ANGUILLA ELECTRICITY COMPANY LIMITED

Financial Statements
December 31, 2023
(Expressed in Eastern Caribbean Dollars)

CONTENTS

CORPORATE INFORMATION

REGISTERED OFFICE
Benjamine Company Services Limited
P. O. Box 801
Hannah-Waver House
The Valley,
Anguilla, B.W. I.

DIRECTORS
Current sitting Board – Appointed/Re-appointed April 24, 2025
David Carty, Chairman - (*re-appointed, sit*. October 27, 2022-April 12, 2023)
Ernest Banks, Vice Chairman
Patrick Mardenborough - (*re-appointed, sit*. August 18, 2022-April 23, 2023)
Stanley Reid
Sharon Hunte
Zuleka Fraser
Jennifer Crawford
O'Shari Tomlinson
Juan Richardson

Previous sitting board
Jibri Lewis Klaren, Chairman - *appointed September 17, 2021- resigned April 16, 2025*
Courtney Morton, Vice Chairman - *appointed April 12, 2023- resigned April 16, 2025*
Nigel Chinapoo - *appointed April 12, 2023 – removed April 24, 2025*
Alkins Rogers - *appointed April 12, 2023- resigned April 16, 2025*
Geraldine James - *appointed August 18, 2022 – resigned April 16, 2025*
Fiona Wilkinson - *appointed April 12, 2023 – resigned October 9, 2024*
Cassila Bernier - *appointed April 12, 2023 – resigned April 16, 2025*
Kristy Harrigan - *appointed April 12, 2023- resigned August 31, 2024*
Damian Hughes - *re-appointed July 18, 2024 – resigned September 30, 2024*
Jerome Roberts - *appointed October 27, 2022- April 12, 2023*
Derek Gumbs - *appointed September 17, 2021-April 12, 2023*
Donna Gumbs - *appointed September 17, 2021-April 12, 2023*
Cameron Lloyd - *appointed September 17, 2021-April 12, 2023*
Arthur Hodge - *appointed August 18, 2022-April 12, 2023*

SECRETARY
Keneisha Gumbs (acting) – *appointed* August 18, 2022-November 30, 2023
Kristy Harrigan Corporate Secretary (acting) - December 1, 2023
Ayana Tyrell – Company Secretary- May 17, 2024

BANKERS
National Commercial Bank of Anguilla Limited
P.O. Box 44
The Valley
Anguilla, B.W.I.

Republic Bank (Anguilla) Limited
Fairplay Complex
The Valley
Anguilla, B.W.I.

CORPORATE INFORMATION

SOLICITORS
Caribbean Juris Chambers
Hannah-Waver House
P.O. Box 328
The Valley
Anguilla, B.W.I.

Carlyle Rogers
201 The Rogers Office Building
P.O. Box 941
Edwin Wallace Rey Drive
George Hill
Anguilla, B.W.I.

Astaphan’s Chambers
The George Brooks House
P.O. Box 350
Rockfarm
Anguilla, B.W.I.

Livingston, Alexander & Levy
72 Harbour Street
P. O. Box 142
Kingston
Jamaica, W.I.

AUDITOR
BDO LLC
Chartered Accountants
Ilva Rosetta Building
Sachasses Road
Anguilla, B.W.I.

BDO Eastern Caribbean
Unit A3, The Sands Complex
Basseterre
St. Kitts, West Indies

BDO LLC/ Eastern Caribbean
Ilva Rosetta Building
Sachasses Road
The Valley AI2640
Anguilla, BWI

Tel: 264-497-5500
Fax: 264-497-3755
e-Mail: claudel.romney@bdoecc.com
Website: www.bdoecc.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Anguilla Electricity Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Anguilla Electricity Company Limited (the "Company"), which comprise:

- the statement of financial position as at December 31, 2023;
- the statement of comprehensive income, statement of changes in shareholders' equity, and statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Emphasis of Matters

We draw attention to Note 33 of the financial statements, which reflect pending legal matters of the Company. The outcome of these matters remains uncertain, and the company has not made any provision for the settlements or outcomes of these matters in the financial statements. Additionally, the Company does not have in place any indemnity or liability insurance to cover any costs or exposure for the matters noted above.

Report on the Audit of the Financial Statements *(continued)*

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

BDO LLC

Chartered Accountants
The Valley, Anguilla
June 20, 2025

ANGUILLA ELECTRICITY COMPANY LIMITED
Statement of Financial Position
As at December 31, 2023

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2023	2022 As restated (Note 33)
Assets			
Non-current assets			
Property, plant and equipment - net	7	**67,398,682**	67,872,115
Legal settlement - non-current	28	**7,945,188**	8,457,027
Right-of-use assets	31	**-**	174,767
Total non-current assets		**75,343,870**	76,503,909
Current assets			
Legal settlement - current	28	**780,027**	-
Prepayments and other current assets	10	**1,152,326**	1,056,738
Inventories - net	8	**13,024,212**	14,765,204
Trade and other receivables - net	9	**14,803,294**	13,974,052
Cash and cash equivalents	11	**25,807,482**	6,915,699
Total current assets		**55,567,341**	36,711,693
Total Assets		**130,911,211**	113,215,602
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	12	**14,536,147**	14,536,147
Retained earnings		**83,534,402**	56,862,915
Total shareholders' equity		**98,070,549**	71,399,062
Non-current liabilities			
Borrowings - net of current portion	13	**8,591,841**	9,372,917
Contributions in aid of construction	14	**4,017,127**	3,131,963
Deferred gain	28	**3,766,745**	3,498,557
Lease liability	31	**-**	183,462
Trade and other payables	15	**2,618,889**	2,731,933
Total non-current liabilities		**18,994,602**	18,918,832
Current liabilities			
Borrowings - current portion	13	**781,076**	2,890,930
Customers' deposits		**1,349,176**	1,964,721
Trade and other payables	15	**11,715,809**	18,042,057
Total current liabilities		**13,846,060**	22,897,708
Total Shareholders' Equity and Liabilities		**130,911,211**	113,215,602

These financial statements were approved on behalf of the Board of Directors on June 18, 2025 by the following:

Mr. David Carty
Chairman

Mr. Ernest Valentine Banks
Vice Chairman

The accompanying notes from pages 10 to 49 are an integral part of these financial statements.

ANGUILLA ELECTRICITY COMPANY LIMITED
Statement of Comprehensive Loss
For the Year Ended December 31, 2023

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2023	2022 *As restated (Note 33)*
Revenues			
Energy sales	16	**60,847,945**	54,618,750
Surcharge billed	16	**59,128,500**	44,857,941
		119,976,445	99,476,691
Cost of operations			
Generation			
Fuel		**(21,550,019)**	(20,500,097)
Fuel surcharge	16	**(37,302,365)**	(49,344,885)
		(58,852,384)	(69,844,982)
Generation - other expenses	17	**(13,558,149)**	(11,188,737)
		(72,410,534)	(81,033,719)
Transmission and distribution expenses	18	**(9,753,548)**	(9,246,813)
		(82,164,082)	(90,280,532)
Gross operating income/(loss)		**37,812,363**	9,196,159
Other income			
Grant income		-	-
Other income	19	**4,985,501**	2,832,320
		4,985,501	2,832,320
Gross income		**42,797,864**	12,028,479
Operating expenses			
Administrative expenses	20	**(14,271,453)**	(13,405,901)
Consumer services	21	**(643,000)**	(488,304)
		(14,914,753)	(13,894,205)
Profit/(loss) from operations		**27,883,111**	(1,865,726)
Other expenses			
Finance cost	24	**1,036,857)**	(847,214)
Right-of-use depreciation	31	**(174,767)**	(174,767)
Net profit/(loss)		**26,671,487**	(2,887,707)
Other comprehensive income		**-**	-
Total comprehensive profit/(loss)		**26,671,487**	(2,887,707)
Additional disclosures:			
Profit/(loss) earnings per share	25	**2.29**	(0.25)
Dividends per share	26	**-**	**-**

The accompanying notes from pages 10 to 49 are an integral part of these financial statements.

ANGUILLA ELECTRICITY COMPANY LIMITED
Statement of Changes in Shareholders' Equity
For the Year Ended December 31, 2023

(Expressed in Eastern Caribbean Dollars (EC$))

	Share capital	Retained earnings	Total
Balance as at 31 December 2021	14,536,147	59,750,622	74,286,769
Net loss for the year	-	(2,887,707)	(2,887,707)
Balance as at 31 December 2022	14,536,147	56,862,915	71,399,062
Net profit for the year	-	26,671,487	26,671,487
Balance as at 31 December 2023	**14,536,147**	**83,534,402**	**98,070,549**

The accompanying notes from pages 10 to 49 are an integral part of these financial statements.

ANGUILLA ELECTRICITY COMPANY LIMITED
Statement of Cash Flows
For the Year Ended December 31, 2023

(Expressed in Eastern Caribbean Dollars (EC$))

	Notes	2023	2022 *(As restated)*
Cash flows from operating activities			
Net loss		**26,671,487**	(2,887,707)
Adjustments for:			
Depreciation	*7*	**7,196,220**	7,302,903
Interest expense - borrowings	*13*	**561,665**	660,538
Increase in contributions in aid of construction	*14*	**(1,411,237)**	459,684
Receivable written off	*9*	**16,143**	25,564
Right-of-use amortization	*31*	**174,767**	174,767
Interest expense - finance lease	*31*	**10,089**	27,479
Revenue from contributions in aid of construction	*14*	**(526,073)**	(470,036)
Provision/(reversal) for inventory obsolescence	*8*	**-**	97,157
Provision/(reversal) of allowance for impairment loss	*9*	**2,130,194**	3,592,330
		37,645,729	8,982,679
(Increase)/decrease in:			
Inventories		**1,740,992**	(403,166)
Trade and other receivables		**(2,975,579)**	(7,011,167)
Prepayments and other current assets		**95,588**	(185,739)
Right of use leases		**-**	(349,534)
Increase/(decrease) in:			
Customer deposits		**615,546**	349,517
Lease liability		**183,462**	183,462
Trade and other payables		**6,439,292**	9,841,491
Net cash provided by operating activities		**29,077,254**	11,407,543
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	*7*	**(6,722,787)**	(2,380,758)
Proceeds from disposal of property and equipment		**-**	-
Interest received		**-**	-
Net cash used in investing activities		**(6,722,787)**	(2,380,758)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	*13*	**2,039,691**	(2,079,729)
Interest paid		**(571,754)**	(688,017)
Net cash provided by/(used in) financing activities		**2,611,445**	(2,767,746)
Net decrease in cash and cash equivalents		**19,743,022**	6,259,039
Cash and cash equivalents, beginning of year		**6,064,460**	(194,579)
Cash and cash equivalents, end of year - net of bank overdraft	***11***	**25,807,482**	6,064,460

The accompanying notes from pages 10 to 49 are an integral part of these financial statements.

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 Company's shares directly through its 40% shareholding and indirectly through the 23% shareholding in the Company by the Government-owned National Commercial Bank of Anguilla Limited.

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

2. Basis of preparation

a. Statement of compliance

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

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, all financial information presented in EC Dollars has been rounded to the nearest dollar.

d. Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs 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 recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 6 to the financial statements.

2. Basis of preparation *(continued)*

e. Changes in accounting policies and disclosures

(i) New standards, interpretations and amendments effective from 1 January 2023

The accounting policies adopted are consistent with those of the previous financial year except that the Company has adopted the following new and amended IFRS and IFRIC (International Financial Reporting Interpretations Committee) interpretations as of January 1, 2023:

- Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)
- *Property, Plant and Equipment proceeds before Intended Use (Amendments to IAS 16)*
- *Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IFRS 41)*
- *References to Conceptual Framework (Amendments to IFRS 3)*

Onerous Contracts-Cost of Fulfilling a Contract (Amendments to IAS 37)

IAS 37 defines an onerous contract as a contract in which the unavoidable cost (costs that the Company has committed to pursuant to the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments to IAS 37.68A clarify that the costs relating directly to the contract consist of both:

- The incremental costs of fulfilling that contract e.g., direct labour and material; and
- An allocation of other costs that relate directly to fulfilling contracts: e.g., Allocation of depreciation charge on property, plant and equipment used in fulfilling the contract.

Property, Plant and Equipment proceeds before Intended Use (Amendments to IAS 16)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced during the testing phase of a manufacturing facility after it is being constructed but before start of commercial production). The proceeds from selling such samples, together with the costs of producing them, are now recognized in profit or loss.

These amendments had no impact on the year-end financial statements of the Company, as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 & IFRS 41)

- IFRS 1: Subsidiary as a First-time Adopter (FTA)
- IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial liabilities
- IAS 41: Taxation in Fair Value Measurement

2. Basis of preparation *(continued)*

e. Changes in accounting policies and disclosures

(i) New standards, interpretations and amendments effective from 1 January 2023

- *References to Conceptual Framework (Amendments to IFRS 3)*

In May 2020, the IASB issued amendments to IFRS 3, which update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

None of the amendments to the standards and interpretations that are effective from that date had a significant effect on the Company's financial statements.

(ii) New standards, amendments to standards and interpretations not yet adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early, or these are not relevant to its operation. The following amendments are effective for the period beginning January 01, 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1); and
- Non-current liabilities with covenants (Amendments to IAS 1).

3. Significant accounting policies

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

(a) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognized directly in equity.

(b) Financial Assets and Financial Liabilities

Date of Recognition
The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement
Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference
Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

3. Significant accounting policies *(continued)*

(b) Financial Assets and Financial Liabilities (*continued)*

Classification
The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive loss (FVOCI). Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

Financial Assets and Liabilities at FVPL
Financial assets and liabilities at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets either of the following conditions:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

This category includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition. This category includes debt instruments whose cash flows are not "solely for payment of principal and interest" assessed at initial recognition of the assets, or which are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The Company may, at initial recognition, designate a financial asset or financial liability meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset or financial liability at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets or liabilities.

After initial recognition, financial assets at FVPL and held for trading financial liabilities are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL and held for trading financial liabilities are recognized in profit or loss.

For financial liabilities designated at FVPL under the fair value option, the amount of change in fair value that is attributable to changes in the credit risk of that liability is recognized in other comprehensive loss (rather than in profit or loss), unless this creates an accounting mismatch. Amounts presented in other comprehensive loss are not subsequently transferred to profit or loss.

As at December 31, 2023, the Company does not have financial assets and liabilities at FVPL.

3. Significant accounting policies *(continued)*

(b) Financial Assets and Financial Liabilities *(continued)*

Financial Assets at Amortized Cost
Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As at December 31, 2023, the Company's cash in bank and receivables are included under this category *(see Notes 9 and 11)*.

Financial Assets at FVOCI
For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets shall be measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may irrevocably designate the financial asset to be measured at FVOCI in case the above conditions are not met.

Financial assets at FVOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

3. Significant accounting policies *(continued)*

(b) Financial Assets and Financial Liabilities *(continued)*

Financial Assets at FVOCI *(continued)*

Financial Liabilities at Amortized Cost
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2023 the Company's liabilities arising from its borrowings, trade and other payable and customer deposits are included under this category (see Notes 13, and 15).

Reclassification
The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI. For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount.

3. Significant accounting policies *(continued)*

(b) Financial Assets and Financial Liabilities *(continued)*

Reclassification (*continued)*

Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive loss is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI
The Company records an allowance for "expected credit loss" (ECL). ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

3. Significant accounting policies *(continued)*

(b) Financial Assets and Financial Liabilities *(continued)*

Derecognition of Financial Assets and Liabilities

Financial Assets
A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities
Financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the statements of comprehensive loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

3. Significant accounting policies *(continued)*

(b) Financial Assets and Financial Liabilities *(continued)*

Offsetting of Financial Assets and Liabilities
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

(c) Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, 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, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net in the statement of comprehensive loss.

ii. Subsequent costs
The cost of replacing part of an item of property 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 carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

3. Significant accounting policies *(continued)*

(c) Property, plant and equipment *(continued)*

iii. Depreciation and amortization
Depreciation is recognized in profit or loss on the straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leased buildings and improvements including leasehold lands are amortized over the shorter of the lease term and their estimated useful lives. The estimated useful lives for the current and comparative years are as follows:

Leasehold lands	50 – 99 years
Buildings and improvements	40 years
Plant and machinery	10 - 20 years
Furniture, fittings and equipment	5 years
Motor vehicle	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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, plant and equipment account.

v. Spare parts and servicing equipment
Minor spare parts and servicing equipment are typically carried as inventory and recognized in profit or loss as consumed. Major spare parts and stand-by equipment are carried as PPE when the entity expects to use them during more than one period or when they can be used only in connection with an item of PPE.

(d) 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.

(e) Non-financial assets impairment

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset 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.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in the profit or loss.

3. Significant accounting policies *(continued)*

(e) Non-financial assets impairment *(continued)*

In respect of other assets, impairment losses recognized in prior periods are 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.

(f) 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.

(g) 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 year-end by apportioning the consumption of the following month.

In addition to the normal tariff rates charged for energy sales, a surcharge is calculated which is based on the difference between the fuel price at the base period and the average cost of fuel 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.

3. Significant accounting policies *(continued)*

(g) Revenue *(continued)*

ii. Revenue from government grants
Government grants received on capital expenditure are generally deducted in arriving at the carrying amount of the asset purchased or shall be recognized in profit or loss on a systematic basis over the periods in which the entity recognized as expense the related costs for which the grants are intended to compensate.

Grants for revenue expenditure are netted against the cost incurred by the Company. Where retention of a government grant is dependent on the Company satisfying certain criteria, it is initially recognized as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the statement of comprehensive loss or netted against the asset purchased.

iii. Revenue from other grants
Grants that compensate the Company for expenses incurred are recognized as revenue in the statement of revenues and expenses on a systematic basis in the same periods in which the expenses were incurred. Grants collected in advance with no expenses being incurred are shown as other assets and deferred income in the statement of financial position, respectively.

iv. Late charges
A 2% late fee is charged on all customer trade receivable balances not paid after 15 days past the due date. The Company recognizes income from late charges when billed. Late charges are reported as other income (see Note 19).

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

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

(i) Employee benefits

i. Defined benefit plan

A defined contribution plan is a post-employment 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 payment is available. This plan is for all employees.

3. Significant accounting policies *(continued)*

(j) Finance cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalized by applying a capitalization rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred using the effective interest method.

(k) 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.

(l) 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.

(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.

(n) Leases

The Company as a lessee
The Company considers whether a contract is, or contains, a lease, at inception of the contract. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

At the lease commencement date, the Company recognises a right-of-use asset and a lease liability on the separate statement of financial position.

3. Significant accounting policies *(continued)*

(n) Leases *(continued)*

Right-of-use assets
The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Lease liabilities
At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available, or the Company's incremental borrowing rate.

Subsequent to initial measurement, the carrying amount of the lease liability is increased to reflect the interest on the lease (calculated using the effective interest method) and is reduced to reflect the lease payments made.

The Company re-measures the lease liability to reflect any modification or reassessment of the lease contract, such as a change in the lease term or change in the assessment of whether a renewal option will be exercised, in which case the lease liability is re-measured by discounting the revised lease payments by a revised discount rate. When the lease liability is re-measured, the corresponding adjustment is reflected in the related right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases (defined as leases with a lease term of 12 months or less) using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Company as a lessor

As a lessor, the Company classifies all its leases as operating as the leases do not transfer substantially all the risks and rewards incidental to ownership of the underlying asset.

The Company earns income from rental of poles. Rental from these operating leases is recognised on a straight-line basis over the term of the lease.

Contingent rents are recognized as an expense in profit or loss when incurred.

3. Significant accounting policies *(continued)*

(o) 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.

(p) Subsequent events

Post year-end events that provide additional information about the Company's financial position at 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.

4. Determination of fair values

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

(a) Held-to-maturity investment securities
The fair value of held-to-maturity investment securities 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. Current liabilities are not discounted, since the present value of future cash flows is equal to its carrying amount.

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

Management believes that the effect of discounting those short-term financial assets and liabilities at market rate is immaterial as at year-end.

5. Financial risk management

(a) 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 (the "Board") has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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 obligation.

The Board 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. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(a) 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 investments in certificates of deposit and trade and other receivables.

Investment securities

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 and country in which customers operate, 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 and investment securities. The main components of this allowance are collective losses based on number of days in receivable.

5. Financial risk management *(continued)*

(b) 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 Commercial Bank of Anguilla Limited with an interest rate of 7.5% per annum.

(c) 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 pegged at EC$2.70 = US$1.00.

Interest rate risk

Differences in contractual re-pricing 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 27 to the financial statements.

(d) Fair value

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

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

5. Financial risk management *(continued)*

(d) Fair value *(continued)*

Valuation techniques include net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads used in estimating discount rates, bond and equity prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

The Company's financial assets measured at fair value are disclosed in note 4.

(e) 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.

The Company monitors capital based on the following ratios:

	2023	2022 *(As restated)*
Total debt	**32,840,662**	41,816,540
Shareholders' equity	**98,070,549**	71,399,062
Debt-to-equity ratio (total debt/total equity)	**33%**	59%

	2023	2022
Total debt	**32,840,662**	41,816,540
Total assets	**130,911,211**	113,215,602
Debt ratio (total debt/total assets)	**25%**	37%

	2023	2022
Shareholders' equity	**98,070,549**	71,399,062
Total assets	**130,911,211**	113,215,602
Equity ratio (total shareholders' equity/total assets)	**75%**	63%

6. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are the critical estimates and judgments used in applying accounting policies that have a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year and/or in future periods:

a. **Valuation of financial instruments**
Financial instruments are valued on a basis described in note 3 (b) to the financial statements.

b. **Impairment of assets**
Financial and non-financial assets are evaluated for impairment on a basis described in note 3(b) and 3(e) to the financial statements. See note 27 for the detailed breakdown of allowance for impairment losses on various financial and non-financial assets.

c. **Estimation of unbilled sales and fuel charges**
Unbilled sales and fuel charges are estimated using the actual meter reading in the following month as described in note 3 (h) (i) to the financial statements.

d. **Measurement of defined benefit obligation**
The Company's defined benefit obligation is measured and calculated by a qualified actuary using the project unit credit method as described in note 3(i) to the financial statements.

e. **Determination of fair values**
The fair values of financial and non-financial assets and liabilities have been determined for measurement and/or disclosure purposes based on the methods described in note 5(e) to the financial statements. The carrying and fair values of financial assets and liabilities are presented in note 27 (iv) to the financial statements.

(Expressed in Eastern Caribbean Dollars (EC$))

7. Property, plant and equipment - net

	Free Hold Land	Lease hold Land	Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Capital work in progress	Total
Cost								
31 December 2021	**240,000**	**2,979,000**	**20,379,634**	**132,235,112**	**4,437,810**	**6,686,756**	**2,731,233**	**169,689,545**
Additions	-	-	9,305	2,291,972	58,549	-	20,932	2,380,758
Transfers	-	-	-	159,405	-	-	(159,405)	-
Disposals	-	-	-	-	-	(167,609)	-	(167,609)
Adjustments	-	-	-	-	-	(80,536)	-	(80,536)
31 December 2022	**240,000**	**2,979,000**	**20,388,939**	**134,686,489**	**4,496,359**	**6,438,611**	**2,592,760**	**171,822,158**
Additions	-	-	37,447	5,428,064	45,498	403,799	807,979	6,722,787
Transfers	-	-	-	123,669	-	-	(123,669)	-
Disposals	-	-	-	-	-	(115,606)	-	(115,606)
31 December 2023	**240,000**	**2,979,000**	**20,426,386**	**140,238,222**	**4,541,857**	**6,726,804**	**3,277,070**	**178,429,339**
Accumulated depreciation								
31 December 2021	-	**478,946**	**6,687,307**	**81,185,036**	**3,554,795**	**4,989,201**	-	**96,895,285**
Depreciation	-	32,911	520,025	5,963,336	269,661	516,970	-	7,302,903
Disposals	-	-	-	-	-	(167,609)	-	(167,609)
Adjustments	-	-	-	-	-	(80,536)		(80,536)
31 December 2022	-	**511,857**	**7,207,332**	**87,148,372**	**3,824,456**	**5,258,026**	-	**103,950,043**
Depreciation	-	32,911	520,656	6,232,563	250,839	159,248	-	7,196,220
Disposals	-	-	-	-	-	(115,606)	-	(115,606)
31 December 2023	-	**544,771**	**7,727,988**	**93,380,935**	**4,075,295**	**5,301,668**	-	**111,030,657**
Net book values								
31 December 2023	**240,000**	**2,434,229**	**12,698,398**	**46,857,287**	**466,562**	**1,425,136**	**3,277,070**	**67,398,682**
31 December 2022	240,000	2,467,143	13,181,607	47,538,117	671,903	1,180,585	2,592,760	67,872,115

Certain items of Property, plant and equipment were used to secure the loan from Caribbean Development Bank (See Note 13.1, 13.2 and 13.3).

7. Property, plant and equipment - net *(continued)*

These transmission and distribution assets are covered by an external insurance company (The Caribbean Catastrophe Risk Insurance Facility (CCRIF)) (Note 30) (II).

Depreciation expense charged for the years ended is broken down as follows:

	Notes	**2023**	2022
Generation	*17*	**3,182,973**	3,036,090
Transmission and distribution	*18*	**3,208,839**	3,444,217
Administrative	*20*	**804,408**	822,596
		7,196,220	7,302,903

8. Inventories - net

	2023	2022
Generation parts and fuel	**4,996,683**	5,881,467
Transmission and distribution parts	**8,902,317**	9,746,859
Administration supplies	**138,297**	149,963
	14,037,297	15,778,289
Less allowance for slow moving and obsolete inventories	**(1,013,085)**	(1,013,085)
	13,024,212	14,765,204

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

	Note	**2023**	2022
Balance, 1 January		**1,013,085**	915,928
Provision/(recovery) impairment for the year	*19*	**-**	97,157
Written off		**-**	-
Balance, 31 December		**1,013,085**	1,013,085

9. Trade and other receivables – net

	Note	**2023**	2022
Trade		**22,156,995**	19,072,494
Customer receivables under deferred payment plan		**16,989**	202,738
Other		**453,713**	376,886
	27	**22,627,697**	19,652,118
Less allowance for credit losses		**(7,824,403)**	(5,678,066)
		14,803,294	13,974,052

The Company has a significant trade receivables balance that is required to be subject to specific and/or collective impairment testing whenever there is objective evidence of impairment (see Note 27). The Company also offers deferred payment plans to customers with financial difficulties in settling their outstanding obligations.

9. Trade and other receivables - net *(continued)*

The plan is offered to customers interest free or with a low penalty rate and *normally* lasts for a maximum of twelve months except for the Government of Anguilla. Details of receivables under the payment plans follow:

	2023			2022		
	GOA	**Others**	**Total**	GOA	Others	Total
Due within one year	**-**	**16,989**	**16,989**	-	61,092	61,092
Due more than one year	**-**	**-**	**-**	-	141,646	141,646
	-	**16,989**	**16,989**	-	202,738	202,738

As at year-end, the Government of Anguilla and its various statutory bodies owed the Company an amount of EC$3,475,333 (2022: EC$2,502,972).

The movements of allowance for credit losses are as follows:

		2023	2022
Balance, 1 January		**5,678,066**	11,494,464
(Recovery)/provision for the year	*19*	**2,130,194**	3,592,330
Reversal of provision		**-**	(9,434,292)
Written off		**16,143**	25,564
Balance, 31 December		**7,824,403**	5,678,066

10. Prepayments and other current assets

	2023	2022
Advance deposits	**645,992**	516,800
Prepaid insurance	**506,334**	537,977
Other	**-**	1,961
	1,152,326	1,056,738

11. Cash and cash equivalents

	2023	2022
Cash in banks	**25,804,282**	6,912,499
Petty cash	**3,200**	3,200
	25,807,482	6,915,699

Cash in banks currently do not earn interest at the respective bank deposits-nil (2022: nil). For the purpose of reporting cash flows, cash and cash equivalents are unrestricted and available for use in the operations. The bank ceased paying interest on business accounts from March 2020.

11. Cash and cash equivalents *(continued)*

Cash and cash equivalents include the following for the purpose of the cash flow statement:

	Note	**2023**	2022
Cash		**25,807,482**	6,915,699
Bank overdraft	*13*	**-**	(851,239)
		25,807,482	6,064,460

12. Share capital

	2023	2022
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

The current percentage of ownership is as follows:

	2023	2022
Government of Anguilla	**40%**	40%
Anguilla Social Security Board	**16%**	16%
National Commercial Bank of Anguilla Limited	**23%**	23%
General Public	**21%**	21%
	100%	100%

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.

13. Borrowings

	Notes	**2023**	2022
Caribbean Development Bank – 8OR/ANL	*13.1*	**9,372,917**	10,153,993
Caribbean Development Bank – 6OR/ANG	*13.2*	**-**	1,258,615
National Commercial Bank of Anguilla Ltd. – bank overdraft	*13.3*	**-**	851,239
		9,372,917	12,263,847

13.1 This loan was made to the Company by Caribbean Development Bank to assist the Company in financing the recovery of electricity transmission and distribution system and improvement for climate resilience on December 20th, 2017 amounting to US$5,313,000 or EC$14,282,407. The loan is payable in fifty-six (56) equal or approximately equal and consecutive quarterly instalments on each due date, commencing on the first date after the expiry of three (3) years after the date of the loan agreement, or on such later due date as the Bank may specify in writing. The loan carries an interest rate of 4.75% per annum on the amount withdrawn and outstanding from time to time and payable quarterly.

Details of the cumulative withdrawn amounts as at December 31, 2023 and 2022 follows:

	2023	2022
Principal	**9,348,494**	10,129,484
Commitment charge	**24,423**	24,509
	9,372,917	10,153,993
Interest payable	**114,828**	126,684
	9,487,745	10,280,677

13.2 This loan was made to the Company by Caribbean Development Bank to finance the Company's 1 MV solar farm. The loan was payable in twenty (20) equal and consecutive quarterly principal instalments of US$117,050, commencing on January 2017 and matured in October 2023 with variable interest rate at 4.75% per annum. This loan is secured by a pari passu legal charge along with Republic bank (Anguilla) formerly Scotia Bank Anguilla Limited over the Company's plant and equipment as well as the freehold property of the Company.

13.3 The Company maintains an overdraft facility with a limit of EC$3.2 million with the National Commercial Bank of Anguilla Ltd. The facility carries an interest rate of 7.5% per annum.

13. Borrowings *(continued)*

The current and non-current portions of the borrowings are as follow:

	2023	2022
Current		
National Commercial Bank of Anguilla Ltd. – bank overdraft	**-**	851,239
Caribbean Development Bank – 8OR/ANG	**781,076**	781,076
Caribbean Development Bank – 6OR/ANG	**-**	1,258,615
	781,076	2,890,930
Noncurrent		
Caribbean Development Bank – 8OR/ANL	**8,591,841**	9,372,917
Caribbean Development Bank – 6OR/ANG	**-**	-
	8,591,841	9,372,917
	9,372,917	12,263,847

The total interest expense incurred on the aforementioned borrowings included in “Finance Cost” in the profit or loss is as follows:

	Note	2023	2022
Caribbean Development Bank – 6OR/ANG		**11,319**	53,173
Caribbean Development Bank – 8OR/ANG		**522,646**	447,084
National Commercial Bank (Anguilla) Ltd.		**27,700**	160,281
	24	**561,665**	660,538

Movements in the Caribbean Development Bank loans during the year are as follow:

	2023	2022
Balance, 1 January	**11,412,608**	13,492,337
Additions	**-**	-
Repayments	**(2,039,691)**	(2,079,729)
Balance, 31 December	**9,372,917**	11,412,608

As of the year ended, the Company was not in default, nor did it commit a breach of any terms or conditions of its loan accounts at any time during the year.

14. Contribution in aid of construction

	Note	2023	2022
Balance, 1 January		**3,131,963**	3,142,315
Contributions received during the year		**526,073**	459,684
Amount charged to profit or loss	*19*	**359,091**	(470,036)
Balance, 31 December		**4,017,127**	3,131,963

15. Trade and other payables

	Notes	**2023**	2022
Accrued expenses		**5,875,511**	1,290,309
Trade payables		**4,864,632**	10,452,401
Lease payable	*31*	**2,205,785**	2,202,268
Environmental levy payable	*28*	**1,267,845**	6,550,813
Accrued interest payable		**120,924**	139,254
Other payables		**-**	138,946
		14,334,698	20,773,990

The current and non-current portions of the trade and other payables are as follow:

	2023	2022
Current	**11,715,809**	18,042,057
Non-current	**2,618,889**	2,731,933
	14,334,698	20,773,990

16. Energy sales

	2023	2022
Amounts billed during the year	**55,259,825**	53,286,381
Less: Unbilled revenue at beginning of the year	**(3,957,668)**	(2,625,299)
	51,302,157	50,661,082
Add: Unbilled revenue at the end of the year	**9,545,787**	3,957,668
	60,847,944	54,618,750

Pursuant to the Electricity (Rates and Charges) Regulations, the Company's electricity tariff is subject to a surcharge of 1c per kWh for every 10c per gallon increase in the price of fuel oil over $3.64 per gallon.

The Company utilizes the prescribed surcharge formula in establishing a ceiling for surcharge rates, whilst endeavouring to adhere to a policy of maintaining relatively stable surcharge rates during periods of fuel price volatility.

For the year ended December 31, 2023, the Company recovered a total surcharge of EC$59,128,500 (2022: EC$44,857,941) from its customers, of which the Company incurred fuel surcharge costs of EC$37,302,365 (2022: EC$49,344,885) as noted below:

	2023	2022
Surcharge Billed	**59,128,500**	44,857,941
Fuel Surcharge Expense	**(37,302,365)**	(49,344,885)
Surcharge under recovered	**21,826,135**	**(4,486,944)**

16. Energy sales *(continued)*

In addition to the surcharge as specified above, the Electricity (Rates and Charges) Regulations and Electricity Supply Regulations of the Electricity Act also state the following:

"In determining whether any or what variation of the tariff of rates and charges should be made, the Minister or the Arbitrator shall have regard to the principle that the Licensee's revenues must be at least sufficient to enable the Licensee—

a. to meet all expenses reasonably incurred in the production of such revenues, including (without limitation) depreciation of assets, provision for bad debts and interest on indebtedness; and

b. to repay its indebtedness; and

c. to provide for the cost of replacement of its capital assets; and

d. to provide a reasonable proportion of the capital costs of expanding its undertaking to meet any demand for an increased service to the public; and

e. to provide an annual return on its Ordinary Shareholders' Equity at a rate which is not less than the average twelve-month deposit rate paid by commercial banks in Anguilla plus three per cent: PROVIDED THAT such return shall be at a rate not less than twelve percent per annum.

However, no such application to vary the tariff of rate charges was made to or approved by the Minister pertaining to the financial year.

17. Generation – other expenses

	Notes	**2023**	2022
Depreciation	*7*	**3,182,973**	3,036,090
Staff costs	*22*	**2,913,848**	2,804,305
Repairs and maintenance		**6,629,752**	1,973,754
Insurance		**59,588**	2,112,569
Supplies and other expenses		**131,685**	1,262,019
		12,917,846	11,188,737

In the prior year, the overhaul of two generators were capitalized totalling EC$1,552,087.

18. Transmission and distribution expenses

	Notes	**2023**	2022
Staff costs	22	**4,378,416**	4,239,861
Depreciation	*7*	**3,208,839**	3,444,217
Repairs and maintenance		**728,952**	689,689
Supplies and other expenses		**672,907**	504,037
Security expense		**764,434**	369,009
Insurance		**-**	-
Inventory obsolescence		**-**	-
		9,753,548	9,246,813

19. Other income

	Notes	**2023**	2022 *(As restated)*
Late charges		**3,952,557**	1,769,604
Revenue from contribution in aid of construction	*14*	**526,073**	470,036
Profit/(loss) on sale of fixed assets	*7*	**8,023**	307,770
Connection upgrades and other services		**2,000**	-
Rental and relocation of poles		**235,427**	65,956
Reconnection fees		**3,050**	28,786
Reversal of allowance for impairment loss	*9*	**-**	-
Reversal of allowance for inventory obsolescence	*8*	**-**	-
Others		**258,371**	190,168
		4,985,501	2,832,320

20. Administrative expenses

	Notes	**2023**	2022
Staff costs	*22*	**4,554,008**	4,069,461
Credit loss		**-**	3,623,607
Office expenses		**5,609,671**	2,154,806
Depreciation	*7*	**804,408**	822,596
Business license fee	*28*	**750,000**	750,000
Insurance		**539,601**	576,694
Gross revenue tax	*28*	**646,598**	427,700
Directors' fees and expenses		**389,801**	360,934
Professional fees		**298,879**	264,494
Legal fees		**388,263**	170,694
Consultancy fees		**274,224**	168,915
Eastern Caribbean Securities Regulatory Company		**16,000**	16,000
		14,271,453	13,405,901

21. Consumer services

	Note	**2023**	2022
Staff costs	*22*	**530,074**	447,404
Temporary and contract services		**-**	10,301
Vehicle licences		**99,809**	5,400
Other		**13,417**	25,199
		643,300	488,304

22. Staff costs

	Notes	**2023**	2022
Transmission and distribution	*18*	**4,378,416**	4,239,861
Administrative	*20*	**4,554,008**	4,069,461
Generation	*17*	**2,913,848**	2,804,305
Consumer services	*21*	**530,074**	447,404
		12,376,346	11,561,031

Details of staff costs per nature of expenses are as follow:

	Notes	**2023**	2022
Salaries, wages and allowances		**10,529,035**	9,790,754
Overtime		**801,541**	579,921
Pension expense	*23*	**493,540**	462,029
Social security		**312,384**	366,349
Interim stabilization levy		**189,304**	293,475
Training		**50,542**	68,503
		12,376,346	11,561,031

23. Pension expenses

The Company uses a defined contribution plan for its employees. This plan is handled and administered by Zurich International. Total contributions made by the Company amounted to EC$493,540 and EC$462,029 in 2023 and 2022, respectively.

24. Finance costs

	Notes	**2023**	2022
Interest expense – borrowings	*13*	**561,665**	660,538
Charges and Commissions		**642,000**	325,773
Interest expense - finance lease	*31*	**28,434**	47,817
Gain on foreign exchange		**(195,242)**	(186,914)
		1,036,857	847,214

25. Earnings per share

The calculations of basic profit/(loss) per share as at 31 December 2023 and 2022 were based on the net profit/(loss) for the year and the total number of capital shares issued and outstanding as at reporting date calculated as follows:

	2023	2022
Profit /(loss) for the year	**26,671,486**	(2,887,707)
Total number of shares issued as at 31 December	**11,636,147**	11,636,147
Profit /(loss) per share	**2.29**	(0.25)

26. Dividends

There were no dividends declared per share by the Board of Directors and sanctioned by the shareholders during the last annual general meeting(s) for both 2023 and 2022.

27. Financial instruments

i. Credit risk

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	**2023**	2022
Trade and other receivables – net	*9*	**14,803,294**	13,974,052
Cash in bank – net of bank overdraft	*11*	**25,807,482**	6,064,460
		40,610,776	20,038,512

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

	2023	2022
Government	**3,475,333**	2,502,972
Hospitality	**1,284,230**	2,999,429
Residential	**3,290,993**	7,486,333
Commercial	**4,214,373**	3,611,763
Other	**10,362,768**	3,051,621
	22,627,697	19,652,118

Impairment losses

The Company has a significant trade receivables balance that is required to be subject to impairment testing. For trade receivables, the Company has applied the simplified approach and has calculated ECLs based on the lifetime expected credit losses. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

	2023		2022	
	Gross	**Impairment**	Gross	Impairment
Current	**15,135,657**	**1,032,680**	11,720,148	1,700,213
Past due 31-60	**761,801**	**544,109**	1,422,176	993,099
Past due 61-90	**838,131**	**808,189**	1,888,110	1,802,913
Over 90	**5,892,108**	**5,439,426**	4,621,684	1,181,841
Total	**22,627,697**	**7,824,403**	19,652,118	5,678,066

The movement in allowance for doubtful accounts in respect of trade receivables during the year is shown in Note 9.

27. Financial instruments *(continued)*

ii. *Liquidity risk*

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

	Carrying amount	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
31 December 2023						
Bank overdraft	**-**	**-**	**-**	**-**	**-**	**-**
Borrowings	**9,372,917**	**11,786,723**	**1,271,867**	**2,423,526**	**3,334,769**	**4,756,562**
Customers deposits	**1,349,176**	**1,349,176**	**1,349,176**	**-**	**-**	**-**
Trade and other payables	**14,334,698**	**14,334,698**	**11,715,809**	**2,618,889**	**-**	**-**
	25,056,790	**27,470,597**	**14,336,851**	**5,042,415**	**3,334,769**	**4,756,562**
31 December 2022						
Bank overdraft	851,239	851,239	851,239	-	-	-
Borrowings	11,412,608	14,380,638	2,593,914	2,503,664	3,454,977	5,828,083
Customers deposits	1,964,721	1,964,721	1,964,721	-	-	-
Trade and other payables	20,773,990	20,773,990	18,042,057	2,731,933	-	-
	35,002,558	37,970,588	23,451,931	5,235,597	3,454,977	5,828,083

iii. *Market risk*

Interest rate risk

			2023		2022
	Interest	**Interest rate**	**Carrying amount**	Interest rate	Carrying amount
Cash in bank	**Fixed**	**0%**	**25,804,282**	0%	6,912,499
Overdraft	**Fixed**	**7.50%**	**-**	7.50%	(851,239)
Leases	**Fixed**	**0.74% - 2.29%**	**(2,205,785)**	0.74% - 2.29%	(2,202,268)
Borrowings	**Variable**	**3.75%-4.75%**	**(9,372,917)**	4.75%-5.75%	(11,412,608)

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 which is consistent with prior year is shown below in case there is a 10% increase/decrease in interest rate.

	2023			2022		
	At required rate	**+10% increase**	**-10% decrease**	At required rate	+10% increase	-10% decrease
CDB – 8OR/ANG	**321,723**	**353,895**	**289,551**	331,740	364,915	298,566
CDB – 6OR/ANG	**-**	**-**	**-**	323,999	356,399	291,599
	321,723	**353,895**	**289,551**	655,740	721,313	590,166

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.

27. Financial instruments *(continued)*

iv. Fair value

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

	2023		2022	
	Carrying amount	**Fair values**	Carrying amount	Fair values
Trade and other receivables	**14,803,294**	**14,803,294**	13,974,052	13,974,052
Cash	**25,807,482**	**25,807,482**	6,912,499	6,912,499
	40,610,776	**40,610,776**	20,886,551	20,886,551
Overdraft	**-**	**-**	851,239	851,239
Borrowings	**9,372,917**	**11,786,723**	11,412,608	14,380,638
Consumers' deposits	**1,349,176**	**1,349,176**	1,964,721	1,964,721
Trade and other payables	**14,334,698**	**14,334,698**	20,773,990	20,773,990
	25,056,790	**27,470,597**	35,002,558	37,970,588

The basis for the determination of the fair values is discussed in detail in Note 5 to the financial statements.

28. 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 interest in the Company that gives it significant influence over the Company; or;
- Has joint control over the Company.

(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, the Network Operations Engineer, the Information Technology Manager, the Human Resource Manager, the Internal Audit Manager, the Accountant and the Corporate Secretary.

(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 2023 and 2022. These transactions were conducted at market rates, or commercial terms and conditions. Details are as follows:

i. Key management personnel and directors

	2023	2022
Short-term benefits to executive officers	**2,082,296**	1,699,576
Loans and advances to staff	**-**	168,422
Director fees and related activities	**389,801**	360,934

The Company provides interest free loans and advances to members of staff. These outstanding amounts may exceed twelve months.

28. Related party transactions *(continued)*

Related party transactions and balances *(continued)*

ii. Government of Anguilla (GOA) – significant shareholder

Balance sheet	*Note*	**2023**	2022
Accounts receivable -Gov't only		**1,013,813**	411,208
Legal Settlement WCA	*28(ii.e)*	**8,725,215**	8,457,027
Accounts Receivable – Statutory bodies		**2,437,915**	2,091,764
Allowance for credit losses		**(2,115,178)**	(831,018)
Lease payable	*31*	**(2,205,785)**	(2,202,268)
Environmental levy/GST payable	*15*	**(1,267,845)**	(6,550,813)
Gross revenue tax payable	*20*	**-**	(427,700)
Interim stabilization levy payable		**(77,349)**	(46,118)

Income statement	*Note*	**2023**	2022
Revenues from GOA		**16,387,000**	12,887,000
Credit recovery/(loss) for the year		**92,385**	(831,018)
License fee	*20*	**750,000**	750,000
Import duties and other fees and services		**9,692,722**	5,029,083
Gross revenue tax	*20*	**646,598**	427,700

Others	**2023**	2022
Goods and Services Tax paid	**10,061,226**	9,043,399
Dividends paid	**-**	-

a. On July 1, 2022, the Government implemented a Goods and Services Tax, which replaced the Environmental Levy. The rate was increased from 7% to 13% and now includes Government's usage.

b. License fee during the year is EC$750,000 (2022: EC$750,000).

c. In accordance with the Electricity Supply (Amendment) Regulations, 2017, the Company shall pay to the Government a gross revenue tax which is equivalent to a variable portion in the amount of .65% of the audited gross revenue of the Company from the previous year's audited financial statements and payable in the last quarter in the year in which it is due.

d. The Company leases various crown lands of the Government of Anguilla for terms ranging from 50 to 99 years. (see Note 31)

e. On October 14, 2022, Claim No. AXAHCV2022/00033 was filed against the Water Corporation of Anguilla (WCA) for breach of contract for the payment of electricity. Anglec is claiming a debt of EC$14,392,762.39. On March 22, 2024, judgment in the sum of EC$10,000,000 was entered in favour of Anglec to be paid by monthly instalments of EC$100,000 commencing March 29, 2024. On April 1, 2024, the WCA was dissolved and replaced by the Department of Water Services under MICUH&T, hence the debt in now the debt of the GOA. As at December 31, 2023, the fair value of the legal settlement receivable and its corresponding deferred gain on settlement amounts to EC$8,725,215 and EC$3,766,745, respectively.

28. Related party transactions *(continued)*

Related party transactions and balances *(continued)*

iii. Anguilla Social Security Board – significant shareholder

The Company pays social security contributions for its employees to Anguilla Social Security Board in compliance with the Anguilla Social Security Act. Total employer and employee contributions incurred during the year amounted to EC$624,768 (2022: EC$732,698) of which EC$65,990 (2022: EC$69,234) was outstanding at 31 December 2023.

iv. National Commercial Bank of Anguilla Limited – significant shareholder

The Company maintains a savings deposit and has an overdraft facility with a limit of EC$3.2 million with the National Commercial Bank of Anguilla Limited, with an interest rate of 7.5% per annum, which is currently in use. Details are as follow:

	Note	**2023**	2022
Current account		**19,438,634**	**5,237,901**
Bank overdraft	*13*	**-**	**(851,239)**

29. Commitments

The Company entered a settlement, release and discharge agreement with Delta Petroleum (Anguilla) Limited regarding claim AXAHCV2023/0030. Delta then alleged that Anglec was in breach of the second tender based on the Procurement Committee which was different to the tender that the Company first provided. As a result, Delta filed a claim on March 16, 2023, and an application for an injunction to prohibit the second tender from proceeding. A third tender was issued on June 2, 2023. On July 26, 2023, a hearing on the interim injunction was heard and the Court denied the application. As such, Delta discontinued the claim on August 12, 2023.

30. Insurance policy on Transmission and Distribution Assets

The Company obtained insurance through the Caribbean Catastrophe Risk Insurance Facility (CCRIF) to cover Transmission and Distribution assets. The policy coverage full loss limit is US$9,319,717 (EC$24,976,842) but might still be inadequate to cover the risk to an acceptable level depending on the severity of a hurricane. The Company has an overdraft facility in place to assist in the event of natural disasters or similar catastrophic events.

31. Leases

The Company leases the premises of the satellite office which it occupies. A new lease agreement was signed on December 15, 2022 with lease term commencing on January 1, 2023 to December 31, 2023, and with the option to renew the contract. The lease agreement does not provide for any escalation of rent during the lease term. The lease charges a monthly rate of US$6,000 (EC$16,009).

Right-of-Use Assets

	2023	2022
As at 1 January	**-**	-
Additions	**174,767**	349,534
Amortization	**(174,767)**	(174,767)
	-	174,767

Lease Liabilities

	2023	2022
As at 1 January	**183,462**	-
Additions	**-**	349,534
Interest Expense	**10,089**	27,479
Lease payments	**(193,551)**	(193,551)
	-	183,462

Details of lease payments follow:

	2023	2022
Finance lease liabilities	**183,462**	166,072
Finance lease interest	**10,089**	27,479
	193,551	193,551

The Company has elected not to recognize a right-of-use asset and lease liability for low value and short-term leases. Payments made under such leases are expensed over a straight-line basis.

a. Main Building

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 has not been renewed since. However, the Company is paying based on the old terms of the contract. Total rent expense in 2023 included in "administrative expenses" in the statement of comprehensive income is EC$102,000 (2022: EC$102,000). The lease agreement does not provide for any escalation of rent during the lease term.

31. Leases *(continued)*

b. Crown Land

I. Solar power plant

On 19 of February 2016, the Company signed a ninety-nine-year crown land lease agreement with the Government of Anguilla for the solar energy farm commencing on the 1st day of July 2013 and expiring on the 30th day of June 2112.

The annual sum of EC$13,441 will be paid to the lessor for the first 5 years. Thereafter, for the following five years of the lease, the rent will increase annually by five percent (5%). Total expected lease payments including the initial direct cost amounted to EC$2,221,499. The total expected payment as mentioned in the preceding paragraph approximates the fair value of the land subject to lease. Also, the rent shall be continually reviewed at the end of every fifth year of the lease. In no event shall the reviewed rent be less than the rent payable prior to the review.

II. Administration Building

On 19 April 2017 the Company signed a ninety-nine-year crown land lease agreement with the Government of Anguilla for the purpose of constructing the Company's administrative building. The lease has an effective commencement date of June 6, 2002 and will expire on June 5, 2102.

The Company agreed to pay the total sum of EC$715,061 which is equivalent to the total fair value of the land plus incremental stamp duty taxes at the beginning of the lease plus an annual peppercorn rent of EC$100.00 for ninety-nine (99) years.

III. Corito Power Plant

The Company occupies several parcels of Crown land as part of the Corito Power Plant and Corito Substation with proposed lease terms from the Government of Anguilla. Despite various attempts to secure a lease for the occupied parcels over several years, the Company was unsuccessful in doing so. The proposed annual cash payment for these leases is expected to be EC$13,090 and EC$1,271,496 over the lease term of 99 years including initial direct costs. The total expected payment as mentioned in the preceding paragraph approximates the fair value of the land subject to lease.

IV. West End Transmission

The Company occupies Crown land housing its West End Substation with proposed lease terms from the Government of Anguilla. Despite various attempts to secure a lease for the occupied parcels over the years, the Company was not successful in doing so. The annual sum of EC$8,000 is expected to be paid to the lessor for the first 5 years, thereafter, for the following five years of the lease, the rent will increase annually by five percent (5%). Total expected lease payments including the initial direct cost amounted to EC$519,245. The total expected payment as mentioned in the preceding paragraph approximates the fair value of the land subject to lease.

31. Leases *(continued)*

c. Crown Land *(continued)*

Details of the recognized lease assets and liabilities based on the present value of the minimum lease payment using the interest rate implicit in the lease follow:

		2023		
	Total land value	Paid to date	Finance charge to date	Lease payable balance
Solar power plant	1,108,546	(100,471)	**11,419**	**1,019,494**
Administration building	721,539	(715,061)	**195**	**6,673**
Corito power plant	863,966	-	**13,419**	**877,385**
West end transmission	284,949	-	**17,285**	**302,234**
	2,979,000	(815,532)	**42,318**	**2,205,786**

		2022		
	Total land value	Paid to date	Finance charge to date	Lease payable balance
Solar power plant	1,108,546	(100,471)	9,456	1,017,531
Administration building	721,539	(715,061)	177	6,655
Corito power plant	863,966	-	12,672	876,638
West end transmission	284,949	-	16,495	301,444
	2,979,000	(815,532)	38,800	2,202,268

Details of future minimum lease payments follows:

	2023	2022
Past due	**427,422**	406,973
Less than one year	**35,382**	35,382
Between one and five years	**141,530**	141,530
More than five years	**3,317,235**	3,337,684
	3,921,569	3,921,569

32. Contingencies

Pending or threatened litigation

(a) Employee

On August 24, 2020, a claim was brought by an employee for constructive dismissal while seeking damages and/or exemplary damages, costs and legal fees amongst other reliefs amounting to over US$2,656,290. A hearing was held before the Tribunal on April 21st, 2021; however, the hearing was aborted the following day due to covid lockdowns. The matter was heard fully on July 18th, 2022. On September 20th 2022, the Company filed its application for reconsideration and on September 26th 2022, the employee filed an affidavit to await for the Judge's decision. A response is awaited from the Tribunal and/or determination of the Court. No provision is made as at December 31, 2023 as to date the likely outcome is uncertain.

32. Contingencies *(continued)*

Pending or threatened litigation *(continued)*

(b) Employee

A former employee has an ongoing case of action Claim No AXAHCVAP2023/0001. The claimant is seeking damages in the sum of US$375,000 as a result of appealing the court's decision (AXAHCV2021/0021). The claimant is also claiming costs if awarded. No provision is made as at December 31, 2023 as to date the likely outcome is uncertain. A decision of the court is pending.

(c) Employee

A former employee submits that Anglec acted in breach of contract by removing and revoking the use of the Company vehicle unilaterally. Her attorneys have therefore demanded payment of backpay of the difference in travel allowance for the period between July 2012 to October 2020 in the sum of EC$60,600 as well as motor vehicle allowance of EC$6,000. Additionally, she claims an award for exemplary damages pursuant to section 19 of the Labour Relations Act (2019). A hearing has not yet been scheduled by the Labour Commission. No provision is made as at December 31, 2023 as to date the likely outcome is uncertain.

(d) Attorney General of Anguilla

On October 28, 2022, Anglec filed a claim against the Attorney General of Anguilla in his representative capacity seeking to recover reimbursement of EC$28,349,774 paid in customs duties on the diesel fuel imported by its fuel suppliers on its behalf. Pursuant to Anglec Exemption Regulations, Anglec is exempted from liability to pay customs duties on any goods, howsoever described, imported to Anguilla by or on behalf of Anglec solely or for its use directly in connection with the operation, generation, transmission, distribution and supply of electricity. The claim was tried in the High Court on October 26 and 27, 2023.

On March 28, 2024 the learned judge ruled that the Company remains exempted from liability to pay customs duties. The judge gave Anglec until May 20, 2024 to file an affidavit explaining the sum that can be proven to have been paid for customs duties and has set the matter down for further submissions as to the amount of reimbursement that should be ordered to be made, which was done. On May 10, 2024, the defendant filed an appeal and later filed an application to stay the proceedings in the High Court until the appeal is determined. Anglec filed an affidavit objecting to the appeal and the stay on July 24, 2024. The parties await the Court hearing dates.

(e) Delta Petroleum

The parties are awaiting the decision from the courts as to the quantum of costs to be awarded to Anglec.

(f) Former Chief Executive Officer

The former Chief Executive Officer has threatened a claim for unfair dismissal.

33. Restatement of comparative balances

The 2022 comparatives have been restated to include the effects of prior period adjustments due to the errors in the calculation of the legal settlement receivable and other related accounts. Effects of the restatement are as follows:

Statement of financial position	*2022 (As previously stated)*	*Adjustments*	*2022 (As restated)*
Trade and other receivables – net	13,974,052	-	13,974,052
Legal settlement receivable	7,414,219	1,042,808	8,457,027
TOTAL ASSETS	**112,172,794**	**1,042,808**	**113,215,602**
Deferred gain on settlement	-	(3,498,557)	(3,498,557)
Retained earnings	(59,318,664)	2,455,749	(56,862,915)
TOTAL LIABILITY & SHAREHOLDER'S EQUITY	**(112,172,794)**	**(1,042,808)**	**(113,215,602)**
Statement of comprehensive income			
Other income	5,288,069	2,455,749	2,832,320
Total comprehensive loss	**(431,957)**	**(2,455,749)**	**(2,887,707)**

34. Significant event during the financial year and subsequent to the end of the reporting period

Renewable Energy

The company is currently pursuing a Request for Proposal (RFP) for a Renewable Energy Consulting Firm. This proposal is presently with the Procurement Board.