CACAO JEP LTD

FINANCIAL STATEMENTS

DECEMBER 31, 2020

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Directors of
CACAO JEP LTD

We have audited the accompanying separate financial statements of CACAO JEP Ltd. ("the company") and the consolidated financial statements of the company and its subsidiaries ("the group"), set out on pages 3 to 38, which comprise the group's and company's balance sheets as of December 31, 2020 and 2019, the group's and company's statements of comprehensive income, changes in equity and cash flows for the years then ended and the related notes to the group's and company's financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with United States generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Directors of
CACAO JEP LTD

Auditors' Responsibility (continued)

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the group and company at December 31, 2020 and 2019, and the group's and company's results of operations and its cash flows for the years then ended, in accordance with United States generally accepted accounting principles.

KPMG

Chartered Accountants
Kingston, Jamaica

April 9, 2021

CACAO JEP LTD.

Group Balance Sheets
December 31, 2020 and 2019
(Expressed in United States dollars)

	Notes	2020	2019
ASSETS			
Non-current assets:			
Restricted cash	3	12,833,897	15,831,260
Property, plant and equipment	4	110,193,342	123,885,053
Operating lease right-of-use assets	13	1,129,076	1,238,419
Intangible assets	5	13,340,570	15,459,415
Goodwill	6	52,044,076	52,044,076
Total non-current assets		189,540,961	208,458,223
Current assets:			
Cash and cash equivalents	7	299,155	3,820,976
Accounts receivable	8	18,776,935	18,497,567
Prepaid expenses		2,555,904	3,161,536
Due from ultimate parent company	16(b)	129,860	618,790
Due from related party	16(a)	766,758	7,075
Recoverable taxes	9	487,259	244,490
Inventories	10	16,515,739	18,693,192
Total current assets		39,531,610	45,043,626
TOTAL ASSETS		$229,072,571	253,501,849
EQUITY AND LIABILITIES			
Shareholders' equity:			
Stated capital	11(a)	820	820
Contributed capital	11(b)	49,995,757	57,395,757
Accumulated surplus		23,053,002	15,274,090
Attributable to shareholders		73,049,579	72,670,667
Non-controlling interest		161,148	161,148
Total equity		73,210,727	72,831,815
LIABILITIES			
Non-current liabilities:			
Long-term loans	12	83,085,321	96,459,266
Finance lease obligations	13	93,886	208,428
Operating lease liabilities	13	1,156,216	1,251,780
Deferred tax liability	14	36,955,260	42,806,811
Total non-current liabilities		121,290,683	140,726,285
Current liabilities:			
Current portion of long-term loans	12	13,833,333	13,833,333
Current portion of finance lease obligations	13	96,550	112,619
Current portion of operating lease liabilities	13	92,627	77,323
Due to related party	16(a)	-	1,520,410
Accounts payable	15	13,736,286	16,298,599
Short-term loan	17	5,000,000	5,000,000
Taxation payable		1,812,365	3,101,465
Total current liabilities		34,571,161	39,943,749
TOTAL EQUITY AND LIABILITIES		$229,072,571	253,501,849

The financial statements on pages 3 to 38 were approved for issue by the Board of Directors on April 7, 2021 and signed on its behalf by:

______________ Director
Flavio Pinheiro

______________ Director
Pastor Sanjurjo

The accompany notes form an integral part of the financial statements.

CACAO JEP LTD.

Group Statements of Comprehensive Income
Years ended December 31, 2020 and 2019
(Expressed in United States dollars)

	Notes	2020	2019
Operating income	18	95,408,958	162,573,894
Operating expense	19	(79,791,923)	(142,297,894)
Profit from operating activities		15,617,035	20,276,000
Other income		988,486	3,345,477
Loss on disposal of property, plant and equipment		(234)	(3,338)
Profit before net finance costs and taxation		16,605,287	23,618,139
Finance costs	20	(8,014,525)	(10,855,538)
Finance income	20	899,380	595,067
Net finance costs		(7,115,145)	(10,260,471)
Profit before taxation		9,490,142	13,357,668
Taxation	21	(1,710,337)	(6,984,927)
Profit for the year, being total comprehensive income		$ 7,779,805	6,372,741

The accompany notes form an integral part of the financial statements.

CACAO JEP LTD.

Group Statements of Changes in Equity
Years ended December 31, 2020 and 2019
(Expressed in United States dollars)

	Stated capital [note 11(a)]	Contributed capital [note 11(b)]	Accumulated surplus	Attributable to shareholders	Non-controlling interest	Total
Balances at December 31, 2018	820	66,030,757	8,914,134	74,945,711	161,148	75,106,859
Profit for the year, being total comprehensive income	-	-	6,372,741	6,372,741	-	6,372,741
Distribution to shareholders	-	(8,635,000)	-	(8,635,000)	-	(8,635,000)
Adjustment on impact of initial application of ASC 842	-	-	(42,290)	(42,290)	-	(42,290)
Tax recovered	-	-	29,505	29,505	-	29,505
Balances at December 31, 2019	820	57,395,757	15,274,090	72,670,667	161,148	72,831,815
Profit for the year, being total comprehensive income	-	-	7,779,805	7,779,805	-	7,779,805
Distribution to shareholders	-	(7,400,000)	-	(7,400,000)	-	(7,400,000)
Tax recovered	-	-	(893)	(893)	-	(893)
Balances at December 31, 2020	$820	49,995,757	23,053,002	73,049,579	161,148	73,210,727

The accompany notes form an integral part of the financial statements.

CACAO JEP LTD.

Group Statements of Cash Flows
Years ended December 31, 2020 and 2019
(Expressed in United States dollars)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		7,779,805	6,372,741
Adjustments for:			
Depreciation	4	14,736,028	14,737,957
Amortisation of intangible assets	5	2,118,845	2,118,845
Amortization right-of-use assets	19	109,343	125,105
Amortisation of debt issuance costs		459,389	564,643
Interest income	20	(843,369)	(351,726)
Interest expense	20	7,330,329	9,961,345
Interest expense on operating lease liabilities	13(c),20	98,654	118,020
Interest expense of finance leases	13(c),20	21,681	28,901
Taxation	21	1,710,337	6,984,927
Write-off/adjustment of property, plant and equipment		57,949	30,854
Loss on disposal of property, plant and equipment		234	3,338
		33,579,225	40,694,950
Movement in working capital			
(Increase)/decrease in accounts receivable		(182,700)	5,222,162
Decrease/(increase in prepaid expenses		605,632	(900,222)
Decrease/(increase) in inventories		2,177,453	(3,116,746)
(Decrease)/increase in amount due to related party		(1,520,410)	1,520,410
Increase in amount due from related party		(759,683)	(7,075)
Decrease/(increase) in amount due from ultimate parent company		488,930	(126,667)
Decrease in accounts payable		(2,490,144)	(1,218,445)
Cash generated by operations		31,898,303	42,068,367
Taxation paid		(9,093,757)	(5,201,099)
Interest paid		(7,522,833)	(11,582,569)
Net cash provided by operating activities		15,281,713	25,284,699
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		746,701	351,726
Purchase of property, plant and equipment	4	(1,102,500)	(4,694,007)
Change in restricted cash		2,997,363	812,723
Proceeds from sale of property, plant and equipment, net of transfers		-	64,897
Net cash provided by/(used in) by investing activities		2,641,564	(3,464,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution, net		(7,400,000)	(8,635,000)
Tax deducted on interest income		(893)	29,505
Finance lease obligations	13(c)	(130,611)	72,385
Operating lease, liabilities	13(c)	(80,260)	(76,711)
Repayment of long-term loans		(13,833,334)	(13,833,333)
Net cash used in financing activities		(21,445,098)	(22,443,154)
Net decrease in cash and cash equivalents		(3,521,821)	(623,116)
Cash and cash equivalents at beginning of year		3,820,976	4,444,092
Cash and cash equivalents at end of year		$ 299,155	3,820,976

The accompany notes form an integral part of the financial statements.

CACAO JEP LTD.

Company Balance Sheets
December 31, 2020 and 2019
(Expressed in United States dollars)

	Notes	2020	2019
ASSETS			
Non-current assets:			
Property, plant and equipment	4	4,947,307	5,514,732
Intangible assets	5	13,340,570	15,459,415
Interest in partnerships	6	37,501,115	41,744,700
Goodwill	6	52,044,076	52,044,076
Total non-current assets		107,833,068	114,762,923
Current assets:			
Cash and cash equivalents	7	131,165	31,246
Accounts receivable	8	-	44,430
Due from related parties	16(a)	2,906,965	3,675,842
Due from parent company	16(b)	29,860	36,000
Due from ultimate parent company	16(b)	100,000	582,790
Recoverable taxes	9	487,259	244,490
Total current assets		3,655,249	4,614,798
TOTAL ASSETS		111,488,317	119,377,721
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity:			
Stated capital	11(a)	820	820
Contributed capital	11(b)	49,995,757	57,395,757
Accumulated surplus		22,570,913	14,791,108
Total shareholder's equity		72,567,490	72,187,685
Non-current liability:			
Deferred tax liability	14	36,955,260	42,806,811
Current liabilities:			
Accounts payable	15	21,000	64,799
Due to related parties	16(a)	132,202	1,216,961
Taxation payable		1,812,365	3,101,465
Total current liabilities		1,965,567	4,383,225
TOTAL LIABILITIES AND EQUITY		$111,488,317	119,377,721

The financial statements on pages 3 to 38 were approved for issue by the Board of Directors on April 7, 2021 and signed on its behalf by:

Director
Flavio Pinheiro

Director
Pastor Sanjurjo

The accompany notes form an integral part of the financial statements.

CACAO JEP LTD.

Company Statements of Comprehensive Income
Years ended December 31, 2020 and 2019
(Expressed in United States dollars)

	Notes	2020	2019
Share of partnership profits		12,060,222	15,933,002
Operating expenses	19	(2,715,520)	(2,734,039)
Operating profit before net finance income		9,344,702	13,198,963
Finance costs	20	(201)	-
Finance income	20	145,641	158,705
Net finance income		145,440	158,705
Profit before taxation		9,490,142	13,357,668
Taxation	21	(1,710,337)	(6,984,927)
Profit for the year, being total comprehensive income		$ 7,779,805	6,372,741

The accompany notes form an integral part of the financial statements.

CACAO JEP LTD.

Company Statements of Changes in Equity
Years ended December 31, 2020 and 2019
(Expressed in United States dollars)

	Stated capital [note 11(a)]	Contributed capital [note 11(b)]	Accumulated surplus	Total
Balances as at December 31, 2018	820	66,030,757	8,418,367	74,449,944
Profit for the year, being total comprehensive income	-	-	6,372,741	6,372,741
Distribution to shareholders	-	(8,635,000)	-	(8,635,000)
Balances as at December 31, 2019	820	57,395,757	14,791,108	72,187,685
Profit for the year, being total comprehensive income	-	-	7,779,805	7,779,805
Distribution to shareholders	-	(7,400,000)	-	(7,400,000)
Balances as at December 31, 2020	$820	49,995,757	22,570,913	72,567,490

The accompany notes form an integral part of the financial statements.

CACAO JEP LTD.

Company Statements of Cash Flows
Years ended December 31, 2020 and 2019
(Expressed in United States dollars)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		7,779,805	6,372,741
Adjustments for:			
Share of partnership profits		(12,060,222)	(15,933,002)
Depreciation	4	567,425	567,426
Amortisation of intangible assets	5	2,118,845	2,118,845
Interest income	20	(116,541)	(32,082)
Taxation	21	1,710,337	6,984,927
		(351)	78,855
Decrease/(increase) in current assets:			
Accounts receivable		44,430	(11,650)
Due from related parties/parent company /ultimate parent company		1,257,807	(178,915)
(Decrease)/increase in current liabilities			
Due to related parties		(1,084,759)	132,177
Accounts payable		(43,799)	37,200
Cash provided by operating activities		173,328	57,667
Taxation paid		(9,093,757)	(5,201,099)
Net cash used in operating activities		(8,920,429)	(5,143,432)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		116,541	32,082
Change in restricted cash		-	1,541,568
Distributions received		16,303,807	12,213,707
Net cash provided by investing activities		16,420,348	13,787,357
CASH FLOWS FROM FINANCING ACTIVITY			
Distributions, being net cash used in financing activity		(7,400,000)	(8,635,000)
Net increase in cash and cash equivalents		99,919	8,925
Cash and cash equivalents at beginning of year		31,246	22,321
Cash and cash equivalents at end of year		$ 131,165	31,246

The accompany notes form an integral part of the financial statements.

CACAO JEP LTD.

Notes to the Financial Statements
Years ended December 31, 2020 and 2019
(Expressed in United States dollars)

1. The company

CACAO JEP Ltd. (the company), formerly Basic JEP Ltd., a limited liability company, which was incorporated under the Commercial Code of St. Lucia on December 12, 1997, was renamed and incorporated in the Cayman Islands on March 19, 2010 and converted to an International Business Company on November 4, 2011 in St. Lucia. The company is a wholly owned subsidiary of CACAO Jamaica Ltd., the immediate parent company. As of August 2015, InterEnergy Group Limited is its ultimate parent company.

The company is the 99% general partner of the following subsidiaries:

(i) Jamaica Energy Partners, a partnership established to own and operate a 124-megawatt power facility for the generation and sale of electricity to Jamaica Public Service Company Limited (JPSCo).

(ii) West Kingston Power Partners, a partnership established to own and operate a 65.5-megawatt power facility for the generation and sale of electricity to Jamaica Public Service Company Limited (JPSCo).

With effect from November 4, 2011, rights previously held by the company's subsidiary, Doctor Bird Power Company Limited, based on an agreement dated June 30, 2006, were transferred to the company. Consequently, all profits and losses from the operations of Jamaica Energy Partners are attributable to the company.

In 2012, rights to the profits and losses of West Kingston Power Partners, previously held by CACAO Jamaica Ltd., were transferred to the company. Consequently, all profits and losses from the operations of West Kingston Power Partners are attributable to the company.

The company and its subsidiaries are collectively referred to in these financial statements as "the Group".

At December 31, 2020, the company had no direct employees.

The Partnerships

(i) Jamaica Energy Partners

The Partnership established a floating power facility at Old Harbour Bay, Jamaica, for the generation and sale of electricity to JPSCo, under a power purchase agreement (the power purchase agreement) with an initial term of 20 years, which commenced October 21, 1994. The initial power purchase agreement was restated with effect from January 12, 2006 to extend the period by approximately 12 years to 2026; this agreement also covers a new barge for a period of 20 years to 2026.

All of the Partnership's operating income is generated from JPSCo from its generation facilities which have a net capacity of 124 megawatts.

1. The company (continued)

The Partnerships (continued)

(i) Jamaica Energy Partners (continued)

The agreement contains certain default provisions which give either party the right to terminate the agreement prior to the expiration of the initial term. In the event of a default, as defined in the agreement, the defaulting party has either five (5) or thirty (30) business days, depending on the nature of the default, to remedy the default, after a notice of default has been issued.

If the default has not been corrected by the defaulting party within the period specified, then the offended party has the right, at its sole discretion, to terminate the agreement and recover losses as specified.

The offended party may recover any damages to which it is entitled, including drawing on all or part of the letter of credit established by the defaulting party. If the Partnership is the defaulting party, then JPSCo also has the option of purchasing the Partnership's floating power generation facilities.

(ii) West Kingston Power Partners

West Kingston Power Partners (‘the Partnership’) has been assigned the Jamaica Energy Partners Supply of Electricity License, 2010 (the License) and a power purchase agreement dated April 12, 2010 (the power purchase agreement) between Jamaica Energy Partners and JPSCo for the supply of electricity (net capacity and energy output) to JPSCo.

The partnership was formed for the purpose of designing, financing, constructing, owning, operating and maintaining a 65.5-megawatt diesel generation power plant located at West Kingston, Jamaica to generate, sell and supply electricity to JPSCo. The agreement is for an initial term that ends 20 years after the “commercial operations date” of the generation facility and may be extended for a period to be mutually agreed between the parties.

The power purchase agreement includes detailed provisions in respect of the design, construction and operation of the generation facility and its interconnection with the JPSCo supply network, as well as provisions for liquidated damages for failure to perform certain obligations in accordance with the agreement, such as:

- Shortfall in commissioned dependable capacity of the complex
- Shortfall in on-going capacity
- Shortfall in dispatched level requested

The agreement also contains default provisions and associated remedies, which give either party the right to terminate the agreement prior to the expiration of the initial term. If the Partnership is the defaulting party, then JPSCo also has the option of purchasing the Partnership's power generation facility.

The Partnership is required to provide security deposits to support its obligations under the power purchase agreement.

2. Basis of preparation and significant accounting policies

(a) Basis of preparation:

These financial statements include assets, liabilities, income and expenses of the company and the Group. Effective December 31, 2016 the Group elected to apply the push-down basis of accounting, which required establishing a new basis of accounting in the separate financial statements of the acquired entity (or acquiree) after it is acquired. The acquisition adjustment recorded by the acquirer in a business combination under ASC Topic 805 are pushed down to the acquiree's separate financial statements. Once an entity elects to apply pushdown accounting to a specific change-in-control event, the decision is irrevocable.

(i) Statement of compliance

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

(ii) Current year changes in accounting standards and interpretations

Certain new and revised accounting standards and interpretations to existing accounting standards came into effect during the current financial year. None of these standards and interpretations had any significant effect on the amounts and disclosures in the financial ststements.

(iii) Future changes in accounting standards and interpretations

Certain new standards and amendments to, and interpretations of, existing accounting standards have been published but are not yet effective and the Group has not adopted early. The relevant standards are discussed as follows:

- ASU 2017-04, *Intangibles- Goodwill and Other* (Topic 350): Simplifying the Test for Goodwill Impairment, is effective for annual reporting periods beginning after December 15, 2021.

  ASU 2017-04 eliminates Step 2 of the goodwill impairment test and replaces the qualitative assessment. An entity should perform its annual, or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value: however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. The company will implement the provisions of ASU 2017-04 as of January 1, 2022. The company has not yet determined the impact of these amendments for the recognition of intangibles.

2. Basis of preparation and significant accounting policies (continued)

(a) Basis of preparation (cont'd):

(ii) Current year changes in accounting standards and interpretations

- ASU 2020-10, *Codification Improvements*

  In October 2020, the FASB issued ASU 2020-10, which clarifies various topics in the Codification by providing consistency in codification wording and moving existing disclosure requirements to the relevant disclosure sections.

  The ASU is effective for:

  Public business entities and certain not-for-profit entities and employee benefit plans for annual and interim periods in fiscal years beginning after December 15, 2020.

  All other entities for annual periods in fiscal years beginning after December 15, 2021 and interim periods in fiscal years beginning after December 15, 2022.

  Early adoption is allowed for any annual or interim period for which the financial statements have not yet been issued (or made available to be issued).

- ASU 2020-04, *Reference Rate Reform* (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting

  In March 2020, the FASB issued ASU 2020-04, which provides optional guidance for a limited time to ease the potential accounting burden associated with transitioning away from reference rates such as LIBOR. The expedients and exceptions provided by ASU 2020-04 will not be available after December 31, 2022, other than for certain hedging relationships entered into before December 31, 2022.

  The ASU may be applied as of the beginning of the interim period that includes March 12, 2020 through December 31, 2022.

The group is evaluating the impact the standards will have on its financial statements.

2. Basis of preparation and significant accounting policies (continued)

(b) Consolidation:

The consolidated financial statements include the assets, liabilities and results of operations of the company and its subsidiaries presented as a single economic entity. The group has no involvement with variable interest entities.

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the group. They are no longer consolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group entities are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries are consistent with those of the group. The group accounts for transactions between entities under common control in accordance with ASC Topic 805 sub-topic 50, *Common Control Transactions.*

(c) Taxation:

Taxation comprises current and deferred tax and is recognized in income. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income in the period that the change is enacted.

(d) Foreign currency:

These financial statements are presented in United States dollars, which is the functional currency of the company. Foreign currency balances, including those held in Jamaica dollars, at the reporting date are translated at the rates of exchange ruling on that date.

2. Basis of preparation and significant accounting policies (continued)

(d) Foreign currency (continued):

Transactions in foreign currencies including those denominated in Jamaica dollars are converted at the rates of exchange ruling at the dates of those transactions.

Gains and losses arising from fluctuations in exchange rates are included in the statement of comprehensive income.

(e) Property, plant and equipment:

Land and buildings held for use in the production or supply of electricity or for administrative purposes, and certain machinery and equipment are carried at cost, less accumulated depreciation and impairment losses. The values of these assets are subject to annual impairment reviews.

Cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised as expenses in the statement of comprehensive income as expenses.

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Current annual rates of depreciation are:

Property and power installations	20 – 30 years
Motor vehicles, machinery and equipment	4 – 8 years
Furniture, fixtures and office equipment	3 – 10 years
Right-of-use assets	6 – 12 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(f) Intangible assets:

This represents the carrying value of the Power Purchase Agreement with JPSCO and is measured at fair value, less accumulated amortization and impairment losses. The value of this asset is subject to annual impairment review.

Amortization is calculated on the straight-line method over the estimated useful life of the intangible asset. The expected useful life of this asset is 17.3 years.

2. Basis of preparation and significant accounting policies (continued)

(g) Goodwill:

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of identifiable tangible assets acquired. Goodwill is measured at cost less impairment losses. Impairment assessment is done annually. If goodwill is determined to be impaired, it is written down in the period in which the determination is made.

(h) Cash and cash equivalents:

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 90 days' maturity from the date of acquisition, including cash balances and non-restricted deposits.

(i) Financing costs and income:

Financing costs are capitalized as part of the cost of property, plant and equipment up to the time they are brought into use. These costs are amortized over the life of the asset. Subsequent financing costs are included in profit or loss.

Finance income is recognised as it is accrues, using the effective interest method, that is, the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument to the net carrying amount of the financial asset.

(j) Debt issuance costs:

Debt issuance costs represent those charges incurred to secure debt (such as loans and bonds).

Debt issuance costs are capitalised and amortised to interest expense over the loan term, using the effective interest method.

(k) Inventories:

Inventories, excluding fuel, are valued at the lower of cost, determined on the weighted average basis, and net realizable value. Fuel is determined using the first-in-first-out (FIFO) method.

(l) Pension costs:

The subsidiaries sponsor a pension plan (note 23), the assets of which are held separately from those of the group. Contributions to the plan are charged as expenses in the period in which they are incurred.

2. Basis of preparation and significant accounting policies (continued)

(m) Use of estimates and judgments:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The areas requiring the highest degree of judgment or estimation are:

- *Accruals*

  Amounts accrued for expenses are based on estimates of the Group's liability and are included in accounts payable.

- *Property, plant and equipment*

  Management exercises judgement in determining whether costs incurred can accrue significant future economic benefits to the Group to enable the costs to be treated as additions to property, plant and equipment.

  Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and the resulting depreciation charges thereon.

- *Net realizable value of inventories*

  Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing as at that date. Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

(n) Interest in partnerships:

The company's interest in subsidiaries is measured at the share of Group equity, net of impairment.

(o) Revenue and expense recognition:

Revenue from services is measured based on the consideration specified in the contract with customers and excludes any sales incentives and amounts collected on behalf of third parties. The Group recognises revenues when it satisfies a performance obligation by transferring control over a service to a customer.

2. Basis of preparation and significant accounting policies (continued)

(o) Revenue and expense recognition (continued):

Performance obligations and revenue recognition policies:

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	**Nature and timing of satisfaction of performance obligations, including significant payment terms**	**Revenue recognition under ASC 606**
Sale of electricity	Revenue from the sale of electricity is recognised when the Group has satisfied its obligation by transferring control of the service to the customer.	Revenue from this service is recognised at the point in time when the service if delivered to the purchaser and there is an obligation to pay.

Expenses are recognized as they are incurred, and are recorded in the financial statements in the period to which they relate.

(p) Accounts receivable:

Trade and other receivables are carried at amortised cost. An impairment allowance is made for doubtful receivables for estimated losses inherent in its accounts receivable portfolio.

(q) Accounts payable:

Liabilities for trade and other accounts payable, which are normally settled in 30 to 90 days are recorded at the fair value of the consideration to be paid for goods and services received by the reporting date, whether or not billed, and are carried at amortized cost.

(r) Related parties:

Entities subject to the same ultimate control or significant influence as the Group are considered to be related. Principal owners of an entity, its management and members of the immediate families of principal owners and its management are also considered to be related parties.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

2. Basis of preparation and significant accounting policies (continued)

(s) Impairment – long-lived assets:

Long-lived assets, such as property, plant and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset groups to be tested for possible impairment, the group first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value.

If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisal, as considered appropriate.

Impairment losses and reversals of previously recognized impairment losses are recognized in profit or loss.

(t) Provisions:

A provision is recognized when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, provisions are determined by discontinuing the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(u) Non-controlling interest (NCI):

NCI is measured at its proportionate share of the acquiree's identifiable net assets at the date of acquisition.

NCI relates to a 1% interest in Jamaica Energy Partners, and the results of this non-controlling interest is attributable to the company.

2. Basis of preparation and significant accounting policies (continued)

(v) Leases:

The Group is a lessee in several non-cancellable (1) operating leases, for land on which the plant was built and (3) finance leases, for motor vehicles.

The Group accounts for leases in accordance with Topic 842, *Leases* (see note 13). The Group determines if an arrangement is or contains a lease at contract inception. The Group recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases, and is subsequently measured at amortized cost using the effective interest method.

Key estimates and judgments include how the Group determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term and (3) lease payments.

- Topic 842 requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, the Group cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs.

  Therefore, the Group generally uses its incremental borrowing rate as the discount rate for the lease. The Group's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Because the Group does not generally borrow on a collateralized basis, it uses the interest rate it pays on its non-collateralized borrowings as an input to deriving an appropriate incremental borrowing rate.

- The lease term for all of the Group's leases includes the non-cancellable period of the lease plus any additional periods covered by either a Group option to extend (or not to terminate) the lease that the Group is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

2. Basis of preparation and significant accounting policies (continued)

(v) Leases (continued):

- Lease payments included in the measurement of the lease liability include:
  - Fixed payments, including in-substance fixed payments, owed over the lease term (which includes termination penalties the Group would owe if the lease term assumes Group exercise of a termination option);

The ROU asset, initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ROU assets for operating leases are periodically reduced by impairment losses. The Group uses the long-lived assets impairment guidance in ASC Subtopic 360-10, *Property, Plant, and Equipment – Overall*, to determine whether an ROU asset is impaired, and if so, the amount of the impairment loss to recognize.

The Group monitors for events or changes in circumstances that require a reassessment of its lease arrangement. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in profit or loss.

Operating lease ROU assets are presented as operating lease right of use assets on the balance sheet. The current portion and long-term portion of operating lease liabilities are presented separately on the balance sheet.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Group has elected not to apply the short-term lease recognition and measurement exemption for other classes of leased assets. The Group recognises the lease payments associated with its short-term transportation equipment leases as an expense on a straight-line basis over the lease term.

(w) Financial instruments:

Financial instruments carried on the balance sheets include cash and cash equivalents, accounts receivable, restricted cash, long-term and short-term loans, related party balances, lease obligations and accounts payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the group's financial instruments are discussed in note 25.

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Notes to the Financial Statements (Continued)
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2. Basis of preparation and significant accounting policies (continued)

(x) Finance lease and long term loans:

Finance leases and long term loans are carried at amortised over the lease term.

3. Restricted cash

This represents interest-bearing deposits, which have been designated to be utilized as indicated in accordance with the Syndicated Loan Agreement and Trust and Retention Accounts Agreement with the group's lenders.

	Group	
	2020	2019
To facilitate major maintenance	2,426,745	2,736,859
Debt service	10,199,374	12,920,795
Debt payment	207,778	173,606
	$12,833,897	15,831,260

4. Property, plant and equipment

	Group				
	Property and power installations	Motor Vehicles machinery and equipment	Furniture fixtures and office equipment	Capital work in progress	Total
Cost:					
December 31, 2018	281,163,185	24,064,542	1,024,458	75,415	306,327,600
Additions	4,404	3,748,239	23,017	918,347	4,694,007
Transfers	-	-	642,792	-	642,792
Reclassifications/write-offs	32,807	-	-	(706,453)	(673,646)
Disposals	-	(2,441,720)	(90,065)	-	(2,531,785)
December 31, 2019	281,200,396	25,371,061	1,600,202	287,309	308,458,968
Additions	-	993,488	34,412	74,600	1,102,500
Transfers	-	221,810	-	(221,810)	-
Reclassifications/write-offs	-	-	-	(64,203)	(64,203)
Disposals	-	-	(493)	-	(493)
December 31, 2020	281,200,396	26,586,359	1,634,121	75,896	309,496,772
Accumulated depreciation:					
December 31, 2018	156,052,635	15,387,585	859,288	-	172,299,508
Charge for the year	11,476,778	3,187,424	73,755	-	14,737,957
Eliminated on disposals	-	(2,373,485)	(90,065)	-	(2,463,550)
December 31, 2019	167,529,413	16,201,524	842,978	-	184,573,915
Charge for the year	11,473,187	2,999,311	263,530	-	14,736,028
Adjustments	-	(2,509)	(3,745)	-	(6,254)
Eliminated on disposals	-	-	(259)	-	(259)
December 31, 2020	179,002,600	19,198,326	1,102,504	-	199,303,430
Net book values:					
December 31, 2020	$102,197,796	7,388,033	531,617	75,896	110,193,342
December 31, 2019	$113,670,983	9,169,537	757,224	287,309	123,885,053
December 31, 2018	$125,110,550	8,676,957	165,170	75,415	134,028,092

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Notes to the Financial Statements (Continued)
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4. Property, plant and equipment (continued)

	Company		
	Property and power installations	Furniture, fixtures motor vehicles machinery and equipment	Total
Fair value adjustment through push-down accounting December 31, 2018, 2019 and 2020	7,977,441	200,559	8,178,000
Accumulated depreciation:			
December 31, 2018	1,916,450	179,392	2,095,842
Charge for the year	564,092	3,334	567,426
December 31, 2019	2,480,542	182,726	2,663,268
Charge for the year	564,092	3,333	567,425
December 31, 2020	3,044,634	186,059	3,230,693
Net book values:			
December 31, 2020	$4,932,807	14,500	4,947,307
December 31, 2019	$5,496,899	17,833	5,514,732
December 31, 2018	$6,060,991	21,167	6,082,158

At the reporting date, property and power installations include buildings at a cost of $2,814,197 (2019: $2,814,197) [net book value of $1,545,245 (2019: $1,666,270)] were constructed on leased land (see note 13).

5. Intangible assets

This represents the carrying value of the power purchase agreement with Jamaica Energy Partners and West Kingston Power Partners, allocated from the cost of acquiring the Groups. The fair value effects resulting from push down accounting, are detailed below:

	Group and Company	
	2020	2019
Allocated cost from pushdown accounting	26,510,000	26,510,000
Accumulated amortisation		
At beginning of year	11,050,585	8,931,740
Charge for the year	2,118,845	2,118,845
At end of year	13,169,430	11,050,585
Carrying value	$13,340,570	15,459,415

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Notes to the Financial Statements (Continued)
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6. Interest in partnerships

	Group		Company	
	2020	2019	2020	2019
Jamaica Energy Partners (a)	-	-	5,239,429	4,541,758
West Kingston Power Partners (b)	-	-	32,261,686	37,202,942
	-	-	37,501,115	41,744,700
Goodwill (c)	52,044,076	52,044,076	52,044,076	52,044,076
	$52,044,076	52,044,076	89,545,191	93,788,776

(a) Jamaica Energy Partners:

In 2012, the rights previously held by Doctor Bird Power Company Limited were transferred to the company. The acquisition is accounted for using equity method accounting in accordance with Accounting Standards Codification (ASC) topic 323-30, *Partnerships, Joint Ventures and Limited Liability Entities*, which reflects the investor's share of net assets in the partnership.

(b) West Kingston Power Partners:

Effective July 13, 2012, rights in West Kingston Power Partners previously held by CACAO JEP II were transferred to the company as part of a restructuring exercise [see note 1(ii)]. The acquisition was accounted for at carrying value in accordance with Accounting Standards Codification (ASC) topic 805-50, *Transactions with Entities Under Common Control*.

(c) Goodwill:

For the purpose of the impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or grouping of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

In testing goodwill for impairment, the recoverable amount of the cash-generating unit is estimated based on estimated value-in-use. Where the recoverable amount exceeds the carrying amount, no impairment allowance is made. The recoverable amount of the cash-generating unit (CGU) is arrived at by estimating the future cash flows and discounting those cash flows using long-term after-tax discount rates applicable to Jamaica Energy Partners and West Kingston Power Partners. Future sustainable cash flows are estimated based on the most recent projections, after taking account of past experience. The cash flow projections include specific estimates for each of the remaining years of Jamaica Energy Partners' power purchase agreement (PPA), following the reporting date, and a terminal value thereafter.

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Notes to the Financial Statements (Continued)
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6. Interest in partnerships (continued)

(c) Goodwill (continued):

The key assumptions used in the discounted cash flow projections are as follows:

	2020	2019
Risk free rate	1.45%	2.2%
Discount rate (pre-tax)	13.5%	12.2%
Government of Jamaica risk rating	B+	B+

No impairment loss was recognized during the current and prior years because the recoverable amount of the cash-generating unit was determined to be higher than the carrying amount.

7. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
Interest bearing funds	270,610	3,675,925	131,165	31,246
Non-interest-bearing funds	28,545	145,051	-	-
	$299,155	3,820,976	131,165	31,246

8. Accounts receivable

	Group		Company	
	2020	2019	2020	2019
Trade receivables	11,838,561	11,490,951	-	-
Change in law costs recoverable from JPSCo	1,247,785	1,289,147	-	-
Fuel adjustment recoverable from Petrojam	753,573	505,219	-	-
Bunkering costs recoverable	-	641,718	-	-
Fuel cess	664,956	522,859	-	-
Common External Tariff	55,324	21,191	-	-
Other receivables	735,449	1,364,486	-	44,430
Insurance receivables	3,276,533	2,635,982	-	-
Staff receivables	273,328	173,936	-	-
	18,845,509	18,645,489	-	44,430
Less: Allowance for doubtful debts	(68,574)	(147,922)	-	-
	$18,776,935	18,497,567	-	44,430

(a) Movement in impairment loss for accounts receivable:

	Group	
	2020	2019
Balance at the beginning of the year	147,922	91,180
Impairment loss recognized	-	68,574
Doubtful debts recovered	(79,348)	(11,832)
Balance at the end of the year	$ 68,574	147,922

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8. Accounts receivable (continued)

(b) The ageing analysis of trade receivables is as follows:

	Group	
	2020	2019
Neither past due nor impaired	10,376,336	11,285,097
Past due but not impaired:		
1-30 days	1,462,225	-
31-60 days	-	205,854
	$11,838,561	11,490,951

9. Recoverable taxes

This represents amounts recoverable from the tax authorities in Jamaica on corporate income tax including amounts paid by the previous parent company, Dr. Bird Power Company.

10. Inventories

	Group	
	2020	2019
Fuel and chemicals	3,400,477	6,103,058
Equipment spares	6,476,945	6,091,583
Engine spares	5,927,043	5,198,147
Materials	299,267	206,045
Inventories in transit	412,007	1,094,359
	$16,515,739	18,693,192

No provision has been made in the financial statements for local charges to be incurred in clearing the inventories in transit.

11. Shareholder's equity

(a) Stated capital

	Group and Company	
	2020	2019
Authorised:		
50,000 ordinary shares of $1 par value		
Issued and fully paid:		
820 ordinary shares of $1 par value	$820	820

(b) Contributed capital

The amount of $49,995,757 (2019: $57,395,757) represents capital contributed by the parent company for the purposes of financing the group's investment in West Kingston Power Partners, prior to 2016 and amounts derived from the effects of push-down accounting. During the year, $7,400,000 (2019: $8,635,000) of this amount was returned to shareholders.

12. Long-term loans

	Group	
	2020	2019
JEP 2025 Bond (a)	42,500,000	42,500,000
First Citizens Bank Limited (b)	6,466,666	8,083,334
JMMB Bank (Jamaica) Limited (b)	5,066,667	6,333,333
National Commercial Bank Jamaica Limited (b)	10,666,667	13,333,333
Sagicor Bank Jamaica Limited (b)	16,466,667	20,583,333
First Caribbean International Bank Limited (b)	9,333,333	11,666,667
First Global Bank Limited (b)	6,000,000	7,500,000
Proven Management Limited (b)	1,333,333	1,666,667
	97,833,333	111,666,667
Less: Current maturities	(13,833,333)	(13,833,333)
	84,000,000	97,833,334
Less: Debt issuance costs	(914,679)	(1,374,068)
	$83,085,321	96,459,266

Maturities of long-term loans are as follows:

	Group	
	2020	2019
Year ending December 31:		
2020	-	13,833,333
2021	13,833,333	13,833,333
2022	13,833,333	13,833,333
2023	13,833,334	13,833,333
Thereafter	56,333,333	56,333,335
	$97,833,333	111,666,667

(a) Jamaica Energy Partners, through arrangers Sagicor Investments Jamaica Limited, issued the following bonds totaling USD 42.5M on January 18, 2018:

(i) A seven - year USD 30M variable rate bond

(ii) A seven - year JMD equivalent USD 12.5M indexed variable rate bond. Interest and principal payments on this bond will be made in Jamaican Dollars.

Both bonds were issued at a coupon rate of LIBOR plus 562 basis points with a common maturity date of January 18, 2025 or January 18, 2031, subject to an extension option. For the extension option to be affected, both the investor and the issuer must agree on the terms and issue an Extension Notice. The funds from the bond issue were disbursed through monthly drawdowns over the first year and fully drawn down at year end.

12. Long-term loans (continued)

(b) This syndicated loan facility is to be repaid within 7 years with a moratorium of 15 months from the date of disbursement. The loan is repayable in 24 equal quarterly installments commencing on the next interest payment date following the moratorium period. Interest is payable quarterly, starting March 31, 2018 at a variable rate of 3-month LIBOR plus 5.62% per annum.

Further, under the syndicated arrangement, the subsidiaries, Jamaica Energy Partners and West Kingston Power Partners, have a one-year renewable variable rate facility of $5M and $3M, respectively, on which they can make drawdowns for working capital purposes. These loans have an interest rate of 5% per annum during the one-year period commencing from the date of disbursement and in any subsequent renewal period, the rate may be varied by agreement in writing between the borrowers and the applicable lenders.

(c) The securities on the loans and bonds are summarised below:

(i) Joint and several debentures over the present and future assets of the Group;

(ii) A first priority ship mortgage on all vessels;

(iii) Security contract over project equipment and movable property;

(iv) Deed of assignments over all receivables due under the Power Purchase Agreements (PPAs) and all the rights of the Group under the Fuel Supply Agreement (FSA) with Petrojam; and

(v) Deed of Subordination for all inter-company and shareholders/partners' loans and advances;

(vi) Debt Service Reserve Account (DSRA) funded with a minimum of six (6) months' principal and interest payments with the option to establish a Standby letter of credit in favour of the lenders in lieu of a DRSA, providing the bank with at least 90 days' notice of its intention to do so;

(vii) Deed of assignment of business impact insurance policies;

(viii) Cross corporate guarantees in favour of the Group and West Kingston Power Partners covering the full indebtedness of each entity.

(ix) Establishment of a major maintenance reserve account to fund the projected operations and maintenance charges for the existing twelve (12) months. Major maintenance reports are to be conducted every three (3) years during the life of the loan;

(x) Mortgages by way of guarantee over the leasehold interests.

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13. Leases

The Group has land and motor vehicles that are utilized under lease arrangements. The components of lease costs were as follows:

Operating lease costs:

	2020	2019
Amortization of right-of-use assets (note 19)	109,343	125,105
Interest on lease liabilities (note 20)	98,654	118,020
Total operating lease costs	$207,997	243,125

Finance lease costs:

	2020	2019
Depreciation of assets	99,854	149,277
Interest on lease liabilities (note 20)	18,747	28,901
Property plant and equipment	$118,601	178,178

Amounts reported in the balance sheet are as follows:

(a) Operating leases:

	2020	2019
Operating lease ROU assets	$1,129,076	1,238,419
Operating lease liabilities	$1,248,843	1,329,103
Current installments of obligations under operating leases	92,627	77,323
Long-term portion of obligations under operating leases	1,156,216	1,251,780
Total operating lease liabilities	$1,248,843	1,329,103

(b) Finance leases:

	2020	2019
Cost:		
Motor vehicle, machinery and equipment	436,840	436,840
Accumulated depreciation		
At the beginning of the year	(141,532)	-
Charge for the year	(99,854)	(141,532)
At the end of the year	(241,386)	(141,532)
Property plant and equipment	$195,454	295,308

Obligations under finance leases are made up as follows:

	2020	2019
Total future minimum lease payments	202,077	357,384
Future interest payments	(11,641)	(36,337)
	190,436	321,047
Less: Current maturities	(96,550)	(112,619)
	$ 93,886	208,428

(Expressed in United States dollars)

13. Leases (continued)

(c) Other information related to leases was as follows:

	2020	2019
Weighted average remaining lease term:		
Operating leases	8.21years	9.21 years
Finance leases	1.74years	2.74 years
Weighted average discount rate:		
Operating leases	8.00%	8.00%
Finance leases	8.04%	8.04%

	2020 $	2019 $
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	98,654	118,020
Operating cash flow from finance leases	21,681	28,901
Financing activities from operating activities	(80,260)	(76,711)
Financing activities from finance leases	(130,611)	72,385

Maturities of lease liabilities under non-cancellable leases are as follows:

	2020		2019	
	Operating leases	Finance leases	Operating leases	Finance leases
2020	-	-	181,023	140,050
2021	179,093	110,028	181,023	118,394
2022	179,093	72,013	181,023	79,167
2023	179,093	20,036	181,023	19,773
2024	179,093	-	181,023	-
Thereafter	1,144,046	-	1,146,296	-
Total undiscounted lease payments	1,860,418	202,077	2,051,411	357,384
Less: imputed interest	(611,575)	(11,641)	(722,308)	(36,337)
Total lease liabilities	1,248,843	190,436	1,329,103	321,047

The operating lease payments for WKPP are adjusted annually to reflect market rentals and the lease provides for additional rental payments that are based on changes in a local price index.

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14. Deferred tax liability

Deferred tax is attributable to temporary differences between the tax basis of an asset or liability and its carrying amount in the financial statements. These differences will result in taxable or deductible amounts in future years when the reported amount of the asset or liability is recovered or settled. The balance of deferred tax at the reporting date is comprised as follows:

	Group and Company				
	2018	Recognised in profit [note 21]	2019	Recognised in profit [note 21]	2020
Accounts receivable	(11,279)	11,279	-	(66,887)	(66,887)
Debt issuance costs	646,237	(188,214)	458,023	(762,916)	(304,893)
Intangible assets	(5,859,420)	706,282	(5,153,138)	706,281	(4,446,857)
Lease obligations	82,887	467,162	550,049	(70,290)	479,759
Unrealised foreign exchange losses	191,059	(172,686)	18,373	112,221	130,594
Accounts payable	752,727	(974,737)	(222,010)	387,079	165,069
Property, plant and equipment	(39,926,659)	1,468,551	(38,458,108)	5,546,063	(32,912,045)
	$(44,124,448)	1,317,637	(42,806,811)	5,851,551	(36,955,260)

15. Accounts payable

	Group		Company	
	2020	2019	2020	2019
Trade payables	8,991,570	10,284,070	-	-
Interest payable	495,208	666,031	-	-
Other liabilities	1,024,810	826,598	-	-
Other accrued liabilities	3,224,698	4,521,900	21,000	64,799
	$13,736,286	16,298,599	21,000	64,799

16. Related party balances

(a) Due from/(to) related parties

The amount due from/(to) the related parties is unsecured, interest-free and repayable before December 31, 2021.

(b) Due from parent company/ultimate parent company

The amount due from parent company/ultimate parent company is unsecured, interest-free and repayable before December 31, 2021.

17. Short term loan

This facility is a loan from CIBC FirstCaribbean International Bank with an interest rate of 4% (2019: 4%) per annum and is a part of the syndicated loans disclosed in note 12. This is repayable by December 2021.

18. Operating income

Operating income is comprised of gross income from the sale of electricity to JPS Co.

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19. Operating expenses

	Group		Company	
	2020	2019	2020	2019
Fuel, lubricants and chemicals	36,293,139	91,181,811	567,425	567,426
Depreciation (note 4)	14,736,028	14,737,957	-	-
Labour expenses (note 22)	10,857,288	12,026,728	-	-
Maintenance	9,847,970	16,462,162	-	-
Insurance	3,049,716	2,432,037	-	-
Amortization of intangible assets (note 5)	2,118,845	2,118,845	2,118,845	2,118,845
Professional fees	602,372	546,104	29,156	47,768
Travel expenses	489,138	495,690	-	-
Office expenses	368,736	356,957	94	-
Training and recruitment (note 22)	61,942	332,872	-	-
Environment expenses	239,321	312,784	-	-
Consultancy services	-	211	-	-
Community services	201,340	231,098	-	-
Rent and leases	77	2,275	-	-
Vehicle expenses	120,222	154,300	-	-
Communication	123,975	117,009	-	-
Utilities	469,165	229,307	-	-
Liquidated damages	-	(267,639)	-	-
Bad debts	117	607,842	-	-
Other	103,189	94,439	-	-
Amortisation of right-of-use asset (note 13)	109,343	125,105	-	-
	$79,791,923	142,297,894	2,715,520	2,734,039

20. Net finance costs/(income)

	Group		Company	
	2020	2019	2020	2019
Finance costs:				
Interest expense	7,330,329	9,961,345	-	-
Interest on finance leases (note 13)	21,681	28,901	-	-
Interest on operating leases (note 13)	98,654	118,020	-	-
Finance fees	533,344	717,822	-	-
Bank charges	30,517	29,450	201	-
	8,014,525	10,855,538	201	-
Finance income:				
Foreign exchange gains	(56,011)	(243,341)	(29,100)	(126,623)
Investment income including interest earned on short-term cash deposits	(843,369)	(351,726)	(116,541)	(32,082)
	(899,380)	(595,067)	(145,641)	(158,705)
Net finance costs/(income)	7,115,145	10,260,471	(145,440)	(158,705)

(Expressed in United States dollars)

21. Taxation

The group is subject to income tax at a rate of 33⅓% on the net income of the subsidiaries. Under the Caricom Treaty for the Avoidance of Double Taxation, the after-tax partnership distributions will not be subject to income tax in St. Lucia.

Taxation is based on results for the periods as adjusted for tax purposes and comprises the following:

	Group and Company	
	2020	2019
Current year tax:		
Income tax at 33⅓%	7,971,765	8,302,564
Less: Adjustment in respect of prior year	(409,877)	-
Deferred taxation (see note 14):		
Origination and reversal of temporary differences	(5,851,551)	(1,317,637)
	$1,710,337	6,984,927

Taxation is based on results for the periods as adjusted for tax purposes and comprises the following:

Reconciliation of actual tax charge:

	Group and Company	
	2020	2019
Profit before tax	$9,490,142	13,357,668
"Expected" tax at 33⅓% of profit before tax	3,163,381	4,452,556
Effect on income tax of treating the following items differently for tax purposes:		
Depreciation and capital allowances	(1,727,963)	1,727,840
Items not allowed for tax purposes	684,796	804,531
	2,120,214	6,984,927
Less: Adjustment in respect of prior year	(409,877)	-
Actual tax charge	$1,710,337	6,984,927

22. Labour concentration

During the year, there was no category of employees represented by unions. At the reporting date, labour concentrations were as follows:

	Group	
	2020	2019
Salaried employees	68	60
Hourly employees	124	130

At the reporting date, staff costs were as follows:

	2020	2019
Labour expenses (note 19)	10,857,288	12,026,728
Training and recruitment (note 19)	61,942	332,872
	$10,919,230	12,359,600

(Expressed in United States dollars)

23. Pension plan

Jamaica Energy Partners and West Kingston Power Partners sponsor a defined contribution pension plan for employees who have satisfied minimum service requirements. The Scheme is administered by Victoria Mutual (VM) Pensions Management Limited (formerly Prime Asset Management Limited). Both employees and the subsidiaries are required to contribute five percent (5%) of employees' salary to the plan, and employees may make an additional voluntary contribution of up to ten percent (10%). Due to the nature of the plan, it is not anticipated that any further significant liability will accrue to the group. The group's contribution for the year amounted to $288,498 (2019: $283,912).

24. Financial instruments

The group's senior management oversees the management of risks. The group's principal financial liabilities comprise long term loans, accounts payable and due to related party. Financial assets comprise cash and cash equivalents and accounts receivable. The Board of Directors reviews and agrees policies for managing material financial instruments risks which are summarised below:

(i) Credit risk:

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities, primarily for trade receivables and deposits with banks and financial institutions.

The group has concentration of credit risk in respect of accounts receivable from JPSCo (note 1), cash balances held with two banks and cash held in trust. The group's exposure is restricted to the carrying value of the financial assets in the balance sheet as there are no off-balance-sheet financial assets.

(ii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The group manages this risk by keeping a substantial portion of its financial assets in liquid form. The group maintains a balance between continuity of funding and flexibility through the use of bank loans.

The following are the remaining contractual cash flows at the end of the reporting period of financial liabilities, including estimated interest payments:

	Group					
	2020					
	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Accounts payable	13,736,286	-	-	-	13,736,286	13,736,286
Long-term loans	5,355,210	15,774,838	99,766,799	-	120,896,847	97,833,333
Short-term loan	-	5,200,000	-	-	5,200,000	5,000,000
Finance lease obligations	29,479	80,549	92,049	-	202,077	190,436
Operating lease liabilities	44,773	134,320	870,094	811,231	1,860,418	1,248,843
Total	$19,165,748	21,189,707	100,728,942	811,231	141,895,628	118,008,898

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24. Financial instruments (continued)

(ii) Liquidity risk (continued):

The following are the remaining contractual cash flows at the end of the reporting period of financial liabilities, including estimated interest payments (continued):

	Group 2019					
	Less than 3 months	3-12 months	1-5 years	Over 5 years	Total	Carrying amount
Accounts payable	16,298,599	-	-	-	16,298,599	16,298,599
Long-term loans	4,328,177	18,075,091	77,748,231	42,650,899	142,802,398	111,666,667
Short-term loan	-	5,200,000	-	-	5,200,000	5,000,000
Due to related party	-	1,520,410	-	-	1,520,410	1,520,410
Finance lease obligations	35,314	104,736	217,334	-	357,384	321,047
Operating lease obligations	45,256	135,767	724,092	1,146,296	2,051,411	1,329,103
	$20,707,346	25,036,004	78,689,657	43,797,195	168,230,202	136,135,826

	Company 2020				
	Less than 3 months	3-12 months	1-5 years	Total	Carrying amount
Accounts payable	21,000	-	-	21,000	21,000
Due to related parties	-	132,202	-	132,202	132,202
	$ 21,000	132,202	-	153,202	153,202

	2019				
	Less than 3 months	3-12 months	1-5 years	Total	Carrying amount
Accounts payable	64,799	-	-	64,799	64,799
Due to related parties	-	1,216,961	-	1,216,961	1,216,961
	$ 64,799	1,216,961	-	1,281,760	1,281,760

(iii) Commodity price risk:

Commodity risk arises from the fluctuations in oil prices. The group purchases fuel at the spot price at the date of loading of the vessel that delivers the fuel to the plant but payment is made monthly based on the spot price at the penultimate day of the previous month.

(iv) Capital management:

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The group manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

No changes were made in the objectives, policies or processes of managing capital during the year.

(Expressed in United States dollars)

25. Fair value measurements

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

For financial instruments where there is no active market, fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis or other valuation models.

	Group			
	2020		2019	
	Carrying value	Fair value	Carrying value	Fair value
	$	$	$	$
Financial assets				
Restricted cash	12,833,897	12,833,897	15,831,260	15,831,260
Cash and cash equivalents	299,155	299,155	3,820,976	3,820,976
Accounts receivable	18,776,935	18,776,935	18,497,567	18,497,567
Due from ultimate parent company	129,860	129,860	618,790	618,790
Due from related party	766,758	766,758	7,075	7,075
Financial liabilities				
Long term loans	97,833,333	97,833,333	111,666,667	111,666,667
Finance lease obligations	190,436	190,436	321,047	321,047
Operating lease obligations	1,248,843	1,248,843	1,329,103	1,329,103
Accounts payable	13,736,286	13,736,286	16,298,599	16,298,599
Due to related party	-	-	1,520,410	1,520,410
Short-term loan	5,000,000	5,000,000	5,000,000	5,000,000

	Company			
	2020		2019	
	Carrying value	Fair value	Carrying value	Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents	131,165	131,165	31,246	31,246
Accounts receivable	-	-	44,430	44,430
Due from parent company	29,860	29,860	36,000	36,000
Due from ultimate parent company	100,000	100,000	582,790	582,790
Due from related parties	2,906,965	2,906,965	3,675,842	3,675,842
Financial liabilities				
Accounts payable	21,000	21,000	64,799	64,799
Due to related parties	132,202	132,202	1,216,961	1,216,961

26. Indemnifications

In the normal course of business, the Group has entered into contracts, which provide a variety of general indemnifications. Such contracts include those with the independent construction contractors. Any exposure to the Group under these arrangements would involve future claims that may be made against the Group. No such claims have occurred, nor are they expected to occur. Therefore, the Group has not accrued any liability in connection with such indemnifications.

27. Impact of COVID-19 Pandemic

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact, particularly to those affecting the Tourism Sector have resulted in a reduction of the total electricity demand.

For the year ended December 2020, the group experienced an overall reduction in the energy produced which impacted variable revenues. The group had to similarly review its variable expenses to ensure that the variable margin was not significantly impacted. Fixed revenues are based on the Power Purchase Agreement (PPA) and were not impacted by the pandemic, however fixed costs were also reviewed, and realignment done.

Due to comparative reduction in both revenue and expenses, there was no requirement for the group to enter into any special arrangements with any financial institutions during the year and the debt was being serviced as scheduled.

The Group has assessed the situation and has determined that COVID-19 did not have a material adverse effect on the Group's operations.