equally as committed to serving our employees as we are our customers. While the refinement of Human Resources services supports organizational goals, it simultaneously produces a more hospitable work atmosphere, a quality of grave importance at ANGLEC.

With the recognition that healthier employees tend to be happier and more productive, the department of Human Resources incorporated health and wellness to its functions. An inaugural Health Fair granted employees the opportunity to receive expert medical advice while on the job. This, as well as other programs, educated and urged ANGLEC employees to actively engage in preventative health care whenever possible. Plans have been mobilized for the expansion of the program in 2017. This will enable us to support and further assist our employees in making well informed

health and wellness decisions.

Over the years, employee training has been an essential component of employee development at ANGLEC. In 2015, we targeted employee effectiveness. As a result, special focus was given to maximizing worker productivity. Over 50% of our employees benefited from seminars in subjects of technical, supervisory, and managerial nature.

Continuous training at ANGLEC is divided into four main components:

1. Refreshment and enhancement of employees' knowledge and skill sets.
2. Developing employees for promotion and career growth.
3. Preparing staff for the responsibilities of the higher level job.
4. Equipping employees with versatility to adapt to technological changes.

Another area of concern for Human Resources and employee development in 2015 was performance management. In order to sustain ANGLEC as a high performance organization, it is essential that each employee is fully engaged and that ANGLEC leverages the talents and capabilities of every member of the ANGLEC team. As such, it is important that ANGLEC develops and deploys an effective performance measurement and performance management system. Such systems monitor and manage employee performance, to ensure the sustainability of company precision. To achieve these goals ANGLEC developed and conducted a successful employee performance workshop. A competency based framework in the performance management system was developed in 2015. This system will be embedded into the various human resource functions including recruitment, classification, development and evaluation.

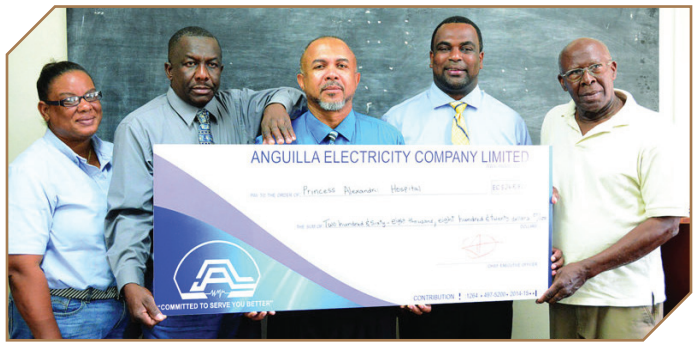
Strategic planning for future employment needs continues in HR as well as efforts to maximize the current employee effectiveness and productivity. Concentration was placed on the Transmission and Distribution Department. A future job competency model was created and profiles for all job classifications and positions within the department was built this year. This will assist in informing the promotional process as well as future development in this area.

In an effort to expand HR communication initiatives in 2015, ANGLEC employed the use of focus groups. The mechanism successfully disseminated information, gathered additional insights and recommendations for improvement on concentration areas within our organization.

Consistently rewarding employees for exceptional performance continued this year with ANGLEC's Employee of the Quarter Program as well as the appointment of company Ambassadors, i.e. employees who positively contribute to community building. Both groups of awardees were honored at a recognition ceremony.

The intentional convergence of efforts to develop and benefit our most critical asset and resource, our people, continues to result in organizational excellence.

DEVELOPING OUR COMMUNITY



At ANGLEC, we consider our contribution to the greater Anguilla community a vital part of our corporate responsibility. In 2015 ANGLEC's notable contributions and initiatives provided many opportunities to community members through charitable donations, advantageous programs and annual events in education, sports, arts, health and agriculture.

LIGHTING THE WAY IN EDUCATION

Annually, ANGLEC sponsors the Horizons Scholarship which is open to all public primary school students in Anguilla in grades 2 through 6. The ANGLEC sponsored scholarship is designed to support exemplary students and parents in need of financial assistance. In total, thirty Scholarships are awarded island-wide. The scholarship provides awardees with the necessary textbooks, uniforms, as well as other consumables to include stationary material, socks and shoes. In accordance with ANGLEC's commitment to the developing Anguilla's youth through education, it also sponsored the 2015 National Primary School Awards. This year's contributions to education also included donating gift bags to graduates of public pre-schools and monetary donation to the Anguilla Children's Library.

In addition to supporting traditional education, ANGLEC also took time to support the community's need for evolving after-school initiatives through charitable donation to the H.O.P.E Group, a volunteer based learning center in East End.

POWERING ATHLETICISM

The Primary School Netball Tournament continues to be the flagship program in sports for ANGLEC. However, charitable donations were not limited to the aforementioned event. This year ANGLEC also extended charitable contributions to the Police Sport Fund.

CONNECTING THROUGH ART AND CULTURE

Art is an essential element within Anguilla's cultural landscape. For this reason, ANGLEC has taken an active role in supporting existing artistic endeavors within our community. With Anguilla's Summer Festival being a premier cultural event, it is with great pride that ANGLEC has served as the platinum sponsor of the festival's Calypso Show for the fourth consecutive year. Having the opportunity to continue facilitating the rich musical past, present and future in Anguilla was definitely a highlight within the 2015 fiscal year. Other charitable artistic contributions were made in 2015 including a contribution to the annual Anguilla Literary Festival.

STAYING CURRENT IN HEALTHCARE

Keeping up with the changes in healthcare and the evolving needs of Anguilla's people was a priority for ANGLEC in 2015. A current and growing issue of health for men around the world is prostate cancer. In recognition of this growing threat, ANGLEC sponsored the testing and diagnosis of over 50 men in our community during the annual prostate cancer campaign. The campaign focused on preventative measures as well as the importance of raising general awareness of the cancer in men. Our second health initiative was in the form of a generous monetary donation to the Health Authority of Anguilla to assist in securing a CT scan machine. We anticipate that the new machine will help provide improved public health services and preventative care at the hospital.

The accessibility of food is a vital part of the overall health of Anguillans which is why ANGLEC counts it an honor to have also worked with AXA Cares Food Bank in 2015.

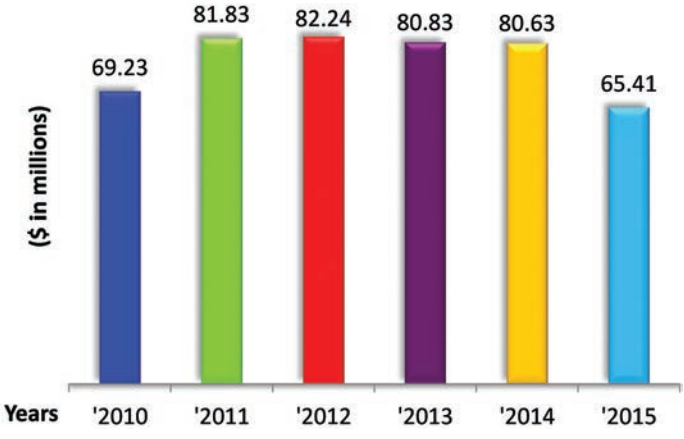
GROWING WITH THE COMMUNITY

Another noteworthy community initiative was our partnership with the Government of Anguilla's Department of Agriculture and our local farmers. As part of this program, ANGLEC provided several tons of nutrient rich mulch gathered during it extensive tree cutting campaigns carried out throughout the year facilitated by the newly acquired tree trimming truck and mulcher. This eco-friendly measure will ultimately provide over fifty tons of nutrient rich mulch each year.

Other 2015 charitable endeavors included contributions to the Anguilla Fire and Rescue.

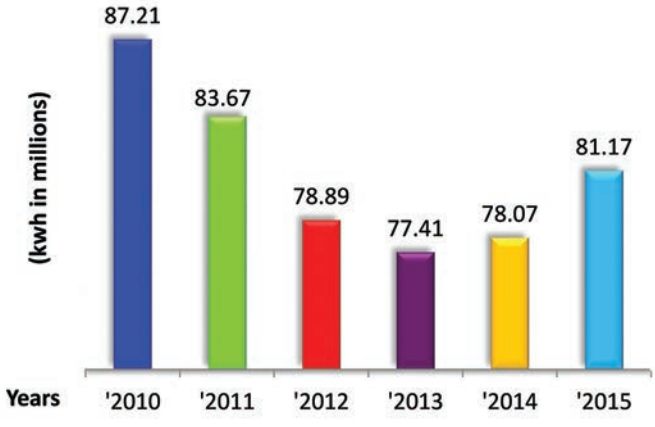
The efforts undertaken by the Company during 2015 was done through the hard work, dedication and commitment of many ANGLEC employees. We commend all those participating in the growth and development of our Company and the continued strengthening of our communities. With the many successes behind us, we look forward to a strong and successful 2016 and beyond.

Operating Highlights



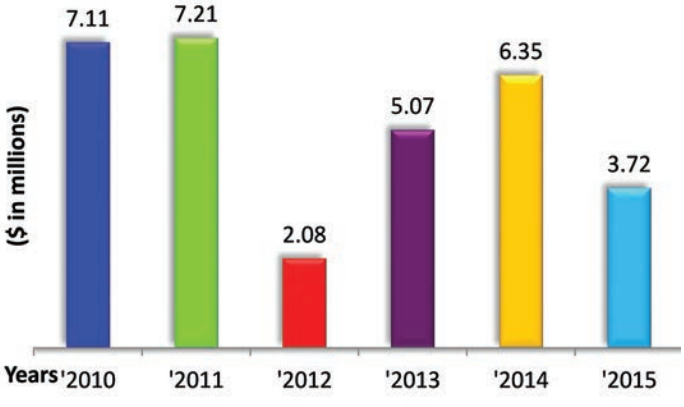
GROSS REVENUE (FROM 2010 TO 2015)

Gross revenues decreased from EC$80.63 million in 2014 to EC$65.41 million in 2015, or by EC$15.22 million, or 19%. This decrease in gross revenue was due to year on year decreases in the fuel surcharge rates during 2015/2014 which amounted, in total, to EC$16.90 million. There was an increase in energy sales 2015/2014 of EC$1.68 million, or 4%.



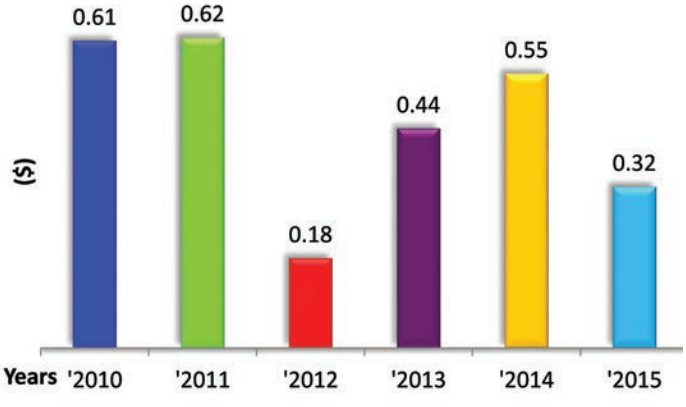
UNITS SOLD (FROM 2010 TO 2015)

We sold 3.1 million kWH units of electricity more in 2015 than in 2014, that is we sold 81.17 million kWH in 2015 as compared with 78.07 million kWH in 2014. This represented a 4% increase 2015/2014. We recorded year on year increases in every month except for the months of January 15, May 15 and September 15.



NET INCOME (FROM 2010 TO 2015)

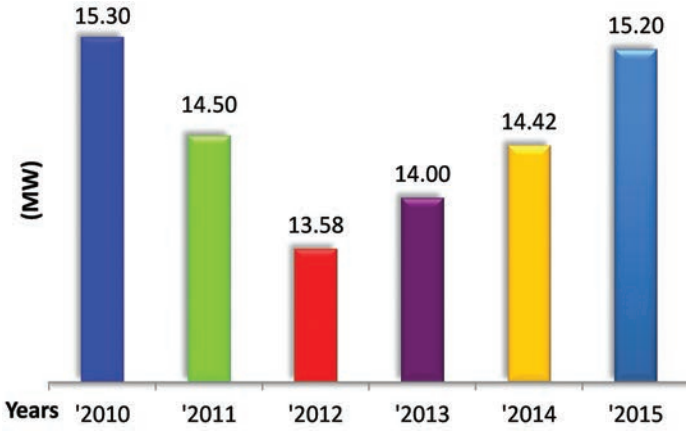
Net income for 2015 was reported at EC$3.72 million as opposed to EC$6.35 million in 2014, this represented a drop of EC$2.63 million, or 41%. This reduction in Net Income was due to the finalization of two (2) legal matters which were settled by the Board of Directors. These settlements totaled EC$3.34 million.



EARNINGS PER SHARE (FROM 2010 TO 2015)

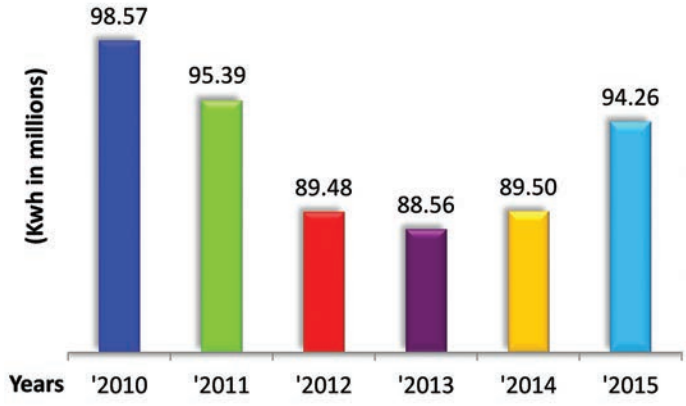
Earnings per share decreased from EC$0.55 in 2014 to EC$ 0.32 in 2015, a reduction of EC$0.23 per share, or a 41% decrease.

Operating Highlights *(continued)*



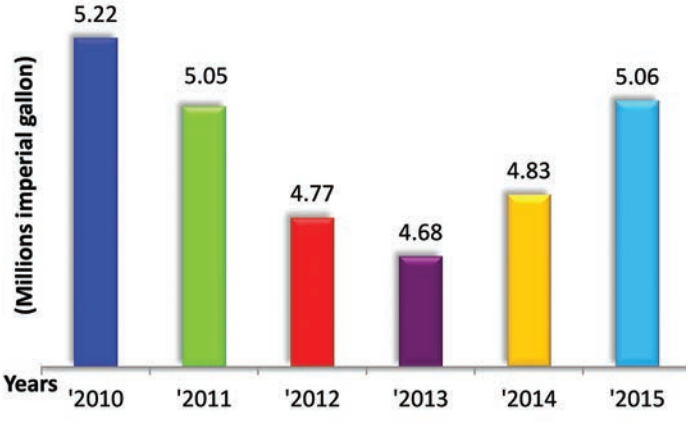
PEAK DEMAND (FROM 2010 TO 2015)

As usual peak demand occurred during the month of December. This has been traditionally the case as this coincides with the Christmas holidays with the resultant increased use of electricity. The peak demand increased from 2014 - 14.42 thousand kWH to the 2015 level of 15.20 thousand kWH, an increase of 780 kWH units, or 5%.



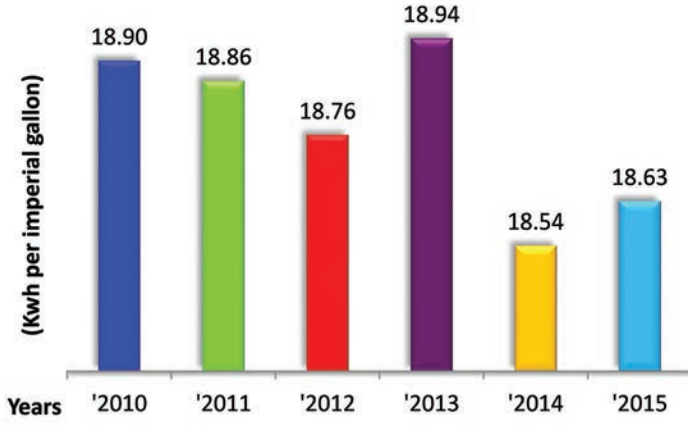
UNITS GENERATED (FROM 2010 TO 2015)

Units generated increased from 89.50 million kWH in 2014 to 94.26 million kWH in 2015, an increase of 4.76 million kWH, or 5%, over the period 2015/2014.



FUEL CONSUMED (FROM 2010 TO 2015)

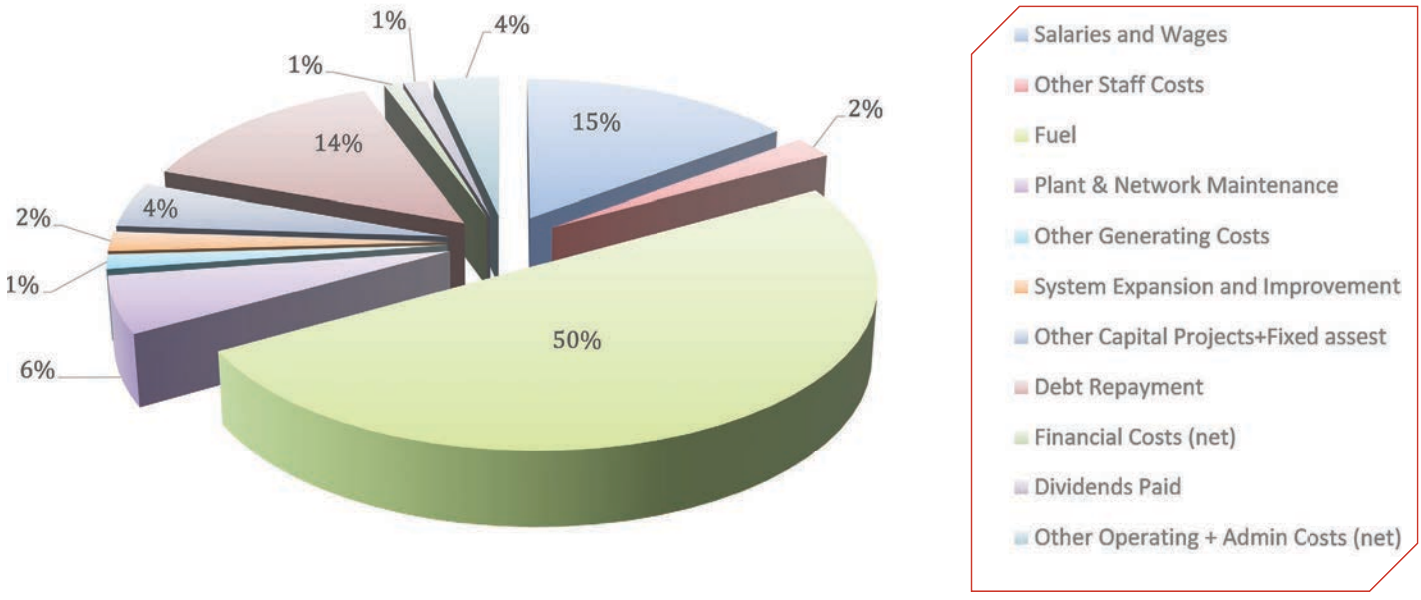
The total fuel consumed in electricity production was 5.06 million imperial gallons in 2015 as compared with 4.83 million imperial gallons in 2014. This represents an increase of 233 thousand imperial gallons or 5% 2015/2014. There is a direct correlation between total fuel consumed and the total kWH generated.



FUEL EFFICIENCY (FROM 2010 TO 2015)

The fuel efficiency increased imperceptibly from 18.54 kWH per imperial gallon in 2014 to 18.63 kWH per imperial gallon in 2015. This represents a slight increase of .09 kWH per imperial gallon difference.

2015 Expenditure
(PER KWH SOLD)



KWH Sold	**81,166,812 kWh**
Electricity Sales Earned	**$65,411,689**
Earnings Cents per kWh	**0.806**

Outflow	**Cash Outflow**	**Cents per kWh**
Salaries and Wages	**$ 9,756,403**	(12.0 cents)
Other Staff Costs	**$ 1,448,917**	(1.8 cents)
Fuel	**$ 32,968,591**	(40.6 cents)
Plant & Network Maintenance (net)	**$ 3,795,525**	(4.7 cents)
Other Generating Costs	**$ 977,113**	(1.2 cents)
System Expansion and Improvements	**$ 1,322,785**	(1.6 cents)
Other Capital Projects + Fixed assets	**$ 2,966,628**	(3.7 cents)
Debt Repayment	**$ 9,122,130**	(11.2 cents)
Financial Costs (net)	**$ 573,441**	(0.7 cents)
Dividends Paid	**$814,531**	(1.0 cents)
Other Operating + Admin Costs (net)	**$ 2,316,411**	(0.7 cents)
Total Cash Outflow	**$ 66,062,476**	**(81.4 cents)**

Financial Statements
31 December 2015
(Expressed in Eastern Caribbean Dollars)

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Independent Auditor's Report

To the Shareholders and Board of Directors of
Anguilla Electricity Company Limited
The Valley
Anguilla

Reference number: GB/PP/67.104.0/43075

Report on the financial statements

We have audited the accompanying financial statements 2015 of Anguilla Electricity Company Limited, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

PricewaterhouseCoopers St. Maarten, Emmaplein Building, P.O. Box 195, Philipsburg, St. Maarten
T: +(1-721) 542 2379, F: +(1-721) 542 4788, www.pwc.com/dutch-caribbean

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Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Anguilla Electricity Company Limited as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

St. Maarten, 20 September 2016
PricewaterhouseCoopers St. Maarten

Petra Pupping

ANGUILLA ELECTRICITY COMPANY LIMITED
Statement of Financial Position
As at 31 December 2015

Expressed in Eastern Caribbean Dollars (EC$)

	Notes	**2015**	2014
ASSETS			
Non-current Assets			
Property, plant and equipment – net	*6*	**63,878,993**	65,769,531
Investment in certificates of deposit maturing beyond one year	*7*	**-**	2,033,953
Net pension asset	*23*	**301,490**	509,656
Other assets		**11,492**	11,492
		64,191,975	68,324,632
Current Assets			
Investment in certificates of deposit maturing within one year	*7*	**4,206,642**	5,898,499
Inventories – net	*8*	**7,221,888**	6,013,238
Trade and other receivables – net	*9*	**12,586,176**	17,469,557
Prepayments and other current assets	*10*	**1,195,952**	452,305
Cash	*11*	**18,816,282**	13,600,545
		44,026,940	43,434,144
		108,218,915	111,758,776
STOCKHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	*12*	**14,536,147**	14,536,147
Retained earnings		**76,448,323**	73,773,253
		90,984,470	88,309,400
Long-term Liabilities			
Borrowings – net of current portion	*13*	**4,428,114**	5,455,195
Contributions in aid of construction	*14*	**3,494,294**	3,639,338
		7,922,408	9,094,533
Current Liabilities			
Borrowings - current portion	*13*	**1,027,994**	9,123,043
Customer deposits		**1,284,862**	1,370,334
Trade and other payables	*15*	**6,999,181**	3,861,466
		9,312,037	14,354,843
		108,218,915	111,758,776

These financial statements were approved on behalf of the Board of Directors on 14 September, 2016 by the following:

Mr. Harold Ruan, Chairman

Mr. James Richardson, Vice Chairman

The notes on pages 26 to 53 are integral part of the financial statements.

ANGUILLA ELECTRICITY COMPANY LIMITED
Statement of Comprehensive Income
For the Year Ended 31 December 2015

Expressed in Eastern Caribbean Dollars (EC$)

	Notes	**2015**	2014
Revenue			
Energy sales	*16*	**48,232,282**	46,550,564
Fuel surcharge recovered	*16*	**17,179,407**	34,080,953
		65,411,689	80,631,517
Cost of Operations			
Generation			
Fuel		**(18,419,587)**	(17,569,647)
Fuel surcharge	*16*	**(14,549,004)**	(31,974,982)
		(32,968,591)	(49,544,629)
Other expenses	*17*	**(9,816,254)**	(9,239,917)
Transmission and distribution expenses	*18*	**(7,976,285)**	(8,368,931)
		(50,761,130)	(67,153,477)
Gross Operating Income		**14,650,559**	13,478,040
Other income	*19*	**2,395,901**	4,063,299
Gross Income		**17,046,460**	17,541,339
Operating Expenses			
Administrative expenses	*20*	**(11,988,802)**	(9,430,147)
Customer services	*21*	**(760,847)**	(912,035)
Income from Operations		**4,296,811**	7,199,157
Other Expenses			
Finance cost		**(573,411)**	(853,889)
NET INCOME		**3,723,370**	6,345,268
Other comprehensive income			
Additional gain/(loss)_ net		**(233,769)**	301,947
TOTAL COMPREHENSIVE INCOME		**3,489,601**	6,647,215
Additional disclosures:			
Earnings per share	*24*	0.32	0.55
Dividends per share	*25*	0.08	0.07

The notes on pages 26 to 53 are integral part of the financial statements.

ANGUILLA ELECTRICITY COMPANY LIMITED
Statement of Changes in Shareholders' Equity
For the Year Ended 31 December 2015

Expressed in Eastern Caribbean Dollars (EC$)

	Notes	Share Capital	Retained Earnings	Total
Balance as at 31 December 2013		14,536,147	67,940,569	82,476,716
Net income for the year		-	6,345,268	6,345,268
Other comprehensive income – actuarial gain	*23*	-	301,947	301,947
Dividends paid		-	(814,531)	(814,531)
Balance as at 31 December 2014		14,536,147	73,773,253	88,309,400
Net income for the year		-	3,723,370	3,723,370
Other comprehensive income – actuarial gain	*23*	-	(233,769)	(233,769)
Dividends paid	*25*	-	(814,531)	(814,531)
Balance as at 31 December 2015		**14,536,147**	**76,448,323**	**90,984,470**

The notes on pages 26 to 53 are integral part of the financial statements.

ANGUILLA ELECTRICITY COMPANY LIMITED
Statement of Cash Flows
For the Year Ended 31 December 2015

Expressed in Eastern Caribbean Dollars (EC$)

	Notes	**2015**	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		**3,273,370**	6,345,268
Adjustments for:			
Depreciation	*6*	**5,949,510**	5,796,211
Interest expense		**344,933**	896,355
Impairment losses	*20*	**585,801**	1,627,357
Interest income	*19*	**(236,208)**	(422,535)
Gain on sale of property, plant and equipment	*19*	**(7,906)**	(38,810)
Provision for (reversal of) slow moving/obsolete inventories	*8*	**119,046**	(97,158)
Operating income before working capital changes		**10,478,546**	14,106,688
(Increase)/decrease in assets:			
Inventories	*8*	**(1,327,696)**	1,102,412
Trade and other receivables	*9*	**(4,297,580)**	471,627
Prepayments and other current assets	*10*	**(743,647)**	(232,192)
Net pension asset		**(25,602)**	(17,317)
Increase/(decrease) in liabilities:			
Customer deposits		**(85,472)**	(56,021)
Trade and other payables	*15*	**3,137,714**	(2,590,257)
Net cash provided by operating activities		**15,731,423**	12,784,940
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	*6*	**(4,289,413)**	(1,344,481)
Proceeds from disposal of property, plant, equipment		**238,347**	38,810
Decrease/ (increase) in investment in certificates of deposit	*8*	**3,725,810**	1,106,495
Interest received		**236,208**	422,534
Net cash provided by / (used in) investing activities		**(89,048)**	223,358
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	*13*	**(9,122,130)**	(6,156,393)
Interest paid		**(344,933)**	(896,355)
Dividends paid	*25*	**(814,531)**	(814,631)
Revenues from contributions in aid of construction	*14*	**(524,512)**	(541,529)
Increase in contributions in aid of construction	*14*	**379,468**	444,371
Net cash used in financing activities		**(10,426,638)**	(7,964,437)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5,215,737**	5,043,861
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	*11*	**13,600,545**	8,556,684
CASH AND CASH EQUIVALENTS AT END OF YEAR	*11*	**18,816,282**	13,600,545

The notes on pages 26 to 53 are integral part of the financial statements.

ANGUILLA ELECTRICITY COMPANY LIMITED
Notes to the Financial Statements
31 December 2015

Expressed in Eastern Caribbean Dollars (EC$)

1. Reporting entity

The Anguilla Electricity Company Limited (the Company) was incorporated in Anguilla on 11 January 1991 under the Companies Act, I.R.S.A c1 and is governed by the Electricity Act, 1991, as amended, and operates in The Valley, Anguilla. The Company has an exclusive public supplier's license to generate, transmit and distribute electricity on the island of Anguilla for a period of fifty years from 1 April 1991.
The Government of Anguilla controls 63% of the shares of the Company and is therefore its ultimate parent. The Government of Anguilla previously owned 40% of the Company and now in addition to this the other 23% that were owned by the indigenous banks, the National Bank of Anguilla Limited (12%), and Caribbean Commercial Bank (Anguilla) Limited (11%). These banks were amalgamated in 2016 and are owned by the Government of Anguilla.

The Company's registered office address is at Hannah-Waiver House, The Valley, Anguilla, B.W.I.

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were authorized for issue by the Board of Directors on 14 September, 2016.

(b) Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Eastern Caribbean Dollars (EC Dollars), which is the Company's functional and presentation currency. Except as otherwise indicated, financial information presented in EC Dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

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

- Note 3 (b) Valuation of financial instruments
- Note 3 (d) Impairment of assets
- Note 3 (g) Estimation of unbilled sales and fuel charges
- Note 3 (h) Measurement of defined benefit obligation
- Note 5 Determination of fair values

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently by the Company to all periods presented in these financial statements, unless otherwise stated.

(a) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of selfconstructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net in profit or loss.

ii. Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

iii. Depreciation

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	40 years
Plant and machinery	10 - 20 years
Furniture, fittings and equipment	5 years
Motor vehicles	3 - 5 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

iv. Capital work in progress

Capital work in progress, which represents property and equipment under construction, is stated at cost and depreciated only when the relevant assets are completed and put into operational use. Upon completion, these properties are reclassified to their relevant property and equipment account.

Expressed in Eastern Caribbean Dollars (EC$)

3. **Summary of significant accounting policies** *(continued)*

(b) **Financial instruments**

i. Non-derivative financial instruments

Non-derivative financial instruments comprise investment in certificates of deposit, trade and other receivables, cash and cash equivalents, borrowings, customer deposits and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Investment in certificates of deposit

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortized cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying securities as held-to-maturity for the current and the following two financial years.

Trade and other receivables

Trade and other receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognized in profit or loss. Trade receivables, being short-term, are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and other highly liquid financial assets with maturities of less than three months that are purposed to meet short-term cash commitments and are not subject to significant risk of change in value.

Borrowings

Borrowings are recognized initially at fair value, net of any transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortized cost.

Trade and other payables

Trade and other payables are stated at their cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Company.

Other

Other non-derivative financial instruments are measured at cost less any impairment losses.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3. **Summary of significant accounting policies** *(continued)*

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished (i.e. when the obligation is discharged or is cancelled or has expired).

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset.

(c) **Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. Allowance is made for obsolete and slow moving items.

(d) **Impairment**

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

ii. Non-financial assets

The carrying value of the Company's non-financial assets, other than inventories, 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit").

An impairment loss is recognized whenever the carrying amount of an asset or its cashgenerating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Expressed in Eastern Caribbean Dollars (EC$)

3. **Summary of significant accounting policies** *(continued)*

(e) **Contributions in aid of construction**

Contributions in aid of construction are amounts received from customers towards the cost of providing services. These amounts are amortized over the estimated service lives of the related assets over the same period. Contributions received in respect of unfinished construction are amortized once the assets are placed in service.

(f) **Share capital**

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity.

Treasury shares

When share capital recognized as equity is repurchased by the Company, the amount of the consideration paid, including directly attributable cost, is recognized as a deduction from equity.

Repurchased shares are classified as treasury shares and presented as a deduction from total shareholders' equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(g) **Revenue**

i. Sale of energy

Revenue from the sale of electricity is recognized in profit or loss based on consumption recorded by monthly meter readings, with due adjustment made for unread consumption at yearend by apportioning the consumption of the following month.

In addition to the normal tariff rates charged for energy sales, a fuel surcharge is calculated which is based on the difference between the cost of fuel used to generate energy sales in the current month and the average fuel price for the preceding 3 months. The surcharge is recovered by applying the month's surcharge rate to units billed in the following month for material changes in the surcharge rate.

ii. Late charges

A 2% late fee is charged on all customer trade receivable balances not paid by the 27th day after billing. The Company recognizes income from late charges when billed and is reported as other income (see Note 19) and trade receivables.

iii. Interest income

Interest income is recognized on a time-proportion basis using the effective interest method.

iv. Connection upgrades and other services

Revenue from connection upgrades and other services is recognized in the statement of comprehensive income when the service is rendered.

3. **Summary of significant accounting policies** *(continued)*

(h) **Employee benefits**

i. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. This plan is for all non-management employees and all management employees hired after 2005.

ii. Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company operates a defined benefit pension for senior management hired before 2005. The plan is a multi-employer scheme with five contributing employers. The other participating companies are Montserrat Electricity Services Ltd., St. Lucia Mortgage Finance Company Ltd., St. Lucia Electricity Services Limited and St. Vincent Electricity Services Ltd.

Multi-employer schemes pool the assets contributed by the various enterprises that are not under common control, and use the assets to provide benefits to employees of more than one enterprise on the basis that contributed and benefit levels are determined without regard to the identity of the enterprise that employs the employees concerned.

The Company's net obligation in respect of its defined benefit 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 its present value, and any unrecognized past service costs and the fair value of any plan assets are deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straightline basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

When the calculation results in a benefit to the Company, the recognized asset is limited to the net total of past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(i) **Finance cost**

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs. Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of the cost of the asset.

(j) **Earnings per share**

Earnings per share have been calculated by dividing the net profit for the year by the weighted average number of issued ordinary shares.

Expressed in Eastern Caribbean Dollars (EC$)

3. **Summary of significant accounting policies** *(continued)*

(k) **Dividends**
Dividends are recognized as a liability in the period in which they are sanctioned by the shareholders. Dividends per share have been calculated by dividing the dividend declared by the weighted average number of issued ordinary shares.

(l) **Foreign currency transactions**
Transactions in foreign currencies are translated to EC Dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to EC Dollars at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign exchange differences arising on conversion and translation are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to EC Dollars at the exchange rate at the date of the acquisition.

(m) **Provisions**
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability unless the probability of outflow of economic benefits is remote.

(n) **Contingencies**
Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

(o) **Events after the reporting date**
Post year-end events that provide additional information about the Company's position at the end of the reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

(p) **New standards, interpretations and amendments adopted in 2015**
There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2015 that would be expected to have a material impact on the Company.

(q) **New standards, amendments and interpretations not yet adopted**
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

3. **Summary of significant accounting policies** *(continued)*

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through 'Other comprehensive income (OCI)' and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is currently assessing IFRS 9's full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. **Financial risk management**

Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

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

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

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

4. **Financial risk management** *(continued)*

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's investment in certificates of deposit and trade and other receivables.

Investment in certificates of deposit
The Company limits its exposure to credit risk by only investing in fixed deposits with local banks. Management does not expect the related counterparty to fail to meet its obligations.

Trade and other receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry, has less influence on credit risk. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are collective losses based on number of days in receivable.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains a line of credit with a limit of EC$3.2 million with the National Bank of Anguilla Limited with an interest rate of 9.20% per annum.

Market risk
Currency risk
The Company's exposure to currency risk is minimal as the exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally fixed at EC$2.70 = US$1.00.

Interest rate risk
Differences in contractual repricing or maturity dates and changes in interest rates may expose the Company to interest rate risk. The Company's exposure and the interest rates on its financial liabilities are disclosed in Note 26 to the financial statements.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital.

The impact of the level of capital on shareholders' return is also recognized and the Company recognizes the need to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debt.

4. **Financial risk management** *(continued)*

The Company monitors capital on the basis of the following ratios:

	2015	2014
Total debt	**17,234,445**	23,449,376
Stockholders' equity	**90,984,470**	88,309,400
Debt-to-equity ratio (total debt / total equity)	**19%**	27%
Total debt	**17,234,445**	23,449,376
Total assets	**108,218,915**	111,758,776
Debt ratio (total debt / total assets)	**16%**	21%
Stockholders' equity	**90,984,470**	88,309,400
Total assets	**108,218,915**	111,758,776
Equity ratio (total shareholders' equity / total assets)	**84%**	79%

The improvements in all performance ratios are due to repayment of debts, lower operating expenses especially fuel and generation cost.

5. **Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

(a) **Held-to-maturity investment in certificates of deposit**
The fair value of held-to-maturity investment in certificates of deposit is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) **Trade and other receivables**
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(c) **Cash and cash equivalents**
The fair value of cash and cash equivalents approximates carrying value due to its short term nature.

(d) **Non-derivative financial liabilities**
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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6. Property, plant and equipment

	Land	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Capital work in progress	Total
Cost							
31 December 2013	914,738	14,559,134	109,799,001	3,449,091	3,947,489	927,312	133,596,765
Additions/(transfers)	-	59,133	833,258	351,593	80,537	19,960	1,344,481
Disposals	-	-	-	-	(279,933)	-	(279,933)
31 December 2014	914,738	14,618,267	110,632,259	3,800,684	3,748,093	947,272	134,661,313
Additions/(transfers)	-	0	1,322,785	265,202	733,915	1,967,511	4,289,413
Disposals	-	-	(306,826)	-	(90,056)	-	(396,882)
31 December 2015	**914,738**	**14,618,267**	**111,648,218**	**4,065,886**	**4,391,952**	**2,914,783**	**138,553,844**
Accumulated depreciation							
31 December 2013	-	4,372,868	52,908,687	2,725,683	3,368,266	-	63,375,504
Depreciation	-	364,055	5,023,119	206,959	202,078	-	5,796,211
Disposals	-	-	-	-	(279,933)	-	(279,933)
31 December 2014	-	4,736,923	57,931,806	2,932,642	3,290,411	-	68,891,782
Depreciation	-	366,183	5,125,192	227,619	230,516	-	5,949,510
Disposals	-	-	(5,114)	(71,272)	(90,055)	-	(166,441)
31 December 2015	**-**	**5,103,106**	**63,051,884**	**3,088,989**	**3,430,872**	**-**	**74,674,851**
Net book values							
31 December 2015	**914,738**	**9,515,161**	**48,596,334**	**976,897**	**961,080**	**2,914,783**	**63,878,993**
31 December 2014	914,738	9,881,344	52,700,453	868,042	457,682	947,272	65,769,531

The Company is exposed to insurance risk on its transmission and distribution assets. These assets were not covered by external insurance. To manage this risk, the Company has established a "Self-insurance fund" (see Notes 7 and 29) and will continue to set aside funds on an annual basis to increase the funds and mitigate the risk of damage from catastrophic events. At present, the fund balance may not be adequate to cover for possible catastrophic occurrence. To further mitigate the risk, the Company continues to upgrade the transmission and distribution system to withstand higher categories of wind velocities.

Certain items of Property, plant and equipment was used to secure the loan from Caribbean Development Bank (See Note 13.1).

7. Investment in certificates of deposit (COD)

The Company's investment in securities comprises of certificate of deposits with the Caribbean Commercial Bank Anguilla Ltd. and Scotia Bank Anguilla Limited maturing within one year and beyond one year. Interest earned on the investments range from 0.25 % to 3.425 % (2014: 1.625 % to 5.0 %) per annum. All these EC$ deposits held are restricted for the self-insurance of the Company's transmission and distribution system.

7. Investment in certificates of deposit (COD) *(continued)*

	Notes	2015 Within one year	2015 Beyond one year	2014 Within one year	2014 Beyond one year
Caribbean Commercial Bank Anguilla Ltd		**2,583,780**	-	2,030,516	2,033,953
Scotia Bank Anguilla Limited		**1,622,862**	-	-	-
National Bank of Anguilla Limited		-	-	3,867,983	-
	29	**4,206,642**	-	5,898,499	2,033,953

8. Inventories

	2015	2014
Generation parts and fuel	**4,129,305**	3,140,147
Transmission and distributions parts	**3,301,591**	2,987,473
Administration supplies	**205,433**	181,013
	7,636,329	6,308,633
Less: Allowance for slow-moving and obsolete inventories	**(414,441)**	(295,395)
	7,221,888	6,013,238

The movements of provision for slow-moving and obsolete inventories are as follows:

	2015	2014
Balance at beginning of year	**295,395**	392,553
Additional/(reversal of) provision during the year	**119,046**	(97,158)
Balance at end of year	**414,441**	295,395

9. Trade and other receivables

	Notes	2015	2014
Trade receivables	*26*	**9,440,932**	13,150,741
Customer receivable under deferred payment plan		**5,691,742**	8,415,985
Other		**150,633**	149,494
Accrued interest receivable		**84,619**	180,457
		15,367,926	21,896,677
Less: Allowance for doubtful accounts	*26*	**(2,781,750)**	(4,427,120)
		12,586,176	17,469,557

Expressed in Eastern Caribbean Dollars (EC$)

9. Trade and other receivables *(continued)*

The Company has a significant trade receivables balance that is required to be subjected to specific and/or collective impairment testing whenever there is objective evidence of impairment (see Note 26). The Company also offers deferred payment plans to customers with financial difficulties in settling their outstanding obligations. The plan is offered to customers interest free or with a low penalty rate and normally last for a maximum of twelve months.

As at year-end, the Government of Anguilla owes the Company an amount of EC$7,011,579 most of which was over 120 days in arrears. The settlement agreement, in place since 24 June 2014, with the approval of the Executive Council of Anguilla is still in effect.

During the year, the Company provided credit loss amounting to EC$585,801, less other adjustments of EC$2,231,171, bringing the allowance for doubtful accounts from EC$4,427,120 in 2014 to EC$2,781,750 as at year-end.

10. Prepayments and other current assets

	2015	2014
Advance deposits	**975,985**	276,429
Prepaid insurance	**146,308**	144,805
Other	**73,659**	31,071
	1,195,952	452,305

11. Cash

	Note	**2015**	2014
Cash in banks		**18,814,032**	13,598,695
Cash on hand		**2,250**	1,850
		18,816,282	13,600,545
Total cash in the statement of cash flows	*26*	**18,816,282**	13,600,545

12. Share capital

	2015	2014
Authorized:	**30,000,000**	30,000,000
Issued and fully paid:		
17,036,147 ordinary shares at XCD $1.00 per share	**17,036,147**	17,036,147
Less: Treasury shares		
5,400,000 ordinary shares at no par value	**(5,400,000)**	(5,400,000)
	11,636,147	11,636,147
Add: Discount on treasury stock	**2,900,000**	2,900,000
	14,536,147	14,536,147

12. Share capital *(continued)*

	2015	2014
The current percentage of ownership is:		
Government of Anguilla	**40%**	40%
Anguilla Social Security Board	**16%**	16%
National Bank of Anguilla Limited	**12%**	12%
Caribbean Commercial Bank (Anguilla) Limited	**11%**	11%
General Public	**21%**	21%
	100%	100%

On 1 September 2003, the Government of Anguilla sold 6,600,000 ordinary shares of the Company in an Initial Public Offering at EC$2.50 per share.

The members of the Board of Directors representing the Anguilla Social Security Board are appointed by the Government of Anguilla.

All classes of shares have been converted to one class of ordinary shares effective 3 June 2003. All shares are voting shares and carry equal rights. To date, the shares of the Company are not listed on any stock exchange.

The National Bank of Anguilla Limited (NBA) and the Caribbean Commercial Bank (Anguilla) Limited (CCB) were dissolved on April 25, 2016. A single Government-owned National Commercial Bank of Anguilla (NCBA) was established on April 25, 2016 and assumed full interest in all shares held by the dissolved institutions. As of this date, the current percentage of ownership of NCBA in The Anguilla Electricity Company Limited was 23% i.e. the original NBA holding of 12% and that of CCB of 11%.

13. Borrowings

	Notes	**2015**	2014
Caribbean Development Bank	*13.1*	**5,456,108**	6,820,152
Scotia bank Anguilla Limited - Facility B	*13.2*	**-**	6,923,277
Scotia bank Anguilla Limited - Facility A	*13.3*	**-**	834,809
		5,456,108	14,578,238
Less: Current portion		**(1,027,994)**	(9,123,043)
		4,428,114	5,455,195

13.1 This loan (03/ORANL) was made to the Company by Caribbean Development Bank in 2005 to finance the purchase of two generators. The total amount disbursed was US$6,089,000 (EC$16,368,450). This loan is payable in forty-eight (48) equal and consecutive quarterly installments of US$126,855 (EC$341,012) with a variable interest rate currently at 3.43% (2014: 3.95%) per annum that commenced in January 2008. This loan will mature in October 2019. This loan is secured by a pari passu legal charge along with Scotia bank Anguilla Limited over the Company's property, plant and equipment as well as the freehold property of the Company. This loan is also guaranteed by the Government of Anguilla. As at 31 December 2015, the current and noncurrent portion of this loan is EC$1,027,994 and EC$4,428,114 (2014: EC$ 1,364,957 and EC$ 5,455,195), respectively.

Expressed in Eastern Caribbean Dollars (EC$)

13. Borrowings *(continued)*

13.2 This loan was made to the Company by Scotia Bank Anguilla Limited on 22 July 2010 to refinance the borrowings from National Bank of Anguilla, Ltd. and Caribbean Commercial Bank (Anguilla) Limited and to finance the power station fire-fighting project. The loan was fully paid off on 27 July, 2015.

13.3 This loan was made to the Company by Scotia Bank Anguilla Limited on 22 July 2010 to refinance the borrowings from National Bank of Anguilla, Ltd. and Caribbean Commercial Bank (Anguilla) Limited and to finance the power station fire-fighting project. The loan was fully paid off on 18 June, 2015.

Total interest expense incurred on the aforementioned borrowings included in "Finance cost" in profit or loss follows:

	2015	2014
Caribbean Development Bank (03/OR-ANL)	**205,990**	295,358
Scotia bank Anguilla Limited - Facility B	**133,794**	531,946
Scotia bank Anguilla Limited - Facility A	**5,149**	58,354
Caribbean Development Bank (02/OR-ANL)	**-**	10,697
	344,933	896,355

14. Contributions in aid of construction

	Note	**2015**	2014
Balance at beginning of year		**3,639,338**	3,736,496
Contributions during the year		**379,468**	444,371
Amount charged to profit or loss	*19*	**(524,512)**	(541,529)
Balance at end of the year		**3,494,294**	3,639,338

15. Trade and other payables

	Note	**2015**	2014
Accrued expenses		**3,947,330**	721,174
Trade payables		**2,519,174**	2,432,840
Environmental Levy payable	27	**316,679**	400,943
Other payables		**169,211**	225,606
Accrued interest payable		**46,787**	80,903
		6,999,181	3,861,466

Expressed in Eastern Caribbean Dollars (EC$)

16. Energy sales

	2015	2014
Amounts billed during the year	**48,303,792**	46,705,367
Less: Unbilled revenue at beginning of the year	**(2,558,834)**	(2,713,637)
	45,744,958	43,991,730
Add: Unbilled revenue at end of the year	**2,487,324**	2,558,834
	48,232,282	46,550,564

Based on the Electricity Regulations, tariffs shall be subject to a surcharge of EC$0.01 per unit for every EC$0.10 per gallon increase in the price of fuel oil over EC$3.64 per gallon. The surcharge was fixed at EC$0.45 per kwh since 15 May 2011 when it increased from EC$0.34 kwh. On 1 November 2014 the surcharge was reduced again to EC$ 0.35 and was further reduced to EC$0.22 on 15 January 2015. A further reduction saw the rate reduced on the 21st September, 2015 to EC$0.15. This was the rate at the end of the financial year.

The Company incurred total fuel surcharge expenses of EC$14,549,004 (2014: EC$ 31,974,982) of which it recovered EC$17,179,407 (2014: EC$ 34,080,953).

17. Generation – other expenses

	Notes	2015	2014
Depreciation	*6*	**3,197,628**	3,185,402
Staff costs	*22*	**2,928,675**	2,790,295
Repairs and maintenance		**2,712,838**	2,299,829
Insurance		**873,203**	860,881
Supplies and other expenses		**103,910**	103,510
		9,816,254	9,239,917

18. Transmission and distribution expenses

	Notes	2015	2014
Staff costs	*22*	**3,942,312**	3,701,944
Depreciation	*6*	**2,113,867**	2,039,795
Repairs and maintenance		**1,082,687**	1,136,620
Supplies and other expenses		**584,429**	395,498
Insurance		**252,990**	237,397
Hurricane expenses		**-**	857,677
		7,976,285	8,368,931

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19. Other income

	Note	**2015**	2014
Late charges		**889,648**	2,451,789
Revenue from contributions in aid of construction	*14*	**524,512**	541,529
Connection upgrades and other services		**508,218**	298,074
Interest income		**236,208**	422,535
Reconnection fees		**152,350**	240,200
Relocation and rental of poles		**77,059**	70,362
Gain on sale of motor vehicles		**7,906**	38,810
		2,395,901	4,063,299

20. Administrative expenses

	Notes	**2015**	2014
Staff costs	22	**3,321,289**	2,866,640
Litigation settlement -Anguilla Development Corporation matter	32	**2,688,200**	-
Office expenses		**2,236,240**	2,604,784
General		**781,738**	595,548
Litigation settlement-employee matter	*32*	**650,000**	-
Depreciation	*6*	**593,802**	571,014
Impairment losses	*26*	**585,801**	1,627,357
Directors fees and expenses		**447,492**	433,730
Insurance		**198,364**	228,460
Consultancy fees		**172,384**	20,348
Audit fees		**156,050**	175,848
Legal fees		**135,016**	282,417
Public share issue fees and expenses		**22,426**	24,001
		11,988,802	9,430,147

21. Consumer services

	Note	**2015**	2014
Staff costs	*22*	**413,044**	447,323
Temporary and contract services		**152,653**	192,771
Vehicle repairs and maintenance		**113,292**	172,170
Other		**81,858**	99,771
		760,847	912,035

Expressed in Eastern Caribbean Dollars (EC$)

22. Staff costs

	Notes	**2015**	2014
Salaries, wages and other benefits		**9,156,403**	8,545,362
Training		**485,751**	302,504
Social security		**330,719**	318,223
Pension expenses defined contribution plan	*23*	**278,001**	287,175
Interim stabilization levy		**238,909**	236,664
Pension expenses defined benefit plan	*23*	**115,537**	116,274
		10,605,320	9,806,202

23. Pension expenses

The Company has two pension plans for its employees:

a. *Defined contribution plan*
The Company uses a defined contribution plan for its nonmanagement employees and all management employees hired after 2005. This plan is handled and administered by Zurich International. Total contributions made by the Company amounted to EC$278,001 and EC$287,175 in 2015 and 2014, respectively (see Note 22).

b. *Defined benefit plan*
For senior management hired before 2005, the Company has a defined benefit plan and contributes to the multiemployer plan named CDC Caribbean Pension Scheme which is administered by Sagicor Life Inc. This plan is closed to new participants.

The amounts recognized in the statement of financial position are as follows:

	2015	2014
Present value of obligations	**3,519,000**	3,242,509
Fair value of plan assets	**(3,820,490)**	(3,752,165)
Net pension asset	**(301,490)**	(509,656)

The movements in the present value of obligation for the defined benefit plan are shown below:

	2015	2014
Present value of obligation at beginning of year	**3,242,509**	3,214,735
Interest cost	**251,048**	232,594
Current service cost	**122,759**	125,490
Benefits Paid	**(35,939)**	(34,893)
Actuarial gain on obligation	**(61,377)**	(295,417)
Present value of obligation at end of year	**3,519,000**	3,242,509

Expressed in Eastern Caribbean Dollars (EC$)

23. **Pension expenses** *(continued)*

The movements in the fair value of plan assets for the defined benefit plan are shown below:

	2015	2014
Fair value of plan assets at beginning of year	**3,752,165**	3,405,127
Expected return on plan assets	**284,379**	241,811
Contributions	**115,033**	133,590
Benefits paid	**(35,939)**	(34,893)
Actuarial gain on plan assets	**(295,148)**	6,530
Fair value of plan assets at end of year	**3,820,490**	3,752,165

The plan assets as at the reporting date consist of the following:

	2015	2014
Equities	**30%**	30%
Other- Bonds and fixed income securities	**70%**	70%

Pension expense recognized in profit or loss is shown below:

	2015	2014
Current service cost	**122,759**	125,491
Interest cost	**251,048**	232,594
Expected return on plan assets	**(284,379)**	(241,811)
Pension expenses defined benefit plan	**89,428**	116,274

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate	**7.50%**	7.50%
Expected return on plan assets	**7.50%**	7.50%
Salary increase rates	**7.00%**	6.50%

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Increase/ (Decrease)
Discount rate – 1%	709,892
Discount rate + 1%	(551,178)
Salary increase – 0.5%	(72,743)
Salary increase +0.5%	82,447

Expressed in Eastern Caribbean Dollars (EC$)

23. Pension expenses *(continued)*

The historical information of the amounts as at reporting date is as follows:

	2015	2014
Present value of obligation	**3,519,000**	3,242,509
Fair value of plan assets	**(3,820,490)**	(3,752,165)
Deficit/(Surplus)	**(301,490)**	(509,656)
Experience adjustments arising from plan liabilities	**61,377**	295,417
Experience adjustments arising from plan assets	**(295,148)**	6,530

The actuarial (gain) loss recognized in the other comprehensive income is as follows:

	2015	2014
Gain from experience	**(61,377)**	(295,417)
Expected return on plan assets	**284,379**	241,811
Actual return on plan assets	**10,767**	(248,341)
(Gain)/Loss from experience	**233,769**	(301,947)

The Company expects to pay EC$134,175 plus the increase in salary for these employees which is of yet been determined (2014: EC$134,175) in contributions to the defined benefit plan in 2016.

24. Earnings per share

The calculations of basic earnings per share as at 31 December 2015 and 2014 were based on the net income for the year and the total number of capital shares issued and outstanding as at reporting date calculated as follows:

	2015	2014
Net income for the year	**3,723,370**	6,345,268
Total number of shares issued at end of year	**11,636,147**	11,636,147
Earnings per share	**0.32**	0.55

25. Dividends

Dividends of EC$0.08 per share were declared by the Board of Directors on 18 July, 2016 but not yet sanctioned by the shareholders. The Board of Directors recommended and the shareholders' sanctioned to pay a dividend of $0.07 per share for the year ended 31 December 2014.

	2015	2014
Retained earnings	**76,448,323**	73,773,253
Appropriated for dividends declared to be sanctioned by shareholders	**(930,892)**	(814,531)
Retained earnings un-appropriated	**75,517,431**	72,958,722

Expressed in Eastern Caribbean Dollars (EC$)

26. Financial instruments

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Notes	**2015**	2014
Investment in certificates of deposit (C.O.D)	*7*	**4,206,642**	7,932,452
Trade and other receivables – net	*9*	**12,586,176**	17,469,557
Cash	*11*	**18,816,282**	13,600,545
		35,609,100	39,002,554

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer is presented below:

	Note	**2015**	2014
Government		**7,011,579**	9,054,731
Hospitality		**4,815,456**	5,585,956
Residential		**1,794,604**	3,309,359
Commercial		**1,643,438**	3,516,538
Other		**102,849**	430,093
	9	**15,367,926**	21,896,677

The credit quality of financial assets that are neither past due nor impaired are as follows:

	Note	**2015**	2014
Unimpaired trade receivables			
Group 1 - Customers with no defaults		**6,927,314**	8,881,327
Group 2 - Customers with some defaults, but full recovery		**368,159**	472,007
Group 3 - Customers with some defaults, partial recovery		**973,190**	1,247,703
Total unimpaired trade receivables	*9*	**8,268,663**	10,601,037

	Notes	**2015**	2014
Cash and investments			
Cash	*11*	**18,816,282**	13,600,545
Investments in certificates of deposit	*7*	**4,206,642**	7,932,452
		23,022,924	21,532,997

Expressed in Eastern Caribbean Dollars (EC$)

26. **Financial instruments** *(continued)*

Cash comprise cash on hand and cash in banks and carry little or no financial risk. The Company's investments are comprised of certificate of deposits with the Caribbean Commercial Bank Anguilla, Ltd. and Scotia Bank (Anguilla) Limited. As there are no available independent ratings for these financial assets, the Company was unable to determine the credit quality of these financial assets.

On 12 August 2013, the Eastern Caribbean Central Bank (ECCB) assumed exclusive control of the Caribbean Commercial Bank (Anguilla) Ltd (CCB) and the National Bank of Anguilla (NBA) and placed both institutions into conservatorship under the powers given to it by the Banking Act. The announcement from the Eastern Caribbean Central Bank (ECCB) indicated that the intention was to stabilize and restructure both financial institutions and return them to a state of normalcy, as well as to protect depositors and creditors. This was also done to ensure stability of the banking system in the entire Eastern Caribbean Currency Union.

The Government of Anguilla created the single Government-owned National Commercial Bank of Anguilla (NCBA) which assumed operations on Monday, 25 April, 2016. This new bank replaced the now defunct Caribbean Commercial Bank (Anguilla) Ltd and the National Bank of Anguilla Ltd. This entity evolved from the transferring of the performing loans matched by an equivalent level of deposits of the two prior institutions. Alternatively, the non-performing loans were put into another new financial institution, the Eastern Caribbean Asset Management Corporation.

Impairment losses
The Company has a significant trade receivables balance that is required to be subjected to specific and/or collective impairment testing whenever there is objective evidence of impairment.

The Company recognized allowance for doubtful accounts as follows:

(i) Inactive accounts - 100% provisions (2014: 100%)

(ii) Government accounts - 10% to 100% provisions (2014: 2% to 100%)

(iii) Accounts with payment agreements – 10% to 50% provisions (2014: 5% to 100%)

(iv) General accounts – 15% to 75% provisions (2014: 10% to 30%)

Based on the aging report as of 31 December 2015, the past due trade and other receivables were provided for as follows:

	2015		2014	
	Gross	**Impairment**	Gross	Impairment
Current	**8,268,663**	**856,794**	10,216,722	86,663
Past due 30-60	**467,918**	**159,303**	714,267	131,176
Past due 60-90	**259,802**	**134,183**	181,429	65,310
Over 90	**6,371,543**	**1,631,470**	10,784,259	4,143,971
Total	**15,367,926**	**2,781,750**	21,896,677	4,427,120

Expressed in Eastern Caribbean Dollars (EC$)

26. Financial instruments *(continued)*

The movement in the allowance for doubtful accounts in respect of trade receivables during the year are as follows:

	Notes	**2015**	2014
Balance at beginning of year		**4,427,120**	6,609,264
Additional credit losses	*20*	**585,801**	1,627,357
Write-off		**(2,231,171)**	(3,809,501)
Balance at end of year	*9*	**2,781,750**	4,427,120

Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments:

	Carrying amount	Contractual cash flows	Under 1 year	12 years	25 years	More than 5 years
31 December 2015						
Borrowings	**5,456,108**	**5,559,921**	**1,547,308**	**2,774,530**	**1,238,083**	-
Customer deposits	**1,284,862**	**1,284,862**	**1,284,862**	-	-	-
Trade and other payables	**3,660,981**	**3,660,981**	**3,660,981**	-	-	-
	10,401,951	**10,505,764**	**6,493,151**	**2,774,530**	**1,238,083**	-
31 December 2014						
Borrowings	14,578,238	15,950,900	9,431,942	4,893,371	1,625,587	-
Customer deposits	1,370,334	1,370,334	1,370,334	-	-	-
Trade and other payables	3,861,466	3,861,466	3,861,466	-	-	-
	19,810,038	21,182,700	14,663,742	4,893,371	1,625,587	-

Interest rate risk

	2015		2014	
	Interest rate	**Carrying amount**	Interest rate	Carrying amount
Investments in C.O.D	**0.25%-3.425%**	**4,206,642**	1.625%-5.00%	7,932,452
Borrowings	**3.43%**	**5,456,108**	3.20%5.75%	14,578,238

Cash flow and fair value interest rate risk

Cash flow interest rate risk arises from borrowings with variable interest rate. The Company has borrowings carrying interest rates based on LIBOR. The cash flow interest rate risk sensitivity is shown below in case there is a 10% increase/decrease in interest rate.

Expressed in Eastern Caribbean Dollars (EC$)

26. Financial instruments *(continued)*

	2015			2014		
	At average rate for the year	**+10% Increase**	**-10% Decrease**	At average rate for the year	+10% Increase	-10% Decrease
Scotia bank - Facility B	-	-	-	514,110	515,988	478,436
Scotia bank - Facility A	-	-	-	52,787	53,032	47,768
	-	-	-	566,897	569,020	526,204

Price risk

Price risk is the possibility that equity prices will fluctuate affecting the fair value of equity investments. The Company is not exposed to price risk as it does not have equity investments as at the reporting date.

Fair values

The table below sets out fair values of the Company's financial assets and liabilities as at the reporting date.

	2015		2014	
	Carrying amount	**Fair values**	Carrying amount	Fair values
Investments in C.O.D	**4,206,642**	**4,276,224**	7,932,452	7,799,971
Trade and other receivables	**12,586,176**	**12,586,176**	17,469,557	17,469,557
Cash	**18,816,282**	**18,816,282**	13,600,545	13,600,545
	35,609,100	**35,678,682**	39,002,554	38,870,073
Borrowings	**5,456,108**	**5,456,108**	14,578,238	14,595,580
Customer deposits	**1,284,862**	**1,284,862**	1,370,334	1,370,334
Trade and other payables	**3,660,981**	**3,660,981**	3,861,466	3,861,466
	10,401,951	**10,401,951**	19,810,038	19,827,380

The determination of fair values is discussed in detail in Note 5 to the Financial Statements.

27. Related party transactions

Identification of related party

A party is related to the Company if:

(i) Directly or indirectly the party:
- Controls, is controlled by, or is under common control with the Company;
- Has an interest in the Company that gives it significant influence over the Company; or
- Has joint control over the Company.

Expressed in Eastern Caribbean Dollars (EC$)

27. **Related party transactions** *(continued)*

(ii) The party is a member of the key management personnel of the Company. These include the Chief Executive Officer, the Chief Financial Officer, the Systems Control Engineer and the Network Logistics Engineer.

(iii) The party is a close member of the family of any individual referred to in (i) or (ii)

(iv) The party is a postemployment benefit plan for the benefit of employees of the Company or any entity that is a related party of the Company.

Related party transactions and balances
The Company has entered into a number of transactions with related parties in the normal course of business as at 31 December 2015 and 2014. These transactions were conducted at market rates, or commercial terms and conditions.

	2015	2014
Short-term benefits to executive officers	**983,406**	768,306
Directors' fees and related activities	**447,492**	433,730
Pension expense defined contribution plan	**45,099**	44,167
Pension expense- defined benefit plan	**42,272**	48,614
	1,518,269	1,294,817

	2015	2014
Revenues from the Government of Anguilla	**8,353,440**	8,958,147
Amount paid to the Government of Anguilla for the Environmental levy	**4,224,029**	5,896,570
Credit loss on government accounts	**1,208,170**	1,248,400
Accrued vacation payable to key management personnel	**15,769**	24,925

The Company has entered into the following related party transactions:

a. The Government of Anguilla imposed an environmental levy of 7% of revenues, excluding Government's usage, on the Company effective 15 April 2010. The amount payable to the Government of Anguilla as of 31 December 2015 amounted to EC$316,679 (2014: EC$400,943).

b. Gross trade receivables from the Government of Anguilla are EC$7,011,579 (2014: EC$9,054,731).

c. License fees paid to the Government of Anguilla is EC$300,000 for 2015 (2014: EC$300,000).

d. Amounts paid to the Government of Anguilla for import duties and other fees and services is EC$5,630,523 (2014: EC$7,981,404).

e. Interim stabilization levy paid to the Government of Anguilla is EC$523,146 (2014: EC$468,553) of which EC$45,394 was outstanding at year end (2014: EC$64,288).

f. Dividends paid to the Government of Anguilla in 2015 EC$325,812 (2014: EC$325,812).

g. The Government of Anguilla has guaranteed the loans borrowed by the Company from Caribbean Development Bank (03/ORANL) (see Note 13).

27. Related party transactions *(continued)*

h. The Company pays social security contributions for its employees to Anguilla Social Security Board in compliance with the Anguilla Social Security Act. Total contributions incurred during the year amounted to EC$661,438 (2014: EC$629,723) of which EC$51,856 (2014: EC$57,917) was outstanding at 31 December 2015.

i. The Company has an overdraft facility with a limit of EC$3.2 million with the National Bank of Anguilla Limited with an interest rate of 9.2% per annum, which is currently in use.

28. Commitments

On 1 May 2013, the Company entered into a gas oil supply contract with Delta Petroleum Limited commencing on that day until 30 April 2016.

On 29 August 2013 the Company had entered into an agreement with Global Green Energy Ltd (GGE) based in St. Maarten, to produce 4MW of electricity from waste for a term of twenty (20) years (see Note 30). The agreement expired on the 31st December, 2015.

29. Self-insurance fund

The Company experienced difficulty in obtaining adequate and reasonably priced commercial insurance coverage primarily on the Transmission and Distribution assets in prior years. In line with this, the Board of Directors had therefore given approval in 2006 for the establishment of a Self-insurance fund to provide coverage for its assets in the event of natural disasters or similar catastrophic events. The relevant enabling legislative process was completed during 2006 and the Company set aside an amount of EC$685,714 in the same year. Consequently, the Company ceased commercial insurance cover of its Transmission and Distribution assets and will place an appropriate amount into the Fund on an annual basis.

The changes in the self-insurance fund balance are as follows:

	Note	**2015**	2014
Balance at beginning of year		**4,064,470**	5,247,130
Additional provisions for the year		**1,622,862**	1,018,548
Withdrawals for the year		**(1,480,690)**	(2,201,208)
Balance at end of year	7	**4,206,642**	4,064,470

This self-insurance fund is placed in a fixed deposit with a local bank (see Note 7).

Expressed in Eastern Caribbean Dollars (EC$)

30. Alternative energy resources

In an effort to diversify its energy generation portfolio, the Company had entered into an agreement with Global Green Energy Ltd (GGE) based in St. Maarten, to produce 4MW of electricity from waste for a term of twenty (20) years. This agreement expired on 31st December, 2015. Under the agreement, the Company had agreed to purchase 100% of energy produced by GGE and capped at 4MW on a take-or-pay model at a negotiated rate per kWh. In addition to the minimum standards for quality and consistent electricity production, the Company required GGE to adhere to certain environmental standards. The Company anticipated reduced cost of generation mostly through reduction in diesel fuel consumption and avoided certain capital investments. GGE had received approval from the Anguilla Executive Council and was working with the various Government departments to enable the plant construction and production. The Company anticipated receiving production from this plant in mid-year 2016.

The Company is currently in the process of building, in partnership with Uriel Renewables, Inc., a turn-key 1MW solar photovoltaic (PV) plant at a contract price of EC$ 7,472,118. This plant is being built in the vicinity of the Company's Corito diesel powered plant. The decision to invest in solar PV was driven by the significant decline in costs in recent years.

As a result, solar PV technology has become cost competitive with traditional production means. Although the return on investment is challenged due to the recent decline in diesel prices, the Company believes this is the ideal opportunity to pivot and develop alternative modes of production to improve energy security and reduce the country's dependence on fossil fuel.

31. Operating lease rent

On 6 November, 2009, the Company renewed its lease with the lessee for another two years with an option to renew for another year. Monthly rent is EC$8,500 commencing November 2009. The lease contract had not been renewed since. However, the Company is paying based on the old terms of the contract. Total rent expense in 2015 included in "Operating expenses Administrative expenses " in the Statement of Comprehensive Income is EC$102,000 (2014: EC$102,000). The lease agreement does not provide for any escalation of rent during the lease term. On 23 December 2013, the Company entered into a two-year lease agreement for additional office space. Monthly rent of EC$7,661 commenced December 2013. Total rent expense related to this lease in 2015 and included in "Operating expenses Administrative expenses " in the Statement of Comprehensive Income is EC$91,932 (2014: EC$91,932).

The future minimum lease expense from non-cancellable leases is as follows:

	2015	2014
Within one year	-	193,936
	-	193,936

32. Contingencies

Several employees were terminated in line with the Fair Labour Standards Act, R.S.A F15 7(1)(d) on 26 January 2011, 07 October 2013 and 10 January 2014. In response to the termination, the employees have taken the matter to Labour with the intent to establish a Tribunal concerning their dismissal. One of these matters was settled on the 25 June, 2016. This settlement charge was recorded in the financial statements for 2015, see Note 20. No decisions have been made to date on the other termination matters.

It was brought to the Company's attention during the 2014 financial year that the Water Corporation of Anguilla, a statutory body of the Government of Anguilla, was illegally obtaining electricity from ANGLEC for a period of about three (3) years. The Company's investigation confirmed the illegal connection. The matter was also brought to the attention of the Board of Directors of both ANGLEC and the Water Corporation as well as the Royal Anguilla Police Force. The Company has estimated the revenue loss of this situation to be approximately EC$3,510,657. The Company has not recognized this amount, pending negotiation and determination of the recoverable amount. There were no further developments between the Company and the Water Corporation of Anguilla regarding payments and settlement of this matter during 2015.

There was a claim from Anguilla Development Corporation against the Company for the disruption of service to their reverse osmosis plant. This claim was made in 2015. The Board of Directors settled this matter on the 18 July, 2016 for EC$ 2,688,200. This settlement charge was recorded in the financial statements, see Note 20.

Notes

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