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The lease expense incurred by the Company in 2014 amounted to US\$337,687 (2013: US\$326,196) (Note 16). The Company believes that future annual lease commitments cost should approximate 2014 lease expense amounts (exclusion of the aforementioned inflation adjustments) through the expiration of the PPA discussed above.

20. Financial risk management objectives and policies

The Company's main financial instruments are cash, accounts receivable, notes and loans payable, accounts payable and accrued expenses, and derivative financial instruments. The main purpose of these financial instruments is to manage cash flows and raise financing for the Company's capital needs.

Energía Eólica is exposed to market, credit and liquidity risks. The Company's senior Management oversees the management of these risks.

20.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Significant market risks affecting the Company's financial statements are foreign currency risk and interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Energía Eólica's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's presentation currency).

The Honduran Lempira is the main foreign currency used by the Company in its transactions. The Honduran Central Bank is the entity responsible for managing the national banking system and regulating the currency's parity to other currencies. Buy and sell rates are established by authorized financial institutions, according to market supply and demand. As of December 31, 2014 and 2013, buy and sell rates for US dollars were L21.51 and L21.66 (2013: L20.59 and L20.74), respectively.

Below is a summary of monetary assets and liabilities in foreign currencies, expressed in US dollars:

	2014	2013
Assets:		
Cash	\$ 63,268	\$ 4,076,230
Accounts receivable	2,432,716	3,158,791
	<u>2,495,984</u>	<u>7,235,021</u>
Liabilities:		
Accounts payable and accrued expenses	(135,094)	(320,234)
Net monetary assets	<u>\$ 2,360,890</u>	<u>\$ 6,914,787</u>

Sensitivity analysis:

The effect of a reasonable exchange rate variation between the Lempira and the US\$ of +4% / -4% on the monetary assets and liabilities as of December 31, 2014 (2013: +3% / -3%), assuming that the remaining variables are held constant, would imply the recognition of gains or losses from exchange rate differences of US\$104,726 in 2014 (2013: US\$220,172).

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