

## Info

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**From:** Ben Brathwaite [bbrathwaite@grenlec.com]  
**Sent:** Thursday, April 16, 2015 10:50 AM  
**To:** info@ecseonline.com  
**Subject:** Fw: Annual Registration & ECSRC-K 2014  
**Attachments:** RS 1 Statement.pdf; ECSRC K.pdf; Audited Financials 2014.pdf

Good Morning Messrs ECSE,

Please see email below which was returned.

Best regards,

Benedict Brathwaite  
 Financial Controller  
 Grenada Electricity Services Ltd.  
 Halifax Street, St. George's, Grenada, W.I.  
 bbrathwaite@grenlec.com  
 Tel: 473-440-8782 Fax: 473-440-4106

----- Forwarded by Ben Brathwaite/GESL on 04/16/2015 10:49 AM -----

From: BEN BRATHWAITE/GESL  
 To: ECSRC <ecsrm@ecsb-centralbank.org>, info@ecseonline  
 Date: 04/15/2015 03:10 PM  
 Subject: Fw: Annual Registration & ECSRC-K 2014  
 Sent by: Ben Brathwaite

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Good Afternoon Messrs ECSE / ECSRC,

Please find attached files with the Annual Registration, ECSRC-K and audited financial statements for 2014. The hard-copies will be sent via FedEx.

Best regards,

Benedict Brathwaite  
 Financial Controller  
 Grenada Electricity Services Ltd.  
 Halifax Street, St. George's, Grenada, W.I.  
 bbrathwaite@grenlec.com  
 Tel: 473-440-8782 Fax: 473-440-4106

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# REGISTRATION STATEMENT RS-1

**Grenada Electricity Services Ltd**

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

1

**1. Description of the Industry in which the Company Operates**

The company is an electric utility and is involved in the generation, distribution and sale of electricity. Electric power is sold locally to Domestic, Commercial and Industrial Customers.

**2. Exchanges on which the Company's Securities are Listed**

Exchange(s)	Securities Type	No. of Shares	Valuation
Eastern Caribbean Securities Exchange (ECSE)	Ordinary shares	19,000,000	EC\$10.00

**3. Description of Securities Being Offered**

None

**4. Territories in which Securities are Being Offered**

Territory	Effective Date

**5. Description of Share Capital**

a) Authorised

TYPE/CLASS	No. OF SHARES
Ordinary Shares	25,000,000

b) Issued

TYPE/CLASS	No. OF SHARES
Ordinary Shares	19,000,000

c) Outstanding

TYPE/CLASS	No. OF SHARES

**6. OFFICERS AND KEY PERSONNEL OF THE COMPANY**

**A.**

Name: **Collin Cover**

Position: **General Manager /CEO**

Mailing Address: P.O Box 381,

St. George's

Grenada

Telephone No.: (473 ) 440-9425  
\_\_\_\_\_

**B.**

Name: **Clive Hosten**

Position: **Chief Engineer**

Mailing Address: P.O Box 381,

St. George's

Grenada

Telephone No.: (473 ) 440-9425  
\_\_\_\_\_

**C.**

Name: **Benedict Brathwaite**

Position: **Financial Controller**

Mailing Address: P.O Box 381,

St. George's

Grenada

Telephone No.: (473 ) 440-8371

**D.**

Name: **Cassandra Slocombe**

Position: **Customer Services Manager**

Mailing Address: P.O Box 381,

St. George's

Grenada

Telephone No.: (473 ) 440-3391

**E.**

**Position:** **Distribution Manager**

**Name:** **Eric Williams**

**Mailing Address:** P.O Box 381,

St. George's

Grenada

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

**F.**

**Position:** **Human Resource Manager**

**Name:** **Jacqueline Williams**

**Mailing Address:** P.O Box 381,

St. George's

Grenada

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



**G.**

**Name:** Wallace Collins

**Position:** Manager Carriacou & Petit  
Martinique

**Mailing Address:** P.O Box 381,

St, George's

Grenada

**Telephone No.:** (473 ) 440-8782

**H.**

**Name:** Jeffrey Neptune

**Position:** Manager Information  
Technology

**Mailing Address:** P.O Box 381,

St, George's

Grenada

**Telephone No.:** (473 ) 443-8383

**I.**

**Name:** Ahmin Baksh

**Position:** Planning & Engineering  
Manager

**Mailing Address:** P.O Box 381,

St, George's

Grenada

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

**J.**

**Name:** Glenn Phillip

**Position:** Loss Reduction  
Coordinator

**Mailing Address:** P.O Box 381,

St, George's

Grenada

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

**K.**

**Position:** Acting Generation Manager

**Name:** Carlyle Ince

**Mailing Address:** P.O Box 381,

St. George's

Grenada

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

**L.**

**Name:** Prudence Greenidge

**Position:** Corporate  
Communications Manager

**Mailing Address:** P.O Box 381,

St. George's

Grenada

**Telephone No.:** (473 ) 440-3391

7. **DIRECTORS OF THE COMPANY**

A.

Name: **G. Robert Blanchard Jr.** Position: **Chairman**

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

Telephone No.: ( 813 ) 251-3737

B.

Name: **Alister Bain** Position: **Director**

Mailing Address: Lance Aux E'pines  
St. George's  
Grenada

Telephone No.: ( 473 ) 440-1379

C.

Name: **Wayne Burks** Position: **Director**

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

Telephone No.: ( 813 ) 251-3737

**D.**

**Name:** Robert L. Blenker

**Position:** Director

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

Telephone No.: ( 813 ) 251-3737

**E.**

**Position:** Director

**Name:** Anthea DeBellotte

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

Telephone No.: ( 473 ) 407-0642

**F.**

**Name:** Lawrence Samuel

**Position:** Director

Mailing Address: Westerhall  
St. George's,  
Grenada

Telephone No.: ( 473 ) 443-3674

**G.**

**Name:** Ashton Frame

**Position:** Director

Mailing Address: Golf Course,

St. George's,

Grenada

Telephone No: (473) 444-1702

**H.**

**Name:** Linda George-Francis

**Position:** Director

Mailing Address: Tete Monte, Calivigny,

St. George's,

Grenada

Telephone No.: (473) 440-5166;

**I.**

**Name:** Dwight Horsford

**Position:** Director

Mailing Address: P.O. Box 3791

Chancery Chamber, Old Fort Road, St. George's,

Grenada

Telephone No.: (473) 435-8603;

**J.**

**Name:** Nigel Wardle

**Position:** Director

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

-

Telephone No.: (813) 251-3737;

**K.**

**Name:** Robert Curtis

**Position:** Director

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

Telephone No.: (813) 875-6324;

**L.**

**Name:** Ronald Roseman

**Position:** Director

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

Telephone No.: (813) 876-9362;

## 8. SUBSTANTIAL SHAREHOLDERS

- (a) Principal owners of the company (those who beneficially own more than 5% of the common and preferred stock presently outstanding whether directly or indirectly) starting with the largest common shareholder. Indicate by endnote any transaction where the consideration was not cash. State the nature of any such consideration.

### SECURITIES NOW HELD:

<b>Name: Address:</b>	<b>Class of Shares:</b>	<b>No. of Shares:</b>	<b>% of Total</b>
<b>Grenada Private Power</b>	<b>Ordinary Shares</b>	<b>9,500,000</b>	<b>50</b>
<b>Government of Grenada</b>	<b>Ordinary Shares</b>	<b>1,899,997</b>	<b>10</b>
<b>National Insurance Scheme</b>	<b>Ordinary Shares</b>	<b>2,204,838</b>	<b>11.60</b>
<b>Eastern Caribbean Holding Inc.</b>	<b>Ordinary Shares</b>	<b>2,162,640</b>	<b>11.30</b>

- (b) Include all common shares issuable upon conversion of convertible securities and show conversion rate per share as if conversion has occurred.

### UPON CONVERSION:

<b>Name: Address:</b>	<b>Class of Shares:</b>	<b>Conversion Rate:</b>	<b>No. of Shares upon Conversion</b>	<b>% of Total*</b>
Not Applicable				

\* Current holding of shares if conversion option were exercised.



**9. Name and Address of Parent**

<b>Name:</b>	<b>Address:</b>	<b>Country of Incorporation:</b>	<b>Countries of Registration (where applicable)</b>	<b>Name of the Exchange(s) on which the company's securities are listed:</b>
Grenada Private Power Ltd.	Lucas Street, St. George's, Grenada	Grenada		None

**10. Name(s) and Address(es) of Subsidiary(ies)**

<b>Name:</b>	<b>Address:</b>	<b>Percentage Ownership:</b>	<b>Name of the Exchange(s) on which the company's securities are listed:</b>
None			

**11. Name(s) and Address(es) of Affiliate(s)**

<b>Name:</b>	<b>Address:</b>	<b>Name of the Exchange(s) on which the company's securities are listed:</b>
WRB Enterprises Inc.	1414 Swann Ave., Suite 201, Tampa, Fl. 33606	None

## SIGNATURES

A Director, the Chief Executive and Corporate Secretary shall sign this Registration Statement 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.

Name of Chief Executive Officer:

Name of Director:

**Collin Cover**

Collin Cover  
Signature

14<sup>th</sup> April 2015  
Date

**Linda George-Francis**

Linda George-Francis  
Signature

15/4/15  
Date

Name of Corporate Secretary:

**Benedict Brathwaite**

B.A. Brathwaite  
Signature

14. 4. 15  
Date

**Schedule 1**

**FORM ECSRC – K**

**ANNUAL REPORT PURSUANT TO SECTION 98 OF THE SECURITIES ACT OF 2001**

For the financial year ended **December 31, 2014**

Issuer Registration number **350360**

**Grenada Electricity Services Limited**

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

**Grenada W.I**

(Territory of incorporation)

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

(Address of principal office)

Reporting issuer's:

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

Fax number: **473-440-4106**

Email address: **mail@grenlec.com**

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by Sections 98 of the Securities Act of 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.

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

## SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

**Collin Cover**

Collin Cover

Signature

14<sup>th</sup> April 2015

Date

Name of Director:

**Linda George-Francis**

Linda George-Francis

Signature

15 / 4 / 15

Date

Name of Chief Financial Officer:

**Benedict Brathwaite**

B.A. Brathwaite

Signature

14. 4. 15

Date

## **INFORMATION TO BE INCLUDED IN THE REPORT**

### **1. Business.**

Based on the 2015 budget presentation the growth projection for Grenada's real GDP for the year 2014 was 2.6 percent. This, as efforts to close the fiscal gap were made through increased taxes and lower government spending under the three year home grown structural adjustment program. However, high public sector debt and unemployment along with lower disposable incomes have meant continued stagnation of the economy. As such customers have continued to engage in the practice of conservation which we can expect to continue as long as the present economic climate persists.

GRENLEC saw growth in kWh sales for the first time in four years with kWh sales increasing by 3.4M kWh when compared to 2013. However, the growth in 2014 was directly related to one new customer who added 5.1M kWh of sales while sales for existing customers fell by 1.7M kWh. The effects of the global economic crisis which commenced in 2008 continued its impact on the local economy but shows tepid signs of improvement as the commercial sector saw an increase of 3.7%. However, the domestic and industrial sectors decreased by 0.9% and 1.8% respectively. The number of customers increased by 1.6% and the average annual consumption of commercial customers increased by 1.3% but these were offset by decreases for domestic customers (1.7%) and industrial customers (4.5%).

In 2014 GRENLEC was unable to make significant progress in the development of any renewable energy project. The EU/GOG/GRENLEC wind project on Carriacou for up to a 2MW wind farm saw requests for proposals after being reactivated in December 2013. However, despite having nine entities purchasing bid packages only two companies bid. When the bids were opened on November 21, 2014 they came in at seventy five percent above the joint funding of €3.89M for the project by the EU and GRENLEC. Given the earlier delays in the project there was insufficient time to request new bids. Subsequent to the year end the EU did not accede to a Government of Grenada's request for an extension in the period for funding of the project in order to obtain bids from non-EU/ACP suppliers. As of the time of writing a decision has not been made on the way forward for a wind energy project on Carriacou.

A major problem that continues to plague the Company in its efforts to increase the penetration of renewable energy on Grenada is an inability to access suitable land. Solar panels in particular or wind turbines to a lesser extent require significant expanses of land to have generation capacity of two to four MW. Attempts to lease or purchase lands have been a slow and complicated process, either due to clear title not being established or the number of land owners making it difficult to obtain agreements. By year end progress had been made relating to sites in the north eastern section of Grenada and we are optimistic that in 2015 a substantial solar project is likely.

The Government of Grenada appears to be pursuing a different course as far as identifying any potential geothermal energy resource on the island. They have signed a geothermal support partnership framework with the Government of New Zealand to determine the presence and extent of the potential geothermal resource. Geothermal energy will produce base load as opposed to the intermittent energy of wind and solar and remains an important factor in our renewable energy programme. We are hopeful that should any feasible geothermal resource exist that we will be engaged in any discussions relating to its exploitation and development.

There were two non-fuel rate adjustments in 2014. On February 1, there was an increase of 0.77% based on the Reference price Index for 2012. Non-fuel rates can be adjusted annually based on a formula of  $RPI - 2$  in accordance with the Electricity Supply Act of 1994 (ESA). This means that adjustments are always two percent less than inflation. On November 1, the RPI for 2013 being negative 1.2 percent, the Company had an early implementation of a non-fuel rate decrease of 3.2 percent which was not statutorily due until January 1, 2015. This was done to assist in reducing the burden on customers in challenging economic times. Over the twenty years since privatization in 1994 inflation has increased by 47.95% and the domestic non-fuel rate has increased by 8.46%.

After the IMF Staff Visit to Grenada in February 2015 the head of the mission Ms. Cebotari stated “The IMF is encouraged by the progress made to stabilize the Grenadian economy and return Grenada’s public finances to a sustainable path.” They however cautioned on the elevated unemployment, contracting credit and large debt potential which could curb a sustained recovery. The structural adjustment program still has two years to run which means that kWh growth is unlikely to return to prior to 2011 levels, when it consistently exceeded four percent, in the short term. This is even more-so as there is a growing trend among customers to switch to energy efficient appliances. As such we have not projected an increase in sales in 2015.

## 2. Properties.

<b><u>Property Site</u></b>	<b><u>Productive Capacity</u></b>
<b>Woodlands</b>	<b>Presently vacant</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>Warehouse</b>
<b>Carriacou &amp; Petite Martinique</b>	<b>Distribution / Production / Administration Departments</b>

## 3. Legal Proceedings.

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.**

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

The Annual General Meeting (AGM) was held on May 8, 2014 at which the following Directors were elected:

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

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

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

PKF were re-appointed as Auditors for the year ending December 31, 2014 on a majority vote by a show of hands.

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

Eastern Caribbean Securities Exchange:

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

**6. Financial Statements and Selected Financial Data.**

The audited financial statements for 2014 are included herewith. This incorporates the Auditor's report, Statement of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows all with comparatives for 2013 and a summary of significant accounting policies and other explanatory notes. These statements comply with International Financial Reporting Standards.

**7. Disclosure About Risk Factors.**

**Hurricanes etc.**

Hurricanes remain the single most significant risk factor faced by GRENLEC. Ivan and Emily struck Grenada in 2004 and 2005 respectively causing major damage. In the case of Ivan over 80% of our distribution system had to be rebuilt at a cost which exceeded \$20M. However, the rebuilding of the system after Ivan left it more robust and better able to withstand a similar event as was seen with Emily. Despite this improvement, the risk is still substantial because the hurricane reserve accumulated since the hurricanes of 2004 and 2005 is still only 80% of what it cost to restore the system after Ivan. Given this fact and our inability to obtain reasonably priced insurance for our distribution system it is important that we continue to keep maintenance of the system as a priority to mitigate against the impact of a hurricane.

GRENLEC currently has a monopoly on the generation and supply of electricity in the tri island state. On December 31, 2013 the Government of Grenada passed an amendment to the ESA removing the duty free concessions of the Company from 100% to 50% or 0% in some instances. In 2014 the amendment meant additional duties paid by GRENLEC of 350K which by itself was not excessive. However, in years in which large capital expenditure is required this amount can be substantially higher. The same amendment also imposed duty on imported fuel. The duty on the fuel has not yet been applied although it remains in effect.

In February 2015, after indicating for months that legislation for a new Electricity Supply Act was forthcoming, the Government of Grenada held a public consultation on a draft Electricity Supply Bill. The intention of the draft bill is to separate generation and transmission entities to allow competition in both the generation and distribution areas, and to increase generation by renewable energy. This is to be accomplished by removing the exclusive license that GRENLEC currently holds over the generation and transmission and distribution of electricity. GRENLEC is willing to collaborate with the Government to seek ways to improve the quality of electricity services at the lowest possible costs. However, it is GRENLEC's view that the draft bill as presented is likely to drive costs higher and threaten the reliability of the electricity grid. The Company's majority shareholder Grenada Private Power Limited could therefore find that it is left with no option but to pursue all available legal remedies to protect its contractual agreements.

Crude oil prices declined steadily for the period July through December and was below USD 50 a barrel by the end of 2014. This had a positive impact on the company's financial performance as declining fuel prices resulted in decreased trade receivables and an increased fuel recovery rate. However, when fuel prices are low the risk of sharp upward movement in prices as occurred in 2008 is increased if it occurs can over the short term negatively impact the Company's cash flow and profitability.

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

None



**9. Defaults Upon Senior Securities.**

None

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

Profit before taxes of \$26.85M in 2014 represented an increase of 19.8 percent over the \$22.42M of 2013. The main factors accounting for this were (i) a fuel cost recovery rate of 112.2% which occurred due to the declining fuel prices in the last months of the year, (ii) kWh sales growth of 1.9 percent and (iii) a decrease in non-fuel operating expenses of 1.4 percent from \$54.01M in 2013 to \$53.25M in 2014. Significantly, depreciation expenses was not a major factor, as was the case in previous years, in the reduction in non-fuel operating expenses.

Retained earnings increased from \$51.13M in 2013 to \$61.25M at the end of the financial year 2014. The debt to equity ratio reduced to 17.3% from 29.6%. The return on invested capital for the year was 24% (2013-21.1%). Other key indicators based on financial covenants in the ECSE Bond and EIB Loan agreements can be seen in the covenant table below. These support an improved financial position and performance.

**Covenant Table**

<b>Covenants / Ratios</b>	<b>Covenant Ratio</b>	<b>2014</b>	<b>2013</b>
Current Ratio	$\geq 1.50:1$	2.33:1	1.99:1
Interest Coverage Ratio	$\geq 2:1$	17.19:1	13.43:1
Debt Service Coverage Ratio	$\geq 1.50:1$	4.27:1	3.96:1
Bank Borrowing to Equity Ratio	$\leq 1.25:1$	0.21:1	0.37:1
Equity to Assets	$\geq 30\%$	58.60%	53.22%

Cash and cash equivalents at the end of 2014 of \$12.89M was \$10.79M more than at the end of 2013. The company also had an excess over the hurricane fund in loans and receivables, made up mainly of fixed deposits, of \$18.98M. The Company's projected cash flow for 2015 which considers all of its known commitments for the year indicates a capacity to sustain its operations. An amount as at December 31, 2014 which the company has to pay-out is \$6.66M being the underfunding of its retirement liability. This amount will be payable once the Non-Management Trust has set up the necessary bank accounts allowing the Company to transfer all of the funds relating to this liability.

In 2014 the Company completed the initial funding of the Management Trust with a payment of \$3.84M and thereafter made monthly instalments.

**(i) Capital Resources**

In 2014 capital expenditure of \$5.54M was financed from internally generated funding for distribution expansion, furniture and equipment and motor vehicles. The Company has over the years only utilized external financing for major non-routine capital expenditure. Repayment of principal on borrowings of \$7.38M was made during the year reducing total borrowings to \$23.91M.

**Results of Operations**

Non fuel revenue of \$77.07M in 2014 was marginally below the \$78M of 2013 a decline of 1.29%. This was due to an adjustment of \$2.5M for commercial floor area rates billed incorrectly since privatization in 1994. KWh unit growth of 1.9% and a rate increase of 0.77% on February 1, 2014 had a positive impact however, these were partially offset by the implementation of a rate decrease of 3.2% from November 1, 2014.

The fuel cost recovery rate in 2014 was at an unprecedented high of 112.2% due mainly to the sharp decrease in fuel prices of 50% over the last six months. This resulted in net fuel revenue of \$12.1M which is \$5.42M more than the \$6.68M of 2013. GRENLEC's fuel cost recovery rate is affected not only by changes in fuel prices but also by operational efficiencies. Operational efficiencies in 2014 in the form of fuel efficiency improvement of 0.1% and system losses lowered by 0.1% both had a positive impact thereby compounding the effect of falling fuel prices on the recovery rate.

Operating costs other than fuel of \$53.25M in 2014 were 1.4% less than the \$54.01M of 2013. This is even more significant when one notes that the electricity supply amendment Act No. 39 of 2013 meant additional duties of \$0.35M was paid in 2014. While this amount was not for operational expenses only, a substantial amount of it was. Overhaul spares were lower in 2014 by \$1.10M and depreciation expenses between the years was reduced by \$0.56M.

Finance costs were lower by \$0.43M as borrowings continued to be repaid as scheduled while the Company was not required to engage in any new financing arrangements given the lack of expansion.

A dividend of \$9.12M or forty eight (48) cents per share was paid for a fourth straight year despite an earnings per share of \$1.01. The pay-out ratio in the same period ranged from a low of 42.9 percent in 2014 to a high of 84.4 percent in 2011 after adding back the annual provision for hurricane reserve. The Company has thus been operating well within its dividend policy of 85-90%. Since 2011 when the kWh sales started declining the Company has taken a conservative approach to increases in dividends.

System losses for 2014 were 7.61% marginally below the 7.71% of 2013. For a third straight year the Company has been within its target of 8% which indicates that it is in a position to sustain if not lower its loss expectations.

Fuel efficiency of 19.22kWh/IG was 0.13% better than the 19.19kWh/IG of 2013.

Engine availability at Queen's Park of 88.9% was below the target of 92%. At Carriacou and Petit Martinique they were 97.4% and 97.3% respectively which was above their targets of 95%. Overall, the Company has continued to maintain a high level of efficiency in its operations.

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

None

**12. Directors and Executive Officers of the Reporting Issuer.**

A (1)

Name: **G Robert Blanchard Jr.**

Position: **Chairman**

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

\_\_\_\_\_  
Telephone No.: ( 813) 251-3737

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

WRB Enterprise Inc. President  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

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

Also a Director of the company      ☒ Yes      ☐ No

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

\_\_\_\_\_  
*Use Additional Sheets if Necessary*

Name: **Wayne Burks**

Position: **Director**

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

---

Telephone No.: ( 813 ) 251-3737

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

WRB Enterprises Inc. - Chief Finance Officer, 2012 to present.

Sterling Financial Consultants, Principal, 2010-2012.

---

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

---

Florida Lift Systems, Inc. and affiliates, Chief Operating Officer and Chief Financial Officer, Secretary, 2007-2008

---

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

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

---

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

---

Also a Director of the company      ☒ Yes      ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Ashton Frame**

Position: **Director**

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

---

Telephone No.: ( 473 ) 440-

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

Chairman – National Housing Authority – 2013 - Present

Deputy Chairman – National Insurance Board – 2013 - Present

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

---

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

Certificate Executive Development & Management Planning – Waterloo Lutheram University, Canada

Diploma – American Institute of Banking, U.S.A

Also a Director of the company      ☒ Yes      ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Alister Bain**

Position: **Director**

Mailing Address:, St. George's, Grenada

---

Telephone No.: ( 473 ) 440-

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

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

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Also a Director of the company      ☒ Yes      ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Ronald Roseman**

Position: **Director**

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

---

Telephone No.: 813-876-9362

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

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

---

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

---

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

---

---

---

Also a Director of the company      ☒ Yes      ☐ No

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

---

*Use Additional Sheets if Necessary*



Name: **Robert Curtis**

Position: **Director**

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

---

Telephone No.: 813-875-6324

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

Mr. Robert Curtis currently serves as President and co-owner of Island Management, Inc, Viper Ventures,

LLC; Sugarloaf Mountain, LLC; SOHO Investments, LLC; Ucita Properties Inc. And SWW Inc, all

---

located in Tampa Florida.

---

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

B. Sc. Commerce - University of Virginia 1988

---

Also a Director of the company      ☒ Yes      ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Dwight Horsford**

Position: **Director**

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

---

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

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

Principal Attorney – Chancery Chambers

Minority Partner – Williams & Horsford: Roseau, Dominica

---

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

LEC Hugh Wooding Law School 2001 - 2003

LLB (Hons), UWI – 1998 - 2001

Certificate Modern Languages – Universidad Central De Venezuela - 1996

---

Also a Director of the company            ☒ Yes            ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Anthea DeBellotte**

Position: **Director**

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

---

Telephone No.: ( 473 ) 407-0642

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

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

---

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

---

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

---

Also a Director of the company      ☒ Yes      ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Nigel Wardle**

Position: **Director**

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

---

Telephone No.: 813-251-3737

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

Mr. Nigel Wardle is a Director of the Company and also WIV Cable Providenciales.

He was General Manager of Grenada Electricity Services Ltd. For seven years between 1995 and  
2002.

---

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

Member of the Institute of Chartered Accountants - 1981

South Bank University - BA Commerce

---

Also a Director of the company      ☒ Yes      ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Linda George-Francis**

Position: **Director**

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

---

Telephone No.: (473) 440-5166

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

Administrative Assistant Purchasing – Grenlec – Retired September 2011

---

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---

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

Carilec Office Administration 111 - 1995

---

Carilec Office Administration 11 - 1994

---

Carilec Office Administration 1 - 2006

---

Also a Director of the company      ☒ Yes      ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Lawrence Samuel**

Position: **Director**

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

---

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

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

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.

Start-up Management for garment factory including the development of systems and procedures.

---

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

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

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)

---

Also a Director of the company                      ☒ Yes                      ☐ No

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

---

*Use Additional Sheets if Necessary*

Name: **Robert L. Blenker**

Position: **Director**

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

---

Telephone No.: (813) 251 - 3737

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

WRB Enterprises, Inc. – Vice President Renewable Energy / Chief Development Officer, 2008-Present.

Tennessee Valley Infrastructure Group – Vice President Business Development/Co-founder, 1998-2008

Airtricity – Vice President Wind Development, 2005-2008

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

BSC Wildlife Management/Natural Resources Administration. The Ohio State University, 1984.

MAIA Business Development Economics, Ohio University, 1988.

---

Also a Director of the company      ☒ Yes      ☐ No

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

---

***Use Additional Sheets if Necessary***

Name: Collin Cover

Title: General Manager / CEO

Office Street Address: \_\_\_\_\_

P.O Box 381 \_\_\_\_\_

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

Telephone No.: ( 473-440-8371 ) \_\_\_\_\_

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

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

Dominica Electricity Services Ltd: General Manager 2009 - 2014

Grand Bahama Power Company Ltd: Director of Technical Services 2003- 2009

Education (degrees, schools, and dates):

BSc (Electrical Engineering) University of the West Indies 1975



Name: Clive Hosten

Title: Chief Engineer

Office Street Address: \_\_\_\_\_

P.O Box 381 \_\_\_\_\_

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

Telephone No.: ( 473-440-8371 ) \_\_\_\_\_

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

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

Grenada Electricity Services Ltd: Production Manager 1998 - 2005

Grenada Electricity Services Ltd: Electrical engineer 1993- 1998

Education (degrees, schools, and dates):

BSc (Eng) University of the West Indies 1988

MBA –University of Bath - 2003

Name: **Wallace Collins**

Title : **Manager Carriacou & Petite**  
**Martinique**

Office Street Address: Main Street.

Hillsborough

Carriacou

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

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

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

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

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

Education (degrees, schools, and dates):

Diploma Port Management - 2007

Diploma Modern Management / Administration - 2002

Name: Cassandra Slocombe

Title: Customer Services Manager

Office Street Address:

P.O Box 381

St. George's, Grenada

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

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

Customer Services Manager January 2005 to present

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

\_\_\_\_\_  
1. Management of customer service activities  
\_\_\_\_\_  
\_\_\_\_\_

Education (degrees, schools, and dates):

\_\_\_\_\_  
Executive Diploma in Management – UWI 1999  
\_\_\_\_\_

BSc. Natural Science – University of West Indies 1997  
\_\_\_\_\_

**Name: Benedict Brathwaite**

**Title: Financial Controller**

**Office Street Address:**

**P.O Box 381**

**St. George's Grenada**

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

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

**Grenada Electricity Services Limited – Financial Controller 2005**  
\_\_\_\_\_

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

**Responsibilities- Accounting operations, Budgeting and Cost Monitoring, Credit and Collections,**  
\_\_\_\_\_

**Taxes**  
\_\_\_\_\_  
\_\_\_\_\_

**Education (degrees, schools, and dates):**  
\_\_\_\_\_

**ACCA –Emile Wolfe - 1990**  
\_\_\_\_\_

**BSc Economics- University of the West Indies - 1983**  
\_\_\_\_\_

Name: Eric Williams

Title: Distribution Manager

Office Street Address: P.O Box 381

St. George's

Telephone No.: (473-444-0910)

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

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

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

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

Education (degrees, schools, and dates):

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

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

Name: **Jacqueline Williams**

Title: **Human Resource Manager**

Office Street Address:

P.O Box 381

St. George's Grenada

Telephone No.: (473-440-8782)

---

Grenada Electricity Services Ltd. Human Resource Manager 2006

---

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

---

List Jobs held during the last five years:

---

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

---

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

---

Education (degrees, schools, and dates):

---

PgCert Employment Law & Practice - 2013

---

MSc. Organizational Psychology – 2011

---

SPHR – Senior Professional in Human Resources Certification – 2010

---

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

---

Managerial Behaviour & Team Effectiveness - Cornell University - 1999

---

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

---

Industrial Relations Practices - Tourism Product Development Company - 1996

---

**Name: Ahmin Baksh**

**Title: Manager Planning & Engineering**

Office Street Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone No.: (1-473-440-2650)

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

GRENLEC Sept 2013 – Present; P&E Manager

Independent Consultant July 2012 – August 2013

GENIVAR Trinidad & Tobago – Sept – 2007 – July 2012; Chief Electrical Engineer

Education (degrees, schools, and dates):

MSc. – Technological Economics - 1988

BSc. – Electrical Engineering - 1978

**13. Other Information.**

None

**14. List of Exhibits**

Published Financial Statements 2014.





Accountants &  
business advisers

**GRENADA ELECTRICITY SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER, 2014**

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**GRENADA ELECTRICITY SERVICES LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2014**

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\*\*\*\*\*002\*\*\*\*\*

**GRENADA ELECTRICITY SERVICES LIMITED  
DIRECTORS AND OFFICERS**



**DIRECTORS:**

(As at December 31, 2014)

G. Robert Blanchard Jr. –Chairman  
Alister Bain  
Robert Blenker  
Wayne Burks  
Robert Curtis  
Anthea Debellotte  
Ashton Frame  
Linda George- Francis  
Dwight Horsford  
Ronald Roseman  
Lawrence Samuel  
Nigel Wardle

**GENERAL MANAGER/ CEO:**

Collin Cover

**SECRETARY:**

Benedict Brathwaite

**REGISTERED OFFICE:**

Dusty Highway  
Grand Anse  
St. George's  
Grenada

**BANKERS:**

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

Cayman National Bank  
Grand Cayman  
Cayman Islands

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

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

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

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

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

**ATTORNEYS-AT-LAW:**

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

**AUDITORS:**

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

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

We have audited the accompanying financial statements of Grenada Electricity Services Limited (the Company) which comprise the statement of financial position at December 31<sup>st</sup>, 2014 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

***Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Company as of December 31<sup>st</sup>, 2014 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

GRENADA:

March 5<sup>th</sup>, 2015

**PKF**

Accountants & business advisers:

**GRENADA ELECTRICITY SERVICES LIMITED**

**STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2014**

(Expressed in Eastern Caribbean Currency Dollars)

ASSETS	Notes	2014 \$	2013 \$
<b>Non-Current Assets</b>			
Property, plant and equipment	4	77,555,062	81,907,855
Suspense jobs in progress	5	1,893,828	1,682,618
Capital work in progress	6	2,178,152	2,902,314
Deferred exchange loss	7	205,560	1,207,246
Available-for-sale financial assets	8 (a)	872,120	872,388
		<u>82,704,722</u>	<u>88,572,421</u>
<b>Current Assets</b>			
Inventories	9	14,901,584	15,197,303
Trade and other receivables	10	30,255,489	35,346,510
Segregated retirement investments	11	6,134,198	9,993,896
Income tax prepaid		-	908,592
Loans and receivables financial assets	8 (b)	37,327,224	30,910,203
Cash and cash equivalents	12	12,885,921	2,103,515
		<u>101,504,416</u>	<u>94,460,019</u>
<b>TOTAL ASSETS</b>		<u>184,209,138</u>	<u>183,032,440</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Stated capital	13	32,339,840	32,339,840
Other reserves		8,040	8,308
Retained earnings		61,247,152	51,126,250
		<u>93,595,032</u>	<u>83,474,398</u>
<b>Non-Current Liabilities</b>			
Customers' deposits	14	12,890,373	11,428,931
Long-term borrowings	15	16,224,680	24,676,158
Provision for hurricane insurance reserve	17	18,000,000	16,000,000
		<u>47,115,053</u>	<u>52,105,089</u>
<b>Current Liabilities</b>			
Amount due to related company	18	164,964	91,971
Short-term borrowings	15	7,687,615	10,630,726
Trade and other payables	19	16,674,611	15,077,082
Customers' contribution to line extensions		941,354	1,003,906
Provision for retirement benefits	16	12,791,719	16,120,574
Provision for profit sharing		5,038,532	4,528,694
Provision for income tax		200,258	-
		<u>43,499,053</u>	<u>47,452,953</u>
<b>TOTAL LIABILITIES</b>		<u>90,614,106</u>	<u>99,558,042</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>184,209,138</u>	<u>183,032,440</u>

The notes on pages 8 to 36 form an integral part of these financial statements

 : Director

 : Director



**GRENADA ELECTRICITY SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2014**  
(Expressed in Eastern Caribbean Currency Dollars)

	Notes	2014 \$	2013 \$
<b>INCOME</b>			
Sales - non fuel charge		77,070,194	78,004,472
- fuel charge		111,450,441	112,360,801
Unbilled sales adjustments	2(v)	( 345,350)	( 244,236)
Gross Sales		188,175,285	190,121,037
Other income	20	<u>1,762,736</u>	<u>2,190,764</u>
Total income		<u>189,938,021</u>	<u>192,311,801</u>
<b>LESS: OPERATING EXPENSES</b>			
Production expenses		13,834,297	16,236,402
Diesel consumed		99,348,393	105,680,363
Administrative expenses		18,595,857	16,476,246
Distribution services		16,232,219	16,884,546
Planning and engineering		2,578,336	2,413,262
Provision for hurricane insurance reserve		<u>2,000,000</u>	<u>2,000,000</u>
Total operating expenses		<u>152,589,102</u>	<u>159,690,819</u>
Operating profit		37,348,919	32,620,982
Less: Finance cost	21	<u>2,429,426</u>	<u>2,861,373</u>
Profit for year before allocations and taxation		<u>34,919,493</u>	<u>29,759,609</u>
<b>ALLOCATIONS</b>			
Less: Donations		1,745,975	1,487,980
Profit sharing		<u>6,326,481</u>	<u>5,853,542</u>
		<u>8,072,456</u>	<u>7,341,522</u>
Profit for year before taxation		26,847,037	22,418,087
Less: Provision for taxation	23	<u>7,606,135</u>	<u>6,361,011</u>
Profit for year after taxation		19,240,902	16,057,076
<b>Other comprehensive income</b>			
Revaluation of available-for-sale financial assets		( 268)	( 3,752)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>19,240,634</u>	<u>16,053,324</u>
<b>EARNINGS PER SHARE</b>		<u>1.01</u>	<u>0.84</u>

The notes on pages 8 to 36 form an integral part of these financial statements

**GRENADA ELECTRICITY SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31ST DECEMBER, 2014**  
(Expressed in Eastern Caribbean Currency Dollars)

	Stated Capital \$	Other Reserve \$	Retained Earning \$	Total Equity \$
Balance at 1 <sup>st</sup> January, 2013	32,339,840	12,060	44,189,174	76,541,074
Dividends paid	-	-	(9,120,000)	(9,120,000)
Total comprehensive income for the year: Profit for the year after taxation	-	-	16,057,076	16,057,076
Revaluation of available-for-sale financial assets	-	( 3,752)	-	( 3,752)
Balance at 31 <sup>st</sup> December, 2013	32,339,840	8,308	51,126,250	83,474,398
Dividends paid	-	-	(9,120,000)	(9,120,000)
Total comprehensive income for the year: Profit for the year after taxation	-	-	19,240,902	19,240,902
Revaluation of available-for-sale financial assets	-	(268)	-	( 268)
Balance at 31 <sup>st</sup> December, 2014	<u>32,339,840</u>	<u>8,040</u>	<u>61,247,152</u>	<u>93,595,032</u>

The notes on pages 8 to 36 form an integral part of these financial statements

**GRENADA ELECTRICITY SERVICES LIMITED**



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31ST DECEMBER, 2014  
(Expressed in Eastern Caribbean Currency Dollars)**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the year before taxation	26,847,037	22,418,087
Adjustments for:		
Depreciation	10,493,331	11,155,792
Profit on disposal of property, plant and equipment	( 30,580)	( 82,734)
Operating surplus before working capital changes	37,309,788	33,491,145
Decrease in trade and other receivables	5,091,021	857,666
Increase/(decrease) in trade and other payables	2,996,420	(1,401,579)
Decrease in provision for retirement benefits	(3,328,855)	(8,412,980)
Decrease in inventories	295,719	310,585
Increase/(decrease) in amount due to related company	72,993	(48,248)
Increase in provision for profit sharing	<u>509,838</u>	<u>247,485</u>
Income tax paid	42,946,924	25,044,074
	<u>(6,497,286)</u>	<u>(7,074,501)</u>
Cash provided by operating activities	<u>36,449,638</u>	<u>17,969,573</u>
<b>INVESTING ACTIVITIES</b>		
Decrease in available for sale financial assets	268	3,752
Disposal of property, plant and equipment	31,500	109,057
Increase in suspense jobs in progress	(211,210)	(275,037)
Decrease in capital work in progress	724,162	610,222
Increase in loans and receivables financial assets	(6,417,021)	(4,534,486)
Decrease in segregated retirement investments	3,859,698	9,620,035
Decrease in customers' contribution to line extensions	(597,630)	(244,876)
Purchase of property, plant and equipment	(5,543,828)	(6,802,161)
Decrease in other reserves	<u>( 268)</u>	<u>( 3,752)</u>
Cash used in investing activities	<u>(8,154,329)</u>	<u>(1,517,246)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(9,120,000)	(9,120,000)
Increase in provision for hurricane insurance reserve	2,000,000	2,000,000
Repayment of borrowings	<u>(7,380,286)</u>	<u>(7,311,435)</u>
Cash used in financing activities	<u>(14,500,286)</u>	<u>(14,431,435)</u>
Net increase in cash and cash equivalents	13,795,023	2,020,892
Cash and cash equivalents - at the beginning of year	<u>(909,102)</u>	<u>(2,929,994)</u>
- at the end of year	<u>12,885,921</u>	<u>( 909,102)</u>
<b>REPRESENTED BY</b>		
Cash and cash equivalents	12,885,921	2,103,515
Bank overdraft	<u>-</u>	<u>(3,012,617)</u>
	<u>12,885,921</u>	<u>(909,102)</u>

The notes on pages 8 to 36 form part of these financial statements



**GRENADA ELECTRICITY SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AT 31ST DECEMBER, 2014**

**1. CORPORATE INFORMATION**

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

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

The Company operates under the Electricity Supply Act 18 of 1994 (as amended) and has an exclusive licence for the exercise and performance of functions relating to the supply of electricity in Grenada. The Company is listed on the Eastern Caribbean Securities Exchange.

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

The Company employed on average two hundred and twenty-six (226) persons during the year (2013- 233).

**2. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Preparation**

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

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

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

- (i) There are no new standards, amendments or interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2014 that would be expected to have a material impact on the Company's financial statement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**AT 31ST DECEMBER, 2014**  
**(continued)**

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

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

(ii) New standards, amendments and interpretations issued but not effective for the financial year beginning 1st January, 2014 and not early adopted are shown below. These either do not apply to the activities of the Company or have no material impact on its financial statements.

- IAS 1 Presentation of Financial Statements – Disclosure Initiative Equity Method –Effective or annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 16 Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 16 Property, plant and equipment – Clarification of Acceptable Methods of Depreciation and Amortisation – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 16 Property, plant and equipment – Bearer Plants – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 19 Employee benefits – Effective for annual periods beginning on or after 1<sup>st</sup> July, 2014.
- IAS 27 Separate financial statements - Investment Entities – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and it's Associate or Joint Venture – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 28 Investments in Associates and Joint Ventures Applying the Consolidation Exception – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 41 Agriculture – Bearer Plants – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 9 Financial Instruments – Classification, Impairment, Hedge Accounting and De-recognition – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2018.



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- IFRS 10 Consolidated financial statements- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IFRS 10 Consolidated financial statements- Applying the Consolidation Exception -Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IFRS 12 Disclosure of Interest in Other Entities – Applying the Consolidation Exception - Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IFRS 11 Joint Arrangements – Accounting for Acquisition of Interest in Joint Operations - Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IFRS 14 Regulatory Deferral Accounts – Effective for annual periods beginning on or after 1<sup>st</sup> January, 2016.
- IAS 36 Impairment of assets – Recoverable amount disclosures for non-financial assets – Effective for annual period beginning on or after 1<sup>st</sup> January, 2014.
- IFRS 15 Revenue from Contracts with Customers – Effective for annual period beginning on or after 1<sup>st</sup> January, 2017.

*(c) Property, Plant and Equipment*

*Recognition and Measurement*

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

Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

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

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	5 - 12.5
Motor vehicles	33 1/3
Furniture, fittings and equipment	12.5 - 20

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



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

**(d) Foreign Currencies Translation**

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

EC\$2.7169 to US\$1.00	-	(2013: EC\$2.7169)
EC\$3.38034 to €1.00	-	(2013: EC\$3.89553)

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

**(e) Financial Instruments**

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

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

*Recognition and measurement*

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

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

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

*Financial assets*

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

GRENADA ELECTRICITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014

(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Financial Instruments (continued)*

*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 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.

*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.



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

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

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.

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.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

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

**(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.

**(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.



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

**(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. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the cash flow statement. Bank overdraft is shown within borrowings in current liabilities on the statement of financial position.

**(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.

**(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.

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

(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.



GRENADA ELECTRICITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) *Revenue recognition (continued)*

(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.

(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 charges*

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

(u) *Provision for bad and 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 bad. The total provision at 31st December, 2014 amounted to \$8,539,923 (2013 - \$7,472,872).

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

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

*(v) Provision for unbilled sales*

The provision and adjustment with comparatives at 31st December, 2014 are calculated as follows:

		2014 \$	2013 \$
Sales revenue for December after discounts		<u>15,427,007</u>	<u>16,117,707</u>
50% of above	= provision at 31/12/14	7,713,504	8,058,854
	= provision at 31/12/13	<u>8,058,854</u>	<u>8,303,090</u>
Decrease in provision during the year		<u>(345,350)</u>	<u>(244,236)</u>

**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, 2014**

(continued)

**4. PROPERTY, PLANT AND EQUIPMENT**

	Land	Building and Construction	Plant and Machinery	Motor Vehicles	Furniture and equipment	Total
<b>Balance at 1<sup>st</sup> January, 2013</b>						
Cost	1,467,468	30,452,548	215,044,394	9,274,361	11,833,924	268,072,695
Accumulated depreciation	<u>-</u>	<u>(16,420,811)</u>	<u>(142,272,770)</u>	<u>(8,315,156)</u>	<u>(7,126,394)</u>	<u>(174,135,131)</u>
	<b><u>\$1,467,468</u></b>	<b><u>\$14,031,737</u></b>	<b><u>\$72,771,624</u></b>	<b><u>\$959,205</u></b>	<b><u>\$4,707,530</u></b>	<b><u>\$93,937,564</u></b>
<b>For year ended 31<sup>st</sup> December, 2013</b>						
Opening book value	1,467,468	14,031,737	72,771,624	959,205	4,707,530	93,937,564
Additions for the year	-	11,110	5,481,158	342,057	967,836	6,802,161
Disposals for the year	-	-	-	(23,052)	(3,270)	(26,322)
Depreciation charge for year	<u>-</u>	<u>(498,288)</u>	<u>(8,863,341)</u>	<u>(610,220)</u>	<u>(1,183,943)</u>	<u>(11,155,792)</u>
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$13,544,559</u></b>	<b><u>\$69,389,441</u></b>	<b><u>\$667,990</u></b>	<b><u>\$4,488,153</u></b>	<b><u>\$89,557,611</u></b>
<b>Balance at 31<sup>st</sup> December, 2013</b>						
Cost	1,467,468	30,463,658	220,345,202	9,312,152	12,743,107	274,331,587
Accumulated depreciation	<u>-</u>	<u>(16,919,099)</u>	<u>(150,955,761)</u>	<u>(8,644,162)</u>	<u>(8,254,954)</u>	<u>(184,773,976)</u>
	1,467,468	13,544,559	69,389,441	667,990	4,488,153	89,557,611
Less: Customer contribution to line extensions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,649,756)</u>
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$13,544,559</u></b>	<b><u>\$69,389,441</u></b>	<b><u>\$667,990</u></b>	<b><u>\$4,488,153</u></b>	<b><u>\$81,907,855</u></b>

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**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014**

(continued)

**4. 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, 2014</b>						
Opening book value	1,467,468	13,544,559	69,389,441	667,990	4,488,153	89,557,611
Additions for the year	-	-	2,651,867	366,975	2,524,986	5,543,828
Disposals for the year	-	-	-	-	(920)	(920)
Depreciation charge for year	-	(496,543)	(7,243,348)	(454,400)	(2,299,040)	(10,493,331)
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$13,048,016</u></b>	<b><u>\$64,797,960</u></b>	<b><u>\$580,565</u></b>	<b><u>\$4,713,719</u></b>	<b><u>\$84,607,188</u></b>
<b>Balance at 31<sup>st</sup> December, 2014</b>						
Cost	1,467,468	30,463,658	223,378,827	9,442,227	14,021,660	278,773,840
Accumulated depreciation	-	(17,415,642)	(158,580,867)	(8,861,662)	(9,308,481)	(194,166,652)
	1,467,468	13,048,016	64,797,960	580,565	4,713,179	84,607,188
Less: Customer contribution to line extensions	-	-	-	-	-	(7,052,126)
<b>NET BOOK VALUE</b>	<b><u>\$1,467,468</u></b>	<b><u>\$13,048,016</u></b>	<b><u>\$64,797,960</u></b>	<b><u>\$580,565</u></b>	<b><u>\$4,713,179</u></b>	<b><u>\$77,555,062</u></b>

**GRENADA ELECTRICITY SERVICES LIMITED**



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(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>2014</b>	<b>2013</b>
	\$	\$
Generation	895,916	1,992,808
Computers and software upgrades	100,832	354,211
Tools and equipment	28,697	96,505
Furniture and equipment	89,892	6,047
Distribution	<u>1,062,815</u>	<u>452,743</u>
	<u>2,178,152</u>	<u>2,902,314</u>

**7. DEFERRED EXCHANGE LOSS**

This represents the difference arising on the revaluation of the balance of the European Investment Bank Grenlec 111 Loan at the exchange rate of ECC\$3.38034 to one Euro at the statement of financial position date. The average rate existing on the dates the draw downs were received was ECC\$3.3417 to one Euro.

**8. FINANCIAL ASSETS**

**(a) Available for sale**

536 ordinary shares in the Republic Bank (Grenada) Limited	24,120	24,388
Government of Grenada - Treasury Bills	<u>848,000</u>	<u>848,000</u>
	<u>872,120</u>	<u>872,388</u>

**(b) Loans and receivables**

Fixed deposit – Republic Bank (Grenada) Limited	10,359,578	10,376,081
Fixed deposit – Grenada Co-operative Bank Limited	9,890,909	7,641,134
Fixed deposit – Bank of Nova Scotia	8,974,329	5,445,530
Fixed deposit – RBTT Bank Grenada Limited	5,372,792	4,712,433
US\$ certificate of deposit- Cayman National Bank	<u>2,729,616</u>	<u>2,735,025</u>
	<u>37,327,224</u>	<u>30,910,203</u>



**GRENADA ELECTRICITY SERVICES LIMITED**



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014**

(continued)

**8. FINANCIAL ASSETS (continued)**

Included in the above is an amount of \$18,346,087 for Hurricane Insurance Reserve invested in Treasury Bills and fixed deposits held with the Bank of Nova Scotia, Republic Bank (Grenada) Limited, RBTT Bank Grenada Limited, Cayman National Bank and the Grenada Co-operative Bank Limited.

**9. INVENTORIES**

	2014 \$	2013 \$
The following is a breakdown of stock on hand:		
Motor vehicle spares	961,219	937,967
Distribution	4,345,185	4,779,069
Generation spares	7,922,678	7,521,455
Fuel and lubricating oil	405,596	832,544
General stores	<u>2,295,714</u>	<u>2,154,703</u>
	15,930,392	16,225,738
Less: Obsolescence provision	<u>1,028,808</u>	<u>1,028,435</u>
	<u>14,901,584</u>	<u>15,197,303</u>

**10. TRADE AND OTHER RECEIVABLES**

Customers' accounts	28,457,422	31,848,807
Less: Provision for doubtful debts	<u>7,976,196</u>	<u>6,926,508</u>
	20,481,226	24,922,299
Other debtors	1,602,357	1,962,839
Less: Provision for doubtful debt	<u>563,727</u>	<u>546,364</u>
	21,519,856	26,338,774
Provision for unbilled sales	7,713,503	8,058,854
Prepayments	<u>1,022,130</u>	<u>948,882</u>
	<u>30,255,489</u>	<u>35,346,510</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>2014</b>	<u>\$12,504,556</u>	<u>\$4,844,022</u>	<u>\$2,079,659</u>	<u>\$9,029,185</u>	<u>\$28,457,422</u>
<b>2013</b>	<u>\$13,435,151</u>	<u>\$4,608,207</u>	<u>\$2,795,409</u>	<u>\$11,010,040</u>	<u>\$31,848,807</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
**AT 31ST DECEMBER, 2014**  
 (continued)

**11. SEGREGATED RETIREMENT INVESTMENTS**

To offset the liability created from the defined contribution plan, the Company makes short-term investments in certificates of deposits at various commercial banks. In practice, these funds are not available to the Company for normal operations but are not governed by a Trust deed.

A balance of \$1.23 million Segregated Retirement Investment is held in a Government of Grenada/ Grenlec certificate of deposit at the Bank of Nova Scotia. This can only be drawn by the Company upon the retirement or resignation of employees who were employed prior to its privatization in 1994.

**12. CASH AND CASH EQUIVALENTS**

	2014 \$	2013 \$
Cash on hand	4,900	4,900
Bank of Tampa	18,725	19,795
Bank of Nova Scotia	3,706,459	300,261
Republic Bank (Grenada) Limited	5,077,261	37,472
FirstCaribbean International Bank Limited	3,632,498	519,378
Grenada Co-operative Bank Limited	<u>446,078</u>	<u>1,221,709</u>
	12,885,921	2,103,515
Bank overdraft (note 15)	<u>-</u>	<u>(3,012,617)</u>
Cash and cash equivalents in the statement of cash flows	<u>12,885,921</u>	<u>(909,102)</u>

**13. STATED CAPITAL**

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

**14. CUSTOMERS' DEPOSITS**

All customers are required in accordance with the Electricity Supply Act (ESA) Section 11 of 1994 to provide a security deposit which is normally equivalent to two (2) months consumption. Interest accrued is credited to customers' accounts in the first billing cycle of the year. The cash deposit is refunded with accumulated interest when the account is terminated.

**GRENADA ELECTRICITY SERVICES LIMITED**



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

**15. BORROWINGS**

	2014 \$	2013 \$
<b>Long-term</b>		
(i) European Investment Bank (EIB )	6,690,489	8,445,276
(ii) National Insurance Scheme	2,913,306	4,770,991
(ii) Grenlec ECSE Bonds	<u>14,308,500</u>	<u>19,078,000</u>
	23,912,295	32,294,267
Less: Current portion	<u>7,687,615</u>	<u>7,618,109</u>
Total long-term	<u>16,224,680</u>	<u>24,676,158</u>
<b>Short-term</b>		
Bank overdraft	-	3,012,617
Borrowings current portion	<u>7,687,615</u>	<u>7,618,109</u>
Total short-term	<u>7,687,615</u>	<u>10,630,726</u>
Total borrowings	<u>23,912,295</u>	<u>35,306,884</u>

**(A) European Investment Bank (EIB)**

This loan bears an average interest rate of 5.75% per annum and is repayable over fifteen (15) years in annual instalments of Euro 365,898.74 (EC\$1,236,862.15 – converted as at the rate of December 31<sup>st</sup>, 2014) inclusive of interest and would mature at the end of June 2020. The loan is collateralized by a first fixed charge on Wartsila generator set II.

**(B) National Insurance Scheme**

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

**(C) Grenlec ECSE Bonds**

On December 17, 2007, the Company raised \$47,695,000 in capital through a bond issue. The bond facility bears interest at a rate of 7% per annum and is repayable by quarterly instalments of \$1,192,375 (principal) plus variable interest over ten (10) years. Repayment commenced March 20<sup>th</sup>, 2008 and would mature at the end of December 2017. This bond is collateralized under a Debenture Trust Deed which creates a fixed and floating charge on the Company's property, present and future, with the exception of those secured under other agreements and the Carriacou assets. The Debenture requires the Company to meet financial ratios; current, earnings coverage and equity /debt. The financial ratios were met by the Company for 2014.



**NOTES TO THE FINANCIAL STATEMENTS**  
**AT 31ST DECEMBER, 2014**  
 (continued)

**16. PROVISION FOR RETIREMENT BENEFITS**

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

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

The entire balance of \$12,791,719 remain in the provision at the statement of financial position date relates to the Unionised plan.

The Non-Management Trust was established on August 27, 2014, was registered in the local registry on 2<sup>nd</sup> October, 2014, and with GARFIN on 10<sup>th</sup> February, 2015. It is expected that by the end of the first quarter of 2015 all funds relating to the non-management retirement plan will be transferred out of the Company's books and into the Non-Management Trust.

**17. PROVISION FOR HURRICANE INSURANCE RESERVE**

	2014 \$	2013 \$
Balance at beginning of year	16,000,000	14,000,000
Add: Provision for the year	<u>2,000,000</u>	<u>2,000,000</u>
Balance at end of year	<u>18,000,000</u>	<u>16,000,000</u>

GRENADA ELECTRICITY SERVICES LIMITED



NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014

(continued)

18. AMOUNT DUE TO RELATED COMPANY

	2014 \$	2013 \$
Amount due to WRB Enterprises, Inc.	<u>164,964</u>	<u>91,971</u>

19. TRADE AND OTHER PAYABLES

Trade creditors	6,390,315	9,291,431
Sundry creditors	2,716,478	831,453
Accrued expenses	<u>7,567,818</u>	<u>4,954,198</u>
	<u>16,674,611</u>	<u>15,077,082</u>

The amount of \$2.53 million included in sundry creditors represents a provision for overbilling of certain commercial customers for floor area surcharges due to a scrivener's error in the Electricity Supply Act of 1994. There was a corresponding decrease in the non-fuel charge sales for the year ended December 31<sup>st</sup>, 2014

20. OTHER INCOME

Sundry revenue	1,732,156	2,108,030
Gain on disposal of fixed assets	<u>30,580</u>	<u>82,734</u>
	<u>1,762,736</u>	<u>2,190,764</u>

21. FINANCE COST

Bank loans/Bond interest	1,966,009	2,390,963
Other bank interest	1,721	52,714
Other	<u>461,696</u>	<u>417,696</u>
	<u>2,429,426</u>	<u>2,861,373</u>

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

**22. RELATED PARTY TRANSACTIONS**

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

	2014 \$	2013 \$
a) Sale of electricity - NIS	<u>392,720</u>	<u>364,100</u>
b) Management services- WRB Enterprises, Inc.	<u>600,000</u>	<u>600,000</u>
c) Loan repayments- NIS	<u>2,142,603</u>	<u>2,142,603</u>
d) Payment of dividends:		
NIS	<u>1,057,920</u>	<u>1,057,920</u>
Grenada Private Power Limited	<u>4,560,000</u>	<u>4,560,000</u>

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

Salaries and other benefits	<u>2,800,122</u>	<u>2,709,750</u>
Past employment benefit provisions	<u>372,056</u>	<u>485,725</u>

- iii) Loans receivable from key management personnel
- |  |              |               |
|--|--------------|---------------|
|  | <u>3,575</u> | <u>59,135</u> |
|--|--------------|---------------|



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014  
(continued)**

**23. TAXATION**

*Current year*

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

	2014 \$	2013 \$
Profit for the year before taxation	<u>26,847,037</u>	<u>22,418,087</u>
Tax at applicable statutory rate (30%)	8,054,111	6,725,426
Tax effect of items that are adjustable in determining Tax exempt income	(161,452)	(331,336)
Effect of expenses not deductible for tax purposes	<u>(286,524)</u>	<u>( 33,079)</u>
Provision for taxation	<u>7,606,135</u>	<u>6,361,011</u>

**24. CONTINGENT LIABILITIES**

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

**25. DIVIDENDS**

During the year ended December 31<sup>st</sup>, 2014, a dividend of 48 cents per ordinary share amounting to \$9,120,000 was declared and paid.

NOTES TO THE FINANCIAL STATEMENTS  
AT 31ST DECEMBER, 2014

(continued)

26. FINANCIAL RISK MANAGEMENT

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

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

Audit Committee

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

Loans Committee

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

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.

NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2014  
(continued)

26. FINANCIAL RISK MANAGEMENT (continued)

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>, 2014.

*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:

- 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.



**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2014  
(continued)**

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

***Insurance risk***

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

***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Management monitors the Company's liquidity reserve, which comprises overdraft facilities and cash and cash equivalents, on the basis of expected cash flows and is of the view that the Company holds adequate cash and credit facilities to meet its short term obligations.

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2014**

(continued)

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

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

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

**GRENADA ELECTRICITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2014  
(continued)**

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

<b>Balance at 31<sup>st</sup> December, 2013</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	2,103,515	-	-	-	2,103,515
Loans and receivable financial assets	-	-	2,883,078	28,027,125	30,910,203
Income tax prepaid	908,592	-	-	-	908,592
Segregated retirement investments	3,837,122	-	-	6,156,774	9,993,896
Prepayments	948,882	-	-	-	948,882
Trade and other receivables	22,910,480	4,608,207	2,795,409	4,083,532	33,397,628
Inventories	<u>15,197,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,197,303</u>
	<u>45,905,894</u>	<u>4,608,207</u>	<u>5,678,487</u>	<u>38,267,431</u>	<u>94,460,019</u>
<b>Current liabilities</b>					
Amount due to related company	91,971	-	-	-	91,971
Short-term borrowings	3,012,617	-	1,656,625	5,961,484	10,630,726
Trade payables and accrued expenses	11,671,499	610,181	-	2,795,402	15,077,082
Consumers' advances for construction	-	-	-	1,003,906	1,003,906
Provision for retirement benefits	3,837,122	-	-	12,283,452	16,120,574
Provision for profit sharing	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,528,694</u>	<u>4,528,694</u>
	<u>18,613,209</u>	<u>610,181</u>	<u>1,656,625</u>	<u>26,572,938</u>	<u>47,452,953</u>
<b>NET LIQUIDITY SURPLUS</b>	<u>27,292,685</u>	<u>3,998,026</u>	<u>4,021,862</u>	<u>11,694,493</u>	<u>47,007,066</u>

**GRENADA ELECTRICITY SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2014  
(continued)****26. FINANCIAL RISK MANAGEMENT (continued)*****Market risk******(i) Foreign exchange risk***

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

The Company has a limited exposure to foreign exchange risk arising primarily from a Euro loan and purchases of plant, equipment and spares from foreign suppliers.

Borrowings, other than for the Euro loan, have been transacted in EC\$ to limit exposure to fluctuations in foreign currency rates. Additionally, most purchases are transacted in United States dollars, which has a fixed exchange rate.

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

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



NOTES TO THE FINANCIAL STATEMENTS  
AT 31<sup>ST</sup> DECEMBER, 2014  
(continued)

26. FINANCIAL RISK MANAGEMENT (continued)

*FINANCIAL LIABILITIES*

	2014		2013	
Reasonably possible change in currency rate	+2.5%	-2.5%	+2.5%	-2.5%
Loans payable	EC \$	EC \$	EC \$	EC \$
EIB (EURO loan)				
Principal repayments for the year	866,252.49	866,252.49	941,434.14	941,434.14
Effect on principal repayment of adjustment to EURO	<u>887,908.80</u>	<u>844,596.18</u>	<u>964,969.99</u>	<u>917,898.28</u>
<i>CURRENCY EXPOSURE</i>	<u>(21,656.31)</u>	<u>21,656.31</u>	<u>(23,535.85)</u>	<u>23,535.86</u>

Reasonably possible change in currency rate	+2.5%	-2.5%	+2.5%	-2.5%
EIB Euro loan Interest payment	370,609.66	370,609.66	483,935.38	483,935.38
Effect on interest payment of adjustment to EURO	<u>379,874.90</u>	<u>361,344.42</u>	<u>496,033.77</u>	<u>471,837.00</u>
Effect on profit before tax/equity	<u>(9,265.24)</u>	<u>9,265.24</u>	<u>(12,098.39)</u>	<u>12,098.38</u>

<i>Repayment for the year</i>	<b>2014</b>	<b>2013</b>
	<b>EURO</b>	<b>EURO</b>
Interest	109,636.80	124,228.38
Principal	<u>256,261.94</u>	<u>241,670.36</u>
	<u>365,898.74</u>	<u>365,898.74</u>

*See note 2 (d) for exchange rates for the Euro at 31<sup>st</sup> December 2014 and 2013 respectively.*

(ii) Interest rate risk

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