Schedule 1

FORM ECSRC – K

ANNUAL REPORT PURSUANT TO SECTION 98 (1) (a) OF THE SECURITIES ACT, CHAPTER 299A

For the financial year ended **December 31, 2015**

Reporting 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 Sections 98 of the Securities Act, Chapter 299A, 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
Ordinary	**19,000,000**

SIGNATURES

Name of Chief Executive Officer:

Collin Cover

SIGNED AND CERTIFIED

Signature

26th April 2016

Date

Name of Director:

SIGNED AND CERTIFIED

25. 4. 16

Date

Name of Chief Financial Officer:

Benedict Brathwaite

SIGNED AND CERTIFIED

Signature

25. 4. 16

Date

INFORMATION TO BE INCLUDED IN THE REPORT

. **Business.**

irenada's economy has recorded growth in GDP of 2.6 percent in 2014 and of 4.6 percent in 2015 ased on the concluding statement in the IMF Article IV consultation. They further stated that the utlook for the Grenadian economy in 2016 remains broadly positive despite the fact that unemployment s too high and credit growth is weak. Over the years, it has been seen that GRENLEC's financial erformance is inextricably linked to what is happening in the wider economy. In periods of GDP rowth there has been kWh sales increase.

n 2015 kWh sales growth of 2.7 percent followed that of 1.9 percent in 2014 which had been primarily lue to one new customer, namely Sandals. However, in 2015 the growth resulted from increased usage y existing commercial and residential customers along with the addition of new customers. Overall Wh sold increased by 4.88M units, with commercial accounting for 3.18M and residential 1.9M while ndustrial declined by 0.2M. A likely significant driver for this growth could have been reduced lectricity rates mainly due to lower fuel prices. The average electricity charge per kWh in 2015 was 0.89 compared to $1.13 in 2014 as the average fuel price per imperial gallon fell to $5.66 from $9.56 in he same period.

iRENLEC's monopoly on the generation and supply of electricity in the tri island state as stipulated in he Electricity Supply Act (ESA) of 1994 was maintained in 2015. However, the impact of the)ecember 2013 amendment to the ESA which removed the duty free concessions of the Company from 00% to 50% or 0% in some instances meant additional duties paid by GRENLEC moved from $0.35M n 2014 to $0.59M in 2015. These duties can become significantly higher in any year in which there are ubstantial capital expenditures such as when additional generation capacity is undertaken. While the Company has the option to increase rates in order to recover exogenous costs such as those incurred by he change of law it has resisted doing so to date.

)n February 25, 2015, the Government of Grenada held a public consultation to discuss a draft lectricity Supply Bill. A second draft Electricity Supply Bill was issued by the Government in August 015. The stated intention of the draft bills is to separate generation and transmission entities to allow ompetition in both the generation and distribution areas, and to increase generation by renewable nergy. This is to be accomplished by removing the exclusive license that GRENLEC currently holds ver the generation and transmission and distribution of electricity. A serious concern that has been oiced by many is the significant amount of power that would be vested in a single Government /linister.

'resently discussions are ongoing between the Government of Grenada / GRENLEC / Grenada Private 'ower, who has a Share Purchase Agreement. These discussions are being facilitated by Rocky /Iountain Institute (RMI), a highly respected energy authority, who was agreed to by the parties. The Company's intention is to collaborate with the Government to make mutually acceptable revisions to the xisting ESA of 1994 that are more reflective of current realities and best practices.

'he progress towards development of renewable energy projects in 2015 continued to be slow with the nain impediment continuing to be a lack of access to suitable land. However, in the second half of 2015 he Company was able to execute leases for over 33 acres of land for solar PV in Pearls St. Andrew. The Company is now in the design phase of a project to install approximately 3MW of ground mounted solar 'V on the site by 2017.

GRENLEC launched the third tranche of its Customer Renewable Energy interconnection programme in April 2015. The available 500kW capacity was fully subscribed by August which is significant as customer owned RE forms an important component of the Company's 2020 Strategic Vision. A fourth ranche is likely to be launched in the first half of 2016.

n the final quarter of 2015, the Company executed an agreement for a 937kW PV project using Company owned rooftops and lands. This $6.4M project is the single largest renewable energy project in Grenada to date. Installation is now scheduled to begin during the second quarter and completion by the nd of the third quarter of 2016.

The Company has reduced its non-fuel rates by 2.35 percent from January 1, 2016, based on the Consumer Price Index (CPI) for 2014, following a 3.2 percent decline from November 1, 2014. Non-uel rates can be adjusted annually based on a formula of RPI – 2 in accordance with the Electricity Supply Act of 1994 (ESA). This means that adjustments are always two percent less than inflation. Since privatization in 1994 inflation has increased by 47.33 percent and the domestic non-fuel rate has ncreased by 5.90 percent resulting in a real decline in rates of 33.3 percent.

. **Properties.**

Property Site	Productive Capacity
Voodlands	Presently vacant
Grand Anse	Distribution Department
Grand Anse	Administration Department
Queen's Park	Production Department
Plains	Warehouse
Carriacou & Petite Martinique	Distribution / Production / Administration Departments

. **Legal Proceedings.**

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

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

Other than the annual election of Directors at the AGM there were no matters submitted to a vote.

The Annual General Meeting (AGM) was held on June 10, 2015 at which the following Directors were elected:

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 Dwight Horsford 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

PKF were re-appointed as Auditors for the year ending December 31, 2015 on a majority vote by a show of hands.

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

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.

Financial Statements and Selected Financial Data.

The audited financial statements for 2015 are included herewith. This incorporates the Auditor's report, Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows all with comparatives for 2014 and a summary of significant accounting policies and other explanatory notes. These statements comply with International Financial Reporting Standards.

7. **Disclosure About Risk Factors.**

Hurricanes etc.

Hurricanes remain the single most significant risk factor faced by GRENLEC. Ivan and Emily struck Grenada in 2004 and 2005 respectively causing major damage. In the case of Ivan over 80% of our distribution system had to be rebuilt at a cost which exceeded $20M. However, the rebuilding of the system after Ivan left it more robust and better able to withstand a similar event as was seen with Emily. With the Company's hurricane reserve now at $20M the risk related to a major hurricane has been substantially mitigated. However, there is still need to continue building on the hurricane reserve to reduce the risk associated with the possibility of two hurricanes in a short period. The inability of utilities in the region to obtain reasonably priced insurance for distribution systems makes it important that maintenance of the system continues to be a priority to mitigate against the impact of any hurricane.

The Company's credit risk decreased significantly during the year as trade receivables of $15.28M was lower than that of 2014 by $13.18M. This decrease was seen across all sectors with the most significant being the Government of Grenada at 77.7 percent. These decreases would have been impacted by reduced electricity rates however, dramatically lower debtor days of 34.15 in 2015 compared to the 51.23 of 2014 shows that improved collections was also an important factor. Controlling trade debtors is a primary focus and Management continues to examine strategies aimed at further reducing receivables.

GRENLEC's foreign exchange risk is primarily based on borrowings in euro currency. Other borrowings have been transacted in EC$ to limit exposure in foreign currency rates. At year end 2015 the exchange rate for the EC$ to the Euro was more favourable to the Company thereby improving what is not considered a substantial risk given that the balance was EC$5.24M.

Crude oil prices declined steadily for most of 2015 and was below USD 40 a barrel at the end of 2015. This had a positive impact on the company's financial position and performance as declining fuel prices helped to lower trade receivables and maintain a significant fuel cost recovery. However, the lower fuel prices get the greater the risk of sharp upward movements in prices as occurred in 2008. Should this occur it can over the short term negatively impact the Company's cash flow and profitability.

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

None

9. **Defaults Upon Senior Securities.**

None

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

Profit after interest in 2015 of $34.32M represented a decrease of 1.7 percent compared to the $34.89M of 2014. The main factors accounting for this were (i) fuel cost recovery lower than that of 2014 despite a higher rate of 119. 3 percent, (ii) a non-fuel rate reduction of 3.2 percent offsetting kWh sales growth of 2.7 percent and (iii) an increase in non-fuel operating expenses of 2.2 percent from $53.24M in 2014 to $54.69M in 2015.

Retained earnings increased from $61.25M in 2014 to $69.61M at the end of the financial year 2015. The debt to equity ratio reduced to 15% from 26%. The return on invested capital for the year was 22.9% (2014-22%). Other key indicators based on financial covenants in the ECSE Bond and EIB Loan agreements can be seen in the covenant table below. These support an improved financial position.

Covenant Table

Covenants / Ratios	Covenant Ratio	2015	2014
Current Ratio	>= 1.50:1	3.71:1	2.33:1
Interest Coverage Ratio	>= 2:1	21.86:1	17.19:1
Debt Service Coverage Ratio	>= 1.50:1	4.49:1	4.27:1
Bank Borrowing to Equity Ratio	<= 1.25:1	0.15:1	0.26:1
Equity to Assets	>= 30%	66.99%	58.60%

Cash and cash equivalents at the end of 2015 of $16.61M was $3.72M more than at the end of 2014. The Company also had an excess over the hurricane fund in loans and receivables, made up mainly of fixed deposits, of $19.83M. In December 2015 the Company finalized the transfer of its retirement plans to trusts by transferring $14.42M to the Non-Management Trust having previously funded the Management Trust in 2014. The Company's projected cash flow for 2016 which considers all of its known commitments for the year indicates a capacity to sustain its operations.

Based on the low debt to equity ratio and the dividend payout ratios discussed later the Company decided 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, 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 loan will bear 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 over 32 quarterly principal payments of XCD$1,001,041.67 with a balloon payment of XCD$16,016,666.56.

(i) Capital Resources

In 2015 capital expenditure of $5.83M was financed from internally generated funding 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. Repayment of principal on borrowings of $7.61M was made during the year reducing total borrowings to $15.70M. At December 31, 2015 there was capital commitment of $1.75M from a contract of $5.14M for solar PV systems which was financed through operations.

Results of Operations

Non fuel revenue of $79.58M in 2015 was higher than the $77.07M of 2014 a growth of 3.3 percent. An adjustment in 2014 of $2.5M for commercial floor area rates billed incorrectly since privatization in 1994 accounts for the difference. KWh unit growth of 2.7 percent and a rate decrease of 3.2 percent from November 1, 2014 indicate that barring the 2014 adjustment there would have been a slight decrease in non-fuel revenue in 2015.

The fuel cost recovery rate in 2015 of 119.3 percent although markedly higher than the 112.2 percent of 2014 did not result in an improved net fuel revenue because of lower fuel prices. Net fuel revenue in 2015 was $11.7M marginally below the $12.1M of 2014. Apart from the main factor, falling fuel prices, operational efficiencies in the form of fuel efficiency improvement of 0.1 percent and system losses which increased by 0.4% had differing impacts on the recovery rate.

Operating costs other than fuel of $54.69M in 2015 were 2.2 percent higher than the $53.24M of 2014. This movement was mainly due to increases in salaries and wages, planned overhaul, line maintenance material and stores written off.

Finance costs were lower by $0.59M as borrowings continued to be repaid as scheduled while the Company was not required to engage in any new financing arrangements given the lack of expansion. This will change in 2016 as the Company's debt levels are increased despite a lower interest rate.

A dividend of $9.88M or fifty two (52) cents per share was paid. This increase of four cents was the first increase since 2010. The pay-out ratio in 2015 was 47.8 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 has thus been operating well within its dividend policy of 85-90%.

System losses in 2015 were calculated inclusive of generation from customer owned PV systems. This resulted in losses of 8.26% which was higher than the adjusted 7.90% (7.61%) of 2014. The Company's target despite this new calculation method is to sustain losses below 8 percent which is very important for the Company in meeting its financial objectives.

Fuel efficiency of 19.24kWh/IG was 0.12% better than the 19.22kWh/IG of 2014.

Engine availability at Queen's Park of 92.5% was above the target of 92%. At Carriacou and Petit Martinique they were 99.4% 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.

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

None

2. Directors and Executive Officers of the Reporting Issuer.

. (1)

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 the past five years. Give brief description of responsibilities. Include names of employers.

WRB Enterprise Inc. President

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

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

Also a Director of the company [✓] Yes [ ] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

lame: **Wayne Burks** Position: **Director**

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

'elephone No.: (813) 251-3737

.ist jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

VRB Enterprises Inc. - Chief Finance Officer, 2012 to present.
terling Financial Consultants, Principal, 2010-2012.

repared Holdings, LLC and affiliates, Chief Financial Officer, Secretary & Treasurer, 2008-2010.

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

.S. Accounting and Business Administration, Troy University, Alabama, USA, 1969

Certified Public Accountant (CPA), State of Florida, USA, 1974 to Present.

lso a Director of the company [✓] Yes [ ] No

f retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Ise Additional Sheets if Necessary

Name: **Ashton Frame** Position: **Director**

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

Telephone No.: (473) 440-

List jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

Chairman – National Housing Authority – 2013 - Present

Deputy Chairman – National Insurance Board – 2013 - Present

National Insurance Board 1984 – 2008; Director of the NIB 1998 - 2008

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

Also a Director of the company [✓] Yes [ ] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

lame: **Alister Bain** Position: **Director**

lailing Address:, P.O. Box 1410, St. George's, Grenada

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

.ist jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

Grenada Development Bank – Senior Project Officer – Small Business Development Fund -

Supervisor of the Small Business Unit, Loan Appraisals, Credit & Collections for the Fund, Public Relations, lentoring of Entrepreneurs

)wner/Manager – Archie Auto rentals – Fleet management, reservations, customer services.

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

'ertificate – Business Management (Hons) – University of Technology (Jamaica) 1994

'ertificate – Project Management – SGU, 2008

.lso a Director of the company [√] Yes [ ] No

' retained on a part time basis, indicate amount of time to be spent dealing with company matters:

lse Additional Sheets if Necessary

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 the past five years. Give brief description of responsibilities. Include names of employers.

Mr. Ronald Roseman is the President of Coastal Electric, a company involved in Utility Infrastructure construction.

He also served as President of Southeastern Electric and Dycom Industries.

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

Also a Director of the company [√] Yes [ ] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

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 the past five years. Give brief description of responsibilities. Include names of employers.

Mr. Robert Curtis currently serves as 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.

Education (degrees or other academic qualifications, schools attended, and dates):
B. Sc. Commerce - University of Virginia 1988

Also a Director of the company [√] Yes [ ] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

lame: **Dwight Horsford** Position: **Director**

Mailing Address:; P.O. Box 3791, Chancery Chambers, Old Fort Road, St. George's, Grenada

elephone No.: (473) 435-8603; 534-4873; 420-4872.

List jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

Principal Attorney – Chancery Chambers
Minority Partner – Williams & Horsford; Roseau, Dominica

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

LEC Hugh Wooding Law School 2001 - 2003

LLB (Hons), UWI – 1998 - 2001

Certificate Modern Languages – Universidad Central De Venezuela - 1996

Also a Director of the company [√] Yes [ ] No

f retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

lame: **Anthea DeBellotte** Position: **Director**

Aailing Address: P.O. Box 1322, St. George's, Grenada

'elephone No.: (473) 407-0642

ist jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

2002 – 2009: Project Accountant – Ministry of Works – Responsible for all Caribbean Development Bank unded projects and OPEC/Kuwait funded projects within the Ministry.

009- Present: Freelance Accountant – Responsible for the Financial Management and Supervision of dministrative staff for a number of small to medium sized businesses.

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

2009 – 2011: Students Accountancy Centre – Trinidad: Completed fundamentals (level 2) of ACCA xaminations – Presently doing 2 papers of Professional (final level).
987 – 1989: Grenada National College – A' Level GCE 3 papers;
982 – 1987: Westmoreland Secondary – O' Level 7 papers

lso a Director of the company [√] Yes [ ] No

' retained on a part time basis, indicate amount of time to be spent dealing with company matters:

se Additional Sheets if Necessary

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 the past five years. Give brief description of responsibilities. Include names of employers.

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

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

Also a Director of the company [√] Yes [ ] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

Name: **Linda George-Francis** Position: **Director**

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

Telephone No.: (473) 440-5166

List jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

Administrative Assistant Purchasing – Grenlec – Retired September 2011

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

Accredited Director – 2015

Carilec Office Administration 111 - 1995

Carilec Office Administration 11 - 1994

Carilec Office Administration 1 - 2006

Also a Director of the company [√] Yes [ ] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

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 the past five years. Give brief description of responsibilities. Include names of employers.

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

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.

Also a Director of the company [√] Yes [ ] No

If retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Use Additional Sheets if Necessary

lame: **Lawrence Samuel** Position: **Director**

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

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

.ist jobs held during the past five years. Give brief description of responsibilities. Include names of employers.

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

'urrently 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 'rinidad.
tart-up Management for garment factory including the development of systems and procedures.

ite Engineer (12/2002 to 11/2010) New United Corp: Newark, New Jersey, USA.

- Oversaw the Maintenance of site facilities;
- Assisted with real estate development planning.

iducation (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)

.lso a Director of the company [√] Yes [ ] No

f retained on a part time basis, indicate amount of time to be spent dealing with company matters:

Jse Additional Sheets if Necessary

Name: **Collin Cover** Title: **General Manager / CEO**

Office Street Address: ____________________

P.O Box 381____________________

St. George's Grenada______________

Telephone No.: (473-440-8371)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

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

Dominica Electricity Services Ltd: General Manager 2009 - 2014

Education (degrees, schools, and dates):

BSc (Electrical Engineering) University of the West Indies 1975

Name: **Clive Hosten** Title: **Chief Engineer**

Office Street Address:

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-8371)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

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

Grenada Electricity Services Ltd: Production Manager 1998 - 2005

Grenada Electricity Services Ltd: Electrical engineer 1993- 1998

Education (degrees, schools, and dates):

BSc (Eng) University of the West Indies 1988

MBA –University of Bath - 2003

Name: **Wallace Collins** Title : **Manager Carriacou & Petite Martinique**

Office Street Address: Main Street.

Hillsborough

Carriacou

Telephone No.: (473-443-8383)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Grenada Electricity Services Ltd. – April 2013 to Present; Manager Carriacou & PM with responsibility for all operations.

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

Grenada Ports Authority 2000 – 2012 Supervisor, Carriacou Out Station.

Education (degrees, schools, and dates):

Diploma Port Management - 2007

Diploma Modern Management / Administration - 2002

Name: **Cassandra Slocombe**

Title: **Customer Services Manager**

Office Street Address:

P.O Box 381

St. George's, Grenada

Telephone No.: (473-440-3391)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Customer Services Manager January 2005 to present

Quality Management / Human Resource Representative 1997 – 2005 – Caribbean Agro Industries

1. Management of customer service activities

Education (degrees, schools, and dates):

Executive Diploma in Management – UWI 1999

BSc. Natural Science – University of West Indies 1997

Name: **Benedict Brathwaite** Title: **Financial Controller**

Office Street Address:

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-3391)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

Grenada Electricity Services Limited – Financial Controller 2005

Grenada Electricity Services Ltd. - Finance Manager (1998 – 2005)

Responsibilities- Accounting operations, Budgeting and Cost Monitoring, Credit and Collections, Taxes

Education (degrees, schools, and dates):

ACCA –Emile Wolfe - 1990

BSc Economics- University of the West Indies - 1983

Name: **Eric Williams**

Title: **Distribution Manager**

Office Street Address: P.O Box 381

St. George's

Telephone No.: (473-444-0910)

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

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

Assistant Distribution Manager – Grenada Electricity Services Ltd. (2002 – 2004)

Customer Services Supervisor – Grenada Electricity Services Ltd. (2000 – 2002)

Education (degrees, schools, and dates):

B.Eng. (Hons) Electrical & Electronic Engineering - London Southbank University 1994
MBA – St. George's University (SGU) 2009

Name: **Jacquline Williams** Title: **Human Resource Manager**

Office Street Address:

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-8782)

Grenada Electricity Services Ltd. Human Resource Manager 2006

Design, implement and manage activities geared towards maintaining and retraining of staff.

List Jobs held during the last five years:

Human Resource Manager - Grenada Electricity Services Limited - 2006 – Present

Director, Human Resources & Industrial Relations - Southern Regional Health Authority 2002-2006

Education (degrees, schools, and dates):

PgCert Employment Law & Practice - 2013

MSc. Organizational Psychology – 2011

SPHR – Senior Professional in Human Resources Certification – 2010

How to Manage Work Place Negativity - Jamaica Employers Federation - 2005

Managerial Behaviour & Team Effectiveness - Cornell University - 1999

Batchelor of Science, Professional Management -Nova University 1995 - 1998

Industrial Relations Practices - Tourism Product Development Company - 1996

Name: **Dwayne Cenac**

Title: **Senior Engineer Planning & Engineering**

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

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

Name of employers, titles and dates of positions held during past five years with an indication of job responsibilities.

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

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.

GRENLEC 2011 – 2015: Electrical Engineer 11 Planning & Engineering

Accountable for undertaking/completing specific engineering assignments in support of Grenlec's generation, transmission and distribution objectives.

Education (degrees, schools, and dates):
Electrical Engineering, Universad de Oriente – Santiago de Cuba - 2004

3. **Other Information.**

None

4. **List of Exhibits**

Published Financial Statements 2015.

PKF

Accountants &
business advisers

GRENADA ELECTRICITY SERVICES LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER, 2015

GRENADA ELECTRICITY SERVICES LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2015

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GRENADA ELECTRICITY SERVICES LIMITED
DIRECTORS AND OFFICERS

DIRECTORS: (As at December 31, 2015)	G. Robert Blanchard Jr. –Chairman Alister Bain Robert Blenker Wayne Burks Robert Curtis Anthea Debellotte Ashton Frame Linda George- Francis Dwight Horsford 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:	Grant Joseph & Company Lucas Street St. George's, Grenada
AUDITORS:	PKF Accountants and business advisers Pannell House Grand Anse St. George's, Grenada

Pannell House | P. O. Box 1798 | Grand Anse | St. George's
Grenada | West Indies
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PKF

Accountants & business advisers

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

We have audited the accompanying financial statements of Grenada Electricity Services Limited (the Company) which comprise the statement of financial position at December 31st, 2015 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Responsibility for the Financial Statements

Those charged with governance are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Company as of December 31st, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

PKF

March 9th, 2016

Accountants & business advisers:

GRENADA ELECTRICITY SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2015

(Expressed in Eastern Caribbean Currency Dollars)

ASSETS	Notes	**2015** $	2014 $
Non-Current Assets			
Property, plant and equipment	4	72,882,900	77,555,062
Suspense jobs in progress	5	2,268,137	1,893,828
Capital work in progress	6	2,372,233	2,178,152
Deferred exchange (gain) / loss	7	(396,122)	205,560
Available-for-sale financial assets	8 (a)	824,120	872,120
		77,951,268	82,704,722
Current Assets			
Inventories	9	14,824,650	14,901,584
Trade and other receivables	10	21,378,671	30,255,489
Segregated retirement investments	11	-	6,134,198
Loans and receivables financial assets	8 (b)	39,775,932	37,327,224
Cash and cash equivalents	12	16,614,231	12,885,921
		92,593,484	101,504,416
TOTAL ASSETS		170,544,752	184,209,138
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	13	32,339,840	32,339,840
Other reserves		8,040	8,040
Retained earnings		69,607,254	61,247,152
		101,955,134	93,595,032
Non-Current Liabilities			
Customers' deposits	14	14,039,360	12,890,373
Long-term borrowings	15	9,124,712	16,224,680
Deferred tax liability	23	430,047	-
Provision for hurricane insurance reserve	17	20,000,000	18,000,000
		43,594,119	47,115,053
Current Liabilities			
Amount due to related company	18	84,013	164,964
Short-term borrowings	15	6,576,914	7,687,615
Trade and other payables	19	10,493,031	16,674,611
Customers' contribution to line extensions		1,192,640	941,354
Provision for retirement benefits	16	326,755	12,791,719
Provision for profit sharing		5,178,075	5,038,532
Provision for income tax		1,144,071	200,258
		24,995,499	43,499,053
TOTAL LIABILITIES		68,589,618	90,614,106
TOTAL EQUITY AND LIABILITIES		170,544,752	184,209,138

The notes on pages 8 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, 2015
(Expressed in Eastern Caribbean Currency Dollars)

	Notes	2015 $	2014 $
INCOME			
Sales - non fuel charge		79,580,943	77,070,194
- fuel charge		72,117,273	111,450,441
Unbilled sales adjustments	2(v)	(1,976,753)	(345,350)
Gross Sales		149,721,463	188,175,285
Other income	20	1,557,640	1,762,736
Total income		151,279,103	189,938,021
LESS: OPERATING EXPENSES			
Production expenses		15,689,589	13,834,297
Diesel consumed		60,428,191	99,348,393
Administrative expenses		17,363,216	18,595,857
Distribution services		16,883,737	16,232,219
Planning and engineering		2,749,682	2,578,336
Provision for hurricane insurance reserve		2,000,000	2,000,000
Total operating expenses		115,114,415	152,589,102
Operating profit		36,164,688	37,348,919
Less: Finance costs	21	1,835,609	2,429,426
Profit for year before allocations and taxation		34,329,079	34,919,493
ALLOCATIONS			
Less: Donations		1,716,454	1,745,975
Profit sharing		6,672,981	6,326,481
		8,389,435	8,072,456
Profit for year before taxation		25,939,644	26,847,037
Less: Provision for taxation	23	7,699,542	7,606,135
Profit for year after taxation		18,240,102	19,240,902
Other comprehensive income			
Revaluation of available-for-sale financial assets		-	(268)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		18,240,102	19,240,634
EARNINGS PER SHARE		**0.96**	**1.01**

The notes on pages 8 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, 2015
(Expressed in Eastern Caribbean Currency Dollars)

	Stated Capital $	Other Reserve $	Retained Earnings $	Total Equity $
Balance at 1st January, 2014	32,339,840	8,308	51,126,250	83,474,398
Dividends paid	-	-	(9,120,000)	(9,120,000)
Total comprehensive income for the year:				
Profit for the year after taxation	-	-	19,240,902	19,240,902
Revaluation of available-for-sale financial assets	-	(268)	-	(268)
Balance at 31st December, 2014	32,339,840	8,040	61,247,152	93,595,032
Dividends paid	-	-	(9,880,000)	(9,880,000)
Total comprehensive income for the year:				
Profit for the year after taxation	-	-	18,240,102	18,240,102
Balance at 31st December, 2015	32,339,840	8,040	69,607,254	101,955,134

The notes on pages 8 to 37 form an integral part of these financial statements

GRENADA ELECTRICITY SERVICES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER, 2015
(Expressed in Eastern Caribbean Currency Dollars)

	2015 $	2014 $
OPERATING ACTIVITIES		
Profit for the year before taxation	25,939,644	26,847,037
Adjustments for:		
Depreciation	10,357,980	10,493,331
Profit on disposal of property, plant and equipment	(10,240)	(30,580)
Operating surplus before working capital changes	36,287,384	37,309,788
Decrease in trade and other receivables	8,876,817	5,091,021
(Decrease)/increase in trade and other payables	(4,781,307)	2,996,420
Decrease in provision for retirement benefits	(12,464,964)	(3,328,855)
Decrease in inventories	76,934	295,719
(Decrease)/increase in amount due to related company	(80,951)	72,993
Increase in provision for profit sharing	139,543	509,838
	28,053,456	42,946,924
Income tax paid	(6,325,681)	(6,497,286)
Cash provided by operating activities	21,727,775	36,449,638
INVESTING ACTIVITIES		
Decrease in available-for-sale financial assets	48,000	268
Disposal of property, plant and equipment	62,251	31,500
Increase in suspense jobs in progress	(374,309)	(211,210)
(Increase)/decrease in capital work in progress	(194,081)	724,162
Increase in loans and receivables financial assets	(2,448,708)	(6,417,021)
Decrease in segregated retirement investments	6,134,198	3,859,698
Increase/(decrease) in customers' contribution to line extensions	88,507	(597,630)
Purchase of property, plant and equipment	(5,826,336)	(5,543,828)
Decrease in other reserves	-	(268)
Cash used in investing activities	(2,510,478)	(8,154,329)
FINANCING ACTIVITIES		
Dividends paid	(9,880,000)	(9,120,000)
Increase in provision for hurricane insurance reserve	2,000,000	2,000,000
Repayment of borrowings	(7,608,987)	(7,380,286)
Cash used in financing activities	(15,488,987)	(14,500,286)
Net increase in cash and cash equivalents	3,728,310	13,795,023
Cash and cash equivalents - at the beginning of year	12,885,921	(909,102)
- at the end of year	16,614,231	12,885,921
REPRESENTED BY		
Cash and cash equivalents	16,614,231	12,885,921

The notes on pages 8 to 37 form part of these financial statements

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 18 of 1994 (as amended) and has an exclusive 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-two (232) persons during the year (2014- 226).

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, 2015 that would be expected to have a material impact on the Company's financial statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards, amendments and interpretations (continued)

(i) Amendments and interpretations issued but not effective for the financial year beginning 1st January, 2015 and not early adopted. These either do not apply to the activities of the Company or have no material impact on its financial statements.

IAS 1	Presentation of Financial Statements – Disclosure Initiative (amendments) – Effective for annual periods beginning on or after 1st January, 2016.
IAS 16 & 38	Property, plant and equipment and Intangible Assets: Classification of acceptable methods of Depreciation and Amortisation (Amendments) – Effective for annual periods beginning on or after 1st January, 2016.
IAS 24	Related Party Disclosures – Effective for annual periods beginning on or after 1st January, 2016.
IAS 34	Interim Financial Reporting: Disclosures of information elsewhere in the Interim Financial Report – Effective for annual periods beginning on or after 1st January, 2016.
IFRS 5	Non-Current Assets Held for Sale and Discontinued Operation (Amendments) - Effective for annual periods beginning on or after 1st January, 2014.
IFRS 7	Financial Instruments: Disclosures (Amendments) - Effective for annual periods beginning on or after 1st January, 2016.
IFRS 9	Financial Instruments: Classification and Measurement - Effective for annual periods beginning on or after 1st January, 2018.
IFRS 11	Joint Arrangements – Accounting for Acquisition of Interest in Joint Regulatory - Effective for annual periods beginning on or after 1st January, 2016.
IFRS 14	Regulatory Deferral Accounts – Effective for annual periods beginning on or after 1st January, 2016.
IFRS 15	Revenue from Contracts with Customers – Effective for annual period beginning on or after 1st January, 2017.

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.

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	5 - 12.5
Motor vehicles	33 1/3
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	-	(2014: EC$2.7169)
EC$3.04143 to €1.00	-	(2014: EC$3.38034)

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.

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.

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 or 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.

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.

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.

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.

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.

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 ≥90 days
and 50% on receivables ≥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, 2015 amounted to $5,236,249 (2014 - $8,539,923).

(v) Provision for unbilled sales

The provision and adjustment with comparatives at 31st December, 2015 are calculated as follows:

		2015	2014
		$	$
Sales revenue for December after discounts		11,473,502	15,427,007
50% of above	= provision at 31/12/15	5,736,751	7,713,504
	= provision at 31/12/14	7,713,504	8,058,854
Decrease in provision during the year		(1,976,753)	(345,350)

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.

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Construction	Plant and Machinery	Motor Vehicles	Furniture and equipment	Total
Balance at 1st January, 2014						
Cost	1,467,468	30,463,658	220,345,202	9,312,152	12,743,107	274,331,587
Accumulated depreciation	-	(16,919,099)	(150,955,761)	(8,644,162)	(8,254,954)	(184,773,976)
NET BOOK VALUE	**$1,467,468**	**$13,544,559**	**$69,389,441**	**$667,990**	**$4,488,153**	**$89,557,611**
For year ended 31st December, 2014						
Opening book value	1,467,468	13,544,559	69,389,441	667,990	4,488,153	89,557,611
Additions for the year	-	-	2,651,867	366,975	2,524,986	5,543,828
Disposals for the year	-	-	-	-	(920)	(920)
Depreciation charge for year	-	(496,543)	(7,243,348)	(454,400)	(2,299,040)	(10,493,331)
NET BOOK VALUE	**$1,467,468**	**$13,048,016**	**$64,797,960**	**$580,565**	**$4,713,179**	**$84,607,188**
Balance at 31st December, 2014						
Cost	1,467,468	30,463,658	223,378,827	9,442,227	14,021,660	278,773,840
Accumulated depreciation	-	(17,415,642)	(158,580,867)	(8,861,662)	(9,308,481)	(194,166,652)
	1,467,468	13,048,016	64,797,960	580,565	4,713,179	84,607,188
Less: Customer contribution to line extensions	-	-	-	-	-	(7,052,126)
NET BOOK VALUE	**$1,467,468**	**$13,048,016**	**$64,797,960**	**$580,565**	**$4,713,179**	**$77,555,[illegible]**

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Construction	Plant and Machinery	Motor Vehicles	Furniture and equipment	Total
For year ended 31st December, 2015						
Opening book value	1,467,468	13,048,016	64,797,960	580,565	4,713,179	84,607,188
Additions for the year	-	65,484	3,560,594	797,611	1,402,647	5,826,336
Disposals for the year	-	-	(44,618)	-	(7,393)	(52,011)
Depreciation charge for year	-	(493,157)	(8,468,775)	(392,570)	(1,003,478)	(10,357,980)
NET BOOK VALUE	**$1,467,468**	**$12,620,343**	**$59,845,161**	**$985,606**	**$5,104,955**	**$80,023,533**
Balance at 31st December, 2015						
Cost	1,467,468	30,529,142	223,378,827	9,442,227	14,021,660	278,839,324
Accumulated depreciation	-	(17,908,799)	(163,533,666)	(8,456,621)	(8,916,705)	(198,815,791)
	1,467,468	12,620,343	59,845,161	985,606	5,104,955	80,023,533
Less: Customer contribution to line extensions	-	-	-	-	-	(7,140,633)
NET BOOK VALUE	**$1,467,468**	**$12,620,343**	**$59,845,161**	**$985,606**	**$5,104,955**	**$72,882,900**

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

	2015 $	2014 $
Generation	1,324,002	895,916
Computers and software upgrades	345,187	100,832
Tools and equipment	-	28,697
Furniture and equipment	142,014	89,892
Distribution	232,485	1,062,815
Building and construction	17,350	-
Motor vehicles	311,195	-
	2,372,233	2,178,152

7. DEFERRED EXCHANGE GAIN/ LOSS

This represents the difference arising on the revaluation of the balance of the European Investment Bank Grenlec 111 Loan at the exchange rate of ECC$3.04143 to one Euro at the statement of financial position date. The average rate existing on the dates the draw downs were received was ECC$3.3417 to one Euro.

8. FINANCIAL ASSETS

	2015 $	2014 $
(a) Available for sale		
536 ordinary shares in the Republic Bank (Grenada) Limited	24,120	24,120
Government of Grenada - Treasury Bills	800,000	848,000
	824,120	872,120
(b) Loans and receivables		
Fixed deposit – Republic Bank (Grenada) Limited	6,848,315	10,359,578
Fixed deposit – Grenada Co-operative Bank Limited	8,046,077	9,890,909
Fixed deposit – Bank of Nova Scotia	13,749,379	8,974,329
Fixed deposit – RBTT Bank Grenada Limited	8,407,705	5,372,792
US$ certificate of deposit- Cayman National Bank	2,724,456	2,729,616
	39,775,932	37,327,224

8. FINANCIAL ASSETS (continued)

Included in the above is an amount of $19,953,422 for Hurricane Insurance Reserve invested in Treasury Bills and fixed deposits held with the Bank of Nova Scotia, Republic Bank (Grenada) Limited, RBTT Bank Grenada Limited, Cayman National Bank and the Grenada Co-operative Bank Limited.

9. INVENTORIES

	2015 $	2014 $
The following is a breakdown of stock on hand:		
Motor vehicle spares	952,596	961,219
Distribution	5,258,415	4,345,185
Generation spares	6,920,398	7,922,678
Fuel and lubricating oil	488,193	405,596
General stores	2,231,066	2,295,714
	15,850,668	15,930,392
Less: Obsolescence provision	1,026,018	1,028,808
	14,824,650	14,901,584

10. TRADE AND OTHER RECEIVABLES

Customers' accounts	15,288,237	28,457,422
Less: Provision for doubtful debts	4,802,325	7,976,196
	10,485,912	20,481,226
Other debtors	1,420,412	1,602,357
Less: Provision for doubtful debts	433,924	563,727
	11,472,400	21,519,856
Provision for unbilled sales	5,736,751	7,713,503
Prepayments	4,169,520	1,022,130
	21,378,671	30,255,489

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
2015	$8,523,574	$2,309,585	$303,655	$4,151,423	$15,288,237
2014	$12,504,556	$4,844,022	$2,079,659	$9,029,185	$28,457,422

11. SEGREGATED RETIREMENT INVESTMENTS

To offset the liability created from the defined contribution plans, the Company made short-term investments in certificates of deposits at various commercial banks.

In keeping with the Insurance Act of 2010, which makes provision for regulating the operation of pension fund plans, the Company undertook during 2014 to have both of its retirement plans established under Trusts and registered with the Grenada Authority for the Regulation of Financial Institution (GARFIN).

All investments held relating to the Management Trust were transferred by the end of 2014. As at 21st December 2015 the entire balance held of $14,424,728 relating to the Non-Management Trust was transferred.

12. CASH AND CASH EQUIVALENTS

	2015	2014
	$	$
Cash on hand	6,200	4,900
Bank of Tampa	597,590	18,725
Bank of Nova Scotia	5,792,302	3,706,459
Republic Bank (Grenada) Limited	3,685,000	5,077,261
FirstCaribbean International Bank Limited	6,016,859	3,632,498
Grenada Co-operative Bank Limited	516,280	446,078
Cash and cash equivalents in the statement of cash flows	16,614,231	12,885,921

13. 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	32,339,840	32,339,840

14. CUSTOMERS' DEPOSITS

All customers are required in accordance with the Electricity Supply Act (ESA) Section 11 of 1994 to provide a security deposit which is normally equivalent to two (2) months 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.

15. BORROWINGS

	2015 $	2014 $
(i) European Investment Bank (EIB)	5,239,806	6,690,489
(ii) National Insurance Scheme	922,820	2,913,306
(iii) Grenlec ECSE Bonds	9,539,000	14,308,500
	15,701,626	23,912,295
Less: Current portion	6,576,914	7,687,615
Total long-term	9,124,712	16,224,680

(i) European Investment Bank (EIB)

This loan bears an average interest rate of 5.75% per annum and is repayable over fifteen (15) years in annual instalments of Euro 365,898.74 (EC$1,112,855.40 – converted as at the rate of December 31st, 2015) inclusive of interest and would mature at the end of June 2020. The loan is collateralized by a first fixed charge on Wartsila generator set II.

(ii) National Insurance Scheme

The loan bears interest at the rate of 7% per annum and is repayable over ten (10) years by quarterly instalments of $535,650.84 inclusive of interest and would mature at the end of June 2016. The loan is collateralized by a first fixed charge on Wartsila generator set I.

(iii) Grenlec ECSE Bonds

The bond facility bears interest at a rate of 7% per annum and is repayable by quarterly instalments of $1,192,375 (principal) plus variable interest over ten (10) years and would mature at the end of December 2017. This bond is collateralized under a Debenture Trust Deed which creates a fixed and floating charge on the Company's property, present and future, with the exception of those secured under other agreements and the Carriacou assets. The Debenture requires the Company to meet financial ratios; current, earnings coverage and equity /debt. The financial ratios were met by the Company for 2015.

15. BORROWINGS (continued)

(iv) CIBC First Caribbean International Bank Limited

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 will bear 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 will be used to retire the Company's existing debt to EIB, the National Insurance Scheme and ESCE bonds.

16. 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 $326,755 at the statement of financial position date relates to amounts payable to the Trusts for December 2015.

17. PROVISION FOR HURRICANE INSURANCE RESERVE

	2015	2014
	$	$
Balance at beginning of year	18,000,000	16,000,000
Add: Provision for the year	2,000,000	2,000,000
Balance at end of year	20,000,000	18,000,000

18. AMOUNT DUE TO RELATED COMPANY

	2015 $	2014 $
Amount due to WRB Enterprises, Inc.	84,013	164,964

19. TRADE AND OTHER PAYABLES

Trade creditors	4,814,460	6,390,315
Sundry creditors	2,316,629	2,716,478
Accrued expenses	3,361,942	7,567,818
	10,493,031	16,674,611

20. OTHER INCOME

Sundry revenue	1,547,400	1,732,156
Gain on disposal of fixed assets	10,240	30,580
	1,557,640	1,762,736

21. FINANCE COSTS

Bank loans/Bond interest	1,321,722	1,966,009
Other bank interest	-	1,721
Other	513,887	461,696
	1,835,609	2,429,426

22. RELATED PARTY TRANSACTIONS

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

	2015 $	2014 $
a) Sale of electricity - NIS	237,918	392,720
b) Management services- WRB Enterprises, Inc.	600,000	600,000
c) Loan repayments- NIS	2,142,603	2,142,603
d) Payment of dividends:		
NIS	1,146,516	1,058,322
Grenada Private Power Limited	4,940,000	4,560,000

ii) Compensation of key management personnel of the Company:

Salaries and other benefits	3,289,631	2,709,750
Past employment benefit provisions	463,348	485,725
iii) Loans receivable from key management personnel	56,402	59,135

23. 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:

	2015	2014
	$	$
Profit for the year before taxation	25,939,644	26,847,037
Tax at applicable statutory rate (30%)	7,781,893	8,054,111
Tax effect of items that are adjustable in determining		
Tax exempt income	(112,048)	(161,452)
Effect of expenses not deductible for tax purposes	(400,350)	(286,524)
Deferred tax liability	430,047	-
Provision for taxation	7,699,542	7,606,135

Deferred Tax

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

Net book value of property, plant and equipment at December 31st 2015	72,882,900
Less: Land	(1,467,468)
Building and construction	(12,620,343)
	58,795,089
Tax base	(57,361,599)
Temporary difference	1,433,490
Deferred tax liabilities at applicable statutory rate (30%)	430,047

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 31st, 2015, a dividend of 52 cents per ordinary share amounting to $9,880,000 was declared and paid.

On December 9, 2015 the Board of Directors declared a Special Dividend payable to shareholders on record of the same date subject to finalization of a credit facility with CIBC FirstCaribbean International Bank (Barbados) Limited. The Special Dividend of $3.00 is expected to be paid in the first quarter of 2016.

26. FINANCIAL RISK MANAGMENT

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.

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 31st, 2015.

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.

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.

26. FINANCIAL RISK MANAGEMENT (continued)

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

Balance at 31st December, 2015	Current	31-60 days	61-90 days	Over 90 days	Total
	$	$	$	$	$
Current Assets					
Cash and cash equivalents	16,614,231	-	-	-	16,614,231
Loans and receivable financial assets	3,000,251	2,718,036	4,661,674	29,395,974	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
	52,369,863	5,027,621	4,813,541	30,382,459	92,593,484
Current liabilities					
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
	6,668,039	1,673,903	3,577,598	13,074,959	24,994,499
NET LIQUIDITY SURPLUS	45,701,824	3,353,718	1,235,943	17,307,500	67,598,985

26. FINANCIAL RISK MANAGEMENT (continued)

Balance at 31st December, 2014	Current	31-60 days	61-90 days	Over 90 days	Total
	$	$	$	$	$
Current Assets					
Cash and cash equivalents	12,885,921	-	-	-	12,885,921
Loans and receivable financial assets	1,836,236	-	4,834,671	30,656,317	37,327,224
Segregated retirement investments	-	-	6,134,198	-	6,134,198
Prepayments	1,022,130	-	-	-	1,022,130
Trade and other receivables	19,275,833	4,844,022	1,039,830	4,073,674	29,233,359
Inventories	14,901,584	-	-	-	14,901,584
	49,921,704	4,844,022	12,008,699	34,729,991	101,504,416
Current liabilities					
Amount due to related company	164,964	-	-	-	164,964
Provision for income tax	-	-	200,258	-	200,258
Short-term borrowings	-	-	677,183	7,010,432	7,687,615
Trade payables and accrued expenses	8,876,221	2,505,752	-	5,292,638	16,674,611
Consumers' advances for construction	-	-	-	941,354	941,354
Provision for retirement benefits	-	-	12,791,719	-	12,791,719
Provision for profit sharing	-	-	-	5,038,532	5,038,532
	9,041,185	2,505,752	13,669,160	18,282,956	42,499,053
NET LIQUIDITY SURPLUS	40,880,519	2,338,270	(1,660,461)	16,447,035	58,005,363

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 a Euro loan and purchases of plant, equipment and spares from foreign suppliers.

Borrowings, other than for the Euro loan, have been transacted in EC$ to limit exposure to fluctuations in foreign currency rates. Additionally, most purchases are 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.

The following demonstrates the sensitivity to a reasonably possible change in exchange rates with all other variables held constant.

26. FINANCIAL RISK MANAGEMENT (continued)

FINANCIAL LIABILITIES

	2015		2014	
Reasonably possible change in currency rate	+2.5%	-2.5%	+2.5%	-2.5%
Loans payable	**EC $**	**EC $**	EC $	EC $
EIB (EURO loan)				
Principal repayments for the year	773,075	773,075	812,480	812,480
Effect on principal repayment of adjustment to EURO	792,402	753,748	832,792	792,168
CURRENCY EXPOSURE	(19,327)	19,327	(20,312)	20,312

Reasonably possible change in currency rate	+2.5%	-2.5%	+2.5%	-2.5%
EIB Euro loan Interest payment	339,780	339,780	424,382	424,382
Effect on interest payment of adjustment to EURO	348,275	331,285	434,992	413,772
Effect on profit before tax/equity	(8,495)	8,495	(10,610)	10,610

Repayment for the year	**2015 EURO**	2014 EURO
Interest	111,717.22	125,544.10
Principal	254,181.52	240,354.64
	365,898.74	365,898.74

See note 2 (d) for exchange rates for the Euro at 31st December 2015 and 2014 respectively.

(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.

27. CAPITAL COMMITMENT

On September 24, 2015 Grenada Electricity Services Ltd. signed a contract with SOFOS Grenada Ltd. for the design, supply and installation of 0.94MW solar PV systems at its Grand Anse, Queen's Park and Plains properties. At December 31, 2015 a payment, charged to prepayments, of $3,387,043 was made from the contract sum of $5,136,201. The balance remaining of $1,749,157 is expected to be paid in 2016.