

**Schedule 2**  
**FORM ECSRC – OR**

(Select One)

☒ **QUARTERLY FINANCIAL REPORT** for the period ended March 31, 2020  
Pursuant to Section 98(2) of the Securities Act, 2001

**OR**

☐ **TRANSITION REPORT**  
for the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Pursuant to Section 98(2) of the Securities Act, 2001  
(Applicable where there is a change in reporting issuer's financial year)

Issuer Registration Number: GRENLEC27091960G

Grenada Electricity Services Ltd.

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

Grenada W.I.

(Territory or jurisdiction of incorporation)

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

(Address of principal executive Offices)

(Reporting issuer's:

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

Fax number: (473) 440-4106

Email address: mail@grenlec.com

\_\_\_\_\_  
(Former name, former address and former financial year, if changed since last report)

(Provide information stipulated in paragraphs 1 to 8 hereunder)

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

CLASS	NUMBER
Ordinary Shares	19,000,000

## SIGNATURES

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

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

Name of Chief Executive Officer:

**Collin Cover**

Collin Cover

Signature

Name of Director:

**Linda George-Francis**

Linda George-Francis

Signature

Date

26<sup>th</sup> May 2020

Date

26<sup>th</sup> May 2020

Name of Chief Financial Officer:

**Benedict Brathwaite**

B. Brathwaite

Signature

Date

26.5.20

## **INFORMATION TO BE INCLUDED IN FORM ECSRC-OR**

### **1. Financial Statements**

Provide Financial Statements for the period being reported in accordance with International Accounting Standards. The format of the financial statements should be similar to those provided with the registration statement. Include the following:

- (a) Condensed Balance Sheet as of the end of the most recent financial year and just concluded reporting period.
- (b) Condensed Statement of Income for the just concluded reporting period and the corresponding period in the previous financial year along with interim three, six and nine months of the current financial year and corresponding period in the previous financial year.
- (c) Condensed Statement of Cash Flows for the just concluded reporting period and the corresponding period in the previous financial year along with the interim three, six and nine months of the current financial year and the corresponding period in the previous financial year.
- (d) By way of *Notes to Condensed Financial Statements*, provide explanation of items in the financial statements and indicate any deviations from generally accepted accounting practices.

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

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the reporting period. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated. Discussion of material changes should be from the end of the preceding financial year to the date of the most recent interim report.

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

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

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

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures

taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

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

The following table provides information as at March 31, 2020 with comparatives at March 31, 2019 and December 31, 2019 of GRENLEC's compliance with various financial loan covenants. Within the first three months the ratios that are dependent on profitability usually lag the covenant based on the time frame. In the first quarter of 2020 the Company was on track to be well within all of the covenants despite the impact of COVID-19 in the last week of March.

#### **Covenant Table**

	<b>Covenant Ratio</b>	<b>March 2020</b>	<b>March 2019</b>	<b>December 2019</b>
Current Ratio	$\geq 1.35:1$	2.01:1	2.52:1	2.27:1
Debt Service Coverage Ratio	$\geq 1.75:1$	2.11:1	2.73:1	7.04:1
Funded Debt to EBITDA	$\leq 3:1$	3.48:1	2.98:1	0.83:1

A comparison of the March 2020 and 2019 numbers indicates that the Company's performance is lagging 2019 but is well on track to surpass the covenant ratios of the agreement.

In the first three months of 2020 the Company's net assets increased from \$100.23M to \$103.41M. Non-current assets increased from \$108.16M to \$109.74M in this period despite depreciation expense of \$2.10M. Cash and cash equivalents increased from \$16.60M at the end of 2019, to \$21.27M in the three months to March 2020 as the Company benefited kWh sales growth and a favourable fuel cost recovery rate.

Trade receivables increased by \$2.14M, over the three months to March 2020, to \$21.21M. The domestic (10.4%), commercial (10.8%), hotels (40.1%) and industrial (11.8%) all increased. However, statutory bodies (12.8%) and government (7.2%) both decreased. This increase was mainly due to a COVID-19 lockdown implemented by the Government in the last week in March which is the heaviest collection period in any month. This impacted the quality of the receivables with current dropping from 66% to 61% while the 60 days rose from 17% to 22%. The coming months will see the Company easing its credit terms and working with customers as they recover from the economic impact of the COVID-19 pandemic. In the short term the trade receivables is expected to increase because of this. The softer credit terms will be retracted as the country opens up for business.

### **Liquidity and Capital Resources**

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

- i) The reporting issuer's financial condition covering aspects such as liquidity, capital

resources, changes in financial condition and results of operations.

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

### **(a) Liquidity**

As at the end of the first quarter of 2020 the Company recorded a current ratio of 2.01:1 and was in position to meet its operational requirements at a level above the lender institution's benchmark of 1.35:1.

The average electricity rate over the first three months of 2020 was \$0.92/kWh, a decrease of 6.1 percent (\$0.06/kWh) as compared to the same period last year. This decrease was due to lower world fuel prices in 2020 compared to that at the beginning of 2019. The average fuel charge has decreased by 11.7 percent from \$0.4949/kWh to \$0.4370/kWh for the three months as compared to the equivalent period last year.

Cash provided by operating activities for the three months to March 31, 2020 of \$11.97M was comparable to the \$11.49M for the same period in 2019. Adjusted profit was \$2.46M lower than for the first three months of 2019 based on fuel cost recovery benefit being less than 2019 by \$2.26M. The lockdown in the last week in March had a significant impact on increases in accounts payable and accrued charges \$8.41M and accounts receivable and prepayments \$4.01M. In the period under review inventory also saw an increase of \$2.33M.

Cash used in investing activities of \$3.67M to March 31, 2020 was more than twice that used of \$1.69M in the first three months of 2019. The main factors in the use of this cash was capital works in progress that saw an outflow of \$3.06M.

Financing activities in the first three months of 2020 was mainly the payment of the regular quarterly dividend of thirteen cents per share and repayment of borrowings as scheduled. This saw cash utilized of \$3.62M marginally above the \$3.47M for the equivalent period of 2019.

Overall, during the first three months of the year, the cash position increased by \$4.68M. The Company met all of its obligations in the period, and, based on its current cash flow projections can be expected to continue to do so for the foreseeable future.

### **(b) Capital Resources**

Non-expansion capital expenditure of \$3.44M in the first three months of 2020 was funded from internal operations. A balance of \$10.11M remains from the budgeted capital expenditure of \$13.55M in 2020 which will be similarly funded from operations. Over the years the Company has only utilized external funding for major capital projects.

The Company does not face any significant challenge with regards to capital resources for its recurrent or capital operations. It has an overdraft facility with CIBC FirstCaribbean in the amount of \$6M. Additionally, it has in excess of \$6M in certificates of deposits that are not associated with the Hurricane Fund that is included within the \$34.46M under financial assets at amortised cost.

At the end of the first quarter COVID-19 began to impact the Company's operations. St. George's University (SGU) our largest customer scaled back operations, returning the majority of students to their countries of origin, and holding courses online. Additionally, with Grenada on lockdown and the hotel sector virtually closed there is uncertainty as to any adjustments that it might have on capital expenditure in 2020.

### Off Balance Sheet Arrangements

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

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

None

### Results of Operations

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

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

- i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.

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



### *Overview of Results of Operations*

The Company's financial performance for the first three months of 2020, reflected by its profit before interest, showed a 23.2 percent decrease as compared to the same period in 2019, a decline of \$3.20M to \$10.59M. The main factor for this decline was the relative fuel cost recovery performance with 2020 being \$2.70M compared to the 4.96M of 2019.

The fuel cost recovery rate of 124.35 percent in the first three months 2019 was mainly based on the rollover effect of high fuel prices at the end of 2018. The fuel prices between December 2019 and February 2020 fell by 2.7 percent in comparison to a fall of 21.3 percent between the end of 2018 and February 2019.

KWh sales growth of 2.5 percent in the first quarter of 2020 was below the 4.6 percent increase over the same period in 2019. This is behind the budgeted growth in kWh sales for 2020 of 3.3 percent.

Total revenue to March 2020 decreased by 3.8 percent, to \$45.10M as compared to the equivalent period of 2019. The average fuel charge \$0.4349 in the first quarter of 2020 was 12.1 percent less than that for the equivalent period of 2019 leading to the lower overall revenue. Fuel revenue in the first three months was 9.5 percent below the 2019 total.

The fuel cost recovery rate over the three months to March was 113.4 percent producing a net benefit of \$2.70M compared to a benefit of \$4.96M from a comparative rate of 124.4 percent over the equivalent period of 2019. The recovery rate in the first quarter has been lower than that of 2019 as fuel prices fell faster in 2019 relative to 2020. Since March we have seen world fuel prices fall dramatically which is likely to have a significant positive impact on the fuel cost recovery rate in the coming months.

Operating and administrative expenses other than fuel of \$14.31M increased by 12.6 percent in the first three months of 2020 relative to the \$12.71M in the comparative period of 2019. This increase was mainly due to an adverse variance of \$1.47M between the years with regards to expenditure in the Generation department. Specifically, the majority of the unfavourable variance related to the three MAK engines with corrective maintenance of \$0.40M and planned overhauls at \$0.50M. The other departments' expenses were comparative to that of 2019 as tight controls over costs were maintained in recognition that with no change in the non-fuel charge rate since 2016 the Company is dependent on kWh sales growth and efficiency improvement to counter price increases. Over the first three months of 2020 operating expenses were lower than budget by 3.3 percent.

Interest costs of \$0.63M in the first three months of 2020 reflects an increase of 5.9 percent compared to the \$0.59M to March 2019. New borrowings of \$3.72M in August 2019 is mainly responsible for the increase in interest as the CIBC loan of 2016 is being repaid as scheduled.

System losses twelve months rolling average of 6.98 percent at March 31, 2020 was lower than the 7.42 percent at the equivalent point in March 2019. The lower system losses would have had a positive impact on the fuel cost recovery rate. It is a key strategic driver for the Company and its importance cannot be over emphasized in the context of the challenging economic conditions under which the Company operates. Management monitors system losses closely with the view of keeping it as low as technically possible.

Fuel efficiency of 18.99kWh's per imperial gallon in the first three months of 2020 was below the 19.26kWh's achieved in the same period last year and represents a 1.4 percent decline. Fuel efficiency for 2019 was the same as for the first three months of 2020. The Company has had engineers from the OEM's Mak and Wartsila onsite reviewing the maintenance practices with the view of improving the efficiencies on the generators. These engineers were to return in 2020 to implement changes to improve the fuel efficiencies of the generators. However, they were prevented by the worldwide travel ban imposed because of COVID-19. Fuel efficiency is very important as it is a key performance indicator for the Company and has a significant impact on its financial performance.

**3. Disclosure about Risk Factors.**

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

The major risk factors facing the Company continue to be as follows:

- Hurricanes

As clearly established after Hurricane Ivan hit Grenada in 2004 when approximately 90 percent of our distribution system was affected, hurricanes continue to be the most immediate and significant risk being faced. This risk has been partially offset by the strengthening of the distribution system which has been made more robust in the rebuilding period after hurricanes Ivan and Emily. Further the distribution system is maintained in this condition by a consistent pole inspection and replacement program. With each passing period that Grenada is not significantly affected by a hurricane the Company's Hurricane Reserve increases, and presently it stands at \$28.50M which mitigates the main risk exposure associated with post-hurricane recovery. Additionally, the Hurricane Fund of \$28.03M is more than the pre Ivan level of \$14M. The 2016 Electricity Supply Act, 2017 Electricity Act and the 2016 Public Regulatory Commission Act

- The 2016 ESA and the 2016 PURC Acts had commencement dates of August 1, 2016. These Acts fundamentally alter the regulatory and operating framework. Section 71 of the 2016 ESA repealed the Electricity Supply Act, 1994 (ESA 1994). The 2016 EA separates generation and transmission entities to allow competition in both the generation and distribution areas, and to increase generation by renewable energy. The Act is silent on the issue of whether concessions on customs duties will continue as per the Electricity Supply Act No, 39 of 2013 or be removed altogether. The draft regulations under the new Act were submitted in mid-December 2019 and public consultations began in March 2020. However, these have been badly affected by COVID-19 and a new deadline of June 2, 2020 has been set for written submissions to the PURC. The Company made all of its written submissions prior to the end of March 2020.
- On March 20, 2020, The ICSID arbitration panel ruled on the demand notice by GPP/WRB for repurchase of its shares by the Government of Grenada in regards to Government's Share Purchase Agreement obligations with WRB. GPP the holder of 50% of GRENLEC's shares is a subsidiary of WRB Enterprises Inc who have had a Management Contract with GRENLEC since 1994. This indicates a likelihood that there will be a new strategic partner in the near future.

#### **4. Legal Proceedings.**

A legal proceeding need only be reported in the ECSRC – OR filed for the period in which it first became a reportable event and in subsequent interim reports in which there have been material developments. Subsequent Form ECSRC – OR filings in the same financial year in which a legal proceeding or a material development is reported should reference any previous reports in that year. Where proceedings have been terminated during the period covered by the report, provide similar information, including the date of termination and a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no pending legal proceedings outstanding as at March 31, 2020 that could materially impact on the Company's position.

#### **5. Changes in Securities and Use of Proceeds.**

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

There were no changes in securities during the quarter ended March 31, 2020.

(a) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

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

N/A

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

N/A

- Name and address of underwriter(s)

N/A

- Amount of expenses incurred in connection with the offer N/A

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

N/A

- Payments to associated persons and the purpose for such payments

N/A

(b) Report any working capital restrictions and other limitations upon the payment of dividends.

None.

**6. Defaults upon Senior Securities.**

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

Payments of principal and interest to CIBC FirstCaribbean on loans of \$48.05M in March 2016 and \$3.72M in August 2019 were made during the quarter ended March 31, 2020 as per the agreement.

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

No arrears in the payment of dividends have occurred and there are no restrictions.

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

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

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

None.

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

N/A

- (c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

N/A

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

N/A

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

N/A

Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report (used to report material changes), with respect to which information is not otherwise called for by this form, provided that the material change occurred within seven days of the due date of the Form ECSRC-OR report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information or in a subsequent Form ECSRC – OR report.

None



**GRENADA ELECTRICITY SERVICES****Statement of Financial Position as at March 31, 2020 - 2019 and December 31, 2019**

	Unaudited March 31, 2020 EC \$	Unaudited March 31, 2019 EC \$	Audited December 31, 2019 EC \$
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property Plant and Equipment	99,065,630.45	89,517,293.77	100,896,414.05
Right to Use Assets	2,787,737.19	-	2,809,204.60
Suspense Jobs in Progress	1,882,337.77	2,195,927.53	1,503,749.47
Capital Work in Progress	6,005,469.08	6,931,492.05	2,946,611.49
	<u>109,741,174.49</u>	<u>98,644,713.35</u>	<u>108,155,979.61</u>
<b>CURRENT ASSETS</b>			
Inventories	22,937,937.34	18,866,886.06	20,609,567.57
Trade and Other Receivables	29,927,948.91	26,106,039.34	25,920,132.17
Financial assets at amortised cost	34,461,246.30	32,486,328.98	34,437,203.96
Cash and cash equivalents	21,268,759.39	11,658,029.34	16,600,291.85
	<u>108,595,891.94</u>	<u>89,117,283.72</u>	<u>97,567,195.55</u>
<b>TOTAL ASSETS</b>	<u>218,337,066.43</u>	<u>187,761,997.07</u>	<u>205,723,175.16</u>
<b>SHAREHOLDERS EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS EQUITY</b>			
Stated Capital	32,339,840.00	32,339,840.00	32,339,840.00
Hurricane Insurance Reserve	28,500,000.01	26,500,000.01	28,000,000.00
Retained Earnings	39,893,890.45	28,167,273.31	28,170,392.56
Profit / (Loss) to Date after Dividends	2,677,085.95	4,426,004.94	11,723,497.89
	<u>103,410,816.41</u>	<u>91,433,118.26</u>	<u>100,233,730.45</u>
<b>Non Current Liabilities</b>			
Consumers' Deposits	16,969,587.62	16,254,175.21	17,268,892.95
Long-term Borrowings	31,189,466.60	32,033,333.28	32,283,458.27
Leased Liabilities	2,585,270.83	-	2,644,405.58
Deferred tax liability	10,227,649.65	6,763,168.40	10,227,649.65
	<u>60,971,974.70</u>	<u>55,050,676.89</u>	<u>62,424,406.45</u>
<b>Current Liabilities</b>			
Amount Due to Related Company	30,025.03	148,407.95	-
Short- term borrowings	4,375,966.68	4,004,166.68	4,375,966.68
Trade and other payables	30,931,845.40	21,126,138.21	22,540,407.30
Current portion of Lease Liabilities	246,336.58	-	246,336.58
Customers' contribution to line extensions	7,595,937.53	6,490,483.53	7,282,723.26
Provision for retirement benefits	494,951.09	176,757.18	682,799.70
Provision for Profit Sharing	8,311,176.09	6,992,783.35	6,470,412.35
Provision for income tax payable	1,968,036.92	2,339,465.02	1,466,392.39
	<u>53,954,275.32</u>	<u>41,278,201.92</u>	<u>43,065,038.26</u>
<b>TOTAL LIABILITIES</b>	<u>114,926,250.02</u>	<u>96,328,878.81</u>	<u>105,489,474.71</u>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<u>218,337,066.43</u>	<u>187,761,997.07</u>	<u>205,723,175.16</u>

**GRENADA ELECTRICITY SERVICES**  
**STATEMENT OF COMPREHENSIVE INCOME**

For the three months ended March 31, 2020 - 2019 and year ended December 31, 2019

	Unaudited March 31, 2020	Unaudited March 31, 2019	Audited December 31, 2019
<b><u>INCOME</u></b>			
Sales - Non Fuel Charge	21,868,752.40	21,306,879.64	90,180,659.00
- Fuel Charge	22,919,350.77	25,329,870.92	98,866,692.38
Unbilled Sales Adjustments	(333,279.03)	(369,413.37)	(136,068.42)
Net Sales	44,454,824.14	46,267,337.19	188,911,282.96
Other Income	645,603.01	605,204.39	3,554,630.76
<b>TOTAL INCOME</b>	<b>45,100,427.15</b>	<b>46,872,541.58</b>	<b>192,465,913.72</b>
<b><u>OPERATING COSTS</u></b>			
Production less Diesel Consumed	5,310,027.95	3,836,392.40	17,699,755.78
Diesel Consumed	20,217,483.13	20,368,383.01	89,735,492.78
Planning & Engineering	664,626.68	787,967.16	3,029,990.86
Distribution	3,754,933.83	3,619,981.84	15,731,709.21
<b>TOTAL OPERATING COSTS</b>	<b>29,947,071.59</b>	<b>28,612,724.41</b>	<b>126,196,948.63</b>
<b><u>CORPORATE SERVICES</u></b>	<b>4,559,195.73</b>	<b>4,468,020.30</b>	<b>19,289,459.86</b>
<b>PROFIT BEFORE INTEREST</b>	<b>10,594,159.83</b>	<b>13,791,796.87</b>	<b>46,979,505.23</b>
<b><u>INTEREST</u></b>			
Bank Loan Interest	466,896.00	431,983.76	1,892,683.87
Other Bank Interest	237.50	-	5,979.93
Consumer Deposit Interest	164,400.82	156,345.60	648,763.65
<b>TOTAL INTEREST COSTS</b>	<b>631,534.32</b>	<b>588,329.36</b>	<b>2,547,427.45</b>
<b>PROFIT AFTER INTEREST</b>	<b>9,962,625.51</b>	<b>13,203,467.51</b>	<b>44,432,077.78</b>
<b><u>ALLOCATIONS</u></b>			
Donations	473,131.28	635,173.37	2,121,603.89
Profit Sharing	1,840,763.74	2,216,858.50	7,910,136.69
<b>TOTAL OTHER CHARGES</b>	<b>2,313,895.02</b>	<b>2,852,031.87</b>	<b>10,031,740.58</b>
<b>PROFIT BEFORE TAXES</b>	<b>7,648,730.49</b>	<b>10,351,435.64</b>	<b>34,400,337.20</b>
Corporation Tax @ 30%	2,001,644.53	2,955,430.69	7,332,356.06
Deferred Tax			3,464,481.25
<b>PROFIT AFTER TAXES</b>	<b>5,647,085.96</b>	<b>7,396,004.95</b>	<b>23,603,499.89</b>
Dividends	2,470,000.00	2,470,000.00	9,880,000.00
Hurricane Insurance	500,000.01	500,000.01	2,000,000.00
<b>RETAINED PROFIT to date</b>	<b>3,177,085.96</b>	<b>4,926,004.95</b>	<b>11,723,499.89</b>

# GRENADA ELECTRICITY SERVICES LIMITED

## Statement of Cash Flows

For the three months ended March 31, 2020 - 2019 and year ended December 31, 2019

	Unaudited March 31, 2020	Unaudited March 31, 2019	Audited December 31, 2019
<b>Operating Activities</b>			
Profit before Income Tax	7,648,730.49	10,351,435.64	34,400,337.00
Adjustments for:			
Depreciation	2,104,151.08	1,823,443.07	7,826,965.00
Profit on disposal of fixed assets	(46,425.46)	(8,600.00)	(80,500.00)
	9,706,456.11	12,166,278.71	42,146,802.00
<b>Changes in Operating Assets / Liabilities</b>			
(Increase) / decrease in receivables and prepayments	(4,007,816.74)	(1,490,123.31)	(1,276,732.00)
Increase in trade and other payables	8,405,347.04	748,052.11	2,392,208.00
Increase in consumers' deposits	(299,305.33)	-	743,375.00
Increase/(decrease) in consumers' contribution to line Extensions- refundable	313,214.27	-	996,049.00
(Decrease) / Increase in provision for retirement benefits	(187,848.61)	(16,796.66)	489,246.00
(Increase) / Decrease in inventory	(2,328,369.77)	(775,130.28)	(2,517,812.00)
Increase in related company balance	30,025.03	30,919.21	(117,489.00)
Increase / (Decrease) in provision for profit sharing	1,840,763.74	2,216,858.50	1,694,487.00
	13,472,465.74	12,880,058.28	44,550,134.00
Income tax paid	(1,500,000.00)	(1,390,196.00)	(6,640,196.00)
<b>Cash provided by operating activities</b>	11,972,465.74	11,489,862.28	37,909,938.00
<b>Investing Activities</b>			
Disposal of property plant and equipment	46,873.00	8,600.00	80,500.00
Decrease /(increase) in Suspense jobs in progress	(378,588.30)	(37,787.43)	654,391.00
(Increase) / decrease in Capital Work in Progress	(3,058,857.59)	1,693,542.31	5,678,423.00
(Increase)/decrease in financial assets	(24,042.34)	(29,013.88)	(1,979,889.00)
(Decrease)/increase in customers' contribution to line Extensions- non-refundable	(184,425.03)	17,639.07	(1,779,091.00)
Addition to right to use assets	(67,922.58)	-	-
Purchase of property, plant and equipment	-	(3,339,400.34)	(18,808,807.00)
<b>Cash provided by/(used in) investing activities</b>	(3,666,962.84)	(1,686,420.27)	(16,154,473.00)
<b>Financing Activities</b>			
Dividends paid	(2,470,000.00)	(2,470,000.00)	(9,880,000.00)
Payment of principal portion of lease liabilities	(73,043.84)	-	(221,685.00)
Proceeds from borrowings	-	-	3,718,000.00
Repayment of borrowings	(1,093,991.67)	(1,001,041.67)	(4,097,117.00)
<b>Cash used in financing activities</b>	(3,637,035.51)	(3,471,041.67)	(10,480,802.00)
<b>Net Increase in cash and cash equivalents</b>	4,668,467.39	6,332,400.34	11,274,663.00
<b>Net cash - at the beginning of year</b>	16,600,292.00	5,325,629.00	5,325,629.00
<b>- at the end of period</b>	21,268,759.39	11,658,029.34	16,600,292.00
<b>Represented by</b>			
<b>Cash and cash equivalents</b>	21,268,759.39	11,658,029.34	16,600,292.00

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020**

### **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 and exercises and performs 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.

### **2. Basis of Preparation**

The interim financial report for the period ended March 31, 2020 has been prepared in accordance with IAS 34, 'Interim Financial Reporting' and should be used in conjunction with the annual financial statements for the year ended December 31, 2019.

### **3. Significant Accounting Policies**

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2019.

### **4. Use of Judgements and Estimates**

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the financial statements as at and for the year ended December 31, 2019.

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