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Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of an interest rate cap is the estimated amount that the Company would receive or pay to terminate the cap on the date of the statement of financial position, taking into account current interest rates and the payment capacity of the counterparties.

Changes in fair value of the Company's derivative financial instruments that qualify for hedge accounting are recognized as follows: changes in the time value of instruments and any ineffectiveness are taken directly to the income statement while changes in the intrinsic value are recognized as part of other comprehensive income.

For hedge accounting purposes, the Company's interest rate caps are classified as cash flow hedges. At the beginning date of a hedge agreement, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on a quarterly basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are recorded as follows: a) the effective portion of the gain or loss on the hedging instrument is recognized directly in equity, within other comprehensive income, while any ineffective portion is recognized immediately in the income statement; b) amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then the hedge accounting is discontinued. The cumulative gain or loss previously recognized in equity remains there until the forecast transactions occurs.

4.7.2 Current versus non-current classification

Derivative instruments that are designated as hedges, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

4.8 Project equipment

Project equipment is stated at acquisition cost less accumulated depreciation and losses due to impairment, if any. These costs include the cost of replacing the components of project equipment when the cost is incurred, if it meets the requirements for recognition. Depreciation and those disbursements for repair and maintenance which do not meet the conditions for recognition as assets are recognized as expenses in the year in which they are incurred.

Depreciation is calculated on a straight-line basis over the useful life of each type of asset. The remaining value of the depreciating assets, the estimated useful life, and depreciation methods are periodically reviewed by Management and adjusted when necessary, at the end of each financial year. The estimated useful lives for productive assets is established by the Company as the difference between the date from which the assets are available for their intended use and the power purchase agreement expiration date or the assets' own estimated useful life, whichever is shorter.

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