



# grenlec

GRENADA ELECTRICITY  
SERVICES LIMITED  
ANNUAL REPORT 2015

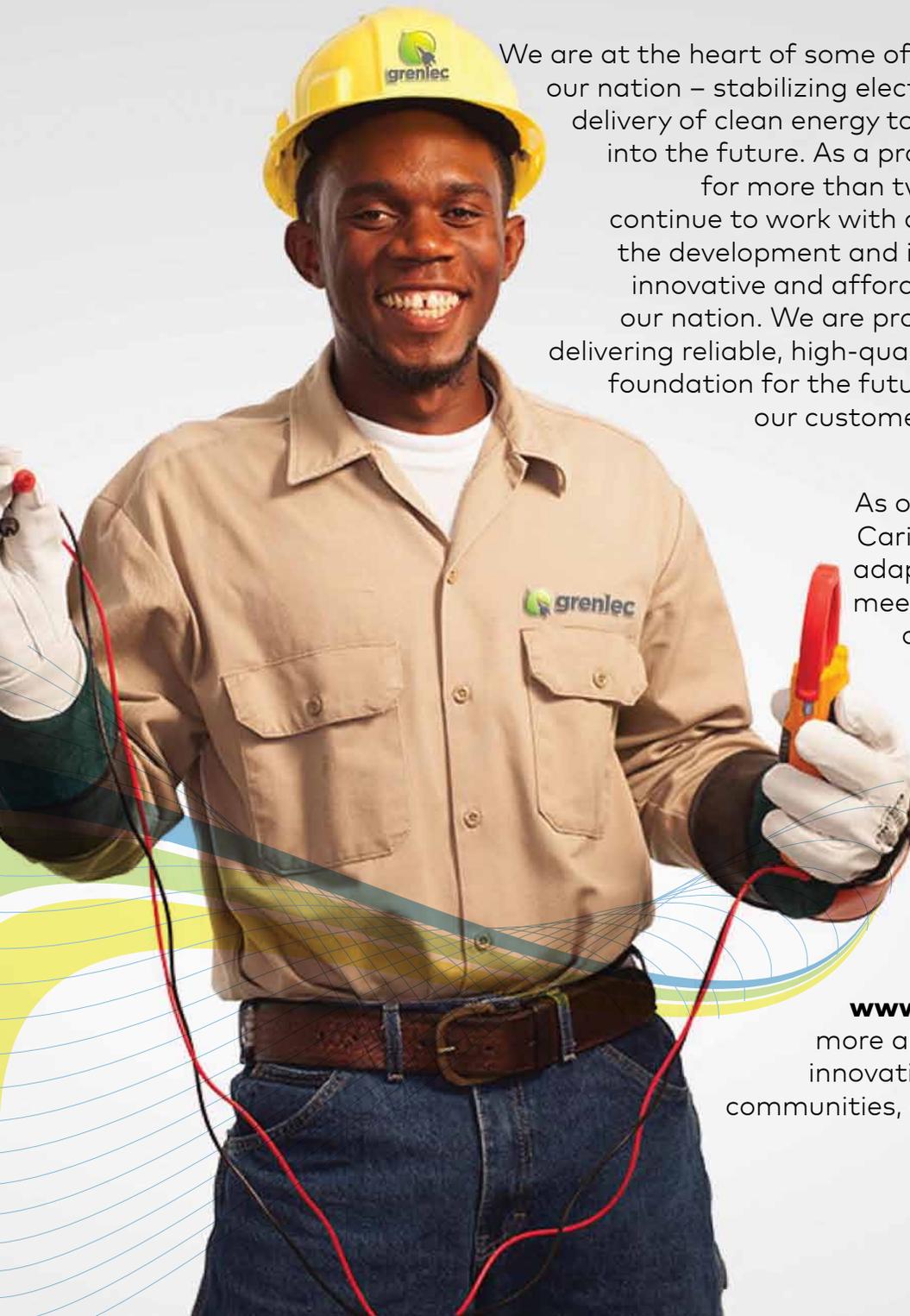


Embracing a Greener Future



# Embracing a Greener Future

Grenlec's mission is to help improve the economy and quality of life for the people of Grenada through the prudent production, distribution and use of electricity. Our job is to connect people to the energy they use every day, reliably and safely at the lowest cost practicable, while maintaining high standards for quality and value.



We are at the heart of some of the greatest challenges facing our nation – stabilizing electricity prices and increasing the delivery of clean energy to support our communities long into the future. As a proven public-private partnership for more than two decades in Grenada, we will continue to work with all our stakeholders to promote the development and implementation of sustainable, innovative and affordable energy solutions to power our nation. We are proud of our work and our people, delivering reliable, high-quality electricity that provides the foundation for the future prosperity and well-being of our customers, communities and investors.

As one of the leading utilities in the Caribbean, Grenlec will continue to adapt and change for the better to meet the needs of our environment and the people we serve. Lower electricity rates, increased renewable energy production, advanced technologies and superior customer service are the inspiration behind our efforts at

**"ENERGISING OUR GRENADA."**

We welcome you to visit [www.grenlec.com/energise](http://www.grenlec.com/energise) to learn more about our accomplishments and innovations. Together, we energise our communities, our economy, and the future of our nation.



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## Vision Statement

To become a world-class energy service provider and to be the corporate leader in Grenada, Carriacou and Petite Martinique, exceeding the expectations of all stakeholders.

## Mission Statement

To deliver excellent energy services in Grenada, Carriacou and Petite Martinique, at the least possible cost while maintaining the highest standards and values.

# Corporate Information

## CORPORATE PROFILE

The Grenada Electricity Services Ltd. (GRENLEC,) the sole licensed provider of electricity in Grenada, Carriacou and Petite Martinique is publicly traded on the Eastern Caribbean Securities Exchange (ECSE).

With a customer base of more than 47,000, our Company has been providing integrated services of generation, transmission and distribution of electricity since 1960. With total installed capacity of 48.59MW and peak demand of 30.88MW, GRENLEC generates from three locations in Grenada, Carriacou and Petite Martinique. A 33kV transmission network and two substations at Queen's Park and Grand Anse ensure reliability in the south of Grenada. Since privatisation in 1994, GRENLEC has risen to the challenge of providing safe, reliable service by continually investing in its employees, service enhancement, infrastructure and communities.

## DIRECTORS (AS AT DECEMBER 31, 2015)

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

## GENERAL MANAGER/CHIEF EXECUTIVE OFFICER

Collin Cover

## COMPANY SECRETARY

Benedict A. 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 Cooperative Bank Limited

Church Street  
St. George's, Grenada

### 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

# Notice of Annual General Meeting

Notice is hereby given that the Fifty-seventh Annual Meeting of Shareholders of Grenada Electricity Services Limited will be held at the Hospitality Room, Grenada National Stadium, Queen's Park, St. George's, on Tuesday, 10 May 2016 at 4:30 p.m. to:

- Receive the Annual Reported Financial Statements for the year ended 31 December 2015 together with the Auditors' Report thereon.
- Appoint the Auditors and authorise the Directors to determine their remuneration.
- Elect Directors.
- Adjust Directors' Fees

## Close of business

Question and answer period to discuss any other business of the Company, which may properly be considered at an Annual Meeting.

Dated Tuesday, 8 March 2016.

*By order of the Board*



**Benedict Brathwaite**  
Company Secretary

## Notes

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member. A proxy form is included in this report for your convenience. It must be completed and signed in accordance with the notes on the form.
- Shareholders on record on Tuesday, 19 April 2016 are entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.

# Board of Directors



G. Robert Blanchard Jr.  
**Chairman**



Alister Bain



Robert Blenker



Wayne Burks



Robert Curtis



Anthea Debellotte



Ashton Frame



Dwight Horsford



Linda George-Francis



Ronald Roseman



Lawrence Samuel



Murray Skeete

# Chairman's Report



G. Robert Blanchard Jr.  
**Chairman**

“**Energising Our Grenada reflects our commitment to confront the future in a way that strengthens relationships, inspires collaboration, anticipates change and pursues new opportunities**”

2015 marked a year of positive change and transformation at Grenlec as we embraced wholeheartedly the vision of “Energising Our Grenada.”

The 213 men and women of Grenlec have worked tirelessly to bring greater innovation and value in serving our nation with reliable, high-quality electric service efficiently for the benefit of all our customers. We are inspired to build upon the world-class electric system that we have created over the last two decades since privatisation.

Our focus in 2016 and beyond will continue to be on increased renewable energy production and advanced energy-saving, money-saving technologies to power our nation and contain electricity costs. Our future is built upon our commitment of doing what we say we will do. We anticipate continued collaboration and creativity to deliver results that help improve the quality of life for all our customers and stakeholders.

Again, I extend my sincere appreciation and gratitude to Grenlec’s management team, staff and Board of Directors. Their efforts speak for themselves as we review Grenlec’s accomplishments in 2015.

## 2015 HIGHLIGHTS

### Financial Performance

Our Company performed well in 2015, recording pre-tax profits of \$25.94M, the second highest on record following the \$26.85M of 2014. This was primarily due to kWh sales growth of 2.7 percent and the efficient control of operational expenses.

Over the years, we have seen that Grenlec’s financial performance is inextricably linked to what is happening in the wider Grenadian economy. In periods of GDP growth, we have seen kWh sales increase. Similarly, when there is contraction in the economy, kWh sales growth has either slowed or sales have declined. In the Government of Grenada’s 2016 budget presentation, GDP growth was reported for both 2014 and 2015.

### Falling Electricity Rates

Electricity rates for our customers decreased dramatically in 2015. The reductions are directly as a result of the formulae in the Electricity Supply Act of 1994 and clearly demonstrate the effectiveness of the current legislation in controlling electricity pricing.



## Fuel Charge

Over the course of 2015, world oil prices averaged US\$48.16 per barrel compared to US\$93.17 per barrel in 2014. At year-end, prices for the diesel fuel used to power our generators reached their lowest levels since 2004, less than EC\$4.00 per imperial gallon. This resulted in the fuel charge being reduced to \$0.3117/kWh in December 2015. This reduction represents a 42.5% decrease in the fuel charge compared to December 2014. The fuel charge mechanism is based on a three-month rolling average of fuel prices. Customers benefit directly when fuel prices decline. However, it is important to remember that the fuel charge may increase in the future should oil prices rise again.

## Non-Fuel Rate Adjustment

In addition to lower fuel charges, our customers benefitted from two non-fuel rate decreases: a 3.2% reduction which was implemented two months early on 1 November 2014 and a 2.36% decrease that became effective 1 January 2016. Again, these decreases are in compliance with the Electricity Supply Act of 1994. The current law regulates the non-fuel charge with a price cap formula that is based on the Consumer Price Index (CPI) and keeps the adjustments lower than the CPI.

2015 marks the eleventh time in the past sixteen years that non-fuel rates were either unchanged or decreased. Overall in the 21 years since privatisation, non-fuel rates have increased in nominal terms by only 5.9% for domestic customers, while consumer prices have risen by more than 47% over the same period. In real terms, this represents a decline in price of 33.2% when adjusted for inflation.

The combined effect of the decreases in both the fuel charge and the non-fuel charge resulted in our rates being 23.8% lower in December of 2015 than they were in November of 2014. Again, this reduction illustrates the current regulatory system's effectiveness in controlling electricity prices.

## Increased Sales

While the economy continues to be sluggish, kWh sales increased by 2.7%. This is attributed to increased electricity usage by existing customers, both residential and commercial, and a 2.4% increase in new customers.

## Increased Taxes

Two years ago, we advised on the Electricity Supply Amendment Act No. 39 of 2013. In 2015, as a result

of this amendment, the Company's additional expenditure on duties was \$0.59M compared to the \$0.35M of 2014. We must recognize that these duties can become significantly higher in any year in which intensive capital expenditures, such as additional generating capacity, are undertaken. For example, our renewable energy projects are being subject to this tax. As we increase the size of these projects, we can expect our tax burden to increase. It must be noted that while the Electricity Supply Act of 1994 allows the Company to increase rates to customers in order to recover exogenous costs, such as those incurred by this change of law, your Board and Management have so far resisted doing this. Regrettably, as we continue to expand our capital projects, this may have to change in the future.

## Dividends

Your Company had earnings per share (EPS) of ninety-six cents in 2015, less than the one dollar and one cent of 2014—representing a decrease of 3%. In the first quarter of 2015, the quarterly dividend paid to shareholders was increased for the first time since the last quarter of 2010. This resulted in a dividend paid in 2015 of fifty-two cents per share, representing an increase of four cents (8.3%) over the forty-eight cents paid in each of the previous three financial years. The financial performance over the past four years showed dividend payout ratios, with the most recent listed first, of 47.8%, 42.9%, 51.6% and 55.4%. After adding back Hurricane Fund expenses, an increased dividend payout could be justified based on these ratios.

In December of 2015, after considering the Company's unrestricted cash, low debt to equity ratio and current low market interest rates, your Board of Directors acted to rebalance the Company's capital structure in accordance with traditional industry practices for electric utilities and refinance its outstanding debt. This action resulted in the issuance of a special one-time dividend of \$3.00 per share to shareholders on record as of 9 December 2015. This dividend largely represents amounts not paid to shareholders based on the previous financial performance of the Company and its dividend policy during the period of the global economic downturn, starting in 2008. The dividend amount was determined with the intent to uphold the Company's ability to pay dividends in the future.

In 2015, your shares listed on the Eastern Caribbean Securities Exchange (ECSE) under the symbol "GESL" traded between \$10.00 and \$11.00 per share.



## Evolving Legislation—Proposed Changes to the Electricity Supply Act

On 25 February 2015, the Government of Grenada hosted a public consultation to discuss a new draft Electricity Supply Bill. Our interpretation and views on the new bill were presented to the Government of Grenada and shared with you, our shareholders, prior to our last Annual General Meeting (AGM) on 9 May 2015. A second draft Electricity Supply Bill was issued by the Government in August 2015. One of the most serious concerns, voiced by several others in addition to Grenlec, is the significant amount of power that would be vested in a single Government Minister.

At Grenlec, we understand that after more than twenty years, the current legislation may need some adjustments to reflect the changing environment and the needs of Grenada. While we recognize the Government's right to amend or enact legislation, any changes to the specific legislation governing the electricity sector must be made by mutual consent in order to avoid infringing on the rights of the investors. To do otherwise would have a significant deleterious effect on the value of your Company and your investment. Our intention is to collaborate with the Government to make the existing Electricity Supply Act of 1994 more reflective of current realities and best practices, while protecting the integrity of the high-performance, world-class electric system we have created.

To that end, the Government and your Company have agreed to hold discussions facilitated by the Rocky Mountain Institute (RMI), a highly respected energy authority well regarded for their mediation expertise. At the end of 2015, a timetable for these discussions was in process.

## Greater Customer Education

The goal behind Grenlec's new look and our "Energising our Grenada" campaign is to provide increased communication and information to our customers about energy issues and the community services provided by our Company. Grenlec increased its voice in many communications channels, including radio, print, television and social media, to provide relevant news and education about new technology pilot programmes, such as electrical vehicles and LED street lighting, renewables, energy efficiency, health and safety.

Our new logo and branding campaign reflect Grenlec's commitment to change and the diversification of our energy portfolio to include more clean energy through solar, wind and other renewable sources. As we lessen our dependence on fossil fuel, we need to responsibly bring more renewable energy online. Unfortunately, the dramatic decrease in the price of oil has put economic pressure on the viability of renewable projects. Renewable projects that looked cost-effective in June of 2014 when the price of oil was above US\$100 per barrel may not be as cost-competitive with the price of oil at just over US\$30 per barrel in December 2015. However, the Company is still cautiously moving forward to meet its clean energy goal of 20% renewable energy production by 2020. Our significant 2015 renewable energy accomplishments are summarized below.

## Achievements in Renewable Energy

Accelerating the use of renewable energy for electricity production in a prudent, cost-effective manner is a cornerstone of Grenlec's strategy to stabilise electricity prices, decrease reliance on foreign oil, and protect our environment.

Currently, Grenlec's renewable energy initiatives total 1.12 megawatts (MW). The amount of electricity that will be produced by these renewable projects is estimated to be over 1,800 megawatt hours (MWh)—enough to power more than 1,000 homes, displacing 115,411 U.S. gallons of fuel, and offsetting 1,170 metric tons of carbon dioxide annually. We are proud of the work accomplished in 2015:

- Executing a contract for 13 solar photovoltaic (PV) installations, totaling 937kW of capacity—the largest single renewable energy investment in Grenada to date. Implementation of this \$6.4M project will begin in 2016.
- Successful completion of Phase 3 of Grenlec's voluntary Customer Renewable Energy Interconnection programme, with more than 100 customer-owned renewable energy sites and an aggregate capacity approaching 1.3 MW either installed or in application. Phase 4 is scheduled to launch in 2016.
- Start up of three solar PV projects at the Bel Air Home for Children, Grand Anse Home for the Aged, and Queen Elizabeth Home for Children



as part of the Grenlec Community Partnership Initiative (GCPI) to reduce the homes' energy costs through Grenlec's Customer Renewable Energy Interconnection programme. The combined installations amount to 40 kW for the three homes.

- Completion of the St. Andrew's Anglican Secondary School (SAASS) Energy-efficient Lighting and Rooftop Solar Installation, 13.92 kW. The installation was the school's prize for winning the Grenlec 5th Annual Debates Championship.

More information about our renewable energy initiatives is provided in the following Management Review.

### Advancing New Technologies

We're energized by the promise of new technologies to help our customers and nation save money and energy. From our roads to our customer care centres, we are finding new ways to bring lower costs and greater value to our customers.

- **Energy-Efficient LED Street Lighting Pilot,** designed to lower energy costs and maintenance costs by up to 50%, improve light quality and increase public safety. LED street lighting has proven to be more energy-efficient, durable, longer lasting and brighter than conventional street lighting.
- **All-Electric Vehicles, driving the future.** EVs boast the equivalent of up to 75 miles per gallon (MPGe) and are estimated to reduce fuel and maintenance costs by as much as 50%, compared to traditional gas-powered cars. With zero tailpipe emissions, EVs help reduce greenhouse gases and air pollution for a cleaner environment.
- **24/7 Customer Care.** Our new Interactive Voice Technology utilises a powerful speech recognition feature, giving customers an easy choice between using touch-tone or simply speaking into the phone. It's designed to add convenience, reduce waiting time and speed up transfer time for customers to connect with our customer care team.

### Our People

In the past year, we lost our colleague, Mr. Wilfred Hayes, a former Distribution Manager and acting General Manager, who passed away in November 2015. Mr. Hayes provided outstanding service for over fifty years to our Company and by extension to the people of Grenada. In addition to his many other roles, Wilfred served as acting General Manager during the early days of privatisation. As such, we worked together closely and I greatly appreciated his counsel and assistance in that process. We continue to mourn his passing even though his memory will continue to live deep within the spirit of Grenlec. In honor of Mr. Hayes and to express our gratitude for his dedication and commitment, we have taken the decision to rename our distribution building in Grand Anse as the "The Wilfred Hayes Building." Like Mr. Hayes and other retirees in their time, our current employees have earned our appreciation for their relentless work ethic, stewardship of our Company's interests, and responsibility to our customers.

Our Company has grown stronger over the years, thanks to the power of our great people. They work hard every day to provide our customers with always-on reliability. And, while we embrace the advantages presented by advances in technology, our dedicated team remains our greatest asset to maintain our nation's world-class electric system.

Although there is some uncertainty ahead, particularly in regard to the proposed changes to the Electricity Supply Act, we believe that together, the stakeholders of our successful public-private partnership, including the Government of Grenada, the National Insurance Scheme (NIS), our employees, shareholders, customers, communities and the general public, we will continue to energise our nation and the future.

Together, we can embrace the opportunity to build a better Grenada that will sustain the vision, hopes and dreams of our people. Each day we will continue to work hard to earn our role as your trusted energy provider. As we continue to change and evolve in the years ahead, our customers and communities will remain at the heart of everything we do.

Sincerely,



G. Robert Blanchard Jr.  
**Chairman**



# EMPOWERING OUR COMMUNITIES

GRENLEC Community Partnership Initiative (GCPI)



Supporting youth and sport - 2015 under-23 netball champs



Recognising success of scholarship recipients



Refurbished lunchroom for Hillsborough Government School



Sir Paul Scoon Top Debater



Third time Grenlec Debates champion St. Andrew's Anglican Secondary



Second place for Presentation Brothers' college in Grenlec Debates



Third place in Grenlec Debates - Hillsborough Secondary School



Third place in Grenlec Debates - The Anglican High School



**LED lighting and renewable energy project launched at St. Andrew's Anglican Secondary School**



**14 kW solar installation- Belair Home for children**



**14 kW solar installation - Grand Anse Gardens Home for the elderly**

# ENERGISING OUR GRENADA

**GRENLEC Community Partnership Initiative (G CPI)**



**Celebrating completion of 42kW Solar Project for the 3 care institutions to help offset their energy costs**



**14kW solar installation - Queen Elizabeth Home for children**

# Management Team



**Collin Cover**  
General Manager/Chief Executive Officer



**Benedict Brathwaite**  
Financial Controller



**Dwayne Cenac**  
Senior Engineer



**Wallace Collins**  
Manager, Carriacou and Petite Martinique



**Prudence Greenidge**  
Manager, Corporate Communications



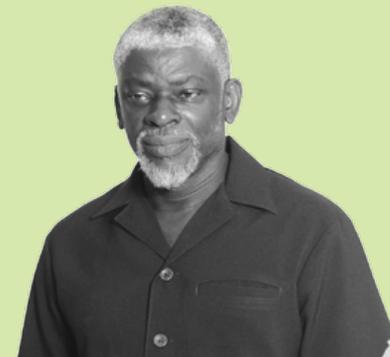
**Clive Hosten**  
Chief Engineer



**Carlyle Ince**  
Acting Manager, Generation



**Jeffrey Neptune**  
Manager, Information Systems



**Glenn Phillip**  
Coordinator, Loss Reduction



**Casandra Slocombe**  
Manager, Customer Services



**Eric Williams**  
Manager, Transmission and Distribution



**Jacqueline Williams**  
Manager, Human Resources

# Management Review and Analysis

## OVERVIEW

Overall in 2015, your Company performed well with a pre-tax profit of \$25.94M amidst a changing environment, both locally and globally. Profitability was driven by prudent management and operational efficiency.

The Government of Grenada's 2015 national budget presentation reported GDP growth in 2015. This growth was based mainly on the performance of the tourism, agriculture and education sectors.

Over the course of 2015, world oil prices averaged US\$48.16 per barrel compared to US\$93.17 per barrel in 2014. Consistent with the requirements of the Electricity Supply Act of 1994, Grenlec's fuel charge declined to \$0.3117/kWh in December 2015

- a 42.5% decrease compared to December 2014. Effective January 8, 2016, the fuel charge decreased again to \$0.2869/kWh. The current fuel charge is at its lowest level since 2004, a reflection of the lower world oil prices over the last 18 months.

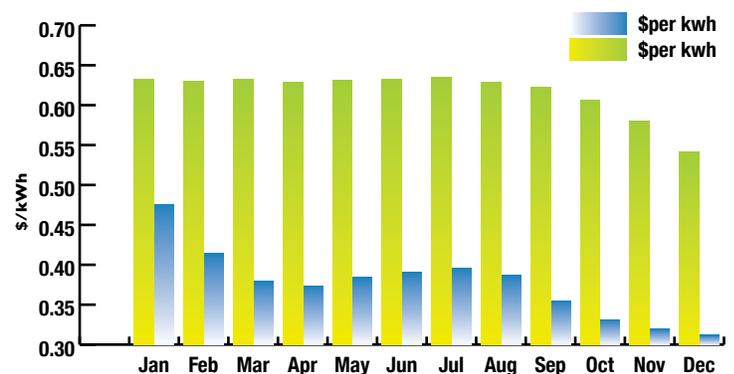
The non-fuel charge was lowered twice over the past 15 months: a 3.2% reduction effective November 1, 2014, followed by a 2.36% decrease effective January 1, 2016. Again, the reduction is consistent with the requirements of the Electricity Supply Act of 1994.

In total, the combination of fuel and non-fuel charge reductions resulted in a price decrease to our customers of 23.8% from November 2014 through December 2015.

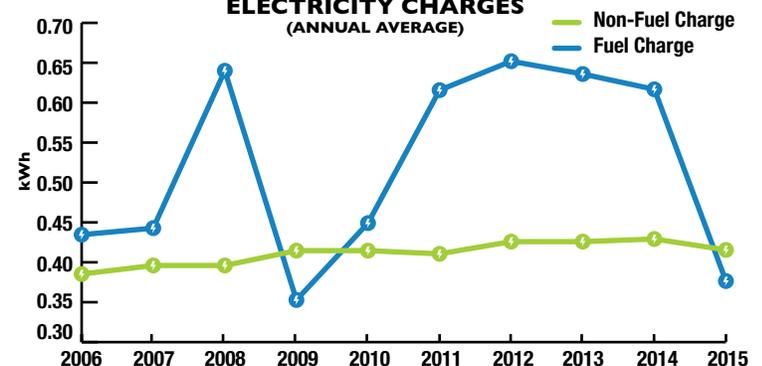
## Highlights

- KWh sales grew by 2.7%
- Revenues were \$151.27M
- Pre-tax profits were \$25.94M
- System losses were 8.26%
- Return on invested capital was 22.9%
- Fuel efficiency of 16.09kWh/US gallon--our best performance to date
- More than \$1.5M invested in community development through Grenlec's Community Partnership Initiative (GCPI)
- Energy-efficient LED Street Lighting Pilot Programme launched
- All-Electric Vehicle Pilot Programme launched
- 24-hr customer telephone bill inquiry service launched.
- \$6.4M agreement signed for a 937kW Solar PV project (13 sites)—the single largest solar investment in Grenada to date
- 33 acres of land secured for Solar PV development.
- Launch of Grenlec's rebranding and "Energising Our Grenada" campaign

CHANGES IN FUEL CHARGE

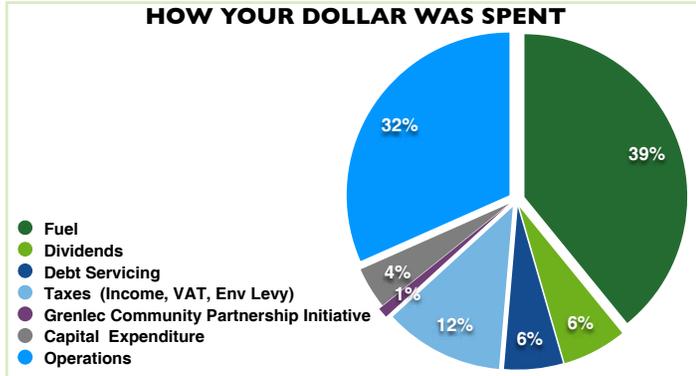


ELECTRICITY CHARGES (ANNUAL AVERAGE)



## FINANCIAL REVIEW

HOW YOUR DOLLAR WAS SPENT



### Sales

In 2015, kWh (unit) sales grew by 2.7%. Unlike 2014, when the growth was due primarily to the addition of a single large customer (Sandals La Source Hotel), sales growth in 2015 resulted from increased usage by existing commercial and residential customers along with the addition of new customers. Overall, kWh sold increased by 4.88M units, with commercial accounting for 3.18M and residential 1.9M while industrial declined by 0.2M.

#### 2015 Sales

Customer Categories	GWh	%
Domestic	70.08	38.1
Commercial	103.66	56.3
Industrial	10.30	5.6
<b>Total</b>	<b>184.04</b>	<b>100</b>

**2.4%** NUMBER OF CUSTOMERS

Number of customers increased by 2.4% to 47,593.

**0.3%** DOMESTIC CUSTOMER AVERAGE ANNUAL CONSUMPTION

Domestic customer average annual consumption increased by 0.3%.

**0.8%** COMMERCIAL CUSTOMER AVERAGE ANNUAL CONSUMPTION

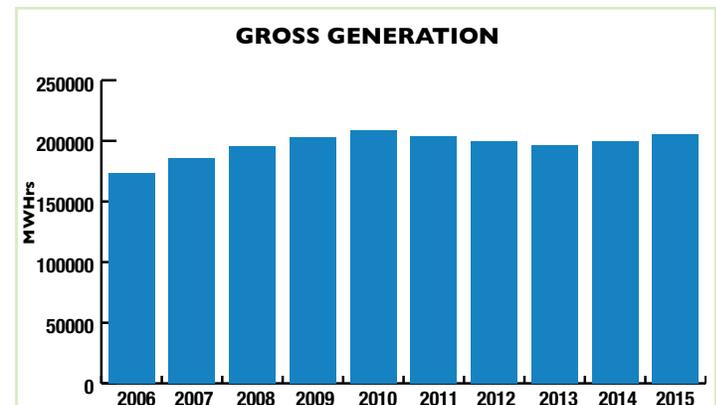
Commercial customer average annual consumption increased by 0.8%.

This increase in consumption can be attributed to lower electricity costs in 2015, as fuel prices continued a steady decline since mid-2014.

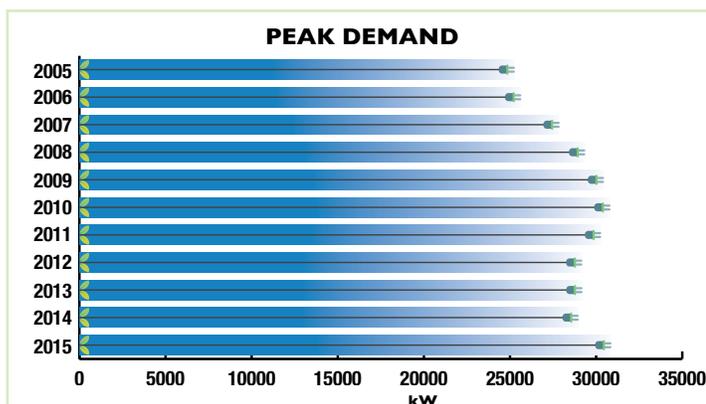
### Total Revenues

	2015	2014	Notes
<b>Total Revenue (EC\$M)</b>	151.28	189.94	Decrease due to lower average fuel charge of 39%, as average fuel prices paid by the Company declined.
<b>Average fuel prices/ Imperial Gallon paid by Company (EC\$)</b>	5.66	9.56	Lower prices resulted from falling world fuel prices.
<b>Average Fuel Charge paid by customers (EC\$)</b>	0.3765	0.6167	Lower fuel prices passed on to customers through monthly fuel charge adjustment.
<b>Revenue from non-fuel charge (EC\$M)</b>	79.6	77.1	2014 figure impacted by adjustment of \$2.5M for commercial floor area rates.

### GROSS GENERATION

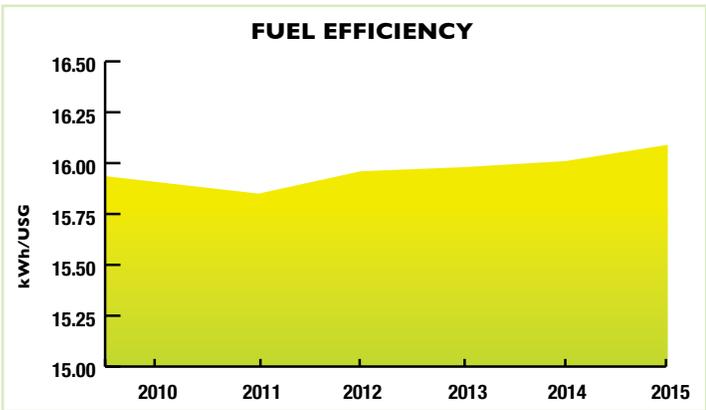


Gross generation improved by 3.07% to 205.9GWhrs from 2014. This performance fell just shy of our 2010 generation, which remains our highest on record.



A new peak demand of 30,886kW was achieved in September, an increase of 6.5% over 2014.

### Net Fuel Cost Recovery



Fuel efficiency was 16.02kWh/gal. Continued focus on fuel system maintenance and generation management is responsible for this achievement. To this end, fuel system leaks and other defects were aggressively pursued throughout the year.

With the exception of April and May, fuel prices fell consistently over the course of the year. The current legislation of the Electricity Supply Act requires that the fuel charge be adjusted monthly based on an average of fuel charges for the prior three months. As a result, the fuel charge did not fall to the same level as fuel prices by the end of the year.

Lower fuel charges also meant that the net fuel revenue of \$11.7M was marginally below the \$12.1M of 2014. In 2015, unlike previous years, the net fuel cost recovery had little impact when comparing the financial performance between the two years.

Grenlec's fuel cost recovery rate is affected not only by changes in fuel prices but also by operational efficiencies: firstly the fuel efficiency of our electricity

generation, and secondly, by the efficiency of the transmission and distribution (T&D) network. The efficiency of the system is measured by system losses (amount of electricity lost from point of generation to end use).

### Non-Fuel Operating Expenses and Finance Costs

In 2015 there was an increase of \$1.25M in non-fuel operating expenses and financial costs from the \$53.24M of 2014 to \$54.69M in 2015. An increase of \$1.16M in compensation and benefits played a substantial part in this increase. Additionally, stores write-off in the Production Department of \$0.83M, increased distribution system maintenance of \$0.50M and \$1.63M higher expenditure in public relations also factored into the increase. These were partially offset by a reduction of \$1.57M in bad debts expenses due to lower receivables as of December 2015.

Finance costs were lower by \$0.59M as debt continued to be repaid as scheduled.

Management will continue to focus on cost control, as we must mitigate the expected impact of lower non-fuel revenues. In parallel, we must strive to improve the quality of services we provide without negatively impacting the quality of our operations or the safety of our team members and customers.

### Financial Condition

	2015	2014	Notes
<b>Total Assets (EC\$M)</b>	170.39	184.21	Decrease primarily due to transfer of \$14.43M to the Non-Management Trust on 21st December 2015.
<b>Total Liability (EC\$M)</b>	68.15	90.61M	Downward movement due to a combination of retirement liabilities, lower borrowings resulting from repayments and reduced fuel creditors because of lower prices.
<b>Net Assets (EC\$M)</b>	102.39	93.6	

	2015	2014	Notes
<b>Retained Earnings (EC\$M)</b>	70.03	61.25	
<b>Return on Invested Capital (%)</b>	22.9	24	
<b>Debt to Equity Ratio (%)</b>	15	26	
<b>Trade Receivables (EC\$M)</b>	15.28	28.46	A decrease in the Government of Grenada's receivables of \$3.93M was significant in this positive movement with Government settling monthly bills by the due date every month since May. All other sectors saw decreased balances with the most noteworthy being commercial \$6.55M and domestic \$2.58M.
<b>Debtor Days</b>	34.15	51.23	

The Company continued to operate within its stipulated debt covenants such as the current and interest coverage ratios of 3.6:1 and 21.9:1 respectively.

The reductions in trade receivables and debtor days were partially due to the lower rates of electricity, as fuel prices and the fuel charge declined sharply. However, the decline in debtor days indicates that our customers have been conscientious in their efforts to meet their obligations for which we are grateful.

## Cash Flows

Cash flow generated from operations was \$21.73M, significantly lower than the \$36.45M of 2014. This was mainly due to decreases in the provision for retirement benefits of \$12.46M and accounts payable and accrued charges of \$4.71M.

Investing activities had a net outflow of \$2.51M, mainly attributable to a decrease in segregated retirement investments of \$6.13M and purchase of property, plant

and equipment of \$5.83M.

Cash utilised in financing activities of \$16.09M was above the \$14.50M in 2014, as there were increases in dividends paid and repayment of borrowings. The overall increase in cash and cash equivalents for the year was \$3.73M.

## Risk Management

Insurance companies do not insure the transmission and distribution networks of the electric utilities in the Caribbean. Therefore, the Company mitigates the risk of storm damage to its network through the Hurricane Fund. This fund increased to \$20M at the end of 2015. The fund is now equal to the level of the expenses (\$20M) that resulted after Hurricane Ivan in 2004.

With a system that is much more robust now, it gives some level of comfort that this risk is continually being minimised. Additionally, all our other assets are adequately covered by commercial insurance policies.

While tropical storms and hurricanes remain our primary focus given our past experience, we continue to ensure that systems are in place to mitigate all other identified areas of risk such as fires, accidents, credit, interest rate, exchange rate and liquidity. Management and Committees of the Board closely monitor these areas.

## MAINTAINING A STRONG WORKFORCE

The Grenlec team is our greatest asset and the Company is committed to investing in training, retraining and recognition to holistically equip team members to deliver excellent service. Through its employee recognition programme, Congratulating and Recognising Excellence (CARE), 21 awards were presented by departments and the Company to individuals and teams for performance in specific areas. We also created an Employee Appreciation Video that acknowledges our team's commitment to serving our customers well. Please visit <https://vimeo.com/127758865> password: Grenlec.

To settle outstanding issues, the Company signed Memoranda of Agreements with:

- The Grenada Technical & Allied Workers' Union (GTAWU) for the period 2012 – 2017.
- Grenlec's Managerial Staff Association (GMSA), the bargaining unit for the supervisory and administrative group for the period 2014-2016.

Consistent with our Company's vision, a number of team members across departments upgraded their skills and knowledge in performance management, team building, renewable energy, line maintenance, and other technical skills through a combination of in-house and overseas training programs.

## HEALTH & SAFETY

### Safety Statistics 2011 - 2015

(based on Canadian Electrical Association Standard adopted by CARILEC)

Year	2011	2012	2013	2014	2015
Lost-Time Injury Frequency Rate (No. of accidents x 200,000/ hours worked)	0.9	0.6	1.1	1.5	1.0
All injury frequency Rate (includes all accidents and fatalities x 200,000/ hours worked)	3.0	2.9	1.1	2.7	2.2
Lost-Time Injury Severity Rate (No. of lost days x 200,000/ hours worked)	14.1	83.4	17.9	12.0	6.4
Vehicular Incident Frequency Rate/ One million	26.2	27.5	18.5	4.6	6.8

As an integral part of its focus on people, safety and environmental management, the Company also hosted an Institution of Occupational Safety and Health certificate level course on "Managing Safety and the Environment."

This initiative helped the Company strengthen its efforts to build and nurture a safety culture and further improve its safety standards.

### Mitigating Fire Hazards at Power Plant

In addition to our routine safety activities and health fair, we collaborated with the Fire Department of the Royal Grenada Police Force to enhance our ability to respond to fire hazards and improve their knowledge of our premises so that they are better prepared to respond to any emergency that may occur at our facilities. Among other risk assessment and mitigation measures, we installed a fire hydrant at the entrance to the Queens Park Power Station.

### Carriacou Arc Flash Mitigation Project

At the Beausejour Plant in Carriacou, an electrical protection system of relays and fibre optic sensors was installed to reduce the risks and damage associated with arc flash hazards.

## CUSTOMER CARE

Our team continued to employ new technology to improve service levels, giving customers more convenient options to conduct their business and deploying tools that improved efficiency and effectiveness in responding to customer requests. The actions listed below reflect some of our improvements in customer care.

### Launch of 24-hour Balance Enquiry Service

A new service launched in June offers our customers greater convenience and reduced waiting times in accessing bill information. Using Interactive Voice Recognition Technology (IVR), customers can access bill balances and other information about usage through an automated telephone system 24 hours, every day.

### Customer Rewards "25 Days of Christmas"



Lucky Winner

For 25 days from 18 November through 22 December, customers whose accounts were current had the chance to win prizes daily. In response to feedback from previous years, the promotion included the opportunity to enter online by visiting Grenlec's Facebook page, increasing the visibility of this newly launched channel for communication.



Customers who do not routinely visit our Customer Service Centres, were among the participants in daily random draws for electricity credit. On the final two days, in-store customers spun the Merry Wheel after correctly answering a Grenlec-related question to win a range of prizes.

### New Customer Care Centre in Carriacou

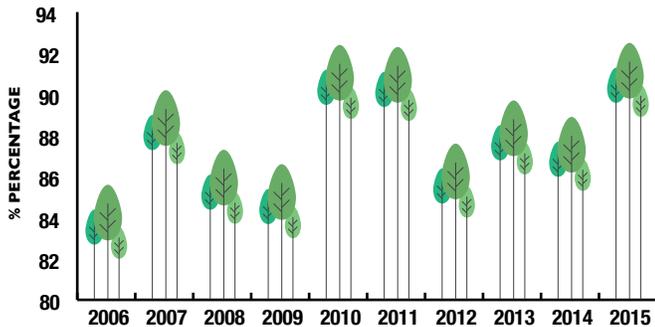


Serving our first customer at our newly relocated Carriacou customer care centre

In March, our customers in Carriacou welcomed our new, more spacious office on lower Main Street, Hillsborough. The new space offers greater comfort to customers and team members, with adequate space for queuing and a dedicated query and application counter.

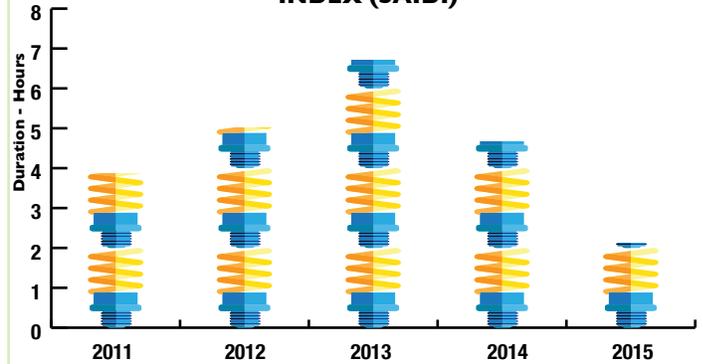
## RELIABILITY

### PLANT AVAILABILITY



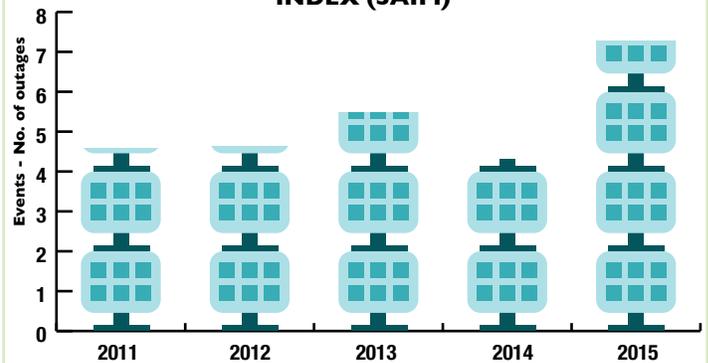
Plant Availability was 92.5%, an improvement over the 88.9% of 2014.

### SYSTEM AVERAGE INTERRUPTION DURATION INDEX (SAIDI)



SAIDI is the duration of outage hours the average customer experienced during the year. The duration was 0.2 hours in 2015.

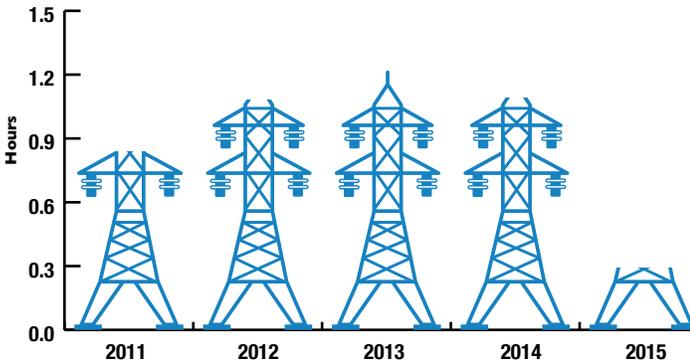
### SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX (SAIFI)



SAIFI is the average number of sustained interruptions per customer during the year. On average, a customer experienced 7 outages in 2015.

Among the services that our customers value most is the consistent, reliable performance of our electrical system. Since the Company's privatisation in 1994, we continue to invest in enhancing reliability to provide maximum value to our customers as one of the best utilities in the Caribbean.

### CONSUMER AVERAGE INTERRUPTION DURATION INDEX (CAIDI)



CAIDI is the average duration of an interruption. The average duration of an interruption to the power supply in 2015 was 17.4 minutes.

### Better Data, Better Service

#### Company-wide Roll-Out of New Geographic Information System (GIS)

Internal trainers facilitated training to assist users:

1. In understanding how the GIS can help improve their effectiveness in responding to customers, increasing accuracy in locating customer premises and dispatching crews within close proximity to expedite the resolution of faults.
2. In navigating the system to maximise functionality.

A GIS visually represents different types of information (electrical network, from the power stations to every connected pole and customer). This system allows users to see where each entry appears on a map and allows searches for specific information, assets or customers. Grenlec's GIS helps our team analyse and understand relationships, patterns, and trends.

In-vehicle versions of the GIS were provided to select crews to help them locate customers faster.

Information captured from two complementary projects, the Automatic Vehicle Location (AVL) and Pole Labeling also provided information for the GIS.

The **Automatic Vehicle Location (AVL) system** was upgraded to provide faster data capture for select vehicles in the fleet. Through the GIS, approved users have a real-time view of crew locations, along with access to reports on miles travelled, speed and routing. The AVL also enables System Control to efficiently locate and dispatch the crew closest to a fault to accelerate resolution time.

The **Pole Identifier Project** was completed, with more than 26,000 poles uniquely labeled across Grenada, Carriacou and Petite Martinique. Customers can now reference the number on the pole(s) when making reports of street light and other faults.

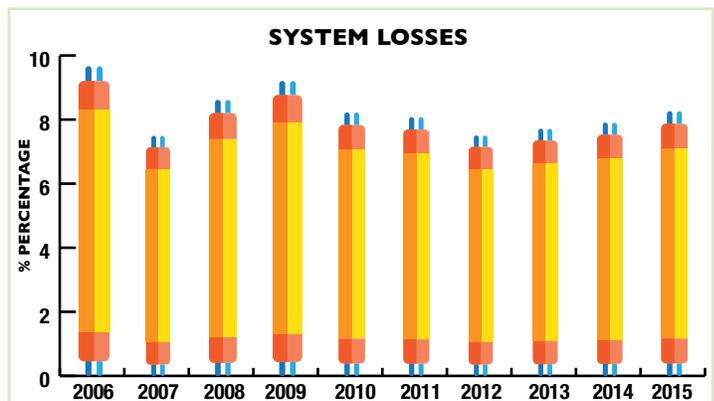
Users can search the GIS map for pole locations, cross-reference with the AVL data and quickly direct the nearest crew to minimise the duration of customer interruptions and speed up response times in emergencies.

### Deployment of Smart Devices

Our team deployed trip-saver reclosers on the distribution system. These prevent faults on these sub-circuits from affecting the main feeder lines, reducing outages and improving reliability.

## EFFICIENCY IMPROVEMENTS

### System Losses



System losses were 8.26%. 2014 and 2015 include customer renewable energy generation interconnected to our electrical grid.

System losses, while unavoidable, have a direct and significant impact on the Company's financial performance and our goal is to keep system losses as low as possible.

In a power generating system, the power must be transmitted through a network from the power station to our customers. During transmission, losses occur as current flows through conductors with finite resistance.

These losses mean that there is quantitative difference between the power generated and that which is distributed. The combined losses on the system is referred to as system losses.

Losses are classified into two categories.

- Technical losses are due to energy dissipated in transformers, conductors, loose connections, line faults that have high resistance, voltage regulators and other equipment used for the lines.
- Non-technical losses are caused by actions external to the power system. These losses are more difficult to measure than technical losses. Non-technical losses result from unmetered consumption, illegal connections (theft) and errors in billing, among other things.

The goal is to get the amount of electricity sold to customers as close as possible to the electricity generated. Consequently, our team is continually working on ensuring that our transmission network operates efficiently and to identify sources of both technical and non-technical losses and make efforts to reduce them.

### Energy-efficient LED Street Lighting Pilot

Grenlec and our Government piloted the use of energy-efficient LED street lighting to evaluate the economic, safety and environmental benefits of this advanced lighting technology.

LED street lighting is proven to be more energy-efficient and longer-lasting than conventional lighting, which could provide significant savings of up to 50% in energy and maintenance costs. In addition, LED lighting provides a better quality of light for public safety and also reduces greenhouse gas emissions.

As part of the pilot, Grenlec surveyed customers and recorded their observations and preferences between the three types of LED streetlights used in the pilot. This information will help inform further discussions

about the economic feasibility of LED street light installations throughout Grenada.



**Grenlec LED Street lighting exposition at Camerhogue Park**

### All-Electric Vehicle Pilot Project

In October, as part of our expanding commitment to a "Greener Grenada," the Company launched an all-electric vehicle (EV) pilot project. For demonstration purposes, Grenlec added two Nissan LEAF cars and one Nissan e-NV200 5-seater van, which has replaced the gasoline powered vehicle previously used for courier service in our fleet.



**During an islandwide motorcade, customers turned out in their numbers to experience the EVs up close.**

EV technology is estimated to be more energy efficient, providing the equivalent of 75 miles per gallon (MPGe) and reducing energy and maintenance costs by as much

as 50%. With zero tailpipe emissions, EVs also reduce greenhouse gases carbon dioxide. Grenlec is testing the energy performance and driving range of the vehicles under Grenadian roads conditions.

Among its public awareness activities, a successful motorcade showcased more than 40 Grenlec team members driving different legs from Grand Anse, up the West coast, over Grand Etang to Grenville and down the East Coast back to Grand Anse on a single charge of each vehicle. Interest from the general public has been high and the Company will be sharing information about the performance of the vehicles periodically.

## RENEWABLE ENERGY (RE)

RE INTERCONNECTIONS	
Grenlec RE Interconnection capacity	182.95kW
Customer RE interconnection capacity	861.43kW
<b>Total RE Interconnection Capacity</b>	<b>1044.38kW</b>

ESTIMATED BENEFITS	
Goal	20% RE by 2020
Actual RE penetration	0.89%
RE generation	1,829,754kWh/annum
Average homes supplied	1,017
Avoided diesel quantity	114,216.84 USG/annum
Avoided diesel cost	\$239,432.34 USG/annum (based on 2015 costs)
Avoided carbon dioxide emissions	1,158.72 metric tonnes

Our 2015 performance report heralds a greener future as 2015 was a breakthrough year for Renewable Energy (RE) development. We achieved significant milestones as we advanced our mission to achieve Grenada's National Energy Policy goal of 20% renewable energy generation by 2020.

As a complement to the projects outlined below, our aim is to expand our RE Programme to bring Petite Martinique as close to 100% RE as practical. Significant work also continued on potential wind energy projects on mainland Grenada and Carriacou.

## Agreement Signed for Over 900kW of Additional Solar PV

In the final quarter of 2015, Grenlec executed an agreement for a 937kW solar PV project using Company-owned rooftops and other available, suitable locations. This \$6.4M project is the single largest renewable energy project in Grenada to date. The project involves the installation of solar PV panels at 13 sites, covering rooftops and parking lots at Grand Anse and Queen's Park Power Station, creating a shed at Grand Anse and constructing ground mounted PV systems at Plains and the hill side at Queen's Park Power Station.

Installation is scheduled to begin during first quarter 2016. Upon commercial operation, the project will offset more than 1,100 tons of carbon dioxide and provide sufficient electricity to power more than 500 homes annually.

Together with our existing systems, these installations will increase the company-owned renewable energy capacity to 1.12 megawatts (MW), which is equivalent to approximately 4% of peak demand.

## Carriacou Wind Project

Undaunted by earlier setbacks with the proposed wind project in Carriacou, Grenlec restructured the project to reduce its cost and encourage participation of more wind turbine manufacturers. The restructured 1 – 1.4 MW project will be re-tendered in the first quarter of 2016.

## Overcoming Land Challenges for RE Development

While site control has been the biggest impediment to wind and solar PV development for Grenlec in Grenada, in 2015 we successfully executed leases for over 33 acres of suitable land for solar PV in Pearls, St. Andrew. The Company is now in the design phase of a project to install approximately 3MW of ground-mounted solar PV on the site by 2017.

## Customer Interconnections Surged

Since the launch of our voluntary Customer Renewable Energy Interconnection Programme in 2007, customer-owned RE has been an important component of the Company's 2020 Strategic Vision. After launching of the third phase of the programme in April, the available 500kW capacity was fully subscribed by August.

Grenlec has commissioned an Impact Assessment Study to determine the technical limits for intermittent RE on our electrical system. This will inform future interconnection offers as well as the Company-owned developments.

provide social services for vulnerable members of our society.

## CORPORATE SOCIAL RESPONSIBILITY



**Celebrating gold for Grenada's team to the Chelsea Flower Show**



**A new auditorium for St. John's Christian Secondary School**



**Joining partners walking for a cancer cure**

Our Company's success and that of our communities are interwoven. It is this ethos that drives the commitment to our Grenlec Community Partnership Initiative (GCPI), which has invested more than \$18M in people and communities throughout our tri-island state since 1994.

Our work is about improving the quality of life for people. We engage with community and national organisations to help realise their goals to support opportunities and provide access to education and facilities for youth and adult development; as well as



**Students at Andrew's RC School give a thumbs up for their new resource centre**

Last year, our contribution extended beyond \$1.5M, positively impacting the lives of thousands of youth and others in the areas of education, sports, culture, social services, health and energy.

foreign fuel imports for greater energy security.

There are indications that both parties will be able to collaboratively arrive at solutions that are in the best interest of Grenada and Grenlec's customers, while protecting the economic interests of all the Company's shareholders, including the Government, NIS, employees, Grenadian, regional and other investors. In this regard, we look forward to discussions commencing as early as practically possible and agreements being finalised to allow us to achieve mutually beneficial goals in Grenada's energy sector for the future prosperity of our nation.

Continued reductions in world oil prices and low electricity rates could mean sustained growth in the energy sector as our customers enjoy affordable electric service that impacts every home and business. It also poses challenges to the economic viability of renewable energy projects, even though renewable energy development costs have also fallen dramatically in recent years.

However, Grenlec is still presently committed to its strategic objective of achieving 20% of its generating capacity from renewable energy by 2020. Our vision is based on stabilising the price of electricity in the long term, reducing our carbon footprint, increasing energy security and self-sustainability, and supporting economic relief for our customers.

As mentioned in our comments on renewable energy, we look forward to making progress in the development of wind generation project on Carriacou.

Our employees continue to provide sterling service to our Company and to our customers, who depend on us to keep their lights on and equipment running. We cannot thank them enough. We appreciate their dedication, as exemplified by the many accomplishments outlined here for reliability, efficiency, customer service, renewable energy, technological advancements and community support.

In a changing environment, challenges and opportunities lie ahead, but we are confident that with the continued dedication of our team members and the guidance of Management and our Board of Directors, we can continue to build a Company of which we can all remain justifiably proud.



**Caring for children and the elderly.**



**Supporting the Arts and Culture of Carriacou**

## OUTLOOK

Having recorded another successful year and demonstrating our overwhelmingly favourable impact on our customers and communities, we believe that the Government of Grenada can be engaged in meaningful discussions with us about the new Electricity Supply Bill that was proposed in early 2015. As we have noted before, we wholeheartedly share the Government's goals of stabilising and where possible lowering Grenada's energy costs, increasing renewable energy generation, and reducing our nation's dependence on



# LIVING OUR BRAND



# grenlec



## 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>, 2015 and the related statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### *Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

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

GRENADA:

March 9<sup>th</sup>, 2016



Accountants & business advisers:

GRENADA ELECTRICITY SERVICES LIMITED  
**STATEMENT OF FINANCIAL POSITION**  
**AT 31ST DECEMBER, 2015**  
(Expressed in Eastern Caribbean Currency Dollars)

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

The notes on pages 32 to 60 form part of these financial statements



Director:



Director:

GRENADA ELECTRICITY SERVICES LIMITED  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2015**  
(Expressed in Eastern Caribbean Currency Dollars)

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

The notes on pages 32 to 60 form part of these financial statements

GRENADA ELECTRICITY SERVICES LIMITED  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER, 2015**  
(Expressed in Eastern Caribbean Currency Dollars)

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

The notes on pages 32 to 60 form part of these financial statements

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

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

The notes on pages 32 to 60 form part of these financial statements

## 1. CORPORATE INFORMATION

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

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

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

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

The Company employed on average two hundred and thirty-two (232) persons during the year (2014- 226).

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

### *(a) Basis of Preparation*

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

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

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

- (i) There are no new standards, amendments or interpretations that are effective for the first time for the financial year beginning on or after 1st January, 2015 that would be expected to have a material impact on the Company's financial statement.

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### *Recognition and Measurement*

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

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

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

#### *Subsequent Expenditure*

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing and other repairs and maintenance of property, plant and equipment are recognized in the statement of comprehensive income during the financial period in which they are incurred.

#### *Depreciation*

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

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

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

*Depreciation*

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

	% Per Annum
Building and construction	2.5 - 10
Plant and machinery	5 - 12.5
Motor vehicles	33 1/3
Furniture, fittings and equipment	12.5 - 20

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

**(d) Foreign Currencies Translation**

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

EC\$2.7169 to US\$1.00	-	(2014: EC\$2.7169)
EC\$3.04143 to €1.00	-	(2014: EC\$3.38034)

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

**(e) Financial Instruments**

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### *Recognition and measurement*

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

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

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

#### *Financial assets*

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

#### *Loans and receivables*

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

#### *Available-for-sale*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

#### *Fair Value*

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

#### *Impairment of financial assets*

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

#### i. Financial assets measured at amortised cost

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

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

#### (ii) Financial assets measured at cost

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

### *Financial Liabilities*

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) *Inventories*

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

### (g) *Trade receivables*

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

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

### (h) *Cash and cash equivalents*

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

### (i) *Stated capital*

Ordinary shares are classified as equity.

### (j) *Trade payables*

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

(continued)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Borrowings

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

### (l) Customers' deposits

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

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

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

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

### (n) Employee benefits

#### *Profit sharing scheme*

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) *Income tax*

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

### (p) *Provisions*

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

### (q) *Revenue recognition*

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

#### (i) *Sale of energy*

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

#### (ii) *Interest income*

Interest income is recognised on an accrual basis.

### (r) *Dividends*

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

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

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

**(s) Related parties**

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

**(t) Finance costs**

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

**(u) Provision for doubtful debts**

Provision is made as follows:

100% on receivables  $\geq 90$  days

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

Accounts are written off against the provision when they are considered to be uncollectible. The total provision at 31st December, 2015 amounted to \$5,236,249 (2014 - \$8,539,923).

**(v) Provision for unbilled sales**

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

	<b>2015</b>	2014
	\$	\$
Sales revenue for December after discounts	<u>11,473,502</u>	<u>15,427,007</u>
50% of above	5,736,751	7,713,504
= provision at 31/12/15	<u>7,713,504</u>	<u>8,058,854</u>
= provision at 31/12/14		
Decrease in provision during the year	<u>(1,976,753)</u>	<u>(345,350)</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, 2015  
 (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, 2014</b>						
Cost	1,467,468	30,463,658	220,345,202	9,312,152	12,743,107	274,331,587
Accumulated depreciation	-	(16,919,099)	(150,955,761)	(8,644,162)	(8,254,954)	(184,773,976)
<b>NET BOOK VALUE</b>	<b>\$1,467,468</b>	<b>\$13,544,559</b>	<b>\$69,389,441</b>	<b>\$667,990</b>	<b>\$4,488,153</b>	<b>\$89,557,611</b>
<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>\$1,467,468</b>	<b>\$13,048,016</b>	<b>\$64,797,960</b>	<b>\$580,565</b>	<b>\$4,713,179</b>	<b>\$84,607,188</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)
Less: Customer contribution to line extensions	-	-	-	-	-	(7,052,126)
<b>NET BOOK VALUE</b>	<b>\$1,467,468</b>	<b>\$13,048,016</b>	<b>\$64,797,960</b>	<b>\$580,565</b>	<b>\$4,713,179</b>	<b>\$77,555,062</b>

GRENADA ELECTRICITY SERVICES LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 AT 31ST DECEMBER, 2015  
 (continued)

4. **PROPERTY, PLANT AND EQUIPMENT**

**For year ended 31<sup>st</sup> December, 2015**

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

**5. SUSPENSE JOBS IN PROGRESS**

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

**6. CAPITAL WORK IN PROGRESS**

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

**7. DEFERRED EXCHANGE GAIN/ LOSS**

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

**8. FINANCIAL ASSETS**

**(a) Available for sale**

536 ordinary shares in the Republic Bank (Grenada) Limited	24,120	24,120
Government of Grenada - Treasury Bills	<u>800,000</u>	<u>848,000</u>
	<u>824,120</u>	<u>872,120</u>

**(b) Loans and receivables**

Fixed deposit – Republic Bank (Grenada) Limited	6,848,315	10,359,578
Fixed deposit – Grenada Co-operative Bank Limited	8,046,077	9,890,909
Fixed deposit – Bank of Nova Scotia	13,749,379	8,974,329
Fixed deposit – RBTT Bank Grenada Limited	8,407,705	5,372,792
US\$ certificate of deposit- Cayman National Bank	<u>2,724,456</u>	<u>2,729,616</u>
	<u>39,775,932</u>	<u>37,327,224</u>

**8. FINANCIAL ASSETS (continued)**

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

**9. INVENTORIES**

The following is a breakdown of stock on hand:

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

**10. TRADE AND OTHER RECEIVABLES**

Customers' accounts	15,288,237	28,457,422
Less: Provision for doubtful debts	<u>4,802,325</u>	<u>7,976,196</u>
	10,485,912	20,481,226
Other debtors	1,420,412	1,602,357
Less: Provision for doubtful debts	<u>433,924</u>	<u>563,727</u>
	11,472,400	21,519,856
Provision for unbilled sales	5,736,751	7,713,503
Prepayments	<u>4,169,520</u>	<u>1,022,130</u>
	<u>21,378,671</u>	<u>30,255,489</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>2015</b>	<u>\$8,523,574</u>	<u>\$2,309,585</u>	<u>\$303,655</u>	<u>\$4,151,423</u>	<u>\$15,288,237</u>
<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>

**11. SEGREGATED RETIREMENT INVESTMENTS**

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

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

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

**12. CASH AND CASH EQUIVALENTS**

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

**15. BORROWINGS**

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

**(i) European Investment Bank (EIB)**

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

**(ii) National Insurance Scheme**

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

**(iii) Grenlec ECSE Bonds**

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

**15. BORROWINGS (continued)**

**(iv) CIBC First Caribbean International Bank Limited**

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

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

Proceeds from the new mortgage debenture will be used to retire the Company's existing debt to EIB, the National Insurance Scheme and ESCE bonds.

**16. PROVISION FOR RETIREMENT BENEFITS**

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

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

**17. PROVISION FOR HURRICANE INSURANCE RESERVE**

	<b>2015</b>	2014
	\$	\$
Balance at beginning of year	18,000,000	16,000,000
Add: Provision for the year	<u>2,000,000</u>	<u>2,000,000</u>
Balance at end of year	<u>20,000,000</u>	<u>18,000,000</u>

GRENADA ELECTRICITY SERVICES LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 AT 31ST DECEMBER, 2015  
 (continued)

**18. AMOUNT DUE TO RELATED COMPANY**

	<b>2015</b>	2014
	\$	\$
Amount due to WRB Enterprises, Inc.	<u>84,013</u>	<u>164,964</u>

**19. TRADE AND OTHER PAYABLES**

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

**20. OTHER INCOME**

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

**21. FINANCE COSTS**

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

**22. RELATED PARTY TRANSACTIONS**

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

	<b>2015</b>	2014
	\$	\$
a) Sale of electricity - NIS	<u>237,918</u>	<u>392,720</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>1,146,516</u>	<u>1,058,322</u>
Grenada Private Power Limited	<u>4,940,000</u>	<u>4,560,000</u>

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

Salaries and other benefits	<u>3,289,631</u>	<u>2,709,750</u>
Past employment benefit provisions	<u>463,348</u>	<u>485,725</u>

- iii) Loans receivable from key management personnel

	<u>56,402</u>	<u>59,135</u>
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## 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:

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

### *Deferred Tax*

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

Net book value of property, plant and equipment at December 31 <sup>st</sup> 2015	72,882,900
Less: Land	(1,467,468)
Building and construction	<u>(12,620,343)</u>
Tax base	58,795,089
	<u>(57,361,599)</u>
Temporary difference	<u>1,433,490</u>
Deferred tax liabilities at applicable statutory rate (30%)	<u>430,047</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>, 2015, a dividend of 52 cents per ordinary share amounting to \$9,880,000 was declared and paid.

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

## 26. FINANCIAL RISK 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.

## 26. FINANCIAL RISK MANAGEMENT (continued)

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

### *Credit risk*

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

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

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

The Company's maximum exposure to credit risk equals the carrying amount of its financial assets. Based on the above, however, management does not believe significant credit risk exists at December 31<sup>st</sup>, 2015.

### *Operational risk*

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

## 26. FINANCIAL RISK MANAGEMENT (continued)

### *Operational risk (continued)*

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

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

### *Insurance risk*

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

### *Liquidity risk*

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

GRENADA ELECTRICITY SERVICES LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 AT 31ST DECEMBER, 2015  
 (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, 2015</b>	<b>Current</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>Over 90 days</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Current Assets</b>					
Cash and cash equivalents	16,614,231	-	-	-	16,614,231
Loans and receivable financial assets	3,000,251	2,718,036	4,661,674	29,395,974	39,775,932
Prepayments	4,169,520	-	-	-	4,169,520
Trade and other receivables	13,761,211	2,309,585	151,867	986,488	17,209,151
Inventories	<u>14,824,650</u>	-	-	-	<u>14,824,650</u>
	<u>52,369,863</u>	<u>5,027,621</u>	<u>4,813,541</u>	<u>30,382,459</u>	<u>92,593,484</u>
<b>Current liabilities</b>					
Amount due to related company	84,013	-	-	-	84,013
Provision for income tax	-	-	1,144,071	-	1,144,071
Short-term borrowings	-	-	1,677,183	4,898,731	6,575,914
Trade payables and accrued expenses	6,257,271	1,673,903	756,344	1,805,513	10,493,031
Consumers' advances for construction	-	-	-	1,192,640	1,192,640
Provision for retirement benefits	326,755	-	-	-	326,755
Provision for profit sharing	-	-	-	5,178,075	5,178,075
	<u>6,668,039</u>	<u>1,673,903</u>	<u>3,577,598</u>	<u>13,074,959</u>	<u>24,994,499</u>
<b>NET LIQUIDITY SURPLUS</b>	<u>45,701,824</u>	<u>3,353,718</u>	<u>1,235,943</u>	<u>17,307,500</u>	<u>67,598,985</u>

GRENADA ELECTRICITY SERVICES LIMITED  
**NOTES TO THE FINANCIAL STATEMENTS**  
 AT 31ST DECEMBER, 2015  
 (continued)

26. FINANCIAL RISK MANAGEMENT (continued)

Balance at 31 <sup>st</sup> December, 2014	Current	31-60 days	61-90 days	Over 90 days	Total
	\$	\$	\$	\$	\$
<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	-	677,183
Trade payables and accrued expenses	8,876,221	2,505,752	-	7,010,432	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>

## 26. FINANCIAL RISK MANAGEMENT (continued)

### *Market risk*

#### *(i) Foreign exchange risk*

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

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

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

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

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

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

*FINANCIAL LIABILITIES*

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

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

*Repayment for the year*

	2015	2014
	<b>EURO</b>	EURO
Interest	111,717.22	125,544.10
Principal	<u>254,181.52</u>	<u>240,354.64</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 2015 and 2014 respectively.*

(ii) *Interest rate risk*

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

**27. CAPITAL COMMITMENT**

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

GRENADA ELECTRICITY SERVICES LIMITED

**FIVE YEAR FINANCIAL RECORD 2011-2015**

EXPRESSED IN EC\$ & US\$

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>EC\$</b>	<b>EC\$</b>	<b>EC\$</b>	<b>EC\$</b>	<b>EC\$</b>
<b>INCOME</b>	<b>151,279,103</b>	<b>189,938,021</b>	<b>192,311,801</b>	<b>197,480,495</b>	<b>190,936,733</b>
<b>PROFIT BEFORE TAXES</b>	25,939,644	26,847,037	22,418,087	20,376,134	12,925,989
<b>TAXATION</b>	7,699,542	7,606,135	6,361,011	5,860,140	4,123,966
<b>NET PROFIT</b>	18,240,102	19,240,902	16,057,076	14,515,994	8,802,023
<b>SHAREHOLDERS EQUITY</b>	<b>102,385,181</b>	<b>93,595,032</b>	<b>83,474,398</b>	<b>76,541,074</b>	<b>71,146,420</b>
REPRESENTED BY:					
TOTAL ASSETS	170,544,752	184,209,138	183,032,440	194,756,827	191,806,188
TOTAL LIABILITIES	48,589,618	72,614,106	83,558,042	104,215,753	108,659,768
HURRICANE RESERVE	20,000,000	18,000,000	16,000,000	14,000,000	12,000,000
<b>NET ASSETS</b>	<b>102,385,181</b>	<b>93,595,032</b>	<b>83,474,398</b>	<b>76,541,074</b>	<b>71,146,420</b>
<b>FINANCIAL RATIOS</b>					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	17.82%	20.56%	19.24%	18.96%	12.37%
Earnings Per Share	0.96	1.01	0.85	0.76	0.46
Dividends Per Share	0.52	0.48	0.48	0.48	0.48
<hr/>					
	US \$				
<b>INCOME</b>	56,029,297	70,347,415	71,226,593	73,140,924	70,717,309
<b>PROFIT BEFORE TAXES</b>	<b>9,607,276</b>	<b>9,943,347</b>	<b>8,302,995</b>	<b>7,546,716</b>	<b>4,787,403</b>
<b>TAXATION</b>	2,851,682	2,817,087	2,355,930	2,170,422	1,527,395
<b>NET PROFIT</b>	6,755,594	7,126,260	5,947,065	5,376,294	3,260,008
<b>SHAREHOLDERS EQUITY</b>	37,920,437	34,664,827	30,916,444	28,348,546	26,350,526
REPRESENTED BY:					
TOTAL ASSETS	63,164,723	68,225,607	67,789,793	72,132,158	71,039,329
TOTAL LIABILITIES	17,996,155	26,894,113	30,947,423	38,598,427	40,244,359
HURRICANE RESERVE	7,407,407	6,666,667	5,925,926	5,185,185	4,444,444
<b>NET ASSETS</b>	<b>37,920,438</b>	<b>34,664,827</b>	<b>30,916,444</b>	<b>28,348,546</b>	<b>26,350,526</b>
<b>FINANCIAL RATIOS</b>					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	17.82%	20.56%	19.24%	18.96%	12.37%
Earnings Per Share	0.36	0.38	0.31	0.28	0.17
Dividends Per Share	0.19	0.18	0.18	0.18	0.18

GRENADA ELECTRICITY SERVICES LIMITED

**FIVE YEAR OPERATIONAL RECORD 2011-2015**

	2015	2014	2013	2012	2011
<b>PRODUCTION AND SALES</b>					
<b>Generation - Grenlec</b>	205,951,033	199,908,945	196,655,652	199,703,882	203,973,893
<b>Generation - PV Customers</b>	1,011,319	620,549			
<b>Gross Generation (kWh)</b>	<b>206,962,352</b>	<b>200,529,494</b>	<b>196,655,652</b>	<b>199,703,882</b>	<b>203,973,893</b>
Auxillaries & Own Use	6,285,999	5,926,777	6,085,679	6,738,808	7,153,186
<b>Net Generation</b>	200,676,353	194,602,717	190,569,973	192,965,074	196,820,707
<b>Sales (kWh)</b>					
Domestic	70,083,198	68,228,598	68,454,863	69,123,037	70,463,449
Commercial	103,664,062	100,431,948	96,821,536	98,783,002	99,808,187
Industrial	5,593,604	5,803,295	5,907,116	5,845,185	6,064,518
Street Lighting	4,697,707	4,697,950	4,626,682	4,680,483	4,539,063
<b>Total Sales</b>	<b>184,038,571</b>	<b>179,161,791</b>	<b>175,810,197</b>	<b>178,431,707</b>	<b>180,875,217</b>
Loss (% of Net Generation)	8.26%	7.90%	7.71%	7.50%	8.22%
<b>Number of Customers at Year - End</b>					
<b>Domestic</b>	41,298	40,329	39,762	39,132	38,394
Commercial	6,263	6,113	5,968	5,874	5,818
Industrial	36	36	35	36	37
Street Lights	8,387	8,386	8,308	8,167	8,060
<b>Total Customers</b>	<b>47,597</b>	<b>46,478</b>	<b>45,765</b>	<b>45,042</b>	<b>44,249</b>
<b>Average Annual usage per Customer Class (kWh)</b>					
Domestic	1,697	1,692	1,722	1,766	1,835
Commercial	16,552	16,429	16,223	16,817	17,155
Industrial	155,378	161,203	168,775	162,366	163,906



# Energising Our Grenada, Our Community, Our Economy, Our Future

In the spirit of innovation and change, Grenlec introduced a new company logo and multi-media educational campaign, "Energising our Grenada," to communicate the Company's dedication to the delivery of high-quality, reliable, safe and affordable electric

service for the future growth and prosperity of Grenada.

The new corporate branding and campaign represent the continuous changes we are making for increased efficiencies, innovation and clean energy technologies to provide greater value for our customers.

The "Energising our Grenada" public education campaign focuses on Grenlec's initiatives for increased clean energy, advanced educational services for our youth, and economic growth.

symbolises nutmeg



electricity

# grenlec



Solar



Wind



Oil



Geothermal



Biofuels



Sustainability



Renewable Energy



Growth



Dependability



Community



Energy Efficiency

the grenlec current

The new logo pays homage to Grenada's iconic nutmeg and features the electric plug, a universal symbol for electricity. The vibrant greens, yellows and the grey colours of the new logo reflect Grenlec's commitment to environmental sustainability, clean energy and advanced technologies. The blue is representative of the high reliability that our customers have come to expect.

[grenlec.com](http://grenlec.com)

