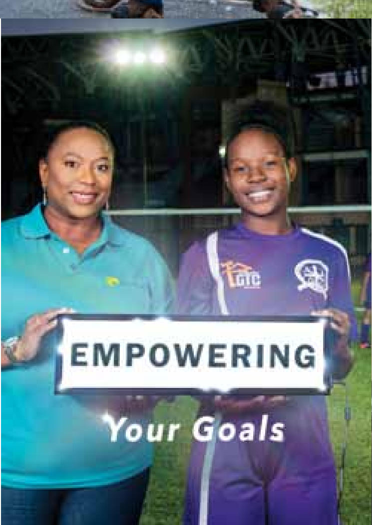
grenlec

ANNUAL REPORT 2019

25 Years of Growth and Reliability



25 Years of Growth and Reliability

Building on the foundation that began in 1928 when the first electricity generation plant was commissioned in Grenada—we celebrate the achievements of the Grenlec Public-Private Partnership between the Government of Grenada, WRB Enterprises, Grenadian and other shareholders. Together, we have built a world-class utility providing reliable, high quality, safe, responsive electricity services. We consistently care for our customers, our environment, and our communities throughout Grenada, Carriacou and Petite Martinique. Our investments in infrastructure, technology and people have facilitated the expansion of businesses, growth in our economy, as well as the personal safety and comfort of our customers.

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CORPORATE INFORMATION

CORPORATE PROFILE

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

With a customer base of more than 50,000, our Company has been providing integrated services of generation, transmission and distribution of electricity since 1960. With total installed capacity of 48.9MW and peak demand of 33.7MW, Grenlec generates from three locations, one each in Grenada, Carriacou and Petite Marrtinique. In the south of Grenada its 33kV transmission network links the substation at Queen's Park to the one in Grand Anse by two alternate paths to ensure reliability.

Since privatisation in 1994, Grenlec has risen to the challenge of providing safe, reliable service by continually investing in service enhancement, its employees, infrastructure and communities.

DIRECTORS

Mr. G. Robert Blanchard Jr. –Chairman
Mr. Robert Blenker
Dr. Bert Brathwaite
Mr. Robert Curtis
Ms. Winnifred Duncan-Phillip
Mr. Ashton Frame
Ms. Linda George-Francis
Mr. Duane Noel
Mr. Edward Parry
Ms. Deborah Roseman
Mr. Murray Skeete
Mr. Cleaver Williams

GENERAL MANAGER

Mr. Collin Cover

COMPANY SECRETARY

Mr. Benedict A. Brathwaite

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

Cayman National Bank
Grand Cayman
Cayman Islands

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

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

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

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

ATTORNEYS-AT-LAW

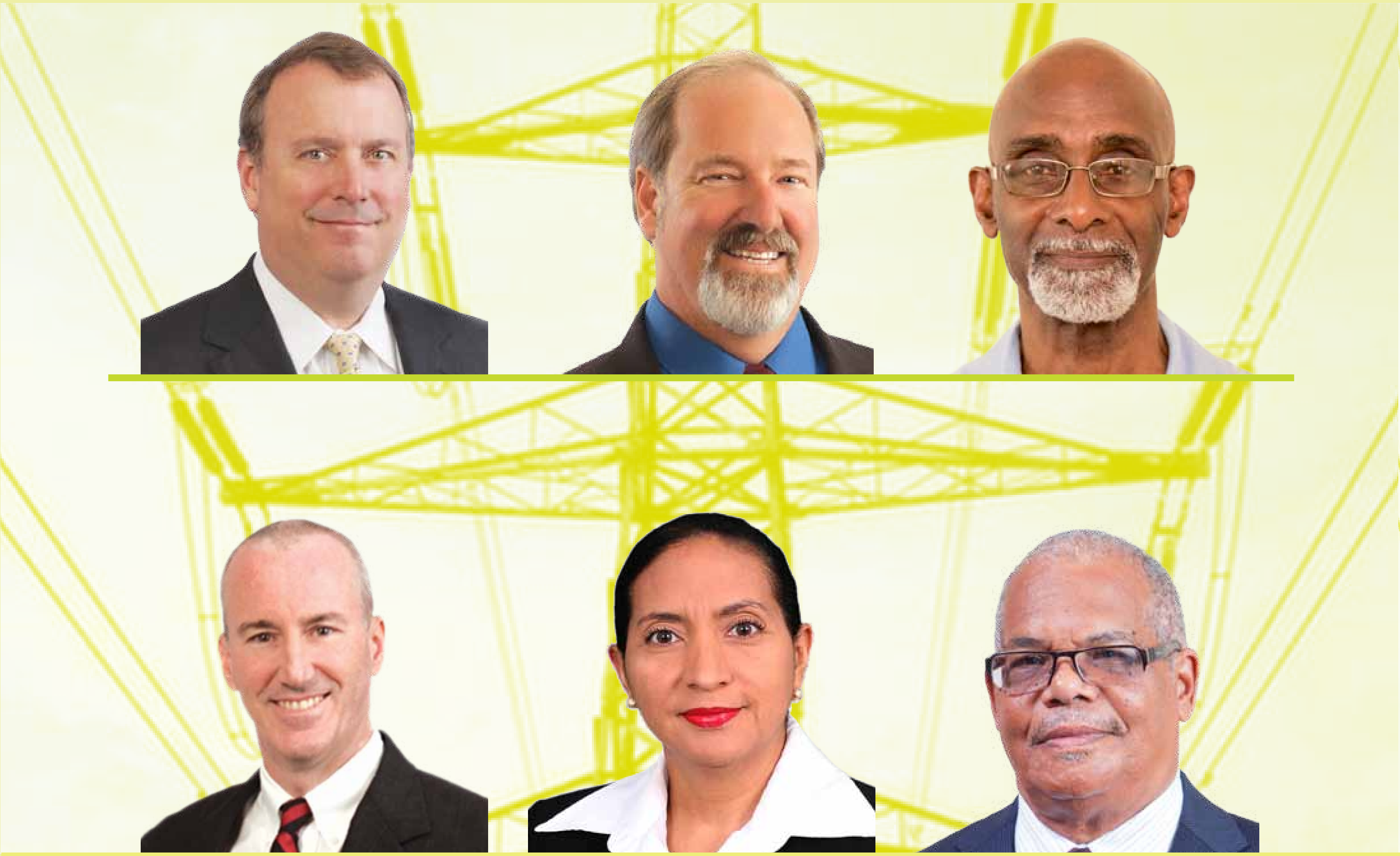
Mitchell and Co.
Grand Anse
St. George, Grenada

AUDITORS

PKF Accountants and Business Advisers
Pannell House
Grand Anse
St. George's, Grenada


grenlec
grenlec
ENERGISING
Your Business

BOARD OF DIRECTORS



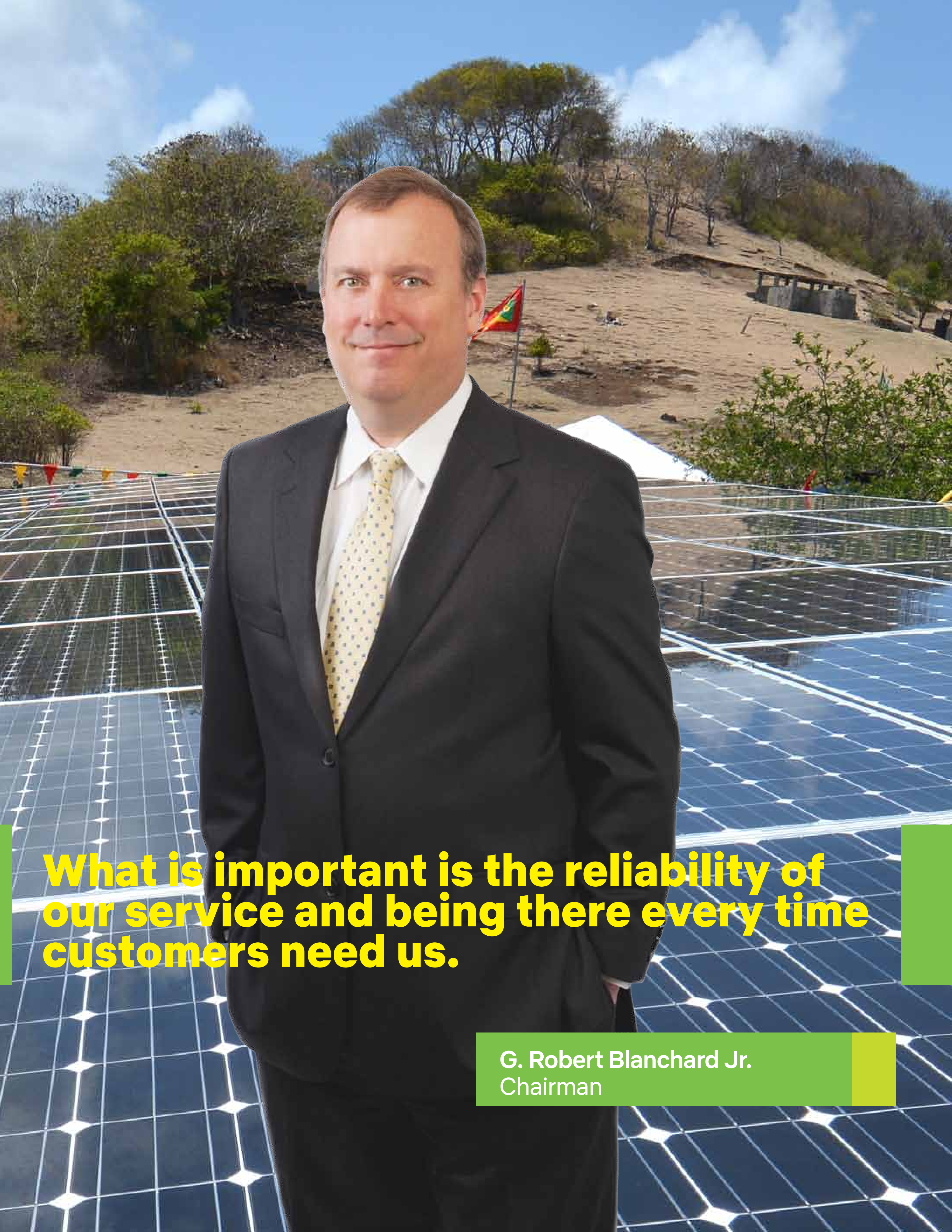
TOP LEFT: Mr. G. Robert Blanchard Jr. – Chairman, Mr. Robert Blenker, Dr. Bert Brathwaite,
BOTTOM LEFT: Mr. Robert Curtis, Ms. Winnifred Duncan-Phillip, Mr. Ashton Frame

Twenty five years of lighting the way in every corner of Grenada, Carriacou and Petite Martinique.

BOARD OF DIRECTORS

TOP LEFT: Ms. Linda George-Francis, Mr. Duane Noel, Mr. Edward Parry
BOTTOM LEFT: Ms. Deborah Roseman, Mr. Murray Skeete, Mr. Cleaver Williams,

Twenty five years of lighting the way in every corner of Grenada, Carriacou and Petite Martinique.



What is important is the reliability of our service and being there every time customers need us.

G. Robert Blanchard Jr.
Chairman

As we are all aware, COVID-19 has transformed the world, our lives and business environment. While the circumstances raise unique challenges, our customers are relying on us more than ever to sustain their critical services, businesses and day-to-day activities. In this environment, our business and others are adapting to meet shifting requirements and conditions that are vastly different from the 2019 financial year, which this report reviews. While these challenges are significant, I have every confidence that our team has and will continue to rise to the occasion.

CELEBRATING 25 YEARS OF SUCCESSFUL PRIVATE PUBLIC PARTNERSHIP

October 2019 marked the 25th anniversary since the privatisation of Grenlec. This allowed all of us to become partners with the Government and people of Grenada in an enterprise that has served our customers, our shareholders and Grenada well. More than marking 25 years of time, we are celebrating the significant achievements that have earned our Company the reputation as one of the best electric utilities in the Caribbean. I am so proud of the Company we have built, the standards we have set and the service that we deliver to our residential and commercial customers every day. The results are aptly captured in a video documentary and represent successful strategies and investment in our people, processes and infrastructure over the years.

2016 ELECTRICITY ACT

The 2016 Electricity Act (EA) was gazetted on July 28, 2016 with a commencement date of August 1, 2016. This Act also made a provision for the establishment of a Public Utilities Regulatory Commission (PURC) and the appointment of three Commissioners was first gazetted on October 6, 2017. Almost three years following the commencement of the EA, on July 19, 2019 the PURC was formally launched.

As indicated in correspondence issued to shareholders in February 2020, in mid-December 2019, a number of draft regulations were finally circulated to Grenlec by the PURC. For the eight draft regulations a period of twenty-five days was provided for written responses from the Company and the public. The Company contended that the time provided for responses to these highly technical documents was too short, especially given the fact that there was no pre-consultation. The Company requested extensions in the review period and an opportunity for Grenlec to meet with the PURC to discuss the regulations. The PURC initially granted an extension of five days and subsequently granted an additional extension that meant the overall time for responses amounted to sixty days. Our belief remains that this process was fundamentally flawed in both its design and implementation.

In late February 2020, the PURC circulated a list of dates and invited the Company to participate in public consultations on the various draft regulations. As required, by March 3, 2020, the date of the first public consultation, the Company began to submit its written responses to the draft regulations. As time did not permit, the Company was forced to provide feedback without the benefit of consultants to advise on the effectiveness of the proposed regulations.

This timeline, throughout the report, highlights some of our significant achievements over the last 25 years.

[1994-2009]

Energising businesses
2,503⇨7,123 commercial customers.

[1994-2009]

Generating electricity
83.6 GWh⇨239.1 GWh.

In our review of both the network and generation licences, the Company identified contentious clauses that stated the following:

Transfer of shares of GRENLEC to the Government.

"When the Term of this Licence expires in accordance with Part II.C.2, the property of all shares of GRENLEC held by private persons shall be irrevocably transferred to the Government of GRENADA free of charge and without payment for such transfer."

This was one of the issues raised with all shareholders in the correspondence dated February 11, 2020.

In addition to written comments, Company officials also took the opportunity to highlight the areas of the regulations that can be strengthened or improved during the various consultations. During the first round of consultations, the Chairman of the PURC assured participants that the clause relating to the transfer of shares will be expunged. But the fact that this provision was even considered, much less included, highlights the poorly thought out process to which we were subjected.

Grenlec fully supports independent regulation, in which decisions aren't dictated by consumer advocates, the utility or political influence and wherein the processes for decision making are based on sound regulatory practices aimed at fostering balance, fairness and maintaining the high standards of service and reliability that customers have come to expect. While regulations can be changed, given their far-reaching consequences on utilities, shareholders and customers, it is important that the process to establish them be balanced and open, providing the opportunity for broad participation.

UPDATE ON ACTION ARISING FROM THE 2016 EXTRAORDINARY GENERAL MEETING (EGM)

In 2018, GPP/WRB took full financial responsibility for the ICSID arbitration process, recognising that hopes of a negotiated settlement that would benefit all shareholders were unlikely to be realised.

Following extensive written submissions by both parties, in June 2019, the ICSID arbitration panel heard the cases of WRB and the Government of Grenada.

On 19 March 2020, WRB/GPP and the Government of Grenada were notified by ICSID of its Award in the arbitration. While the award document itself is quite lengthy, the salient points are as follows:

i. The Government is to pay the WRB/GPPs Second Schedule Compensation assessed at USD $58,427,962;

ii. The Government is to reimburse the WRB/GPPs for advances to ICSID in the sum of USD $239,972.37;

iii. The Government is to pay the WRB/GPPs' Attorneys' Fees and Disbursements in the sum of USD $6,333,142.51;

iv. The Government is to pay pre-Award and post-Award interest on the amount listed in (i) compounded annually from 3 May 2017 until fully paid;

v. The Government is to pay interest on the amounts listed in (ii) and (iii) compounded annually from the date of the Award until fully paid;

vi. WRB/GPP will reimburse GRENLEC the sum of USD $522,353.15 for legal and accounting services.

It is regrettable that Government's uncollaborative approach to electricity reform, resulted in this arbitration. Until Government fulfills the conditions set forth in the judgement, GPP/WRB will continue working with Grenlec's management and staff to provide the top-quality electricity service that our customers expect and deserve.

FINANCIAL PERFORMANCE

2019 was no exception and our team again delivered great service and results for shareholders, improving the Company's financial performance over 2018.

Profit before tax of $34.40M was 41.7% higher than the $24.28M in 2018. This increase was due to a significantly improved fuel cost recovery rate and kWh sales growth of 4.3%, while operating and finance costs remained at the same levels as 2018. Not surprisingly, the return on invested capital of 25.3% was higher than the 19.6% of 2018.

[1994-2009]

Caring for communities through Grenlec's Community Partnership Initiative (GCPI).

[1994-2009]

Enhancing customer service through continuous investment.

[2019]

Installed capacity (Grenlec + customers) of 3.27MWp with 150+participating residential and commercial customers.

DIVIDENDS

Your Company's earnings per share (EPS) of $1.24 in 2019 was higher than the $0.98 cents of 2018. This is an indication that our hard work and focused execution has positioned us for continued profitability, meaningful value creation and increased returns for our shareholders.

Total dividends paid of $0.52 in four quarterly payments of $0.13 per share was the same as that paid in each of the years since the special dividend of 2016. Your Board has exercised prudence by awaiting the pending regulations from the PURC to understand the operating environment before seeking to adjust your quarterly dividend payment.

Your shares listed on the ECSE traded at $10.00 per share in 2019 and listed at a price of $10.00 per share as of March 11, 2020.

UPDATE ON CONSTITUTIONAL CHALLENGE OF 5% 'SOCIAL FUND' LEGISLATION

On July 31, 2019, a judgment was delivered in favour of Grenlec regarding the filing of a challenge to section 70 of the Electricity Act. Grenlec's claim was that this section, which required a network licensee to pay 5% of its pre-tax profits to a social fund to be managed by a Committee appointed by the Minister for Public Utilities, was unconstitutional.

The judgment meant that the Company reinstituted its Grenlec Community Partnership Initiative (GCPI) based on 5% of pre-tax profits, in accordance with the Share Purchase Agreement between the majority shareholder Grenada Private Power (GPP) and the Government of Grenada.

The ultimate determination of this issue, like all of the other regulatory issues, remains an open question until the initial regulatory process is completed.

OUR TEAM

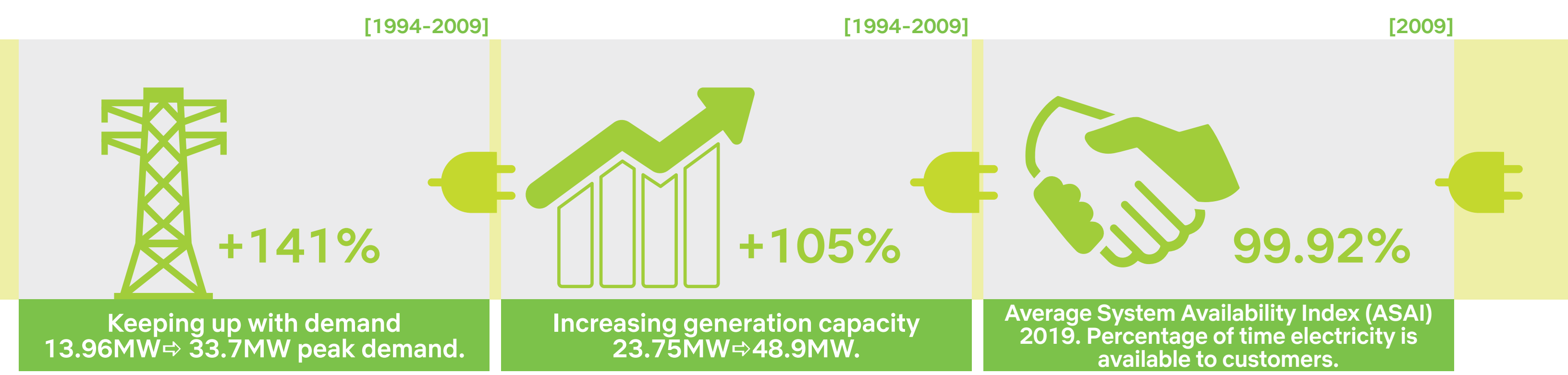
At the AGM on May 9, 2019, Dr. Bert Brathwaite was elected to the Board replacing Mr. Russ Fielden. We thank Mr. Fielden for his invaluable contributions during his year of service to the Board. We welcomed Dr. Brathwaite who is expected to make significant contributions to the Board and Company. To the remaining Directors, thank you for your continued service to our Company.

We are grateful to the cadre of managers, supervisors and other team members who make a supreme effort daily to maintain our systems and serve our customers. Thank you for your role in our success in 2019 and over the years.

Certainly, one reflection of the last 25 years is of the aftermath of Hurricane Ivan, which was challenging for Grenlec and Grenada. While the situations are beyond comparison, I believe that the resilience that sustained us after Ivan will serve us during this difficult time when our world and Grenada are fighting the COVID-19 pandemic.

The challenges now are among the toughest we have faced, but I am confident that we will triumph together. I wish for good health and the wellbeing of you and your loved ones as we meet the future head on.

G. Robert Blanchard Jr.
Chairman



MANAGEMENT TEAM

Collin Cover
General Manager

Benedict Brathwaite
Financial Controller

Dwayne Cenac
Manager, Planning and Engineering

Wallace Collins
Manager, Carriacou and Petite Martinique

Prudence Greenidge
Manager, Corporate Communications

Clive Hosten
Chief Engineer

Selcrest Husbands
Manager, Generation

Jeffrey Neptune
Manager, Information Systems

Casandra Slocombe
Manager, Customer Services

Eric Williams
Manager, Transmission & Distribution

Jacquline Williams
Manager, Human Resources

[2019]

$28M
Increasing resilience

Hurricane reserve.
Ensuring ready access to resources and capital in the event of a natural disaster.

[1994-2009]

41%
IMPROVEMENT
12.12% - 7.14%

Over the last 8 years, system losses kept near or below 8%, with a record low of 7.14% in 2019.

[1994-2009]

CONTROLLING COSTS TO CUSTOMERS - RESIDENTIAL:
EC $0.3831-EC $0.4057

Non-fuel charge increased less than 3 cents over 25 years.

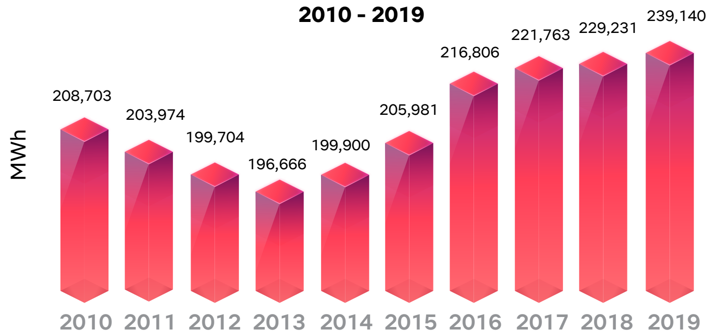

grenlec
ELECTRIFYING
Your Life

MANAGEMENT REVIEW AND ANALYSIS

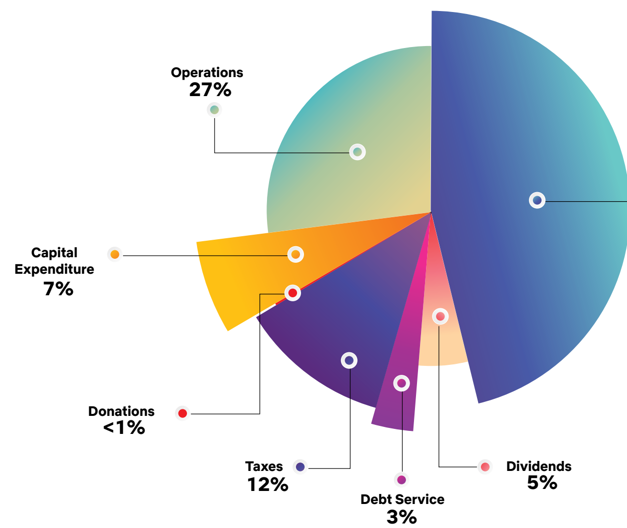
OVERVIEW

- Highest gross generation on record 239.14GWh, an increase of 4.3% over 2018.
- Renewable energy generation rose by 2.9% to 1.64GWh
- Highest peak demand of 33,700kW in September was an increase of 3.6%.
- KWh sales grew by 4.3%.
- Revenues were $192.47M.
- Pre-tax profits were $34.40M.
- System losses were 7.14%.
- Return on equity was 23.6%.
- Grenlec Community Partnership Initiative (GCPI) reinstituted following favourable legal judgement.
- 2-year Lineman and Generation Apprenticeship Programme started with 21 trainees.

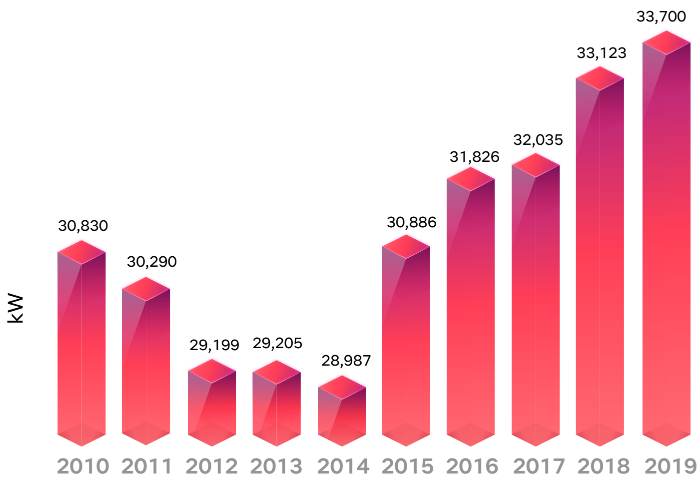
**Gross Generation
2010 - 2019**



Gross generation improved by 4.3% to 239.14GWh, the highest on record. Monthly gross generation was in excess of 20GWh for six months in the year with August and October exceeding 21GWh.



**Peak Demand
2010 - 2019**



A new peak demand of 33,700 in September was an increase of 3.6% over 2018. The monthly peak demand remained over 30MW for all twelve months of the year.

HOW GRENLEC'S DOLLAR WAS SPENT IN 2019

Fuel	$89,735,493
Dividends	$9,880,000
Debt Servicing	$5,975,126
Taxes (Income, VAT, Env Levy, Stamp)	$23,034,976
Donations	$97,997
Capital Expenditure	$12,475,993
Operations	$52,867,682
TOTAL	**$194,067,267**

[2014]

Installation of solar plant at Citern, Petite Martinique.

[2011]

A photographer's rendering of Grenlec's new headquarters.

[1994]

New Power Station, new Transmission and Distribution building, upgraded facilities.

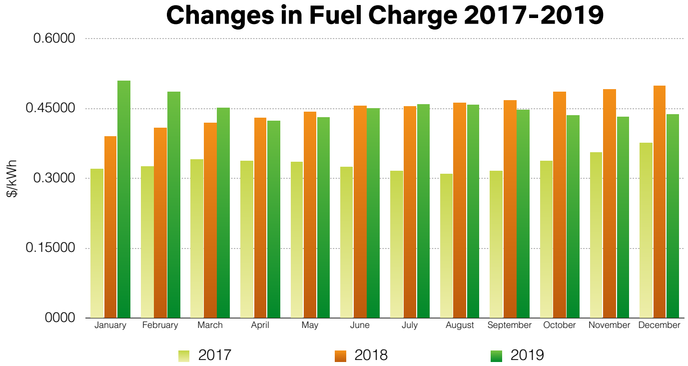
FINANCIAL REVIEW

Grenlec recorded net profit before taxes of $34.40M, an increase over $24.28M in 2018. Fuel cost recovery rate of 110.2% exceeded the 100.5% of 2018 and was a significant factor in the comparison of the financial performance between 2018 and 2019.

Fuel Cost and Fuel Charge

Over the course of 2019, world fuel prices averaged USD57 compared to USD65.23 in 2018. The December average of USD59.88 was well above the USD49.52 of December 2018. The fuel charge mechanism has continued to work well with the three-month rolling average resulting in electricity rates adjusted in correlation to changes in fuel prices. This mechanism has reduced volatility in rates thereby ensuring that customers and the Company are able to adjust for the impact of fuel price movement.**Non-Fuel Rate Adjustment**

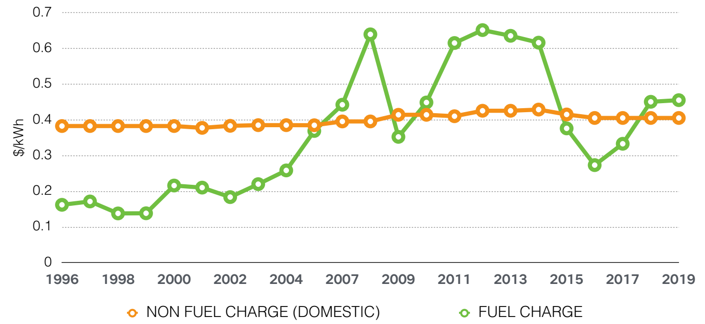
Changes in Fuel Charge 2017-2019



While the fuel prices generally fell in 2019, the average fuel charge was marginally higher than in 2018 when fuel prices generally increased

Since passage of the 2016 EA, the regulations guiding rate adjustments have not been enacted. Consequently, the non-fuel rates of the Company have remained at $0.4375 per kWh for commercial and $0.4057 for residential customers as existed at January 1, 2016. In December 2019, the Public Utilities Regulatory Commission (PURC) circulated draft regulations for public discussions in 2020.

Electricity Charges 1996-2019



The non-fuel charge remained the same in 2019. Over the last 25 years, the non-fuel charge has only increased by less than 3 cents.

Sales

In Grenada's 2020 budget presentation the estimated growth for 2019 was stated at 3.2% in real terms. This maintained what appears to be a direct link between growth in the economy and kWh sales growth that we have seen over several years except for 2017.

KWh sales growth of 4.3% in 2019 when fuel prices billed generally decreased during the year was equivalent to the 4.4% growth in 2018 when fuel prices billed generally increased over the course of the year. Monthly records for kWh sales were set in eleven of the twelve months. In the last quarter, growth of 7.9% was the highest in any quarter since 2010.

The average annual consumption per customer increased by 10.3%, 2.3% and 0.8% for the industrial, commercial and domestic sectors respectively.

2019 Sales

Customer Categories	Units (GWh)	%	Increase in kWh sold over 2018 (MWh)
Domestic	82.68	56.0	2,176
Commercial	123.01	38.5	6,054
Industrial & Street Light	12.10	5.5	816
Total	217.79		8,872

Number of Customers	2019	2018	Increase
	52,301	51,218	2.10%

[1994-2009]

Supporting Carriacou's cultural festivals.

[1994-2009]

Celebrating the impact of Grenlec's Community Partnership Initiative.

[2009]

Handing over of ceremonial key for Emergency Shelter.

Total Revenues

	2019	2018	Change from 2018-2019	Notes
Total Revenue (EC$M)	$192.47M	$181.74	$10.75M increase	This increase was primarily due to a 31.6% higher average fuel charge as average fuel prices paid by the Company increased.
Average Fuel Prices/Imperial Gallon paid by Grenlec (EC$)	$7.16	$7.67	$0.51 decrease	Decrease resulted from lower world fuel prices.
Average Fuel Charge paid by Customers (EC cents)	46 cents	44 cents	2-cent increase	The fuel charge of any month consists of the average cost of fuel for the three previous months. This was enacted into law since the 1990's to cushion customers from sudden increases in world fuel price.
Revenue from Non-fuel Charge (EC$M)	$90.18M	$86.67M	$3.51M increase	Comparable to the 4.%. increase in kWh sales.

Sundry revenues increased by $2.01M due to increases in the amounts collected for pole sharing agreements as well as collection of $0.55M from two customers that had previously been written off.

Net Fuel Cost Recovery

The fuel cost recovery rate of 110.2% was well above 100.5% in 2018 and 100.4% in 2017. In 2019, fuel prices decreased in the first two months and then fluctuated over the balance of the year with a high of $7.61/I.G and a low of $7.00/I.G. Given the three-month average in the calculation of the fuel charge and particularly the roll over benefit from the end of 2018, the result was a positive fuel cost recovery rate. Net fuel revenue of $9.13M was well above the $0.42M of 2018.

Changes in fuel prices together with operational efficiency movements impact Grenlec's fuel cost recovery rate. A positive movement in system losses that was lower by 0.13% in 2019 was offset by an adverse fuel efficiency performance of 0.32%. This meant that the fuel cost recovery rate was almost totally due to fuel price movement. As prices generally trended downwards, the average fuel price paid by the Company was $7.16/I.G in comparison to $7.67/I.G in 2018.

Non-Fuel Operating Expenses and Finance Costs

Non-fuel operating expenses of $55.75M were $0.07M more than the $55.68M of 2018. This can be attributed to the fact that the cost of maintenance of generators remained at the same levels as 2018. Like 2018, significant maintenance was undertaken with expenses related to overhauls and maintenance of engines at $8.31M, equivalent to the $8.60M of 2018. The other departments all had favourable variances in relation to budget as Management exercised tight controls on expenses.

Finance costs increased by $0.02M mainly due to new borrowings of $3.72m as the Company funded the purchase of two generators with a loan from CIBC FirstCaribbean. Other capital expenditure and system improvements were financed from the Company's operating cash flows.

[2015]

Customers responding to LED street lighting survey.

[2008-2019]

Grenlec's first Debates champion (2018).

[2009]

Construction of Grand Anse sub station.

Financial Position

	2019	2018	Change from 2018-2019	Notes
Total Assets (EC$M)	$205.72M	$179.13M	$26.59M increase	The primary drivers for this increase was investment in fixed assets in the amount of $18.81M, and an increase in cash and cash equivalents of $11.27M.
Total Liabilities (EC$M)	$105.49M	$92.62M	$12.87 increase	The increases are mainly due to deferred tax, new lease liability re IFRS16, GCPI balance and increased provision for profit sharing because of the profitability of the Company.
Net Assets (EC$M)	$100.23M	$86.51M	$13.72M increase	
Retained Earnings (EC$M)	$39.89M	$28.17M	$11.72M increase	
Return on Invested Capital (%)	25%	20%		
Debt to Equity Ratio (%)	37%	43%		

The Company continued to operate well within all of its stipulated debt covenants such as the current and debt service coverage ratios which stood at 2.27:1 and 5.3:1 respectively.

	2019	2018	Change from 2018-2019	Notes
Trade Receivables (EC$M)	$19.07M	$18.38M	$0.69M (13.9%) increase	• The Customer Services team consistently exceeded their targets ending the year with a positive $1.99M. • The Government of Grenada's receivables remained current for the entire year, ending with a higher balance of $1.44M over $1.36M in 2018 because of kWh sales increase. • Declines recorded in statutory bodies 21.1%, domestic 9.6% and hotels 4.8%. • Increased balances in the industrial (39.7%) and commercial (15.4%) sectors.
Debtor Days Outstanding	34.13 days	34.80 days	Decrease of 0.67 days	This would have decreased further, but for a large customer making their payment due in January 2020 rather than December 2019 when it was due.

Our customers have consistently met their obligations in a timely manner, allowing us to manage our receivables. For this, we are forever grateful.

Cash Flows

Cash flows generated from operations are generally determined by the amount and timing of cash received from customers and payments made to vendors as well as the nature and amount of non-cash items. The $37.91M from operating activities in 2019 was higher than the $30.31M of 2018. This was due to higher profits of $11.07M, an increase in provision for profit sharing because of the profitability and the small payments related to the 5% GCPI in 2019, which was suspended for much of the year.

[2016]

Grand Mal playing field lighting.

[2016]

Grenlec hosts CARILEC HR, Communications and Customer Service Conference.

Cash flows used in investing activities consists primarily of capital expenditure. In 2019, there was a net outflow of $16.15M of which expenditure related to new assets amounted to $12.48M.

Cash flows from financing activities relate to supplemental cash provided both for day-to-day operations and capital requirements as needed. During 2019, regular dividends totaled $9.88M and principal repayments on the CIBC loan amounted to $4.10M. A new loan of $3.72M meant net cash used in financing activities of $10.48M was less than the $11.88M of 2018.

The overall increase in cash and cash equivalents for the year was $11.27M.

Risk Management

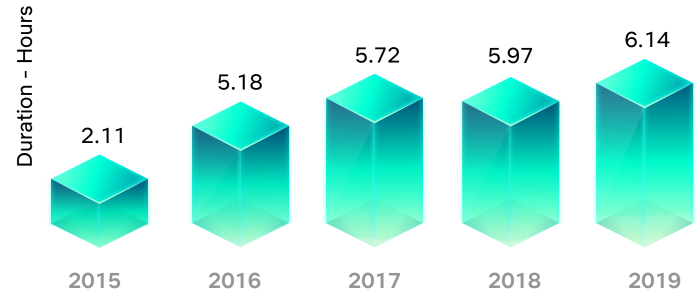
The Hurricane Reserve, which increased to $28M by the end of 2019, mitigates the risk of natural disasters that might affect our distribution system. The fund is now well above the level of the expenses ($17M) that resulted after Hurricane Ivan. Continuous maintenance is being done on the system in order to keep the system robust and so minimise the risk of hurricane damage. Additionally, all our other assets are adequately covered by commercial insurance policies.

The Hurricane Reserve which was restated in 2015 to shareholders' equity is not available for distribution to shareholders.

While hurricanes remain our primary focus because of our historical perspective, we will continue to ensure that systems are in place to mitigate all other identified areas of risk such as operational, credit, interest rate, exchange rate and liquidity. Management and or Committees of the Board monitor these.

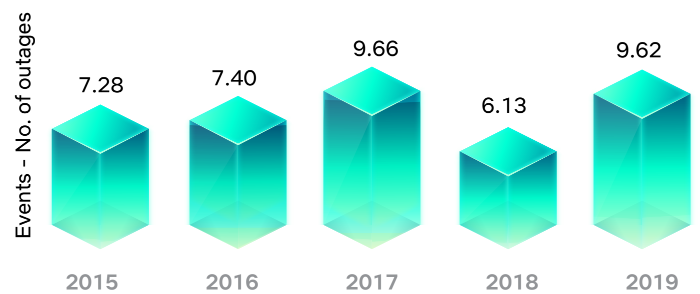
RELIABILITY

SAIDI - System Average Interruption Duration Index 2015 - 2019



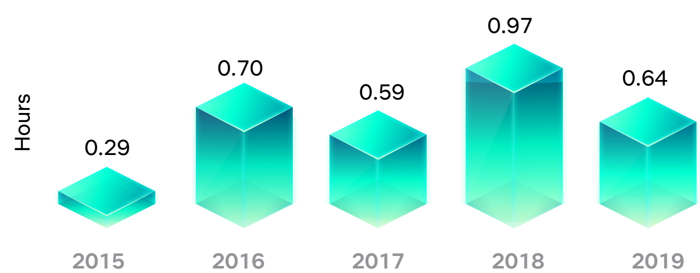
SAIDI is the average duration of interruptions per customer during the year.

SAIFI - System Average Interruption Frequency Index 2015 -2019



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

CAIDI - Consumer Average Interruption Duration Index 2015 - 2019



CAIDI is the average duration of an interruption.

[2015]

Launching new look Grenlec.

[1999]

New fuel storage facility at Queen's Park.

Annual Contributions to Sport.

Increased Electricity Demand from New Projects

A total of 2.308 MVA of transformer capacity was added to the transmission and distribution network. This was directly related to the commissioning of new construction projects.

Ongoing Distribution Network Maintenance Programme

Continuation of routine maintenance contributed to maintaining reliability and improving efficiency. Among these ongoing maintenance programmes were:

- Replacement of rotted poles and pole hardware.
- Vegetation management to control trees from getting in contact with the energised circuits that would usually result in power outages.
- Inspections and tests on field protective devices and transformers. As a result, several transformers were identified and replaced.

Linemen upgrading network.

Wartsila and MaK Audits to Improve Efficiency and Reliability

The Company engaged our generation plant equipment manufacturers, Wartsila and MaK, to do machine audits, which will address reliability issues identified, assess the health of the assets and review Grenlec's work practices. This work will guide improvements in the operations to improve efficiency and reliability.

GIS Day Celebrations

Grenlec joined the global celebration of Geospatial Information System (GIS) Day, with a day of activities promoting GIS knowledge and awareness among team members. The activity highlighted the significant functional areas and systems within the operations that rely on GIS or Global Positioning System (GPS) technology:. These areas include outage management, asset management, automatic vehicle location and staking (design of lines and placement of poles).

Transformer Preventative Maintenance Programme

A preventative maintenance program was implemented to identify and prioritize transformers which may be overloaded. The programme combined energy (kWh) data from the Customer Information System (CIS) with transformer data (size and connected customers) from the GIS to calculate the likelihood of a transformer being overloaded. This approach allowed our team to quickly identify and upgrade or replace high risk pole top transformers before they failed.

Carriacou Network Audit

An audit and update of the primary distribution network in Carriacou was performed. Modifications to the network over the past four years were captured and used to update the GIS model for Carriacou. This updated model will facilitate more accurate engineering analysis of the electrical network in Carriacou.

Annual Customer Promotions

[2009]

Construction of Queen's Park sub station.

[2018]

Relocation of Grenville Customer Care Centre.

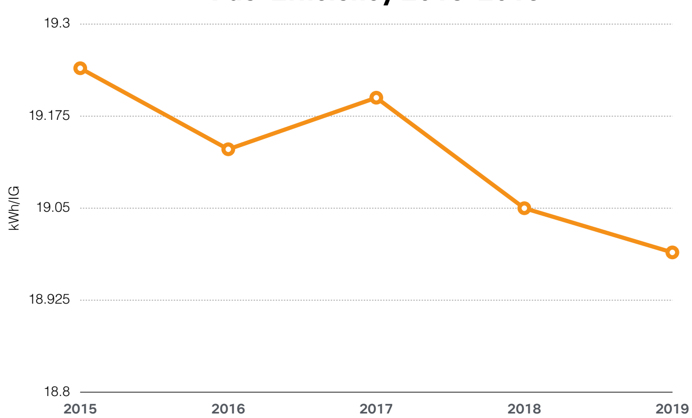
Beausejour Power Plant Control System Upgrade

The Beausejour Power Power Plant in Carriacou has 3 Cummins engines and one Caterpillar engine. The control systems on the Cummins engines were incompatible with that of the Caterpillar engine and it made the control of plant's generators very difficult when the Cummins engines and the Caterpillar engine were running simultaneously. In February of 2019, a major milestone occurred when a new control system was installed in the plant, which could smoothly control generators regardless of the unit's manufacturer. This allowed the total 3,200kW installed capacity to be fully exploited.

EFFICIENCY

Grenlec continued to focus on efficiency, implementing audits and modifying processes to manage losses Together with continued cost containment initiatives, this focus has helped Grenlec maintain its financial performance, while safely delivering reliable service.

Fuel Efficiency 2015-2019

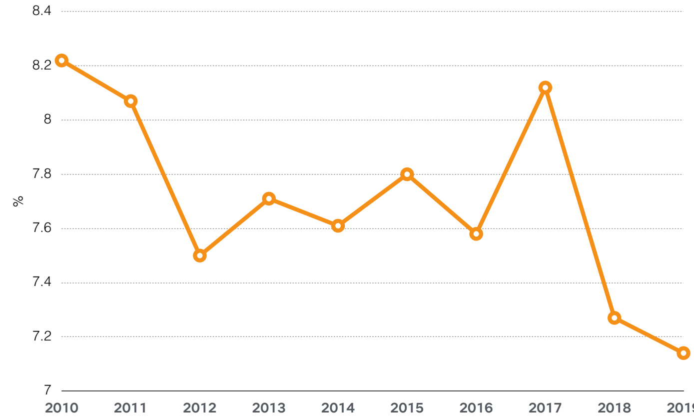


There was a decrease in fuel efficiency from 19.05kWh/IG in 2018 to 18.99kWh/IG in 2019. Given this decline, the Company the Company commissioned manufacturer audits as well as a number of overhauls to improve efficiency and reliability.

System Losses Improvement

The Company also continues to focus on improving system losses which has a direct and significant impact on profitability.

System Losses 2010 - 2019



For the second year in succession, the Distribution team supported by the engineering skills of the Planning and Engineering department have combined to lower system losses from the 2018 record of 7.27% o 7.14%.

High Voltage line upgrade was completed on sections of the Grenville and Gouyave Feeders. Approximately 11,000 linear feet of conductors were replaced to improve the voltage, reliability and quality of supply to communities in St. John and St. Patrick. The larger size conductors have increased the current carrying capacity of the circuit. This work was also undertaken to reduce losses.

[1999]

New distribution facility, Grand Anse.

[2015]

Annual contributions for traditional mas.

[2015-2019]

Electric Vehicle Pilot Programme.

BUILDING CAPACITY

Consistent with the Company's ethos of expanding and sharpening skills-set, training was facilitated for more than 90 team members in technical, non-technical and leadership areas. Among these were:

- CARILEC – Negotiating a Financeable Power Purchase Agreement for Renewable Energy.
- Financial Management Services Seminar.
- Managing for Results.
- Performance Management.
- Public Utilities Research Center at the University of Florida/World Bank International Training Program on Utility Regulation and Strategy.
- Quality Customer Experience Workshop.
- Transformational Thinking Workshop.

The Company was also privileged to host 20 secondary and tertiary students for internships.

Apprentice learning on the job.

21 New Apprentices in Distribution and Generation
A two-year Lineman and Generation Apprentice Programme commenced with fourteen successful applicants in the lineman group and seven in generation. This programme is a critical element of the Company's employee succession plan.

Regional and International Certification of 7 Linemen

For the first time, the Company facilitated training for seven linemen, who attained regional and international certification. This certification as Journeymen is one of the highest levels of attainment in their field.

SAFETY

Year	2015	2016	2017	2018	2019
Lost-Time Injury Frequency Rate (No. of accidents x 200,000/ actual work hours)	1.0	1.5	1.0	1.5	1.8
All Injury Frequency (AIF) Rate (includes days lost because of injury, injuies for which medical treatment is sought and fatalities x 200,000 / exposure hours)	2.2	1.7	1.0	2.7	3.8
Lost-Time Injury Severity Rate (No. of lost days x 200,000 /exposure hours)	6.4	8.7	11.1	32.6	11.5
Vehicular Incident Frequency Rate /1 million	6.8	1.2	1.2	3.6	4.6

Annual contributions to health.

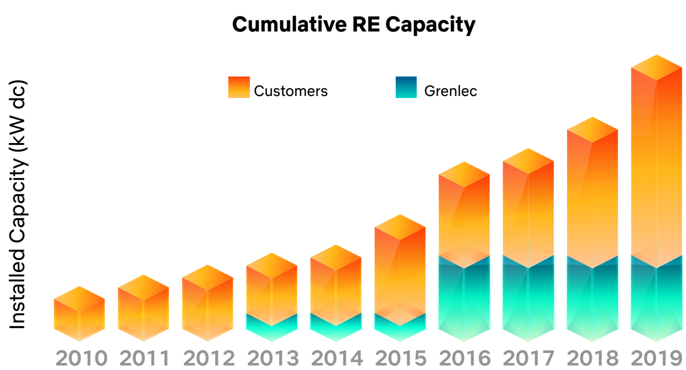
Annual support for Women's Cricket Development Programme.

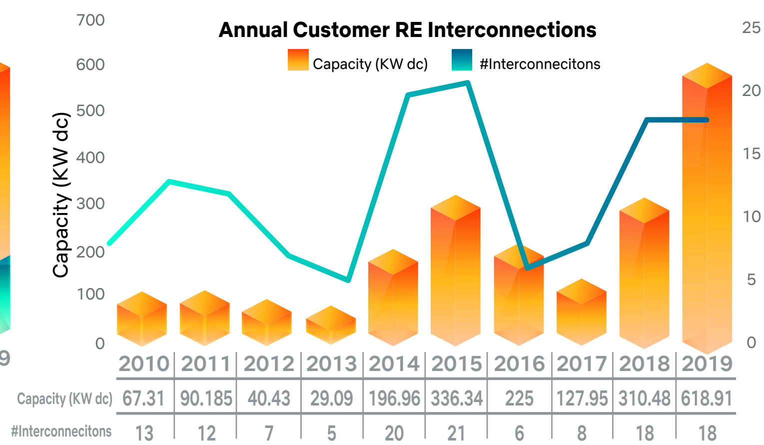
Solar installations for 6 Care Institutions.

RENEWABLE ENERGY (RE)

RE Benefits					
Metric	Unit	**2019**	**2018**	**Increase**	**Growth Rate**
Grenlec RE Interconnected Capacity	MWp	1,119.39	1,119.39	0.00	0.0%
Customer RE Interconnected Capacity	kWp	2,154.69	1,535.78	618.91	40.3%
Total RE Interconnected Capacity	kWp	3,274.08	2,655.17	618.91	23.3%
Grenlec RE Generation	kWh	1,523,559	1,656,286	-132,727	-8.0%
Customer RE Generation	kWh	2,137,158	1,646,000	491,158	29.8%
Total Net RE Generation	kWh	3,660,717	3,302,286	358,431	10.9%
Total Net Diesel Generation	kWh	228,232,677	218,644,353	9,588,324	4.4%
Total Net Generation (Diesel + RE)	kWh	231,893,394	221,946,639	9,946,755	4.5%
RE penetration	%	1.58%	1.51%	0.07%	4.5%
Average homes supplied	homes	2,033.73	1,835	199.13	10.9%
Avoided diesel quantity	USG	231,272	207,066	24,205	11.7%
Avoided CO2 emission	kg	2,346,228	2,100,668	245,560	11.7%
	metric tonnes	2,346	2,101	246	11.7%
Grenlec RE % of peak demand	%	3.32%	3.38%	-0.06%	-1.8%
Combined RE % of peak demand	%	9.71%	8.02%	1.69%	21.1%

Key metrics used to track RE for both Grenlec and customer-owned systems. The reduction in generation from Grenlec RE systems was mainly due to maintenance issues, which resulted in downtimes for some of our systems.





Historical growth in installed RE capacity for Grenlec and Customer-owned systems. In 2019, Grenlec approved 9 interconnections amounting to 301.52kWp and commissioned 18 systems, adding 618.91kWp to the installed capacity.

Annual participation in Grenlec's Customer RE Interconnection Programme in terms of kW commissioned and number of interconnections. 2019 had the highest customer participation to date in terms of total system installed capacity.

[2004-2005]

Hurricane Ivan restoration.

[2013]

Rooftop solar installation at Grenlec's Grand Anse facility.

[2018]

Renewable Energy Customer Interconnection Programme Initiated by Grenlec in 2007.

CORPORATE SOCIAL RESPONSIBILITY

The Grenlec Community Partnership Initiative, which was suspended in 2017 pending the outcome of a constitutional challenge of Government's 5% 'social fund' legislation, was reinstated in the last quarter following a successful legal outcome for the Company.

Care institutions receive GCPI support.

In November, the Company's GCPI Committee reviewed its procedures, approved annual disbursements and issued a call for concept notes with a deadline of mid-January 2020. At the end of 2019, the total accrued in the GCPI account was $3.6M.

Handing over of Top Hill bus shelter.

Grenlec Debates

The continued industrial action by teachers meant an unavoidable break in the Grenlec Debates, which should have celebrated its 12th consecutive year. After considerable discussions with principals, teachers and other educators, the Company organised a three-day training camp for teams of a maximum six debaters from each secondary school.

Twelve secondary schools, including Bishop's College and Hillsborough Secondary School participated in this collaborative exercise. The Company was honoured to secure experts from St. George's University, the University of the West Indies and Ministry of Education, who delivered on personal and professional development, interactive sessions on research, critical thinking, impromptu public speaking and speech writing. The third and final day of the training programme was an exhibition, during which each team presented speeches.

Interactive module during Debates Camp.

OUTLOOK

Coronavirus, COVID-19 Pandemic

As we entered the new decade, the coronavirus, COVID-19 pandemic became the single most important factor that could affect the outlook of the Company in the short term. Small open economies such as ours are particularly vulnerable to external shocks that might impact tourism and fuel prices etc. COVID-19 can also create internal shocks on productivity to the extent that it causes employees to have long leaves of absence either as a result of contracting the virus or having to stay away from work due to national lockdowns to combat its spread. We hope, in the interest of the country, that the various national measures to contain the spread, the Government's stimulus package to cushion the economy and our Company's actions as well as those of other businesses will minimise the impact.

[2016]

Grenlec's Queen's Park solar installation.

[1999]

New Generation Plant and Administrative building constructed at Queen's Park.

[2016]

Grenlec's solar plant at Plains, St. Patrick.

New Regulations for the Electricity Sector

We have already begun the engagement with the PURC regarding the draft regulations, which were issued in December 2019, nearly three years after the Electricity Act was enacted. Given the fact that there were no pre-consultations, apart from technical issues of the grid codes, we are hopeful that there will be meaningful discussions on various aspects of the drafts. It is in the national interest that the new regulatory environment will be such that it will allow for continued reliable and sustainable utility services at fair and reasonable prices as asserted by the Public Utilities Regulatory Commission (PURC) mission statement. Contingent on this condition, the Company is well positioned to adapt to the new regulatory regime. In preparation, key members of Grenlec's management team have attended an intensive Public Utilities Research Centre/World Bank International Training Program on Utility Regulation and Strategy at the University of Florida.

The ICSID ruling on the arbitration initiated by GPP/WRB Enterprises could mean the present majority shareholder WRB has their shares purchased by the Government of Grenada at some point in 2020. Whether or not this would have any impact on the operations of the Company is left to be seen.

While real GDP growth had been forecast to trend above the projected average ECCU growth rate for 2020 by 3.6% as per the 2020 budget presentation, a decline is now projected due to the COVID-19 pandemic. Given the direct relationship we have seen between GDP growth and kWh sales over the years, this will impact the Company. Additionally, the temporary closure of St. George's University, hotels and other businesses together with a stall in major projects such as CaneCo because of the COVID-19 pandemic will negatively impact sales growth.

World fuel prices saw monthly averages in 2019 that varied between a low of USD51.83 in January and a high of USD63.86 a barrel in April. In December, the average was USD59.88 a barrel. The fuel supply contract with Sol uses a first in first out (FIFO) pricing arrangement, which means that there are delays in the impact of changes in fuel prices on the fuel charge calculation. With the impact of COVID-19 causing a decline in world fuel prices on the WTI to USD 31.50 a barrel on March 13, 2020 it is likely to lead to a significant positive fuel cost recovery for the Company in the first half of the year. This may not be sustainable over the balance of the year and we can even see some of it eroded if fuel prices have a sharp increase at any point in the year.

Our operational capital budget for 2020 of $14.65M includes $3.62M for distribution infrastructure and $3.50M for overhaul capitalisation. Despite having to temporarily suspend construction and schedule skeleton staff because of the mandate for social distancing in the workplace, we hope to complete these projects as they should allow us to maintain the present level of service that we provide.

More than ever, management will need to maintain its efficiency improvement and cost consciousness culture without negatively affecting the quality of services, operations or safety. Our revenues, earnings, liquidity and ability to grow are dependent on the regulations and rates that are set for the electricity sector. Consequently, we await the PURC finalising the tariff mechanism and other regulations as this will be important in determining how we move forward.

It is with great pride that we reflect upon the achievements of 2019 and particularly the prior 25 years that paved the way for our 2019 performance, all accomplished with a tireless commitment to safety.

We are thankful for the dedication of our employees. Their talent, determination and commitment to excellence provide the foundation for future success. Despite the regulatory uncertainty and the COVD-19 pandemic, we hope for another successful year for team Grenlec in 2020.

[2019]

Annual support for education.

A winning entry in Grenlec's 2019 photo contest.

2019 HIGHLIGHTS

Four meetings to update electricians and contractors on standards.

Library handed over to Calliste Government School - a GCPI Partnership with Grenada schools Inc.

Hand over of solar installation to Charles Memorial Home.

Grenlec photo contest winners.

The Lantern Floral Exposition celebrates Grenada's Independence in an explosion of flowers and greenery.

Belair Home for children and adolescents thanks Grenlec for 20 years of support beginning with a $1M gift for the construction of the Home.

Partners kick-off at the newly refurbished playing field of the Anglican High School.


grenlec
CONNECTING
All Students

Pannell House | P. O. Box 1798 | Grand Anse | St. George's
Grenada | West Indies
Tel (473) 440-2562/3014/2127/0414
Fax (473) 440-6750 | Email pkf@spiceisle.com

PKF

Accountants & business advisers

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

Opinion

We have audited the financial statements of Grenada Electricity Services Limited, which comprise the statement of financial position at December 31st, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31st, 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Company's 2019 Annual Report

Other information consists of the information included in the Company's 2019 Annual Report, other than the financial statements and our auditors report therein. Management is responsible for the other information.

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.

Partners: Henry A. Joseph FCCA (Managing), Michelle A. Millet B.A., CPA, CGA (Mrs.), Michelle K. Bain ACCA (Miss.)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED (continued)

Key Audit Matters

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

PKF

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED (continued)

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicated with them all relationships and other matters that my reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Henry A. Joseph.

PKF

GRENADA

March 11th, 2020

Accountants & Business Advisers

Statement of Financial Position at 31st December 2019

(Expressed in Eastern Caribbean Currency Dollars)

ASSETS	Notes	2019 $	2018 $
Non-Current Assets			
Property, plant and equipment	4	100,896,414	87,832,259
Right-of-use assets	5	2,809,205	-
Suspense jobs in progress	6	1,503,749	2,158,140
Capital work in progress	7	2,946,611	8,625,034
		108,155,979	98,615,433
Current Assets			
Inventories	9	20,609,568	18,091,756
Trade and other receivables	10	25,920,133	24,643,400
Financial assets at amortised cost	8	34,437,204	32,457,315
Cash and cash equivalents	11	16,600,292	5,325,629
		97,567,197	80,518,100
TOTAL ASSETS		205,723,176	179,133,533
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	12	32,339,840	32,339,840
Hurricane insurance reserve	16	28,000,000	26,000,000
Retained earnings		39,893,891	28,170,393
		100,233,731	86,510,233
Non-Current Liabilities			
Customers' deposits	13	17,268,893	16,525,518
Long-term borrowings	14	32,283,458	33,034,375
Long-term portion of lease liabilities	5	2,644,405	-
Deferred tax liability	21	10,227,650	6,763,168
		62,424,406	56,323,061
Current Liabilities			
Due to related company		-	117,489
Short-term borrowings	14	4,375,967	4,004,167
Trade and other payables	17	22,540,408	20,148,200
Current portion of lease liabilities	5	246,337	-
Customers' contribution to line extensions	2 (m)	7,282,723	6,286,674
Provision for retirement benefits	15	682,800	193,554
Provision for profit sharing		6,470,412	4,775,925
Provision for income tax		1,466,392	774,230
		43,065,039	36,300,239
TOTAL LIABILITIES		105,489,445	92,623,300
TOTAL EQUITY AND LIABILITIES		205,723,176	179,133,533

The accompanying notes form an integral part of these financial statements

:Director :Director

The accompanying notes form an integral part of these financial statements

Statement of Comprehensive Income
for the year ended 31st December 2019

(Expressed in Eastern Caribbean Currency Dollars)

	Notes	2019 $	2018 $
INCOME			
Sales - non fuel charge		90,180,659	86,669,272
- fuel charge		98,866,692	92,155,050
Unbilled sales adjustments	2 (v)	(136,068)	1,374,043
Gross Sales		188,911,283	180,198,365
Other income	18	3,554,631	1,540,400
Total income		192,465,914	181,738,765
LESS: OPERATING EXPENSES			
Production expenses		17,699,756	17,792,313
Diesel consumed		89,735,493	91,744,790
Administrative expenses		19,289,460	19,773,867
Distribution services		15,731,709	15,287,470
Planning and engineering		3,029,991	2,826,463
Total operating expenses		145,486,409	147,424,903
Operating profit		46,979,505	34,313,862
Less: Finance costs	19	2,547,427	2,531,740
Profit for year before allocations and taxation		44,432,078	31,782,122
ALLOCATIONS			
Less: Donations		2,121,604	1,489,106
Profit sharing		7,910,137	6,015,422
		10,031,741	7,504,528
Profit for year before taxation		34,400,337	24,277,594
Less: Provision for taxation			
Current tax	21	7,332,358	5,032,073
Deferred tax	21	3,464,481	1,461,927
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		23,603,498	17,783,594
EARNINGS PER SHARE		**1.24**	**0.94**

The accompanying notes form an integral part of these financial statements

Statement of Changes in Equity
for the year ended 31st December 2019

(Expressed in Eastern Caribbean Currency Dollars)

	Stated Capital $	Hurricane Insurance Reserve $	Retained Earnings $	Total Equity $
Balance at 1st January, 2018	32,339,840	24,000,000	22,266,799	78,606,639
Dividends paid	-	-	(9,880,000)	(9,880,000)
Allocation for the year	-	2,000,000	(2,000,000)	-
Total comprehensive income for the year: Profit for the year after taxation	-	-	17,783,594	17,783,594
Balance at 31st December, 2018	32,339,840	26,000,000	28,170,393	86,510,233
Dividends paid	-	-	(9,880,000)	(9,880,000)
Allocation for the year	-	2,000,000	(2,000,000)	-
Total comprehensive income for the year: Profit for the year after taxation	-	-	23,603,498	23,603,498
Balance at 31st December, 2019	32,339,840	28,000,000	39,893,891	100,233,731

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows
for the year ended 31st December 2019

(Expressed in Eastern Caribbean Currency Dollars)

	2019 $	2018 $
OPERATING ACTIVITIES		
Profit for the year before taxation	34,400,337	24,277,594
Adjustments for:		
Depreciation on property, plant and equipment and right-of-use assets	7,826,965	6,799,845
Gain on disposal of property, plant and equipment	(80,500)	(174)
Operating surplus before working capital changes	42,146,802	31,077,265
Increase in trade and other receivables	(1,276,732)	(1,702,342)
Increase in trade and other payables	2,392,208	5,487,512
Increase in consumers' deposits	743,375	1,121,022
Increase/(decrease) in consumers' contribution to line Extensions- refundable	996,049	(710,165)
Increase/(decrease) in provision for retirement benefits	489,246	(212,124)
Increase in inventories	(2,517,812)	(879,664)
(Decrease)/increase in amount due to related company	(117,489)	117,489
Increase in provision for profit sharing	1,694,487	180,953
	44,550,134	34,479,946
Income tax paid	(6,640,196)	(4,165,686)
Cash provided by operating activities	37,909,938	30,314,260
INVESTING ACTIVITIES		
Disposal of property, plant and equipment	80,500	500
Decrease/(increase) in suspense jobs in progress	654,391	(536,156)
Decrease/(increase) in capital work in progress	5,678,423	(2,264,667)
(Increase)/decrease in financial assets	(1,979,889)	1,949,620
(Decrease)/increase in customers' contribution to line Extensions- non-refundable	(1,779,091)	741,536
Purchase of property, plant and equipment	(18,808,807)	(10,159,783)
Cash used in investing activities	(16,154,473)	(10,268,950)
FINANCING ACTIVITIES		
Dividends paid	(9,880,000)	(9,880,000)
Payment of principal portion of lease liabilities	(221,685)	-
Proceeds from borrowings	3,718,000	-
Repayment of borrowings	(4,097,117)	(4,004,167)
Cash used in financing activities	(10,480,802)	(13,884,167)
Net increase in cash and cash equivalents	11,274,663	6,161,143
Cash and cash equivalents - at the beginning of year	5,325,629	(835,514)
- at the end of year	16,600,292	5,325,629
REPRESENTED BY		
Cash and cash equivalents	16,600,292	5,325,629

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 Petit Martinique. It is a subsidiary of Grenada Private Power Limited of which WRB Enterprises, Inc. is the majority owner.

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

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

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

The Company employed on average two hundred and forty-six (246) persons during the year (2018- 233).

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Changes in accounting policies and disclosures

(i) New Accounting Standards, Amendments and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31st, 2018 except for the adoption of new standards and interpretations below.

IFRS 16 – Lease (Effective 1st January, 2019)

IFRS 16 supersedes IAS 17 *Leases,* IFRIC 4 *Determining whether an arrangement contains a lease*, SIC 15 *Operating leases-incentives* and SIC 27 *Evaluating the Substance of Transactions involving the legal form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is a Lessor.

The Company adopted IFRS 16 on 1st January, 2019 using the modified Retrospective Approach which did not require restatements of comparative periods. On the adoption date, the entity recorded a right of use asset and lease liability equal to the remaining lease payments due. These amounts are shown in Note 5.

IFRS 9 - Financial Instruments Amendments - Prepayment Features with Negative Compensation (Effective 1st January, 2019)

The amendments to IFRS 9 clarify that a financial asset passes the "solely payments of principal and interest" (SPPI) criterion regardless of the event or circumstances that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The basis for conclusions to the amendments clarified that the early termination can result from a contractual term or from an event outside the control of the parties to the contract such as change in law or regulation leading to the early termination of the contract.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(i) New Accounting Standards, Amendments and Interpretations (continued)

In the basis for conclusions to the amendments, the IASB also clarified that the requirements in IFRS 9 for adjusting the amortised cost of a financial liability, when a modification does not result in derecognition, are consistent with those applied to the modification of a financial asset that does not result in derecognition.

This means that the gain or loss arising on modification of a financial liability that does not result in derecognition, calculated by discounting the change in contractual cash flows at the original effective interest rate, is immediately recognized in profit or loss. The amendments must be applied retrospectively.

These amendments had no impact on the Company as there are no debt instruments with prepayment features with negative compensation.

IFRIC 23 - Uncertainty over income tax treatment (Effective 1st January, 2019)

The IFRIC interpretation clarifies application of the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The adoption of this interpretation had no impact on the Company.

(Expressed in Eastern Caribbean Currency Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

IAS 12 Income Taxes - Amendment – Income tax consequences of payments on financial instruments classified as equity (Effective 1st January, 2019)

The amendments clarify that the income tax consequences on dividends are linked more directly to past transactions or events that generated distributable profits than to distributions of owners. Therefore, an entity recognized the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period.

The adoption of this amendments have no impact on the Company.

(ii) Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Company's financial statements. The Company intends to adopt these standards where appropriate, when they become effective.

- IFRS 17 – Insurance Contracts (Effective 1 January 2022)
- Amendments to IFRS 3 – Definition of Business (Effective 1 January, 2020)
- Amendments to IAS 1 and IAS 8 – Definition of Material (Effective 1st January, 2020)
- Amendments to References in the Conceptual Framework in IFRS Standards (Effective 1st January, 2020)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment (continued)

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

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

Subsequent Expenditure

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

Depreciation

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

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

	% Per Annum
Building and construction	2.5 - 10
Plant and machinery	3.3 - 10
Motor vehicles	15
Furniture, fittings and equipment	12.5 – 20

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, Plant and Equipment (continued)

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

(d) Foreign Currencies Translation

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

EC$2.7169 to US$1.00 - (2018: EC$2.7169)

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

(e) Financial Instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at **amortised cost**:

- the financial asset is held in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Debt instruments that meet the following conditions are subsequently measured at **fair value through other comprehensive income (FVTOCI):**

  - the financial asset is held with the objective to achieve by both collecting contractual cash flows and selling the financial assets; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at **fair value through profit or loss (FVTPL)**.

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Amortised cost and effective interest method (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Impairment

In relation to the impairment of financial assets, the Company uses an expected credit loss (ECL) model which requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The Company records an allowance for expected credit losses for its trade receivables using a simplified approach to calculate ECLs whereby it recognizes a loss allowance based on lifetime ECLs at each reporting date. The ECL on these financial assets are estimated using a provision matrix that is based on its' historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates used in the provision matrix are based on days past due.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Impairment (continued)

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on a financial instrument has not increased significantly since initial recognition the Company recognizes the loss allowance for the financial instrument at an amount equal to 12-month ECL where applicable. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or actual default occurring.

Lifetime ECL represents the expected credit losses that will result for all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset has occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) Significant financial difficulty of the issuer or borrower;
(ii) A breach of contract, such as a default or past due event;
(iii) It is becoming probable that the borrower will enter in bankruptcy or other financial re-organization; and
(iv) The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only 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 nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises 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 recognise the financial asset and recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is:

1) contingent consideration of an acquirer in a business combination,
2) held for trading, or
3) it is designated as at FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Financial Instruments (continued)

Financial liabilities subsequently measured at amortised cost:

Financial liabilities that are not:

1) contingent consideration of an acquirer in a business combination,
2) held-for-trading, or
3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Inventories

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

(g) Trade receivables

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables, being short-term, are not discounted. The Company used a provision matrix to calculate its provision for expected credit loss.

(h) Cash and cash equivalents

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

(i) Stated capital

Ordinary shares are classified as equity.

(j) Trade payables

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

(k) Borrowings

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

(l) Customers' deposits

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Customers' contribution to line extensions

In certain specified circumstances, customers requiring line extensions are required to contribute toward the estimated capital cost of the extensions. Consumer contributions from 2018 that are not eligible for refund are recognised in income in the same period in which the costs are incurred.

Contributions prior to 2018 are amortised over the estimated useful lives of the relevant capital cost at an annual rate of 4.5%. The annual amortisation of customer contributions is deducted from the depreciation charge for Transmission and Distribution provided in respect of the capital cost of these line extensions.

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

(n) Employee benefits

Profit sharing scheme

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

(o) Income tax

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

(p) Provisions

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

2. SIGNIFICANT 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.

(i) *Sale of energy*

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

(ii) *Interest income*

Interest income is recognised on an accrual basis.

(r) Dividends

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

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

(s) Related parties

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

(t) Finance costs

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

(Expressed in Eastern Caribbean Currency Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Provision for impairment of trade receivables

Provision is made as follows:
100% on receivables ≥90 days
50% on receivables ≥60 days
3% on receivables ≥30 days
0.5% on receivables < 30 days

Accounts are written off against the provision when they are considered to be uncollectible. The total provision at 31st December, 2019 amounted to $3,340,520 (2018 - $3,470,372).

(v) Provision for unbilled sales

The provision and adjustment with comparatives at 31st December, 2019 are calculated as follows:

		2019 $	2018 $
Sales revenue for December after discounts		15,748,830	16,020,967
50% of above	= provision at 31/12/19	7,874,415	8,010,484
	= provision at 31/12/18	8,010,483	6,636,441
Increase in provision during the year		(136,068)	(1,374,043)

(w) 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 of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Leases

i) 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 any 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. 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	20 to 60 years
• 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 right-of-use assets are also subject to impairment.

ii) 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.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Leases (continued)

After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The development of estimates and the exercise of judgment in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements are set out below.

Impairment of financial assets

Management assesses at each statement of financial position date whether assets are impaired. An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

Property, plant and equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

Impairment of inventory

Provision is made for slow-moving and obsolete stock on an annual basis.

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Provision for expected credit losses of trade receivables (continued)

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.

Unbilled sales

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

(Expressed in Eastern Caribbean Currency Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Construction	Plant and Machinery	Motor Vehicles	Furniture and equipment	Total
Balance at 1st January, 2018						
Cost	1,864,860	30,575,266	240,078,198	12,356,269	11,769,107	296,643,700
Accumulated depreciation	-	(18,883,285)	(172,141,885)	(9,167,722)	(7,644,344)	(207,837,236)
NET BOOK VALUE	**$1,864,860**	**$11,691,981**	**$67,936,313**	**$3,188,547**	**$4,124,763**	**$88,806,464**
For year ended 31st December, 2018						
Opening book value	1,864,860	11,691,981	67,936,313	3,188,547	4,124,763	88,806,464
Additions for the year	-	11,728	6,923,298	1,857,000	1,367,757	10,159,783
Disposals for the year	-	-	-	-	(326)	(326)
Depreciation charge for year	-	(484,707)	(4,492,429)	(622,352)	(1,200,357)	(6,799,845)
NET BOOK VALUE	**$1,864,860**	**$11,219,002**	**$70,367,182**	**$4,423,195**	**$4,291,837**	**$92,166,076**
Balance at 31st December, 2018						
Cost	1,864,860	30,586,994	247,001,496	14,213,269	13,136,538	306,803,157
Accumulated depreciation	-	(19,367,992)	(176,634,314)	(9,790,074)	(8,844,701)	(214,637,081)
	1,864,860	11,219,002	70,367,182	4,423,195	4,291,837	92,166,076
Less: Customer contribution to line extensions	-	-	-	-	-	(4,333,817)
NET BOOK VALUE	**$1,864,860**	**$11,219,002**	**$70,367,182**	**$4,423,195**	**$4,291,837**	**$87,832,259**

(Expressed in Eastern Caribbean Currency Dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Construction	Plant and Machinery	Motor Vehicles	Furniture and equipment	Total
For year ended 31st December, 2019						
Opening book value	1,864,860	11,219,002	70,367,182	4,423,195	4,291,837	92,166,076
Additions for the year	-	677,285	16,284,185	1,175,659	671,678	18,808,807
Disposals for the year	-	-	-	-	-	-
Depreciation charge for year	-	(609,533)	(4,843,892)	(918,810)	(1,151,508)	(7,523,743)
NET BOOK VALUE	**$1,864,860**	**$11,286,754**	**$81,807,475**	**$4,680,044**	**$3,812,007**	**$103,451,140**
Balance at 31st December, 2019						
Cost	1,864,860	31,264,279	263,285,681	15,388,928	13,808,216	326,611,964
Accumulated depreciation	-	(19,977,525)	(181,478,206)	(10,708,884)	(9,996,209)	(222,160,824)
	1,864,860	11,286,754	81,807,475	4,680,044	3,812,007	103,451,140
Less: Customer contribution to line extensions	-	-	-	-	-	(2,554,726)
NET BOOK VALUE	**$1,864,860**	**$11,286,754**	**$81,807,475**	**$4,680,044**	**$3,812,007**	**$100,896,414**

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 20 to 60 years, while buildings generally have lease terms between 3 and 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 recognised and the movements during the period:

	Building	Land	Equipment	Total
As at 1 January 2019 (adoption of IFRS16)	660,404	2,438,915	13,108	3,112,427
Additions	-	-	-	-
	660,404	2,438,915	13,108	3,112,427
Depreciation expense	(212,114)	(90,458)	(650)	(303,222)
As at 31 December 2019	**$448,290**	**$2,348,457**	**$12,458**	**$2,809,205**

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

	2019
As at 1 January 2019 (adoption of IFRS16)	3,112,427
Accretion of interest	136,406
Payments	(358,091)
As at 31 December 2019	$2,890,742
Less: current portion	**$246,337**
Long-term portion	**$2,644,405**

6. SUSPENSE JOBS IN PROGRESS

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

7. CAPITAL WORK IN PROGRESS

	2019 $	2018 $
Generation	1,650,168	7,707,485
Computers and software upgrades	70,473	15,898
Tools and test equipment	42,416	-
Building	265,987	-
Furniture and equipment	84,795	470,661
Distribution	832,772	417,555
Motor vehicles	-	13,435
	2,946,611	8,625,034

8. FINANCIAL ASSETS

Amortised cost		
Government of Grenada - Treasury Bills	800,066	800,066
Fixed deposit – Republic Bank (Grenada) Limited	10,952,219	10,027,034
Fixed deposit – Grenada Co-operative Bank Limited	9,453,008	8,431,798
Fixed deposit – RBTT Bank Grenada Limited	10,470,931	10,460,471
US$ certificate of deposit- Cayman National	2,760,980	2,737,946
	34,437,204	32,457,315

Included in the above is an amount of $28,002,122.53 for Hurricane Insurance Reserve invested in Treasury Bills and fixed deposits held with the Republic Bank (Grenada) Limited, RBTT Bank Grenada Limited, Cayman National Bank and the Grenada Co-operative Bank Limited.

9. INVENTORIES

	2019 $	2018 $
The following is a breakdown of stock on hand:		
Motor vehicle spares	1,324,746	1,126,339
Distribution	6,749,587	6,316,377
Generation spares	10,711,541	8,902,737
Fuel and lubricating oil	510,644	465,372
General stores	2,770,142	2,553,203
	22,066,660	19,364,028
Less: Obsolescence provision	1,457,092	1,272,272
	20,609,568	18,091,756

10.(a) TRADE AND OTHER RECEIVABLES

Customers' accounts	19,066,904	18,378,502
Less: Provision for impairment of trade and other receivables	3,295,436	3,462,155
Trade receivables- net	15,771,468	14,916,347
Other debtors	936,371	977,940
Less: Provision for impairment of other debtors	45,084	8,218
	891,287	969,722
	16,662,755	15,886,069
Provision for unbilled sales	7,874,415	8,010,484
Prepayments	1,382,963	746,847
	25,920,133	24,643,400

10. (a) TRADE AND OTHER RECEIVABLES (continued)

As of the statement of financial position date, the lifetime expected loss provision for trade receivables is as follows:

	30 days	31- 60 days	61-90 days	Over 90 days	Total
Expected loss rate	0.5%	3%	50%	100%	
Gross carrying amount	$12,665,906	$3,162,575	$216,553	$3,021,870	$19,066,904
Loss provision	$63,320	$95,047	$108,387	$3,028,682	$3,295,436
					$15,771,468

10. (b) PROVISION FOR IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
(i) Customers' accounts		
As at December 31st, 2018	3,462,155	3,290,368
Net change in provision	(166,719)	171,787
As at December 31st, 2019	3,295,436	3,462,155
(ii) Other debtors		
As at December 31st, 2018	8,218	17,993
Net change in provision	36,866	(9,775)
As at December 31st, 2019	45,084	8,218

(Expressed in Eastern Caribbean Currency Dollars)

11. CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash on hand	7,200	6,700
Bank of Tampa	596,453	538,306
Bank of Nova Scotia	6,421,485	760,271
Republic Bank (Grenada) Limited	7,119,357	1,325,872
CIBC First Caribbean International Bank Limited	2,190,752	2,440,236
Grenada Co-operative Bank Limited	265,045	254,244
Cash and cash equivalents in the statement of cash flows	16,600,292	5,325,629

12. STATED CAPITAL

	2019	2018
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 Supply Act (ESA) Schedule 1 to provide a security deposit which is normally equivalent to one (1) month's consumption. Interest accrued is credited to customers' accounts in the first billing cycle of the year. The cash deposit is refunded with accumulated interest when the account is terminated.

14. BORROWINGS

	2019 $	2018 $
Long-term		
CIBC First Caribbean International Bank Limited	36,659,425	37,038,542
Less: Current portion	4,375,967	4,004,167
Total long-term	32,283,458	33,034,375
Short-term		
Total short-term	4,375,967	4,004,167
Total borrowings	36,659,425	37,038,542

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

The loan bears interest at a rate of 4.75% per annum over the first five years and thereafter the interest will be the prime rate less 5.90% subject to a floor of 3.60% per annum. Presently the prime rate is 8.50% per annum. The loan is amortized over a twelve-year period and repayable via 32 quarterly principal payments of XCD$1,001,041.67 with a balloon payment of XCD$16,016,666.56. Interest will be paid quarterly in arrears and accrue on an actual/365-day basis. The facility is collateralized under a first priority mortgage obligation and debenture charge over the fixed and floating assets of the Borrower stamped to cover XCD$48,050,000.

On August 15, 2019 the Company signed a Mortgage Debenture with CIBC First Caribbean International Bank (Barbados) Limited (the Bank) for a credit facility of $3,718,000.00.

The loan bears interest at a rate of 4.75% per annum over the first five years and thereafter the interest will be the prime rate less 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-year period and repayable via 32 quarterly principal payments of XCD$92,950.00 plus quarterly interest payments.

The Company has an overdraft facility of $6 million with CIBC First Caribbean International Bank Limited with interest at the rate of 6% per annum.

(Expressed in Eastern Caribbean Currency Dollars)

15. PROVISION FOR RETIREMENT BENEFITS

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

The balance of $682,799.70 at the statement of financial position date relates to amounts payable to the Trusts for December 2019.

16. PROVISION FOR HURRICANE INSURANCE RESERVE

	2019 $	2018 $
Balance at beginning of year	26,000,000	24,000,000
Add: Provision for the year	2,000,000	2,000,000
Balance at end of year	28,000,000	26,000,000

17. TRADE AND OTHER PAYABLES

Trade creditors	8,628,048	9,402,962
Sundry creditors	7,107,117	4,246,846
Accrued expenses	6,785,243	6,498,392
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	22,520,408	20,148,200

18. OTHER INCOME

Sundry revenue	3,474,131	1,540,226
Gain on disposal of fixed assets	80,500	174
	3,554,631	1,540,400

(Expressed in Eastern Caribbean Currency Dollars)

19. FINANCE COSTS

	2019 $	2018 $
Bank loans/Bond interest	1,892,684	1,870,714
Other bank interest	5,980	46,396
Other	648,763	614,630
	2,547,427	2,531,740

20. RELATED PARTY TRANSACTIONS

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

a) Sale of electricity - NIS	241,900	230,704
b) Management services- WRB Enterprises, Inc.	600,000	600,000
c) Payment of dividends:		
NIS	1,146,516	1,146,516
Grenada Private Power Limited	4,940,000	4,940,000

ii) Compensation of key management personnel of the Company:

Salaries and other benefits	3,888,082	3,625,056
Directors' Fees	243,250	267,154
Past employment benefit provisions	491,820	482,591
Loans receivable from key management personnel	39,469	76,512

(Expressed in Eastern Caribbean Currency Dollars)

21. TAXATION

Current year

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

	2019 $	2018 $
Profit for the year before taxation	34,400,337	24,277,594
Tax at applicable statutory rate (28/30%)	9,632,094	7,283,278
Tax effect of items that are adjustable in determining:		
Tax effect of hurricane reserve	(560,000)	(600,000)
Tax exempt income	(60,897)	(27,685)
Effect of expenses not deductible for tax purposes	(1,678,839)	(1,623,520)
Provision for taxation	7,332,358	5,032,073

Deferred tax liability

	2019	2018
Balance at the beginning of the year	(6,763,168)	(5,301,241)
Deferred tax charge	(3,464,482)	(1,461,927)
Balance at the end of the year	(10,227,650)	(6,763,168)

The deferred tax liability consists of the following components:

	2019	2018
Delayed tax depreciation	36,527,320	22,543,894
Deferred tax liability at 28/30%	(10,227,650)	(6,763,168)

22. CONTINGENT LIABILITIES

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

23. DIVIDENDS

During the year ended December 31st, 2019, a dividend of 52 cents per ordinary share amounting to $9,880,000 was declared and paid.

24. FINANCIAL RISK MANAGMENT

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

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

Audit Committee

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

Loans Committee

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

24. FINANCIAL RISK MANAGEMENT (continued)

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

Credit risk

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

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

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

The Company's maximum exposure to credit risk equals the carrying amount of its financial assets. Based on the above, however, management does not believe significant credit risk exists at December 31st, 2019.

Operational risk

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

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

24. FINANCIAL RISK MANAGEMENT (continued)

Operational risk

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

Insurance risk

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

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.
Management monitors the Company's liquidity reserve, which comprises overdraft facilities and cash and cash equivalents (Note 11), on the basis of expected cash flows and is of the view that the Company holds adequate cash and credit facilities to meet its short term obligations.

(Expressed in Eastern Caribbean Currency Dollars)

24. FINANCIAL RISK MANAGEMENT (continued)

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

Balance at 31st December, 2018	**Current**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
	$	$	$	$	$
Current Assets					
Cash and cash equivalents	5,325,629	-	-	-	5,325,629
Loans and receivable financial assets	2,849,153	-	-	28,808,096	31,657,249
Trade and other receivables	21,722,818	1,839,076	219,413	862,093	24,643,400
Inventories	18,091,756	-	-	-	18,091,756
	47,989,356	1,839,076	219,413	29,670,189	79,718,034
Current liabilities					
Short-term borrowings	-	-	1,001,042	3,003,125	4,004,167
Due to related company	117,489	-	-	-	117,489
Trade payables and accrued expenses	13,307,248	888,915	538,328	5,413,709	20,148,200
Consumers' advances for construction	-	-	-	457,735	457,735
Provision for retirement benefits	193,554	-	-	-	193,554
Provision for profit sharing	-	-	-	4,775,925	4,775,925
Provision for income tax	-	-	774,230	-	774,230
	13,618,291	888,915	2,313,600	13,650,494	30,471,300
NET LIQUIDITY SURPLUS	34,371,065	950,161	(2,094,187)	16,019,695	49,246,734

(Expressed in Eastern Caribbean Currency Dollars)

24. FINANCIAL RISK MANAGEMENT (continued)

Balance at 31st December, 2019	Current	31-60 days	61-90 days	Over 90 days	Total
	$	$	$	$	$
Current Assets					
Cash and cash equivalents	16,600,292	-	-	-	16,600,292
Loans and receivable financial assets	3,030,979	-	-	31,406,225	34,437,204
Trade and other receivables	20,896,669	3,231,183	259,989	1,532,292	25,920,133
Inventories	20,609,568	-	-	-	20,609,568
	61,137,508	3,231,183	259,989	32,938,517	97,567,197
Current liabilities					
Current portion of lease liabilities	246,337	-	-	-	246,337
Short-term borrowings	-	92,950	1,001,042	3,281,975	4,375,967
Trade payables and accrued expenses	12,211,806	1,314,170	509,457	8,504,975	22,540,408
Consumers' advances for construction	-	-	-	7,282,723	7,282,723
Provision for retirement benefits	682,800	-	-	-	682,800
Provision for profit sharing	-	-	-	6,470,412	6,470,412
Provision for income tax	-	-	1,466,392	-	1,466,392
	13,140,943	1,407,120	2,976,891	25,540,085	43,065,039
NET LIQUIDITY SURPLUS	47,996,565	1,824,063	(2,716,902)	7,398,432	54,502,158

24. FINANCIAL RISK MANAGEMENT (continued)

Market risk

(i) Foreign exchange risk

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

The Company has a limited exposure to foreign exchange risk arising primarily from the purchases of plant, equipment and spares from foreign suppliers that are mainly transacted in United States dollars, which has a fixed exchange rate.

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

(ii) Interest rate risk

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

Capital risk management

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

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

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

24. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management (continued)

The debt-to-equity ratios are shown below:

Capital structure

	2019 $	2018 $
Total borrowings (Note 14)	36,659,425	37,038,542
Shareholders' equity	100,233,731	86,510,233
Debt to equity ratio	**0.37:1**	**0.43:1**

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR OPERATIONAL RECORD 2015-2019

	2019	2018	2017	2016	2015
PRODUCTION AND SALES					
Generation - Grenlec Diesel	237,579,974	227,651,303	220,136,016	216,195,395	205,629,084
Generation - Grenlec PV	1,558,486	1,614,893	1,655,231	882,796	326,294
Generation - PV Customers	2,183,506	1,681,036	1,429,782	1,429,955	1,011,319
Gross Generation (kWh)	**241,321,966**	**230,947,232**	**223,221,029**	**218,508,146**	**206,966,697**
Auxillaries & Own Use	**7,556,373**	**6,490,799**	**6,215,633**	**6,123,818**	**6,285,999**
Net Generation	**233,765,593**	**224,456,433**	**217,005,396**	**212,384,328**	**200,680,698**
Sales (kWh)					
Domestic	82,679,980	80,512,737	78,680,567	76,779,913	70,083,198
Commercial	123,008,954	116,955,264	110,449,387	109,061,085	103,664,062
Industrial	6,750,491	5,934,292	5,478,443	5,686,738	5,593,604
Street Lighting	4,577,319	4,668,193	4,710,779	4,701,059	4,697,707
Total Sales	**217,016,744**	**208,070,486**	**199,319,176**	**196,228,795**	**184,038,571**
Loss (% of Net Generation)	7.14%	7.27%	8.12%	7.58%	8.26%
Number of Customers at Year - End					
Domestic	45,139	44,250	43,229	42,293	41,298
Commercial	7,123	6,930	6,752	6,521	6,263
Industrial	39	38	38	39	36
Street Lights	8,755	8,713	8,628	8,461	8,387
Total Customers	**52,301**	**51,218**	**50,019**	**48,853**	**47,597**
Average Annual usage per Customer Class (kWh)					
Domestic	1,832	1,819	1,820	1,815	1,697
Commercial	17,269	16,877	16,358	16,725	16,552
Industrial	173,090	156,166	144,170	145,814	155,378

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR FINANCIAL RECORD 2015-2019

EXPRESSED IN EC$ & US$

	2019 EC$	2018 EC$	2017 EC$	2016 EC$	2015 EC$
INCOME	192,465,914	181,738,765	151,536,343	137,603,711	151,279,103
PROFIT BEFORE TAXES	34,400,337	24,277,594	20,773,080	23,284,012	25,939,644
TAXATION	10,796,839	6,494,000	5,602,731	6,957,694	7,699,542
NET PROFIT	23,603,498	17,783,594	15,170,349	16,326,318	18,240,102
Stated Capital & Retained Earnings	72,233,731	60,510,233	54,606,639	49,316,290	101,955,134
Hurricane Insurance Reserve	28,000,000	26,000,000	24,000,000	22,000,000	20,000,000
SHAREHOLDERS EQUITY	**100,233,731**	**86,510,233**	**78,606,639**	**71,316,290**	**121,955,134**
REPRESENTED BY:					
TOTAL ASSETS	205,723,176	179,133,533	163,480,729	156,358,788	170,544,752
TOTAL LIABILITIES	105,489,445	92,623,300	84,874,090	84,042,498	48,589,618
NET ASSETS	**100,233,731**	**86,510,233**	**78,606,639**	**72,316,290**	**121,955,134**
FINANCIAL RATIOS					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	23.55%	20.56%	19.30%	22.89%	14.96%
Earnings Per Share	1.24	0.94	0.80	0.86	0.96
Dividends Per Share	0.52	0.52	0.52	3.52	0.48

	US $	US $	US $	US $	US $
INCOME	**71,283,672**	**67,310,654**	**56,124,571**	**50,964,337**	**56,029,297**
PROFIT BEFORE TAXES	12,740,866	8,991,701	7,693,733	8,623,708	9,607,276
TAXATION	3,998,829	2,405,185	2,075,086	2,576,924	2,851,682
NET PROFIT	8,742,037	6,586,516	5,618,647	6,046,784	6,755,594
Stated Capital & Retained Earnings	26,753,234	22,411,197	20,224,681	18,265,293	37,761,161
Hurricane Insurance Reserve	10,370,370	9,629,630	8,888,889	8,148,148	7,407,407
SHAREHOLDERS EQUITY	37,123,604	32,040,827	29,113,570	26,413,441	45,168,568
REPRESENTED BY:					
TOTAL ASSETS	76,193,769	66,345,753	60,548,418	57,910,662	63,164,723
TOTAL LIABILITIES	39,070,165	34,304,926	31,434,848	31,126,851	17,996,155
NET ASSETS	**37,123,604**	**32,040,827**	**29,113,570**	**26,783,811**	**45,168,568**
FINANCIAL RATIOS					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	23.55%	20.56%	19.30%	22.89%	14.96%
Earnings Per Share	0.46	0.35	0.30	0.32	0.36
Dividends Per Share	0.19	0.19	0.19	1.30	0.18

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Grenada Electricity Services Ltd
P.O. Box 381, St. George's
Grenada, W.I.

Notice is hereby given that the Sixtieth Annual Meeting of Shareholders of Grenada Electricity Services Limited will be held at the Hospitality Room, Grenada National Stadium, Queen's Park, St. George's on Xxxxxxx, X Xxx 2020 at 4:30 p.m. to:

- Receive the Annual Reported Financial Statements for the year ended 31 December 2019 together with the Auditors' Report thereon.
- Appoint the Auditors and authorise the Directors to determine their remuneration.
- Elect Directors

Close of Business

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

Dated Xxxxxday, XX Xxxxx 2020.

By order of the Board

B. A. Brathwaite

Benedict Brathwaite
Company Secretary

Notes

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member. A proxy form is included in this report for your convenience. It must be completed and signed in accordance with the notes on the form.
- Shareholders on record on Wednesday, XX Xxxx 2020 are entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.