

Table of Contents

As of December 31, 2014 the Company accrues a liability for construction costs of US\$10,846,303 (2013: US\$0) (Note 13) over completed construction work for which the sub-contractor (Gamesa, Note 21.3) has not yet billed the Company as of that date.

Management has estimated the overall percentage of completion of the Project to be 90% as of December 31, 2014 (2013: 5%). It is also expected that the Project will begin operations by the end of the third quarter 2015. Construction revenue corresponds to construction costs paid to third-party subcontractors plus revenue associated to project management activities performed by the Company.

Finance costs of US\$2,349,740 were capitalized in 2014 (2013: US\$0) with respect to the Project construction based on an average effective interest rate of 6.18% (2013: 0%) of the corresponding loans obtained to finance construction.

**9. Project equipment**

	<b>Machinery and equipment</b>	<b>Furniture and equipment</b>	<b>Vehicles</b>	<b>Total</b>
Cost:				
As of December 31 2012	\$ —	\$ —	\$ —	\$ —
Additions	—	95,004	—	95,004
As of December 31 2013	—	95,004	—	95,004
Additions	<b>6,337</b>	<b>138,967</b>	<b>247,360</b>	<b>392,664</b>
Retirements	—	(88)	—	(88)
As of December 31 2014	<b>\$ 6,337</b>	<b>\$ 233,883</b>	<b>\$247,360</b>	<b>\$487,580</b>
Accumulated depreciation:				
As of December 31 2012	\$ —	\$ —	\$ —	\$ —
Depreciation	—	345	—	345
As of December 31 2013	—	345	—	345
Depreciation	<b>298</b>	<b>26,915</b>	<b>22,440</b>	<b>49,653</b>
Retirements	—	(13)	—	(13)
As of December 31 2014	<b>\$ 298</b>	<b>\$ 27,247</b>	<b>\$ 22,440</b>	<b>\$ 49,985</b>
Carrying amounts:				
As of December 31 2013	\$ —	\$ 94,659	\$ —	\$ 94,659
As of December 31 2014	<b>\$ 6,039</b>	<b>\$ 206,636</b>	<b>\$224,920</b>	<b>\$437,595</b>

**10. Fair value of derivative instruments**

The Company uses an interest rate cap to hedge its variable interest rate exposure of the Company's loan with BICSA (Note 11). Under the interest rate cap agreement contracted by the Company on February 11, 2014, it pays interest at a variable rate and receives a fixed rate in instances where the variable interest rate is above a given cap rate, both in relation to contracted notional amounts.

This derivative financial instrument has been designated as a hedging instrument and has been assessed to be highly effective as of the date of the financial statements. The fair value of the interest rate cap amounts to US\$426,296 as of December 31, 2014 and the change in fair value from inception to that date was a gain for the same amount that is recognized in profit or loss as the instrument was out-of-the money as of that date.

F-529