The Power of our People

Grenada Electricity Services Ltd.
ANNUAL REPORT 2023

The Power of our People

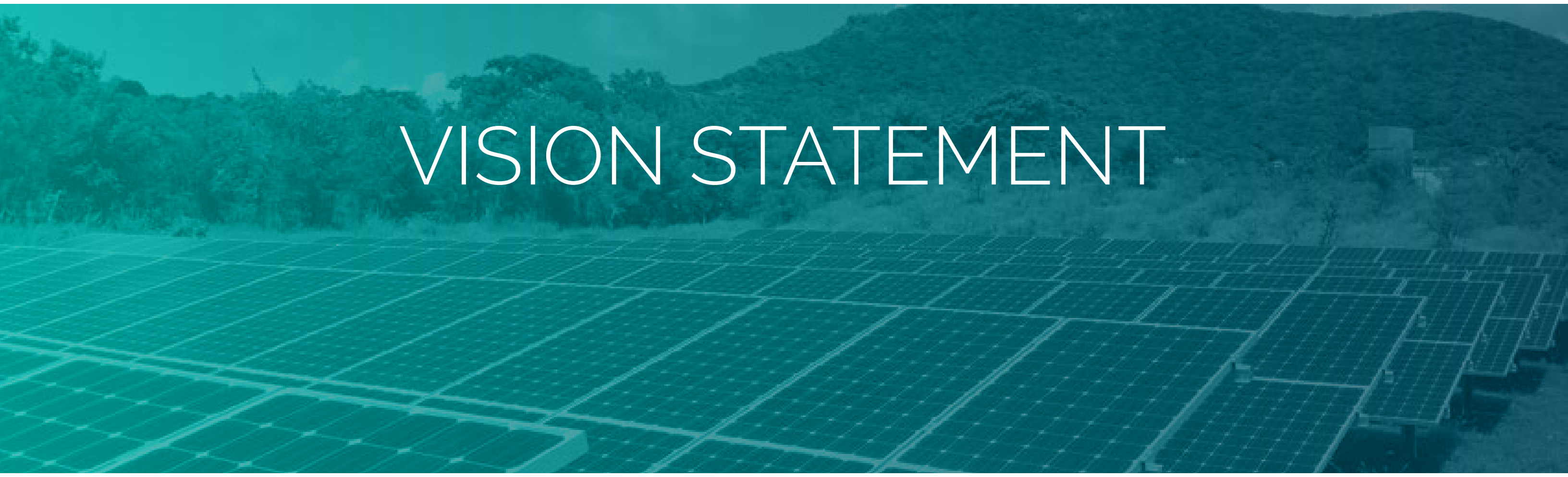
In the year under review, "The Power of Our People" truly shone through, demonstrating our unwavering commitment to our team members, customers, and community.

Team Members: This year, our employees stepped up in remarkable ways, showcasing their expertise, passion, and innovative spirit. In the face of unprecedented challenges, their dedication was the driving force behind our progress and success.

Customers: Our customers remained at the core of our mission, and their trust and engagement inspired us to continually improve. Their interest and feedback fueled our growth and challenged us to align with their aspirations.

Community: The vibrant and diverse communities we serve played a crucial role in our journey this year. Their resilience and spirit motivated us to create programs that support development and environmental sustainability.

This annual report is a tribute to the collective power of our people. By harnessing the strength of our team members, customers, and community, we powered homes and businesses and also empowered lives, fostered growth, and created a lasting impact.



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.

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CORPORATE INFORMATION

CORPORATE PROFILE

The Grenada Electricity Services Ltd. (Grenlec), a 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 over 55,000, our Company has been providing integrated services of generation, transmission and distribution of electricity since 1960.

Grenlec is rising to the challenge of providing safe, reliable service by continually investing in service enhancement, its employees, infrastructure and communities.

DIRECTORS

(As at 31 December 2023)

Mr. Rodney George - Chairman
Mr. Teddy St. Louis - Deputy Chairman (started 25 September 2023)
Mr. Lazarus Antoine
Mr. Allan Bierzynski
Mr. Dorsett Cromwell
Mr. James Pitt
Ms. Andrea St. Bernard
Mr. Hugh Thomas
Mr. Cyril Roberts (started 13 July 2023)

GENERAL MANAGER (Ag)

Mr. Clive Hosten

COMPANY SECRETARY

Ms. Lydia Courtney-Francis

REGISTERED OFFICE

Dusty Highway
Grand Anse
St. George
Grenada

BANKERS

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

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

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

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

ATTORNEYS-AT-LAW

Kim George & Associates
H.A. Blaize Street
St. George's, Grenada

AUDITORS

Ernst & Young
Rodney Bay
Gros Islet
St. Lucia

The Power of our People

OUR TEAM

Your expertise and dedication drove our success this year. Thank you for delivering reliable and sustainable energy solutions, even amid challenges.

BOARD
OF DIRECTORS

Rodney George
Chairman

Teddy St. Louis
Deputy Chairman

Lazarus Antoine

Allan Bierzynski

Dorsett Cromwell

James Pitt

Cyril Roberts

Andrea St. Bernard

Hugh Thomas

The Power of our People

OUR CUSTOMERS

Your trust and feedback inspired us to improve and adapt our services to meet your needs. Thank you for being at the core of our mission.


Rodney George | Chairman

CHAIRMAN'S REPORT

The fiscal year 2023 brought a mix of accomplishments and challenges for Grenlec.

While we experienced steady growth in kWh sales, the sustained increase in global fuel prices resulted in higher electricity costs for our customers. The reinstatement of the non-fuel charge in September to its pre-January 2022 rate brought our non-fuel revenues back in line with levels before the twenty-five percent reduction in the non-fuel tariff that took effect in January 2022.

Coincident with the reinstatement of the statutory non-fuel charge, the Government of Grenada eliminated VAT for customers with electricity bills of $100 or less and in addition decreased VAT from 15% to 7.5% on electricity consumption for all customers. Government also eliminated the Environmental Levy on bills $99.00 and under and instituted a subsidy of $10.00 for customers with usage of 99 kWh and under.

Despite these challenges, gross generation increased by 6.88% compared to 2022 and each month set new records for consumption. This notable growth in kWh unit sales to commercial and domestic customers led to a 26.08% increase in non-fuel dollar sales.

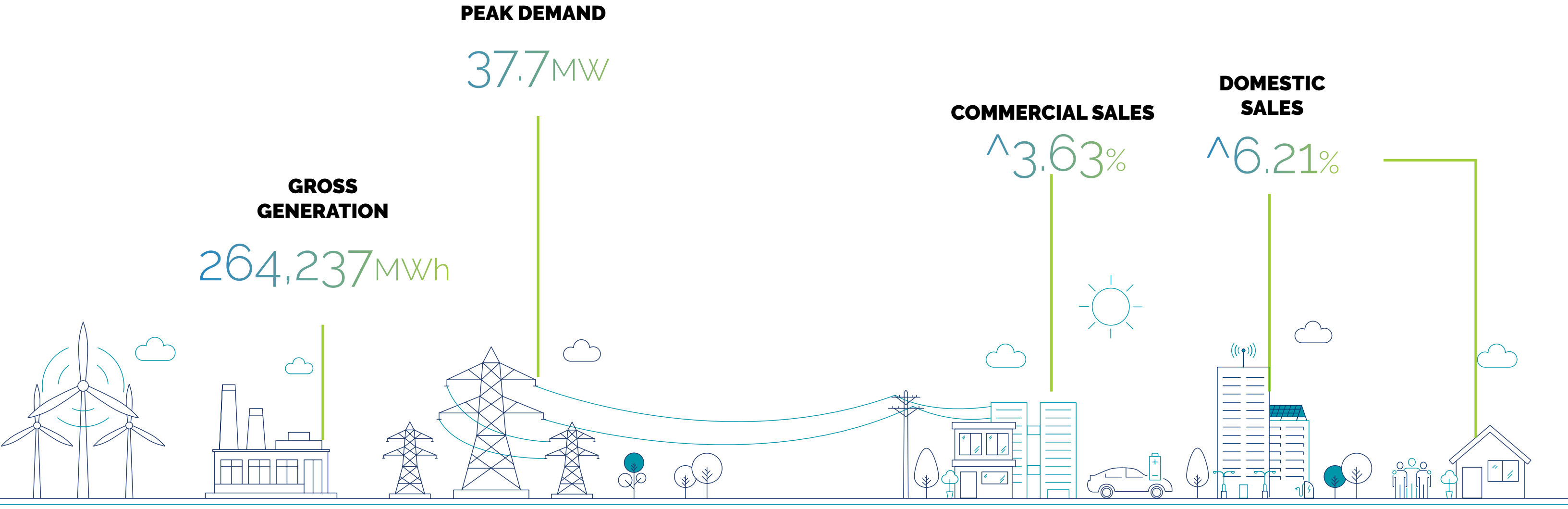
FUEL PRICES

The prolonged Ukraine/Russian conflict in Europe has undoubtedly disrupted global fuel prices.

After 25 months of rising fuel prices, we observed a fall in 2023. By the end of December 2023, the average fuel price had fallen to $9.91 per Imperial Gallon (IG) from the previous year's average of $11.74/IG. However, even with this decrease the customer fuel charge remained relatively high.

The discontinuation of the 25% reduction on the non-fuel charge in September 2022, which returned rates to January 2022 levels, resulted in an overall price increase for customers as fuel prices did not drop enough to offset this change. By the end of 2023, the electricity rate was $1.10 per kWh, up from $1.07 in 2022. This contrasts with 2021's average electricity rate of $0.86 per kWh.

The disruptions due to the Ukraine/Russia war highlight the interconnectedness of global energy markets and the vulnerability of supply chains to geopolitical tensions. They underscore the importance of diversifying energy sources and investing in renewable alternatives to reduce dependence on



volatile fossil fuel markets. In the long run, if these actions are implemented it will enhance energy security and mitigate the impact of conflicts on fuel prices.

FUEL COST RECOVERY

As mandated by the PURC, a new Fuel Adjustment Clause (FAC) was introduced in September 2023. The new FAC allows the total fuel prices to be more quickly passed on to customers through monthly adjustments. If the fuel charge to customers is lower than the cost of fuel used by Grenlec to generate electricity, customers will be charged a higher rate in the following month to allow the Company to recover the losses. Conversely, if the fuel charge exceeds the fuel cost, customers are refunded the excess amount through an adjustment the following month.

The introduction of the new FAC facilitates full pass-through of fuel costs incurred by Grenlec to its customers but in a deviation from past practice, virtually eliminates over and under recovery of fuel costs over a prolonged period. One major effect of the new FAC is that customers will immediately feel the impact of higher or lower fuel prices as they occur.

FINANCIAL PERFORMANCE

Rebounding from the COVID-19 pandemic, sales in 2023 continued to surpass 2022 performance for the second consecutive year. Kilowatt-hour (kWh) sales growth in 2023 was the highest on record for the Company, building on the unprecedented growth seen in 2022. Each month of 2023 outperformed 2022 and all previous years. By the end of 2023, a total of 238.21 million kWhs were sold, marking a 4.82% increase over 2022.

“These challenges must be addressed by ensuring we invest in training and development, foster innovation, build capacity and devise a strategic framework that recognizes the evolving nature of the energy sector as it gravitates towards a distributed generation model with customers also becoming generators of electricity.”

Commercial and domestic sales led this growth with increases of 6.2% and 3.6% respectively. A 4.82% rise in kWh or units sold and the discontinuation of a 25% discount on the non-fuel charge in September 2022,saw revenues rebound in 2023 with a 26.07% increase ($20.53M) over 2022 figures.

This positive trend is reflected in the Company's overall financial performance. The net profit before tax for 2023 was $28.94M, exceeding both the budgeted $18.01M and the $12.23M recorded in 2022. This represents a favorable variance of 60.60% compared to the budget and a year-on-year increase of 138.62%. The strong financial performance was primarily driven by robust sales and the over-recovery (111.81%) on the fuel charge.

DIVIDENDS

After suspending payments for the last three quarters in 2022, your Board restored dividends for the full year in 2023.

The total dividend payout in 2023 was $7.6M compared to $2.47M in 2022, marking a 207.69% increase over the previous year.

Your Board will continue to assess your Company's financial performance to determine appropriate dividends for shareholders and pledges to keep shareholders informed.

REGULATORY UPDATES

As the regulatory environment evolves, the Company is closely monitoring and engaging the Public Utilities Regulatory Commission (PURC) about the technical and financial impacts of interconnecting PV solar installations from consumers and independent power producers. On the financial side, the billing methodology for purchasing excess power from these producers is currently under discussion with the PURC. Additionally, the Company is in dialogue with the PURC regarding the long-outstanding contract for small-scale independent power producers, which is affecting these customers' connectivity to Grenlec's electricity grid.

INTERIM ELECTRICITY TARIFF

The Electricity Tariff Setting Methodology (TSM) regulations SRO No. 20, promulgated on 8 April 2022, outlines steps for adopting a price cap regime and using an interim tariff to transition from the current methodology. Following the promulgation of SRO 20, the PURC has gazetted the Interim Tariff Determination (ITD), which sets a new rate structure for customers from September 2023.

The new Interim Tariff framework includes the following regulatory requirements:

- The Non-Fuel rate remains unchanged and was maintained at the 2016 rates.
- The Renewable Energy (RE) charge was implemented in October 2023 to reflect the cost of electricity generated from renewable energy sources. The RE Charge is shown as a separate component on the bill.

The Fuel Adjustment Clause (FAC), which came into effect in November 2023, is also displayed on the bill. The FAC introduces fuel neutrality, eliminating under or over-recovery of fuel costs more promptly. To achieve this, an adjustment factor is used to pass on the actual cost that Grenlec pays for fuel to its customers in the following billing period.

A Cost-of-Service Study (COSS) being undertaken by Grenlec, as required by SRO 20 of 2022, the Tariff Setting Methodology, will examine a fair rate for non-fuel revenue and will be submitted to the PURC to form part of the mechanism for arriving at a new tariff for customers.

RECOVERY OF REGULATORY FEES

The matter of recovery of the regulatory fees levied by the PURC will be addressed as part of the final tariff. In the interim, Grenlec continues to absorb the prior years' fees until the final tariff is approved by the PURC.

GENERATION REPLACEMENT

Grenlec's generating fleet continues to age, with five (5) of the six base load engines past the threshold of 100,000 operating hours and one (1) of the engines over 30 years old.

The period following the COVID-19 recovery has seen a significant surge in electricity demand. Additionally, continued growth projections coupled with this natural lifecycle nearing its end for a number of generators have made it challenging to maintain seamless service reliability, particularly when larger generating units require maintenance, or generators encounter faults.

Pushing the operation of these generators beyond 2025 will result in further outages with a high likelihood of engine failures.

The Company has submitted a business case to the PURC for the replacement of 19 MW of dual-fuel thermal power generation which is critical to ensure a reliable and adequate energy supply for our country. Dual fuel generating units open the possibility of utilizing liquefied natural gas (LNG) as a future fuel with the potential for lower and better price stability compared to diesel fuel. In the meantime, Grenlec is making arrangements for securing rental generating units to alleviate capacity shortfalls until new capacity is commissioned.

RENEWABLE GENERATION

Grenlec is at an advanced planning stage for a 15 MW utility-scale PV Solar installation at three sites in the environs of the Maurice Bishop International Airport (MBIA). The project also includes 13 MWh of battery energy storage (BES) that besides supplementing the PV solar output will provide spinning reserve support to the generating system. This project is in alignment with Grenada's national energy objectives to increase renewable generation so that renewable capacity will be 30 % of the energy mix by 2030.

OUR PEOPLE

We extend our sincerest gratitude to our dedicated employees whose unwavering commitment and hard work have been instrumental in maintaining the service excellence that our customers have come to expect for the past thirty (30) years.

We also extend heartfelt appreciation to our valued stakeholders for their ongoing support and partnership. Your trust, feedback, and collaboration have been invaluable as we navigate an ever-evolving landscape, with varying demands.

To my fellow Directors, I appreciate your contributions to the Board and Company during year. Special thanks to Mr. Benedict Brathwaite, who served as Chairman from June 2022. We appreciate your leadership. We welcome Mr. Cyril Roberts and Mr. Teddy St. Louis, who joined the Board over the last year and thank former Director, Mr. David Bruno for his service.

As we plan to navigate the future, your Board is cognizant of the challenges that lay ahead. Aging generating capacity, high electricity prices, unrealistic expectations for non-firm renewable capacity, and new technologies related to automation in the transmission and distribution system are examples. These challenges must be addressed by ensuring we invest in training and development, foster innovation, build capacity and devise a strategic framework that recognizes the evolving nature of the energy sector as it gravitates towards a distributed generation model with customers also becoming generators of electricity.

Rodney V. George

RODNEY GEORGE
Chairman, Grenlec

MANAGEMENT TEAM

Clive Hosten

General Manager (Ag)

Dwayne Cenac

Manager, Generation

Wallace Collins

Manager, Carriacou and Petite Martinique

Lydia Courtney-Francis

Financial Controller

Prudence Greenidge

Manager, Corporate Communications

Jeffrey Neptune

Manager, Information Systems

Kennard Lalsingh

Manager, Planning and Engineering
(effective February 2023)

Casandra Slocombe

Manager, Customer Services

Eric Williams

Manager, Transmission & Distribution

The Power of our People

OUR COMMUNITY

The community around us has been a source of immense support and inspiration. Our community initiatives, driven by the collective efforts of our people, have made a tangible impact.

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MANAGEMENT REVIEW AND ANALYSIS

OVERVIEW

In 2023, Grenlec achieved substantial growth while contending with notable challenges. Combined with the discontinuation of the 25% reduction in the non-fuel rate, the Company saw a marked 6.88% increase in gross generation compared to 2022, leading to a 26.08% boost in non-fuel revenue.

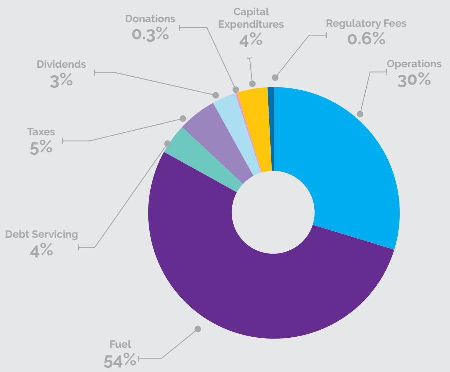
However, the sustained rise in global fuel prices, exacerbated by geopolitical tensions in Europe, significantly impacted both the Company and its customers. To provide relief to customers, the Government of Grenada (GoG) implemented a VAT reduction from 15% to 7.5%. Financially, Grenlec continued to rebound strongly from the COVID-19 pandemic, recording a 4.82% increase in kWh sales and achieving a net profit before tax of $28.94M.

Navigating through regulatory changes was another key focus for Grenlec in 2023. As part of its regulatory mandate, the Public Utilities Regulatory Commission (PURC) implemented an Interim Electricity Tariff, which includes a Fuel Adjustment Clause (FAC) that allows Grenlec to more promptly pass on actual fuel costs to customers and a Renewable Energy charge to reflect the impact of renewable energy generation.

Facing the challenge of an aging generator fleet, Grenlec proposed plans to replace critical power generation units and enhance its renewable energy capacity. These plans are essential in maintaining reliable service and meeting the growing electricity demand. The strong financial performance allowed Grenlec to reinstate dividends, resulting in a substantial payout of $7.6M for the year.

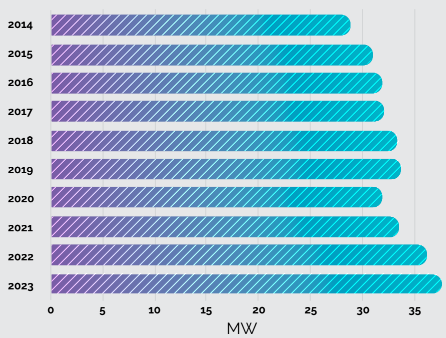
Grenlec's success in 2023 was bolstered by the unwavering commitment of its employees and the invaluable support of stakeholders.

HOW YOUR DOLLAR WAS SPENT 2023

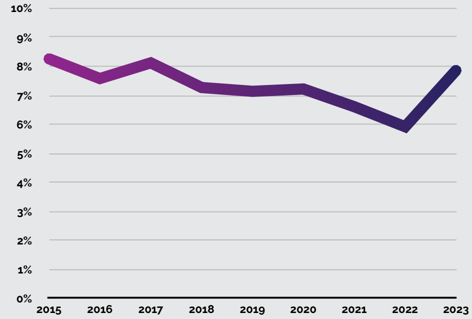


Fuel	134,886,599
Dividends	7,600,000
Debt Servicing	7,668,449
Taxes (Income, VAT, Env. Levy, Stamp)	13,153,229
Donations	676,975
Capital Expenditure	10,798,291
Regulatory fees	1,583,171
Operations	74,336,531
TOTAL	**$250,703,245**

PEAK DEMAND 2014 - 2023



SYSTEM LOSSES 2019 - 2023



Peak demand rose to 37.67MW from 36.14MW in 2022.

System losses increased from 5.92% to 7.86%.

"The Power of Our People" was the cornerstone of our resilience and progress in 2023. We look forward to continuing this journey with bright prospects, powered by the strength of our people's collective spirit, growing demand, an initiative to develop a new strategic plan, the new customer information system, traditional and renewable generation projects among others.

Highlights

- Revenues $252.69M
- System losses 7.86%
- Return on Equity 16.68%
- Earnings per Share $1.12
- Gross Generation was 264,237MWh, 6.88% more than 2022.
- Peak Demand 37.7MW
- Fuel Efficiency 19.09kWh/IG
- Hurricane Reserve 33.9M
- Grenlec Community Partnership Initiative (GCPI) $676K

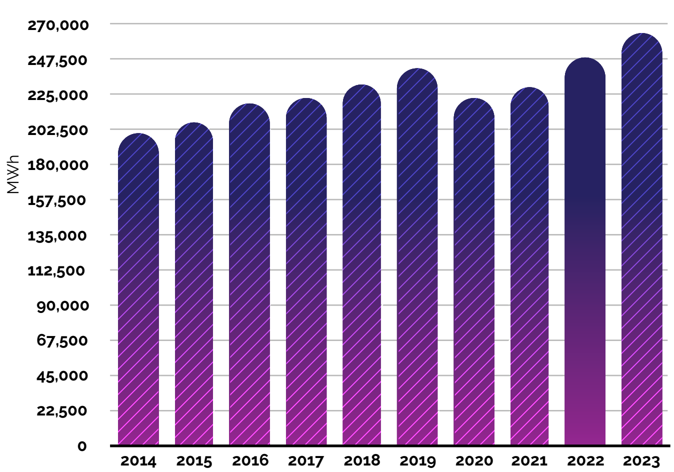
$28.94M

Profit before tax

4.82%

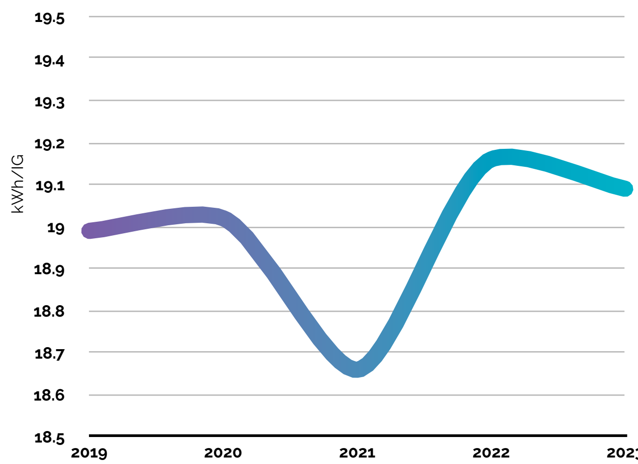
kWh sales growth over 2022.

GROSS GENERATION 2014 - 2023



In 2023, for a second consecutive year, gross generation surpassed the record high with an increase from 247,647MWh in 2022 to 264,237MWh in 2023.

FUEL EFFICIENCY 2019 - 2023



There was a marginal decrease in fuel efficiency from 19.16kWh/IG in 2022 to 19.06.

FINANCIAL REVIEW

SALES

Throughout 2023, sales growth consistently outpaced each month and quarter of 2022 with kWh sales registering a 4.82% increase over the prior year. The commercial sector, constituting 55% of total consumption, experienced growth of 6.21% (7.80M kWh) over 2022.

Customer Categories	2023 GWh	2022 GWh	% Change
Domestic	133.44	125.64	6.21%
Commercial	93.25	89.98	3.63%
Industrial & Street Light	10.74	10.89	-1.32%
Total	237.44	226.51	4.82%

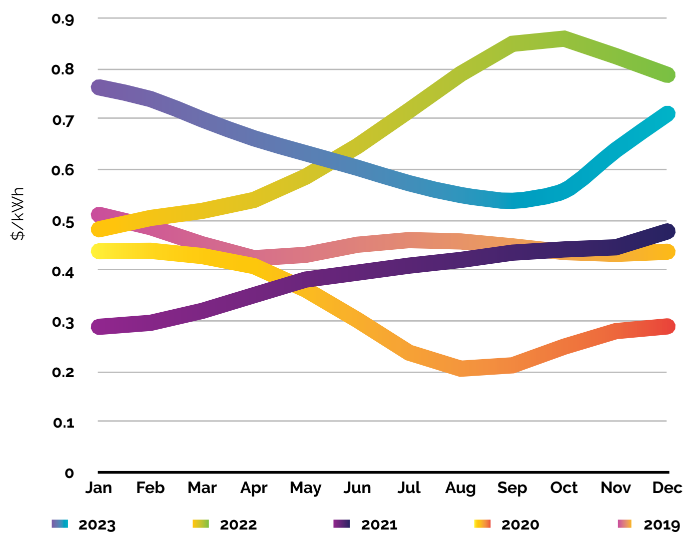
Number of Customers	2023	2022	Increase
	57,778	56,771	1.77%

TOTAL REVENUES

	2023	2022	Change from 2022-23	Notes
Revenue from Non-Fuel Charge (EC$M)	$99.29M	$78.75M	26.02%	Growth coupled with the discontinuation of the 25% reduction on the non-fuel charge (September 2022)
Average Fuel Charge paid by Customers (EC cents)	64 cents / kWh	68 cents/ kWh	4 cents/kWh decrease	Fuel charge revenues decreased by 3.43% due mainly to the effect of the FAC from October 2023.
Total Revenue (EC$M)	$252.69M	$239.22M	$11.80M more	Boost in revenue with the restoration of the non-fuel rate is the main driver.
Average Fuel Prices/Imperial Gallon paid by Grenlec (EC$)	$9.91	$11.84	$2.03 decrease	The reduction resulted from a marginal decrease in fuel prices in the latter part of 2023.

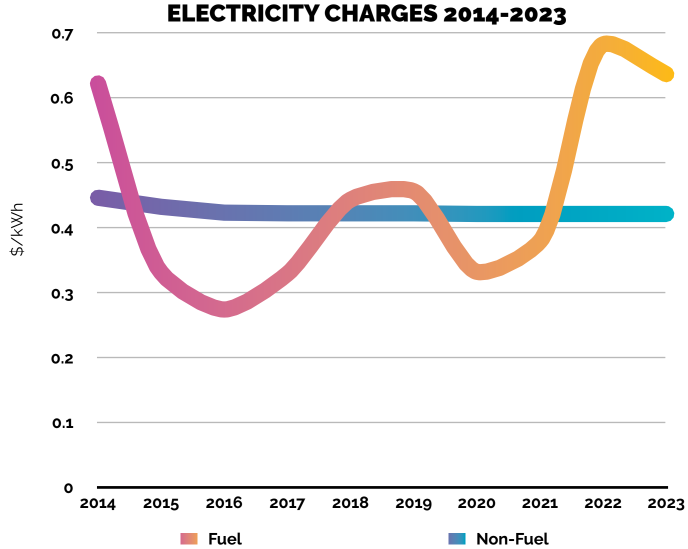
The discontinuation of the 25% reduction on the non-fuel charge is the main contributor to this increase in revenues. However, this result was tempered by the introduction of the FAC in October 2023 as part of the Interim Tariff enacted by the PURC. The FAC requires the Company to more promptly pass through the full cost of fuel to customers by a monthly adjustment of the fuel charge paid by customers in the prior month. Customers will therefore experience an increased factor when fuel prices are rising and a credit when the fuel prices are falling. It is of note that while the fuel adjustment clause benefits both customers and Grenlec, it may result in significant fluctuations in the monthly fuel charge.

CHANGES IN FUEL CHARGE 2023



After a record high 87 cents/kWh in September 2022, in 2023 the fuel charge fluctuated between (53 cents (August) and 75 cents (January).

ELECTRICITY CHARGES 2014-2023



The average fuel charge decreased by 8 cents compared to 2022.

	$per kWh	$per kWh	$per kWh	$per kWh	$per kWh
	2019	2020	2021	2022	2023
January	0.5103	0.4382	0.2884	0.5042	0.7496
February	0.4858	0.4390	0.2963	0.5153	0.7092
March	0.4518	0.4286	0.3200	0.5288	0.6672
April	0.4243	0.4087	0.3511	0.5693	0.6334
May	0.4310	0.3623	0.3820	0.6287	0.6148
June	0.4510	0.3021	0.3957	0.7034	0.577
July	0.4602	0.2372	0.4096	0.775	0.553
August	0.4575	0.2055	0.4209	0.8523	0.5321
September	0.4478	0.2122	0.4353	0.8718	0.5463
October	0.4365	0.2491	0.4417	0.8359	0.5870
November	0.4329	0.2799	0.4459	0.7911	0.6378
December	0.4371	0.2893	0.4775	0.7648	0.6471
Annual Average	0.4522	0.3210	0.3887	0.6951	0.6212

After an unprecedented surge to 87 cents per kilowatt-hour (kWh) in September 2022, the fuel charge continued to drop downward gradually to as low as 53 cents/kWh in October 2023. Thereafter, it began to climb steadily, ending the year at 65 cents. The global energy crisis catapulted fuel prices skyward, starting the year at a high of $10.48 per gallon in January 2023 compared to $7.72 per gallon in January 2022 and remaining constant throughout the year. By December 2023, fuel prices dipped marginally to $9.70 per imperial gallon, a reduction of 8.04% over the same period in 2022.

It is imperative to acknowledge that the repercussions of the energy crisis reverberated not solely within the electricity sector, but also resonated in sectors that are heavily reliant on fuel, such as transportation and manufacturing. While these areas bore the initial brunt of significant cost escalations due to the fuel crisis, ultimately the increases permeated into the pricing of goods and services across diverse sectors of the Grenadian economy and beyond.

Interim Tariff

The Public Utilities Regulatory Commission (PURC) enacted the Interim Tariff Determination (ITD) through publication in the Gazette on 1 September 2023. This Interim Tariff achieves fuel neutrality by introducing a prompt 100% pass-through of fuel prices to customers utilising the Fuel Adjustment Clause (FAC) from November 2023. A Renewable Energy (RE) Charge was also introduced as part of the Interim Tariff, requiring all customers' bills to show the impact of renewable energy used to supply their electricity.

In preparation for the implementation of the Interim Tariff, Grenlec redesigned its bill to accommodate the new elements and spearheaded a comprehensive customer education campaign aimed at explaining the new bill as well as the FAC and RE charges to customers.

Net Fuel Recovery

The net fuel recovery rate was 110.64% compared to 101.08% in 2022 and under recovery of 93.57% in 2021. This over and under recovery resulted from a rate design mechanism, which utilises a three-month rolling average that delays the impact of changes in world fuel prices on customers.

This means that there are always variations between the actual fuel costs incurred by Grenlec and the amount billed to customers through the fuel charge. The FAC, introduced by the PURC as part of the Interim Tariff, uses a factor to achieve fuel neutrality by adjusting the fuel charge from the prior month to eliminate any under and over recovery on fuel.

- Under Recovery – When fuel prices are rising, customers pay less than Grenlec's actual fuel costs. The fuel adjustment clause helps recover the difference in the following billing period.
- Over Recovery – When fuel prices are falling, customers pay more than Grenlec's actual fuel costs. In such cases, the fuel adjustment clause allows Grenlec to credit the difference back to customers.

The introduction of the FAC in 2023 means that while customers will almost immediately see any benefits of falling fuel prices, they will no longer be cushioned from fuel prices increases as with the prior arrangement. The implementation of the FAC also introduces the possibility of sharp upward or downward movements in the customer fuel charge from month to month.

We continue to keep customers informed about movements in all elements of the electricity tariff, providing current and historical data through our website and various media channels.

Non-fuel Operating Expenses and Costs

Non-fuel operating expenses totaled **$74.69M** compared to **$62.14M** in 2022, marking a 16.70% increase ($10.69M) over the previous year. The main contributor to this variance is related to the $5.5M severance payments for the line staff, which resulted from annual 4% salary increases from 2018 - 2023.

Other areas of increase were production expenses, administrative expenses and distribution services related to insurance costs.

Relative to the budget, the Administration and Distribution departments saw adverse variances of 8.93% and 14.39% respectively, while Planning & Engineering (P&E) and Generation both had favourable variances of 11.12% and 5.36% respectively.

Financing costs amounted to $1.29M, reflecting a 14.7% reduction from the $1.52M in 2022, attributable to lower loan balances. Customer deposit interest exceeded the previous year by 2.87% with a continued payment of 4% to customers on these deposits. Total financing costs showed a favourable variance of 8.02% compared to the prior year.

The audit fee for the year 2023 was $262,000. There were no non-related audit fees for the year.

We maintained our commitment to meeting obligations as scheduled and funding capital expenditure and system enhancements from operational cash flow.

FINANCIAL POSITION

Category	2023	2022	Change from 2022-23	Notes
Total Assets (EC$M)	$255.18M	$236.67M	7.25%	Net effect of addition of fixed assets and depreciation.
Total Liabilities (EC$M)	$125.62M	$120.80M	3.84%	Higher provision for depreciation, increases and deferred tax liabilities.
Net Assets (EC$M)	$ 129.56M	$115.87M	10.57%	Net effect of Assets and Liabilities.
Retained Earnings (EC$)	$63.30M	$51.53M	18.59%	Overall profitability during the year.
Return on Invested Capital	12%	11%	1%	

Total Assets

Total Assets amounted to $255.18M, showing an increase of $18.51M over 2022. This growth primarily reflects additions to fixed assets, offset by depreciation.

Total Liabilities

Total Liabilities stood at $125.62M, indicating an increase of $4.82M compared to 2022. This increase resulted from lower long-term loan obligations offset by increased provisions for profit sharing, increases in leases and deferred tax liabilities.

Net Assets

Net Assets rose to $129.56M, a $13.62M increase over the previous year. This growth is attributed to higher total assets and lower total liabilities.

Retained Earnings

Retained Earnings increased to $63.3M, reflecting an 18.59% increase compared to 2022.

Return on Invested Capital

Return on Invested Capital increased by 1% from 11% in 2022 to 12% in 2023.

Trade Receivables

Trade receivables, excluding unbilled sales, decreased by 8.95% over the December 2022 position. The overall debt declined due to debt management strategy and higher collections.

There was a marginal two cent increase in the average electricity rate and the kWh growth year on year was 4.83%. Despite this increase in billing, through customers' responsible bill management and the efforts of our collections team, we were able to keep the debt under control.

Apart from the hotel sector, which saw an increase in its total debtor balance, all other sectors recorded a reduction in the debt outstanding. There was a reduction of 12.35% in the commercial sector and a 3.25% reduction for statutory bodies. On average, 79.86% of the total debt portfolio remained current with 100% of the Government debt being current at 30 days.

Debtor Days Outstanding

Debtor Days Outstanding fell by an impressive 5.92 days compared to 2022, reaching 32.44 days by December 2023. This metric measures the time taken to collect on credit sales.

	2022	2021	Change from 2021-2022	Notes
Trade Receivables (EC$M)	$25.47M	$17.19M	48.17% increase	The fuel charge increase is the main factor contributing to the higher debt balances in all sectors.
Debtor Days Outstanding	38.36	35.37	Increased by 2.99 days	Measures the length of time it takes to collect on credit sales.

Cash Flows

Cash flow encompasses the movement of funds in and out of a business, typically classified into operations, investments and financing. Operating activities yielded $42.2M, reflecting a 427% increase from the previous year, primarily due to higher profit before tax of $28.94M.

Investing activities resulted in a net outflow, driven by capital expenditure projects, which at $12.53 were mostly on par with the prior year's $12.05M.

Other financing activities involved cash used for daily operations, debt financing and dividend payments. Total dividend payments were $7.6M compared to $2.7M in 2022 when dividend payments were halted after the first quarter due to the performance of the Company. Additionally, $6.38M was allocated to principal loan repayments.

Overall, there was a $16.9M increase in cash and cash equivalents for the 2023 financial year.

Notwithstanding all the factors above, the Company's debt covenants remained well within the stipulated guidelines.

RISK MANAGEMENT

Hurricane Reserve

For the first time in 2023, Grenlec joined other utilities in the Caribbean that have subscribed to the Caribbean Catastrophic Risk Insurance Facility (CCRIF). This parametric insurance coverage is designed to limit the financial impact of catastrophic hurricanes and earthquakes to Caribbean governments and utilities. It achieves this by providing short-term liquidity within 14 days of an event when a policy holder triggers a claim based on adverse weather. The Hurricane Fund allocation, capped at $2M, is split between CCRIF and the Hurricane Reserve Fund.

At end of 2023, the Hurricane Fund stood at 33.9M. The maximum coverage of the CCRIF insurance is 5.29M.

Cybersecurity

In 2024, Grenlec concluded a Cyber Security Action Plan with assistance from the United States Agency for International Development (USAID). The plan was part of USAID's Strengthening Utilities and Promoting Energy Reform (SUPER) program, which encompasses both traditional IT systems as well as Operational systems among regional electric utilities. The actions contained in the plan are actionable, concrete steps that will help Grenlec improve its systems and procedures.

In 2024, Grenlec also deployed cybersecurity architecture that integrates tools across multiple layers, allowing for faster threat detection and improved investigation and response times.

STRATEGIC PLANNING INITIATIVE

In 2023, Grenlec embarked on a comprehensive strategic planning exercise to define our path for future growth and success. This initiative began with stakeholder engagement, laying the foundation for a detailed assessment of our current operations, market position, and long-term objectives. The strategic planning process will continue throughout 2024, focusing on analysing industry trends and exploring innovative opportunities. Our goal is to develop a robust strategy, mission and vision. Through this ongoing process, our Company is committed to enhancing our reliability, optimising resources, and ensuring sustainable value creation for our customers, employees, and shareholders.

COST OF SERVICE STUDY (COSS) OVERVIEW

In April 2022, the Public Utilities Regulatory Commission (PURC) issued SRO 20, establishing the Tariff Setting Methodology for determining the Final Tariff.

In accordance with this Regulation, Grenlec must conduct a Cost of Service Study (CoSS), which involves a detailed analysis of its cost structure to identify the expenses related to providing services to different rate classes. The results of this study will determine the Non-Fuel Revenue Requirement (NFRR), representing the revenue Grenlec needs to cover all non-fuel-related costs, including a reasonable rate of return on investment for its shareholders.

In 2023, Grenlec hired a consultant to perform the study with results expected to be submitted to the PURC in the last quarter of 2024.

After receiving the proposed new rate for the NFRR, the PURC will publish Grenlec's initial proposal on its website and other communication channels. This publication will include details about public consultations and the deadline for written responses from all stakeholders.

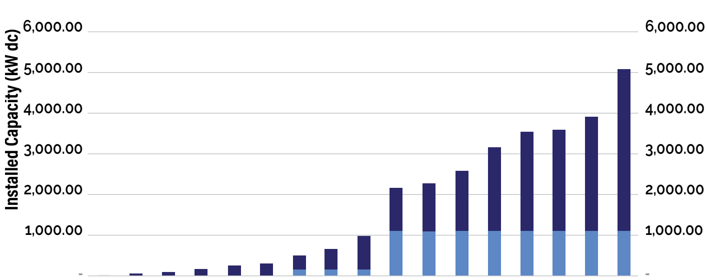
Following these consultations, the PURC will issue a draft decision outlining the preliminary NFRR and elements of Grenlec's proposed Non-Fuel Rate. The final rate, determined after considering all feedback from the consultation process, will be published in the Gazette along with the effective date.

RENEWABLE ENERGY (RE)

Customer RE Interconnection Programme

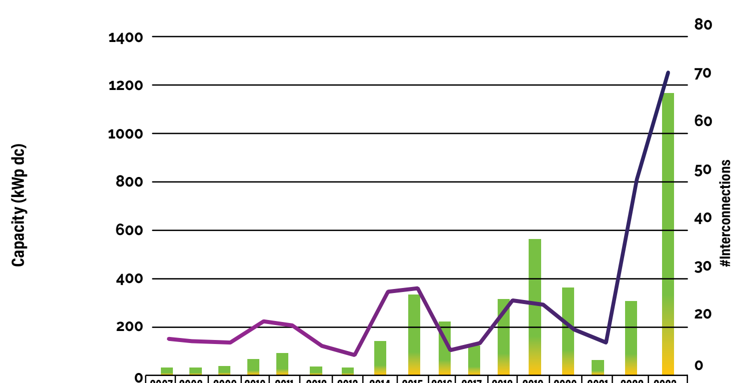
In 2023, Grenlec commissioned 72 new RE interconnections under the PURC Self-Generator programme, adding 1171.49 kWp to the total installed capacity. This was the highest number of systems commissioned in a single year and brought the total number of RE systems interconnected to the Grenlec electricity grid to 290 at the end of 2023.

CUMULATIVE RE CAPACITY



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Customers	28.71	69.10	112.0	179.3	269.5	310.1	339.2	481.3	817.6	1,042	1,170	1,486	2,052	2,417	2,481	2,790	3,962
Grenlec	-	-	-	-	-	1.84	181.9	181.9	181.9	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119
TOTAL	28.71	69.10	112.0	179.3	269.5	312.0	521.1	663.2	999.5	2,162	2,289	2,605	3,171	3,537	3,601	3,910	5,081

ANNUAL CUSTOMER RE INTERCONNECTIONS



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capacity (kW dc)	28.71	40.39	42.93	67.31	90.19	40.63	29.09	142.08	336.3	225	127.95	315.5	566.2	365.6	63.76	309.24	11171.5
#Interconnections	9	8	8	13	12	7	5	20	21	6	8	18	17	11	8	47	72

Utility-Scale Renewable Energy

Grenlec contracted Rocky Mountain Institute to perform pre-feasibility studies on the use of several sites at the Maurice Bishop International Airport as well as Pearls for Solar PV. A gap analysis report and inception report showed that a project at these locations was practical and financially feasible. RMI was able to secure external funding to conduct feasibility studies to further de-risk the sites. These studies are expected to conclude by the second quarter of 2024.

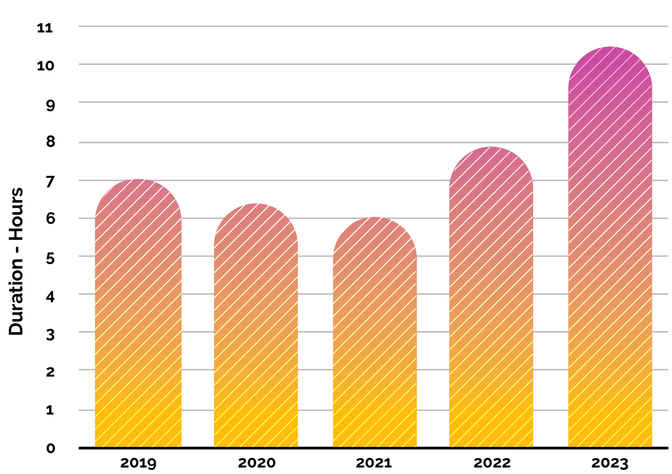
Renewable Energy Benefits

The table below shows the changes in key Grenlec and customer installation metrics used to show renewable energy generation from 2022 to 2023. The reduction from Grenlec RE generation was mainly due to maintenance challenges that required some systems to be taken offline. Renewable Energy generation increased by 3.4% due to customer interconnections

RE Benefits					
Metric	Unit	2021	2022	Increase	Growth Rate
Grenlec RE Interconnection Capacity	MWp	1,119.39	1,119.39	0	0.00%
Customer RE Interconnection Capacity	kWp	3,934.54	2,829.02	1105.52	39.1%
Total RE Interconnection Capacity	kWp	5,053.93	3,948.41	1105.52	28.0%
Grenlec RE Generation	kWh	1,274,083	1,287,441	-13,358	-1.0%
Customer RE Generation	kWh	2,957,330	2,804,228	153,102	5.5%
Total Net RE Generation	kWh	4,231,413	4,091,669	139,744	3.4%
Total Net Diesel Generation	kWh	250,371,716	233,605,810	16,765,906	7.2%
Total Net Generation (Diesel + RE)	kWh	254,603,129	237,697,479	16,905,650	7.1%
RE Penetration	%	1.66%	1.72%	-0.06%	-3.6%
Average homes supplied	no. of homes	2,350.78	2,273.15	77.63	3.40%
Avoided diesel quantity	USG	265,236	254,695	10,541	4.1%
Avoided CO2 Emissions	kg	2,690,791	2,583,852	106,939	4.1%
	metric tonnes	2,691	2,584	107	4.1%
Peak Demand (Gross)	MW	37.77	35.25	2.52%	7.1%
Grenlec RE % of peak demand	%	3.70%	3.18%	0.52%	16.5%
Combined RE % of peak demand	%	16.70%	11.20%	5.50%	49.1%

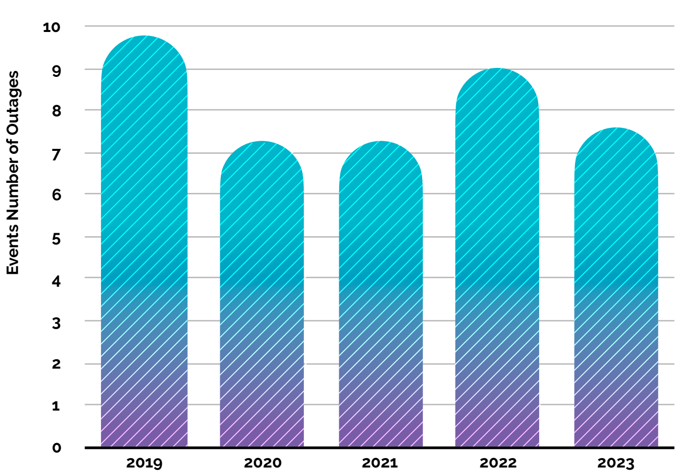
RELIABILITY AND EFFICIENCY

SAIDI - SYSTEM AVERAGE INTERRUPTION DURATION INDEX
2019 - 2023



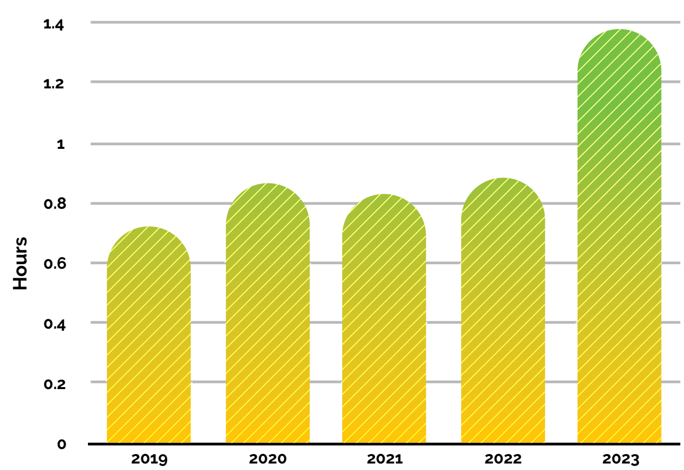
SAIDI is the average duration of interruptions per customer during the year.

SAIFI - SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX
2019 -2023



SAIFI is the average number of sustained interruptions per customer during the year.

CAIDI - CONSUMER AVERAGE INTERRUPTION DURATION
2019 -2023



CAIDI is the average duration of an interruption.

Information Technology (IT) Integration

The IT Team has worked with developers to create new SharePoint sites for teams to collaborate on various projects. This development will enhance productivity by transitioning from static file management and basic email exchange functionality to a system that allows dynamic manipulation of data as well as sophisticated workflows among teams.

Recovering and Responding After the Beausejour Power Plant Fire

On 28 April 2023, a fire broke out at the Beausejour Power Plant in Carriacou causing extensive equipment and infrastructure damage and disrupting electricity supply across the island. During the incident, two out of the four generators were damaged beyond repair.

Thanks to two functional generators, power was restored to some customers the day of the fire and all remaining customers by the following morning. In the aftermath, one generator began overheating, leading to outages.

To stabilise electricity supply, Grenlec finalised plans to rent a generator from a neighbouring island. The unforeseen delays with the rental unit and reliability challenges in Carriacou necessitated the dispatch of a 1.4 MW generator from the Grenada plant on 25 May, with installation completed by May 27. Upon arrival, the rental generator was installed at the Queen's Park Power Plant on mainland Grenada.

The response to the fire involved multiple emergency services, including the Fire Department, the Royal Grenada Police Force, the National Disaster Management Agency, Government of Grenada, other utilities the business community and residents, who joined Grenlec's own team to put the fire out and worked together until the situation was normalised.

The Company communicated regularly with customers, encouraging energy conservation and patience. We are grateful to all the customers of Carriacou, who patiently endured, cooperated and supported our team over the several weeks it took to stabilize the situation. We particularly thank customers who responded to our requests to run their operations on their generator power to reduce the demand on Grenlec and allow other customers to get electricity.

We commend the exceptional response of our team members in Carriacou, Grenada, and Petite Martinique. Special kudos to the Carriacou team for their swift action and dedication in restoring power and maintaining the system for several weeks under challenging circumstances. Their efforts exemplify resilience and commitment to service excellence.

The incident highlighted the need for improved fire safety protocols and infrastructure resilience at the facility. The Company reviewed and upgraded its safety measures to prevent similar occurrences in the future.

New Supervisory Control and Data Acquisition (SCADA)

Our Company invested $1.67M in a new SCADA platform for system control. The versatile OSI Monarch platform, which is expected to be fully operational in the first quarter of 2024, includes several tools and features that were not available in the old system.

11kV Distribution Network upgrade and Maintenance

Generation overhauls, upgrades and maintenance of lines and other infrastructure are necessary to contribute to improvements in efficiency and reliability. Consequently, our team undertakes an annual programme of work that includes repairs, replacements, new construction and tree trimming.

Mt. Rodney/Prospect Reconductoring - Approximately 15,420 feet of AAC aluminum conductor were installed, along with new poles and pole hardware. The new, larger conductor size offers significantly improved reliability, better system voltage and capacity for future development in the area.

Grand Etang 11kV Circuit Maintenance - This project involved rerouting sections of the Grenville feeder from a cross-country run through a forested area to along the roadside. This change minimises future vegetation management concerns and facilitates safer and easier maintenance. It also reduces the need for future planned outages as live-line work can now be utilised.

AVR Upgrade - MAK Diesel Engines

The Automatic Voltage Regulators (AVR) Upgrade project in November and December 2023 replaced outdated Basler Decs 125 and 200 voltage regulators, which had been unsupported since 2013, with the advanced Decs 250N.

Governor Controls supplied the components and our team assembled and tested them in-house, saving over $20,000 in engineering costs. The new system, which includes a Horner PLC with HMI, enhances voltage regulation, monitoring and control.

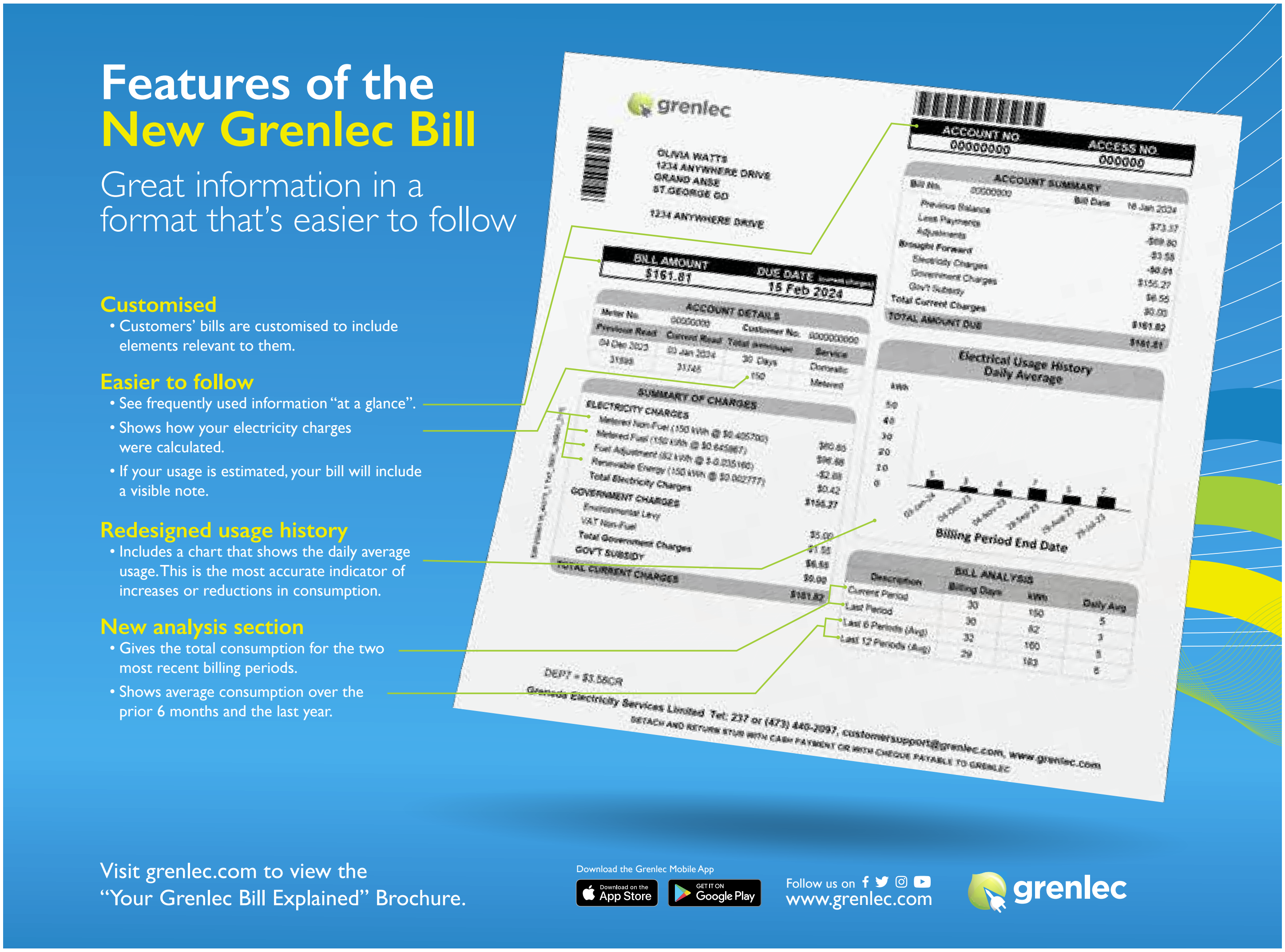
This upgrade significantly improved system performance and stability while achieving cost savings and enhancing our technicians' skills.

Oil Mist Detector Upgrade - MAK Diesel Engines

The Oil Mist Detector (OMD) Upgrade project in November 2023 involved replacing the outdated Visatron VN115/87-EMC with the improved VN2020 model by Schaller Automation. The VN2020 corrects a flaw in the old model that could cause false readings and engine trips.

The upgrade included drilling crank doors, installing new pipes, and adding a canister siphon to prevent oil splash. Enhanced communication features were integrated into the Programmable Logic Control (PLC) system for real-time monitoring. The project, overseen by an MSHS engineer, was successfully completed with collaboration from our mechanical and electrical teams.

New Bill Format and Customer Education Initiatives



In September 2023, Grenlec launched a redesigned electricity bill to enhance customer understanding of energy consumption and prepare for upcoming tariff changes by the Public Utilities Regulatory Commission (PURC) in October 2023. Key features include customised information, easy-to-follow details, and redesigned usage history charts.

To support this transition, Grenlec executed customer education initiatives, including a media blitz and updated bill information resources. Customer feedback was incorporated into the final design to improve the overall experience.

Planning for a New Customer Information System (CIS)

In 2023, Grenlec initiated contract negotiations for a new CIS with a selected vendor following an extensive evaluation process spanning 2022 and 2023. This milestone marks the beginning of preparations for the migration project aimed at deploying a new customer information system, scheduled for implementation in 2024 and 2025.

This initiative represents a pivotal step in enhancing service delivery, particularly as the last customer information system replacement occurred in 2006. The project timeline, expected to span 12 to 15 months, targets a Go Live date in 2025.

Throughout the project, stakeholders from various departments will collaborate closely to maximise the functionality of the new software. This includes leveraging its capabilities to streamline processes and offer enhanced e-services, thereby improving operational efficiency, elevating service experience and enhancing customer experience.

Grenlec Mobile App Penetration

In 2023, the Grenlec mobile app experienced continued growth in subscriptions ending the year with more than 40% of customer accounts registered. This increase of 31.5% over December 2022 reflects the increasing popularity and utility of the app among users.

The array of user-friendly features designed to enhance customer convenience and engagement includes real-time outage notifications, bill balances and energy usage monitoring. The app's intuitive design and functionality empower customers to manage their electricity bill and stay informed about important updates from Grenlec.

CORPORATE SOCIAL RESPONSIBILITY

In 2023, Grenlec reaffirmed its commitment to community support through the Grenlec Community Partnership Initiative (GCPI). Throughout the financial year, we invested $677K towards this programmme, which provides both financial assistance and technical expertise to non-profit organizations and community groups. These efforts, funded through 5% of pre-tax profits set aside for this purpose, aims to foster partnerships that enhance quality of life for residents across Grenada, Carriacou, and Petite Martinique.

The initiatives funded under the GCPI encompassed a range of priority areas, as evidenced by documented photo highlights. These areas include but are not limited to education, science and technology, sport and culture. By focusing our resources in these critical areas, Grenlec continues to play a pivotal role in fostering sustainable development and positive social impact within the communities we proudly serve.

A New Look Grenlec Debates Back in 2023

In 2023, the resumption of the Grenlec debates sparked renewed public interest and engagement in Grenada. These discussions focused on critical issues. The Grenlec Debates among secondary schools underwent a significant transformation with the introduction of an impromptu format. This marked an exciting departure from previous years, as students were given specific themes to research over a two-week period. On the day of their debate, they selected a topic and had 30 minutes of preparation time without their teachers' assistance. Despite these challenges, students acquitted themselves exceptionally well, demonstrating impressive research, critical thinking and public speaking skills.

The competition saw enthusiastic participation, with 22 out of 24 secondary schools registering for the event, which ran from September to November. Each debate was broadcast to a national audience and beyond via television and YouTube, amplifying the reach and impact of the students' discussions on topics all related to Grenada's journey to Independence and the post-Independence period.

To kickstart the debate season, Grenlec organised a training camp for debaters and coaches. This initiative underscores the importance of continuous skill development, ensuring participants are well-prepared to engage effectively. The training sessions aim to empower students to address important issues confidently, fostering leadership and civic engagement among Grenada's youth.

OUTLOOK

Grenlec experienced another year of growth in 2023 with all sectors performing creditably. Year-on-year growth was 4.81% (10.9M kWh). The commercial sector, which contributes 56% of our total consumption led the growth at 6.14% compared to 2022.

Growing customer demands in 2023 saw the Company achieve peak production of over 37MW of power for the first time. We anticipate a further increase of 4% on kWh sales projections to support the surge in economic activity and the growing housing stock. The new peak performance means that the reserve margin between peak demand and available capacity is diminishing with an n-1 reserve instead of the conventional n-2 reserve.

This reality coupled with an aging generation fleet necessitated an urgent approach to replacing and bolstering the Company's generation capacity. These plans and stakeholder conversations, already at an advanced stage, will continue in 2024.

The Theme for the 2024 National Budget Presentation was: Grenada at 50: Empowering Our People, Transforming Our Nation.

Among the areas of intervention announced by the Government of Grenada, are **Enhancing Climate Resilience, Environmental Sustainability, and Renewable Energy.**

Key areas of focus under that intervention include:

• Supporting Electricity Transitioning

• Greening the Transport Sector

• Geothermal Development Project

• Transformative Physical Infrastructure

Grenlec will have a key role to play in supporting these national goals and initiatives and is already exploring opportunities to transition the electricity sector, incorporating renewable energy as far as is practical. The Company has been working with experts in the Renewable Energy (RE) industry and has advanced studies on solar initiatives in the south and northeast of the island. These sites have the potential to generate more than 17 MW of solar power with some battery storage.

Simultaneously, we are examining our thermal generation, to enhance the current fleet of engines to ensure energy security, reliability and stability.

Capital Investment

The Company has allocated $26.2M for capital expenditure in 2024, spread across critical areas of the business in Grenada and Carriacou. 43.3% ($11.3M) is related to the Generating Plants in Grenada and Carriacou, while 19.85% ($5.2M) is for improvements in our Transmission and Distribution Network.

The Power of Our People in 2023

In a year marked by significant changes and challenges in our environment, the unwavering strength and resilience of our people guided us through. We are grateful to our team members, customers, and community, who were the power behind our success.

We also salute the ten team members, who retired in 2023 after many years of dedicated service and thank them for the stalwart contributions they made to Grenlec and our tri-island state.

Our Team Members - Our employees faced every obstacle with courage and innovation. Their commitment to excellence and collaboration kept our operations running smoothly. From adapting to changes to developing creative solutions under pressure, their contributions were invaluable.

Our Customers - Our customers showed incredible loyalty and support. Their feedback and engagement were vital in helping us adapt and improve our services. We are deeply grateful for their trust and partnership, which inspires us to continuously strive for excellence.

Our Community - The community around us was a source of immense support and inspiration. Our community initiatives, driven by the collective efforts of our team and committed members of our society, made a tangible impact, reaffirming our commitment to being socially conscious and responsible.

“The Power of Our People” was the cornerstone of our resilience and progress in 2023. We look forward to continuing this journey with bright prospects, powered by the strength of our people’s collective spirit, growing demand, the initiative to develop a new strategic plan, the new customer information system, traditional and renewable generation projects among others.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The Power Of Our People

1. Generation Team Members at work.
2. Collaborating with Rotary to improve water and sanitation and hygiene in schools..
3. Refurbishment of 3 TAMCC multimedia classrooms.
4. Distribution Team Members in the field.
5. Distribution Team Members in the field.
6. Annual support for the nation's Care Institutions.
7. Resources for the Beaton, Laura community library.
8. Grenlec Awards Best TAMCC Graduate in Electrical Technology.
9. Reaching for gold with the U-23 Netball Team.
10. The GCPI supported, triumphant team Netball Grenada - ECCB Netball Champions 2023.
11. Partnering with Hubbard's to make customers smile.
12. Opening Library at Dover Government School, Carriacou with Grenada Schools Inc.
13. Celebrating traditional mas in St. Mark.
14. Installing electricity infrastructure at the Six Senses Project St. David.
15. Our Meter Reading Team.
16. Resumption of the Grenlec Debates.
17. Participants at 1 of 4 Proposal Writing workshops in Grenada and Carriacou.
18. Saluting the overall winners of the 2023 National Science Fair.
19. Supporting the St. Mark's Football League.
20. Transfer of Engine to Carriacou.

2023 grenlec Debates CHAMPION
Grenada Boys' Secondary School

Debaters:
Andrew Lewis,
Bryce Forrester,
Caleb Lucas,
Damian Dominique,
Kinez Gilbert

Coaches:
Patrina Abraham,
Tracy Gabriel

Second Place: Westmorland Secondary

Debaters: India-Sky Phillip, Joseph DeSouza, Joshua Roberts, Lalita Chammas, Ojas Deokar

Coaches: Leah Wildman, Kate Lewis-Peters

Third Place: Hillsborough Secondary

Debaters: Fontana Ollivierre, Kiara Baptiste, Nathan Stapleton, Nishai Allert, Nishanti Allert

Coaches: Jezelle McLawrence, Stacy Bain

Third Place: Mac Donald College

Debaters: Lily Lynch, Melonie Andall, Michaiah Downes, Mickel Toussaint, Naima Hosten

Coaches: Lerona Noel, Mikitia Williams-George

Debater of the Final Match
Bryce Forrester
GBSS

People's Choice Debaters

Andrew Lewis, GBSS

Ojas Deokar, Westmorland

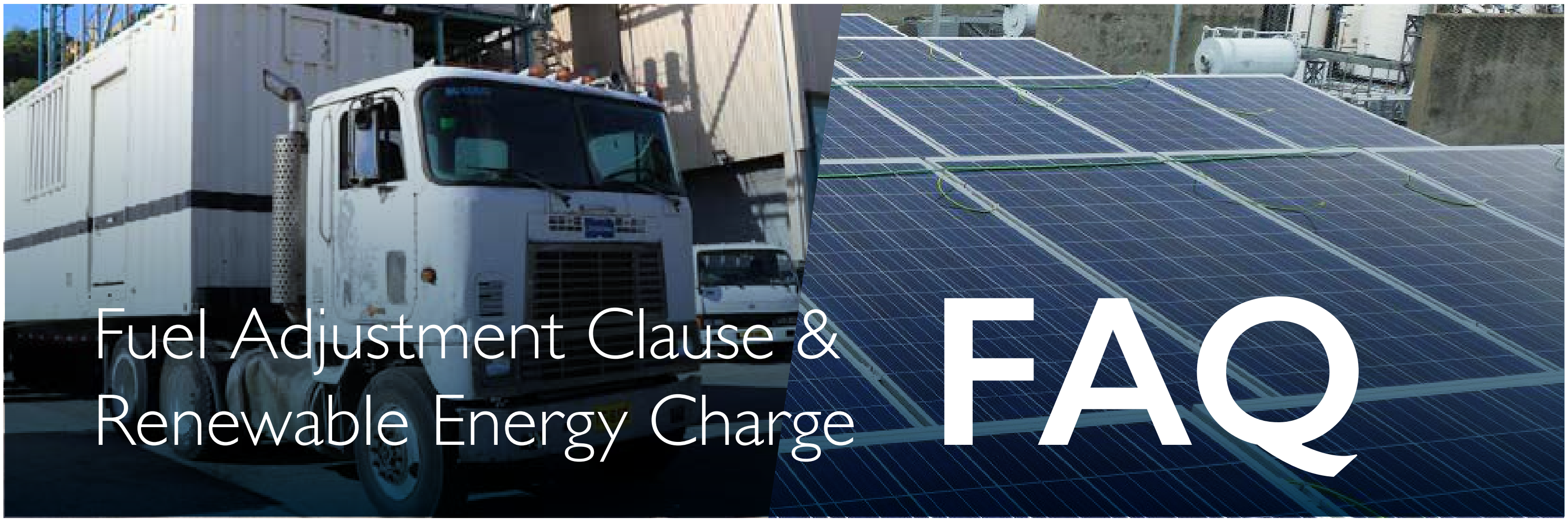
Voted by audience members
over 2000 votes recorded on social media

We Congratulate All Participants in the 2023 Grenlec Debates, you accepted the Challenge, you took the Journey… you earned your place in the Winners' Row.

Thank you to our Motions Committee Members, Complaints Committee Members, Judges, Coordinators and Vendors for your valued contribution to the 2023 Grenlec Debates.

Follow us on
www.grenlec.com

grenlec



Fuel Adjustment Clause & Renewable Energy Charge FAQ

What are the changes to the electricity billing structure?

The Public Utilities Regulatory Commission (PURC) is introducing two changes to the electricity billing structure (tariff):

- **Renewable Energy (RE) Charge:** Reflects the cost of electricity generated from renewable energy sources.
- **Fuel Adjustment Clause (FAC)**: Eliminates under or over-recovery of fuel costs by Grenlec by passing on the actual cost of fuel that Grenlec pays for fuel to its customers more promptly.

Will these changes result in higher or lower electricity bills for me?

The price of electricity will continue to vary based on customers' energy consumption and world fuel market conditions.

Renewable Energy Charge: The Renewable Energy Charge further breaks down the bill to show the impact of renewable energy on customers' bills in the same way that the impact of fossil fuel is shown as the fuel charge.

Fuel Adjustment Clause: If the actual fuel costs paid by Grenlec are higher than what customers were charged in the prior billing period, customers will see an increase on their bill through the FAC. If, however, fuel costs paid by Grenlec were lower than what was charged to customers, customers will benefit from a decrease (credit) through the FAC.

How will my electricity bill be structured now?

Your electricity bill will continue to be comprised of Electricity charges + Government charges. Your Electricity charges will now include four components: Non-Fuel Charge, Fuel Charge, Fuel Adjustment Clause, and Renewable Energy Charge.

What are the long-term benefits of these changes?

As renewable energy sources grow, we anticipate more stable and predictable electricity prices, contributing to a sustainable energy sector and a cleaner environment. Customers will see this impact reflected in the Renewable Energy Charge on their bills.

How can I get more information or assistance regarding these changes?

Visit www.grenlec.com/customers/tools-to-help-you/yourbill/. Contact our customer service team for assistance by emailing customersupport@grenlec.com or visit one of our Customer Care Centres.

How does the Fuel Adjustment Clause work, and how will it affect my bills?

The Fuel Adjustment Clause (FAC) allows Grenlec to pass on the difference between the actual cost Grenlec paid for fuel and the fuel charge to customers in the prior billing period. It achieves this by doing an adjustment on the fuel charge in the next billing period. If the actual fuel costs were higher than what was charged, customers will see an increase through the FAC. Conversely, if fuel costs were lower than what was charged, customers will benefit from a decrease (credit) through the FAC.

Are these changes in the billing structure mandated by any regulatory authority?

Yes, they align with directives from the Public Utilities Regulatory Commission (PURC), which were Gazetted 1 September 2023. Under the Electricity Act, the PURC has responsibility for deciding the Tariff-setting methodology. Following consultations with stakeholders, these changes together with the other components of the electricity charges form an Interim Electricity Tariff.

How can I stay updated on future changes or developments in the electricity sector?

Keep visiting our website, download the Grenlec Mobile App, follow our social media channels, or subscribe to the blog on our website for newsletters and updates.

Grenada Electricity Services Limited

FINANCIAL STATEMENTS
For The Year Ended 31 December 2023

(Expressed in Eastern Caribbean Dollars)

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Grenada Electricity Services Limited ("the Company"), which comprise the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that in our professional judgment were of most significance in our audit of the financial statements of the current year. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinions thereon, and we do not provide a separate opinion on these matters. There were no key audit matters to communicate.

Other information included in the Company's 2023 Annual Report
Other information consists of the information included in the Company's 2023 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and the Audit Committee for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Building a better
working world

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner in charge of the audit resulting in this independent auditor's report is Rishi Ramkissoon.

Ernst & Young.

CHARTERED ACCOUNTANTS
St. Lucia
28 March 2024

Statement of Financial Position
As at 31 December 2023

(Expressed in Eastern Caribbean Dollars)

ASSETS	Notes	2023 $	2022 $
Non-Current Assets			
Property, plant, and equipment	4	122,975,974	126,213,644
Right-of-use assets	5	2,420,718	2,770,439
Suspense jobs in progress	6	1,193,251	1,034,892
Capital work in progress	6	5,166,905	1,873,952
		131,756,848	131,892,927
Current Assets			
Inventories	8	28,805,334	28,716,746
Trade and other receivables	9	37,139,158	36,003,539
Corporation tax recoverable	23	374,029	554,894
Financial assets at amortised cost	7	40,391,119	38,525,922
Cash on hand and at bank	11	16,710,362	975,013
		123,420,002	104,776,114
TOTAL ASSETS		255,176,850	236,669,041
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	32,339,840	32,339,840
Hurricane insurance reserve	16	33,909,667	32,000,000
Retained earnings		63,302,910	51,527,432
		129,552,417	115,867,272
Non-Current Liabilities			
Customers' deposits	13	20,493,266	19,350,051
Long-term borrowings	14	23,977,659	30,495,558
Long-term portion of lease liabilities	5	2,432,597	2,668,107
Deferred tax liability	23	17,109,302	15,725,038
		64,012,824	68,238,754
Current Liabilities			
Short-term borrowings	14	7,067,575	7,720,088
Trade and other payables	17	36,110,340	30,746,459
Current portion of lease liabilities	5	287,557	349,522
Customers' contribution to line extensions	18	11,505,632	9,906,011
Retirement benefits payable	15	338,602	249,768
Profit sharing payable	17	6,301,903	3,591,167
		61,611,609	52,563,015
TOTAL LIABILITIES		125,624,433	120,801,769
TOTAL EQUITY AND LIABILITIES		255,176,850	236,669,041

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on 28 March 2024 and signed on its behalf by:

……………………………:Director ……………………………:Director

Statement of Comprehensive Income
For the year ended 31 December 2023

(Expressed in Eastern Caribbean Dollars)

	Notes	2023 $	2022 $
Revenue			
- non-fuel charge	19	99,258,112	78,754,519
- fuel charge		149,242,605	154,544,938
Unbilled revenue adjustments	2(u)	1,353,952	3,287,196
Gross revenue		249,854,669	236,586,653
Other income	20	2,831,576	2,636,928
Total income		252,686,245	239,223,581
LESS: OPERATING EXPENSES			
Production expenses		(25,385,123)	(21,411,551)
Diesel consumed		(134,886,599)	(152,600,108)
Administrative expenses		(24,988,256)	(20,712,615)
Distribution services		(21,022,722)	(18,425,212)
Planning and engineering		(3,290,058)	(3,451,519)
Total operating expenses	21	(209,572,758)	(216,601,005)
Operating profit		43,113,487	22,622,576
Less: Finance costs	22	(2,203,969)	(2,396,143)
Profit for year before allocations and taxation		40,909,518	20,226,433
ALLOCATIONS			
Less: Regulatory fees		(1,685,532)	(1,480,810)
Donations		(2,140,959)	(1,011,322)
Profit sharing		(8,144,340)	(5,606,612)
		(11,970,831)	(8,098,744)
Profit for year before taxation		28,938,687	12,127,689
Taxation	23	(7,653,542)	(3,624,604)
NET PROFIT FOR THE YEAR		21,285,145	8,503,085
TOTAL COMPREHENSIVE INCOME		21,285,145	8,503,085
EARNINGS PER SHARE	25	**1.12**	**0.45**

The accompanying notes form an integral part of these financial statements.

	Stated Capital (Note 12) $	Hurricane Insurance Reserve (Note 16) $	Retained Earnings $	Total Equity $
Balance at 1 January 2022	32,339,840	32,000,000	45,494,347	109,834,187
Dividends (Note 28)	-	-	(2,470,000)	(2,470,000)
Total comprehensive income	-	-	8,503,085	8,503,085
Balance at 31 December 2022	32,339,840	32,000,000	51,527,432	115,867,272
Balance at 1 January 2023	32,339,840	32,000,000	51,527,432	115,867,272
Dividends (Note 28)	-	-	(7,600,000)	(7,600,000)
Total comprehensive income	-	-	21,285,145	21,285,145
Allocation for the year (Note 16)	-	1,909,667	(1,909,667)	-
Balance at 31 December 2023	32,339,840	33,909,667	63,302,910	129,552,417

The accompanying notes form an integral part of these financial statements.

	Notes	2023 $	2022 $
OPERATING ACTIVITIES			
Profit for the year before taxation		28,938,687	12,127,689
Adjustments for:			
Depreciation on property, plant, and equipment and right-of-use assets	4,5	11,154,275	10,078,969
(Gain)/loss on disposal of property, plant, and equipment	20	(2,189)	80,393
Provision for inventory obsolescence	8	-	293,739
Finance cost	22	2,203,969	2,396,143
Amortisation of customers' contribution to line extension	4	(341,626)	(737,700)
Net change in provision for other liabilities and charges		4,399,191	(51,735)
Operating surplus before working capital changes		46,352,307	24,187,498
Increase in trade and other receivables		(1,135,619)	(8,163,696)
Increase/(decrease) in trade and other payables		5,199,696	(290,750)
Increase in inventories (net)		(88,588)	(4,411,140)
		50,327,796	11,321,912
Income tax paid		(6,088,413)	(1,000,000)
Interest and finance charges paid		(2,039,784)	(2,310,823)
Cash provided by operating activities		42,199,599	8,011,089
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant, and equipment		129,914	36,600
Purchase of financial assets (net)		(1,865,197)	(59,222)
Purchase of property, plant, and equipment	4,6	(10,798,291)	(12,027,955)
Cash used in investing activities		(12,533,574)	(12,050,577)
FINANCING ACTIVITIES			
Dividends paid	28	(7,600,000)	(2,470,000)
Payment of principal portion of lease liabilities	5	(303,479)	(340,362)
Repayment of borrowings	14	(5,986,291)	(6,535,966)
Customers' deposits (net)	13	1,143,215	941,464
Cash used in financing activities		(12,746,555)	(8,404,864)
Net increase/(decrease) in cash and cash equivalents		16,919,470	(12,444,352)
Cash and cash equivalents			
- at the beginning of year		(209,108)	12,235,244
- at the end of year	11	16,710,362	(209,108)

The accompanying notes form an integral 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 Petite Martinique.

The Government of Grenada owns 71.4% of the ordinary share capital of the Company as of 24 December 2020.

The National Insurance Scheme holds 11.6% of the ordinary share capital, while the remaining 17% is held by the general public.

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

The Company operates under the Electricity Act 19 of 2016 and has a licence for the exercise and performance of functions relating to the supply of electricity in Grenada. The Company is listed on the Eastern Caribbean Securities Exchange.

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

2. MATERIAL ACCOUNTING POLICIES

The material 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

The financial statements of the Company 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 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.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2. MATERIAL ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures

(i) New accounting standards, amendments, and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendment to IFRS effective as of 1 January 2023.The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- **Insurance Contracts – IFRS 17**
  IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  The amendments had no impact on the financial statements of the Company.

- **Definition of Accounting Estimates – Amendments to IAS 8**
  The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

  The amended standard clarifies that the effects on an accounting estimate of a change in input or change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  The amendments had no impact on the financial statements of the Company.

2. MATERIAL ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

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

- **Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2**
  The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

- **Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12**
  The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

  The amendments had no impact on the financial statements of the Company.

2. MATERIAL ACCOUNTING POLICIES (continued)

(b) Changes in accounting policies and disclosures (continued)

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

- **International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12**
  The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The amendments require an entity to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to separately disclose its current tax expense (income) related to Pillar Two income taxes, in the periods when the legislation is effective.

  The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two model rules as its revenue is less that EUR 750 million/year.

(ii) Standards in issue not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Company is currently assessing the impact of adopting the standards and interpretations.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current- Effective for annual reporting periods beginning on or after 1 January 2024
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback – Effective for annual periods beginning on or after 1 January 2024
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements– Effective for annual reporting periods beginning on or after 1 January 2024
- Lack of exchangeability – Amendments to IAS 21

2. MATERIAL ACCOUNTING POLICIES (continued)

(c) Property, plant, and equipment

Property, plant, and equipment are stated at historic cost less accumulated depreciation and impairment losses. Historic 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 is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are available for use.

2. MATERIAL ACCOUNTING POLICIES (continued)

(c) Property, plant, and equipment (continued)

Depreciation (continued)
The annual rates of depreciation for the current and comparative periods are as follows:

	% per annum
Building and construction	2.5 - 10
Plant and machinery	3.3 - 10
Motor vehicles	15
Furniture and equipment	12.5 - 20

When depreciable property, plant, and equipment other than motor vehicles and property are retired, the gross book value less proceeds net of retiral expense is charged to accumulated depreciation. For material disposals of motor vehicles and property, the asset cost and accumulated depreciation are removed with any gain or loss credited or charged to current operations.

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) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve (12) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period

All other assets are classified as non-current.

2. MATERIAL ACCOUNTING POLICIES (continued)

(d) Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve (12) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(e) Foreign currency translation

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The Eastern Caribbean Dollar is the Company’s functional currency, which is also the Company’s presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the statement of comprehensive income.

All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Financial investments

The Company has classified its financial investments as loans and receivables. Management determines the classification at initial recognition and reviews the designation at every reporting date. The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

i. Loans and receivables

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

ii. Impairment of financial assets

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

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company considers its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are ninety (90) days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Financial investments (continued)

ii. Impairment of financial assets (continued)

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due and shared credit risk characteristics and reflect the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables are written-off when there is no reasonable expectation of recovery. Indicators include failure of a debtor to make contractual payments and a failure of the debtor to engage in a repayment plan with the Company.

Expected credit losses are presented in administrative expenses in the statement of comprehensive income. Subsequent recoveries are credited against the same line item.

Provision is made as follows:

- 100% on receivables ≥90 days
- 50% on receivables ≥60 days
- 1% on receivables ≥30 days
- 0.3% on receivables < 30 days

Accounts are written off against the provision when they are considered uncollectible. The total provision at 31 December 2023 amounted to $2,584,917 (2022 - $3,377,814) (Note 9).

2. MATERIAL ACCOUNTING POLICIES (continued)

(f) Financial investments (continued)

iii. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers or retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in the statement of comprehensive income. On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes based on the relative fair values of those parts on the date of the transfer.

The difference between the carrying amounts allocated to the part is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income, is recognised in the statement of comprehensive income. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised based on the relative fair values of those parts.

iv. Impairment of non-financial assets

Assets that have an indefinite life, for example land, are not subject to amortisation and are reviewed for impairment annually.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

2. MATERIAL ACCOUNTING POLICIES (continued)

(g) Inventories

Inventories consist of fuel, distribution and generation supplies and other materials and are stated at the lower of the cost incurred in bringing each item to its present location and condition and net realisable value. Net realisable value is the price at which stock can be realized in the normal course of business. Cost is determined on an average cost basis and is carried in the books at cost less provision for obsolescence.

(h) Trade receivables

Trade receivables are amounts due from customers for electricity or other services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for expected credit losses and discounts. See Note 2f (ii) for the policy guidance on the calculation of expected credit losses for trade receivables. Trade receivables, being short-term, are not discounted.

(i) Cash on hand and at bank

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

(j) Stated capital

Ordinary shares are classified as equity.

(k) 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 (1) year or less. If not, they are presented as non-current liabilities.

(l) 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.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

2. MATERIAL ACCOUNTING POLICIES (continued)

(m) Customers' deposits

All categories of customers are required to provide a security deposit upon opening of their account with the Company. The deposit is refunded with interest accumulated on closure of the account. (See Note 13)

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).

(n) 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. Consumer contributions from 2018 that are not eligible for refund are recognised in income in the same period in which the costs are incurred.

Non-refundable contributions prior to 2018 are amortised over the estimated useful lives of the relevant capital cost at a rate of 4.5% per annum. 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 more than the applicable capital cost of line extensions are recorded as other revenue in the period in which they are completed. Non-refundable contributions received in respect of jobs not yet started or completed at the year-end are grouped with creditors, accrued charges and provisions. Refundable contributions received in respect of jobs not yet started or completed at the year-end as well as jobs completed at year-end are also grouped with creditors, accrued charges and provisions. The capital costs of customer line extensions are included in property, plant, and equipment (Note 4).

(o) 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. MATERIAL ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

Defined contribution scheme
The Company operates a defined contribution scheme for its permanent employees. The Company makes monthly contributions to the Plan and participation is voluntary for employees. Pension costs are accounted for based on total contributions payable in the year (Note 15).

The assets of the plan are held separately by the relevant Trust. The pension plan is funded by voluntary payments from participating employees and the Company. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees the benefits relating to employee services in the current and prior periods.

(p) Taxation

Current income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised directly in equity.

The current tax is the expected tax payable on taxable income for the period and is calculated based on the tax rates enacted or substantially enacted at the statement of financial position date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate based on amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2. MATERIAL ACCOUNTING POLICIES (continued)

(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.

Non-fuel charge
Revenues arising from the non-fuel charge are recognised when electricity is delivered to customers over time as the customer simultaneously receives and consumes the benefits of the electricity. Revenues are recognised on an accrual basis and include billed and unbilled revenues.

Revenues related to the sale of electricity are recognized at rates approved by the Public Utilities Regulatory Commission (PURC) and recorded based on meter readings, which are carried out on a rotational basis throughout each month.

At the end of each reporting period, the electricity delivered to customers, but not billed, is estimated and the corresponding unbilled revenue is recognised. The Company's estimate of unbilled revenue at the end of the reporting period is calculated by estimating the number of megawatt hours ("MWh") delivered to customers at the established rate expected to prevail in the upcoming billing cycle. This estimate includes assumptions as to the pattern of energy demand, weather, line losses and inter-period changes to customer classes. The unbilled revenue receivable is included in accrued income.

Fuel charge
Fuel costs are passed to customers through the fuel charge mechanism, which allows for the recovery of fuel costs required for the generation of electricity over time. The fuel charge mechanism was amended during the year ended December 31, 2023, through the vehicle of the Interim Tariff which was promulgated by the Public Utilities Regulatory Commission (PURC) effective October 1, 2023. This tariff instituted a Fuel Adjustment Clause (FAC) mechanism intended to prevent future occurrences of under or over recovery of fuel costs by the Utility at year end. This mechanism will be further reviewed and adjusted, where necessary, during the full tariff review exercise. For the time being, the Company recognises fuel revenue based on the amount paid for fuel in the reporting period.

Sundry revenue
Sundry revenue is generated from the sale of goods and services, which do not form part of the principal activity of generating, distributing, and supplying of electricity. This includes pole sharing agreements, other sales, rentals, and service fees.

Revenue from pole sharing arrangements, rental of equipment and other services is recognised in line with the pole sharing agreement, when the Company provides the assets for use by the customer or when the various services are provided. Service fees are recognised as the various services are provided.

2. MATERIAL ACCOUNTING POLICIES (continued)

(q) Revenue recognition (continued)

Value added tax
Value added taxes collected by the Company because of revenue-producing activities are excluded from revenue and are remitted to the Government of Grenada in the month following collection.

Interest income
Interest income is recognised on an accrual basis.

(r) Dividends

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

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

(s) Related parties

Parties are related if one (1) party can control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered 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.

2. MATERIAL ACCOUNTING POLICIES (continued)

(u) Unbilled revenue adjustments

The provision and adjustment at 31 December 2023, with comparatives, are calculated as follows:

	2023 $	2022 $
Revenue for December after discounts	25,582,958	22,875,054
50% of above provision at 31 December (Note 9)	12,791,479	11,437,527
Provision at 1 January	(11,437,527)	(8,150,331)
Increase in provision during the year	1,353,952	3,287,196

(v) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

Company as a lessee
The Company applies a single recognition and measurement approach for all leases and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

2. MATERIAL ACCOUNTING POLICIES (continued)

(v) Leases (continued)

Right-of-use assets (continued)
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 3 to 5 years
- Land 3 to 60 years
- Furniture and Equipment 25 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Company also assess the right-of-use assets for impairment when such indicators exist (Note 2 f (iv)).

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced for the lease payments made. There were no lease reassessments or modifications in 2023.

2. MATERIAL ACCOUNTING POLICIES (continued)

(w) Allocations

Allocations in the statement of comprehensive income refer to both statutory as well as other contracted commitments which the Company has a legal obligation to settle. These include:

Regulatory fees
The Public Utilities Regulatory Commission (PURC) Act No. 20 of 2016, Section 14 (subsections 2-5 and 7) stipulates that the Company is to fund the operations of the PURC by an annual assessment imposed upon it. The assessment amount shall not exceed two (2) percent of the gross revenue derived from the services of the Company in the most recently ended financial year.

Donations
The Company allocates 5% of its pre-tax profits annually as part of its Corporate Social Responsibility under the Grenlec Community Partnership Initiative (GCPI).

Profit sharing
The Company has contractual obligations with both its non-management and management groups with respect to the annual payment of profit sharing and gain sharing respectively. These commitments are enshrined in the Collective Bargaining Agreements of both groups.

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.

(a) Impairment of non-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. The 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES (continued)

(b) 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.

(c) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(d) Unbilled revenue

A provision of 50% of the current month's billing is made to record unbilled energy revenue at the end of each month. This estimate is reviewed periodically to assess reasonableness and adjusted where required. The actual energy revenue will be different from the estimate made.

4. PROPERTY, PLANT AND EQUIPMENT

	Land $	Building and construction $	Plant and Machinery $	Motor Vehicles $	Furniture and Equipment $	Total $
For the year ended 31 December 2023						
Opening book value	1,864,860	11,183,971	106,510,311	3,141,742	3,854,386	126,555,270
Opening customers' contribution to line extensions (Note 2n)	-	-	-	-	-	(341,626)
	1,864,860	11,183,971	106,510,311	3,141,742	3,854,386	126,213,644
Additions for the year	-	78,395	6,217,148	213,971	836,318	7,345,832
Adjustments for the year	-	-	1,147	-	-	1,147
Disposals for the year	-	-	(73,872)	(53,853)	-	(127,725)
Depreciation charge for the year (Note 21)	-	(565,810)	(8,304,184)	(995,940)	(932,616)	(10,798,550)
Movement in customers' contribution to line extensions for the year	-	-	-	-	-	341,626
NET BOOK VALUE	1,864,860	10,696,556	104,350,550	2,305,920	3,758,088	122,975,974
Balance at 31 December 2023						
Cost	1,864,860	32,963,100	311,808,165	17,446,096	17,686,607	381,768,828
Accumulated depreciation	-	(22,266,544)	(207,457,615)	(15,140,176)	(13,928,519)	(258,792,854)
NET BOOK VALUE	1,864,860	10,696,556	104,350,550	2,305,920	3,758,088	122,975,974

There were no borrowing costs capitalised during 2023 and 2022. The adjustments for the year refer to amounts that were capitalized in the previous period for which a credit was received in the current year, or for which the scope of the capital project was not executed according to the original plan. Included in the depreciation expense in the statement of cash flows is the depreciation for right-of-use assets of $355,725 (2022: $358,269) (Note 5).

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land $	Building and construction $	Plant and Machinery $	Motor Vehicles $	Furniture and Equipment $	Total $
For the year ended 31 December 2022						
Opening book value	1,864,860	11,447,098	102,949,423	4,149,728	4,105,864	124,516,973
Opening customers' contribution to line extensions (Note 2n)	-	-	-	-	-	(1,079,326)
	1,864,860	11,447,098	102,949,423	4,149,728	4,105,864	123,437,647
Additions for the year	-	271,353	10,700,640	197,849	722,836	11,892,678
Adjustments for the year	-	2,950	(23,438)	1,800	2,000	(16,688)
Disposals for the year	-	-	(116,375)	-	(618)	(116,993)
Depreciation charge for the year (Note 21)	-	(537,430)	(6,999,939)	(1,207,635)	(975,696)	(9,720,700)
Movement in customers' contribution to line extensions for the year	-	-	-	-	-	737,700
NET BOOK VALUE	1,864,860	11,183,971	106,510,311	3,141,742	3,854,386	126,213,644
Balance at 31 December 2022						
Cost	1,864,860	32,884,705	305,663,742	17,285,978	16,850,289	374,549,574
Accumulated depreciation	-	(21,700,734)	(199,153,431)	(14,144,236)	(12,995,903)	(247,994,304)
	1,864,860	11,183,971	106,510,311	3,141,742	3,854,386	126,555,270
Less: Customers' contribution to line extensions (Note 2n)	-	-	-	-	-	(341,626)
NET BOOK VALUE	1,864,860	11,183,971	106,510,311	3,141,742	3,854,386	126,213,644

5. LEASES

The Company has lease contracts for various items of land and buildings and other equipment used in its operations. Leases of land and equipment generally have lease terms between three (3) to sixty (60) years, while buildings generally have lease terms between three (3) to five (5) years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Buildings $	Land $	Furniture and Equipment $	Total $
Balance at 1 January 2022	160,916	2,130,298	10,465	2,301,679
Additions	805,615	21,414	-	827,029
Reclassification	(36,539)	36,417	122	-
Depreciation expense (Note 21)	(194,547)	(163,112)	(610)	(358,269)
Balance at 31 December 2022	735,445	2,025,017	9,977	2,770,439
Additions	6,004	-	-	6,004
Depreciation expense (Note 21)	(191,409)	(163,706)	(610)	(355,725)
Balance at 31 December 2023	550,040	1,861,311	9,367	2,420,718

Set out below are the carrying amount of lease liabilities and the movements during the period:

	2023 $	2022 $
As at 1 January	3,017,629	2,530,962
Adjustment	15,998	-
Additions	6,004	827,029
Accretion of interest	149,299	145,128
Payments	(468,776)	(485,490)
As at 31 December	2,720,154	3,017,629
Less: current portion	(287,557)	(349,522)
Long-term portion	2,432,597	2,668,107

5. LEASES (continued)

No right-of-use assets were sub-leased and there were no variable lease payments or sale-and-lease-back transactions for the year ended 31 December 2023.

The ageing of lease liabilities is as follows:

	2023 $	2022 $
Less than 1 year	287,557	349,522
Between 1 and 2 years	438,391	455,828
Between 2 and 5 years	252,843	418,788
Over 5 years	1,741,363	1,793,491
Total	2,720,154	3,017,629

6. SUSPENSE JOBS AND CAPITAL WORK IN PROGRESS

	Suspense Work in Progress $	Capital Work in Progress $	Total $
For year ended 31 December 2023			
Opening book value	1,034,892	1,873,952	2,908,844
Additions and transfers for the year (net)	158,359	3,292,953	3,451,312
NET BOOK VALUE	1,193,251	5,166,905	6,360,156
Balance at 31 December 2023			
NET BOOK VALUE	1,193,251	5,166,905	6,360,156

6. SUSPENSE JOBS AND CAPITAL WORK IN PROGRESS (continued)

	Suspense Work in Progress $	Capital Work in Progress $	Total $
For year ended 31 December 2022			
Opening book value	1,205,525	1,551,354	2,756,879
Additions and transfers for the year (net)	(170,633)	322,598	151,965
NET BOOK VALUE	1,034,892	1,873,952	2,908,844
Balance at 31 December 2022			
NET BOOK VALUE	1,034,892	1,873,952	2,908,844

7. FINANCIAL ASSETS AT AMORTISED COST

	Interest rate (%)	Maturity	2023 $	2022 $
Government of Grenada - Treasury Bills	3.00	2024	800,132	800,132
Fixed deposit - Republic Bank (Grenada) Ltd	0.10	2024	10,670,306	12,815,256
Fixed deposit - Grenada Co-operative Bank Ltd.	0.25	2024	13,010,711	14,408,135
Fixed deposit - ACB Grenada Bank	0.10	2024	6,177,107	10,502,399
Corporate Paper- Eastern Caribbean Home Mortgage Bank	2.50	2024	9,732,863	-
			40,391,119	38,525,922

Included in the above is an amount of $33,914,836 for Hurricane Insurance Reserve (Note 16) invested in Treasury bills and fixed deposits held with the Republic Bank (Grenada) Limited, ACB Grenada Bank, Eastern Caribbean Home Mortgage Bank (ECHMB), and the Grenada Co-operative Bank Limited.

The fair values of financial assets at amortised cost equal their carrying values due to the short-term nature of these assets.

8. INVENTORIES

The following is a breakdown of inventories on hand:	2023 $	2022 $
Motor vehicle spares	1,523,028	1,450,023
Distribution	8,338,003	11,006,874
Generation spares	17,663,086	15,191,618
Fuel and lubricating oil	972,325	979,818
General stores	1,165,694	709,081
	29,662,136	29,337,414
Less: Obsolescence provision	(2,126,408)	(2,126,408)
	27,535,728	27,211,006
Goods in transit	1,269,606	1,505,740
	28,805,334	28,716,746

The cost of inventories written down and recognised as an expense during the year is included in the respective departments' expenses in the amount of $4,600 (2022 - $293,739).

9. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Trade receivables	23,197,400	25,468,954
Less: Provision for expected credit losses (Note 2f ii,10)	(2,529,378)	(3,278,598)
Trade receivables- net	20,668,022	22,190,356
Other debtors	1,221,116	1,076,731
Less: Provision for expected credit losses (Note 2f ii,10)	(55,539)	(99,216)
	1,165,577	977,515
	21,833,599	23,167,871
Unbilled revenue (Note 2u)	12,791,479	11,437,527
Prepayments	2,514,080	1,398,141
	15,305,559	12,835,668
	37,139,158	36,003,539

Other debtors relate to sundry revenue receivable at year end - Note 2 (q). The fair values of trade and other receivables equal their carrying values due to the short-term nature of these assets.

9. TRADE AND OTHER RECEIVABLES (continued)

The ageing of trade and other receivables is as follows:

	2023			2022		
	Trade receivables $	**Other receivables $**	**Expected credit losses $**	**Trade receivables $**	**Other receivables $**	**Expected credit losses $**
30 days	18,416,238	612,789	(55,164)	19,890,703	645,307	(79,563)
31-60 days	2,279,142	178,797	(22,792)	2,198,388	164,977	(43,977)
61-90 days	137,408	170,061	(77,798)	382,846	164,737	(191,423)
Over 90 days	2,364,612	259,469	(2,429,163)	2,997,017	101,710	(3,062,851)
	23,197,400	1,221,116	(2,584,917)	25,468,954	1,076,731	(3,377,814)

10. MOVEMENT IN PROVISION FOR EXPECTED CREDIT LOSSES

	2023 $	2022 $
(i) Customers' accounts		
Balance at 1 January	3,278,598	3,103,358
(Decrease)/increase in provision (Note 21)	(749,220)	175,240
Balance at 31 December	2,529,378	3,278,598
(ii) Other debtors		
Balance at 1 January	99,216	61,713
(Decrease)/increase in provision (Note 21)	(43,677)	37,503
Balance at 31 December	55,539	99,216
Total Expected Credit Losses	2,584,917	3,377,814

There were no direct write-offs for impaired receivables during the year to the statement of comprehensive income (2022 - nil). There was no recovery of bad debts written off during the year (2022 - $51,351).

11. CASH ON HAND AND AT BANK

	2023 $	2022 $
Cash on hand	7,200	7,200
Republic Bank (Grenada) Limited	3,706,949	753,387
CIBC First Caribbean International Bank Limited	-	18,612
Grenada Co-operative Bank Limited	12,996,213	195,814
	16,710,362	975,013

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	2023 $	2022 $
Cash on hand and at bank	16,710,362	975,013
Bank overdraft (Note 14)	-	(1,184,121)
Cash and cash equivalents	16,710,362	(209,108)

12. STATED CAPITAL

	2023 $	2022 $
Authorised		
25,000,000 ordinary shares of no-par value		
Issued and fully paid		
19,000,000 ordinary shares of no-par value	32,339,840	32,339,840

13. CUSTOMERS' DEPOSITS

All customers are required in accordance with the 2016 Electricity Act (EA) Schedule 1 to provide a security deposit, which is normally equivalent to one (1) month's consumption. Interest accrued is credited to customers' accounts at a rate of 4% (2022 - 4%) per annum in the first billing cycle of the year. The cash deposit is refunded with accumulated interest when the account is terminated (Note 2m).

	2023 $	2022 $
Balance at 1 January	19,350,051	18,408,587
New deposits	851,759	523,595
Interest accrued	753,596	723,220
Deposits refunded	(462,140)	(305,351)
Balance at 31 December	20,493,266	19,350,051

14. BORROWINGS

	2023 $	2022 $
Grenada Co-operative Bank Ltd (GCBL)		
Balance at 1 January	37,031,525	43,567,491
Less: Principal repayments	(5,986,291)	(6,535,966)
Loan balance	31,045,234	37,031,525
Bank overdraft (Note 11)	-	1,184,121
Total borrowings at 31 December	31,045,234	38,215,646
Less: Current portion		
- Bank overdraft	-	(1,184,121)
- Loan	(7,067,575)	(6,535,967)
Total current portion	(7,067,575)	(7,720,088)
Non-current portion	23,977,659	30,495,558

14. BORROWINGS (continued)

On 17 July 2023, the operations of CIBC First Caribbean International Bank (Barbados) Limited in Grenada were taken over by the Grenada Co-operative Bank Ltd (GCBL). At this time, a participation arrangement was entered into between the Banks which resulted in the sharing of facilities agreed between the Company and CIBC First Caribbean International Bank (Barbados) Limited. All the terms of the original loan agreements remained the same.

On 29 February 2016, the Company signed a Mortgage Debenture with CIBC First Caribbean International Bank (Barbados) Limited for a credit facility of up to $48,050,000.

The loan bears interest at a rate of 4.75% per annum over the first five (5) years and thereafter the interest will be the prime rate less 5.90% subject to a floor of 3.60% per annum. Presently the prime rate is 8.50% per annum. The loan is amortized over a twelve (12) year period and repayable via 32 quarterly principal payments of $1,001,042 with a balloon payment of $16,016,667. 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 $48,050,000.

On 15 August 2019, the Company signed a Mortgage Debenture with CIBC First Caribbean International Bank (Barbados) Limited for a credit facility of $3,718,000.

The loan bears interest at a rate of 4.75% per annum over the first five (5) years and thereafter the interest will be the prime rate less 4.90% subject to a floor of 3.60% per annum. Presently the prime rate is 8.50% per annum. The loan is amortized over a ten (10)-year period and repayable via thirty-two quarterly principal payments of $92,950 plus quarterly interest payments.

On 16 February 2021, the Company signed a Mortgage Debenture with CIBC First Caribbean International Bank (Barbados) Limited for a credit facility of $16,200,000.

The loan bears interest at a current rate of 3.75% per annum being the prime rate minus 4.75% per annum. Presently the prime rate is 8.50% per annum. The loan is amortized over a twelve (12)-year period and repayable via 30 quarterly principal payments of $500,000 plus quarterly interest payments, after a six (6) month moratorium on principal payment.

The Company has an overdraft facility of $6 million with the Grenada Co-operative Bank Limited with interest at the rate of 6% per annum. There were no interest charges on the bank overdraft facility for the year ended 31 December 2023 (2022 - $498).

As at 31 December 2023, the Company was compliant with the loan covenants required with CIBC First Caribbean International Bank (Barbados) Limited/ Grenada Co-operative Bank Limited under the existing credit facilities.

14. BORROWINGS (continued)

The ageing of non-current borrowings is as follows:

	2023 $	2022 $
Between 2 and 5 years	23,158,809	26,675,475
Over 5 years	818,850	3,820,083
Total	23,977,659	30,495,558

The carrying amounts and fair value of borrowings are as follows:

	Carrying Value		Fair Value	
	2023 $	2022 $	2023 $	2022 $
Borrowings	31,045,234	37,031,525	33,229,904	38,904,897

The fair values are based on cash flows discounted using a rate based on the Company's average borrowing rate of 3.73% (2022 - 3.73%).

15. RETIREMENT BENEFITS PAYABLE

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. Pension cost for the year was $2,757,144 (2022 - $3,407,384) in the statement of comprehensive income (Note 21).

The balance of $338,602 within the statement of financial position date relates to amounts due to the non-management and management Trusts for December 2023 (2022 - $249,768).

16. HURRICANE INSURANCE RESERVE

	2023 $	2022 $
Balance at beginning of year	32,000,000	32,000,000
Add: Allocation for the year	1,909,667	-
Balance at end of year	33,909,667	32,000,000

The Company allocates up to $2,000,000 per annum between its hurricane insurance reserve ($1,909,667), backed by short-term investments held at various financial institutions (Note 7) as self-insurance for its transmission and distribution network and its parametric insurance plan ($90,033 - September to December 2023). The parametric insurance policy commenced on 1 September 2023, and is held with the Caribbean Catastrophe Risk Insurance Facility (CCRIF).

17. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade creditors	14,174,107	15,418,290
Sundry creditors	10,064,969	7,783,026
Accrued expenses	11,871,264	7,545,143
Total trade and other payables	36,110,340	30,746,459

The allocation for donations and profit sharing (Note 2w) for the year is calculated on pre-tax profits. The profit sharing payable at year end amounts to $6,301,903 (2022: $3,591,167).

18. CUSTOMERS' CONTRIBUTION TO LINE EXTENSIONS

	2023 $	2022 $
Balance at 1 January	9,906,011	9,148,412
Additions	1,988,733	1,361,388
Refunds, transfers to income and reversals (net)	(389,112)	(603,789)
Customers' contributions at 31 December	11,505,632	9,906,011

19. REVENUE- NON-FUEL CHARGE

	2023 $	2022 $
Domestic	38,083,624	30,746,254
Commercial	57,603,711	45,004,561
Industrial	2,166,879	1,781,784
Street lighting	1,403,898	1,221,920
	99,258,112	78,754,519

The Company implemented a temporary 25% decrease in the non-fuel charge to all its customer classes, effective 5 January 2022. This was to provide relief measures to customers amidst rising world fuel prices which directly caused an increase in the fuel charge each month, impacting the overall bill.

This measure was discontinued effective 9 September 2022.

20. OTHER INCOME

	2023 $	2022 $
Sundry revenue (Note 2q)	2,829,387	2,717,321
Gain/(loss) on disposal of property, plant, and equipment	2,189	(80,393)
	2,831,576	2,636,928

21. EXPENSES BY NATURE

	2023 $	2022 $
Fuel	134,886,599	152,600,108
Plant maintenance	12,243,827	10,654,684
Line maintenance	2,567,609	2,432,429
General repairs and maintenance	2,509,164	2,000,128
Employee benefits	33,789,939	27,869,039
Depreciation (Notes 4 and 5)	11,154,275	10,078,969
Insurance	3,627,834	3,047,525
Expected credit losses (Note 10)	(792,897)	212,743
Other expenses	9,586,408	7,705,380
Total operating expenses	209,572,758	216,601,005
Employee benefits include:		
Salaries and wages	30,040,063	23,487,665
Social security	920,648	822,335
Pension (Note 15)	2,757,144	3,407,384
Group Insurance	737,119	717,211
	34,454,974	28,434,595
Allocated as follows:		
Operating expenses	33,789,939	27,869,039
Capitalised expenses	665,035	565,556
	34,454,974	28,434,595

22. FINANCE COSTS

	2023 $	2022 $
Bank loans/bond interest	1,297,436	1,521,088
Other bank interest	-	498
Interest- right-of-use assets (Note 5)	149,299	145,128
Customer deposit interest	757,234	729,429
	2,203,969	2,396,143

23. TAXATION

Corporate tax expense

	2023 $	2022 $
Current taxation	6,269,278	1,707,499
Deferred tax	1,384,264	1,917,105
Taxation charge	7,653,542	3,624,604

Income taxes in the statement of comprehensive income vary from amounts that would be computed by applying the statutory tax rate of 28% (2022- 28%) for the following reasons:

	2023 $	2022 $
Profit for the year before taxation	28,938,687	12,127,689
Corporate tax at applicable statutory rate 28% (2022-28%)	8,102,832	3,395,753
Tax effect of items that are adjustable in determining taxable profit:		
Tax effect of hurricane reserve	(534,707)	-
Effect of expenses not deductible for tax purposes	85,417	228,851
Tax charge for the year	7,653,542	3,624,604
Corporate tax recoverable	(374,029)	(554,894)

Deferred Tax

The deferred tax liability on the statement of financial position consists of the following components:

	2023 $	2022 $
Delayed tax depreciation	61,404,086	56,408,040
Right of use assets	2,420,718	2,770,439
Lease liabilities	(2,720,154)	(3,017,629)
	61,104,650	56,160,850
Deferred tax liability at statutory rate 28% (2022 - 28%)	17,109,302	15,725,038

24. RELATED PARTY TRANSACTIONS

i) During the year the Company engaged in transactions with its majority shareholder, Government of Grenada, as well as the National Insurance Scheme (NIS), owner of 11.6% of its shares. The following transactions were carried out with these entities:

	2023 $	2022 $
a) Sale of electricity:		
NIS	302,449	274,223
Government of Grenada	19,376,037	19,252,606
b) Payment of dividends:		
NIS	881,935	286,629
Government of Grenada	5,425,055	1,763,143
c) Amounts due to related parties*		
NIS (NIS contributions for staff - December)	138,563	127,919
Government of Grenada (taxes at year end)	2,355,905	2,354,114
d) Amounts due by related parties*		
NIS (electricity - December)	23,580	24,787
Government of Grenada (electricity - December, tax recoverable, subsidy receivable)	2,328,129	2,386,812

* The amounts are classified as trade payables and trade receivables, respectively.

Terms and conditions of transactions with related parties
The sales to and amounts due from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2023, the Company recognized provision for expected credit losses of $5,204 relating to amounts owed by related parties (2022 - $7,861).

24. RELATED PARTY TRANSACTIONS (continued)

ii) Compensation of key management personnel of the Company:

	2023 $	2022 $
Salaries and other benefits	3,271,117	3,154,290
Directors' Fees	349,250	299,379
Past employment benefit provisions	420,807	408,232

The amounts disclosed above are recognized as an expense during the reporting period related to key management personnel.

25. EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of common shares in issue during the year.

	2023 $	2022 $
Net profit for the year	21,285,145	8,503,085
Weighted average number of common shares	19,000,000	19,000,000
Earnings per share	1.12	0.45

26. CONTINGENT LIABILITIES

a. *Customs bonds*
At the statement of financial position date, the Company was contingently liable to the Government of Grenada for customs bonds in the amount of $350,000 (2022- $300,000).

b. *Litigation*
The Company is a party to certain legal actions brought against it by third parties. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not result in any significant additional liabilities and therefore no provision has been made in these financial statements.

27. CAPITAL COMMITMENTS

The Company budgeted capital expenditure of $8,083,737 (2022 - $10,591,483) for the 2023 financial year. Additionally, a total of $6,464,318 of the incomplete 2022 approved budget was included in 2023 to facilitate the completion of several ongoing projects. A total of $4,351,807 (2022 - $5,137,238) was contracted for at year end.

28. DIVIDENDS

During the year ended 31 December 2023, a dividend of 40 cents (2022 - 13 cents) per ordinary share amounting to $7,600,000 was declared and paid (2022 - $2,470,000).

These dividends were declared and approved on a quarterly basis as follows:

Quarter	Declaration Date	Approval Date	Amount
First	23 March 2023	31 March 2023	$1,900,000
Second	22 June 2023	23 June 2023	$1,900,000
Third	21 September 2023	22 September 2023	$1,900,000
Fourth	20 December 2023	21 December 2023	$1,900,000

29. FINANCIAL RISK MANAGEMENT

Financial instruments by category

At 31 December	2023 $	2022 $
Assets per statement of financial position	**Financial assets**	**Financial assets**
Cash on hand and at bank (Note 11)	16,710,362	975,013
Financial assets at amortised cost (Note 7)	40,391,119	38,525,922
Trade and other receivables (less prepayments) (Note 9)	34,625,078	34,605,398
Total	91,726,559	74,106,333
Liabilities per statement of financial position	**Other financial liabilities at amortised cost $**	**Other financial liabilities at amortised cost $**
Lease liabilities (Note 5)	2,720,154	3,017,629
Borrowings (Note 14)	31,045,234	38,215,646
Trade and sundry creditors (Note 17)	24,239,076	23,201,316
Customers' deposits (Note 13)	20,493,266	19,350,051
Customers' contributions to line extensions- refundable (Note 18)	10,859,957	9,405,149
Retirement benefits payable (Note 15)	338,602	249,768
Profit sharing payable (Note 17)	6,301,903	3,591,167
Total	95,998,192	97,030,726

Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, operational risk, liquidity risk, insurance 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.

29. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty 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 conditions. The maximum exposure to credit risk for trade receivables, net of estimated credit losses (Note 9) and deposits held (Note 13) is $174,756 (2022- $2,840,305).

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

Based on the above, however, management does not believe significant credit risk exists at 31 December 2023, or 2022. Further analysis of the Company's trade and other receivables is disclosed in Note 9.

29. FINANCIAL RISK MANAGEMENT (continued)

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 the Company's operations.

The Company's objective is to manage operational risk to balance the avoidance of financial losses, 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 (Notes 11 and 14), based on expected cash flows and is of the view that the Company holds adequate cash and credit facilities to meet its short-term obligations.

29. FINANCIAL RISK MANAGEMENT (continued)

The table below summarises the Company's liquidity position:

Balance at 31 December, 2023	Less than 1 year $	Between 1 & 2 years $	Between 2 & 5 years $	Over 5 years $	Total $
Assets					
Cash on hand and at bank	16,710,362	-	-	-	16,710,362
Financial assets at amortised cost	40,391,119	-	-	-	40,391,119
Trade and other receivables (less prepayments)	34,625,078	-	-	-	34,625,078
Total assets	91,726,559	-	-	-	91,726,559
Liabilities					
Lease liabilities	426,100	687,097	581,478	2,784,220	4,478,895
Borrowings	8,127,812	7,350,908	17,608,868	827,648	33,915,236
Trade and sundry creditors	24,239,076	-	-	-	24,239,076
Customers' deposits	-	-	-	20,493,266	20,493,266
Customers' contribution to line extension- refundable (Note 18)	10,859,957	-	-	-	10,859,957
Retirement benefits payable	338,602	-	-	-	338,602
Profit sharing payable	6,301,903	-	-	-	6,301,903
Total liabilities	50,293,450	8,038,005	18,190,346	24,105,134	100,626,935

29. FINANCIAL RISK MANAGEMENT (continued)

Balance at 31 December, 2022	Less than 1 year $	Between 1 & 2 years $	Between 2 & 5 years $	Over 5 years $	Total $
Assets					
Cash on hand and at bank	975,013	-	-	-	975,013
Financial assets at amortised cost	38,525,922	-	-	-	38,525,922
Trade and other receivables (less prepayments)	34,605,398	-	-	-	34,605,398
Total assets	74,106,333	-	-	-	74,106,333
Liabilities					
Lease liabilities	498,822	722,516	671,755	2,942,328	4,835,421
Borrowings	8,998,365	7,577,095	21,265,026	4,458,859	42,299,345
Trade and sundry creditors	23,201,316	-	-	-	23,201,316
Customers' deposits	-	-	-	19,350,051	19,350,051
Customers' contribution to line extension- refundable (Note 18)	9,405,149	-	-	-	9,405,149
Retirement benefits payable	249,768	-	-	-	249,768
Profit sharing payable	3,591,167	-	-	-	3,591,167
Total liabilities	45,944,587	8,299,611	21,936,781	26,751,238	102,932,217

29. 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.

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The Company is exposed to foreign exchange risk arising primarily from foreign currency borrowings and purchases of plant, equipment, and spare parts from foreign suppliers. The exchange rate of the Eastern Caribbean dollar (EC$) and the United States dollar (US$) has been formally pegged at EC$2.70=US$1.00 since July 1976.

The Company has limited exposure to foreign exchange risk, which arises primarily from the purchases of plant, equipment, and spare parts from foreign suppliers. The Company attempts to enter into transactions largely denominated in United States dollars.

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

(ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk also arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. At 31 December 2023, the Company held borrowings at both fixed and floating interest rates with 7% of the portfolio being at fixed rates. The Company's exposure to interest rates and the terms of borrowings are disclosed in Note 14.

29. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

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

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

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

The debt-to-equity ratios at 31 December were as follows:

	2023 **$**	**2022** **$**
Total borrowings (Note 14)	31,045,234	38,215,646
Shareholders' equity	129,552,417	115,867,272
Debt to equity ratio	0.24:1	0.33:1

Fair value estimation

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no obligation to act and is best evidenced by a quoted market price, if one exists. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Fair value measurements are required to reflect the assumptions that market participants would use in pricing an asset or liability, based on the best available information including the risks inherent in a particular valuation technique, such as a pricing model, and the risks inherent in the inputs to the model.

The carrying value of cash, short-term deposits, trade receivables less impairment provision and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes (Note 14) is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

30. OPERATING SEGMENTS

The Company operates within one specific geographical segment being the country of Grenada where the primary business is the generation and supply of electricity to customers.

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR OPERATIONAL RECORD 2019-2023

		2023	2022	2021	2020	2019
PRODUCTION AND SALES						
GENERATION:	GRENLEC- DIESEL	259,922,593	243,527,112	224,563,914	218,528,643	237,579,974
	GRENLEC- P.V.	1,287,057	1,292,981	1,408,907	1,398,113	1,558,486
	P.V. CUSTOMERS	2,979,978	2,827,261	2,940,372	2,800,487	2,183,506
Gross Generation (kWh)		**264,189,628**	**247,647,354**	**228,913,193**	**222,727,243**	**241,321,966**
Auxillaries & Own Use		6,432,099	6,837,635	7,305,921	7,477,023	7,556,373
Net Generation		257,757,529	240,809,719	221,607,272	215,250,220	233,765,593
Sales (kWh)						
Domestic		93,249,966	89,981,589	86,011,856	84,377,072	82,679,980
Commercial		133,440,851	125,643,876	110,167,815	104,620,226	123,008,954
Industrial		7,071,369	7,082,429	6,652,162	6,167,168	6,750,491
Street Lighting		3,672,950	3,805,355	4,074,943	4,495,734	4,577,319
Total Sales		**237,435,136**	**226,513,249**	**206,906,776**	**199,660,200**	**217,016,744**
Sales Growth		4.82%	9.48%	3.63%	-8.00%	4.30%
Loss (% of Net Generation)		7.86%	5.92%	6.61%	7.22%	7.14%
Number of Customers at Year - End						
Domestic		49,771	48,884	47,568	45,992	45,139
Commercial		7,938	7,818	7,545	7,282	7,123
Industrial		41	39	39	40	39
Street Lights		9,428	9,300	9,081	8,824	8,755
Total Customers		**57,750**	**56,741**	**55,152**	**53,314**	**52,301**
Average Annual usage per Customer Class (kWh)						
Domestic		1,874	1,841	1,808	1,835	1,832
Commercial		16,810	16,071	14,601	14,367	17,269
Industrial		172,472	181,601	170,568	154,179	173,090

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR FINANCIAL RECORD 2019 - 2023

EXPRESSED IN EC$ & US$

	2023	2022	2021	2020	2019
	EC$	**EC$**	**EC$**	**EC$**	**EC$**
INCOME	**252,686,245**	**239,223,581**	**178,273,029**	**148,080,951**	**192,465,914**
PROFIT BEFORE TAXES	28,938,687	12,127,689	19,345,100	21,959,446	34,400,337
TAXATION	7,653,542	3,624,604	4,498,266	5,853,232	10,796,839
NET PROFIT	21,285,145	8,503,085	14,846,834	16,106,214	23,603,498
Stated Capital & Retained Earnings	95,642,750	83,867,272	77,834,187	76,459,945	72,233,731
Hurricane Insurance Reserve	33,909,667	32,000,000	32,000,000	30,000,000	28,000,000
SHAREHOLDERS EQUITY	**129,552,417**	**115,867,272**	**109,834,187**	**106,459,945**	**100,233,731**
REPRESENTED BY:					
TOTAL ASSETS	255,176,850	236,669,041	232,899,730	204,140,024	205,723,176
TOTAL LIABILITIES	125,624,433	120,801,769	123,065,543	97,680,079	105,489,445
NET ASSETS	129,552,417	115,867,272	109,834,187	106,459,945	100,233,731
FINANCIAL RATIOS					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	16.43%	7.34%	13.52%	15.13%	23.55%
Earnings Per Share	1.12	0.45	0.78	0.85	1.24
Dividends Per Share	0.13	0.13	0.52	0.52	0.52
	US $	**US $**	**US $**	**US $**	**US $**
INCOME	93,587,498	88,601,326	66,027,048	54,844,797	71,283,672
PROFIT BEFORE TAXES	10,718,032	4,491,737	7,164,852	8,133,128	12,740,866
TAXATION	2,834,645	1,342,446	1,666,024	2,167,864	3,998,829
NET PROFIT	7,883,387	3,149,291	5,498,828	5,965,264	8,742,037
Stated Capital & Retained Earnings	35,423,241	31,061,953	28,827,477	28,318,498	26,753,234
Hurricane Insurance Reserve	12,559,136	11,851,852	11,851,852	11,111,111	10,370,370
SHAREHOLDERS EQUITY	**47,982,377**	**42,913,805**	**40,679,329**	**39,429,609**	**37,123,604**
REPRESENTED BY:					
TOTAL ASSETS	94,509,944	87,655,200	86,259,159	75,607,416	76,193,769
TOTAL LIABILITIES	46,527,568	44,741,396	45,579,831	36,177,807	39,070,165
NET ASSETS	**47,982,376**	**42,913,804**	**40,679,328**	**39,429,609**	**37,123,604**
FINANCIAL RATIOS					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	16.43%	7.34%	13.52%	15.13%	23.55%
Earnings Per Share	0.41	0.17	0.29	0.31	0.46
Dividends Per Share	0.05	0.05	0.19	0.19	0.19

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR FINANCIAL RECORD

For the Years 2019 to 2023

	2023	2022	2021	2020	2019
	EC$	EC$	EC$	EC$	EC$
Profit before interest	43,113,487	22,622,576	30,712,827	32,012,484	46,979,505
Current Assets	123,420,002	104,776,114	104,403,525	90,456,277	97,567,197
Current Liabilities	61,611,609	52,560,224	51,613,665	37,500,979	43,065,039
Trade Debtors	23,197,400	25,468,954	17,191,622	12,477,625	19,066,904
Total Assets	255,176,850	236,669,041	232,899,730	204,140,024	205,723,176
Total Borrowings	31,045,234	38,215,646	43,567,491	32,283,458	36,659,425
Shareholders Equity	129,552,417	115,867,272	109,834,187	106,459,945	100,233,731
Sales	249,854,669	236,586,653	166,198,515	144,000,916	188,911,283
Net Income	21,285,145	8,503,085	14,846,834	16,106,214	23,603,498

	2023	2022	2021	2020	2019
	EC$	EC$	EC$	EC$	EC$
Current Ratio	2.00	1.99	2.02	2.41	2.27
Days Sales Outstanding	33.89	39.29	37.76	31.63	36.84
Profit Margin	8.52%	3.59%	8.93%	11.18%	12.49%
Asset Turnover	97.91%	99.97%	71.36%	70.54%	91.83%
Financial Leverage	196.97%	204.26%	212.05%	191.75%	205.24%
Return on Equity	16.43%	7.34%	13.52%	15.13%	23.55%
ROIC	19.73%	10.59%	15.14%	16.72%	25.98%
Trade Debtors as a % of sales	9.28%	10.77%	10.34%	8.66%	10.09%
Non Fuel Revenue	78,754,519	78,754,519	85,498,702	82,649,287	90,180,659
<u>Operating Revenues</u>					
Operating Expenses	249,854,669	236,586,653	166,198,515	144,000,916	188,911,283
Production Costs	25,385,123	18,060,381	16,717,143	20,303,232	16,399,774
Fuel Consumed	134,886,599	152,600,108	83,822,603	55,936,153	89,735,493
Distribution Services	21,022,722	17,873,706	14,058,152	10,892,373	10,702,129
Planning & Engineering	3,290,058	3,156,215	3,072,233	2,473,254	2,658,426
Administration	24,988,256	19,831,625	21,369,380	17,946,068	18,466,843
Depreciation	11,154,275	10,078,969	8,520,690	8,351,493	7,826,965
Total Salaries & Wages	33,789,939	27,869,039	28,931,171	22,820,408	23,482,515

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR FINANCIAL RECORD

For the Years 2019 to 2023

	2023	2022	2021	2020	2019
	EC$	EC$	EC$	EC$	EC$
Op. Expenses as % of Non Fuel Revenue					
Production Costs	32.23%	22.93%	19.55%	24.57%	18.19%
Fuel Consumed (Operating Revenue	53.99%	64.50%	50.44%	38.84%	47.50%
Distribution Services	26.69%	22.70%	16.44%	13.18%	11.87%
Planning & Engineering	4.18%	4.01%	3.59%	2.99%	2.95%
Administration	31.73%	25.18%	24.99%	21.71%	20.48%
Depreciation	14.16%	12.80%	9.97%	10.10%	8.68%
Total Salaries & Wages	42.91%	35.39%	33.84%	27.61%	26.04%
Proift as a % of Non Fuel Revenue	27.03%	10.80%	17.36%	19.49%	26.17%
Debt / Equity	0.24	0.33	0.40	0.30	0.37
ROA	8.34%	3.59%	6.37%	7.89%	11.47%
EBITDA	54,267,762	32,701,545	39,233,517	40,363,977	54,806,470
Funded Debt	31,045,234	38,215,646	43,567,491	32,283,458	36,659,425
Funded Debt to EBITDA 3:1	0.57:1	1.17:1	1.11:1	0.8:1	0.67:1

NOTES

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Grenada

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