

Schedule 1

FORM ECSRC – K

**ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT**

For the financial year ended: **31st December, 2018**

Issuer Registration number: **ANGLEC11011991AG**

Name of reporting issuer: **Anguilla Electricity Company Limited**

Territory of incorporation: **Anguilla**

Address of principal office: **The Quarter, Anguilla**

Reporting issuer's:

Telephone number (including area code): **(264) 497 5200**

Fax number: **(264) 497 5440**

Email address: **info@anglec.com**

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of the Securities Act of 2001 during the preceding 12 months: **No, extension of deadline to file was granted**

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Ordinary	11,636,147

SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

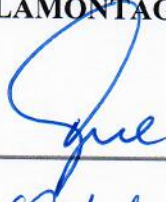
The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer (Ag.):

MR. PETER LAMONTAGNE

Signature

Date



24 October 2019

Name of Director:

MR. HAROLD RUAN

Signature

Date



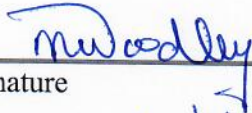
October 24, 2019

Name of Chief Financial Officer (Ag.):

MS. MAUREEN WOODLEY

Signature

Date



24 October 2019

REPORT

1. Business.

Implementation strategies for Automated Metering Infrastructure were developed to improve operating efficiency while reducing meter reading costs.

2. Properties.

- (1) Land at Corito Power Station consisting of 4.5 acres
- (2) Main building at Corito housing all generating units and a Generation Maintenance Workshop
- (3) Building at Corito housing the Transmission and Distribution Department
- (4) Vehicle Maintenance Garage.
- (5) Stores Department warehouse
- (6) West End Substation
- (7) Corito Substation

3. Legal Proceedings:

NONE

4. Submission of Matters to a Vote of Security Holders.

5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Anglec is not a listed company. No securities were sold during the period.

6. Financial Statements and Selected Financial Data.

Financial Statements are attached herewith.

7. Disclosure about Risk Factors.

The Company has exposure to various risks. The list of operational and financial risks that impact the Company and listed below are not an exclusive lists, but identifies those that have a higher probability of occurrence or material impact. Those risks are credit risk, liquidity risk,

market risk, capital management, weather/disaster and business continuity risks, insurance risks, reputational risks, sabotage, fraud, emerging technologies, etc.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Consumer Group Concentration

ANGLEC's largest consumer groups are the Hotels and Government sectors which contribute approximately 35% and 17% of our sales, respectively. A significant decline revenue earnings capability in either of the two sectors can adversely impact the revenue earning stream, profitability and cash flow of ANGLEC.

Natural Disasters

The Company's Transmission and Distribution network is self-insured. Each year the Company contributes a predetermined amount to this self-insurance fund. Claims against these funds are made based upon events (natural disasters or other events) impact the network on a large scale. This exposes the Company to additional risk as the funding of this account is in its infancy. The growth and stability of Anguilla's economy is significantly affected by hurricanes and other natural disasters. Network damage from a serious hurricane can have an adverse effect on the company's earnings.

Large Consumers Inability to Pay

ANGLEC's largest consumer groups are the Hotels and Government sectors which contribute approximately 35% and 17% of our sales, respectively. A significant decline revenue earnings capability in either of the two sectors can adversely impact the revenue earning stream, profitability and cash flow of ANGLEC.

Short and medium term cessation of payments of electricity bills by either of the two large sectors above can impact severely the cash flow sustainability of the company. Delayed payment or non-payment of the Government of Anguilla and two major Hotels were a challenge during the latter part of the year.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country, in which customers operate, has less influence on credit risk. Approximately 18 percent of the company's revenue is attributable to sales transactions with a single customer.

Liquidity risk

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

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the company maintains a line of credit with a limit of EC\$3.2 million with the National Commercial Bank of Anguilla Limited with an interest rate of 9.2% per annum. The cash resources of the company have to be prudently managed due to the number of large cash payments needed for the operation of the business.

8. Changes in Securities and Use of Proceeds.

No shareholder rights were modified during 2018.

9. Defaults Upon Senior Securities.

There has been no default in payment of any securities, dividends nor any indebtedness or loans due by the Company.

10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Revenues and Net Income

The Statement of Comprehensive Income for the year ended 31 December, 2018 is reporting total revenues of EC\$ 59,859 Million (M) as compared with EC\$ 51,106 M in 2017, a positive variance of some EC\$ 8,753 M, or 17 % between the two periods.

We note that the Energy sales for 2018 are being reported at EC\$ 44,899 M, as compared with the 2017 total of EC\$ 42,359 M, or positive EC\$ 2,540 M or 6 % over 2017. This increase in energy sales was primarily due to increase KWH of electricity units sold. We sold 72,053M KWHs of electricity in 2017 while selling 74,118 M KWH in 2018, a 2,065 M KWH difference or 3 % increase 2018/2017. As a percentage of total Gross Revenues, Energy sales accounted for 75 % of the total revenue in 2018, whereas the ratio was 82 % in 2017.

We are reporting a significant increase under the Fuel Surcharge recovery income by some EC\$ 6,213K, or 71 % between 2018/2017. We recovered EC\$ 14,959,745 M in fuel as compared with EC\$ 8,746,726 M in 2017.

During 2018 the fuel surcharge rate charged to customers was increased over time to 22 cents.

As a percentage of total Gross revenues, Fuel surcharge recoveries accounted for 25 % in 2018, whilst 17.11 % in 2017. The rate was adjusted in order to pass on to customers a fairer portion of the cost of fuel which had many increases during 2018.

Net Income decreased from EC\$ - 8.1 M in 2017 to EC\$ -9.2 million in 2018, a decrease of EC\$ 1.1 million. The major driver of this performance during the year continued to be the effects of Hurricane Irma, which saw generation expenses increase due to repairs and maintenance as well as the overhauls which were required subsequently.

The Total Comprehensive Income for 2018 was EC\$ -9.16 million as compared with EC\$ -8.12 million in 2017, a negative variance, year on year, of EC\$1.04 million.

Operating Costs

Total operating cost for the year ended 2018 is being reported at EC\$ 60 million, whilst that for 2017 was EC\$ 68 million, this was a positive difference of EC\$ 8 million or 12% 2018/2017. Total fuel cost for 2018 was EC\$ 16.4 million as compared with EC\$ 15.5 million in 2017, representing a difference year on year of EC\$ 0.9 million, or 6 %. The total fuel cost for 2018 accounted for 57 % of the total revenue generated, that for 2017 was 51 %.

Other Generation cost for 2018 was EC\$ 13.2 million as compare with EC\$ 13 million in 2017, an increase in cost of EC\$.2M, or 2 %. Other Generation cost as a function of revenue was 22 % - 25% (2018-2017).

Fuel Cost

Fuel cost is the single major cost incurred by the company. It accounted for 57 % as a function of our revenues. In 2017 it accounted for 51%. We noted during the year under review that the average cost per imperial gallon (IG) of gasoil fuel was EC\$ 7.80, by way of comparison it was EC\$ 6.08 in 2017, this represents an increase of EC\$1.72 per IG or 28 % between the two years. Further, we consumed 4.3 million IG of fuel in 2018, as compared with 4.2 million IG in 2017, a positive variance of 0.1M IG, or 2% 2018/2017.

Because of the Increase in fuel during 2018 we were unable to pass on any savings to our customer, by way of reductions in the fuel surcharge rates. The fuel surcharge increased to \$.31 per Kwh by the end of 2018. However we did not pass on the full effect of the fuel increase to the customer and as a result under-recovered by just under XCD\$3M in 2018.

Other Generation

Other Generation cost, i.e. Generation cost excluding fuel, was reported at EC\$ 13.3 million in 2018 as compared with EC\$ 12.7 million in 2017, a negative variance of EC\$.6 M, or -5%. This increase in Generation cost is primarily due to increases in the repairs and maintenance of the generation equipment.

Transmission and Distribution

We reported total Transmission and Distribution cost of EC\$ 10.8 million in 2018 as compared with EC\$ 9.2 million in 2017, an increase in cost, or negative variance, to the company of EC\$ 1.6M or 17 %, year on year.

Operating Expenses

Total Operating Expenses, comprised of Administrative Expenses and Customer Services, was reported at EC\$ 11.2 million in 2018 as compared with EC\$ 12.4 million in 2017, a positive variance of EC\$ 1.2 million, or 10 % between the two years.

Finance Cost

Finance cost Increased between 2018 and 2017 by EC\$ 312 thousand, or 50%, from 2018-EC\$ 937 thousand to 2017-EC\$ 625 thousand.

Capital Expenditures

The need to continue investing to improve the efficiency of our operations, particularly in the Generation, Transmission and Distribution areas are of the highest importance. This year capital expenditures of EC\$ 7.04 million were expended as follows:

Building	EC\$0.million
Plant and Machinery	EC\$6.20 million
Furniture, Fixtures and Equipment	EC\$ 0.56million
Vehicles	EC\$0.05 million
Work in Progress	EC\$ 0.21 million

	<u>EC\$ 7.04 million</u>

Most if not all of these acquisitions were in fact necessary to complete the restoration of our Fixed Assets which were decimated during the previous year's Hurricane Irma.

Earnings per Share+ Dividends

Earnings per share decreased from EC\$(0.79) in 2018 to EC\$(0.63) in 2017. Because of the losses made in 2017 and 2018 no dividends were proposed for the years.

11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

12. **Directors and Executive Officers of the Reporting Issuer.**

EXECUTIVE OFFICERS

Name: Mr. Peter LaMontagne FCCA, CAT, CFE, FACB

Position: Chief Executive Officer (Ag.)

Age: 52

Telephone No.: 264-476-4125

Mailing Address: c/o P.O. Box 400, The Valley, Anguilla, AI 2640

Mr. Lamontagne was appointed Chief Executive Officer on 26th May, 2019. Mr. Lamontagne has over 20 years experience in Accounting and Finance. Prior to joining ANGLEC, Mr. Lamontagne was the Accountant/Asst. General Manager/Compliance Officer of Nagico Insurance Company Limited in Anguilla. He was responsible for the Accounting departments in Anguilla, Grenada, St. Lucia and Dominica.

Mr. Lamontagne is a Fellow of the Association of Certified Chartered Accountants and of the Association of Certified Bookkeepers. He is also a Certified Fraud Examiner and a Chartered Accounting Technician.

Also a Director of the company Yes No

Name: Mrs. Jeri A. Richardson Charles, Attorney at Law, Accr. Director

Position: Corporate Secretary

Age: 41

Telephone No.: 264-235-3048

Mailing Address: P.O. Box 866, North Hill, Anguilla, AI2640

Mrs. Jeri Richardson Charles holds a Bachelor of Laws Degree (LLB) with Honours from the University of East London and a Postgraduate Diploma - Bar Vocational Course (BVC) from the University of Northumbria at Newcastle, following completion of an Associates Degree in Legal Studies at the H. Lavity Stoutt Community College and The University of the West Indies School of Continuing Studies, Paraquita Bay, Tortola, in 2006. Ms. Richardson was admitted into the Honourable Society of Lincoln's Inn on 29th October 2008, was called to the Bar of England and Wales on 25th November, 2010 and then called to the Bar in Anguilla on June 21, 2011. Ms. Richardson worked with the Law Firm of Keithley Lake & Associates and with the Government of Anguilla before beginning her formal education. Ms. Richardson was appointed Corporate Secretary effective April 1st, 2011. Ms. Richardson manages the company's corporate

secretarial portfolio which includes providing strategic, legal and operational support to the Board of Directors.

Also a Director of the company Yes No

Name: Mr. Peter LaMontagne

Position: Chief Financial Officer

Age: 52

Telephone No.: 264-476-4125

Mailing Address: P.O. Box 400

Also a Director of the company Yes No

DIRECTORS OF THE COMPANY

Name: Mrs. Linette Sasso-Connor, Accr. Dir.

Position: Anti-Money Laundering Compliance Officer, National Commercial Bank of Anguilla

Age: 47

Telephone No.: 264-476-3323

Mailing Address: The Farrington, Anguilla, AI-2640

Mrs. Linette Sasso-Connor is presently employed at the National Commercial Bank of Anguilla Ltd. Mrs. Sasso-Connor is Senior Finance Officer in the Bank. Mrs. Sasso-Connor is a graduate of Florida Metropolitan University, Orlando, Florida with a B.A. Degree in Accounting and holds the AMLCA Certification from Florida International Bankers Association (FIBA) – Florida International University (online).

Name: Ms. Shinnette Simone Connor, Accr. Dir.

Position: Accountant – Anguilla Health Authority

Age: 44

Telephone No.: 264-772-3118

Mailing Address: P.O. Box 884, South Hill, Anguilla, AI2640

Ms. Shinnette Simone Connor has over 18 years' experience at the National Bank of Anguilla Ltd. in commercial banking and accounting combined and as an Internal Auditor. Ms. Connor holds a BA in Accounting from the University of the Virgin Islands, St. Thomas, USVI and a Diploma in Banking from the Graduate School.

Name: Mr. Gareth Hodge, Accr. Dir.

Position: Self-employed Mechanical Contractor (electrical, plumbing and swimming pools)

Age: 59

Telephone No.: 264-235-7275

Mailing Address: P.O. Box 805, Sandy Hill, Anguilla, AI2640

Mr. Hodge is a prominent contractor in Anguilla and specializes in electrical, plumbing and construction of swimming pools. Mr. Hodge is an ordained pastor of the Hilltop Baptist Church and he is involved in Hodge Holding Group of Companies.

Name: Mr. Harold Ruan, Accr. Dir.

Position: Managing Director, Comprehensive Construction/Versatech and Associates Inc.

Age: 55

Telephone No.: 264-476-7915

Mailing Address: P.O. Box 736, The Valley, Anguilla, AI2640

Mr. Harold Ruan is a self-employed building contractor with over 30 years of experience in the construction sector. Mr. Ruan pursued a diploma course in Electrical Engineering at the Antigua State College during the years 1983 to 1985. He is an active member of the Anglican Community and the East End Community serving in a cross-section of organizations.

Name: Ms. Dawnette Gumbs

Position: Human Resources Officer, Cuisinart Golf Resort & Spa

Age: 37

Telephone No.: 264-729-1329

Mailing Address: South Hill, Anguilla, AI2640

Ms. Dawnette Gumbs is a Human Resources Officer at the Cuisinart Golf Resort & Spa and has worked previously in the hotel industry at establishments such as the Flag Luxury Properties as Office Manager/Records Administrator and Deputy Security Officer and at Malliouhana Hotel & Spa as an Operator and Receptionist/Reservationist.

Name: Mr. Erville Hughes, MAAT, DMS, HND Bus., MCFI Accr. Dir.

Position: Retired

Age: 67

Telephone No.: 264-584-2293

Mailing Address: South Hill, Anguilla, AI2640

Mr. Erville Hughes served as Anglec's Financial Controller/Company Secretary from October 1999 -2005 and Corporate Secretary from 2005 when the position of Secretary/Financial Controller was split into two positions. Mr. Hughes retired from the Company in March 2011. He has over 38 years of accounting and administrative experience gained from various large organizations in the United Kingdom. Mr. Hughes obtained a Post Graduate Diploma in Management from Thames Valley University in the United Kingdom in 1996 and a HND in Business Studies from Twickenham College, West London, UK. Mr. Hughes is a member of the Association of Accounting Technicians and a member of the UK Chartered Management Institute (Formally the Institute of Management) and an Accredited Director. Mr. Hughes was a member of the Board of Directors of the Health Authority of Anguilla and Chairman of the Audit and Finance Committee until 2014 when his term of office expired.

Name: Mr. Claude Smith

Position: Manager, Smiths Services, Anguilla

Age: 46

Telephone No.: 264-235-6124

Mailing Address: White Hill, Anguilla, AI-2640

Mr. Claude Smith is the Manager of Smiths Services which provides information technology solutions and services. Mr. Smith is responsible for overseeing and supervising company's activities and employees. Mr. Smith has over 15 years of experience in system analysis and design, computer training, project/program management, strategic planning, customer relations, business administration, and operations management.

Name: Mr. Wilfred Richardson

Position: Self-Employed Electrical Contractor

Age: 50

Telephone No.: 264-235-2950

Mailing Address: P.O. Box 43, North Side, Anguilla

Mr. Wilfred Richardson is a self-employed Electrical Contractor with over 30 years' experience in all aspects of electrical work. Mr. Richardson was the Government of Anguilla's Electrical Inspector for 9 years before becoming self-employed in 2006.

Name: Mr. Kent Webster - Accr. Director

Position: Retired

Age: 71

Telephone No.: 264-581-1327

Mailing Address: P.O. Box 219, Island Harbour, Anguilla

Mr. Webster has been a prominent businessman in Anguilla for the past 30 years. He is the owner of Triple K Hertz Car Rental, Anguilla and an apartment complex in Island Harbour.

13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC - MC report (related to disclosure of material information), with respect to which information is not otherwise called for by this form. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC - MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC - K report.

14. List of Exhibits

(1) Exhibit 1 – Financial Statements

(2) Relevant Financial Data Items for Public Utility and Utility Holding Companies

Item #	Description	Reference
1	total net utility plant	Financial Stmt footnote 6
2	other property and investments	Financial Stmt footnote 6
3	total current assets	Financial Stmt of Fin Pos pg 3
4	total deferred charges	Financial Stmt Footnote 14
5	balancing amount for total assets	Financial Stmt of Fin Pos pg 3
6	total assets	Financial Stmt of Fin Pos pg 3
7	common stock	Financial Stmt SHE pg 5
8	capital surplus, paid in,	Financial Stmt SHE pg 5
9	retained earnings	Financial Stmt SHE pg 5
10	total common stockholders equity	Financial Stmt SHE pg 5
11	preferred stock subject to mandatory redemption	None
12	preferred stock not subject to mandatory redemption	None
13	long term debt, net	Financial Stmt of Fin Pos pg 3
14	short term notes	None
15	notes payable	Financial Stmt of Fin Pos pg 3
16	commercial paper	None
17	long term debt-- current portion	Financial Stmt of Fin Pos pg 3
18	preferred stock-- current portion	None
19	obligation under capital leases	None
20	obligation under capital leases--current portion	None
21	balancing amount for capitalisation and liabilities	Financial Stmt of Fin Pos pg 3
22	total capitalisation and liabilities	Financial Stmt of Fin Pos pg 3
23	gross operating revenue	Financial Stmt of Fin Pos pg 4
24	other operating expense	Financial Stmt of Fin Pos pg 4
25	total operating expense	Financial Stmt of Fin Pos pg 4
26	operating income (loss)	Financial Stmt of Fin Pos pg 4
27	other income (loss), net	Financial Stmt of Fin Pos pg 4
28	income before interest charges	Financial Stmt of Fin Pos pg 4
29	total interest charges	Financial Stmt of Fin Pos pg 4
30	net income	Financial Stmt of Fin Pos pg 4
31	preferred stock dividends	None
32	earnings available for common stock	Financial Stmt SHE pg 5
33	common stock dividends	Financial Stmt SHE pg 5
34	total annual interest charges on all bonds	None
35	cash flow from operations	Financial Stmt Cash Flows pg 6
36	earnings per share –primary	Financial Stmt of Fin Pos pg 4
37	earnings per share – fully diluted	Financial Stmt of Fin Pos pg 4