Consolidated Financial Statements

St. Lucia Electricity Services Limited

FOR THE YEAR ENDED DECEMBER 31, 2024

(Expressed in Eastern Caribbean Dollars)

Contents

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of St. Lucia Electricity Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of St. Lucia Electricity Services Limited (the Group), which comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended; and
- notes to the consolidated financial statements, including material accounting policy information.

In our opinion the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to audits of consolidated financial statements of public interest entities in St. Lucia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Energy Sales

Revenue from energy sales is based on meter readings which are carried out on a rotational basis throughout each month. A provision for the current month's billing, excluding the fuel surcharge, is made to record unbilled energy sales at the end of each month. The estimate is based on the actual information for the preceding month and is periodically assessed for reasonableness. We consider energy sales to be a key audit matter because, in addition to the judgement involved in determining the unbilled energy sales, revenue recognised depends on (a) the complete capture of energy consumption based on meter readings on various dates, (b) the propriety of the rates computed and applied across customer categories and (c) the reliability of the IT systems involved in processing the billing transactions.

Note 4(m) to the consolidated financial statements provides the detailed disclosures related to this matter.

Audit response

We obtained an understanding and evaluated the design of, as well as tested the controls over accumulation and processing of meter data, and interface of data from the billing system to the financial reporting system. In addition, we performed a test recalculation of the unbilled energy sales. We involved our internal Information Technology (IT) specialist in understanding the IT processes and testing the IT general and application controls over the IT systems supporting the revenue process.

Impairment of Trade and Other Receivables

On July 24, 2014 the International Accounting Standards Board issued the final version of IFRS 9 *Financial Instruments* to replace IAS 39. IFRS 9 became effective for periods beginning on or after January 1, 2018. The Group adopted the standard on January 1, 2018. The standard requires the use of forward-looking information in arriving at the expected credit loss (ECL) for financial assets.

The Group applied the practical expedient allowed under IFRS 9 in determining the provision for impairment of trade receivables. This took the form of a provision matrix based on account categories of trade receivables except for accounts relating to related parties and other receivables and incorporated forward-looking information in arriving at a loss rate. For related parties and other receivables, the ECL was determined based on probability-weighted default outcomes, past events, current conditions and forward-looking information.

We considered the impairment provision for trade and other receivables to be a key audit matter as the assessment of the correlation between historical observed default rates, the selection of the forecast economic conditions and the expected credit loss are significant estimates which require judgement. The amount of ECL is sensitive to the changes in circumstances and the forecast economic conditions and can have a significant impact on the estimate of the provision for impairment of trade receivables.

Notes 11 and 37 to the consolidated financial statements provide the detailed disclosures related to this matter.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Impairment of Trade and Other Receivables

Audit response

We gained an understanding of management's process for determining the impairment provision for financial assets. In addition, we performed the following:

a. Reviewed the IFRS 9 methodology document developed by management for providing guidance in determining the ECL.
b. Gained an understanding of the assumptions underlying the model.
c. Validated the underlying economic data applied in developing the forward-looking information.
d. Tested the completeness and accuracy of the data inputs used in the model to the underlying accounting records.
e. Checked the calculation of the resulting loss rate.

Other Information Included in the Group's 2024 Annual Report

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located in the Appendix to this report. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Andrea St. Rose.

BDO

Chartered Accountants
Castries, St. Lucia

March 28, 2025

Appendix to the Auditor's Report

Detailed Description of Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Consolidated Statement of Financial Position
As at December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	2024 $'000	2023 $'000
Assets			
Non-current			
Property, plant and equipment	7	417,881	413,138
Right-of-use assets	8	4,789	5,117
Intangible assets	9	10,601	9,691
Total non-current assets		433,271	427,946
Current			
Inventories	10	21,961	20,497
Trade, other receivables and prepayments	11	90,062	81,707
Other financial assets	12	52,758	60,850
Income tax recoverable		-	4,081
Cash and cash equivalents	14	8,774	22,304
Total current assets		173,555	189,439
Total assets		606,826	617,385
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	15	80,163	80,163
Retained earnings		236,709	221,347
Fair value reserve	16	(499)	(1,350)
Revaluation reserve	17	59,862	59,862
Self-insurance reserve	18	54,765	52,017
Total shareholders' equity		431,000	412,039
Liabilities			
Non-current			
Lease liabilities	19	4,124	4,422
Borrowings	20	36,700	50,487
Consumer deposits	21	23,219	22,162
Deferred tax liability	23	41,484	40,846
Post-employment medical benefit liabilities	25(b)	2,592	2,581
Total non-current liabilities		108,119	120,498
Current			
Lease liabilities	19	850	836
Borrowings	20	13,787	19,696
Trade and other payables	26	48,131	60,797
Provision for other liabilities	22	1,623	1,671
Derivative financial instruments	13	801	1,325
Dividends payable		515	523
Income tax payable		2,000	-
Total current liabilities		67,707	84,848
Total liabilities		175,826	205,346
Total shareholders' equity and liabilities		606,826	617,385

The accompanying notes form an integral part of these consolidated financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:-

Director   Director

Consolidated Statement of Comprehensive Income
For the Year Ended December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars except earnings per share)

	Notes	2024 $'000	2023 $'000
Revenue			
Energy sales	34	378,074	382,493
Other revenue		4,550	4,479
		382,624	386,972
Operating expenses			
Fuel costs	35	209,729	221,411
Transmission and distribution		42,250	40,122
Generation		29,199	30,340
	35	281,178	291,873
Gross income		101,446	95,099
Administrative expenses	35	(42,099)	(37,294)
Operating profit		59,347	57,805
Investment income		1,459	1,611
Fair value gain on FVTPL financial assets	12	854	1,741
Gain on disposal of FVTPL financial assets	12	28	218
Other losses, net	27	(131)	(18)
Profit before finance costs and taxation		61,557	61,357
Finance costs	28	(3,017)	(3,581)
Profit before taxation		58,540	57,776
Taxation	29	(16,627)	(16,179)
Net profit for the year		41,913	41,597
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss:			
Fair value loss on FVTOCI financial assets	12	(3)	(14)
Items that will not be reclassified to profit or loss:			
Re-measurement (losses)/gains of defined benefit pension plans, net of tax	29	(487)	29
Total other comprehensive (loss)/income		(490)	15
Total comprehensive income for the year		41,423	41,612
Basic and diluted earnings per share ($)	30	1.83	1.81

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	Share Capital $'000	Retained Earnings $'000	Fair Value Reserve $'000	Revaluation Reserve $'000	Self-insurance Reserve $'000	Total $'000
Balance at January 1, 2023		80,163	209,765	(3,077)	59,862	49,614	396,327
Total comprehensive income for the year		-	41,626	(14)	-	-	41,612
Transfer to fair value reserve	16	-	(1,741)	1,741	-	-	-
Transfer to self-insurance reserve	18	-	(2,403)	-	-	2,403	-
Ordinary dividends	32	-	(25,900)	-	-	-	(25,900)
Balance at December 31, 2023		80,163	221,347	(1,350)	59,862	52,017	412,039
Balance at January 1, 2024		80,163	221,347	(1,350)	59,862	52,017	412,039
Total comprehensive income for the year		-	41,426	(3)	-	-	41,423
Transfer to fair value reserve	16	-	(854)	854	-	-	-
Transfer to self-insurance reserve	18	-	(2,748)	-	-	2,748	-
Ordinary dividends	32	-	(22,462)	-	-	-	(22,462)
Balance at December 31, 2024		80,163	236,709	(499)	59,862	54,765	431,000

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024
(Expressed in thousands of Eastern Caribbean Dollars)

	Notes	2024 $'000	2023 $'000
Cash flows from operating activities			
Profit before taxation		58,540	57,776
Adjustments for:			
Depreciation on property, plant and equipment	7	25,851	25,379
Depreciation on right-of-use assets	8	916	862
Amortisation of intangible assets	9	868	1,008
Investment income		(1,459)	(1,611)
Finance costs	28	3,017	3,581
Impairment gains on trade and other receivables	11	(252)	(790)
Net pension and medical benefit costs	24(h) & 25(d)	845	715
Fair value gain on FVTPL financial assets	12	(854)	(1,741)
Gain on disposal of FVTPL financial assets	12	(28)	(218)
Loss on disposal of property, plant and equipment	27	133	-
Net (gain)/loss on disposal of right-of-use asset and derecognition of lease liability		(8)	3
Operating profit before working capital changes		87,569	84,964
Increase in inventories		(1,464)	(4,822)
(Increase)/decrease in trade, other receivables and prepayments		(8,629)	3,159
(Decrease)/increase in trade and other payables		(12,667)	912
Decrease in provision for other liabilities		(48)	-
Cash generated from operations		64,761	84,213
Interest and dividends received		484	648
Benefits paid on post-employment medical plan	25(f)	(66)	(69)
Pension funding contributions	24(j)	(1,463)	(541)
Finance costs paid		(2,814)	(3,422)
Income tax paid		(9,700)	(18,935)
Net cash from operating activities		51,202	61,894
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(37,126)	(38,365)
Proceeds from disposal of property, plant and equipment		6,399	-
Acquisition of intangible assets	9	(1,778)	(374)
Acquisition of other financial assets	12	(52,523)	(59,244)
Proceeds from disposal of other financial assets	12	62,470	51,046
Net cash used in investing activities		(22,558)	(46,937)
Cash flows from financing activities			
Repayment of lease liabilities	8	(864)	(801)
Proceeds from borrowings		-	15,000
Repayment of borrowings		(19,643)	(19,495)
Dividends paid		(22,470)	(25,863)
Net collection of consumer deposits		803	698
Net cash used in financing activities		(42,174)	(30,461)
Net decrease in cash and cash equivalents		(13,530)	(15,504)
Cash and cash equivalents at beginning of year		22,304	37,808
Cash and cash equivalents at end of year	14	8,774	22,304

The accompanying notes form an integral part of these consolidated financial statements.

1. Incorporation and Principal Activity

St. Lucia Electricity Services Limited (the "Company") was incorporated under the laws of Saint Lucia on November 9, 1964 and re-registered as a public company on August 11, 1994. The Company was continued under the Companies Act 1996 of Saint Lucia on October 22, 1997 and is listed on the Eastern Caribbean Securities Exchange. The Company operates under the Electricity Supply Act, 1994 (as amended) (ESA), and its operations are regulated by the National Utilities Regulatory Commission. The Company has an exclusive license, save for the generation of electricity from renewable resources of energy, for the exercise and performance of functions relating to the generation, transmission, distribution and sale of electricity in Saint Lucia. The other principal activities of the Company and its subsidiaries (the "Group") include the operation of a self-insurance fund and sale and installation of photovoltaic systems.

The ESA defines the rates of electricity and the mechanism for rate adjustments. The rates of electricity consist of a Base Rate and a Fuel Rate. The Fuel Rate is calculated in a manner which reflects fluctuations in actual fuel costs including charges associated with derivative financial instruments employed by the Company.

The Group's registered office and principal place of business is situated at LUCELEC Building, Sans Souci, John Compton Highway, Castries, Saint Lucia.

2. Date of Authorisation of Issue

These consolidated financial statements were authorised for issue by the Board of Directors on March 14, 2025.

3. Basis of Preparation

(a) *Statement of compliance*
The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

(b) *Basis of measurement*
The consolidated financial statements have been prepared using the historical cost basis except for land, derivative financial instruments and other financial assets which are measured at fair value. The methods used to measure fair values are discussed further in Note 5.

(c) *Basis of consolidation*
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company as disclosed in Note 40. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position and consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

3. Basis of Preparation (Cont'd)

(c) Basis of consolidation (Cont'd)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

(d) Functional and presentation currency

These consolidated financial statements are presented in Eastern Caribbean dollars, which is the Group's functional currency. All financial information is rounded to the nearest thousand dollars, except for basic and diluted earnings per share.

(e) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

- Note 4(b)(iii): Estimated useful lives of property, plant and equipment
- Note 4(c): Estimation of the lease term and assessment of whether a right-of-use asset is impaired
- Note 4(d)(iii): Estimated useful lives of intangible assets
- Note 4(e): Measurement of defined benefit obligations
- Note 4(g): Estimation of impairment
- Note 4(h) Estimation of net realisable value of inventories
- Note 4(m): Estimation of unbilled sales and fuel surcharge
- Note 5: Determination of fair values
- Note 37: Valuation of financial instruments

4. Material Accounting Policy Information

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, except where stated otherwise.

(a) Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, except for land which is measured at fair value.

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

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

The gain or loss on the disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item and is recognised within "other (losses)/gains, net" in the consolidated statement of comprehensive income.

(ii) Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the consolidated statement of comprehensive income as incurred.

(Expressed in thousands of Eastern Caribbean Dollars)

4. Material Accounting Policy Information (Cont'd)

(b) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Land is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are available for use.

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

The annual rates of depreciation are as follows:

	2024	2023
Buildings	$2^1/_2$% - 12 $^1/_2$ per annum	$2^1/_2$ % - $12^1/_2$ per annum
Plant and machinery		
- Generator overhauls	$33^1/_3$% per annum	$33^1/_3$% per annum
- Other	4% - 10% per annum	4% - 10% per annum
Motor vehicles	20% - $33^1/_3$% per annum	20% - $33^1/_3$% per annum
Furniture and fittings		
- Computer hardware	20% per annum	20% per annum
- Other	10% per annum	10% per annum

(iv) Revaluation reserve

Revaluation related to land is credited to revaluation reserve account in the equity section of the consolidated statement of financial position (Note 17).

(c) Leases

The Group as a lessee

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

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

Right-of-use assets

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

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

4. Material Accounting Policy Information (Cont'd)

(c) Leases (Cont'd)

Lease liabilities

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

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

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

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

The Group as a lessor

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

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

(d) Intangible assets

(i) *Recognition and measurement*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

4. Material Accounting Policy Information (Cont'd)

(d) Intangible assets (Cont'd)

(iii) Amortisation

Amortisation is calculated over the cost of the asset less its residual value. Amortisation is recognised in consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of the intangible assets, other than way leave rights and work-in-progress, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the assets that are amortised, that is, information systems, range from five (5) years to eight (8) years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Employee benefits

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on government securities that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by an actuary using the Projected Unit Credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the consolidated statement of comprehensive income.

The Group recognises actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in other comprehensive income in the period in which they occur.

(ii) Pension benefits assumptions

The present value of the pension obligations depends on a number of factors that are determined by independent actuaries using a number of assumptions. The assumptions used in determining the net cost (income) for pension include the expected long-term rate of return on the relevant plans assets and the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the pension obligations and also to determine the expected return on plan assets. In determining the appropriate discount rate, the Group considers the interest rates of the Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

4. Material Accounting Policy Information (Cont'd)

(e) Employee benefits (Cont'd)

(ii) Pension benefits assumptions (Cont'd)

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 24.

(iii) Defined contribution plan

For its defined contribution plan, the Group pays contributions to a privately administered pension insurance plan on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Termination benefits

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

If benefits are payable more than twelve (12) months after the reporting period, then they are discounted to that present value.

(f) Financial instruments

(i) *Non-derivative financial instruments*

Non-derivative financial instruments comprise financial assets at amortised cost, financial assets at fair value through other comprehensive income ("FVTOCI"), financial assets at fair value through profit or loss ("FVTPL"), trade and other receivables, cash and cash equivalents, borrowings, trade and other payables and consumer deposits.

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

Financial assets at amortised cost

The Group's investments in certain local treasury bills and fixed deposits are classified as financial assets measured at amortised cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

4. Material Accounting Policy Information (Cont'd)

(f) Financial instruments (Cont'd)

(i) Non-derivative financial instruments (Cont'd)

FVTOCI financial assets

The Group's investments in certain local and regional and all foreign treasury bills are classified as financial assets at FVTOCI. Subsequent to initial recognition, they are measured at fair value. Changes in the carrying amount of these financial assets relating to interest income calculated using the effective interest method, impairment losses and foreign exchange gains and losses are recognised in profit or loss. Other changes are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

FVTPL financial assets

The Group's investments in mutual and income funds and equity instruments are classified as financial assets at FVTPL. Subsequent to initial recognition, they are measured at fair value. Changes in the carrying amount of these mutual and income funds relating to interest income calculated using the effective interest rate, dividends earned from equity instruments, impairment losses, fair value and foreign exchange gains and losses are recognised in profit or loss.

Trade and other receivables

Trade and other receivables are carried initially at fair value and subsequently measured at amortised cost less any impairment. A provision for impairment of trade and other receivables is established based on lifetime expected credit losses. The amount of the provision is recognised in profit or loss.

Trade and other receivables, being short-term, are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and short-term investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

Accounting for interest income and costs is discussed in Note 4(o).

Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

4. Material Accounting Policy Information (Cont'd)

(f) Financial instruments (Cont'd)

(i) Non-derivative financial instruments (Cont'd)

Borrowings (Cont'd)

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the costs of those assets until such time as the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the cost of those assets. All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

Trade and other payables

Liabilities for trade and other payables which are normally settled on 30 to 90-day terms and conditions are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received whether or not billed to the Group.

Consumer deposits

Given the long-term nature of the consumer relationship in accordance with the provisions of the Electricity Supply Act, 1994 (as amended), consumer deposits are shown in the consolidated statement of financial position as non-current liabilities (that is, not likely to be repaid within twelve months of the reporting date).

Dividends payable

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's Board of Directors. Dividends for the year that are approved after the reporting date are dealt with as an event after the end of the reporting date.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(g) Impairment

(i) Financial assets

In relation to the impairment of financial assets, IFRS Accounting Standards requires the use of a forward-looking expected credit loss ("ECL") approach.

The ECL allowance is based on the credit losses expected to arise over the life of the asset unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

4. Material Accounting Policy Information (Cont'd)

(g) Impairment (Cont'd)

(i) Financial assets (Cont'd)

The Group's financial assets mainly comprise of trade and other receivables and financial assets at amortised cost, FVTOCI and FVTPL. As permitted by IFRS 9, the Group has voluntarily elected to select an accounting policy which recognises full lifetime expected credit losses for trade receivables. Given that the financial assets at amortised cost and at FVTOCI mature within 12 months or less, the selection of either option would have the same effect.

A practical expedient method, in the form of a provision matrix, was applied for trade receivables based on customer categories, historical credit loss experiences and future economic expectations. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 37.

For all other receivables that possess varying default occurrences, the ECL was determined based on probability-weighted default outcomes, past events, current conditions and forward-looking information.

For financial assets at amortised cost and FVTOCI, an ECL general approach was used based on:

(a) an unbiased and probability-weighted amount that is determined by evaluating range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The key elements of the ECL calculations are outlined below:

(a) Probability of Default: This measures the instances of customer defaults over a period, divided by the number of accounts at the beginning of a period.
(b) Loss Given Default: This represents amounts never collected or amounts written off once a customer defaults.
(c) Exposure at Default: This represents the outstanding amounts collectible at default.

Forward-looking information:

In its ECL models, the Group relied on the following economic inputs: GDP growth, unemployment and inflation rates (2023 - GDP growth and unemployment rates).

Based on the assessment performed above for financial assets at amortised cost and FVTOCI, no previous or current instances of losses were identified and a low probability of significant losses occurring in the future arose. As such, no expected credit losses were recorded.

4. Material Accounting Policy Information (Cont'd)

(g) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Given that the investment funds and equity instruments are classified as FVTPL financial assets, no separate impairment assessment is necessary as all changes in fair value are immediately recognised through profit or loss.

(ii) Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Allowance is made for slow-moving and damaged goods. Goods in transit are stated at their invoice cost.

4. Material Accounting Policy Information (Cont'd)

(i) Prepayments

Prepayments represent expenses not yet incurred but are already paid. Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the consolidated statement of comprehensive income as they are consumed in the operations or expire with passage of time.

Prepayments are classified in the consolidated statement of financial pposition as current asset when it is expected to be collected within one year. Otherwise, prepayments are classified as non-current.

(j) Provision for other liabilities

Provision for other liabilities are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, accounting for the risks and uncertainties surrounding the obligation.

(k) Derivative financial instruments

The Group holds derivative instruments to manage the volatility of its fuel costs. Further details of derivative financial instruments are disclosed in Note 13.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period.

(l) Deferred fuel costs

Management has developed an accounting policy to reflect the economic substance of the effects of engaging in the hedging programme as these costs are passed on to the customer. In developing this policy, management has considered the accounting standards of other standard-setting bodies and accepted industry practice.

Changes in the fair value of the derivative financial instruments held by the Group at the reporting date give rise to the recognition of deferred fuel costs. Deferred fuel costs recoverable represent future revenues and/or receivables associated with the hedging costs incurred that will be, or are expected to be, recovered from customers in future periods through the rate-setting process. Deferred fuel costs payable represents future reductions in revenue associated with amounts that will be or are expected to be refunded to customers through the rate-setting process. The resulting gain or loss is reported in trade and other payables or trade, other receivables and prepayments respectively.

(m) Revenue recognition

Sale of energy

Revenue from energy sales is based on meter readings, which are carried out on a rotational basis throughout each month. A provision for the current month's billings is made to record unbilled energy sales at the end of each month. This estimate is based upon actual information for the preceding months and is reviewed periodically to assess reasonableness and adjusted where required. The provision for unbilled sales is included in accrued income.

4. Material Accounting Policy Information (Cont'd)

(m) Revenue recognition (Cont'd)

Sale of energy (Cont'd)

In addition to the normal tariff rates charged for energy sales, a fuel surcharge cost adjustment is calculated based on the difference between the cost of fuel used to generate energy sales in the current month and the average fuel price for the 12 months preceding January of the current year. Where the cost of fuel used is more than the preceding 12 months' average fuel price, then the difference is considered to be a fuel surcharge. Where the cost of fuel used is less than the preceding 12 months' average fuel price, then the difference is considered to be a reduction to the base tariff. The provision for unbilled fuel surcharge revenue/rebate is included in accrued income.

Consumer contributions

In certain specified circumstances, consumers requiring line extensions for electricity supply are required to contribute the capital cost of the extensions. These contributions are recognised in income in the same period in which the costs are incurred. Contributions in excess of the applicable capital cost of line extensions, where the excess is greater than 5% of the estimated cost of the job, arising mainly as a result of changes to job specifications during the implementation stage, are refundable to the customers upon finalisation of the total cost of the job. The capital costs of consumer line extensions are included in property, plant and equipment.

Sale and installation of photovoltaic systems

The Group engages in the sale and installation of photovoltaic systems. Deferred revenue is measured at the amount received from the customer and classified in trade and other accounts payable. It is subsequently recognised as revenue when the performance obligations of the contract are satisfied.

(n) Expenses

Expenses are recognised in the consolidated statement of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured. Expenses are recognised: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Expenses in the consolidated statement of comprehensive income are presented using the nature of expense method. These are costs incurred that are associated with the energy revenue and costs attributable to administrative and other business activities of the Group.

(o) Investment income and finance costs

Investment income comprises interest and dividends on funds invested and gains on the disposal of other financial assets that are recognised in profit or loss. Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment is established.

4. Material Accounting Policy Information (Cont'd)

(o) Investment income and finance costs (cont'd)

Finance costs comprise interest expense on lease liabilities, borrowings, consumer deposits and pole rental deposits, losses on disposal of other financial assets and impairment losses recognised on certain financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis in "other losses, net" in profit or loss.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(q) Earnings per share

The Group presents basic and diluted Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by adjusting the inputs to the basic EPS computation for the effects of all dilutive potential ordinary shares, if any.

4. Material Accounting Policy Information (Cont'd)

(r) New standards, amendments to standards and interpretations

(i) Amendments to standards effective in the 2024 financial year are as follows:

A number of amendments to standards effective for annual periods beginning on or after January 1, 2024 have been adopted in these consolidated financial statements. Note: those amendments effective for annual periods beginning on or after January 1, 2024 which do not affect the Group's consolidated financial statements have not been disclosed below.

- IAS 1, *'Presentation of Financial Statements'* was amended to help companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Additional amendments clarify how covenants affect the classification of a liability and require additional disclosures.

  The application of this amendment did not have a material impact on amounts reported in the Group's consolidated financial statements.

- IAS 7, '*Statement of Cash Flows'* and IFRS 7, '*Financial Instruments: Disclosures*' were amended to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

  These amendments are applicable for annual periods beginning on or after January 1, 2024. It is not anticipated that the application of this amendment will have a material impact on disclosures in the Group's consolidated financial statements.

- IFRS 16, *'Leases'* was amended to allow a seller-lessee to recognise in profit or loss any gain or loss relating to the partial or full termination of a lease.

  The application of this amendment did not have a material impact on the amounts reported in the Group's consolidated financial statements.

(ii) Amendments to standards that are issued but not effective and have not been early adopted are as follows:

- IAS 21, '*The Effects of Changes in Foreign Exchange Rates*' was amended to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

  This amendment is applicable for annual periods beginning on or after January 1, 2025. It is not anticipated that the application of this amendment will have a material impact on the amounts reported and the disclosures in the Group's consolidated financial statements.

4. Material Accounting Policy Information (Cont'd)

(r) New standards, amendments to standards and interpretations (Cont'd)

(iii) Amendments to standards that are issued but not effective and have not been early adopted are as follows (Cont'd):

- IFRS 9, '*Financial Instruments'* and IFRS 7, '*Financial Instruments: Disclosures'*, were amended to clarify:

    - the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exemption for derecognition of financial liabilities settled via electronic transfer,
    - the requirements for assessing contractual cash flow characteristics of financial assets, and
    - characteristics of non-recourse loans and contractually linked instruments.

  The amendments also introduce certain disclosure requirements for financial instruments.

  This amendment is applicable for annual periods beginning on or after January 1, 2026. It is not anticipated that the application of this amendment will have a material impact on the amounts reported and the disclosures in the Group's consolidated financial statements.

- IFRS 18, *'Presentation and Disclosures in Financial Statements'* supersedes IAS 1, '*Presentation of Financial Statements*' with many of the existing requirements of IAS 1 remaining unchanged. This new standard also introduces new requirements to:

    - present specified categories and defined subtotals in the statement of profit or loss,
    - provide disclosures on management-defined performance measures in the notes to the financial statements, and
    - improve aggregation and disaggregation.

  This new standard is applicable for annual periods beginning on or after January 1, 2027. It is anticipated that the application of this new standard in the future may have a material impact on the disclosures in the Group's consolidated financial statements. However, it is not practicable to determine the full impact until a detailed review is undertaken.

- IFRS S1, *'General Requirements for Disclosure of Sustainability-related Financial Information*' is a new standard which sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

  This new standard is applicable for annual periods beginning on or after January 1, 2024. However, the implementation date is not mandatory, and jurisdictions are free to agree on an implementation date. No implementation date has been issued for this jurisdiction. It is anticipated that the application of this new standard in the future will have a material impact on the disclosures in the Group's consolidated financial statements. However, it is not practicable to determine the full impact until a detailed review is undertaken.

4. Material Accounting Policy Information (Cont'd)

(r) New standards, amendments to standards and interpretations (Cont'd)

(ii) Amendments to standards that are issued but not effective and have not been early adopted are as follows (Cont'd):

- IFRS S2, '*Climate-related Disclosures*' is a new standard which sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

  This new standard is applicable for annual periods beginning on or after January 1, 2024. However, the implementation date is not mandatory, and jurisdictions are free to agree on an implementation date. No implementation date has been issued for this jurisdiction. It is anticipated that the application of this new standard in the future will have a material impact on the disclosures in the Group's consolidated financial statements. However, it is not practicable to determine the full impact until a detailed review is undertaken.

5. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying values of trade and other receivables, financial assets at amortised cost, cash and cash equivalents and trade and other payables are assumed to approximate their fair values at the reporting date due to their short-term nature.

(Expressed in thousands of Eastern Caribbean Dollars)

5. Determination of Fair Values (Cont'd)

The following table presents the level, valuation techniques and key inputs of the Group's assets and liabilities that are measured or disclosed at fair value at the reporting date:

	As at December 31, 2024 $'000	As at December 31, 2023 $'000	Level	Valuation techniques and key inputs
Non-Financial Assets Measured at Fair Value				
Land (Note 7)	73,417	73,417	2	Market comparable approach. Key inputs- Price per square foot
Financial Instruments Measured at Fair Value				
Financial Assets				
FVTOCI financial assets (Note 12)	4,928	-	3	Manually priced using unobservable inputs and at par
FVTOCI financial assets (Note 12)	14,999	15,406	1	Quoted prices in an active market
FVTPL financial assets (Note 12)	21,842	23,295	3	Discounted cash flows using unobservable inputs
FVTPL financial assets (Note 12)	10,989	10,059	1	Quoted prices in an active market
Financial Liabilities				
Derivative financial liability (Note 13)	801	1,325	2	Discounted cash flow. Future cash flows are estimated based on futures prices and discount rates (swap prices and LIBOR) rates
Financial Instruments Disclosed at Fair Value				
Financial Liabilities				
Borrowings (Note 37)	41,567	60,341	2	Present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date

There were no transfers between levels 1, 2 or 3 during the year.

6. Financial Risk Management

Overview

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

- Credit risk
- Liquidity risk
- Market risk (including currency risk and interest rate risk)
- Operational risk

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

Risk management framework

The Board of Directors (the "Board") has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established an Audit Committee, which oversees how management monitors compliance with the Group's risk management policies and procedures, and which also reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit Department, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

6. Financial Risk Management (Cont'd)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers, other financial assets and cash and cash equivalents.

Trade and other receivables

The Group's exposure to credit risk is influenced significantly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry in which customers operate also have an influence on credit risk.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and service terms and conditions are offered.

These payment terms are stipulated under the provisions of the Electricity Supply Act, 1994 (as amended) and include providing discretion to the Group to require a deposit not exceeding an estimated two month's supply of electricity from any consumer as security for sums due from time to time, and which is refundable with interest upon permanent termination of services. Customers that fail to meet the Group's benchmark creditworthiness may have their electricity supply withdrawn or terminated in accordance with the provisions of the Act. In order to provide some reprieve to its customers during the COVID-19 pandemic, the Group temporarily ceased electricity supply withdrawals in instances where they failed to meet this creditworthiness benchmark. Management reinstated withdrawals during the current financial year.

The Group establishes an allowance for impairment that represents the expected credit losses over the lifetime of trade and other receivables. The collective loss allowance is determined using a practical expedient method in the form of a provision matrix, based on customer categories, historical credit loss experiences and future economic expectations. For all other receivables, the ECL was determined based on probability-weighted default outcomes, past events, current conditions and forward-looking information.

Other financial assets

The Group limits its exposure to credit risk by investing in liquid securities. Credit risk is minimised by placing investments with reputable financial institutions.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, demand deposits and short-term investments with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Credit risk is minimised by placing cash and cash equivalents with reputable financial institutions and regional Governments with a minimum credit rating equivalent of "Adequate"/ "Investment Grade" given by CariCRIS, the regional credit rating agency, or an internationally recognised credit rating agency.

6. Financial Risk Management (Cont'd)

Liquidity risk

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

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following lines of credit:

- An overdraft facility of EC$10,000 which is secured. Interest is payable at the rate of 5.00% (2023 – 5.00%) per annum.

Liquidity risk of derivative financial instruments is minimised as the Group is required to post collateral when the mark-to-market exposures have surpassed the credit limits agreed with the relevant counterparties.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on purchases denominated in currencies other than its functional currency. The Group's exposure to currency risk is minimal since most of its obligations are denominated in United States Dollars and the United States dollar has been formally pegged to the Eastern Caribbean Dollar at EC$2.70 = US$1.00 since 1976.

Interest rate risk

There is no significant interest rate risk arising on the Group's cash and cash equivalents as at December 31, 2024 and 2023. The Group is not exposed to interest rate risk on its interest-bearing financial assets and liabilities. The Group's interest-bearing financial assets are its investments in treasury bills and commercial paper which have fixed rates of interest as disclosed in Note 12. The Group's interest-bearing financial liabilities are its lease liabilities, borrowings and consumer deposits which have fixed rates of interest as disclosed in Notes 19, 20 and 21, respectively.

Equity price risk

The Group is exposed to equity price risk as at December 31, 2024 and 2023 on its investments in equity instruments.

6. Financial Risk Management (Cont'd)

Market risk (Cont'd)

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in commodity prices. Prices for these commodities are impacted by world economic events that dictate the levels of supply and demand. The Group is not exposed to commodity price risk on its derivative financial instruments as, although these instruments are affected by changes in the price of fuel, the changes in the value of these instruments are recoverable from customers as disclosed in Note 4(k).

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations. The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Board of Directors and the senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

6. Financial Risk Management (Cont'd)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit for the year divided by average shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Under the terms of the mortgage debenture agreement, the Group's total debt shall not exceed two times its tangible net worth which currently comprises its share capital and retained earnings. The Group complied with this requirement as at December 31, 2024 and 2023.

There were no changes in the Group's approach to capital management in 2024 and 2023.

(Expressed in thousands of Eastern Caribbean Dollars)

7. Property, Plant and Equipment

	Land $'000	Buildings $'000	Plant and Machinery $'000	Motor Vehicles $'000	Furniture and Fittings $'000	Work In Progress $'000	Total $'000
Cost							
Balance at January 1, 2023	73,417	91,085	907,354	4,501	24,637	37,083	1,138,077
Additions	-	193	337	-	4	37,815	38,349
Transfers	-	2,449	14,006	724	1,784	(18,963)	-
Reclassification from intangible assets (Note 9)	-	-	-	-	16	-	16
Disposals	-	-	(72,432)	-	(9)	-	(72,441)
Balance at December 31, 2023	73,417	93,727	849,265	5,225	26,432	55,935	1,104,001
Balance at January 1, 2024	73,417	93,727	849,265	5,225	26,432	55,935	1,104,001
Additions	-	-	105	181	4	36,836	37,126
Transfers	-	262	14,868	650	719	(16,499)	-
Disposals	-	-	(10,816)	(288)	(26)	-	(11,130)
Balance at December 31, 2024	73,417	93,989	853,422	5,768	27,129	76,272	1,129,997
Accumulated Depreciation							
Balance at January 1, 2023	-	55,930	656,798	4,341	20,856	-	737,925
Depreciation charge (Note 35)	-	2,240	21,831	201	1,107	-	25,379
Eliminated on disposals	-	-	(72,432)	-	(9)	-	(72,441)
Balance at December 31, 2023	-	58,170	606,197	4,542	21,954	-	690,863
Balance at January 1, 2024	-	58,170	606,197	4,542	21,954	-	690,863
Depreciation charge (Note 35)	-	2,384	22,196	334	937	-	25,851
Eliminated on disposals	-	-	(4,284)	(288)	(26)	-	(4,598)
Balance at December 31, 2024	-	60,554	624,109	4,588	22,865	-	712,116
Carrying Amounts							
January 1, 2023	73,417	35,155	250,556	160	3,781	37,083	400,152
December 31, 2023	73,417	35,557	243,068	683	4,478	55,935	413,138
December 31, 2024	73,417	33,435	229,313	1,180	4,264	76,272	417,881

(Expressed in thousands of Eastern Caribbean Dollars)

7. Property, Plant and Equipment (Cont'd)

Fair value measurement of the Group's land

The Group's lands are stated at their revalued amounts, being the fair value at the date of revaluation at various dates between February 1, 2021 and April 8, 2021. The fair value measurements were performed by an independent valuation practitioner /quantity surveyor. The fair values of the land were determined based on the market comparable approach that reflects recent transactions prices for similar properties.

The carrying amounts of the Group's land would have been $13,555 (2023 - $13,555) had they been measured at the historical cost basis.

Assets pledged as security

As stated in Note 20, borrowings are secured by hypothecary obligations and mortgage debentures creating fixed charges over all immovable properties and floating charges over all other assets, all ranking *pari passu* pursuant to a security sharing agreement, and assignment of insurance policies.

8. Right-of-use Assets

	Land $'000	Buildings $'000	Motor Vehicles $'000	Total $'000
Cost				
Balance at January 1, 2023	385	1,232	2,431	4,048
Additions	-	3,753	314	4,067
Disposals	(385)	-	(941)	(1,326)
Balance at December 31, 2023	-	4,985	1,804	6,789
Balance at January 1, 2024	-	4,985	1,804	6,789
Additions	-	15	617	632
Disposals	-	-	(252)	(252)
Balance at December 31, 2024	-	5,000	2,169	7,169
Accumulated Depreciation				
Balance at January 1, 2023	80	396	1,359	1,835
Depreciation charge for the year (Note 35)	96	368	398	862
Eliminated on disposals	(176)	-	(849)	(1,025)
Balance at December 31, 2023	-	764	908	1,672
Balance at January 1, 2024	-	764	908	1,672
Depreciation charge for the year (Note 35)	-	536	380	916
Eliminated on disposals	-	-	(208)	(208)
Balance at December 31, 2024	-	1300	1,080	2,380
Carrying Amounts				
January 1, 2023	305	836	1,072	2,213
December 31, 2023	-	4,221	896	5,117
December 31, 2024	-	3,700	1,089	4,789

The Group has leases for office premises, land and Company vehicles for management staff. With the exception of short-term leases on certain office premises and land, each lease is reflected on the consolidated statement of financial position as a right-of-use asset and a lease liability (see Note 19).

(Expressed in thousands of Eastern Caribbean Dollars)

8. Right-of-use Assets (Cont'd)

The table below describes the nature of the Group's leasing activities by type of a right-of-use asset:

	No. of leases	Range of remaining term	Average remaining lease terms	No. of leases with renewal options
Buildings	3	1-8 years	5 years	2
Motor vehicles	14	1-5 years	3 years	-

The Group has elected not to recognise a right-of-use asset and lease liability for short-term leases (leases with a lease term of 12 months or less). Payments made under such leases are expensed over a straight-line basis. The expense relating to lease payments for 2024 was $40 (2023 - $40) and is included in administrative expenses of $42,099 (2023 - $37,294) as disclosed in the consolidated statement of comprehensive income. Total cash outflow for leases for 2024 was $864 (2023 - $801) as disclosed in the consolidated statement of cash flows.

9. Intangible Assets

	Information Systems $'000	Way Leave Rights $'000	Work In Progress $'000	Total S'000
Cost				
Balance at January 1, 2023	26,907	7,101	387	34,395
Additions	14	23	353	390
Transfers	245	-	(245)	-
Reclassification to tangible assets (Note 7)	-	-	(16)	(16)
Balance at December 31, 2023	27,166	7,124	479	34,769
Balance at January 1, 2024	27,166	7,124	479	34,769
Additions	8	550	1,220	1,778
Transfers	297	-	(297)	-
Balance at December 31, 2024	27,471	7,674	1,402	36,547
Accumulated Amortisation				
Balance at January 1, 2023	24,070	-	-	24,070
Amortised for the year (Note 35)	1,008	-	-	1,008
Balance at December 31, 2023	25,078	-	-	25,078
Balance at January 1, 2024	25,078	-	-	25,078
Amortised for the year (Note 35)	868	-	-	868
Balance at December 31, 2024	25,946	-	-	25,946
Carrying Amounts				
January 1, 2023	2,837	7,101	387	10,325
December 31, 2023	2,088	7,124	479	9,691
December 31, 2024	1,525	7,674	1,402	10,601

Way leave rights, which have an indefinite life period, allow the Group access to properties owned by third parties for the purpose of installing and maintaining the Group's transmission and distribution network.

(Expressed in thousands of Eastern Caribbean Dollars)

10. Inventories

	2024 $'000	2023 $'000
Fuel inventories	3,399	4,129
Generation spare parts	7,804	7,663
Transmission, distribution and other spares	11,229	10,058
Photovoltaic systems	12	-
Goods-in-transit	2,842	1,901
	25,286	23,751
Provision for inventory obsolescence	(3,325)	(3,254)
	21,961	20,497

The movement in the provision for inventory obsolescence was as follows:

	2024 $'000	2023 $'000
Balance – beginning of year	3,254	3,254
Additions	71	-
Balance – end of year	3,325	3,254

11. Trade, Other Receivables and Prepayments

	2024 $'000	2023 $'000
Trade receivables, gross (Note 37)	53,184	48,195
Less: provision for impairment of trade receivables (Note 37)	(13,839)	(14,100)
Trade receivables, net (Note 37)	39,345	34,095
Other receivables, gross	23,424	21,989
Less: provision for impairment of other receivables	(1,180)	(1,171)
Other receivables, net	22,244	20,818
Accrued income	21,750	21,695
	83,339	76,608
Deferred fuel costs	801	1,325
Prepayments	5,922	3,774
	90,062	81,707

The movement in the provision for impairment of trade receivables was as follows:

	2024 $'000	2023 $'000
Balance at January 1	14,100	15,182
Impairment gain (Note 35)	(261)	(1,082)
Balance at December 31	13,839	14,100

(Expressed in thousands of Eastern Caribbean Dollars)

11. Trade, Other Receivables and Prepayments (Cont'd)

The movement in the allowance for impairment in respect of other receivables was as follows:

	2024 $'000	2023 $'000
Balance at January 1	1,171	879
Impairment loss (Note 35)	9	292
Balance at December 31	1,180	1,171

The allowance accounts in respect of trade and other receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts considered irrecoverable are written-off against the asset directly.

The Group's exposure to credit risk related to trade and other receivables is disclosed in Note 37.

Deferred fuel costs relate to fair value adjustments of derivative financial instruments as disclosed in Note 4(l) and Note 13. The movements in deferred fuel costs are as follows:

	2024 $'000	2023 $'000
Balance at beginning of year	1,325	1,240
Balances arising from new hedge contracts	801	1,325
Reversals	(1,325)	(1,240)
Balance at end of year	801	1,325

Future recovery/reversals of the amounts in deferred fuel costs are exposed to the risk that possible changes in the regulations could result in gains or losses associated with derivative financial instruments no longer being recovered from/refunded to customers.

12. Other Financial Assets

	2024 $'000	2023 $'000
Financial assets at amortised cost		
Treasury bills	-	2,009
Fixed deposit	-	10,081
	-	12,090
Financial assets at FVTOCI		
Treasury bills-local and regional	4,928	-
Treasury bills-international	14,999	15,406
	19,927	15,406
Financial assets at FVTPL		
Investments funds	21,842	23,295
Equities	10,989	10,059
	32,831	33,354
	52,758	60,850

(Expressed in thousands of Eastern Caribbean Dollars)

12. Other Financial Assets (Cont'd)

The treasury bills classified at amortised cost had a weighted average effective interest rate of nil (2023 - 2.50% per annum) and a maturity date of nil (2023 - 1 month after the reporting date). The fixed deposit had an effective interest rate of nil (2023 - 2.52% per annum) and a maturity date of nil (2023 - 8 months after the reporting date). The weighted average effective interest rate on the financial assets at FVTOCI was 2.40% (2023 – 2.64%) per annum.

The financial assets at FVTOCI and at FVTPL are not available for the day-to-day operations of the Group (Note 18).

The Group's exposure to credit risk related to other financial assets is disclosed in Note 37.

The movements in other financial assets during the year are as follows:

	2024 $'000	2023 $'000
Beginning balance	60,850	49,748
Purchases	52,523	59,244
Redemptions	(62,470)	(51,046)
Amortisation of discount	976	959
Realised fair value gain on redemption	28	218
Unrealised fair value loss on financial assets measured at FVTOCI	(3)	(14)
Unrealised fair value gain on financial assets measured at FVTPL	854	1,741
Ending balance	52,758	60,850

13. Derivative Financial Instruments

The underlying strategy and imperative related to the Group's objective of its fuel price hedging programme is to reduce, in some measure, the price volatility to its customers caused by the existing arrangements whereby fuel is purchased on a regular basis at market prices.

The Board of Directors, as part of the hedging strategy, approved a rolling 12-month hedging programme that commenced in January 2012 utilising Fixed Price Swaps covering up to 75% of estimated monthly volumes. This strategy was further expanded in December 2015 to include the use of Options.

Under the provisions of the Electricity Supply Act (as amended) 1994, fuel prices are passed through to customers at cost.

The fair value of these hedging contracts at year end as disclosed on the consolidated statement of financial position is as follow:

	2024 $'000	2023 $'000
Derivative financial liability - Fixed price swaps and options	801	1,325

The Group's exposure to credit risk related to its derivative financial asset is disclosed in Note 37.

14. Cash and Cash Equivalents

Cash and cash equivalents comprise:

	2024 $'000	2023 $'000
Cash on hand	16	16
Cash at bank	8,758	22,288
	8,774	22,304

14. Cash and Cash Equivalents (Cont'd)

Cash at bank is non-interest bearing.

Included in cash at bank are $3,009 (2023 - $3,603) that are not available for the day-to-day operations of the Group (Note 18).

The Group's exposure to credit risk related to cash and cash equivalents is disclosed in Note 37.

Reconciliation of liabilities arising from financing activities:

	Non-current lease liabilities (Note 19) $'000	Current lease liabilities (Note 19) $'000	Non-current borrowings (Note 20) $'000	Current borrowings (Note 20) $'000	Consumer deposits (Note 21) $'000	Total $'000
Balance at January 1, 2023	1,567	723	53,938	20,778	21,269	98,275
Cash flows during the year	(78)	(933)	15,000	(22,570)	561	(8,020)
Non-cash flows during the year:						
-New leases	3,769	-	-	-	-	3,769
-Lease liabilities classified as non-current becoming current in 2023	(836)	836	-	-	-	-
-Borrowings classified as non-current becoming current in 2023	-	-	(18,451)	18,451	-	-
-Interest accrued in 2023 (Note 28)	-	210	-	3,037	332	3,579
Balance at December 31, 2023	4,422	836	50,487	19,696	22,162	97,603
Balance at January 1, 2024	4,422	836	50,487	19,696	22,162	97,603
Cash flows during the year	(28)	(1,080)	-	(22,118)	708	(22,518)
Non-cash flows during the year:						
-New leases	580	-	-	-	-	580
-Lease liabilities classified as non-current becoming current in 2024	(850)	850	-	-	-	-
-Borrowings classified as non-current becoming current in 2024	-	-	(13,787)	13,787	-	-
-Interest accrued in 2024 (Note 28)	-	244	-	2,422	349	3,015
Balance at December 31, 2024	4,124	850	36,700	13,787	23,219	78,680

(Expressed in thousands of Eastern Caribbean Dollars)

15. Share Capital

	2024	2023
Authorised		
Voting ordinary shares	100,000	100,000
Ordinary non-voting shares	800	800
Preference shares	1,124	1,214

	2024 $'000	2023 $'000
Issued and fully paid		
22,400,000 voting ordinary shares	77,563	77,563
520,000 non-voting ordinary shares	2,600	2,600
	80,163	80,163

16. Fair Value Reserve

	2024 $'000	2023 $'000
Balance at beginning of year	(1,350)	(3,077)
Fair value loss on FVTOCI financial assets	(3)	(14)
Transferred from retained earnings	854	1,741
Balance at end of year	(499)	(1,350)

The fair value reserve represents the cumulative unrealised fair value gains and losses arising on the revaluation of financial assets at FVTOCI and at FVTPL.

17. Revaluation Reserve

	2024 $'000	2023 $'000
Balance at beginning and end of year	59,862	59,862

The revaluation reserve represents the unrealised gain on the revaluation of the Group's land. When land is sold, the portion of the revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the revaluation reserve will not be reclassified subsequently to profit or loss.

18. Self-insurance Reserve

Because of the difficulty experienced by the Group in obtaining adequate and reasonably priced commercial insurance coverage primarily on its Transmission and Distribution ("T&D") assets, the Board of Directors gave approval for the establishment of a Self-insurance Fund to provide coverage for its T&D assets in the first instance, in the event of natural disasters or similar catastrophic events. From 2008, the Group therefore ceased commercial insurance cover of its T&D assets and undertook on an annual basis, to provide for insurance cover and to place amounts into the fund which will be independently managed under the terms of a registered Trust Deed. In 2022, the Group was able to supplement the self-insurance reserve with parametric insurance on its T&D assets.

(Expressed in thousands of Eastern Caribbean Dollars)

18. Self-insurance Reserve (Cont'd)

During 2011, the Group received formal notification from the Registrar of Insurances of the approval in principle, subject to certain conditions, for the establishment of the fund in accordance with the Insurance Act of Saint Lucia. Payments into the fund are exempted from income tax under the authority of Statutory Instrument No. 172 of 2007.

LUCELEC Cap-Ins. Inc. was incorporated on December 31, 2014. This subsidiary company has established a reserve which is not available for distribution to the shareholder.

The fund balance comprises the following:

	2024 $'000	2023 $'000
FVTOCI financial assets (Note 12)	19,927	15,406
FVTPL financial assets (Note 12)	32,831	33,354
Cash and cash equivalents (Note 14)	3,009	3,603
	55,767	52,363

The movement in the Self-insurance Reserve was as follows:

	2024 $'000	2023 $'000
Balance at beginning of year	52,017	49,614
Transferred from retained earnings	2,748	2,403
Balance at end of year	54,765	52,017

19. Lease Liabilities

	2024 $'000	2023 $'000
Current	850	836
Non-current	4,124	4,422
	4,974	5,258

The weighted average rate of interest applied to lease liabilities is 5.04% (2023 – 4.68%) per annum.

Lease liabilities are secured by the related underlying asset (see Note 8).

Future minimum lease payments at year end were as follows:

	2024 $'000	2023 $'000
Between 1 and 2 years	771	768
Between 2 and 5 years	1,934	1,746
Greater than 5 years	1,419	1,908
	4,124	4,422

The Group's exposure to liquidity risks related to lease liabilities is disclosed in Note 37.

(Expressed in thousands of Eastern Caribbean Dollars)

20. Borrowings

	2024	2023
	$'000	$'000
Current		
Bank borrowings	3,234	9,679
Related party	10,553	10,017
	13,787	19,696
Non-current		
Bank borrowings	33,975	37,209
Related party	2,725	13,278
	36,700	50,487
Total borrowings		
Bank borrowings	37,209	46,888
Related party (Note 33(d)(v))	13,278	23,295
	50,487	70,183

Borrowings are secured by hypothecary obligations and mortgage debentures creating fixed charges over all immovable properties and floating charges over all other assets, all ranking *pari passu* pursuant to a security sharing agreement, and assignment of insurance policies (Note 7).

The weighted average effective rates at the reporting date were as follows:

	2024	2023
	%	%
Bank borrowings	3.31	3.45
Related party	5.25	5.25

Maturity of non-current borrowings:

	2024	2023
	$'000	$'000
Between 1 and 2 years	6,071	13,787
Between 2 and 5 years	8,339	13,116
Over 5 years	22,290	23,584
	36,700	50,487

The Group's exposure to liquidity risks related to borrowings is disclosed in Note 37.

21. Consumer Deposits

Consumers requesting energy connections are required to pay a deposit that is refundable when the service is terminated. Interest is accrued on these deposits at the rate of 2% (2023 - 2%) per annum.

	2024	2023
	$'000	$'000
Consumer deposits	17,890	17,087
Interest accrual	5,329	5,075
	23,219	22,162

(Expressed in thousands of Eastern Caribbean Dollars)

22. Provision for Other Liabilities

	2024 $'000	2023 $'000
Balance at beginning of year	1,671	1,671
Decrease in provision	(48)	-
Balance at end of year	1,623	1,671

The provision represents the most recent reasonable estimated decommissioning costs of the old power stations located at Union and Vieux Fort. The decommissioning of the power station at Vieux Fort commenced in 2024 and is expected to be completed by 2025, while the power station at Union is scheduled to be decommissioned in 2025.

23. Deferred Tax Liability

Deferred tax liability is calculated in full on temporary differences under the statement of financial position liability method using a principal tax rate of 30% (2023 - 30%). The movements on the deferred tax liability account are as follows:

	2024 $'000	2023 $'000
Balance at beginning of year	40,846	37,094
Recognised in profit and loss (Note 29)	846	3,739
Recognised in other comprehensive income (Note 29)	(208)	13
Balance at end of year	41,484	40,846

Deferred tax liability is attributed to the following items:

	2024 $'000	2023 $'000
Property, plant and equipment	42,448	41,662
Post-employment medical benefit liabilities	(778)	(774)
Leased assets	1,437	1,535
Lease liabilities	(1,492)	(1,577)
Unutilized tax losses carried forward	(131)	-
	41,484	40,846

(Expressed in thousands of Eastern Caribbean Dollars)

24. Retirement Benefit Liabilities

(a) Background

Grade I Employees

The Group contributes to a defined benefit pension scheme for Grade I employees who were employed prior to January 1, 2008. The plan is administered and managed by Sagicor Life, Inc.(“Sagicor”)

Grade II Employees

The Group contributes to a defined benefit pension scheme for Grade II employees who were employed prior to January 1, 2008 which, up to December 31, 2008, was administered by CLICO International Life Insurance Group Limited (“CLICO”). Subsequent funding to the plan is currently administered by RBC Investments Management (Caribbean) Limited.

The most recent actuarial valuations of these two plans were completed December 31, 2021 using the “Projected Unit Credit” method of valuation.

(b) The principal actuarial assumptions used for all plans were as follows:

	Grade II		Grade I	
	2024	2023	2024	2023
	%	%	%	%
Discount rates	7.5	7.5	7.5	7.5
Future salary increases	4.0	4.0	4.0	4.0
Future NIS earnings increases	-	-	2.0	2.0

Assumptions regarding future mortality are based on standard mortality tables.

(c) The amounts recognised in the consolidated statement of financial position are determined as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$’000	$’000	$’000	$’000	$’000	$’000
Present value of defined benefit obligations	(21,758)	(20,597)	(17,032)	(15,893)	(38,790)	(36,490)
Fair value of plan assets	27,275	25,243	20,890	18,487	48,165	43,730
Effect of asset ceiling	(5,517)	(4,646)	(3,858)	(2,594)	(9,375)	(7,240)
Defined benefit liabilities	-	-	-	-	-	-

(Expressed in thousands of Eastern Caribbean Dollars)

24. Retirement Benefit Liabilities (Cont'd)

(d) The movements in the present value of defined benefit obligations were as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Defined benefit obligation as at January 1	20,597	19,390	15,893	15,045	36,490	34,435
Current service cost	405	382	84	(19)	489	363
Interest cost	1,485	1,412	1,168	1,107	2,653	2,519
Members' contributions	162	161	141	238	303	399
Benefits paid	(1,627)	(1,136)	(699)	(634)	(2,326)	(1,770)
Re-measurements: experience adjustments	736	388	445	156	1,181	544
Defined benefit obligation as at December 31	21,758	20,597	17,032	15,893	38,790	36,490

(e) The movements in the fair value of plan assets were as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Fair value of plan assets at January 1	25,243	24,590	18,487	17,614	43,730	42,204
Contributions paid - employer	526	301	937	240	1,463	541
Contributions paid - members	162	161	141	238	303	399
Interest income	1,857	1,818	1,399	1,314	3,256	3,132
Return on plan assets, excluding interest income	1,162	(443)	661	(248)	1,823	(691)
Benefits paid	(1,627)	(1,136)	(699)	(634)	(2,326)	(1,770)
Expense allowance	(48)	(48)	(36)	(37)	(84)	(85)
Fair value of plan assets at December 31	27,275	25,243	20,890	18,487	48,165	43,730

(Expressed in thousands of Eastern Caribbean Dollars)

24. Retirement Benefit Liabilities (Cont'd)

(f) Composition of plan assets

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Overseas equity	6,115	4,588	-	-	6,115	4,588
Government issued nominal bonds	12,962	13,354	-	-	12,962	13,354
Corporate bonds	4,475	4,148	-	-	4,475	4,148
Cash/money market	2,848	2,240	-	-	2,848	2,240
Immediate annuity policies	875	913	-	-	875	913
Unit trust	-	-	20,890	18,487	20,890	18,487
	27,275	25,243	20,890	18,487	48,165	43,730

24. Retirement Benefit Liabilities (Cont'd)

(f) Composition of plan assets (Cont'd)

Grade I

The asset value as at December 31, 2024 was estimated using the asset value as at November 30, 2024 provided by the Plan's Investment Manager - Sagicor. The value is reliant on Sagicor's financial strength.

The Grade I Plan's assets are invested in a strategy agreed with the Grade I Plan's Trustees which is largely driven by statutory constraints and asset availability. The Trustees have agreed to invest the Grade I Plan's assets in Sagicor's International Balanced Fund, which is a collective investment vehicle for regional pension plans investing in a diversified portfolio of bonds and equities. There are no asset-liability matching strategies used by the Grade I Plan.

Grade II

The values of the Grade II Plan assets as at December 31, 2024 were estimated using the asset value as at November 30, 2024 provided by the Plan's Investment Manager (RBC) and an estimate of the value of the Grade II Plan's immediate annuity policies which was calculated using the same assumptions used to calculate the defined benefit obligation (it is assumed that these annuities have not been impaired). The Investment Manager calculates the fair value of the Government bonds by discounting expected future proceeds using a constructed yield curve.

All of the Grade II Plan's government bonds were issued by the governments of countries within Caricom. The Scheme's immediate annuity policies that were purchased from CLICO were transferred to NAGICO during 2021. The value of these policies is reliant on NAGICO's financial strength and its ability to pay the pension secured.

The Grade II Plan's assets are invested in a strategy agreed with the Grade II Plan's Trustees which is largely driven by statutory constraints and asset availability. There are no asset-liability matching strategies used by the Grade II Plan.

(Expressed in thousands of Eastern Caribbean Dollars)

24. Retirement Benefit Liabilities (Cont'd)

(g) The actual return on plan assets was as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Return on plan assets	3,019	1,375	2,060	1,066	5,079	2,441

(h) The net pension costs recognised in the consolidated statement of comprehensive income were as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Current service cost	405	382	84	(19)	489	363
Administration expenses	48	48	36	37	84	85
Net pension costs	453	430	120	18	573	448

(i) Re-measurements recognised in other comprehensive income were as follows:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Experience losses	(426)	831	(216)	404	(642)	1,235
Effect of asset ceiling	499	(960)	1,033	(182)	1,532	(1,142)
Total amount recognised in other comprehensive income	73	(129)	817	222	890	93

(Expressed in thousands of Eastern Caribbean Dollars)

24. Retirement Benefit Liabilities (Cont'd)

(j) Reconciliation of opening and closing defined benefit liabilities:

	Grade II		Grade I		Total	
	2024	2023	2024	2023	2024	2023
	$'000	$'000	$'000	$'000	$'000	$'000
Opening defined benefit liabilities	-	-	-	-	-	-
Net pension cost	(453)	(430)	(120)	(18)	(573)	(448)
Re-measurements recognised in other comprehensive income	(73)	129	(817)	(222)	(890)	(93)
Employer contributions paid	526	301	937	240	1,463	541
Closing defined benefit liabilities	-	-	-	-	-	-

(Expressed in thousands of Eastern Caribbean Dollars)

24. Retirement Benefit Liabilities (Cont'd)

(k) Sensitivity Analysis

The calculation of the defined benefit obligations for Grades I to II is sensitive to the assumptions used. The following tables summarise how the defined benefit obligations would have changed as a result of a change in the assumptions used.

Grade I

December 31, 2024

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(1,521)	1,870
Future salary increases	919	(809)

December 31, 2023

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(1,430)	1,762
Future salary increases	924	(786)

An increase of one year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2024 by $240 (2023 – $224).

Grade II

December 31, 2024

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(2,051)	2,437
Future salary increases	457	(420)

December 31, 2023

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(1,977)	2,354
Future salary increases	482	(444)

An increase of one year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2024 by $417 (2023 – $391).

(Expressed in thousands of Eastern Caribbean Dollars)

24. Retirement Benefit Liabilities (Cont'd)

(l) Duration

The weighted average duration of the defined benefit obligation at year end for each of the plans was as follows:

	2024	2023
Grade 1	10.6 years	10.7 years
Grade II	11.0 years	11.2 years

(m) Funding Policy

Grade I

The Group meets the balance of the cost of funding the defined benefit pension plan and the Group must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the plan and the assumptions used to determine the funding required may differ from those set out above.

The Group expects to pay $440 to the pension plan during 2025.

Grade II

The Group meets the balance of the cost of funding the defined benefit pension plan and the Group must pay contributions at least equal to those paid by members, which are fixed. The funding requirements are based on regular (at least every 3 years) actuarial valuations of the plan and the assumptions used to determine the funding required may differ from those set out above.

The Group expects to pay $600 to the pension plan during 2025.

(Expressed in thousands of Eastern Caribbean Dollars)

25. Post-employment Medical Benefit Liabilities

The Group contributes to a post-employment medical scheme with The Beacon Insurance Co. Limited for all its current employees and retirees.

(a) The principal actuarial assumptions used were as follows:

	2024 %	2023 %
Discount rate	7.5	7.5
Medical expense increase	5.0	5.0

Assumptions regarding future mortality are based on standard mortality tables.

(b) The amounts recognised in the consolidated statement of financial position are determined as follows:

	2024 $'000	2023 $'000
Present value of defined benefit obligations	2,592	2,581
Defined benefit liabilities	2,592	2,581

(c) The movements in the present value of defined medical benefit obligations were as follows:

	2024 $'000	2023 $'000
Defined benefit obligations as at January 1	2,581	2,518
Current service costs	81	81
Interest costs	191	186
Benefits paid	(66)	(69)
Re-measurements: experience adjustments	(195)	(135)
Defined benefit obligations as at December 31	2,592	2,581

(d) The amounts recognised in the consolidated statement of comprehensive income were as follows:

	2024 $'000	2023 $'000
Current service costs	81	81
Interest on defined benefit obligations	191	186
Net medical benefit costs	272	267

(e) Re-measurements recognised in other comprehensive income were as follows:

	2024 $'000	2023 $'000
Experience gain	(195)	(135)
Total amount recognised in other comprehensive income	(195)	(135)

(Expressed in thousands of Eastern Caribbean Dollars)

25. Post-employment Medical Benefit Liabilities (Cont'd)

(f) Reconciliation of opening and closing defined benefit liabilities:

	2024 $'000	2023 $'000
Opening defined benefit liabilities	2,581	2,518
Net medical benefit costs	272	267
Re-measurement gain recognised in other comprehensive income	(195)	(135)
Benefits paid	(66)	(69)
Closing defined benefit liabilities	2,592	2,581

The calculation of the defined benefit obligations is sensitive to the assumptions used. The following tables summarise how the defined benefit obligations would have changed as a result of a change in the assumptions used.

December 31, 2024

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(391)	505
Medical expense increases	514	(402)

December 31, 2023

	1% p.a. increase $'000	1% p.a. decrease $'000
Discount rate	(389)	503
Medical expense increases	511	(400)

An increase of 1 year in the assumed life expectancies would increase the defined benefit obligations at December 31, 2024 by $80 (2023 - $80).

(g) Duration

The weighted average duration of the defined benefit obligation at December 31, 2024 was 18.3 years (2023 - 18.3 years).

(h) Funding Policy

The Group insures the medical benefits for retirees with an external insurer and pays 50% of the retiree only premiums to the insurer as they fall due. The retiree meets the remaining 50%. In addition, if the retiree wishes to provide for his dependents, the retiree meets the full cost of this additional benefit.

The Group expects to pay $69 to the plan in 2024.

(Expressed in thousands of Eastern Caribbean Dollars)

26. Trade and Other Payables

	2024 $'000	2023 $'000
Trade payables	19,375	31,455
Accrued expenses	11,535	14,436
Other payables	17,221	14,906
	48,131	60,797

The Group's exposure to liquidity risks related to trade and other payables is disclosed in Note 37.

27. Other Losses, Net

	2024 $'000	2023 $'000
Loss on disposal of property, plant and equipment	(133)	-
Foreign exchange gains/(losses)	2	(18)
	(131)	(18)

28. Finance Costs

	2024 $'000	2023 $'000
Interest expense on:		
-lease liabilities	244	210
-borrowings	2,422	3,037
-consumer deposits	349	332
-pole rental deposits	2	2
	3,017	3,581

(Expressed in thousands of Eastern Caribbean Dollars)

29. Taxation

	2024 $'000	2023 $'000
Current tax	15,781	12,440
Deferred tax (Note 23)	846	3,739
	16,627	16,179

Reconciliation of the applicable tax charge to the effective tax charges:

	2024 $'000	2023 $'000
Profit before taxation	58,540	57,776
Tax at the statutory rate of 30% (2023 - 30%)	17,562	17,332
Tax effect of non-deductible expenses	637	763
Tax effect of non-taxable income	(681)	(1,017)
Tax effect of self-insurance appropriation	(900)	(900)
Deferred tax asset unrecognised on tax loss	-	1
Understated 2023 tax charge	9	-
Tax charge	16,627	16,179

Deferred tax on each component of other comprehensive income is as follows:

	2024 $'000	2023 $'000
Re-measurement of defined benefit pension plans		
Before tax (Notes 24(i) and 25(e))	(695)	42
Tax (Note 23)	208	(13)
After tax	(487)	29

30. Basic and Diluted Earnings per Share

Basic and diluted earnings per share is calculated by dividing the net profit for the year of $41,913 (2023 - $41,597) by the weighted average number of shares outstanding during the year of 22,920 (2023 - 22,920).

31. Tariff Reduction

In accordance with the provisions of the Electricity Supply Amendment Act Nos. 12 of 2006 and 13 of 2006, a mechanism was put into effect for the computation of the Allowable Rate of Return, based on a predetermined range of Return on Average Contributed Capital.

The Allowable Rate of Return is between 2% and 7% above the cost of the most recent long-term bonds issued by the Government of St. Lucia on the Regional Government Securities Market, with a minimum return of 10%. This was equal to a range of 10.00% to 14.25% in respect of 2024 (2023 – 10.00% to 13.99%).

In the event that the actual Rate of Return exceeds the Allowable Rate of Return, 50% of the amount in excess of the maximum of the range will be distributed proportionately to hotel and industrial consumers as a decrease in the basic energy rate based on the total kilowatt hours consumed in the preceding calendar year. The Minister may also, by Order, apply the decrease in the basic energy rate to consumers or groups of consumers in need of special protection.

In the event that the actual Rate of Return falls below the minimum of 10%, provision is also made for the upward adjustment of the basic energy rate.

(Expressed in thousands of Eastern Caribbean Dollars)

32. Ordinary Dividends

	2024 $ Dividends Per share	2024 $'000 Total	2023 $ Dividends Per share	2023 $'000 Total
Final - relating to 2022	-	-	0.68	15,586
Interim - relating to 2023	-	-	0.45	10,314
Final - relating to 2023	0.53	12,148	-	-
Interim - relating to 2024	0.45	10,314	-	-
	0.98	22,462	1.13	25,900

The final dividend for the year 2024 had not been declared as at December 31, 2024.

33. Related Parties

(a) Identification of related party

A party is related to the Group if:

(i) Directly or indirectly the party:

- Controls, is controlled by, or is under common control with the Group;
- Has an interest in the Group that gives it significant influence over the Group; or
- Has joint control over the Group.

(ii) The party is a member of the key management personnel of the Group,
(iii) The party is a close member of the family of any individual referred to in (i) or (ii),
(iv) The party is a post-employment benefit plan for the benefit of employees of the Group or any Group that is a related party of the Group,
(v) The party is an entity that is controlled or jointly controlled by a party referred to in (i) to (iii).

(b) Related party transactions and balances

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, or commercial terms and conditions.

(c) Transactions with key management personnel

In addition to their salaries, the Group also provides non-cash benefits to executive officers and contributions to post-employment retirement plans on their behalf. The key management personnel compensations are as follows:

	2024 $'000	2023 $'000
Short-term employee benefits	4,393	4,192
Post-employment benefits	207	175
Directors' remuneration	369	363
	4,935	4,730

(Expressed in thousands of Eastern Caribbean Dollars)

33. Related Parties (Cont'd)

(c) Transactions with key management personnel (Cont'd)

(i) Transactions with the key management personnel during the year were as follows:

	2024 $'000	2023 $'000
Supply of electricity services	137	134

(ii) Balances at the reporting date arising from transactions with key management personnel and included in trade receivables, gross (Note 11) of $53,184 (2023 - $48,195) were as follows:

	2024 $'000	2023 $'000
Supply of electricity services	7	7

(d) Transactions with shareholders

The Group's major shareholders are as follows:

	2024 %	2023 %
Emera St. Lucia Ltd.	20.00	20.00
First Citizens Bank Limited	20.00	20.00
National Insurance Corporation	20.00	20.00
Castries Constituency Council	15.50	15.50
Government of Saint Lucia	10.05	10.05
	85.55	85.55

The remaining 14.45% (2023 - 14.45%) of the shares is widely held.

(i) Transactions with shareholders during the year were as follows:

Supply of Electricity Services

	2024 $'000	2023 $'000
First Citizens Bank Ltd	116	121
National Insurance Corporation	2,680	1,903
Castries Constituency Council	768	2,325
Government of Saint Lucia	26,418	33,844
	29,982	38,193

The Government of Saint Lucia receives a 10% (2023 - 10%) discount on electricity charges in respect of all accounts other than Street lighting, except where the minimum charges apply.

(Expressed in thousands of Eastern Caribbean Dollars)

33. Related Parties (Cont'd)

(d) Transactions with shareholders (Cont'd)

(i) Transactions with shareholders during the year were as follows (Cont'd):

Supply of Other Services

	2024 $'000	2023 $'000
Government of Saint Lucia	6,336	739

(ii) Balances at the reporting date arising from supply of electricity services to related parties during the year and included in trade receivables, gross (Note 11) of $53,184 (2023 - $48,195) were as follows:

	2024 $'000	2023 $'000
National Insurance Corporation	42	25
Castries Constituency Council	(200)	258
Government of Saint Lucia	(4,784)	1,632
	(4,942)	1,915

(iii) Balances at the reporting date arising from supply of other services to related parties during the year and included in other receivables, gross (Note 11) of $23,424 (2023 - $21,989) were as follows:

	2024 $'000	2023 $'000
Government of Saint Lucia	7,629	739

(iv) Provision for impairment losses recognised against related party balances were as follows:

	2024 $'000	2023 $'000
Provision for impairment	517	519

(Expressed in thousands of Eastern Caribbean Dollars)

33. Related Parties (Cont'd)

(d) Transactions with shareholders (Cont'd)

(v) Loans from shareholders

Movements in loans from shareholders for the year and their balances at the reporting date were as follows:

	2024 $'000	2023 $'000
National Insurance Corporation		
At beginning of year	23,295	32,802
Repayments during year	(11,045)	(11,045)
	12,250	21,757
Interest expense	1,028	1,538
At end of year	13,278	23,295

The above loans are fully secured (Note 20).

Finance Costs

Details of the related finance costs are as follows:

	2024 $'000	2023 $'000
National Insurance Corporation	1,028	1,538

These charges are included in the finance costs of $3,017 (2023 - $3,581) as disclosed in the consolidated statement of comprehensive income.

(e) Transactions with pension schemes

(i) Transactions with the pension schemes during the year were as follows:

Liabilities settled on behalf of the pension schemes

	2024 $'000	2023 $'000
LUCELEC Grade I Pension Scheme	82	103
LUCELEC Grade II Pension Scheme	97	62
LUCELEC Defined Contribution Pension Scheme	87	101
	266	266

(ii) Balances at the reporting date arising from settlement of liabilities on behalf of the pension schemes during the year and included in other receivables, gross (Note 11) of $23,424 (2023 - $21,989) were as follows:

	2024 $'000	2023 $'000
LUCELEC Grade I Pension Scheme	530	448
LUCELEC Grade II Pension Scheme	154	77
LUCELEC Defined Contribution Pension Scheme	188	101
	872	626

(Expressed in thousands of Eastern Caribbean Dollars)

34. Fuel Surcharge Cost Adjustment

Included in energy sales is an adjustment to the base tariff of $28,417 (2023 – $22,410).

35. Expenses by Nature

	2024 $'000	2023 $'000
Operating expenses		
Fuel costs	209,729	221,411
Depreciation on property, plant and equipment (Note 7)	25,028	24,700
Depreciation on leased assets (Note 8)	112	203
Repairs and maintenance	18,593	16,681
Employee benefits (Note 36)	20,953	20,749
Generation insurance premiums	656	504
T&D insurance premiums	1,154	1,626
Other operating expenses	4,953	5,999
	281,178	291,873
Administrative expenses		
Depreciation on property, plant and equipment (Note 7)	823	679
Depreciation on leased assets (Note 8)	804	659
Amortisation of intangible assets (Note 9)	868	1,008
Repairs and maintenance	3,093	2,789
Employee benefits (Note 36)	14,481	13,598
Impairment gains on trade and other receivables (Note 11)	(252)	(790)
Bank charges	1,540	1,381
Debt collection expenses	937	853
Insurance	6,122	4,949
Professional fees	2,057	2,748
Other operating expenses	11,626	9,420
	42,099	37,294
	323,277	329,167

Included in professional fees are audit fees of $213 (2023 - $203).

(Expressed in thousands of Eastern Caribbean Dollars)

36. Employee Benefit Expenses

	2024 $'000	2023 $'000
Wages and salaries	27,419	27,096
Pension contributions	2,254	1,781
Medical contributions	1,037	1,014
Other employee benefits	4,724	4,456
	35,434	34,347

Allocated as follows:

	2024 $'000	2023 $'000
Operating expenses (Note 35)	20,953	20,749
Administrative expenses (Note 35)	14,481	13,598
	35,434	34,347

The number of permanent employees at December 31, 2024 was 269 (2023 - 260).

37. Financial Instruments

Credit risk

Exposure to credit risk

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

	Notes	2024 $'000	2023 $'000
Trade and other receivables	11	83,339	76,608
Other financial assets	12	52,758	60,850
Cash at bank	14	8,758	22,288
		144,855	159,746

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	2024 $'000	2023 $'000
Business, before deducting provision	37,506	31,924
Residential, before deducting provision	15,678	16,271
	53,184	48,195

(Expressed in thousands of Eastern Caribbean Dollars)

37. Financial Instruments (Cont'd)

Credit risk (Cont'd)

Expected credit loss assessment

The Group uses a provision matrix to measure the expected credit losses of trade receivables. The expected loss rates are based on the Group's historical credit loss rates per ageing category, which reflects the percentage of the ageing category which migrates over to 120 days, adjusted for factors specific to the debtor. The historical loss rates are then adjusted for current and forward-looking information based on the impact of macroeconomic factors on the Group's customers. The Group has identified the inflation rate, unemployment and gross domestic product (2023 – unemployment rate and gross domestic product) as the key macroeconomic factors. These loss rates are applied to the outstanding receivable balances less security deposits and interest.

The following provides information about the Group's exposure to credit risk and expected credit losses for trade receivables:

December 31, 2024

	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Current (not past due)	23,467	444	23,023
More than 30 days past due	4,913	282	4,631
More than 60 days past due	1,440	103	1,337
More than 90 days past due	1,306	114	1,192
More than 120 days past due	22,058	12,896	9,162
	53,184	13,839	39,345

December 31, 2023

	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Current (not past due)	25,132	473	24,659
More than 30 days past due	5,628	332	5,296
More than 60 days past due	2,077	200	1,877
More than 90 days past due	1,558	150	1,408
More than 120 days past due	13,800	12,945	855
	48,195	14,100	34,095

37. Financial Instruments (Cont'd)

Liquidity risk

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

December 31, 2024

	Notes	Carrying amounts $'000	Total contractual cash flows $'000	Contractual cash flow			
				Under 1 year $'000	1-2 years $'000	2-5 years $'000	>5 years $'000
Non-derivative financial liabilities							
Lease liabilities	19	4,974	5,731	1,076	944	2,210	1,501
Borrowings	20	50,487	61,074	15,460	7,176	10,872	27,566
Trade and other payables	26	48,131	48,131	48,131	-	-	-
		103,592	114,936	64,667	8,120	13,082	29,067

December 31, 2023

	Notes	Carrying amounts $'000	Total contractual cash flows $'000	Contractual cash flow			
				Under 1 year $'000	1-2 years $'000	2-5 years $'000	>5 years $'000
Non-derivative financial liabilities							
Lease liabilities	19	5,258	2,600	859	704	819	218
Borrowings	20	70,183	84,118	22,389	19,628	23,988	18,113
Trade and other payables	26	60,797	60,797	60,797	-	-	-
		136,238	147,515	84,045	20,332	24,807	18,331

The Group also has liabilities totaling $23,219 (2023 - $22,162) relating to consumer deposits (Note 21) that are refundable upon the cessation of the supply of services. It is not practicable to determine the contractual maturities of these liabilities, including estimated interest payments.

37. Financial Instruments (Cont'd)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	Notes	Carrying amounts as at December 31, 2024 $'000	Fair values as at December 31, 2024 $'000	Carrying amounts as at December 31, 2023 $'000	Fair values as at December 31, 2023 $'000
Trade and other receivables	11	83,339	83,339	76,608	76,608
Other financial assets	12	52,758	52,758	60,850	60,850
Cash and cash equivalents	14	8,774	8,774	22,304	22,304
Derivative financial liability	13	(801)	(801)	(1,325)	(1,325)
Borrowings	5 & 20	(50,487)	(41,567)	(70,183)	(60,341)
Trade and other payables	26	(48,131)	(48,131)	(60,797)	(60,797)
		45,452	54,372	27,457	37,299

The basis of determining fair values is disclosed in Note 5.

Interest rates used for determining fair values

The interest rates used to discount estimated cash flows of borrowings are based on the market interest rates at the reporting date.

The Group also has liabilities totaling $23,219 (2023 - $22,162) relating to consumer deposits (Note 21) that are refundable upon the cessation of the supply of services. It is not practicable to determine the fair values of these liabilities.

37. Financial Instruments (Cont'd)

Equity price risk

An average pricing volatility of 2.82% (2023 – 4.90%) was observed for the Group's investments in equity instruments. This volatility figure is considered to be a reasonable basis for estimating how profit or loss could have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these equity instruments increased or decreased by that amount, profit before taxation could have changed by $310 (2023 - $493).

38. Commitments

Capital commitments

The Group had capital commitments at December 31, 2024 of $7,421 (2023 - $4,344).

Operating lease commitments

Pole rental

The Group expects to earn annual income from pole rentals of $892 (2023 - $951) for the foreseeable future.

39. Contingent Liabilities

Claims

The Group has been named a defendant to a number of claims as at December 31, 2024 as follows:

1. Claims from unrelated third parties estimated at $27. No provision has been made.
2. Claim from the former Members of Eastern Caribbean Utilities Pension Scheme (Present and former employees of the Group) for which a value has not been disclosed.

   The employees who are former members of the defunct Eastern Caribbean Utilities Pension Scheme (ECUPS) are seeking future pension benefits on the basis of the ECUPS formula which they allege they are entitled to, based on their employment contract. The Group has denied this claim. A provision has been recorded based on the offer made by the Group.

While it is impossible to be certain of the outcome of any particular case or of the amount of any possible adverse verdict, the Group believes that its defenses to all these various claims are meritorious.

Income tax

From the date of incorporation, subsidiary company, LUCELEC Cap-Ins. Inc., has treated all its income as tax exempt given the purpose of the self-insurance fund. Having recognised that the existing tax exemption only provides for income received in the form of contributions from St. Lucia Electricity Services Limited, the Group is seeking an amendment to the Income Tax Act to legitimise the treatment of all other income. Should the Group be unsuccessful in securing this amendment, the Group's current tax liability including penalties and interest could increase by $2,417 (2023 - $2,007) and deferred tax liability could decrease by $149 (2023 - $404).

40. Subsidiary Companies

	Country of Incorporation	Equity %
LUCELEC Cap-Ins. Inc.	Saint Lucia	100
Energyze Holdings Inc.	Saint Lucia	100