

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

For the financial year ended December 31, 2017

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
Ordinary	19,000,000

## 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**

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

SIGNED AND CERTIFIED

SIGNED AND CERTIFIED

Date

27<sup>th</sup> April 2018

Date

27<sup>th</sup> April 2018

Name of Chief Financial Officer:

**Benedict Brathwaite**

SIGNED AND CERTIFIED

Signature

Date

27.4.18

## **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 passage of the 2016 Electricity Supply Act and Public Utilities Regulatory Commission Act on August 1, 2016 continued to hover over the Company's operations. These two statutes fundamentally altered the regulatory and operating framework. However, the supporting regulations establishing the basis and mechanisms for calculating the Company's rates have not been produced. On October 7, 2017 the names of the Commissioners for the PURC were gazetted but up to the end of the first quarter of 2018 there was no indication that they had begun to function.

Having filed a share repurchase demand with the GoG on March 22, 2017 in accordance with the provisions of the 1994 Share Purchase Agreement (SPA) Grenada Private Power (GPP) owners of 50% of Grenlec's shares then commenced arbitration proceedings against the GoG in May of 2017. The arbitration proceedings are being heard by the World Bank's International Centre for Settlement of Investment Disputes (ICSID)

On March 1, 2018, GPP and WRB made their initial filing with the ICSID tribunal with the GoG having until the end of June to file their response. It is likely that the proceedings will extend into 2019.

On December 29, 2017 an amendment to the 2016 ESA was gazetted which made a radical change to Section 70. Under the 2016 ESA all participants in the electricity sector were required to allocate 5% of gross profits to corporate social responsibility. The amendment requires network licensees to contribute 5% of their pre-tax profits. Grenlec being currently the only network licensee obtained a legal opinion on the amendment. As a result, Grenlec has filed a legal challenge to the amendment on the grounds that it constitutes an unconstitutional taking of the Company's property which is protected under Section 6 of the Grenada Constitution. The first hearing in Grenada's High Court is scheduled for May 3, 2018.

KWh sales growth in 2017 was 1.6%. Overall kWh's sold increased by 3.09M units, with the commercial sector accounting for 1.39M and the residential sector for 1.79M.

The average electricity charge per kWh in 2017 increased by 6.6% to \$0.81 compared to \$0.76 in 2016, despite having the average fuel price per imperial gallon increased by 22.7% to \$5.63 from \$4.59. 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 23 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, 2017.

- (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:

Mr. Alister Bain  
Ms. Anthea DeBellotte  
Mr. Ashton Frame  
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 / elected by the employees. The Directors nominated were as follows:

Mr. G. Robert Blanchard, Jr. - GPP  
Mr. Robert Blenker - GPP  
Mr. Robert Curtis – GPP  
Mr. Edward Parry - GPP  
Mr. Ronald Roseman - GPP  
Mr. Murray Skeete - GPP  
Mr. Duane Noel – 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, 2017 on a majority vote by a show of hands at the Annual General Meeting.

- (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. Financial Statements and Selected Financial Data.

Attach Audited Financial Statements, which comprise the following:

### **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 \$24M 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 \$23.85M is more than the pre Ivan level of \$14M.
- The 2016 Electricity Supply Act, 2017 Electricity 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 alter the regulatory and operating framework. Section 71 of the 2016 ESA repealed the Electricity Supply Act, 1994 (ESA 1994). 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 Act is silent on the issue of whether concessions on customs 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.

**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

- (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.

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**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
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- (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
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# **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*

The Company's retained earnings increased from \$16.98M in 2016 to \$22.27M at the end of the financial year 2017. The debt to equity ratio decreased to 51% from 61%. The return on invested capital for the year was 18.9% (2016 - 20%). 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>2017</b>	<b>2016</b>
Current Ratio	$\geq 1.35:1$	2.78:1	2.97:1
Debt Service Coverage Ratio	$\geq 1.75:1$	3.78:1	4.66:1
Funded Debt to EBITDA	$\leq 3:1$	1.37:1	1.24:1

Trade receivables increased by \$1.34M (9.1%) in 2017 as a result of higher fuel prices. The GoG's receivables remained current for the entire year and ended with a balance of \$1.15M. Debtor days remained virtually the same at 36.35 at December 2017 in comparison to 36.37 at the end of 2016.

Total assets of \$163.48M was \$8.12M more than the \$155.36M at the end of 2016. Overall, the indicators reflect the healthy financial condition of the Company 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*

Capital expenditure of \$12.75M in 2017 was fully financed from internally generated funding. The main areas of expenditure were plant and machinery inclusive of the distribution network and motor vehicles. The Company has over the years only utilized external financing for major capital expenditure such as new generation.

Cash flow generated from operations of \$19.99M in 2017 was below the \$26.63M of 2016 as higher fuel prices resulted in increasing trade receivables and lower profitability.

Investing activities had a net outflow of \$10.79M as expenditure related to new assets amounted to \$12.29M which was in excess of the depreciation charge for the year of \$6.21M.

Cash utilized in financing activities of \$11.88M was significantly below the \$35.94M of 2016. In 2017 there was only the regular dividends and principal repayments on the CIBC loan as compared to special and regular dividends and repayment of existing and prior borrowings in 2016.

The overall decrease in cash and cash equivalents for the year was \$2.69M.

The Company's projected cash flow for 2018 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*

In 2017 profit before tax of \$20.77M was 10.8% lower than the \$23.28M achieved in 2016. This reduction was due to higher operating costs and a lower fuel cost recovery rate that more than offset the increased non-fuel revenue and lower finance costs.

Non fuel revenue of \$83.29M grew by 1.5% in 2017 over the \$82.04M of 2016. KWh unit growth of 1.6% was solely responsible for this as non-fuel rates remained unchanged in 2017.

The fuel cost recovery rate in 2017 of 100.4% was markedly below that of the prior three years when it ranged from 103.6% in 2016 to a high as 119.3% in 2015. In 2017, fuel prices fluctuated over the first six months before going on a steady upwards trend increasing from \$4.86/IG in June to \$6.58/IG in December. Given the three-month lag in the calculation of the fuel charge it generally meant a fuel cost recovery rate below 100% over that period. The net fuel revenue in 2017 of \$0.27M was well below the \$1.89M of 2016.

Operating expenses in 2017 were \$5.24M more than that of 2016. Partly, responsible for this is the natural fluctuation of expenses based on scheduled maintenance of generators. In 2017 expenses related to overhauls and planned maintenance of engines was \$3.16M higher than that of 2016 as two of the larger generators #'s 3 and 12 had significant maintenance undertaken. Additionally, legal expenses in 2017 were \$0.55M greater than the \$0.64M of 2016. Importantly, total operating expenses in 2017 was 3.3% below budget as expenses continued to be tightly controlled by Management. However, it must be noted that a factor in this regard was legal expenses in 2017 being below the budgeted allocation.

Finance costs decreased by \$1.66M as the borrowings from CIBC FirstCaribbean in 2016 which, consolidated all prior loans at reduced rates had its full impact. There were no new long term borrowings in 2017. At year end 2017 the debt to equity ratio was 0.51 which was lower than the 0.61 at the end of 2016.

A regular dividend of \$9.88M or fifty-two (52) cents per share was paid. The pay-out ratio in 2017, after the annual provision for hurricane reserve was added back, was 57.9 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. In 2016 the pay-out ratio excluding the special dividend was 53.9 percent. The Company's dividend policy is for a pay-out ratio of 85-90%.

System losses in 2017 of 8.12% though higher than the 7.58% of 2016 remained relatively low. We have maintained system losses, which have a direct and significant impact on financial performance, near or below 8% for the past six years.

Fuel efficiency of 19.02 kWh/IG was 0.56% below the 19.13 kWh/IG of 2016 due to issues with fuel leaks on some generators which were corrected by year end.

Plant availability at Queen's Park of 89% was marginally below the target of 90%. At Carriacou and Petite Martinique they were 87.6% well below their target of 95% due mainly to an engine failure in November 2017. 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 2017.

## 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

*Use additional sheets if necessary.*

## 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

*Use additional sheets if necessary.*

## 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

*Use additional sheets if necessary.*

## APPENDIX 1 – BIOGRAPHICAL DATA FORMS

### DIRECTORS OF THE COMPANY

Name: Deborah Roseman Position: Director

Mailing Address: 2840 West Bay Drive;  
PMB 123 Belleair Bluffs;  
Tampa; Florida 3770; USA

Telephone No.: 727-954-8283

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

2011 – 2016 General Manager WTIS-AM, inc. Tampa's first Christian radio station;  
2011 – present General Manager, Seahorse and The Palms of Treasure Island, LLC Vacation rental properties on Treasure Island Beach, FL.  
2014 – present General Manager 5380 Frontier Ave Energy Co LLC  
Power generation plant in Niagara Falls, NY  
2014 – present Deputy mayor city of Belleair Shore, FI

Give brief description of **current** responsibilities

General Manager, Seahorse and The Palms of Treasure Island, LLC  
Vacation rental properties on Treasure Island Beach, FL.  
General Manager 5380 Frontier Ave Energy Co LLC  
Power generation plant in Niagara Falls, NY  
Deputy Mayor City of Belleair Shore, FI

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

1970 BS in medical technology University of KY  
1976 MS in Immunology University of Louisville

*Use additional sheets if necessary.*

## 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

*Use additional sheets if necessary.*

## APPENDIX 1 – BIOGRAPHICAL DATA FORMS

## DIRECTORS OF THE COMPANY

Name:   **Anthea DeBellotte**   Position:   **Director**  

Mailing Address: \_\_\_\_\_ P.O. Box 1322, \_\_\_\_\_  
 \_\_\_\_\_ St. George's, \_\_\_\_\_  
 \_\_\_\_\_ Grenada \_\_\_\_\_

Telephone No.: ( 473 ) 407-0642

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

2009- Present: Freelance Accountant – Responsible for the Financial Management and Supervision of administrative staff for a number of small to medium sized businesses.

Give brief description of **current** responsibilities

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

2009 – 2011: Students Accountancy Centre – Trinidad: Completed fundamentals (level 2) of ACCA examinations – Presently doing 2 papers of Professional (final level).

1987 – 1989: Grenada National College – A' Level GCE 3 papers;

1982 – 1987: Westmoreland Secondary – O' Level 7 papers

*Use additional sheets if necessary.*

## 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

*Use additional sheets if necessary.*



## 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

Carilec Office Administration 1 - 2006

*Use additional sheets if necessary.*

## 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)

*Use additional sheets if necessary.*

## 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.

*Use additional sheets if necessary.*

## 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

*Use additional sheets if necessary.*

**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):

*Use additional sheets if necessary.*

**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

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.*

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.

Directly oversees the following Departments:

- Planning and Engineering
- Transmission and Distribution
- Generation
- And the Safety Officer

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

MBA –University of Bath - 2003

BSc (Eng) University of the West Indies 1988

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

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

Use additional sheets if necessary.

**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

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.*



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

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.*

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

BSc Economics - University of the West Indies - 1983

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.

**APPENDIX 1(a) – BIOGRAPHICAL DATA FORMS**

**EXECUTIVE OFFICERS AND OTHER KEY PERSONNEL OF THE COMPANY**

Name: Eric Williams Position: Transmission and 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.

Oversees the maintenance and operational aspects of the Department.  
Also the responsibility for the capital works and expansion of the network are his.

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

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

B.Eng. (Hons) Electrical & Electronic Engineering - London Southbank University 1994

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.*

## 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.

The Human Resources Department is responsible for the following activities:

- Recruitment and Training
- Staff welfare and benefits
- Labour contract management
- Ensuring the staff's semi-annual appraisals are done on time
- Keeping the employees' files

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 – 201

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

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

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

*Use additional sheets if necessary.*

**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 mapping and all other 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

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

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

*Use additional sheets if necessary.*

**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.
- System security

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

BSc. Computer Science (Hons) – UWI - 1993

Meng Computer Engineering (Internetworking) – Dalhousie, Canada - 2001

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.*

**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.  
Runs Customer Care programs

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

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

St. George's University – BSc, Social Sciences (2000-2002)

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.*



Accountants &  
business advisers

**GRENADA ELECTRICITY SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER, 2017**





**GRENADA ELECTRICITY SERVICES LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2017**

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**GRENADA ELECTRICITY SERVICES LIMITED  
DIRECTORS AND OFFICERS**

**DIRECTORS:**

(As at December 31, 2017)

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

**GENERAL MANAGER/ CEO:**

Collin Cover

**SECRETARY:**

Benedict Brathwaite

**REGISTERED OFFICE:**

Dusty Highway  
Grand Anse  
St. George's  
Grenada

**BANKERS:**

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

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

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

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

**ATTORNEYS-AT-LAW:**

Mitchell & Co.  
Grand Anse,  
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<sup>st</sup>, 2017, 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>, 2017 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 7<sup>th</sup>, 2018

Accountants & Business Advisers

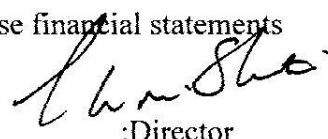
**GRENADA ELECTRICITY SERVICES LIMITED**

**STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2017**  
(Expressed in Eastern Caribbean Currency Dollars)

<b>ASSETS</b>	<b>Notes</b>	<b>2017 \$</b>	<b>2016 \$</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	4	79,385,244	71,934,183
Suspense jobs in progress	5	1,621,984	2,296,655
Capital work in progress	6	6,360,367	8,645,737
Available-for-sale financial assets	7 (a)	<u>800,066</u>	<u>800,066</u>
		<u>88,167,661</u>	<u>83,676,641</u>
<b>Current Assets</b>			
Inventories	8	17,212,092	16,441,221
Trade and other receivables	9	22,941,058	19,969,894
Income tax prepaid		92,157	-
Loans and receivables financial assets	7 (b)	33,606,869	33,411,543
Cash and cash equivalents	10	<u>1,460,892</u>	<u>1,859,489</u>
		<u>75,313,068</u>	<u>71,682,147</u>
<b>TOTAL ASSETS</b>		<u>163,480,729</u>	<u>155,358,788</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Stated capital	11	32,339,840	32,339,840
Hurricane insurance reserve	15	24,000,000	22,000,000
Retained earnings		<u>22,266,799</u>	<u>16,976,450</u>
		<u>78,606,639</u>	<u>71,316,290</u>
<b>Non-Current Liabilities</b>			
Customers' deposits	12	15,404,496	14,921,944
Long-term borrowings	13	37,038,542	41,042,708
Deferred tax liability	20	<u>5,301,241</u>	<u>3,956,353</u>
		<u>57,744,279</u>	<u>59,921,005</u>
<b>Current Liabilities</b>			
Short-term borrowings	13	6,300,573	4,008,251
Trade and other payables	16	14,660,688	12,365,037
Customers' contribution to line extensions	2 (m)	1,167,900	1,583,807
Provision for retirement benefits	14	405,678	195,255
Provision for profit sharing		4,594,972	4,960,633
Provision for income tax		-	<u>1,008,510</u>
		<u>27,129,811</u>	<u>24,121,493</u>
<b>TOTAL LIABILITIES</b>		<u>84,874,090</u>	<u>84,042,498</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>163,480,729</u>	<u>155,358,788</u>

The notes on pages 10 to 38 form an integral part of these financial statements

  
:Director

  
:Director



**GRENADA ELECTRICITY SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

(Expressed in Eastern Caribbean Currency Dollars)

	Notes	2017 \$	2016 \$
<b>INCOME</b>			
Sales - non fuel charge		83,287,156	82,036,736
- fuel charge		65,636,365	53,838,920
Unbilled sales adjustments	2 (v)	<u>794,034</u>	<u>105,655</u>
Gross Sales		149,717,555	135,981,311
Other income	17	<u>1,818,788</u>	<u>1,622,400</u>
Total income		<u>151,536,343</u>	<u>137,603,711</u>
<b>LESS: OPERATING EXPENSES</b>			
Production expenses		14,881,136	11,530,094
Diesel consumed		65,370,240	51,946,761
Administrative expenses		20,420,675	19,119,283
Distribution services		15,436,571	14,875,159
Planning and engineering		<u>2,635,220</u>	<u>2,614,048</u>
Total operating expenses		<u>118,743,842</u>	<u>100,085,345</u>
Operating profit		32,792,501	37,518,366
Less: Finance costs	18	<u>2,660,580</u>	<u>4,321,674</u>
Profit for year before allocations and taxation		<u>30,131,921</u>	<u>33,196,692</u>
<b>ALLOCATIONS</b>			
Less: Transfer to hurricane insurance reserve		2,000,000	2,000,000
Donations		1,406,596	1,559,835
Profit sharing		<u>5,952,245</u>	<u>6,352,845</u>
		<u>9,358,841</u>	<u>9,912,680</u>
Profit for year before taxation		20,773,080	23,284,012
Less: Provision for taxation			
Current tax		4,257,843	5,508,510
Deferred tax		<u>1,344,888</u>	<u>1,449,184</u>
Profit for year after taxation		15,170,349	16,326,318
<b>Other comprehensive income</b>			
Disposal of available-for-sale financial assets		<u>-</u>	<u>(8,040)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>15,170,349</u>	<u>16,318,278</u>
<b>EARNINGS PER SHARE</b>		<u>0.80</u>	<u>0.86</u>

The notes on pages 10 to 38 form an integral part of these financial statements

**GRENADA ELECTRICITY SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(Expressed in Eastern Caribbean Currency Dollars)**

	Stated Capital \$	Other Reserve \$	Hurricane Insurance Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 <sup>st</sup> January, 2016 – as previously reported	32,339,840	8,040	20,000,000	69,607,254	121,955,134
Prior year adjustment (note 24)	-	-	-	(2,077,122)	(2,077,122)
Balance at 1 <sup>st</sup> January, 2016 - restated	32,339,840	8,040	20,000,000	67,530,132	119,878,012
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 - restated	32,339,840	-	22,000,000	16,976,450	71,316,290
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	-	-	-	15,170,349	15,170,349
Balance at 31 <sup>st</sup> December, 2017	<u>32,339,840</u>	<u>-</u>	<u>24,000,000</u>	<u>22,266,799</u>	<u>78,606,639</u>

The notes on pages 10 to 38 form an integral part of these financial statements





**GRENADA ELECTRICITY SERVICES LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2017  
(Expressed in Eastern Caribbean Currency Dollars)**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the year before taxation	20,773,080	23,284,012
Adjustments for:		
Depreciation	6,210,754	6,613,807
Gain on disposal of property, plant and equipment	<u>(102,390)</u>	<u>(125,816)</u>
<b>Operating surplus before working capital changes</b>	26,881,444	29,772,003
(Increase)/decrease in trade and other receivables	(2,971,164)	1,408,777
Increase in trade and other payables	2,362,297	3,145,757
Increase/(decrease) in provision for retirement benefits	210,423	(131,500)
Increase in inventories	(770,871)	(1,616,571)
Decrease in amount due to related company	-	(84,013)
Decrease in provision for profit sharing	<u>(365,661)</u>	<u>(217,442)</u>
	25,346,468	32,277,011
Income tax paid	<u>(5,358,510)</u>	<u>(5,644,071)</u>
<b>Cash provided by operating activities</b>	<u>19,987,958</u>	<u>26,632,940</u>
<b>INVESTING ACTIVITIES</b>		
Decrease in available-for-sale financial assets	-	24,054
Disposal of property, plant and equipment	102,920	129,750
Decrease/(increase) in suspense jobs in progress	674,671	(28,518)
Decrease/(increase) in capital work in progress	2,285,370	(6,273,504)
(Increase)/decrease in loans and receivables financial assets	(195,326)	6,364,389
Increase in customers' contribution to line extensions	2,050,665	229,922
Purchase of property, plant and equipment	<u>(15,713,010)</u>	<u>(5,898,946)</u>
<b>Cash used in investing activities</b>	<u>(10,794,710)</u>	<u>(5,452,853)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(9,880,000)	(66,880,000)
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	<u>(4,004,167)</u>	<u>(19,100,873)</u>
<b>Cash used in financing activities</b>	<u>(11,884,167)</u>	<u>(35,938,913)</u>
Net decrease in cash and cash equivalents	(2,690,919)	(14,758,826)
Cash and cash equivalents - at the beginning of year	<u>1,855,405</u>	<u>16,614,231</u>
<b>- at the end of year</b>	<u>(835,514)</u>	<u>1,855,405</u>
<b>REPRESENTED BY</b>		
Cash and cash equivalents	<u>(835,514)</u>	<u>1,855,405</u>

The notes on pages 10 to 38 form part of these financial statements



## **GRENADA ELECTRICITY SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER, 2017**

#### **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 forty-four (244) persons during the year (2016- 230).

#### **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.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

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

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

- (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, 2017 that would be expected to have a material impact on the Company's financial statement.
- (ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January, 2017 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 28	Investments in Associates and Joint Ventures	1 <sup>st</sup> January, 2019
IAS 40	Investment Property: Transfers of Investment Property (amendments)	1 <sup>st</sup> January, 2018
	Investment Property: Long-term Interests in Associates and Joint Ventures (amendments)	1 <sup>st</sup> January, 2019
IFRS 2	Share-based payment: Classification and Measurement of Share-based payment Transactions (amendments)	1 <sup>st</sup> January, 2018
IFRS 4	Insurance contracts: Overlay/deferral approach (amendment)	1 <sup>st</sup> January, 2018

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

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

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

Standard	Description	Effective for annual periods beginning on or after
IFRS 9	Financial Instruments: Classification and Measurement	1 <sup>st</sup> January, 2018
	Financial Instruments: Prepayment features with negative compensation (amendment)	1 <sup>st</sup> January, 2019
IFRS 15	Revenue from Contracts with Customers	1 <sup>st</sup> January, 2018
IFRS 16	Leases	1 <sup>st</sup> January, 2019
IFRS 17	Insurance Contracts	1 <sup>st</sup> January, 2021
IFRIC 22	Foreign Currency Transactions and Advance Consideration (interpretation)	1 <sup>st</sup> January, 2018
IFRIC 23	Uncertainty over Income Tax Treatments (interpretation)	1 <sup>st</sup> January, 2019

***(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.



## GRENADA ELECTRICITY SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER, 2017 (continued)

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

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

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.

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

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

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

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

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 rate:

EC\$2.7169 to US\$1.00      -      (2016: EC\$2.7169)

Differences on exchange on current liabilities are reflected in the statement of comprehensive income in arriving at net income for the year.

***(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.

***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.



## **GRENADA ELECTRICITY SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER, 2017 (continued)**

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

##### **(e) *Financial Instruments (continued)***

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.

##### *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.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

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

***(e) Financial Instruments (continued)***

*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.

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.



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

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

***(e) Financial Instruments (continued)***

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, 2017**

**(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, 2017**

**(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.



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2017**

**(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, 2017  
(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, 2017 amounted to \$3,308,361 (2016 - \$4,057,889).

**(v) Provision for unbilled sales**

The provision and adjustment with comparatives at 31st December, 2017 are calculated as follows:

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Sales revenue for December after discounts	<u>13,272,881</u>	<u>11,684,812</u>
50% of above = provision at 31/12/17	6,636,440	5,842,406
= provision at 31/12/16	<u>5,842,406</u>	<u>5,736,751</u>
Increase in provision during the year	<u>794,034</u>	<u>105,655</u>



## **GRENADA ELECTRICITY SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2017**

**(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, 2017  
(continued)**

**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, 2016</b>						
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)
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$12,620,343</u></b>	<b><u>\$59,845,161</u></b>	<b><u>\$985,606</u></b>	<b><u>\$5,104,955</u></b>	<b><u>\$80,023,533</u></b>
<b>For year ended 31<sup>st</sup> December, 2016</b>						
Opening book value	1,467,468	12,620,343	59,845,161	985,606	5,104,955	80,023,533
Additions for the year	-	26,125	3,792,105	1,474,541	606,175	5,898,946
Disposals for the year	-	-	-	-	(3,934)	(3,934)
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>\$4,399,777</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	227,170,932	10,916,768	11,499,739	281,610,174
Accumulated depreciation	-	(18,396,052)	(168,081,171)	(8,728,251)	(7,099,962)	(202,305,436)
	1,467,468	12,159,215	59,089,761	2,188,517	4,399,777	79,304,738
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>\$59,089,761</u></b>	<b><u>\$2,188,517</u></b>	<b><u>\$4,399,777</u></b>	<b><u>\$71,934,183</u></b>

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

**PROPERTY, PLANT AND EQUIPMENT**

	Land	Building and Construction	Plant and Machinery	Motor Vehicles	Furniture and equipment	Total
<b>For year ended 31<sup>st</sup> December, 2017</b>						
Opening book value	1,467,468	12,159,215	59,089,761	2,188,517	4,399,777	79,304,738
Additions for the year	397,392	19,999	12,907,266	1,439,501	948,852	15,713,010
Disposals for the year	-	-	-	-	(530)	(530)
Depreciation charge for year	-	(487,233)	(4,060,714)	(439,471)	(1,223,336)	(6,210,754)
<b>NET BOOK VALUE</b>	<b><u>\$1,864,860</u></b>	<b><u>\$11,691,981</u></b>	<b><u>\$67,936,313</u></b>	<b><u>\$3,188,547</u></b>	<b><u>\$4,124,763</u></b>	<b><u>\$88,806,464</u></b>
<b>Balance at 31<sup>st</sup> December, 2017</b>						
Cost	1,864,860	30,575,266	240,078,198	12,356,269	11,769,107	296,643,700
Accumulated depreciation	-	(18,883,285)	(172,141,885)	(9,167,722)	(7,644,344)	(207,837,236)
	1,864,860	11,691,981	67,936,313	3,188,547	4,124,763	88,806,464
Less: Customer contribution to line extensions	-	-	-	-	-	(9,421,220)
<b>NET BOOK VALUE</b>	<b><u>\$1,864,860</u></b>	<b><u>\$11,691,981</u></b>	<b><u>\$67,936,313</u></b>	<b><u>\$3,188,547</u></b>	<b><u>\$4,124,763</u></b>	<b><u>\$79,385,244</u></b>





**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2017**

**(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**

	<b>2017</b>	<b>2016</b>
	\$	\$
Generation	5,744,258	7,986,199
Computers and software upgrades	58,527	289,471
Tools and equipment	-	46,329
Furniture and equipment	-	9,194
Distribution	533,802	313,386
Motor vehicles	<u>23,780</u>	<u>1,158</u>
	<u><b>6,360,367</b></u>	<u><b>8,645,737</b></u>

**7. FINANCIAL ASSETS**

***(a) Available for sale***

Government of Grenada - Treasury Bills	<u>800,066</u>	<u>800,066</u>
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***(b) Loans and receivables***

Fixed deposit – Republic Bank (Grenada) Ltd	10,013,884	8,867,313
Fixed deposit – Grenada Co-operative Bank Ltd	10,415,563	11,876,072
Fixed deposit – RBTT Bank Grenada Limited	10,450,016	9,946,862
US\$ certificate of deposit- Cayman National	<u>2,727,406</u>	<u>2,721,296</u>
	<u><b>33,606,869</b></u>	<u><b>33,411,543</b></u>

Included in the above is an amount of \$23,985,100 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.



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

**8. INVENTORIES**

The following is a breakdown of stock on hand:

	2017 \$	2016 \$
Motor vehicle spares	995,936	977,981
Distribution	5,825,150	6,011,939
Generation spares	8,733,543	7,665,896
Fuel and lubricating oil	453,585	600,953
General stores	<u>2,409,957</u>	<u>2,324,093</u>
	18,418,171	17,580,862
Less: Obsolescence provision	<u>1,206,079</u>	<u>1,139,641</u>
	<u>17,212,092</u>	<u>16,441,221</u>

**9. (a) TRADE AND OTHER RECEIVABLES**

Customers' accounts	16,136,012	14,814,735
Less: Provision for doubtful debts	<u>3,290,368</u>	<u>3,594,296</u>
	<u>12,845,644</u>	<u>11,220,439</u>
Other debtors	1,566,326	1,721,252
Less: Provision for doubtful debts	<u>17,993</u>	<u>463,594</u>
	<u>1,548,333</u>	<u>1,257,658</u>
Provision for unbilled sales	14,393,977	12,478,097
Prepayments	6,636,440	5,842,406
	<u>1,910,641</u>	<u>1,649,391</u>
	<u>22,941,058</u>	<u>19,969,894</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>2017</b>	<u>\$11,645,589</u>	<u>\$1,110,393</u>	<u>\$180,077</u>	<u>\$3,199,953</u>	<u>\$16,136,012</u>
<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>



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

**9. (b) BAD DEBT PROVISION**

**(i) Customers' accounts**

	2017 \$	2016 \$
As at December 31 <sup>st</sup> , 2016	3,594,296	4,802,325
Net change in provision	<u>(303,928)</u>	<u>(1,208,029)</u>
As at December 31 <sup>st</sup> , 2017	<u>3,290,368</u>	<u>3,594,296</u>

**(ii) Other debtors**

As at December 31 <sup>st</sup> , 2016	463,594	433,924
Net change in provision	<u>(445,601)</u>	<u>29,670</u>
As at December 31 <sup>st</sup> , 2017	<u>17,993</u>	<u>463,594</u>

**10. CASH AND CASH EQUIVALENTS**

Cash on hand	6,700	6,200
Bank of Tampa	378,406	595,595
Bank of Nova Scotia	84,488	686,479
Republic Bank (Grenada) Limited	462,066	-
CIBC FirstCaribbean International Bank Limited	456,419	368,587
Grenada Co-operative Bank Limited	<u>72,813</u>	<u>202,628</u>
	1,460,892	1,859,489
Bank overdraft (note 13)	<u>(2,296,406)</u>	<u>(4,084)</u>
Cash and cash equivalents in the statement of cash flows	<u>(835,514)</u>	<u>1,855,405</u>

**11. 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>



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

**12. CUSTOMERS' DEPOSITS**

All customers are required in accordance with the 2016 Electricity Supply Act (ESA) Schedule 1 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.

**13. BORROWINGS**

	2017 \$	2016 \$
<i><b>Long-term</b></i>		
CIBC First Caribbean International Bank Limited	41,042,709	45,046,875
Less: Current portion	<u>4,004,167</u>	<u>4,004,167</u>
Total long-term	<u>37,038,542</u>	<u>41,042,708</u>
<i><b>Short-term</b></i>		
Bank overdraft	2,296,406	4,084
Borrowings current portion	<u>4,004,167</u>	<u>4,004,167</u>
Total short-term	<u>6,300,573</u>	<u>4,008,251</u>
Total borrowings	<u>43,339,115</u>	<u>45,050,959</u>

On February 29, 2016 the Company signed a Mortgage Debenture with CIBC First Caribbean 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 8.50% 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.

The Company has an overdraft facility of \$4.5 million with CIBC First Caribbean International Bank Limited with interest at the rate of 6.5% per annum.



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

**14. 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 \$405,678 at the statement of financial position date relates to amounts payable to the Trusts for December 2017.

**15. PROVISION FOR HURRICANE INSURANCE RESERVE**

	2017 \$	2016 \$
Balance at beginning of year		
Add: Provision for the year	22,000,000	20,000,000
	<u>2,000,000</u>	<u>2,000,000</u>
Balance at end of year	<u>24,000,000</u>	<u>22,000,000</u>

**16. TRADE AND OTHER PAYABLES**

Trade creditors	7,944,029	5,907,782
Sundry creditors	4,050,575	4,113,159
Accrued expenses	<u>2,666,084</u>	<u>2,344,096</u>
	<u>14,660,688</u>	<u>12,365,037</u>

**17. OTHER INCOME**

Sundry revenue	1,715,868	1,496,584
Gain on disposal of fixed assets	<u>102,920</u>	<u>125,816</u>
	<u>1,818,788</u>	<u>1,622,400</u>



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017  
(continued)**

**18. FINANCE COSTS**

	2017 \$	2016 \$
Bank loans/Bond interest	2,060,912	3,762,440
Other bank interest	16,269	2,117
Other	<u>583,399</u>	<u>557,117</u>
	<u>2,660,580</u>	<u>4,321,674</u>

**19. RELATED PARTY TRANSACTIONS**

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

a) Sale of electricity - NIS	<u>199,083</u>	<u>195,538</u>
b) Management services- WRB Enterprises, Inc.	<u>600,000</u>	<u>600,000</u>
c) Loan repayments- NIS	<u>-</u>	<u>936,978</u>
d) Payment of dividends:		
NIS	<u>1,146,516</u>	<u>7,761,030</u>
Grenada Private Power Limited	<u>4,940,000</u>	<u>33,440,000</u>

- ii) Compensation of key management personnel of the Company:

Salaries and other benefits	<u>3,532,413</u>	<u>3,415,895</u>
Directors' Fees	<u>259,520</u>	<u>234,250</u>
Past employment benefit provisions	<u>469,848</u>	<u>458,828</u>
Loans receivable from key management personnel	<u>122,527</u>	<u>138,927</u>



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2017**

(continued)

**20. 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:

	2017 \$	2016 \$
Profit for the year before taxation	<u>20,773,080</u>	<u>23,284,012</u>
Tax at applicable statutory rate (30%)	6,231,924	6,985,204
Tax effect of items that are adjustable in determining:		
Tax exempt income	(100,745)	(143,005)
Effect of expenses not deductible for tax purposes	<u>(1,873,336)</u>	<u>(1,333,689)</u>
Provision for taxation	<u>4,257,843</u>	<u>5,508,510</u>

*Deferred tax liability*

Balance at the beginning of the year	(3,956,353)	(2,507,169)
Deferred tax charge	<u>(1,344,888)</u>	<u>(1,449,184)</u>
Balance at the end of the year	<u>(5,301,241)</u>	<u>(3,956,353)</u>

The deferred tax liability consists of the following components:

Delayed tax depreciation	<u>17,676,803</u>	<u>13,187,841</u>
Deferred tax liability at 30%	<u>(5,301,241)</u>	<u>(3,956,353)</u>



## **GRENADA ELECTRICITY SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**AT 31ST DECEMBER, 2017**

**(continued)**

#### **21. 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.

#### **22. DIVIDENDS**

During the year ended December 31<sup>st</sup>, 2017, a dividend of 52 cents per ordinary share amounting to \$9,880,000 was declared and paid.

#### **23. 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, 2017 (continued)**

#### **23. 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>, 2017.

##### ***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.

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:



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2017  
(continued)**

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

***Operational risk (continued)***

- 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 (Note 10), 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, 2017  
(continued)**

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

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

<b>Balance at 31<sup>st</sup> December, 2017</b>	<b>Current</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>Over 90 days</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>					
Cash and cash equivalents	1,460,892	-	-	-	1,460,892
Income tax prepaid	-	-	92,157	-	92,157
Loans and receivable financial assets	3,018,879	-	-	30,587,990	33,606,869
Trade and other receivables	19,852,056	1,438,577	242,158	1,408,267	22,941,058
Inventories	<u>17,212,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,212,092</u>
	<u>41,543,919</u>	<u>1,438,577</u>	<u>334,315</u>	<u>31,996,257</u>	<u>75,313,068</u>
<b>Current liabilities</b>					
Short-term borrowings	2,296,406	-	1,001,042	3,003,125	6,300,573
Trade payables and accrued expenses	9,927,516	1,401,118	1,135,481	2,196,573	14,660,688
Consumers' advances for construction	-	-	-	1,167,900	1,167,900
Provision for retirement benefits	405,678	-	-	-	405,678
Provision for profit sharing	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,594,972</u>	<u>4,594,972</u>
	<u>12,629,600</u>	<u>1,401,118</u>	<u>2,136,523</u>	<u>10,962,570</u>	<u>27,129,811</u>
<b>NET LIQUIDITY SURPLUS</b>	<u>28,914,319</u>	<u>37,459</u>	<u>(1,802,208)</u>	<u>21,033,687</u>	<u>48,183,257</u>

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2017**

(continued)

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

<b>Balance at 31<sup>st</sup> December, 2016</b>	<b>Current</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>Over 90 days</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<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
Trade and other receivables	17,239,355	1,325,126	268,529	1,136,884	19,969,894
Inventories	<u>16,441,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,441,221</u>
	<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	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,960,633</u>	<u>4,960,633</u>
	<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, 2017**

**(continued)**

**23. 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.

***Capital risk management***

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may, subject to Board approval as appropriate, vary the dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company also monitors capital on the basis of a target debt-to-equity ratio of 1.25:1 or less, indicating a strong financial position and financial flexibility. This ratio is calculated as total borrowings divided by total equity.



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2017  
(continued)**

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

***Capital risk management (continued)***

The debt-to-equity ratios are shown below:

**Capital structure**

	2017 \$	2016 \$
Total borrowings (Note 13)	<u>41,042,708</u>	<u>45,046,875</u>
Shareholders' equity	<u>80,558,687</u>	<u>73,393,412</u>
Debt to equity ratio	<u><b>0.51:1</b></u>	<u><b>0.61:1</b></u>

**24. PRIOR YEAR ADJUSTMENT**

Deferred Tax Liability understated	\$ <u>-</u>	\$ <u>(2,077,122)</u>
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