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BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Financial Statements
For the year ended 31 December 2017

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Financial Statements
For the year ended 31 December 2017

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BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Corporation Directory
At 31 December 2017

Board of Directors

Chairman
Mr. Ron Potter

Vice Chairman
Ms. Pearl Smith

Members
Mr. Ira Oliver Skelton
Mr. Ellsworth Flax
Ms. Lucia Lettsome
Mr. Sean Palmer

Ex-officio members

Mr. Leroy A. E. Abraham	*(General Manager)*
Mr. Anthony McMaster	*(Permanent Secretary – Ministry of Communications and Works)*

Registered Office

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

Legal Advisors

O'Neal Webster
Simmonds Building
Wickhams Cay 1
30 DeCastro Street
Road Town, Tortola VG 1110
British Virgin Islands

bakertilly

Chartered Accountants

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

T: +1 284 494 5800
F: +1 284 494 6565

info@bakertilly.vg
www.bakertilly.vg

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Opinion

We have audited the financial statements of the British Virgin Islands Electricity Corporation (the "Corporation"), which comprise the statement of financial position as at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 28.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Other Information

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Corporation taken as a whole. The supplementary information included in the schedule to the financial statements set out on pages 29 and 30 is presented for the purpose of additional analysis and has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Baker Tilly (BVI) Limited

Chartered Accountants
Tortola, British Virgin Islands
17 May 2019

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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

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

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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

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

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

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Statement of Changes in Equity
For the year ended 31 December 2017
Expressed in U.S. Dollars

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

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

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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

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

1. GENERAL INFORMATION

The British Virgin Islands Electricity Corporation (the "Corporation") is a corporate body established in the British Virgin Islands under the British Virgin Islands Electricity Corporation Ordinance, 1978 (the "Ordinance") and is wholly owned by the Government of the British Virgin Islands (the "Government"). The principal activities of the Corporation are the generation, transmission, supply, distribution and sale of electricity within the British Virgin Islands.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Statement of compliance

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRSs. The financial statements comply with IFRSs as issued by the International Accounting Standards Board ("IASB").

(b) Basis of preparation

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

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

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

There are no new, revised or amended IFRSs or IFRS IC interpretations that are effective for the first time for the financial year beginning 1 January 2017 that would be expected to have a material impact on the Corporation's financial statements.

(c) Use of estimates

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

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

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

Estimation of provision for doubtful accounts

Recoverability of specific receivables and other asset items is evaluated based on the best available facts and circumstances, including but not limited to, the length of the Corporation's relationship with its debtors and debtors' payment behaviour. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. The total provision for doubtful accounts as at 31 December 2017 was $385,194 (2016: $400,913). Refer to note 4.

Determination of net realisable value of inventory

The Corporation's estimates of the net realisable values of inventory are based on the most reliable evidence available, at the time the estimates are made, of the amount that the inventory is expected to be realised at. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventory to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of a change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realisable value. Inventory stated at net realisable value as at 31 December 2017 was $11,882,465 (2016: $8,746,760). Refer to note 5.

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

The estimated useful lives and residual values of property, plant, and equipment are based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and legal or other limits on the use of the assets. The carrying value of property, plant and equipment as at 31 December 2017 was $84,143,375 (2016: $78,118,458). As of 31 December 2017 and 2016, the Corporation's property, plant and equipment had no residual value. Refer to note 6.

Determination of impairment of property, plant and equipment

The Corporation determines whether its property, plant and equipment are impaired on a regular basis. Future events could cause management to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the Corporation's financial condition and results of operations. While management believes that the assumptions made are appropriate and reasonable, significant changes in assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under IFRSs. There were no impairment losses recognised on property, plant and equipment as of 31 December 2017 and 2016. Refer to note 6.

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

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

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

(d) **Loans and receivables**

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

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

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

(e) **Financial liabilities at amortised cost**

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

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

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

(f) **Other specific instruments**

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash deposited with banks and short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from the date of acquisition.

Fixed term deposit

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

Share capital

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

(g) **Inventory**

Fuel items

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

Non-fuel items

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) **Deferred capital receipts**

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

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

(j) **Impairment**

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) **Pension plan**

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

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

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

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

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

(l) **Revenue and expenditure recognition**

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

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

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

Expenses are recorded on the accrual basis.

(m) **Borrowing cost**

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

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

(n) **Foreign currency transactions**

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

(o) **Contingent liabilities**

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

Expressed in U.S. Dollars

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

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

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

Loss contingencies considered remote are generally not disclosed.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company. However, IFRS 9, "Financial Instruments: Classification and Measurement" effective for annual periods beginning on or after 1 January 2018, may result in additional disclosures for the Company upon implementation.

3. **FIXED TERM DEPOSITS**

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

4. **TRADE AND OTHER RECEIVABLES**

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

Expressed in U.S. Dollars

5. INVENTORY

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

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

Expressed in U.S. Dollars

6. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings	Generating plant & equipment	Distribution & transmission equipment	Motor vehicles	Computer & other equipment	Furniture & fittings	Work in progress	Total
Cost								
At 1 January 2017	18,148,881	59,541,017	51,471,526	2,331,323	3,620,607	480,217	38,822,021	174,415,592
Additions during the year	13,049,572	33,328,775	7,282,117	107,977	515,229	2,793	(38,822,021)	15,464,442
Write-off's	(1,692,637)	(120,539)	(17,460,075)	(565,888)	(791,948)	(234,778)	—	(20,865,865)
At 31 December 2017	29,505,816	92,749,253	41,293,568	1,873,412	3,343,888	248,232	—	169,014,169
Accumulated depreciation								
At 1 January 2017	9,703,077	41,703,072	41,133,760	1,505,172	1,887,926	364,127	—	96,297,134
Charge for the year	760,790	2,655,053	1,952,016	342,676	289,887	29,992	—	6,030,414
Write-off's	(1,123,607)	(120,539)	(14,813,888)	(544,943)	(702,207)	(151,570)	—	(17,456,754)
At 31 December 2017	9,340,260	44,237,586	28,271,888	1,302,905	1,475,606	242,549	—	84,870,794
Net book value								
At 31 December 2017	$ 20,165,556	$ 48,511,667	$ 13,021,680	$ 570,507	$ 1,868,282	$ 5,683	$ —	$ 84,143,375
At 31 December 2016	$ 8,445,804	$ 17,837,945	$ 10,337,766	$ 826,151	$ 1,732,681	$ 116,090	$ 38,822,021	$ 78,118,458

The Corporation's management, after due consideration of the assessment of their assets for impairment, believes that there are no indications that the property, plant and equipment as of 31 December 2017 and 2016 are impaired or their carrying amounts cannot be recovered.

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

The amount of borrowing costs capitalised for the year ended 31 December 2017 was $556,355 (2016: $709,499). The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 3.5% (2016: 3.5%).

Expressed in U.S. Dollars

7. TRADE AND OTHER PAYABLES

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

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

8. LOANS PAYABLE

	2017	2016
Banco Popular de Puerto Rico		
$30,008,000 was borrowed in connection with the Phase IV Development Programme. The loan is repayable in 60 quarterly instalments which commenced 31 December 2005 and bears interest at a fixed rate of 5.5% per annum. This loan is secured by assets of the Corporation and is guaranteed by the Government.	6,501,733	7,502,000
Repayable within one year	(2,000,532)	(2,000,532)
Repayable outside of one year	$4,501,201	$5,501,468
British Virgin Islands Social Security Board		
$35,000,000 (2016: $23,842,375) was borrowed in connection with the Phase V Development Programme. The loan is repayable over fifteen (15) years or sixty (60) quarterly instalments which commenced on 31 October 2015 and bears interest at a fixed rate of 3.5% per annum for the first 7 years and 5.0% for the next 8 years. This loan is secured by assets of the Corporation and is guaranteed by the Government.	19,175,710	5,346,640
Drawdowns during the year	11,157,625	15,579,070
Repayable within one year	(583,333)	(2,333,332)
Repayable outside of one year	$29,750,002	$18,592,378

Expressed in U.S. Dollars

8. **LOANS PAYABLE** (Cont'd)

Overdraft facility

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

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

Both of the facilities bear interest at Prime rate plus 1% per annum. The standby line of credit is subject to a standby fee of ½% of the amount authorised or $5,000 per annum. These facilities are secured by an unconditional and irrevocable guarantee from the Government. As at 31 December 2017 and 2016, these facilities were unused.

9. **PENSION FUND LIABILITY**

The Corporation has established a defined benefit plan which is fully funded. The assets of the plan are held independently of the Corporation's assets. The plan is valued by independent actuaries with the most recent valuation being carried out on 19 November 2018.

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

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

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

Expressed in U.S. Dollars

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

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

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

Remeasurements recognised in other comprehensive income were as follows:

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

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

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

The major categories of plan assets are as follows:

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

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

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

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

Expressed in U.S. Dollars

10. DEFERRED CAPITAL RECEIPTS

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

11. RELATED PARTY TRANSACTIONS

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

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

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

12. SHARE CAPITAL

The Corporation has an unlimited authorised share capital.

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

All shares in the Corporation are owned by the Government.

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

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

13. TAXATION

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

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

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Market risk

Foreign currency risk

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

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

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

Interest rate risk

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

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

	2017	**2016**
Cash at bank	0.94%	0.43%
Loans payable	3.50% to 5.50%	3.50% to 5.50%

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

Expressed in U.S. Dollars

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

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

Interest rate risk (Cont'd)

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

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

Commodity/price risk

The Corporation is exposed to the risk of fluctuations in prevailing market commodity prices on fuel and oil. The commodity prices are greatly affected by world economic events that dictate the level of supply and demand. The Corporation has not entered into hedged agreements to reduce its exposure to commodity price risk, since it is locked into a fixed price supply agreement until 31 August 2018 (refer to note 16).

The sensitivity analysis of the Corporation's profit before tax for changes in commodity prices is based on the assumption that year-end diesel fuel inventory prices move 10% (2016: 19%) resulting in a change of $86,215 (2016: $245,347), with all other variables held constant. Reasonably possible movements in commodity prices were determined based on a review of the historical prices of fuel from New York Harbor Ultra-Low Sulfur Diesel (ULSD) End of Day Settlement Prices as regulated by the U.S. Energy Information Administration.

(b) **Credit risk**

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

As at 31 December 2017 and 2016, the Corporation's financial assets exposed to credit risk amounted to the following:

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

Expressed in U.S. Dollars

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

(b) Credit risk (Cont'd)

Cash and cash equivalents and fixed term deposits

The Corporation held cash and cash equivalents and fixed term deposits with various financial institutions totaling $12,330,520 (2016: $5,531,313) as at 31 December 2017. The Corporation is subject to credit risk to the extent that these institutions may be unable to fulfil their obligations either to return the Corporation's cash and cash equivalents or repay amounts owed. The Corporation does not anticipate any losses as a result of this concentration.

Trade and other receivables - net

The ageing of the Corporation's trade and other receivables as at 31 December 2017 and 2016, is as follows:

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

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

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

Of the total balance over 90 days, only $385,194 (2016: $400,913) is considered impaired and was fully provided in the provision for bad debts. This relates to the portion of the receivable which the Corporation is not certain that it will recover.

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

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

Expressed in U.S. Dollars

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

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

Trade and other receivables – net (Cont'd)

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

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

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

(c) **Liquidity risk**

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

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

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

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

Expressed in U.S. Dollars

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

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

2016	On Demand	Less than 6 months	6 months to 1 year	More than 1 year	Total
Trade and other payables	6,104,453	—	—	—	6,104,453
Loans payable	—	2,166,932	2,166,932	24,093,846	28,427,710
Customers' deposits	1,980,013	—	—	—	1,980,013
Pension fund liability	—	—	—	12,232,075	12,232,075
	$8,084,466	$2,166,932	$2,166,932	$36,325,921	$48,744,251

15. **FAIR VALUE INFORMATION**

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

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

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

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

16. **COMMITMENTS**

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

On 30 August 2014, the Corporation entered into a contract with Delta Petroleum Caribbean Limited ("Delta") for the exclusive supply of 72,140,300 U.S. gallons of refined petroleum products for the period covering 1 September 2014 to 31 August 2018. Based on fuel prices as at 31 December 2017, the remaining volume of the contract as of that date was 13,138,300 (2016: 26,286,800) U.S. gallons and its contract value was approximately $37,678,934 (2016: $75,391,954).

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

(b) **K-Line International (Canada) Ltd. ("K-Line")**

On 8 April 2015, the Corporation entered into a contract with K-Line International (Canada) Ltd. ("K-Line") involving the Corporation's Phase V Development Programme – Package B. This project involves transmission infrastructure reinforcement through the installation of two (2) new 34.5KV one hundred eighty five (185) square millimetre power cables between the Pockwood Pond Power Station and the Long Bush Power Station. The estimated cost of the Package B project was $6,009,105 and the commencement date was on 14 April 2015.

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

(c) **Others**

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

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

17. **SUBSEQUENT EVENTS**

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

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

18. **COMPARATIVE INFORMATION**

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

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

Schedule to the Financial Statements - Expenses
For the year ended 31 December 2017
Expressed in U.S. Dollars

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

BRITISH VIRGIN ISLANDS ELECTRICITY CORPORATION

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

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