



WATER CORPORATION OF ANGUILLA

Financial Statements

December 31, 2012

(Expressed in Eastern Caribbean Dollars)

The Water Corporation of Anguilla
Financial Statements for the period ended 31 December 2012
Certificate of Audit and Report of the Chief Auditor

Section 59(2) of the Financial Administration and Audit Act (Revised Statutes of Anguilla Chapter F27 as at 15 December 2010) (the Act) permits me, as Chief Auditor, to accept the audit of the accounts and financial statements of a government agency by an independent auditor, if the appointment of the auditor has been approved by me, and the audit of the agency has been performed in accordance with my directions.

After I accept the audit of the accounts and financial statements of a government agency by an independent auditor, Sections 59(6) and (7) of the Act require me to issue a certificate of audit and prepare a report that evidences the acceptance of the audit of the independent auditor, and to send the certificate of audit and report to the government agency, to the minister responsible for the government agency and to the Minister of Finance.

Section 65 of the Act requires the Water Corporation of Anguilla, as a government agency to submit an annual report, including my certificate and report, to the minister responsible for the Board, the Permanent Secretary and the Minister of Finance. The minister responsible for the Board is required to lay the annual report before the House of Assembly.

The appointment of BDO as the independent auditor of the Water Corporation of Anguilla was accepted by me. BDO were directed to undertake their audit in accordance with appropriate auditing standards, and I accept the results of its audit of the Board's financial statements for the year ended 31 December 2012.

As recorded in its Auditors' Report, BDO has audited the financial statements of the Anguilla Tourist Board, which comprise the statement of financial position as at 31 December 2012 and the related statements of profit or loss, changes in fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Corporation's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. BDO's responsibility is to express an opinion on the financial statements based on its audit.

BDO conducted its audit in accordance with International Standards on Auditing. Those standards require that BDO comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free of material misstatement. An audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. BDO considers that the audit evidence it has obtained is sufficient and appropriate to provide a basis for its opinion.

In BDO's opinion the financial statements present fairly, in all material respects, the financial position of the Water Corporation of Anguilla as of 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chief Auditor's report to the House of Assembly

Apart from the fact that it has taken seven years for the Water Corporation of Anguilla to prepare these accounts and have them audited I have no further observations to make on these financial statements.

A handwritten signature in blue ink, appearing to read 'R Harries', is positioned above the printed name and title.

Richard Harries
Chief Auditor
10 February 2021

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CORPORATE INFORMATION

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REGISTERED OFFICE

Crocus Hill
P.O.Box 1618
The Valley
AI-2640
Anguilla

BOARD MEMBERS

John C. Richardson - Chairman
Mark Romney - Deputy Chairman
Malcolm Webster - Member
Maclean Webster - Member
Serena Connor - Member
Marynell Norman-Connor - Member

(Information of Board Members Sitting in year 2012)

Marlene Brooks - Chairman
Stephenson Rogers - Deputy Chairman
Jacqueline Richardson - Member
Patricia McDonna - Member
Vanier Harrigan - Member
Dedric Webster - Member
Rommel Hughes - CEO/Board Secretary

SECRETARY

Charanell Jackman

BANKER

National Commercial Bank of Anguilla
(Formerly known as National Bank of Anguilla Ltd)
1st Mary's Street
The Valley, A1-2640
Anguilla, B.W.I.

SOLICITOR

Attorney General's Chambers
The Valley
Anguilla, B.W.I.

AUDITORS

BDO LLC
Chartered Accountants
17 Fairplay Complex
Cosley Drive
The Valley
Anguilla, BWI



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P.O. Box 136
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Cosley Drive
The Valley, AI-2640
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INDEPENDENT AUDITORS' REPORT

The Board Members Water Corporation of Anguilla

We have audited the accompanying financial statements of Water Corporation of Anguilla (the "Company"), which comprise the statement of financial position as at 31 December 2012, and the related statement of loss, changes in fund balance and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

BDO LLC


Chartered Accountants
21st of May 2020
The Valley
Anguilla
British West Indies

WATER CORPORATION OF ANGUILLA
Statement of Financial Position
As at 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2012	2011
ASSETS			
Non-current asset			
Property, plant and equipment - net	5	29,694,974	31,294,247
Current assets			
Cash in bank	6	262,632	197,842
Trade and other receivables - net	7	220,236	165,290
Materials and supplies	8	43,849	53,728
Total current assets		526,717	416,860
Total Assets		30,221,691	31,711,107
LIABILITIES AND FUND BALANCE			
Liabilities			
Non-current liabilities			
Deferred income	9	7,545,376	7,722,367
Lease payable	9	5,542,811	5,860,522
Total non-current liabilities		13,088,187	13,582,889
Current liabilities			
Trade and other payables	10	9,433,653	6,695,053
Due to related party	11.3	2,522,173	2,172,130
Total current liabilities		11,955,826	8,867,183
Total Liabilities		25,044,013	22,450,072
Fund balance			
General fund		5,177,678	9,261,035
Total Liabilities and Fund Balance		30,221,691	31,711,107

These financial statements were approved on behalf of the Board of Directors on 21st May, 2020 by the following:



 Chairman



 Chief Executive Officer

The notes on pages 8 to 27 are integral part of these financial statements.

WATER CORPORATION OF ANGUILLA
Statement of Loss
For the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2012	2011
Income			
Water income - net	12	6,494,655	5,283,677
Government subsidy	11.1	288,526	820,839
		6,783,181	6,104,516
Direct costs	13	(4,469,151)	(9,989,737)
		2,314,030	(3,885,221)
Grant income		176,991	176,991
Others	14	(8,544)	3,760,810
		2,482,477	52,580
General and administrative			
Impairment loss	7	(1,923,771)	-
Salaries, wages and employee benefits	15	(1,793,366)	(1,919,836)
Depreciation	5	(1,640,806)	(1,184,174)
Rental		(136,708)	(218,414)
Board fees	11	(93,500)	(102,300)
Automobile expenses		(82,954)	(72,185)
Membership fees		(42,862)	-
Repairs and maintenance		(29,181)	(146,936)
Stationery and supplies		(26,465)	(20,673)
Professional fees		(18,817)	(17,473)
Duties freight and shipping		(11,168)	(10,528)
Travels, meals and entertainment		(6,703)	(10,586)
Advertising and promo		(1,628)	(1,990)
Licenses and permits		(333)	-
Utilities		-	(12,068)
Miscellaneous		(7,612)	(7,180)
		(5,815,874)	(3,724,343)
		(3,333,397)	(3,671,763)
Interest income	6	848	1,551
Finance lease charge	9.1	(750,808)	(193,998)
Net loss		(4,083,357)	(3,864,210)

The notes on pages 8 to 27 are integral part of these financial statements.

WATER CORPORATION OF ANGUILLA
Statement of Changes in Fund Balance
For the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2012	2011
Fund balance, 1 January		9,261,035	13,125,245
Net loss		(4,083,357)	(3,071,872)
Fund balance, 31 December		5,177,678	9,261,035

The notes on pages 8 to 27 are integral part of these financial statements.

WATER CORPORATION OF ANGUILLA
Statement of Cash Flows
For the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

	<i>Notes</i>	2012	2011
Cash flows from operating activities			
Net loss		(4,083,357)	(3,864,210)
Adjustments for:			
Depreciation	5	1,640,806	1,184,174
Recovery of impairment loss	7.2	-	(3,766,868)
Impairment loss	7.2	1,923,771	-
Grant income	9.1	(176,991)	(176,991)
Interest income	6	(848)	(1,551)
Finance lease charge	9.2	750,808	193,998
Operating income/(loss) before working capital changes		54,189	(6,431,448)
Decrease (increase) in:			
Trade and other receivables		(1,978,717)	3,828,470
Material and supplies		9,879	43,814
Increase (decrease) in:			
Trade and other payables		2,738,600	3,113,140
Due to related party		350,043	-
Cash provided by operating activities		1,173,994	553,976
Interest received	6	848	1,551
Net cash provided by operating activities		1,174,842	555,527
Cash used in investing activity			
Acquisition of property, plant and equipment	5	(41,533)	(6,045,285)
Cash from financing activities			
Finance lease payable	9.2	-	5,932,857
Payment of lease during the year		(317,750)	(73,162)
Finance lease charge paid	9.2	(750,769)	(193,967)
Net cash (used in)/provided by financing activities		(1,068,519)	5,665,728
Net increase in cash in bank		64,790	175,970
Cash in bank as at 1 January		197,842	21,872
Cash in bank as at 31 December		262,632	197,842

The notes on pages 8 to 27 are integral part of the financial statements.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

1. Reporting entity

Water Corporation of Anguilla (the “Company”) is a government corporation established on September 12, 2008 under the “Water Corporation of Anguilla Act of 2008”. By virtue of the Act, the Company has an exclusive right to manage, operate and supply potable piped water throughout the Island of Anguilla.

The registered office and principal place of business of the Company is at Crocus Hill, Anguilla British West Indies.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) and interpretations issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Eastern Caribbean Dollars (EC\$), which is the Company's functional and presentation currency. Except as otherwise indicated, all financial information presented in EC Dollars has been rounded to the nearest dollar. The Company's exchange rate used to convert United States (US) Dollar to EC\$ is fixed at \$1: \$2.6882.

(d) Use of estimates and judgments

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

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

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

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies

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

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the Company's functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the Company's functional currency at the exchange rate at the date the fair value was determined. Foreign currency differences arising from re-translation are recognized in the profit or loss except for differences arising on re-translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

i. Non-derivative financial instruments

Non-derivative financial assets comprise cash and trade and other receivables. Non-derivative financial liabilities comprise of trade and other payables and due to related party.

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

Cash in bank

Cash in bank comprise cash under demand deposit which earn monthly interest at respective local bank rates.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Company does not intend to sell immediately or in the near term. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other

Other non-derivative financial instruments are measured at amortized cost using the effective interest method, less any impairment losses.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies (continued)

(c) Property, plant and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

When parts of an item of asset have different useful lives, they are accounted for as separate items (major components) of PPE.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and any impairment loss are removed from the accounts. Gains and losses on disposal of PPE are determined by comparing the proceeds from disposal and the carrying amount of asset and are recognized net within "Other income" in the statement of income.

ii. Subsequent costs

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

iii. Depreciation

Depreciation is recognized in profit or loss on the straight-line basis over the estimated useful lives of each part of an item of property and equipment. Leasehold improvements are amortized over the shorter of the lease term and their estimated useful lives. Depreciation commences once the asset is available for use in the operation. The estimated useful lives for the current year are as follows:

Building and improvements	30 years
Distribution system	50 years
Water plants and main tanks	10 years
Pump houses and related structures	20 - 30 years
Field tanks and wells	30 years
Computer and equipment	3 - 6.5 years
Computer software	3 years
Furniture and fixtures	6.5 years
Motor vehicles	5 years
Machinery and tools	6.5 years

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies (continued)

(c) Property, plant and equipment - net (continued)

iii. Depreciation

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

Fully depreciated assets are retained in the accounts unless derecognize and remove from the books if no future benefit can be obtained upon ultimate disposal.

(d) Materials and supplies

Materials and supplies are stated at a lower of cost or NRV and cost is determined using moving average method. Cost usually consist of asset purchase price, including duties, transport and handling cost, and other incidental expenses incurred in bringing the asset to its present location and condition ready for use.

Upon purchase, materials and supplies are capitalized as asset in the statement of financial position. When inventories are utilized in the operation, the carrying amount of those materials and supplies is recognized as an expense in the period in which the asset was used.

(e) Impairment

i. Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in other comprehensive loss, and presented in the fair value reserve in the statement of changes in shareholder's equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in other comprehensive loss.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies (continued)

(e) Impairment (continued)

ii. Non-financial assets

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

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

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

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

(f) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(g) Revenues

Revenue is recognised when the significant risk and rewards of ownership are transferred to the customer, recovery of consideration is probable, and the amount of revenue can be reliably measured,

The following specific criteria must also be met before revenue is recognized in the financial statements:

Water income

Revenue is recognized when invoice has been made to the customer after conducting water consumption reading. Water consumption of customer on a certain cycle is determined by comparing the last meter reading and the current cut-off date of reading. The difference is then multiplied to the below water tariff rates. The rate however, will vary depending on the total consumed gallons of customers at each one complete cycle. Usually, one cycle is equivalent to one month.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies (continued)

(g) Revenues (continued)

Small "Domestic" Consumers:

Block	Consumption per month in imperial Gallon	Rate per Gallon
1	0 - 1000	\$40 per minimum
2	1000 - 3000	\$0.06
3	3000 - 5000	\$0.08
4	In excess of 5000	\$0.10

Large "Commercial" Consumers:

Block	Consumption per month in imperial Gallon	Rate per Gallon
1	0 - 10,000	\$1,200 minimum
2	10,000 - 20,000	\$0.10
3	20,000 - 40,000	\$0.08
4	In excess of 40,000	\$0.06

The rates indicated above were designed to recover the cost associated with the water production operation and maintenance of the distribution system. These rates remain unchanged since year 1991 when the Company was under the management of Government of Anguilla.

Water penalty, surcharges and miscellaneous

The Company imposes penalty and surcharge on water bills unpaid within thirty days from the date of bill. These are recorded as income as it accrues over time until settled by the customer. This will not apply, however, to customers under deferred payment plan with arranged payment scheme with the Company.

Interest income

Income is recognized as interest accrues and takes into account the effective yield on the assets.

Grants and subsidy

Grants and subsidy are recognized at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of operations over the expected useful life of the relevant asset by equal annual instalments.

Designated grants and donation are recognized upon fulfilment of the donor-imposed conditions attached to the support and/or to the extent that the expenses are incurred. Designated grants for which restrictions and conditions have not yet been met are deferred project revenue. Generally, an undesignated grants and subsidy are recognized upon receipt.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies (continued)

(h) Cost and expenses recognition

Cost and expenses are recognized in statement of operations when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Cost and expenses are recognized 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 statement of financial position as an asset.

(i) Fund balance

Fund balance represents the cumulative excess of revenue over expenses of current and prior period as disclosed in the statement of operations including prior period adjustments, if any. When fund account has a debit balance, it is called "deficit", and presented as a deduction from equity.

(j) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and benefits of ownership of the assets to the lessee. All other leases are classified as operating leases.

Finance lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee.

Assets held under finance leases are capitalized as property, plant and equipment of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognized in profit or loss on a straight-line basis over the period of the lease.

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

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

3. Significant accounting policies (continued)

(k) Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(m) Employee benefits

i. Retirement benefits

By virtue of the Water Corporation of Anguilla Act, the Company's retirement benefit is sponsored by the Government of Anguilla under its Pension Scheme for Public Officers. The scheme is a defined contributory state plan which operates under the simple pay-as-you-go basis. Obligations for contributions to the defined contribution state plan are recognized as a pension expense in profit or loss when they are due.

ii. Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance, if any are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Company to its employees include salaries and wages, short-term compensated absences, bonuses and other non-monetary benefits.

(n) Subsequent events

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

(o) Comparatives

When necessary, comparative figures have been adjusted to conform to changes in the presentation in the current year.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

4. Critical accounting estimates and judgments

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

(a) Determination of fair values

The fair values of financial assets and liabilities approximate their carrying amounts due to relatively short-term nature of the related transactions.

(b) Estimation of useful lives of property, plant and equipment

The Company estimates useful lives of its PPE based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence. Estimated useful life of property and equipment is disclosed in Note 3 (c).

5. Property, plant and equipment - net

<i>Cost</i>	December 31, 2012			Balance December 31
	Balance January 1	Additions	Disposals	
Land	2,140,479	-	-	2,140,479
Distribution system	19,808,450	-	-	19,808,450
Building and improvements	5,762,007	-	-	5,769,007
Water plants and main tanks (Note 9)	5,932,857	-	-	5,932,857
Pump houses and related structure	116,298	-	-	116,298
Field tanks and wells	235,318	-	-	235,318
Computer and equipment	157,426	40,237	-	197,663
Computer software	48,904	-	-	48,904
Furniture and fixtures	41,211	1,296	-	42,507
Motor vehicles	257,224	-	-	257,224
Machinery and tools	21,462	-	-	21,462
	34,521,636	41,533	-	34,563,169

<i>Accumulated depreciation</i>	December 31, 2012			Balance December 31
	Balance January 1	Depreciation	Disposals	
Land	-	-	-	-
Distribution system	2,377,014	792,338	-	3,169,352
Building and improvements	434,951	144,983	-	579,934
Water plants and main tanks	148,321	593,286	-	741,607
Pump houses and related structure	11,156	3,719	-	14,875
Field tanks and wells	20,027	6,676	-	26,703
Computer and equipment	26,500	25,786	-	52,286
Computer software	35,644	13,086	-	48,730
Furniture and fixtures	18,347	6,268	-	24,615
Motor vehicles	152,134	51,445	-	203,579
Machinery and tools	3,295	3,219	-	6,514
	3,227,389	1,640,806	-	4,868,195

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

5. Property, plant and equipment - net (continued)

<i>Net book values</i>	January 1	December 31
Land	2,140,479	2,140,479
Distribution system	17,431,436	16,639,098
Building and improvements	5,327,056	5,182,073
Water plants and main tanks	5,784,536	5,191,250
Pump houses and related structure	105,142	101,423
Field tanks and wells	215,291	208,615
Computer and equipment	130,926	145,377
Computer software	13,260	174
Furniture and fixtures	22,864	17,892
Motor vehicles	105,090	53,645
Machinery and tools	18,167	14,948
	31,294,247	29,694,974

<i>Cost</i>	December 31, 2011			Balance December 31
	Balance January 1	Additions	Disposals	
Land	2,140,479	-	-	2,140,479
Distribution system	19,808,450	-	-	19,808,450
Building and improvements	5,762,007	-	-	5,762,007
Water plants and main tanks (Note 9)	-	5,932,857	-	5,932,857
Pump houses and related structure	116,298	-	-	116,298
Field tanks and wells	235,318	-	-	235,318
Computer and equipment	59,707	97,719	-	157,426
Computer software	48,904	-	-	48,904
Furniture and fixtures	40,716	495	-	41,211
Motor vehicles	257,224	-	-	257,224
Machinery and tools	7,248	14,214	-	21,462
	28,476,351	6,045,285	-	34,521,636

<i>Accumulated depreciation</i>	Balance January 1	Amortization/ Depreciation	Disposals	Balance December 31
	Land	-	-	-
Distribution system	1,584,676	792,338	-	2,377,014
Building and improvements	289,967	144,984	-	434,951
Water plants and main tanks	-	148,321	-	148,321
Pump houses and related structure	7,437	3,719	-	11,156
Field tanks and wells	13,351	6,676	-	20,027
Computer and equipment	13,564	12,936	-	26,500
Computer software	19,340	16,304	-	35,644
Furniture and fixtures	12,215	6,132	-	18,347
Motor vehicles	100,690	51,444	-	152,134
Machinery and tools	1,975	1,320	-	3,295
	2,043,215	1,184,174	-	3,227,389

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

5. Property, plant and equipment - net (continued)

<i>Net book values</i>	January 1	December 31
Land	2,140,479	2,140,479
Distribution system	19,016,112	17,431,436
Building and improvements	5,472,040	5,327,056
Water plants and main tanks	-	5,784,536
Pump houses and related structure	108,861	105,142
Field tanks and wells	221,967	215,291
Computer and equipment	46,143	130,926
Computer software	29,564	13,260
Furniture and fixtures	28,501	22,864
Motor vehicles	156,534	105,090
Machinery and tools	5,273	18,167
	31,294,247	27,418,456

Management believes that there were no indications of impairment on the remaining assets as at December 31, 2012. See Note 9 for the details of property, plant and equipment under finance lease.

6. Cash in bank

	2012	2011
Eastern Caribbean Dollar (EC\$) account	126,012	92,981
United States Dollar (US\$) account	136,620	104,861
	262,632	197,842

Cash in bank is held under demand deposit at National Commercial Bank of Anguilla (NCBA), formerly known as National Bank of Anguilla Ltd (NBA). The deposits earn interest on a monthly basis. These are unrestricted and available for use in the operations.

Total interest income earned from bank deposit for the years ended December 31, 2012 and 2011 amounted to \$848 and \$1,551, respectively.

7. Trade and other receivables, net

	<i>Notes</i>	2012	2011
Regular customers	7.1	9,469,810	8,247,069
Government of Anguilla (GOA)	7.1, 11	2,282,007	1,526,031
Others		118	118
Total receivables at		11,751,935	9,773,218
Allowance for impairment losses	7.2	(11,531,699)	(9,607,928)
		220,236	165,290

Receivables arise from billed and uncollected customers balances as at year end.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

7. Trade and other receivables, net (continued)

7.1 Details of aged customers' receivables as at December 31 follows:

	2012			2011		
	Regular	GOA	Total	Regular	GOA	Total
0 - 30 days	153,219	103,856	257,075	154,694	-	154,694
31 - 60 days	170,482	139,307	309,789	90,535	-	89,627
61 - 90 days	92,129	90,759	182,888	49,780	12,238	62,018
91 - 120 days	1,062,027	95,184	1,157,211	65,842	11,862	77,704
Over 120 days	7,991,953	1,852,901	9,844,854	7,886,218	1,502,839	9,389,057
	9,469,809	2,282,007	11,751,817	8,247,069	1,526,031	9,773,100

7.2 Details of allowance for impairment loss on receivables as at December 31 follows:

	2012	2011
Balance, January 1	9,607,928	13,374,796
Impairment loss	1,923,771	-
Recovery of impairment loss	-	(3,766,868)
Write-off	-	-
Balance, December 31	11,531,699	9,607,928

8. Material and supplies

Materials and supplies consist of basic supplies and those inventories used in the repairs and maintenance of water and utility lines of the Company like PVCs, cement, sealant, teflon tapes, etc. These are insignificant in amounts and charged to profit and loss only once used or consumed.

Total materials and supplies expensed for the year amounted to \$100,633 and \$171,150 for the years ended December 31, 2012 and 2011, respectively.

9. Leases

	Notes	2012	2011
Land finance lease	9.1	866	827
Water plants and main tanks - finance lease	9.2	5,541,945	5,859,695
		5,542,811	5,860,522

9.1 When the Water Corporation of Anguilla was established by virtue of the Water Act of 2008, a lease agreement was drafted between the Government of Anguilla and the Company. The lease sets forth the terms and conditions under which the Company may use the all the premises where its office, plants and other utilities and pumphouses are located, in exchange for rent monies. The lease is payable annually in the amount of EC\$100 over 99 years of lease term.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

9. Finance lease (continued)

9.1 (continued)

The lease was accounted as finance lease and at inception the following were recorded:

	<i>Notes</i>	
Leasehold land	5	2,140,479
Leasehold building and improvements	5	5,762,007
Pump houses and related structures	5	116,298
Field tanks and wells	5	235,318
Deferred lease income		8,253,340
Lease payable		762

Movement of the deferred lease income account as at December 31, 2012 and 2011 follows:

	<i>Notes</i>	2012	2011
Balance at inception		8,253,340	8,253,340
Amortization:			
Beginning balance		530,973	353,982
Amortization during the year		176,991	176,991
		707,964	530,973
		7,545,376	7,722,367

Movement of land lease during the year is as follows:

	<i>Notes</i>	2012	2011
Balance, January 1		827	796
Finance charge during the year		39	31
Balance, December 31		866	827

9.2 In year 2011, the Company entered into contract with TSG Water Works (Anguilla) Ltd (see Note 15.1) for the water production wherein, the Company, instead of producing its own water to be supplied to the island, it contracted TSG to do the production and pay for the water cost produced on a monthly basis. The contract entered by the two parties include option to buy-out water plant and water tank used by TSG within the ten (10) year term. The fair values of the water tank and plant asset at commencement date amounted to \$3,495,197 and \$2,437,660, respectively. These were recorded as cost of assets that form part in the PPE of the Company (see Note 5). Additional information of the lease contract related to assets are as follows:

	Water Tank	Plant Asset
Term	120 months	120 months
Monthly lease payments*	\$52,494	\$36,549
Annual lease implicit rate	13.15%	13.11%
Buy-out price**	Variable	Variable

* This forms part of the total monthly invoice of water production cost billed by TSG to the Company

**The buy-out price for both assets are variable depending on the period when the Company will exercise the option to buy and is declining over the 10-year period

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

9. Finance lease (continued)

9.2 (continued)

Information of the minimum lease payments due throughout the remaining life of the lease follows:

December 31, 2012

	Water Tank	Plant Asset	Total
Within 1 year	213,151	148,927	362,078
Over 1 year but not more than 3 years	519,799	362,946	882,745
Over 3 years but not more than 5 years	675,183	471,045	1,146,228
Over 5 years	1,856,985	1,293,909	3,150,894
	3,265,118	2,276,827	5,541,945

December 31, 2011

	Water Tank	Plant Asset	Total
Within 1 year	187,023	130,727	317,750
Over 1 year but not more than 3 years	456,081	318,590	774,671
Over 3 years but not more than 5 years	592,418	413,478	1,005,896
Over 5 years	2,216,618	1,544,760	3,761,378
	3,452,140	2,407,555	5,859,695

Total finance cost accrued and or paid by the Company related to the to the lease assets above follows:

	2012	2011
Water plants and main tanks	750,769	193,967
Land lease	39	31
	750,808	193,998

10. Trade and other payables

	Notes	2012	2011
Water cost	10.1	5,717,829	5,068,431
Electricity	10.2	3,294,927	1,252,776
Others		420,897	374,146
		9,433,653	6,695,353

10.1 Water cost represents the payable to Aqua Design Anguilla Ltd and TSG Water Works (Anguilla) Ltd (see Note 15.1) for the cost of water produced and supplied for the Company available for distribution to the public. The outstanding due, however, with Aqua Design is under litigation as at December 31, 2012 (see Notes 14.4 and 17.3)

Total cost of water purchased for the years ended December 31, 2012 and 2011 amounted to \$1,735,611 and \$4,928,120, respectively.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

10. Trade and other payables (continued)

10.2 Electricity represents unpaid and accrued billings of Anguilla Electricity Company Ltd (ANGLEC), as the sole provider of electricity in the whole island of Anguilla. Total electricity expense for the years ended December 31, 2012 and 2011 amounted to \$2,610,587 and \$4,847,370, respectively.

11. Related party transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to non-related parties.

In the ordinary course of business, the Company entered into transactions with the Government of Anguilla, as its ultimate parent. As at December 31, 2012 and 2011, the balances of the Company's related party transactions are as follows:

	<i>Notes</i>	2012	2011
<i>Profit or loss</i>			
Subsidy	<i>11.1</i>	288,526	820,839
Key management compensation and allowances	<i>11.2</i>	595,635	537,647
Board allowances		93,500	102,300
<i>Financial position</i>			
Trade receivables	<i>7.1</i>	2,282,007	1,526,031
Due to GOA	<i>11.3</i>	2,522,173	2,172,130

11.1 The Company, despite being separated already from Government, still GOA assists in paying significant expenses in 2011 like electricity bills, telephone and other significant expenses. The Company did not receive this fund since GOA is the one directly paying the vendors. Total grants in favour of the Company for the years ended December 31, 2012 and 2011 amounted to \$288,526 and \$820,839, respectively.

11.2 Key management compensation and allowances were paid to various Company's managerial and supervisory level employees. This includes basic salaries, allowances and benefits.

11.3 Due to GOA represents the unremitted collections made by the Company from various establishments and companies with their own reverse osmosis wells. Government of Anguilla bills royalty to various companies and establishments for the use of Anguilla resources (e.g. saltwater) which process their own water from saltwater or brackish to potable. GOA tasked the Company to make reading of these establishments for the consumed resources and bill the same.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

12. Water income, net

	<i>Notes</i>	2012	2011
Water income	12.1	6,545,135	5,291,895
Water adjustments	12.2	(50,480)	(8,218)
		6,494,655	5,283,677

12.1 Water income generated from each type of customer follows:

	2012	2011
Domestic residential consumers	6,043,829	4,883,204
Large commercial consumers	501,306	408,691
	6,545,135	5,291,895

12.2 Water adjustments represent necessary billing adjustments made such as leaking pipes, coloured water due to rusty pipes, defective meters, air passing thru meters, etc.

13. Direct costs

	<i>Notes</i>	2012	2011
Water cost	10.1	1,735,611	4,928,120
Electricity	10.2	2,610,587	4,847,370
Materials and supplies	8	100,633	171,150
Other services		22,320	43,097
		4,469,151	9,989,737

14. Other income

		2012	2011
Foreign exchange loss		(8,548)	(9,254)
Recovery of impairment losses	7	-	3,766,868
Miscellaneous		4	3,196
		(8,544)	3,760,810

15. Salaries, wages and related expenses

	<i>Note</i>	2012	2011
Basic salaries and overtime		1,458,675	1,509,830
Employee benefits	15.1	275,578	348,677
Social security		59,113	61,329
		1,793,366	1,919,836

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

15. Salaries, wages and related expenses *(continued)*

15.1 Employee benefits for the years ended December 31, 2012 and 2011 include the following:

	2012	2011
Medical and MASA insurance	105,440	108,793
Gratuity	72,247	145,977
Travel	45,433	22,600
Pension	32,361	33,142
Phone	18,096	18,496
Entertainment	2,000	4,800
Uniform	-	13,333
Training	-	1,536
	275,578	348,677

Gratuity paid includes payment made to employees who resigned during the year as they are entitled to receive the same as per contract they signed.

16. Contracts and commitments

16.1 In year 2011, the Company entered into a ten (10) year contract with TSG Water Works (Anguilla) Ltd, a company owned by Algonquin Power & Utilities Corp, for the desalination of brackish-water. The desalinated water will be sold to the Company at rates agreed and the same will be sold by the latter for public consumption. The contract entered into states that the water plant and tank will be constructed by TSG with the specifications that will meet the standards both for quality and quantity requirements of finished water. In addition, the Company has an option in the contract to purchase the plant and water tank from TSG in an agreed buy-out price. The option is exercisable after completion of twelve months from date of commencement of the contract.

The Company is also expected to exercise the option to buy-out the assets at end of the contract.

The terms of the lease meet the criteria of a finance lease; hence, the water tank and water plant were recorded as assets of the Company as part of its property, plant and equipment (See Note 5).

Details of the lease related to the contract is disclosed in Note 9.2.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

17. Subsequent events

Significant contracts entered in subsequent periods

- 17.1 When the contract with Aqua Design Anguilla Ltd (ADAL) was terminated in year 2012 due to significant breaches incurred by the Company, namely defaults in payments, and after court settlement in year 2014, the Company entered into another ten (10) year contract in 2015 with Caribbean Water Treatment (CWT) to process using reverse osmosis the saltwater to potable water that will be available also for public consumption. The contract also include option for the Company to buy-out the water plant at cost agreed. The option is exercisable six (6) months from the commencement date of contract.
- 17.2 In year 2018, the Company terminated the contract of CWT and entered a new ten (10) year contract with Seven Seas Water-Anguilla Water Corp. This is to replace the service of CWT. The plant that were existing and used by CWT were not removed but these was purchased by the Company using funds from Seven Seas. In addition to the existing plant, Seven Seas constructed additional plant and modify the old plant to meet the required specifications and standards for the quantity and quality of finished water. The contract entered into also includes option to purchase the plant including the new plant constructed and modifications made thereto.

Cases and litigations

- 17.3 The Company has an ongoing litigation as at December 31, 2012 when Aqua Design filed a claim with the Eastern Caribbean Supreme Court against the Company and the Government of Anguilla seeking the sum of US\$6,396,294 plus interest and costs which represents amounts payable on outstanding invoices and money which ADAL claims represents loss of profits due to defaults made by the Company. Several attempts were made to settle the claim and ADAL has agreed to compromise its claim and agrees to accept the sum of US\$1,647,776.95 as full and final settlement which is to be paid in a single lump sum on March 25, 2014. But still, the Company acknowledges that it does not have funds to meet all or part of the compromise settlement, hence, Government of Anguilla (GOA) agreed to settle the sum in full in behalf of the Company with ADAL. In exchange, the Company will have indebtedness to GOA in the same amount above and this will be payable at minimum of US\$100,000 per annum, interest free and the Company and GOA may, by mutual agreement in writing, revise the amount of annual payment in any given year. The Company became debt free from ADAL but has an outstanding liability with GOA.
- 17.4 In year 2018, Caribbean Water Treatment (CWT) which was contracted by the Company for the water production for Salt-Water Reverse Osmosis (SWRO), filed a claim with Eastern Caribbean Supreme Court against the Company. The services of CWT started from November 2015 pursuant to a ten (10) year contract. But in some point, the Company decided to terminate the said contract and purchase the SWRO plant with a view to improving efficiency and reliability in the supply of water. GOA was informed and agreed that the Company should mirror the procurement process in accordance with section 48A of the Public Procurement and Contract Administration Act of 2016.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
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(Expressed in Eastern Caribbean Dollars (EC\$))

17. Subsequent events (continued)

17.4 (continued)

CWT asserts on various grounds since it claims that the act made by the Company in the tendering and procurement process for prospective bidders (water producers) is an ultra vires act. Furthermore, CWT claims that it was not treated fairly as an interested bidder by the Company and the latter acted in bad faith. CWT, however, lost and EC Supreme Court dismissed the case resulting CWT to pay the Company costs which was agreed and assessed.

- 17.5 On January 27, 2017, Evelyn Apire-Hodge, a former CEO of the Company filed a case against the Company. Mrs. Apire-Hodge claimed that the Company repudiated and/or breached her contract of employment as CEO and has suffered loss and damages resulting to this. She claimed to be entitled to EC\$1,260,000 for loss of earnings; loss of pension; loss of health insurance; interest; costs and such further or other relief as the court deemed just.

The Company contended that the claimant was not employed in accordance with the statutory provisions governing the appointment of CEO. The Company therefore contended that claimant's appointment was ultra vires and, therefore, there has been no valid contract of employment capable of being repudiated and/or breached. The claimant was deposed of by way of settlement agreement dated 11th May 2018 and on the said date, the claimant filed a notice of discontinuance in respect of her claim.

Others

- 17.6 In year 2014, it was brought to the attention of ANGLEC that the Company was illegally obtaining electricity from ANGLEC for a period of about three (3) years. ANGLEC's investigation confirmed the illegal connection. The matter was brought to the attention of ANGLEC's and Company's Board as well as the Royal Anguilla Police Force. ANGLEC has estimated the revenue loss of this situation to be approximately EC\$3,510,657. However, ANGLEC's Board did not choose to pursue this matter through court as the Company will not be able to pay its day to day balances. In addition, there was no way to adequately estimate the total electricity usage of the said illegal connection leaving the matter dormant.

- 17.7 In year 2014, a resolution was passed by GOA Executive Committee for the Company to write-off significant receivables of the Company as at December 31, 2014. The following are criteria considered in writing off the accounts per directives of ExCom.

- The outstanding debts owed by customers who have been inactive prior to 1st January 2009 and are still inactive be written off;
- The write-off will not be applicable to those customers who have been active prior to 1st January 2009, that is those customers who were active and paying their bills their accumulated debts will not be written off;
- Neither will it be applicable to customers who may have been disconnected since 1st January 2009; and
- Customers who may have been disconnected prior to 1st January 2009 but have since devised a payment arrangement with the Company to pay off outstanding arrears will also be excluded from this write-off arrangement.

WATER CORPORATION OF ANGUILLA
Notes to the Financial Statements (continued)
As at and for the Year Ended 31 December 2012

(Expressed in Eastern Caribbean Dollars (EC\$))

17. Subsequent events (continued)

17.8 In year 2014, the Company make an appeal to raise the water tariff rates so as to cover significant operating costs especially in the water cost and distribution expense. However, GOA did not approve the request. GOA said that rates will remain the same for public and in lieu of the water tariff increase, GOA will pay-off the Company's outstanding electricity and fuel charges with ANGLEC to defray the significant expenses. The electricity bill amount shouldered by GOA in favour of the Company estimated to be EC\$4,736,175.

17.9 A 3% salary rate increase effective June 2016 was made by the Company as approved by the Board to all staff level employees.

The above events don't have impact on the financial statement amounts as at December 31, 2012 and 2011 and doesn't require adjustments.