

**Schedule 1**  
**FORM ECSRC – K**  
**ANNUAL REPORT**  
**PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT, 2001**

For the financial year ended December 31, 2016

Issuer Registration number GRENLEC27091960GR

**Grenada Electricity Services Limited**

\_\_\_\_\_  
(Exact name of reporting issuer as specified in its charter)

**Grenada W.I**

\_\_\_\_\_  
(Territory of incorporation)

**Grand Anse, St. George's, P.O. Box 381.**

\_\_\_\_\_  
(Address of principal office)

**REPORTING ISSUER'S:**

Telephone number (including area code): 473-440-3391

Fax number: 473-440-4106

Email address: mail@grenlec.com

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, 2001 during the preceding 12 months

Yes X No \_\_\_\_\_

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
<b>Ordinary</b>	<b>19,000,000</b>

**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:  
**Collin Cover**

\_\_\_\_\_  
*Collin Cover*

Signature

\_\_\_\_\_  
*28<sup>th</sup> April 2017*

Date

Name of Director:  
**Alister Bain**

\_\_\_\_\_  
*Alister Bain*

Signature

\_\_\_\_\_  
*28<sup>th</sup> April 2017*

Date

Name of Chief Financial Officer:

**Benedict Brathwaite**

\_\_\_\_\_  
*B. Brathwaite*

Signature

\_\_\_\_\_  
*28.4.17*

Date

## INFORMATION TO BE INCLUDED IN FORM ECSRC-K

### 1. **Business.**

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

The most significant event for Grenlec in 2016 was the passage of the 2016 Electricity Supply Act and Public Utilities Regulatory Commission Act on August 1, 2016. These two statutes fundamentally altered the regulatory and operating framework.

On March 22, 2017 Grenada Private Power (GPP) who bought 50% of Grenlec's shares from the Government of Grenada (GoG) in 1994 under a Share Purchase Agreement (SPA) filed a demand notice with the GoG in regards to its obligations to GPP under the SPA. GPP has claimed that more than one of the 15 repurchase events in the SPA was triggered as a result of the passage of the two Acts.

Resulting from the passage of the Acts the Company contracted KPMG to undertake a valuation of the Company using the methodology in accordance with sections 28 and 29 of the 1994 Electricity Supply Act. The KPMG report concluded that the appropriate per share value of Grenlec shares as at August 1, 2016 was EC\$ 18.59.

GPP's publicly stated intent is to achieve a negotiated resolution that protects the interest of all Grenlec shareholders as well as allowing for the effective and efficient future operations of Grenada's electricity sector.

In 2016 kWh sales growth of 6.6% was the highest since 2007 and followed a period of either contraction or growth below 2.7%. This growth was linked to low electricity rates as a result of comparatively low world fuel prices. Overall kWh sold increased by 12.19M units, with the commercial sector accounting for 5.40M and the residential sector for 6.69M. The average electricity charge per kWh in 2016 was \$0.76 compared to \$0.89 in 2015 as the average fuel price per imperial gallon fell to \$4.59 from \$5.66.

A project to add 937kW of solar PV on the system was completed in August 2016 bringing the Company's renewable energy (RE) portfolio to 1.12MW. Further progress towards development of RE projects in 2017 will be dependent on the outcome of any discussions between GPP and the GoG and any regulations introduced under the new Act.

The Company's non-fuel rates continue to be that of January 1, 2016, as regulations which speak to what the electricity rates will be have not yet been published. Over the 22 years since privatization in 1994 the domestic non-fuel rate has increased by a nominal 5.9 percent resulting in a real decline in rates of 33.3 percent.

**2. Properties.**

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed of since the beginning of the financial year for which this report is filed.

<b><u>Property Site</u></b>	<b><u>Productive Capacity</u></b>
<b>Woodlands</b>	<b>Warehouse</b>
<b>Grand Anse</b>	<b>Distribution Department</b>
<b>Grand Anse</b>	<b>Administration Department</b>
<b>Queen's Park</b>	<b>Production Department</b>
<b>Plains</b>	<b>Solar PV / Warehouse</b>
<b>Carriacou &amp; Petite Martinique</b>	<b>Distribution / Production / Administration Departments</b>

**3. Legal Proceedings.**

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings outstanding as at year end that could materially impact on the company's position.

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

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

- (a) The date of the meeting and whether it was an annual or special meeting.

An Annual General Meeting (AGM) was held on May 10, 2016.

An Extraordinary General Meeting was held on August 15, 2016.

- (b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

The following Directors were elected at the Annual General Meeting:

Ms. Anthea DeBellotte  
Mr. Ashton Frame  
Mr. Alister Bain  
Mr. Lawrence Samuel

Eight Directors were nominated in accordance with the Memorandum and Articles of Association. This allows Grenada Private Power Limited to nominate six persons, the Government of Grenada to nominate one person and for the employees to nominate one person. The Government of Grenada nominated Mr Duane Noel as their representative. Ms Linda George-Francis was nominated by the employees. The Directors nominated were as follows:

Mr. G. Robert Blanchard, Jr. - GPP  
Mr. Robert Blenker - GPP  
Mr. Wayne Burks - GPP  
Mr. Robert Curtis - GPP  
Mr. Ronald Roseman - GPP  
Mr. Murray Skeete - GPP  
Mr. Dwight Horsford – Government Representative  
Ms Linda George-Francis – Employees Representative

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to

each such matter, including a separate tabulation with respect to each nominee for office.

PKF were re-appointed as Auditors for the year ending December 31, 2016 on a majority vote by a show of hands at the Annual General Meeting.

At the Extraordinary General Meeting (excluding the Government of Grenada) held on Monday August 15, 2016 the following special resolution was passed based on a poll of security holders:

**SPECIAL RESOLUTION OF  
GRENADA ELECTRICITY SERVICES LIMITED**

RESOLVED as a special resolution that:-

1. Grenada Electricity Services Limited (“the Company”) is hereby authorized to take, and it is hereby approved that the Company shall take, all such measures as are within the law, including but not limited to legal proceedings or alternative dispute resolution proceedings (whether such proceedings be conducted within or outside of Grenada), found or deemed necessary or desirable to protect and preserve the assets of the Company and the rights of the Shareholders of the Company as are set out in sections 3, 13 and 29 of the Electricity Supply Act Chapter 86A of the 2010 Revised Laws of Grenada.
2. The Company is authorised to expend such sums as are found or deemed necessary or desirable to retain the necessary expertise, including but not limited to financial, accounting, valuation, technical and legal advisers or legal counsel to enable the Company to carry out and give effect to the above.
3. The directors and proper officers of the Company be and are hereby authorised to do all things and execute all instruments and documents necessary or desirable to carry out and give effect to the above.

The requirement for a special resolution is that it be passed by a majority of not less than 75 per cent of the votes cast by the shareholders who voted in respect of the resolution. The poll conducted resulted in a vote of 86.79 per cent in favour of the resolution.

- (d) A description of the terms of any settlement between the registrant and any other participant.

None

- (e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

None

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

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

Eastern Caribbean Securities Exchange:

GRENLEC listed its shares on the ECSE in July, 2008 which means that stockholders have a ready market for the buying and selling of shares.

**6.**

**For the most recent financial year**

- (i) Auditor's report; and  
(ii) Statement of Financial Position;

**For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed**

- (iii) Statement of Profit or Loss and other Comprehensive Income;

- (iv) Statement of Cash Flows;
- (v) Statement of Changes in Equity; and
- (vi) Notes to the Financial Statements.

## 7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

With each passing period without Grenada being significantly affected by a hurricane the Hurricane Reserve increases, and presently stands at \$22M which reduces the main risk exposure associated with post-hurricane recovery. The major risk factors facing the Company continue to be as follows:

- Hurricanes - as clearly established after Hurricane Ivan in 2004 when approximately 90 percent of our distribution system was affected. This continues to be the most immediate and significant risk being faced. This has been partially offset by the strengthening of the distribution system which has been made more robust in the rebuilding period after hurricanes Ivan and Emily. Additionally, the Hurricane Fund of \$22.29M is more than the pre Ivan level of \$14M.
- The 2016 Electricity Supply Act and the 2016 Public Regulatory Commission Act
  - The 2016 ESA and the 2016 PURC Acts had commencement dates of August 1, 2016. These Acts fundamentally alters the regulatory and operating framework. Section 71 of ESA 2016 repeals the Electricity Supply Act, 1994 (ESA 1994) under which Grenlec operates. The 2016 ESA separates generation and transmission entities to allow competition in both the generation and distribution areas, and to increase generation by renewable energy. The changes are many and may have a negative financial impact on the Company. A serious concern that has been voiced by many is the significant amount of power that is vested in a single Government Minister. The Act is silent on the issue of whether concessions on custom duties will continue as per the Electricity Supply Act No, 39 of 2013 or be removed altogether. The regulations under the new Act have not yet been promulgated.
  - On March 22, 2017, GPP the holder of 50% of Grenlec's shares filed a demand notice with the GoG in regards to government's Share Purchase Agreement obligations with GPP. GPP is a subsidiary of WRB Enterprises Inc who have had a management contract with Grenlec since 1994.
- With the full repayment in March 2016 of borrowings from the EIB which was transacted in euros GRENLEC's primary foreign exchange risk was removed. Current borrowings are in EC\$ which limits exposure to foreign currency rates. Foreign exchange risk now relates to purchases most of which are transacted in United States dollars, which has a fixed exchange rate.
- Sharply increasing fuel prices can over the short run impact negatively on the Company's cash flow and profitability.



**8. Changes in Securities and Use of Proceeds.**

- (a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

None
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- (b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

\_\_\_\_\_

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

\_\_\_\_\_

- Name and address of underwriter(s)

\_\_\_\_\_

\_\_\_\_\_

- Amount of expenses incurred in connection with the offer \_\_\_\_\_

- Net proceeds of the issue and a schedule of its use

\_\_\_\_\_

\_\_\_\_\_

- Payments to associated persons and the purpose for such payments

\_\_\_\_\_

- (c) Report any working capital restrictions and other limitations upon the payment of dividends. \_\_\_\_\_

**9. Defaults upon Senior Securities.**

- (a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 per cent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

None

- (b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

None

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

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

**It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.**

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

### *General Discussion and Analysis of Financial Condition*

With the payment of the special dividend of \$57M the Company's retained earnings decreased from \$69.61M in 2015 to \$19.05M at the end of the financial year 2016. The debt to equity ratio increased to 61% from 13%. The return on invested capital for the year was 20% (2015 - 22.9%). Other key indicators based on financial covenants in the CIBC FirstCaribbean Loan agreement can be seen in the covenant table below.

#### **Covenant Table**

<b>Covenants / Ratios</b>	<b>Covenant Ratio</b>	<b>2016</b>	<b>2015</b>
Current Ratio	$\geq 1.35:1$	2.97:1	3.72:1
Debt Service Coverage Ratio	$\geq 1.75:1$	4.35:1	5.08:1
Funded Debt to EBITDA	$\leq 3:1$	1.24:1	0.39:1

Trade receivables decreased by \$0.47M (3.1%) in 2016. The GoG's receivables remained current for the entire year and ended with a balance of \$1.12M. However, debtor days increased from 34.15 in 2015 to 36.37.

Overall, total assets of \$155.36M was \$15.03M less than the \$170.39M at the end of 2015. Despite this and most of the financial ratios not being as good as that of 2015 the Company's financial condition remains healthy as it continues to operate well within all of its stipulated debt covenants.

## **Liquidity and Capital Resources**

Provide a narrative explanation of the following (but not limited to):

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.
- ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.
- iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.
- iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.
- v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.
- vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.
- vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.
- viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.
- ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

### *Discussion of Liquidity and Capital Resources*

On February 29, 2016 the Company signed a Mortgage Debenture with CIBC FirstCaribbean International Bank (Barbados) Limited for a credit facility of up to XCD\$48.05M. The Company utilized this borrowing to restructure its financial position by refinancing its existing debt of \$16.05M at a lower interest rate and to pay a special dividend of \$3.00 per share. The loan bears interest at a rate of 4.75% per annum over the first five years and thereafter the interest will be the prime rate less 5.90% subject to a floor of 3.60% per annum. The loan is amortized over a twelve-year period and repayable over 32 quarterly principal payments of XCD\$1,001,041.67 with a balloon payment of XCD\$16,016,666.56

In 2016 capital expenditure of \$12.16M which included a solar PV project of 937.44KW at a cost of \$6.4M was financed from internally generated funding. The other expenditure was for distribution expansion, furniture and equipment and motor vehicles. The Company has over the years only utilized external financing for major non-routine capital expenditure.

Cash and cash equivalents at the end of 2016 was \$1.86M significantly lower than the \$16.61M at the end of 2015. This was expected given the financing activities engaged in during the year which resulted in a net outflow of \$35.94M. The Company also had an excess over the hurricane fund in loans and receivables, made up mainly of fixed deposits, of \$11.41M. The Company's projected cash flow for 2017 which considers all of its known commitments for the year indicates a capacity to sustain its operations.

## Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

- i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.
- ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.
- iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.
- iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

None

## Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.
- ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.
- iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.
- iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.
- v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.
- vi) Matters that will have an impact on future operations and have not had an impact in the past.
- vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations
- viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.
- ix) Performance goals, systems and, controls,

### *Overview of Results of Operations*

Profit after finance costs in 2016 of \$33.20M represented a decrease of 8.6 percent compared to the \$36.3M of 2015. The main factors accounting for this were (i) a fuel cost recovery rate of 103.6 percent which was significantly lower than the 119.3 percent of 2015, (ii) a non-fuel rate reduction of 2.35 percent offsetting kWh sales growth of 6.6 percent, and (iii) an increase in finance costs of 2.49M from \$1.84M in 2015 to \$4.32M in 2016.

Non fuel revenue of \$82.04M in 2016 was higher than the \$79.58M of 2015 a growth of 3.1 percent. KWh unit growth of 6.6 percent was offset by a rate decrease of 2.35 percent from January 1, 2016 which meant that the non-fuel revenue increase was not as dramatic as the units.

The fuel cost recovery rate in 2016 of 103.6 percent was markedly lower than the 119.3 percent of 2015 and resulted in decreased net fuel revenue between the years of \$9.80M. This was mainly due to fuel prices gradually increasing in 2016 even though slowly as opposed to decreasing in 2015. Operational efficiencies in the form of fuel efficiency which decreased and system losses which were lowered would not have had as significant an impact on the fuel cost recovery rate.

Operating costs other than fuel of \$48.14M in 2016 were 8.6 percent lower than the \$52.69M of 2015. This movement was mainly due to a change in depreciation policy resulting from a depreciation study that was completed late in 2015. Depreciation expenses in 2016 of \$6.61M was \$3.75M less than the \$10.36M of 2015. An increase in legal and professional expenses of \$1M arising from the 2016 ESA was offset by a decrease in maintenance expenses due to normal annual fluctuations of maintenance schedules.

Finance costs were higher by \$2.49M resulting from new borrowings in 2016 which was aimed at restructuring the balance sheet and paying a special dividend. At year end 2016 the debt to equity ratio was 0.61 which is the same as that at the end of 2012. The Company was not required to engage in any new financing arrangements given the lack of expansion.

A regular dividend of \$9.88M or fifty-two (52) cents per share was paid in addition to a special dividend of \$57M. The pay-out ratio in 2016 for the regular dividend was 53.9 percent and for the period 2010 – 2015 it ranged from a low of 41.5 percent in 2014 to a high of 84.4 percent in 2011, after the annual provision for hurricane reserve was added back. The Company's dividend policy is for a pay-out ratio of 85-90% hence the special dividend in 2016.

System losses in 2016 of 7.58% was lower than the 8.26% of 2015. This was the fourth time in the last five years that it was below 8%. The Company's target is to sustain losses below 8 percent which is very important in meeting its financial objectives.

Fuel efficiency of 19.13kWh/IG was 0.56% below the 19.24kWh/IG of 2015 due to issues with fuel leaks which was corrected by year end.

Engine availability at Queen's Park of 92.1% was above the target of 92%. At Carriacou and Petit Martinique they were 99.9% and 100% respectively which was above their targets of 95%. Overall, the Company has continued to maintain a high level of efficiency in its operations.



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

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

None

**12. Directors and Executive Officers of the Reporting Issuer. (*Complete Biographical Data Form attached in Appendix 1 and Appendix 1(a) for each director and executive officer*)**

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

**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 provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. 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.

None

**14. List of Exhibits**

List all exhibits, financial statements, and all other documents filed with this report.

Published Financial Statements 2016.

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name:  G Robert Blanchard Jr. Position:  Chairman

Mailing Address:  c/o WRB Enterprises Inc., Suite 201,   
 1414 Swann Avenue, Tampa   
 Florida 33606, USA

Telephone No.: ( 813) 251-3737

List jobs held during past five years (include names of employers and dates of employment).

WRB Enterprise Inc. President

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

BA in Political Science and Philosophy – Emory University, Atlanta CA - 1986

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name: Ashton Frame Position: Director

Mailing Address: \_\_\_\_\_ Golf Course, \_\_\_\_\_  
\_\_\_\_\_ St. George's, \_\_\_\_\_  
\_\_\_\_\_ Grenada \_\_\_\_\_

Telephone No.: ( 473 ) 444-1702

List jobs held during past five years (include names of employers and dates of employment).

Chairman – National Housing Authority – 2013 – Present  
Deputy Chairman – National Insurance Board – 2013 - Present

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

Certificate Executive Development & Management Planning – Waterloo Lutheram University, Canada  
Diploma – American Institute of Banking, U.S.A

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name: Alister Bain Position: Director

Mailing Address: \_\_\_\_\_ P.O. Box 1410, \_\_\_\_\_  
\_\_\_\_\_ St. George's, \_\_\_\_\_  
\_\_\_\_\_ Grenada \_\_\_\_\_

Telephone No.: ( 473 ) 440-2535 (H); (473) 440-2382 Ext. 245 (W); (473) 405-2905

List jobs held during past five years (include names of employers and dates of employment).

1. Grenada Development Bank – Senior Project Officer – Small Business Development Fund -
2. Supervisor of the Small Business Unit,
3. Owner/Manager – Archie Auto rentals –

Give brief description of **current** responsibilities

Loan Appraisals, Credit & Collections for the Fund, Public Relations, Mentoring of Entrepreneurs

Education (degrees or other academic qualifications, schools attended, and dates):

Certificate – Business Management (Hons) – University of Technology (Jamaica) 1994

Certificate – Project Management – SGU, 2008

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name:  Ronald Roseman  Position:  Director

Mailing Address:  c/o WRB Enterprises Inc.; Suite 201;   
 1414 Swann Avenue;   
 Tampa; Florida 33606; USA

Telephone No.: 813-876-9362

List jobs held during past five years (include names of employers and dates of employment).

the President of Coastal Electric, a company involved in Utility Infrastructure construction.

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name: Robert Curtis Position: Director

Mailing Address: \_\_\_\_\_ c/o WRB Enterprises Inc.; Suite 201; \_\_\_\_\_  
\_\_\_\_\_ 1414 Swann Avenue; \_\_\_\_\_  
\_\_\_\_\_ Tampa; Florida 33606; USA \_\_\_\_\_

Telephone No.: 813-875-6324

List jobs held during past five years (include names of employers and dates of employment).

President and co-owner of Island Management, Inc, Viper Ventures, LLC; Sugarloaf Mountain, LLC; SOHO Investments, LLC; Ucita Properties Inc. And SWW Inc, all located in Tampa Florida.

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

B. Sc. Commerce - University of Virginia 1988





**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name:  Murray Skeete  Position:  Director

Mailing Address:  c/o WRB Enterprises Inc, Suite 201,   
 1414 Swann Avenue;   
 Tampa; Florida 33606; USA.

Telephone No.: 813-251-3737

List jobs held during past five years (include names of employers and dates of employment).

WRB Enterprises, Inc., Vice President, Engineering & Regulation, 1994 to Present.

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

B. Sc. (Hons) Engineering, University of Leicester, UK – 1984.

Chartered Engineer, Institution of Engineering and Technology

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name:  Linda George-Francis  Position:  Director

Mailing Address:  Tete Monte,   
 Calivigny,   
 St. George's , Grenada

Telephone No.: (473) 440-5166

List jobs held during past five years (include names of employers and dates of employment).

Administrative Assistant Purchasing – Grenlec – Retired September 2011

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

Accredited Director – 2015  
Carilec Office Administration 111 – 1995  
Carilec Office Administration 11 – 1994

APPENDIX 1 – BIOGRAPHICAL DATA FORMS

DIRECTORS OF THE COMPANY

Name: Lawrence Samuel Position: Director

Mailing Address: Westerhall,  
St. David's,  
Grenada

Telephone No.: (473) 443 – 3674; 533-6755

List jobs held during past five years (include names of employers and dates of employment).

Assistant Engineer – Daniel & Daniel Engineering – Mechanical & Plumbing Engineers – Dusty Highway, St. George's, Grenada.

Currently Director at (1) Gravel Concrete and Emulsion Production Corporation & (2) National Transport Board.

Operations Manager (11/2010 to May 2012) Screen Stars Limited / Cruz Garments Limited, Port of Spain, Trinidad

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

BSC. (Hons) Mechanical Engineering; UWI St. Augustine – Trinidad (1984 – 1986)

Diploma (Hons) Mechanical Engineering CAST (now UTECH) Kingston- Jamaica (1979 – 1982)

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name: Robert L. Blenker Position: Director

Mailing Address: WRB Enterprises Inc.,  
1414 Swann Ave, Suite 201,  
Tampa, FL, 33606, USA

Telephone No.: (813) 251 - 3737

List jobs held during past five years (include names of employers and dates of employment).

WRB Enterprises, Inc. – Vice President Renewable Energy / Chief Development Officer, 2008-Present  
Tennessee Valley Infrastructure Group – Vice President Business Development/Co-founder, 1998-2008  
Airtricity – Vice President Wind Development, 2005-2008

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

BSC Wildlife Management/Natural Resources Administration. The Ohio State University, 1984  
MAIA Business Development Economics, Ohio University, 1988.

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name: Edward H Parry Position: Director

Mailing Address: 1414 W Swann Avenue,  
Suite 201  
Tampa, FL 33606-2533

Telephone No.: 813.251.3737

List jobs held during past five years (include names of employers and dates of employment).

**WRB Enterprises – June 2016 to Present**

**Community Health Centers of Pinellas, Inc., St. Petersburg, Florida - 2011 to 2016.**

Served as Chief Financial Officer for this \$25 million not-for-profit Federally Qualified Health Centers providing medical care to the underserved.

**Diagnostic Outpatient Centers, Inc., St. Petersburg, Florida - 2008 to 2011.**

Served as Executive Vice President and Chief Financial Officer for this \$5 million private medical diagnostic imaging organization.

Give brief description of **current** responsibilities

Serves as Chief Financial Officer for this privately held group of companies involved in banking, utilities and renewable energy

Education (degrees or other academic qualifications, schools attended, and dates):

Florida State University, B.A. in Accounting 1978 - 1981

Certified Public Accountant, State of Florida

**APPENDIX 1 – BIOGRAPHICAL DATA FORMS**

**DIRECTORS OF THE COMPANY**

Name:  Duane Noel  Position:  **Director**

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone No.:

List jobs held during past five years (include names of employers and dates of employment).

Give brief description of **current** responsibilities

Education (degrees or other academic qualifications, schools attended, and dates):

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Collin Cover Position: General Manager / CEO

Mailing Address: P.O Box 381  
St. George's  
Grenada

Telephone No.: ( 473-440-8371 )

List jobs held during past five years (including names of employers and dates of employment).

Grenada Electricity Services Limited – General Manager / CEO 2014 to present

Dominica Electricity Services Ltd: General Manager 2009 - 2014

Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

BSc (Electrical Engineering) University of the West Indies 1975

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Clive Hosten Position: Chief Engineer

Mailing Address: P.O Box 381

St. George's

Grenada

Telephone No.: ( 473-440-8371 )

List jobs held during past five years (including names of employers and dates of employment).

Grenada Electricity Services Limited – Chief Engineer 2006 to present / Interim CEO July 2012 to July 2014

Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

MBA –University of Bath - 2003

BSc (Eng) University of the West Indies 1988



APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Wallace Collins Position: Manager Carriacou & Petite Martinique

Mailing Address: Main Street.

Hillsborough

Carriacou

Telephone No.: (473-443-8383 )  
\_\_\_\_\_

List jobs held during past five years (including names of employers and dates of employment).

Grenada Electricity Services Ltd. – April 2013 to Present;

Grenada Electricity Services Ltd. – Sept 2012 – March 2013 – Manager in Training

Grenada Ports Authority 2000 – 2012 Supervisor, Carriacou Out Station

Give brief description of **current** responsibilities.

Manager Carriacou & PM with responsibility for all operations

Education (degrees or other academic qualifications, schools attended, and dates):

Diploma Port Management - 2007

Diploma Modern Management / Administration - 2002

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Casandra Slocombe Position: Customer Services Manager

Mailing Address: P.O Box 381

St. George's,

Grenada

Telephone No.: ( 473-440-3391 )  
\_\_\_\_\_

List jobs held during past five years (including names of employers and dates of employment).

Customer Services Manager January 2005 to present

Give brief description of **current** responsibilities.

Management of customer service activities

Education (degrees or other academic qualifications, schools attended, and dates):

Executive Diploma in Management – UWI 1999

BSc. Natural Science – University of West Indies 1997

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Benedict Brathwaite Position: Financial Controller

Mailing Address: P.O Box 381  
St. George's  
Grenada

Telephone No.: \_\_\_\_\_

List jobs held during past five years (including names of employers and dates of employment).

Grenada Electricity Services Limited – Financial Controller 2005 - Present

Give brief description of **current** responsibilities.

Preparation of financial statements, capital and recurrent budgets, statutory and regulatory reports and cost monitoring.

Education (degrees or other academic qualifications, schools attended, and dates):

ACCA –Emile Wolfe - 1990

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Eric Williams Position: Distribution Manager

Mailing Address: P.O Box 381

St. George's

Grenada

Telephone No.: (473-444-0910)

List jobs held during past five years (including names of employers and dates of employment).

Distribution Manager – Grenada Electricity Services Limited (2004 – Present)

Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

MBA – St. George's University (SGU) 2009

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Jacqueline Williams Position: Human Resource Manager

Mailing Address: P.O Box 381

St. George's

Grenada

Telephone No.: (473-440-8782)

List jobs held during past five years (including names of employers and dates of employment).

Grenada Electricity Services Ltd. Human Resource Manager 2006 - Present

Give brief description of **current** responsibilities.

Education (degrees or other academic qualifications, schools attended, and dates):

PgCert Employment Law & Practice – 2013  
MSc. Organizational Psychology – 2011  
SPHR – Senior Professional in Human Resources Certification – 2011

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Dwayne Cenac Position: Senior Engineer Planning & Engineering

Mailing Address: \_\_\_\_\_ P.O. Box 381 \_\_\_\_\_

\_\_\_\_\_ St. George's \_\_\_\_\_

\_\_\_\_\_ Grenada \_\_\_\_\_

Telephone No.: (1-473-444-0910)  
\_\_\_\_\_

List jobs held during past five years (including names of employers and dates of employment).

GRENLEC Sept 2015 – Present; Senior Electrical Engineer Planning & Engineering

GRENLEC 2011 – 2015: Electrical Engineer 11 Planning & Engineering

Give brief description of **current** responsibilities.

Accountable for ensuring that all engineering, network and system requirements, including capital projects, are in place to support Grenlec's generation, transmission and distribution objectives.

Education (degrees or other academic qualifications, schools attended, and dates):

Electrical Engineering, Universad de Oriente – Santiago de Cuba - 2004

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Jeffrey Neptune Position: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ C/O Grenlec, P.O. Box 381,  
\_\_\_\_\_ St. George's \_\_\_\_\_  
\_\_\_\_\_ Grenada \_\_\_\_\_

Telephone No.: 473-407-2643

List jobs held during past five years (including names of employers and dates of employment).

Manager of IS (Grenlec)

Give brief description of **current** responsibilities.

- Continuously review the company's computer based information systems requirements and develop plans and program to meet these requirements.
- Coordinates the technical design, implementation and maintenance of the Company's computer-based information processing systems.

Education (degrees or other academic qualifications, schools attended, and dates):

BSc. Computer Science (Hons) – UWI - 1993  
Meng Computer Engineering (Internetworking) – Dalhousie, Canada - 2001

APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS

EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY

Name: Prudence Greenidge Position: Corporate Communications Manager

Mailing Address: P.O. Box 1210

Grand Anse, St. George

Grenada

Telephone No.: (473) 409 1152

List jobs held during past five years (including names of employers and dates of employment).

Corporate Communications Manager, Grenada Electricity Services Ltd. (April 2009-present)

Give brief description of **current** responsibilities.

Create, implement and oversee internal and external communications programmes.  
Manage the Company's philanthropic programmes.  
Development and implementation of communications strategies for key issues that affect Grenlec.

Education (degrees or other academic qualifications, schools attended, and dates):

Robert Gordon University – MSc, Corporate Communications and Public Affairs (2008-2011)





Accountants &  
business advisers

**GRENADA ELECTRICITY SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER, 2016**

**GRENADA ELECTRICITY SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2016**



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**GRENADA ELECTRICITY SERVICES LIMITED  
DIRECTORS AND OFFICERS**



**DIRECTORS:**

(As at December 31, 2016)

G. Robert Blanchard Jr. –Chairman  
Alister Bain  
Robert Blenker  
Robert Curtis  
Anthea Debellotte  
Ashton Frame  
Linda George- Francis  
Duane Noel  
Edward Parry  
Ronald Roseman  
Lawrence Samuel  
Murray Skeete

**GENERAL MANAGER/ CEO:**

Collin Cover

**SECRETARY:**

Benedict Brathwaite

**REGISTERED OFFICE:**

Dusty Highway  
Grand Anse  
St. George's  
Grenada

**BANKERS:**

Republic Bank (Grenada) Limited  
Republic House  
Grand Anse  
St. George's, Grenada

Cayman National Bank  
Grand Cayman  
Cayman Islands

RBTT Bank Grenada Limited  
Cnr. Cross & Halifax Streets  
St. George's, Grenada

Bank of Nova Scotia  
Cnr. Granby and Halifax Streets  
St. George's, Grenada

FirstCaribbean International Bank (Barbados) Limited  
Church Street  
St. George's, Grenada

Grenada Co-operative Bank Limited  
Church Street  
St. George's

The Bank of Tampa  
Florida, U.S.A.

**ATTORNEYS-AT-LAW:**

At December 31<sup>st</sup>, 2016

Grant Joseph & Company  
Lucas Street  
St. George's, Grenada

**AUDITORS:**

PKF  
Accountants and business advisers  
Pannell House  
Grand Anse  
St. George's, Grenada

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

### ***Opinion***

We have audited the financial statements of Grenada Electricity Services Limited, which comprise the statement of financial position at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31<sup>st</sup>, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key Audit Matters***

Key audit matters are those matters that in our professional judgment were of most significance in our audit of the financial statements of the current year. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters. There were no key audit matters to communicate.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
GRENADA ELECTRICITY SERVICES LIMITED  
(continued)**

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
GRENADA ELECTRICITY SERVICES LIMITED  
(continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Henry A. Joseph.

GRENADA

March 14<sup>th</sup>, 2017



Accountants & Business Advisers:

GRENADA ELECTRICITY SERVICES LIMITED




STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2016

(Expressed in Eastern Caribbean Currency Dollars)

ASSETS	Notes	2016 \$	2015 \$
<b>Non-Current Assets</b>			
Property, plant and equipment	4	71,934,183	72,882,900
Suspense jobs in progress	5	2,296,655	2,268,137
Capital work in progress	6	8,645,737	2,372,233
Deferred exchange gain		-	(396,122)
Available-for-sale financial assets	8 (a)	<u>800,066</u>	<u>824,120</u>
		<u>83,676,641</u>	<u>77,951,268</u>
<b>Current Assets</b>			
Inventories	9	16,441,221	14,824,650
Trade and other receivables	10	19,969,894	21,378,671
Loans and receivables financial assets	8 (b)	33,411,543	39,775,932
Cash and cash equivalents	11	<u>1,859,489</u>	<u>16,614,231</u>
		<u>71,682,147</u>	<u>92,593,484</u>
<b>TOTAL ASSETS</b>		<u>155,358,788</u>	<u>170,544,752</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Stated capital	12	32,339,840	32,339,840
Other reserves		-	8,040
Hurricane insurance reserve	16	22,000,000	20,000,000
Retained earnings		<u>19,053,572</u>	<u>69,607,254</u>
		<u>73,393,412</u>	<u>121,955,134</u>
<b>Non-Current Liabilities</b>			
Customers' deposits	13	14,921,944	14,039,360
Long-term borrowings	14	41,042,708	9,124,712
Deferred tax liability	22	<u>1,879,231</u>	<u>430,047</u>
		<u>57,843,883</u>	<u>23,594,119</u>
<b>Current Liabilities</b>			
Amount due to related company	17	-	84,013
Short-term borrowings	14	4,008,251	6,576,914
Trade and other payables	18	12,365,037	10,493,031
Customers' contribution to line extensions	2 (m)	1,583,807	1,192,640
Provision for retirement benefits	15	195,255	326,755
Provision for profit sharing		4,960,633	5,178,075
Provision for income tax		<u>1,008,510</u>	<u>1,144,071</u>
		<u>24,121,493</u>	<u>24,995,499</u>
<b>TOTAL LIABILITIES</b>		<u>81,965,376</u>	<u>48,589,618</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>155,358,788</u>	<u>170,544,752</u>

The notes on pages 10 to 37 form an integral part of these financial statements

 :Director

 :Director



**GRENADA ELECTRICITY SERVICES LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2016**  
(Expressed in Eastern Caribbean Currency Dollars)

	Notes	2016 \$	2015 \$
<b>INCOME</b>			
Sales - non fuel charge		82,036,736	79,580,943
- fuel charge		53,838,920	72,117,273
Unbilled sales adjustments	2 (v)	<u>105,655</u>	<u>(1,976,753)</u>
Gross Sales		135,981,311	149,721,463
Other income	19	<u>1,622,400</u>	<u>1,557,640</u>
Total income		<u>137,603,711</u>	<u>151,279,103</u>
<b>LESS: OPERATING EXPENSES</b>			
Production expenses		11,530,094	15,689,589
Diesel consumed		51,946,761	60,428,191
Administrative expenses		19,119,283	17,363,216
Distribution services		14,875,159	16,883,737
Planning and engineering		<u>2,614,048</u>	<u>2,749,682</u>
Total operating expenses		<u>100,085,345</u>	<u>113,114,415</u>
Operating profit		37,518,366	38,164,688
Less: Finance costs	20	<u>4,321,674</u>	<u>1,835,609</u>
Profit for year before allocations and taxation		<u>33,196,692</u>	<u>36,329,079</u>
<b>ALLOCATIONS</b>			
Less: Transfer to hurricane insurance reserve		2,000,000	2,000,000
Donations		1,559,835	1,716,454
Profit sharing		<u>6,352,845</u>	<u>6,672,981</u>
		<u>9,912,680</u>	<u>10,389,435</u>
Profit for year before taxation		23,284,012	25,939,644
Less: Provision for taxation			
Current tax		5,508,510	7,269,495
Deferred tax		<u>1,449,184</u>	<u>430,047</u>
Profit for year after taxation		16,326,318	18,240,102
<b>Other comprehensive income</b>			
Disposal of available-for-sale financial assets		(8,040)	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>16,318,278</u>	<u>18,240,102</u>
<b>EARNINGS PER SHARE</b>		<u>0.86</u>	<u>0.96</u>

The notes on pages 10 to 37 form an integral part of these financial statements



**GRENADA ELECTRICITY SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER, 2016**  
(Expressed in Eastern Caribbean Currency Dollars)

	Stated Capital \$	Other Reserve \$	Hurricane Insurance Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 <sup>st</sup> January, 2015	32,339,840	8,040	18,000,000	61,247,152	93,595,032
Dividends paid	-	-	-	(9,880,000)	(9,880,000)
Allocation for the year	-	-	2,000,000	-	2,000,000
Total comprehensive income for the year: Profit for the year after taxation	-	-	-	18,240,102	18,240,102
Balance at 31 <sup>st</sup> December, 2015	32,339,840	8,040	20,000,000	69,607,254	121,955,134
Dividends paid	-	-	-	(66,880,000)	(66,880,000)
Allocation for the year	-	-	2,000,000	-	2,000,000
Total comprehensive income for the year: Profit for the year after taxation	-	-	-	16,326,318	16,326,318
Sale of available-for-sale financial assets	-	(8,040)	-	-	(8,040)
Balance at 31 <sup>st</sup> December, 2016	32,339,840	-	\$22,000,000	19,053,572	73,393,412

The notes on pages 10 to 37 form an integral part of these financial statements

**GRENADA ELECTRICITY SERVICES LIMITED**



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2016  
(Expressed in Eastern Caribbean Currency Dollars)**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Profit for the year before taxation	23,284,012	25,939,644
Adjustments for:		
Depreciation	6,613,807	10,357,980
Profit on disposal of property, plant and equipment	( 125,816)	( 10,240)
<b>Operating surplus before working capital changes</b>	<b>29,772,003</b>	<b>36,287,384</b>
Decrease in trade and other receivables	1,408,777	8,876,817
Increase/(decrease) in trade and other payables	3,145,757	(4,781,307)
Decrease in provision for retirement benefits	(131,500)	(12,464,964)
(Increase)/decrease in inventories	(1,616,571)	76,934
Decrease in amount due to related company	(84,013)	(80,951)
(Decrease)/increase in provision for profit sharing	(217,442)	139,543
	32,277,011	28,053,456
Income tax paid	(5,644,071)	(6,325,681)
Cash provided by operating activities	<u>26,632,940</u>	<u>21,727,775</u>
<b>INVESTING ACTIVITIES</b>		
Decrease in available-for-sale financial assets	24,054	48,000
Disposal of property, plant and equipment	129,750	62,251
Increase in suspense jobs in progress	(28,518)	(374,309)
Increase in capital work in progress	(6,273,504)	(194,081)
Decrease/(increase) in loans and receivables financial assets	6,364,389	(2,448,708)
Decrease in segregated retirement investments	-	6,134,198
Increase in customers' contribution to line extensions	229,922	88,507
Purchase of property, plant and equipment	(5,898,946)	(5,826,336)
Cash used in investing activities	<u>(5,452,853)</u>	<u>(2,510,478)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(66,880,000)	(9,880,000)
Decrease in other reserves	(8,040)	-
Increase in hurricane insurance reserve	2,000,000	2,000,000
Proceeds of loan	48,050,000	-
Repayment of borrowings	(19,100,873)	(7,608,987)
Cash used in financing activities	<u>(35,938,913)</u>	<u>(15,488,987)</u>
Net (decrease)/increase in cash and cash equivalents	(14,758,826)	3,728,310
Cash and cash equivalents - at the beginning of year	<u>16,614,231</u>	<u>12,885,921</u>
- at the end of year	<u>1,855,405</u>	<u>16,614,231</u>
<b>REPRESENTED BY</b>		
Cash and cash equivalents	<u>1,855,405</u>	<u>16,614,231</u>

The notes on pages 10 to 37 form part of these financial statements

**GRENADA ELECTRICITY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AT 31ST DECEMBER, 2016**

**1. CORPORATE INFORMATION**

Grenada Electricity Services Limited (the Company) is public and is registered in Grenada. It is engaged in the generation and supply of electricity throughout Grenada, Carriacou and Petit Martinique. It is a subsidiary of Grenada Private Power Limited of which WRB Enterprises, Inc. is the majority owner.

The Company was issued a certificate of continuance under Section 365 of the Companies Act on November 8th, 1996.

The Company operates under the Electricity Supply Act 19 of 2016 and has a licence for the exercise and performance of functions relating to the supply of electricity in Grenada. The Company is listed on the Eastern Caribbean Securities Exchange.

The registered office is situated at Grand Anse, St. George's, Grenada.

The Company employed on average two hundred and thirty (230) persons during the year (2015- 232).

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

***(a) Basis of Preparation***

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

The preparation of financial statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Although those estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

***(b) New Accounting Standards, Amendments and Interpretations***

- (i) There are no new standards, amendments or interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2016 that would be expected to have a material impact on the Company's financial statements.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2016**

**(continued)**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(b) New Accounting Standards, Amendments and Interpretations (continued)*

- (ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January, 2016 and not early adopted. These either do not apply to the activities of the Company or have no material impact on its financial statements.

Standard	Description	Effective for annual periods beginning on or after
IAS 7	Statement of Cash Flows: Disclosure Initiative (amendments)	1 <sup>st</sup> January, 2017
IAS 12	Income taxes recognition of Deferred Tax Assets for Unrealized Losses (amendments)	1 <sup>st</sup> January 2017
IAS 40	Investment property: Transfer of Investment Property (amendments)	1 <sup>st</sup> January, 2018
IFRS2	Share-based payment: Classification and Measurement of Share-based payment transactions (amendments)	1 <sup>st</sup> January, 2018
IFRS 9	Financial Instruments: Classification and measurement	1 <sup>st</sup> January, 2018
IFRS 15	Revenue from Contracts with Customers	1 <sup>st</sup> January, 2018
IFRS 16	Leases	1 <sup>st</sup> January, 2019

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Property, Plant and Equipment*

*Recognition and Measurement*

Property, plant and equipment consist of building, plant and machinery, motor vehicles, furniture and fittings and are stated at historical cost less accumulated depreciation.

Historical cost includes expenditure that is 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized as income in the statement of comprehensive income.

*Subsequent Expenditure*

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item or recognised as a separate asset, as appropriate, only when 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 and other repairs and maintenance of property, plant and equipment are recognized in the statement of comprehensive income during the financial period in which they are incurred.

*Depreciation*

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land and rights are not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and available for use.

GRENADA ELECTRICITY SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Property, Plant and Equipment (continued)*

*Depreciation*

The annual rates of depreciation for the current and comparative periods are as follows:

	% Per Annum
Building and construction	2.5 - 10
Plant and machinery	3.3 - 10
Motor vehicles	15
Furniture, fittings and equipment	12.5 - 20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(d) *Foreign Currencies Translation*

Foreign currency transactions during the year were converted into Eastern Caribbean Currency Dollars at the exchange rates prevailing at the dates of the transactions. Assets and liabilities at the statement of financial position date are expressed in EC\$ at the following rates:

EC\$2.7169 to US\$1.00	-	(2015: EC\$2.7169)
EC\$2.94828 to €1.00	-	(2015: EC\$3.04143)

Differences on exchange on current liabilities are reflected in the statement of comprehensive income in arriving at net income for the year, while differences on long term borrowings are deferred until realised.

(e) *Financial Instruments*

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

GRENADA ELECTRICITY SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial Instruments (continued)*

*Recognition and measurement*

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Company commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

When financial assets are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the asset.

Financial assets are derecognised when the contractual rights to receive the cash flows expire or where the risks and rewards of ownership of the assets have been transferred.

*Financial assets*

The Company classifies its financial assets into the following categories: Loans and receivables and available-for-sale. Management determines the appropriate classification of its financial assets at the time of purchase and re-evaluates this designation at every reporting date.

*Loans and receivables*

Investments classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on the active market. They are included in current assets, except for maturities greater than twelve (12) months after the statement of financial position date are classified as non-current assets. The Company's loans and receivables comprise fixed and certificate of deposits.

*Available-for-sale*

Investments are classified as available-for-sale as they are intended to be held for an indefinite period. These investments may be sold in response to needs for liquidity or changes in interest rates or equity prices. These investments are carried at fair value, based on quoted market prices where available. However, where a reliable measure is not available, cost is appropriate. Where available-for-sale investments are carried at fair value unrealized gains or losses are recognized directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recognized in profit or loss. Available-for-sale investments are included in non-current assets unless management intends to dispose of the investment within twelve (12) months of the statement of financial position date.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016**

(continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(e) Financial Instruments (continued)*

*Fair Value*

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

*Impairment of financial assets*

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is impaired and impairment losses are incurred if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- (i) Significant financial difficulty of the issuer or obligor.
- (ii) A breach of contract, such as default or delinquency in interest or principal payments.
- (iii) It is becoming probable that the borrower will enter bankruptcy or other financial re-organization.
- (iv) The disappearance of an active market for that financial asset because of financial difficulties.
- (v) Observable data indicating that there is a measurable decrease in the estimated cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with individual financial assets in the group, including adverse changes in the payment status of borrowers in the Company or national or economic conditions that correlate with defaults on assets in the Company.



GRENADA ELECTRICITY SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial Instruments (continued)*

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

Impairment losses are recorded in an allowance account and are measured and recognised as follows:

i. Financial assets measured at amortised cost

The difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improvement in the debtor's credit rating), the previously recognised loss is reversed to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised at the date that the impairment is reversed. The amount of the reversal is recognised in the statement of comprehensive income.

(ii) Financial assets measured at cost

The difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the current market's rate of return for similar financial assets is recognised in the statement of comprehensive income. These losses are not reversed.

*Financial Liabilities*

When financial liabilities are recognised initially, they are measured at fair value of the consideration given plus transaction costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when they are extinguished that is when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the statement of comprehensive income.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016**

(continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Inventories**

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the price at which stock can be realized in the normal course of business.

**(g) Trade receivables**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables, being short-term, are not discounted. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default or delinquency in payment are considered indicators that the trade receivable is impaired.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and at bank and short-term demand deposits with original maturity of three (3) months or less.

**(i) Stated capital**

Ordinary shares are classified as equity.

**(j) Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2016**

(continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Borrowings**

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve (12) months after the date of the statement of financial position.

**(l) Customers' deposits**

Given the long-term nature of the customer relationship, customer deposits are shown in the statement of financial position as non-current liabilities (i.e. not likely to be repaid within twelve (12) months of the date of the statement of financial position).

**(m) Customers' contribution to line extensions**

In certain specified circumstances, customers requiring line extensions are required to contribute toward the estimated capital cost of the extensions. These contributions are amortised over the estimated useful lives of the relevant capital cost at an annual rate of 5%. The annual amortisation of customer contributions is deducted from the depreciation charge for Transmission and Distribution provided in respect of the capital cost of these line extensions.

Contributions in excess of the applicable capital cost of line extensions are recorded as other revenue in the period in which they are completed. Contributions received in respect of jobs not yet started or completed at the year-end are grouped with creditors, accrued charges and provisions. The capital costs of customer line extensions are included in property, plant and equipment.

**(n) Employee benefits**

*Profit sharing scheme*

The Company operates a profit sharing scheme and the profit share to be distributed to Unionized employees each year is based on the terms outlined in the Union Agreement. Employees receive their profit share in cash. The Company accounts for profit sharing as an expense, through the statement of comprehensive income. The Company also has a gainsharing plan for management employees that are accounted for in the same manner as profit sharing.

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) *Income tax*

The charge for the current year is based on the results for the year as adjusted for disallowed expenses and non-taxable income. It is calculated using the applicable tax rates for the period.

(p) *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

(q) *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

(i) *Sale of energy*

Revenue from energy sales is based on meter readings, which are carried out on a rotational basis throughout each month. A provision of 50% of the current month's billings is made to record unbilled energy sales at the end of each month. This estimate is reviewed periodically to assess reasonableness and adjusted where required. The provision for unbilled sales is included in accrued income.

(ii) *Interest income*

Interest income is recognised on an accrual basis.

(r) *Dividends*

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

Dividends that are proposed and declared after the statement of financial position date are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016**

(continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*(s) Related parties*

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered into with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

*(t) Finance costs*

Finance costs are recognised in the statement of comprehensive income as an expense in the period in which they are incurred.

*(u) Provision for doubtful debts*

Provision is made as follows:

100% on receivables  $\geq 90$  days

and 50% on receivables  $\geq 60$  days, both net of Government of Grenada balances.

Accounts are written off against the provision when they are considered to be uncollectible. The total provision at 31st December, 2016 amounted to \$4,057,889.36 (2015 - \$5,236,249).

*(v) Provision for unbilled sales*

The provision and adjustment with comparatives at 31st December, 2016 are calculated as follows:

	<b>2016</b>	<b>2015</b>
	\$	\$
Sales revenue for December after discounts	<u>11,684,812</u>	<u>11,473,502</u>
50% of above	= provision at 31/12/16	5,736,751
	= provision at 31/12/15	<u>7,713,504</u>
	<u>5,842,406</u>	
Decrease in provision during the year	<u>105,655</u>	<u>(1,976,753)</u>

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016  
(continued)

3. **CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements are set out below.

*Impairment of financial assets*

Management assesses at each statement of financial position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

*Property, plant and equipment*

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

*Impairment of inventory*

Provision is made for slow-moving and obsolete stock on an annual basis.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016**

(continued)

**4. PROPERTY, PLANT AND EQUIPMENT**

	Land	Building and Construction	Plant and Machinery	Motor Vehicles	Furniture and equipment	Total
<b>Balance at 1<sup>st</sup> January, 2015</b>						
Cost	1,467,468	30,463,658	223,376,855	9,442,227	14,023,632	278,773,840
Accumulated depreciation	-	(17,415,642)	(158,580,678)	(8,861,662)	(9,308,670)	(194,166,652)
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$13,048,016</u></b>	<b><u>\$64,796,177</u></b>	<b><u>\$580,565</u></b>	<b><u>\$4,714,962</u></b>	<b><u>\$84,607,188</u></b>
<b>For year ended 31<sup>st</sup> December, 2015</b>						
Opening book value	1,467,468	13,048,016	64,797,960	580,565	4,714,962	84,607,188
Additions for the year	-	65,484	3,560,594	797,611	1,402,647	5,826,336
Disposals for the year -Cost	-	-	(56,959)	(257,950)	(67,386)	(382,295)
Disposals for the year	-	-	12,341	257,950	59,993	330,284
- Accumulated depreciation	-	(493,157)	(8,468,775)	(392,570)	(1,003,478)	(10,357,980)
Depreciation charge for year	-	-	-	-	-	-
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$12,620,343</u></b>	<b><u>\$59,843,378</u></b>	<b><u>\$985,606</u></b>	<b><u>\$5,106,738</u></b>	<b><u>\$80,023,533</u></b>
<b>Balance at 31<sup>st</sup> December, 2015</b>						
Cost	1,467,468	30,529,142	226,880,490	9,981,888	15,358,893	284,217,881
Accumulated depreciation	-	(17,908,799)	(167,037,112)	(8,996,282)	(10,252,155)	(204,194,348)
Less: Customer contribution to line extensions	-	-	-	-	-	(7,140,633)
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$12,620,343</u></b>	<b><u>\$59,843,378</u></b>	<b><u>\$985,606</u></b>	<b><u>\$5,106,738</u></b>	<b><u>\$72,882,000</u></b>

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016**

(continued)

**4. PROPERTY, PLANT AND EQUIPMENT**

**For year ended 31<sup>st</sup> December, 2016**

	Land	Building and Construction	Plant and Machinery	Motor Vehicles	Furniture and equipment	Total
Opening book value	1,467,468	12,620,343	59,843,378	985,606	5,106,738	80,023,533
Additions for the year	-	26,125	3,792,105	1,474,541	606,175	5,898,946
Disposals for the year -Cost	-	-	-	(497,034)	(2,631,062)	(3,128,096)
Disposals for the year	-	-	-	497,034	2,627,128	3,124,162
- Accumulated depreciation	-	(487,253)	(4,547,505)	(271,630)	(1,307,419)	(6,613,807)
Depreciation charge for year	-	(487,253)	(4,547,505)	(271,630)	(1,307,419)	(6,613,807)
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$12,159,215</u></b>	<b><u>\$59,089,761</u></b>	<b><u>\$2,188,517</u></b>	<b><u>\$4,401,560</u></b>	<b><u>\$79,304,738</u></b>
<b>Balance at 31<sup>st</sup> December, 2016</b>						
Cost	1,467,468	30,555,267	230,672,595	10,959,395	13,334,006	286,988,731
Accumulated depreciation	-	(18,396,052)	(171,584,617)	(8,770,878)	(8,932,446)	(207,683,993)
Less: Customer contribution to line extensions	-	-	-	-	-	(7,370,555)
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$12,159,215</u></b>	<b><u>\$59,087,978</u></b>	<b><u>\$2,188,517</u></b>	<b><u>\$4,401,560</u></b>	<b><u>\$71,934,183</u></b>





GRENADA ELECTRICITY SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016

(continued)

5. SUSPENSE JOBS IN PROGRESS

This represents capital injections with respect to requested customers' suspense jobs not completed at year-end.

6. CAPITAL WORK IN PROGRESS

	2016 \$	2015 \$
Generation	7,986,199	1,324,002
Computers and software upgrades	289,471	345,187
Tools and equipment	46,329	-
Furniture and equipment	9,194	142,014
Distribution	313,386	232,485
Building and construction	-	17,350
Motor vehicles	<u>1,158</u>	<u>311,195</u>
	<u>8,645,737</u>	<u>2,372,233</u>

7. DEFERRED EXCHANGE GAIN/ LOSS

This loan was repaid during the year. There is no reason therefore to give consideration to the gain or loss on exchange.

8. FINANCIAL ASSETS

(a) Available for sale

536 ordinary shares in the Republic Bank (Grenada) Limited	-	24,120
Government of Grenada - Treasury Bills	<u>800,066</u>	<u>800,000</u>
	<u>800,066</u>	<u>824,120</u>

(b) Loans and receivables

Fixed deposit – Republic Bank (Grenada) Limited	8,867,313	6,848,315
Fixed deposit – Grenada Co-operative Bank Limited	11,876,072	8,046,077
Fixed deposit – Bank of Nova Scotia	-	13,749,379
Fixed deposit – RBTT Bank Grenada Limited	9,946,862	8,407,705
US\$ certificate of deposit- Cayman National Bank	<u>2,721,296</u>	<u>2,724,456</u>
	<u>33,411,543</u>	<u>39,775,932</u>

**GRENADA ELECTRICITY SERVICES LIMITED**



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016  
(continued)**

**8. FINANCIAL ASSETS (continued)**

Included in the above is an amount of \$22,293,123 for Hurricane Insurance Reserve invested in Treasury Bills and fixed deposits held with the Republic Bank (Grenada) Limited, RBTT Bank Grenada Limited, Cayman National Bank and the Grenada Co-operative Bank Limited and Bank of Nova Scotia.

**9. INVENTORIES**

	2016	2015
	\$	\$
The following is a breakdown of stock on hand:		
Motor vehicle spares	977,981	952,596
Distribution	6,011,939	5,258,415
Generation spares	7,665,896	6,920,398
Fuel and lubricating oil	600,953	488,193
General stores	<u>2,324,093</u>	<u>2,231,066</u>
	17,580,862	15,850,668
Less: Obsolescence provision	<u>1,139,641</u>	<u>1,026,018</u>
	<u>16,441,221</u>	<u>14,824,650</u>

**10. TRADE AND OTHER RECEIVABLES**

Customers' accounts	14,814,735	15,288,237
Less: Provision for doubtful debts	<u>3,594,296</u>	<u>4,802,325</u>
	<u>11,220,439</u>	<u>10,485,912</u>
Other debtors	1,721,252	1,420,412
Less: Provision for doubtful debts	<u>463,594</u>	<u>433,924</u>
	<u>1,257,658</u>	<u>986,488</u>
Provision for unbilled sales	12,478,097	11,472,400
Prepayments	5,842,406	5,736,751
	<u>1,649,391</u>	<u>4,169,520</u>
	<u>19,969,894</u>	<u>21,378,671</u>

As of the statement of financial position date, the aging analysis of customers' accounts is as follows:

	30 days	31- 60 days	61-90 days	Over 90 days	Total
<b>2016</b>	<u>\$9,768,731</u>	<u>\$1,325,126</u>	<u>\$268,529</u>	<u>\$3,452,346</u>	<u>\$14,814,732</u>
<b>2015</b>	<u>\$8,523,574</u>	<u>\$2,309,585</u>	<u>\$303,655</u>	<u>\$4,151,423</u>	<u>\$15,288,237</u>

**GRENADA ELECTRICITY SERVICES LIMITED**



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016  
(continued)**

**11. CASH AND CASH EQUIVALENTS**

	2016	2015
	\$	\$
Cash on hand	6,200	6,200
Bank of Tampa	595,595	597,590
Bank of Nova Scotia	686,479	5,792,302
Republic Bank (Grenada) Limited	-	3,685,000
FirstCaribbean International Bank Limited	368,587	6,016,859
Grenada Co-operative Bank Limited	<u>202,628</u>	<u>516,280</u>
	1,859,489	16,614,231
Bank overdraft (note 14)	(4,084)	-
Cash and cash equivalents in the statement of cash flows	<u>1,855,405</u>	<u>16,614,231</u>

**12. STATED CAPITAL**

Authorised		
25,000,000 ordinary shares of no par value		
Issued and fully paid		
19,000,000 ordinary shares of no par value	<u>32,339,840</u>	<u>32,339,840</u>

**13. CUSTOMERS' DEPOSITS**

All customers are required in accordance with the Electricity Supply Act (ESA) Schedule 1 of 2016 to provide a security deposit which is normally equivalent to one (1) month's consumption. Interest accrued is credited to customers' accounts in the first billing cycle of the year. The cash deposit is refunded with accumulated interest when the account is terminated.

**GRENADA ELECTRICITY SERVICES LIMITED**



**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2016**

(continued)

**14. BORROWINGS**

	2016	2015
<i>Long-term</i>	\$	\$
(i) European Investment Bank (EIB)	-	5,239,806
(ii) National Insurance Scheme	-	922,820
(iii) Grenlec ECSE Bonds	-	9,539,000
(iv) CIBC FirstCaribbean	<u>45,046,875</u>	<u>                  -</u>
	45,046,875	15,701,626
Less: Current portion	<u>4,004,167</u>	<u>6,576,914</u>
Total long-term	<u>41,042,708</u>	<u>9,124,712</u>
<i>Short-term</i>		
Bank overdraft	4,084	-
Borrowings current portion	<u>4,004,167</u>	<u>6,576,914</u>
Total short-term	<u>4,008,251</u>	<u>6,576,914</u>
Total borrowings	<u>45,050,959</u>	<u>15,701,626</u>

***CIBC FirstCaribbean***

On February 29, 2016 the Company signed a Mortgage Debenture with CIBC FirstCaribbean International Bank (Barbados) Limited (the Bank) for a credit facility of up to XCD\$48,050,000.00.

The loan bears interest at a rate of 4.75% per annum over the first five years and thereafter the interest will be the prime rate less 5.90% subject to a floor of 3.60% per annum. Presently the prime rate is 9.50% per annum. The loan is amortized over a twelve year period and repayable via 32 quarterly principal payments of XCD\$1,001,041.67 with a balloon payment of XCD\$16,016,666.56. Interest will be paid quarterly in arrears and accrue on an actual/365 day basis. The facility is collateralized under a first priority mortgage obligation and debenture charge over the fixed and floating assets of the Borrower stamped to cover XCD\$48,050,000.

Proceeds from the new mortgage debenture were used to retire the Company's debt to EIB, the National Insurance Scheme, ESCE bonds and to make a special dividend payment.

NOTES TO THE FINANCIAL STATEMENTS  
 AT 31ST DECEMBER, 2016  
 (continued)

15. PROVISION FOR RETIREMENT BENEFITS

The Company operates a defined contribution plan for its employees. Payment of benefits accrued is made upon the resignation or retirement of employees by the relevant Trust.

The balance of \$195,255 at the statement of financial position date relates to amounts payable to the Trusts for December 2016.

16. PROVISION FOR HURRICANE INSURANCE RESERVE

	2016	2015
	\$	\$
Balance at beginning of year	20,000,000	18,000,000
Add: Provision for the year	<u>2,000,000</u>	<u>2,000,000</u>
Balance at end of year	<u>22,000,000</u>	<u>20,000,000</u>

GRENADA ELECTRICITY SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016

(continued)

<b>17.</b>	<b>AMOUNT DUE TO RELATED COMPANY</b>	<b>2016</b>	<b>2015</b>
		\$	\$
	Amount due to WRB Enterprises, Inc.	<u>      -</u>	<u>84,013</u>
<b>18.</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Trade creditors	5,907,782	4,814,460
	Sundry creditors	4,113,159	2,316,629
	Accrued expenses	<u>2,344,096</u>	<u>3,361,942</u>
		<u>12,365,037</u>	<u>10,493,031</u>
<b>19.</b>	<b>OTHER INCOME</b>		
	Sundry revenue	1,496,584	1,547,400
	Gain on disposal of fixed assets	<u>125,816</u>	<u>10,240</u>
		<u>1,622,400</u>	<u>1,557,640</u>
<b>20.</b>	<b>FINANCE COSTS</b>		
	Bank loans/Bond interest	3,762,440	1,321,722
	Other bank interest	2,117	-
	Other	<u>557,117</u>	<u>513,887</u>
		<u>4,321,674</u>	<u>1,835,609</u>

GRENADA ELECTRICITY SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016  
(continued)

21. RELATED PARTY TRANSACTIONS

- i) The following transactions were carried out with WRB Enterprises, Inc., Grenada Private Power Limited and the National Insurance Scheme:

	2016 \$	2015 \$
a) Sale of electricity - NIS	<u>195,538</u>	<u>237,918</u>
b) Management services- WRB Enterprises, Inc.	<u>600,000</u>	<u>600,000</u>
c) Loan repayments- NIS	<u>936,978</u>	<u>2,142,603</u>
d) Payment of dividends:		
NIS	<u>7,761,030</u>	<u>1,146,516</u>
Grenada Private Power Limited	<u>33,440,000</u>	<u>4,940,000</u>
ii) Compensation of key management personnel of the Company:		
Salaries and other benefits	<u>3,415,895</u>	<u>3,289,631</u>
Past employment benefit provisions	<u>458,828</u>	<u>463,348</u>
iii) Loans receivable from key management personnel	<u>138,927</u>	<u>56,402</u>

GRENADA ELECTRICITY SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016

(continued)

22. TAXATION

*Current year*

Income taxes in the statement of comprehensive income vary from amounts that would be computed by applying the statutory tax rate for the following reasons:

	2016 \$	2015 \$
Profit for the year before taxation	<u>23,284,012</u>	<u>25,939,644</u>
Tax at applicable statutory rate (30%)	6,985,204	7,781,893
Tax effect of items that are adjustable in determining:		
Tax exempt income	(143,005)	(112,048)
Effect of expenses not deductible for tax purposes	<u>(1,333,689)</u>	<u>(400,350)</u>
Provision for taxation	<u>5,508,510</u>	<u>7,699,542</u>

*Deferred Tax*

Deferred tax liability is due to the acceleration of tax depreciation as shown:

Accounting written down value	58,307,499	58,795,089
Taxation written down value (tax base)	<u>(52,043,396)</u>	<u>(57,361,599)</u>
Temporary difference	<u>6,264,103</u>	<u>1,433,490</u>
Tax on temporary difference @ statutory rate (30%)	<u>1,879,231</u>	<u>430,047</u>
Balance at beginning of year	430,047	-
Charge for the year	-	<u>430,047</u>
Balance at end of year	<u>\$1,449,184</u>	<u>\$430,043</u>

23. COMPARATIVE FIGURES

The 2015 Hurricane Reserve comparative figures have been reclassified to conform to the current year's financial statement presentation. These changes have no impact on the surplus reported for that year.



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2016**

(continued)

**24. CONTINGENT LIABILITIES**

At the statement of financial position date, the Company was contingently liable to the Government of Grenada for customs bonds in the amount of \$100,000.

**25. DIVIDENDS**

During the year ended December 31<sup>st</sup>, 2016, a dividend of 52 cents per ordinary share amounting to \$9,880,000 as well as a special dividend of \$3.00 per ordinary share amounting to \$57,000,000 were declared and paid.

**26. FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, operational risk, liquidity risk and market risk (including foreign exchange and interest rate risk). The Company's overall risk management policy is to minimise potential adverse effects on its financial performance and to optimise shareholders value within an acceptable level of risk. Risk management is carried out by the Company's management under direction from the Board of Directors.

The Board of Directors has established committees which are responsible for developing and monitoring the Company's risk management policies in their specified areas. These committees report to the Board of Directors on their activities. The committees and their activities are as follows:

**Audit Committee**

The Audit Committee has oversight for the integrity of the financial statements and reviews the adequacy and effectiveness of internal controls and risk management procedures.

**Loans Committee**

The Loans Committee is comprised of members of management who are responsible for approving staff loan applications and ensuring that only those that meet the requirements set out in the Staff Loan and Procedure Policy are approved.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2016**

(continued)

**26. FINANCIAL RISK MANAGEMENT (continued)**

The Company's exposure and approach to its key risks are as follows:

***Credit risk***

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from the Company's trade receivables and financial investments.

Credit risk with respect to trade receivables is substantially reduced due to the policies implemented by management. Deposits are required from all customers upon application for a new service and management performs periodic credit evaluations of its general customers' financial condition.

With respect to credit risk arising from other financial assets, that of cash and cash equivalents and financial investments, the Company places these funds with highly rated financial institutions to limit its exposure.

The Company's maximum exposure to credit risk equals the carrying amount of its financial assets. Based on the above, however, management does not believe significant credit risk exists at December 31<sup>st</sup>, 2016.

***Operational risk***

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2016  
(continued)

26. FINANCIAL RISK MANAGEMENT (continued)

*Operational risk (continued)*

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance as outlined below.

*Insurance risk*

Prudent management requires that a company protect its assets against catastrophe and other risks. In order to protect its customers and investors, the Company has fully insured its plant and machinery, buildings, computer equipment and furniture against substantially all perils. The Company's Transmission and Distribution systems are uninsured and to mitigate this risk, the Company sets aside funds on an annual basis in a hurricane reserve.

*Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management monitors the Company's liquidity reserve, which comprises overdraft facilities and cash and cash equivalents, on the basis of expected cash flows and is of the view that the Company holds adequate cash and credit facilities to meet its short term obligations.

GRENADA ELECTRICITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2016  
(continued)

26. FINANCIAL RISK MANAGEMENT (continued)

The table below summarises the Company's exposure to liquidity risk:

Balance at 31 <sup>st</sup> December, 2016	Current	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
<b>Current Assets</b>					
Cash and cash equivalents	1,859,489	-	-	-	1,859,489
Loans and receivable financial assets	3,012,764	-	-	30,398,779	33,411,543
Prepayments	1,649,391	-	-	-	1,649,391
Trade and other receivables	15,589,964	1,325,126	268,529	1,136,884	18,320,503
Inventories	16,441,221	-	-	-	16,441,221
	<u>38,552,829</u>	<u>1,325,126</u>	<u>268,529</u>	<u>31,535,663</u>	<u>71,682,147</u>
<b>Current liabilities</b>					
Provision for income tax	-	-	1,008,510	-	1,008,510
Short-term borrowings	4,084	-	1,001,042	3,003,125	4,008,251
Trade payables and accrued expenses	8,081,990	1,533,419	82,072	2,667,556	12,365,037
Consumers' advances for construction	-	-	-	1,583,807	1,583,807
Provision for retirement benefits	195,255	-	-	-	195,255
Provision for profit sharing	-	-	-	4,960,633	4,960,633
	<u>8,281,329</u>	<u>1,533,419</u>	<u>2,091,624</u>	<u>12,215,121</u>	<u>24,121,493</u>
<b>NET LIQUIDITY SURPLUS</b>	<u>30,271,500</u>	<u>(208,293)</u>	<u>(1,823,095)</u>	<u>19,320,542</u>	<u>47,560,654</u>

GRENADA ELECTRICITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2016  
(continued)

26. FINANCIAL RISK MANAGEMENT (continued)

	Balance at 31 <sup>st</sup> December, 2015	Current	31-60 days	61-90 days	Over 90 days	Total
		\$	\$	\$	\$	\$
<b>Current Assets</b>						
Cash and cash equivalents		16,614,231	-	-	-	16,614,231
Loans and receivable financial assets		3,000,251	2,718,036	4,661,674	29,395,971	39,775,932
Prepayments		4,169,520	-	-	-	4,169,520
Trade and other receivables		13,761,211	2,309,585	151,867	986,488	17,209,151
Inventories		14,824,650	-	-	-	14,824,650
		<u>52,369,863</u>	<u>5,027,621</u>	<u>4,813,541</u>	<u>30,382,459</u>	<u>92,593,484</u>
<b>Current liabilities</b>						
Amount due to related company		84,013	-	-	-	84,013
Provision for income tax		-	-	1,144,071	-	1,144,071
Short-term borrowings		-	-	1,677,183	4,898,731	6,575,914
Trade payables and accrued expenses		6,257,271	1,673,903	756,344	1,805,513	10,493,031
Consumers' advances for construction		-	-	-	1,192,640	1,192,640
Provision for retirement benefits		326,755	-	-	-	326,755
Provision for profit sharing		-	-	-	5,178,075	5,178,075
		<u>6,668,039</u>	<u>1,673,903</u>	<u>3,577,598</u>	<u>13,074,959</u>	<u>24,994,499</u>
<b>NET LIQUIDITY SURPLUS</b>		<u>45,701,824</u>	<u>3,353,718</u>	<u>1,235,943</u>	<u>17,307,500</u>	<u>67,598,985</u>



NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2016  
(continued)

26. FINANCIAL RISK MANAGEMENT (continued)

*Market risk*

(i) *Foreign exchange risk*

Foreign exchange risk is the potential adverse impact on the Company's earnings and economic value due to movements in exchange rates.

The Company has a limited exposure to foreign exchange risk arising primarily from the purchases of plant, equipment and spares from foreign suppliers that are mainly transacted in United States dollars, which has a fixed exchange rate.

The Company has not entered into forward exchange contracts to reduce its exposure to fluctuations in foreign currency exchange rates.

(ii) *Interest rate risk*

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company holds primarily fixed rate financial instruments and is therefore not significantly exposed to interest rate risk.