ENGENDERING BALANCE

grenlec

ANNUAL REPORT 2022

ENGENDERING BALANCE

Grenlec is proud to embrace the ethos of this year's Annual Report theme, Engendering Balance - Creating opportunities to bring together skilled women, men, the wisdom of experience and the passion of youth to cultivate excellence!

At Grenlec, we recognise the value of diversity and believe in fostering an inclusive and balanced work environment. We understand that by consciously bringing together individuals of different genders, backgrounds, experiences, and perspectives, we can unlock a wealth of creativity, innovation, and excellence.

By encouraging a healthy balance between male and female employees in all areas of our business, we empower individuals to reach for their highest ideals and to contribute their best self.

We understand that diversity extends beyond gender and encompasses a broad range of attributes, including age, cultural backgrounds, and experiences. We actively seek to harness the wisdom and expertise of our experienced workforce, while embracing the fresh ideas and enthusiasm of our young talent.

By bridging these gaps, we create an environment that cultivates excellence and drives innovation.

Together, we continue to build a brighter and more inclusive future for our employees, stakeholders, and the communities we serve.

VISION STATEMENT

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

MISSION STATEMENT

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

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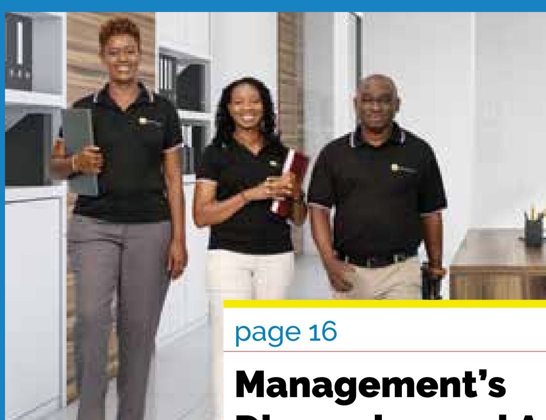

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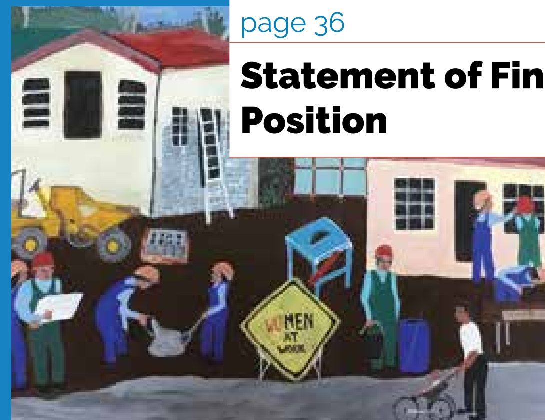

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CORPORATE INFORMATION

CORPORATE PROFILE

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

With a customer base of over 55,000, our Company has been providing integrated services of generation, transmission and distribution of electricity since 1960.

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

DIRECTORS

(As at 31 December 2022)

Mr. Benedict A. Brathwaite - Chairman
Mr. Lazarus Antoine
Mr. Allan Bierzynski (started January 3, 2023)
Mr. David Bruno
Mr. Dorsett Cromwell
Mr. Rodney George
Mr. James Pitt
Ms. Andrea St. Bernard
Mr. Hugh Thomas

GENERAL MANAGER (Ag)

Mr. Clive Hosten

COMPANY SECRETARY

Ms. Lydia Courtney-Francis (appointed 23 February 2022)

REGISTERED OFFICE

Dusty Highway
Grand Anse
St. George
Grenada

BANKERS

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

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

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

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

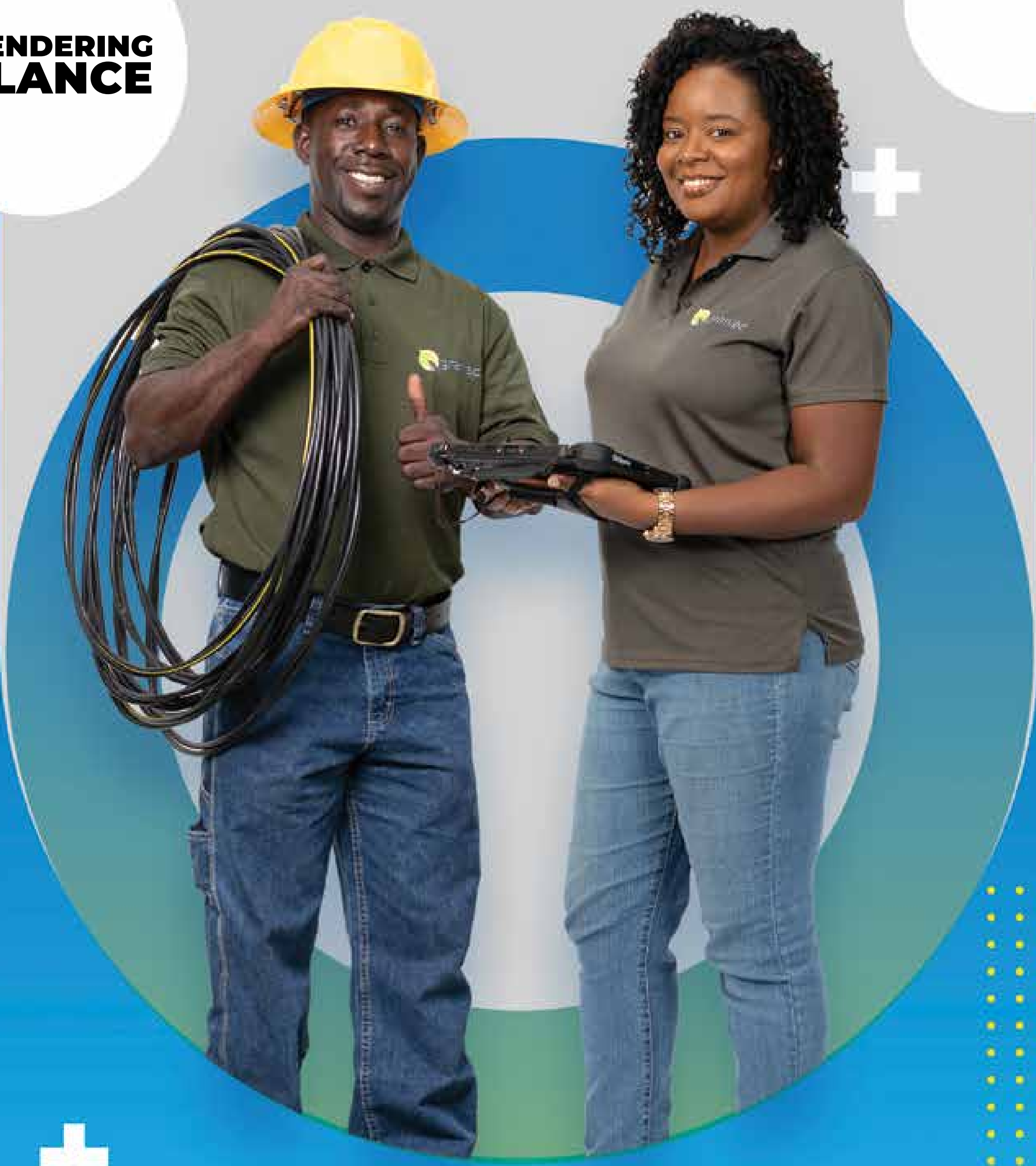
ATTORNEYS-AT-LAW

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

AUDITORS

Ernst & Young
Rodney Bay
Gros Islet
St. Lucia

ENGENDERING BALANCE



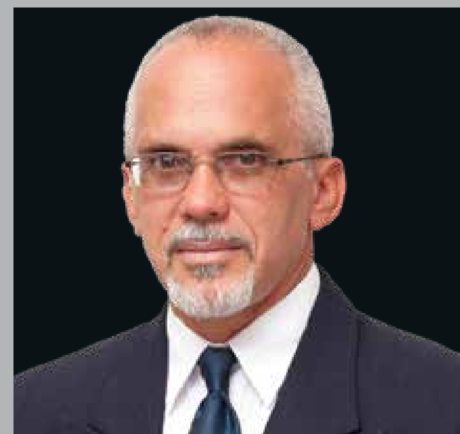
STRIKING A BALANCE

Reynold - Line Technician and Antonia - Health & Safety Officer

BOARD OF DIRECTORS

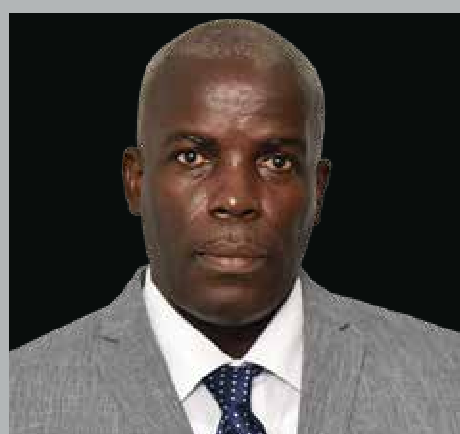
Benedict Brathwaite
Chairman

Lazarus Antoine

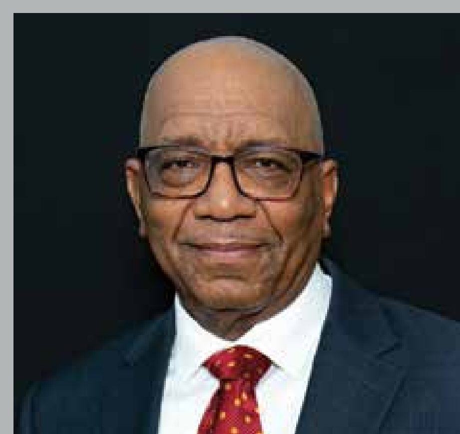


Allan Bierzynski

David Bruno



Dorsett Cromwell



Rodney George

James Pitt

Andrea St. Bernard

Hugh Thomas

ENGENDERING BALANCE

BALANCING THE FUTURE

Rennisha - Apprentice Line Technician and James - Mechanic

During the year, your Company remained committed to providing safe, reliable and affordable electricity to our customers in Grenada, Carriacou and Petite Martinique.

Benedict A. Brathwaite | Chairman

CHAIRMAN'S REPORT

I am pleased to present to you the Chairman's report for Grenlec's 2022 financial year. Despite the unprecedented challenges we faced due to the COVID-19 pandemic, Grenlec has continued to demonstrate resilience and adaptability in navigating the rapidly changing business landscape.

During the year, your Company remained committed to providing safe, reliable and affordable electricity to our customers in Grenada, Carriacou and Petite Martinique. We continued to invest in business process enablers and prioritised maintenance of our generating plants and transmission and distribution infrastructure.

FUEL PRICES

In the first three quarters of the year, disruption in global energy markets driven by the war in Ukraine drove fuel prices from EC$7.72 per imperial gallon in January 2022 to a high of $14.10 per imperial gallon by August 2022. Other contributing factors included supply chain disruptions and increased demand for energy worldwide.

These higher fuel prices inflated the electricity fuel charge to a record high 87 cents per kWh in September 2022, up from 50 cents per kWh in January 2022.

In response to the rising electricity prices, Grenlec faced the task of educating our customers about the reasons for the high electricity rates during the year. To achieve this, our team developed and implemented various customer education initiatives, including a sustained media campaign. These initiatives also promoted energy efficiency and conservation.

Fortunately, by the end of the year, the price per gallon had tapered off to EC$11.38 per imperial gallon.

FUEL COST RECOVERY

Given the three-month rolling average used to calculate the customer fuel charge, persistent increases in the costs paid by the company for fuel resulted in an under-recovery on fuel expenditure in the first three quarters of the year.

247.647 MWh
Gross Generation

9.48%
Sales growth in 2022

5.92%
System Losses

36.1 MW
Peak Demand

While this placed significant pressure on the Company's finances, it was reversed during the last quarter of the financial year due to the drop in world fuel prices. This positive development allowed the Company to finish the year in a relatively stable financial position.

Clearly, the volatility of world fuel prices remains a significant challenge for our industry and customers and we will continue to monitor them closely as we pursue renewable energy development to help stabilise rates to customers.

25% REDUCTION IN THE NON-FUEL CHARGE

AA 25% reduction in the customer non-fuel charge from January 2022 was a welcome relief measure for customers, who were severely burdened by sharp and persistent increases in electricity and other prices.

However, despite a 9.48% increase in kWh sales in 2022 over 2021, this 25% reduction resulted in a 7.97% decrease in revenue from the non-fuel charge over the same period.

Considering the significant impact of over $16M on the Company's financial performance during the first eight months of the year, your Board took the decision to discontinue the reduction on 9 September 2022.

LABOUR NEGOTIATIONS

During 2022, agreement was reached with the two unions representing team members – Grenada Technical and Allied Workers Union (GTAWU) and the Grenlec Management Staff Association (GMSA) - for the period 2018-2023 and 2018-2022 consecutively. Given the prevailing conditions, these Agreements heightened the severe demands on the cash position of the Company.

FINANCIAL PERFORMANCE

At 19.61 million kWh, 2022 sales surpassed that of 2021 by 9.48%. In fact, in 2022 sales were consistently higher in each comparative month of 2021 and prior, with growth across all customer categories. Indeed, kWh sales in 2022 were our highest ever.

Despite this marked increase in sales, there was a decrease of $6.95M in the revenue from the non-fuel charge in 2022 ($78.75M) in contrast to 2021 ($85.80M). This was solely due to the 25% reduction in the non-fuel charge to customers from January- 2022.

The impact of these challenges on the company's financial performance as outlined above, is also reflected in a net profit before taxes of $12.13M, 59.51% lower than in 2021 ($19.35M). To adjust to this reality, the Board not only suspended dividend payments in the last three quarters of 2022, but also did not make the annual provision of $2M to the Hurricane Fund.

DIVIDENDS

Dividends of $2.47M were paid in June for the first quarter of 2022. Due to the pressure on the Company's finances mainly from the under-recovery on fuel expenditure in the first three quarters as well as the labour negotiations and the 25% discount on the non-fuel charge, your Board communicated the difficult decision to suspend dividends until the Company's finances could be stabilised.

While this decision by your Board was not taken lightly, we believe it was necessary to ensure the financial health and sustainability of the Company during that challenging time. Your Board is committed to the payment of dividends as we are cognizant of the expectations of our shareholders given the company's record of uninterrupted dividend payments over the years. We assure you that once the financial performance improves and the Company can sustain a dividend, such payments will be resumed.

REGULATORY UPDATES

During the year, the Public Utilities Regulatory Commission (PURC) promulgated two Regulations. SRO 20 addressed the Tariff setting methodology to determine electricity rates and SRO 21 dealt with Generation Planning Expansion and Competitive Bidding. On the issue of tariff setting, in collaboration with the PURC, the company has started engaging external vendors to undertake a cost of service study. Regarding generation expansion planning, work has started on preliminary engineering and preparation of a request for proposal document as a prelude to the tendering process.

Engagement on the Commercial Self-generators Programme also started with a view to beginning interconnections in 2023 with customers who meet the requirements and obtain a qualifying permit issued by the PURC.

There has been no further overture from the PURC about an Electricity Disaster Fund (EDF) to replace the Hurricane Fund.

We will work closely with the regulators to get the new regulatory framework in place as it is not in the best interest of customers, the regulators, or the Company to continue operating with a hybrid of the 1994 and 2016 Acts.

ENERGY MIX

The significant impact of high fuel prices on electricity rates in 2022 has shown us once again that every effort must be made to accelerate the change in the energy mix in Grenada to reduce on the drastic fluctuations that customers pay for energy. To this end, your Board is determined that over the next three years, alternative fuels will be investigated but foremost, renewable energy as a percentage of peak load must increase to eighty percent in Petite Martinique, fifty percent in Carriacou and twenty five percent in Grenada. This will allow us to play our part in reducing fossil fuel emissions, reduce the foreign exchange required for importing diesel oil and lower the maintenance costs of operating the plant.

CORPORATE SOCIAL RESPONSIBILITY

Grenlec continued to be an exemplary corporate citizen during the year, contributing to the social and economic development of the communities we serve through our Grenlec Community Partnership Initiative (GCPI). We remained committed to supporting programmes that promote sustainable development, education, health, and social well being.

In 2022, your Company invested over $500,000 in various community projects, including the construction of a new school library for the Dover Government School in Carriacou, the installation of a wheelchair ramp and water tank stand at the Charles Memorial Home, and a partnership with the Rotary Clubs in Grenada to fund the Good Neighbour Initiative, which provided support for temporary electricity bill assistance and electrical house rewiring after emergencies.

In addition, our team engaged with educators and provided training for debaters and coaches as part of the approach to resuming the Grenlec Debates in 2023. We recognise the importance of this flagship programme in promoting public discussion and allowing our future leaders to engage on critical issues.

OUR PEOPLE

I would like to acknowledge the Directors, who retired from Grenlec's Board in 2022, namely Shawn Charles PhD, Ms. Linda George-Francis, Mr. Duane Noel, Ms. Winifred Duncan, Mr. Kent Mitchell, Ms. Alexandra Otway, Ms. Laren Kay Simon and Mr. Michael Archibald.

Note also the replacement of Mr. Larry Lawrence, who was elected a director during the 2022 Annual Meeting of Shareholders. Following Mr. Lawrence's resignation on 21 November 2022, your Board, acting in accordance with the provisions in the Company's By-Laws appointed Mr. Allan Bierzynski as the replacement Director for Mr. Lawrence. Mr. Bierzynski began his term on 3 January 2023.

We extend our best wishes to the retired directors and thank Mr. Bierzynski for agreeing to serve on our Board.

As Chairman of Grenlec, I take this opportunity to extend my sincere appreciation to my fellow Directors, management and our team members for their hard work, dedication and contributions during 2022, which was one of the most challenging financial years.

Despite the economic environment and the impact of the world fuel crisis on the energy sector, our team members demonstrated remarkable resilience, professionalism, and commitment to delivering high-quality service to our customers. We faced many challenges, but through their hard work and perseverance, we were able to maintain our focus on our core mission of providing safe, reliable and affordable electricity to our customers. We remain committed to providing a supportive and inclusive workplace where you can continue to grow and thrive.

Having weathered the challenges faced by the Company in 2022, we are maintaining our efforts to strengthen the Company's financial performance and operations, so that we are positioned to deliver robust results for our shareholders and value to our customers.

Thank you for your confidence and support.

B. A. Brathwaite

Sincerely,

BENEDICT A. BRATHWAITE
Chairman, Grenlec

BALANCING SERVICE

Stefon - Customer Service Representative and Samantha - Electrical Engineer

MANAGEMENT TEAM

Clive Hosten

General Manager (Ag)

Dwayne Cenac

Manager, Generation

Wallace Collins

Manager, Carriacou and Petite Martinique

Lydia Courtney-Francis

Financial Controller

Prudence Greenidge

Manager, Corporate Communications

Jeffrey Neptune

Manager, Information Systems

Kennard Lalsingh

Manager, Planning and Engineering (effective February 2023)

Casandra Slocombe

Manager, Customer Services

Eric Williams

Manager, Transmission & Distribution

Jacquline Williams

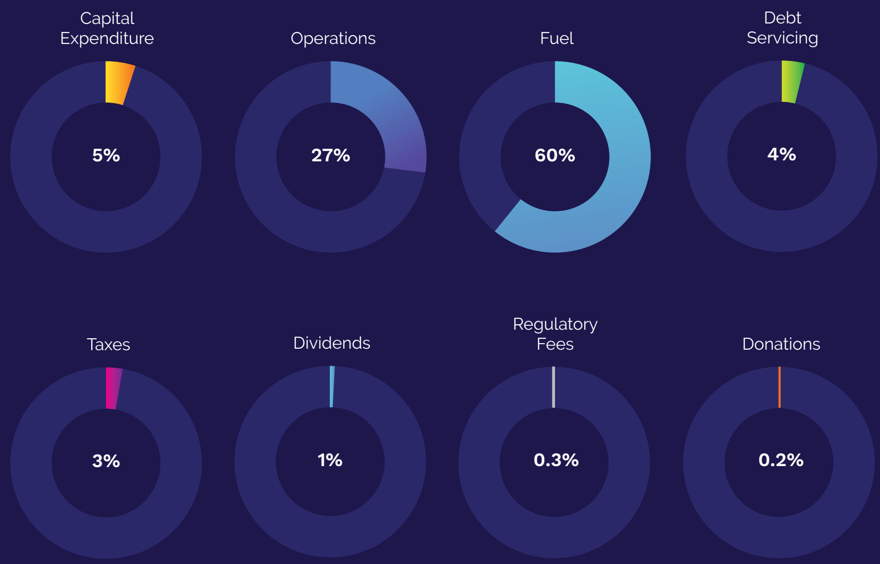
Manager, Human Resources

2022 MANAGEMENT REVIEW AND ANALYSIS

Overview

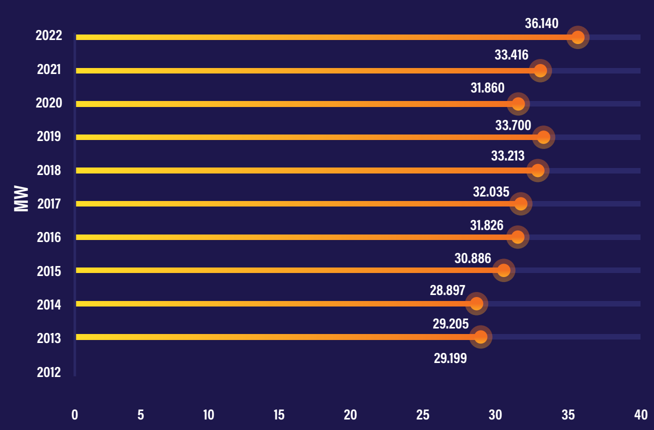
- kWh sales growth was 9.48% over 2021.
- Revenues $239.22M.
- Pre-tax profit $12.13M.
- System losses were a record 5.92%.
- Return on Equity 7.34%.
- Earnings per Share $0.45.
- Gross Generation was a record 247,647MWh.
- Peak Demand 36.1MW.
- Hurricane Reserve – $32M.
- Grenlec Community Partnership Initiative (GCPI) - $506K.

HOW YOUR DOLLAR ($) WAS SPENT IN 2022



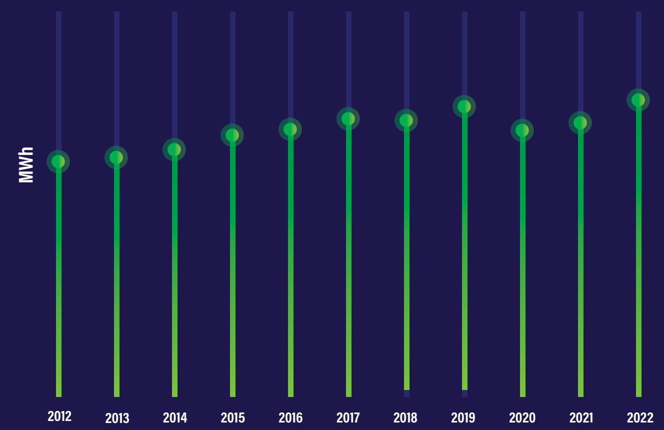
Fuel	152,600,108
Dividends	2,470,000
Debt Servicing	8,572,434
Taxes (Income, VAT, Env. Levy, Stamp)	7,068,081
Donations	506,311
Capital Expenditure	12,027,955
Regulatory fees	740,405
Operations	68,955,042
TOTAL	**$252,940,336**

PEAK DEMAND



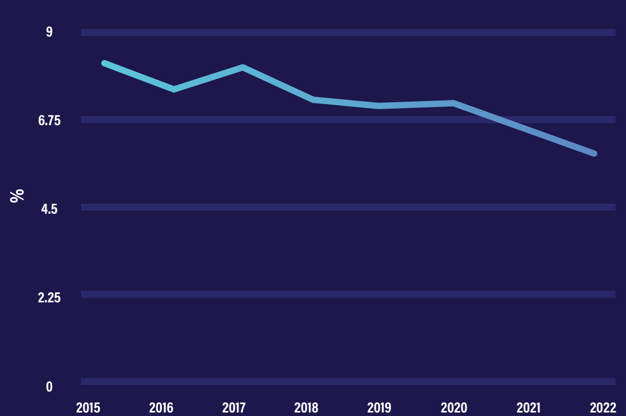
Peak demand rose to 36,140MW over 33.416MW in 2021

GROSS GENERATION



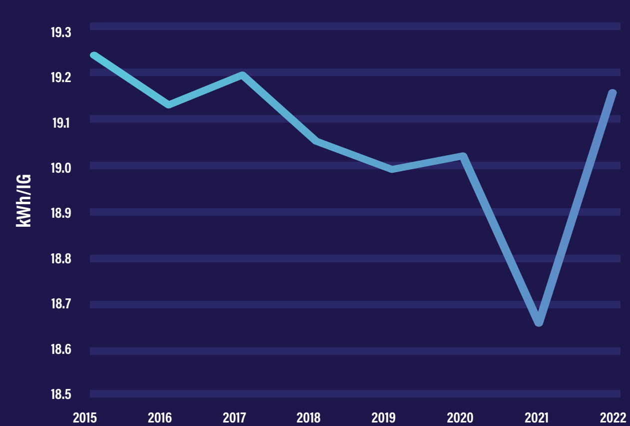
At 247,647 MWh, gross generation was a record high, surpassing the record 241,322 MWh of 2019.

SYSTEM LOSSES 2015 - 2022



5.92% system losses represented a third consecutive annual decrease, a further improvement over the record 6.61% of 2021.

FUEL EFFICIENCY 2015-2022



Fuel efficiency improved from 18.66 kWh/IG in 2021 to 19.16kWh in 2022

The year 2022 proved to be a challenging period for our Company, marked by persistent increases in world fuel prices and the implementation of a significant reduction on the Non-Fuel Charge. In this management review and analysis, we will delve into the financial implications of these factors, assess the impact on our cash flow and analyse the impact of other initiatives on the Company's 2022 performance.

Throughout the year, we faced a relentless upward trend in fuel prices, which began in 2021 and continued through the first ten months of the year. Grenlec implemented a 25% reduction on the customer non-fuel charge on 5 January 2022. While this measure aimed to alleviate the financial burden on customers, it placed considerable strain on our Company's finances, particularly our cash flow. Significantly, the escalating fuel prices paid by the Company coupled with the 3-month rolling average used to calculate the customer fuel charge led to an under-recovery rate as low as 82% during the year, exacerbating the cash flow situation.

In addition to the fuel price challenges, the Company negotiated agreements with the unions representing team members, namely the Grenada Technical and Allied Workers' Union (GTAWU) and the Grenlec Management Staff Association (GMSA). While reaching these agreements was a significant achievement, they put considerable demands on our company's cash position. Balancing the needs and expectations of our dedicated team members with the financial constraints proved to be a delicate and critical task.

Despite the challenges, 2022 witnessed growth in kWh unit sales across all sectors. Notably, each month set a new record for the highest consumption (excluding Grenlec's own-use) for the respective month on record. It is noteworthy that gross generation increased by 8.2% compared to 2021, rebounding from the contraction of 7.7% in 2020 and the marginal growth of 2.8% in 2021.

However, despite the robust growth in kWh unit sales, the year ended with a 7.97% reduction in the revenue from non-fuel dollar sales compared to 2021 when kWh sales were lower. This decline in revenue is attributable to a 25% reduction on the customer non-fuel charge, which amounted to a value of $15.53 million between January and 9 September 2022 when it was discontinued.

This report assesses the factors referenced above, provides insights into their impact on the Company's performance and the strategies employed to manage them. It also identifies some of the internal and external drivers and challenges as the Company worked to strengthen its financial position and ensure sustainable growth.

Financial Review

SALES

Sales growth was consistently higher in each month and quarter of the year compared to 2021. In 2022, kWh sales were 9.48% higher than in 2021. The commercial sector, which constitutes 55% of total consumption, grew by 14.05% (15.47M kWh) over 2021.

Customer Categories	2022 GWh	2021 GWh	% Change
Domestic	89.98	86.01	4.62%
Commercial	125.64	110.17	14.05%
Industrial & Street Light	10.89	10.72	1.57%
Total	226.51	206.90	9.48%

Number of Customers	2022	2021	Increase
	56,771	55,181	2.88%

TOTAL REVENUES

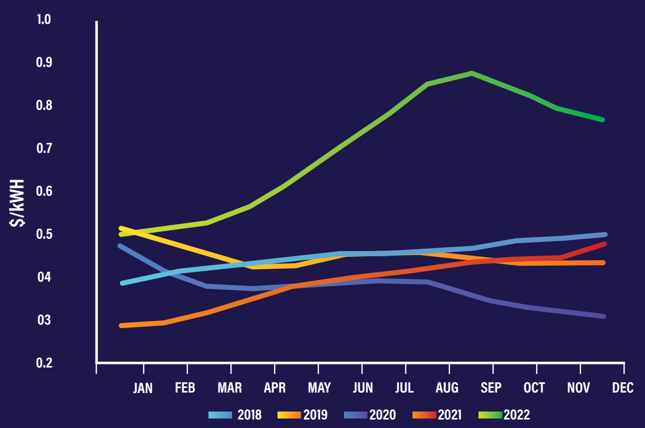
	2022	2021	Change from 2020-21	Notes
Revenue from Non-Fuel Charge (EC$M)	$78.75M	$85.50M	(7.97%)	A decrease of $6.95M, a factor of the 25% reduction on the customer fuel charge.
Average Fuel Charge paid by Customers (EC cents)	68 cents/ kWh	38 cents/ kWh	30 cents/kWh increase	Fuel charge revenues increased by 72.96%.
Total Revenue (EC$M)	$239.22M	$178.28M	$60.94M more	Fuel revenue is the main driver.
Average Fuel Prices/Imperial Gallon paid by Grenlec (EC$)	$11.84	$6.94	$2.12 increase	Steady rise in fuel prices from July 2021 continued through September 2022.

While growth in all sectors should have driven an increase in non-fuel revenues, the 25% reduction in the customer non-fuel charge depressed revenue performance.

Fuel revenues, on the other hand, grew significantly (72.96%) during the year under review due mainly to the dramatic rise in fuel prices in the first three quarters.

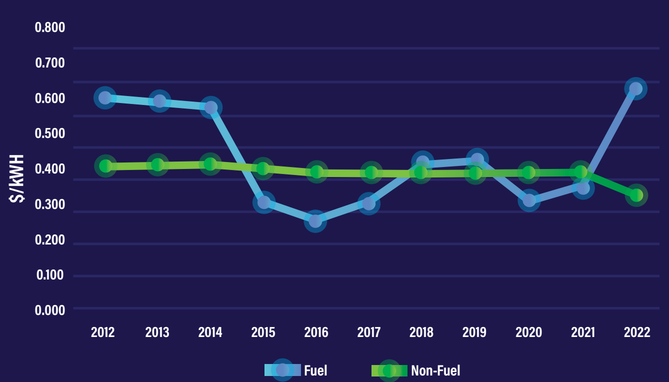
CHANGES IN FUEL CHARGE

CHANGES IN FUEL CHARGE



In 2022, escalating world fuel prices drove the fuel charge to a record high $0.8718/kWh in September before it began to fall in October.

ELECTRICITY CHARGES 2013-2022



An average customer fuel charge of $0.6951 represented a significant upward movement from $0.3887 in 2021. Between January and September 2022, there was a 25% reduction in the non-fuel charge.

Changes in Fuel Charge 2018-2022

Month	$per kWh	$per kWh	$per kWh	$per kWh	$per kWh
	2018	2019	2020	2021	0.5042
January	0.3894	0.5103	0.4382	0.2884	0.5153
February	0.4089	0.4858	0.4390	0.2963	0.5288
March	0.4199	0.4518	0.4286	0.3200	0.5693
April	0.4300	0.4243	0.4087	0.3511	0.6287
May	0.4431	0.4310	0.3623	0.3820	0.7034
June	0.4567	0.4510	0.3021	0.3957	0.7750
July	0.4557	0.4602	0.2372	0.4096	0.8523
August	0.4628	0.4575	0.2055	0.4209	0.8718
September	0.4677	0.4478	0.2122	0.4353	0.8359
October	0.4866	0.4365	0.2491	0.4417	0.7911
November	0.4915	0.4329	0.2799	0.4459	0.7648
December	0.5001	0.4371	0.2893	0.4775	0.7648
Annual Average	0.4510	0.4522	0.3210	0.3887	0.6951

By September 2022 the customer fuel charge had surged to an unprecedented peak of 87 cents per kilowatt-hour (kWh), up from the 50 cents per kWh observed in January 2022.

This escalation correlated with the movements in world fuel prices throughout the initial three quarters of the year. The global energy crisis propelled fuel prices skyward from $7.72 per gallon in January 2022 to an alarming pinnacle of $14.10 per gallon by August 2022. These substantial price hikes were attributed to a myriad of factors, such as geopolitical tensions, disruptions in the supply chain, and the burgeoning worldwide demand for energy.

Fuel prices throughout the year rose by over 80%, producing an increase in the fuel charge to our customers. After ten months of consistent increases, the price started to fall off in October 2022 and by the end of the year had dropped slightly to 76 cents per kWh.

It is worth noting that the impact of the energy crisis was not unique to the electricity sector. Other sectors that rely heavily on fuel, such as transportation and manufacturing, also experienced significant cost increases due to the fuel crisis. These cost increases eventually affected the prices of goods and services, leading to inflationary pressures across various sectors of the Grenadian economy and internationally.

As a strategy to educate customers and reduce non-payment, Grenlec created a customer education campaign to help customers understand why prices, including electricity, were rising. We also provided tools and resources to help customers understand their energy consumption and enable them to make informed decisions about how to manage their consumption effectively and take practical steps to manage their energy usage.

To achieve this, our team developed and implemented various customer education initiatives, including a sustained media campaign.

NET FUEL RECOVERY

The net fuel recovery rate of 101.08%% was higher than the 93.57% reported in 2021 but, in line with the targeted revenue neutral position (100.72%).

When world fuel prices are rising as they did throughout 2022, Grenlec recovers its expenditure on fuel at a slower rate than when prices are falling because customers pay an average of the fuel price over the last 3 months.

In 2022, the drastic and sustained increases in world fuel prices combined with the 3-month rolling average calculation for the fuel charge customers pay Grenlec resulted in months of under-recovery.

Significantly, a drop in world fuel prices toward the end of 2022 reversed this trend, yielding an over-recovery of US$1.9M for the year compared to the under-recovery of $5.4M in 2021.

NON-FUEL OPERATING EXPENSES AND COSTS

Non-fuel operating expenses of $62.14M for the year were 2.51% ($1.60M) lower than the prior year's $63.74M.

Compared to budget the Administration and Generation departments had favourable variances of 4.15% and 2.57% respectively while Planning & Engineering (P&E) and Distribution had adverse variances of (11.48%) and (2.65%).

Financing costs of $1.68M were 8.24% lower than the $1.84M for 2021 and reflects the lower loan balances over 2021. Customer deposit interest was higher than the prior year by 4.65%; we continue to pay 4% to customers on these deposits.

An overall favourable variance to the prior year of 4.87% was recorded on financing costs.

We continued to meet our obligations according to schedule and to finance capital expenditure and system improvements from operating cashflow.

FINANCIAL POSITION

Category	2022	2021	Change from 2021-22	Notes
Total Assets (EC$M)	$236.67M	$232.89M	$3.78M	Net effect of addition to fixed assets and depreciation.
Total Liability (EC$M)	$120.80M	$123.06M	$2.26M	The net effect of lower long term loan obligations and lower provision on profit sharing offset by increases in leases and deferred tax liabilities.
Net Assets (EC$M)	$115.87M	$109.83M	$6.04M	Net effect of higher total assets and lower total liabilities.
Retained Earnings (EC$M)	$45.49M	$45.49M	13.27% increase	
Return on Invested Capital (%)	11%	15%	(4%)	

Property, Plant and Equipment increased by $3.78M (1.62%) over 2021 as a result of capital expenditure offset by annual depreciation.

Trade Receivables, excluding unbilled sales, increased by 47.0% over the December 2021 position. Despite the favourable collection performance, the main driver for the increase was the rise in the fuel charge that was driven by the increased fuel prices throughout much of the year.

Overall, trade receivables of $25.43M represented an increase of $8.13M (47.0%) compared to the $17.30M debt at December 2021.

Increases were seen in all sectors, varying from a low of 29% in Industrial to a high of 55% for Commercial. Note that 81% of the Commercial debt and 79% of the Domestic sector debt remain current to 30 days. All other sectors ranged between 94%-100% of their debt being current, including the Government of Grenada.

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

Although all sectors saw increases in debtor balances, generally all debtor categories were mostly current and there has been a marginal increase in debtor days of 2.99 increase on 2021, compared to an increase of 7.32 days for 2021 over 2020.

Despite these challenges, the team must be commended for achieving the 2022 collections target.

Cash and cash equivalents performance to year-end decreased significantly over the prior year by $12.44M or 65.81%. The matters already discussed with respect to fuel prices increases, union negotiations and the 25% reduction on the non-fuel charge are the major factors affecting the depressed cash position.

While there was a slight deterioration in the debt covenants, the current and debt service ratios remain well within the stipulated guidelines at 1.99:1 and 2.91:1 respectively.

CASH FLOWS

Cash flows refer to the movement of money into and out of a business, typically categorised as cash flows from operations, investing and financing activities. The $8.01M from operating activities was lower than the prior year by 51.59%. The lower income before profit of $7.22M for the year is the main contributor to this result.

The net outflow related to investing activities was mainly for capital expenditure projects. Expenditure related to new projects amounted to $12.05M.

Other financing activities refers to cash provided for day-to-day operations, financing debts and payment of dividends.

During the period, total dividend payments amounted to $2.70M for the first quarter only as payments were suspended for the remaining quarters of the year. Funds allocated to principal loan repayments were $6.54M.

There was an overall decrease of $12.44M in cash and cash equivalents.

HUMAN RESOURCE DEVELOPMENT

At Grenlec, we recognise that our people are our most valuable asset. We firmly believe that investing in their development not only enhances individual capabilities but also strengthens the collective capabilities of our organisation. Through a comprehensive range of programmes, initiatives and policies, we strive to create an environment where every employee can thrive, grow professionally, and reach their full potential.

We are pleased to highlight key initiatives, training programs, and employee engagement activities that have contributed to the continuous improvement of our workforce:

- LEAD Consultancy – Building Capacity for transformational Development in a dynamic environment
- CARILEC Disaster Management Round Table
- 49th PURC/World Bank Training Programme
- CMRP Best Practices: Maintenance and Reliability
- Advance PV System Designs and the NEC (Grid-Direct)
- CARILEC – CAREC Conference & Battery Energy Storage
- SMITH SYSTEM – Defensive Driving
- Cuffie Consulting: Performance Improvement Workshop – Customer Service Department

Various team members also undertook private courses of study, with one Bachelor of Science in Accounting and three advanced diplomas in Applied Electrical Engineering and Mechanical Engineering Technology.

Apprenticeship Programmes

On 9 May 2022, we commenced apprenticeship programmes for both Generation and Line Technicians. We welcomed 14 Line Technician apprentices and 7 Generation Apprentices.

Significantly, for the first time, we welcomed two female apprentices, one in each programme. This is consistent with our commitment to diversity and inclusion in our workplace.

Engendering Industries Program Leads: Jackie, Human Resources Manager; Kemp, Planning Engineer; Casandra, Customer Services Manager

Engendering Industries: A USAID Gender Equality Program

Grenlec was pleased to join a selection of utilities around the world in this virtual USAID Program focused on sectors that are known for having gender imbalance. It is aimed at assisting utilities to develop the skills and tools needed to enhance gender equality, diversity, and inclusion in the workplace.

In particular, the program aims to address the gender gap in leadership and technical male-dominated positions within utility companies and improve the representation of women in those areas.

The programme will help to develop a plan for Grenlec to achieve these goals.

We are proud that three of our senior team members have played a leading role in advancing the program's goals. Their participation has included a formal academic program delivered by Georgetown University, workshops, sharing knowledge and best practices with other participants.

The team is tasked with leading initiatives to promote gender diversity and inclusion within our Company and has been engaging team members on many different levels as they work to develop a comprehensive plan for promoting these goals within the Company and the wider community.

Our participation in the program has also provided us with valuable opportunities to learn from other utilities companies and share our experiences with them. This has enabled us to build a global network of like-minded utilities companies committed to promoting gender diversity and inclusion.

We are committed to continuing our efforts to promote gender diversity and inclusion within our company and the wider sector. We believe that our commitment to building a dynamic and skilled and gender-inclusive workforce will continue to drive innovation, foster a positive work culture and promote our business objectives.

ENHANCING CUSTOMER SERVICE

Grenlec Mobile App

Grenlec officially launched its Mobile App to customers in December 2021.

Feedback about the functionality of the App has been overwhelmingly positive with customers reporting that the billing information, usage history and outage notice features are helpful. Marketing campaigns in Grenlec's Customer Care Centres were designed to raise awareness in addition to assisting customers with setting-up the App.

During 2022, App usage grew steadily from 8,146 accounts (13.5%) in January to 20,076 accounts (32.6%) in December. The large changes in usage typically occurred during customer education and marketing campaigns focused on the Mobile App.

Over the 12-month period, the usage by Residential accounts moved from 14% to 33.7%; Commercial account usage moved from 9% to 25.5% and Industrial account usage moved from 6.7% to 15.9%.

Customer Information System (CIS)

We are pleased to report that Grenlec began work with a consultant to replace its aging Customer Information System (CIS). This system is critical to the effective management of customer accounts and the delivery of high-quality customer service, and its replacement is a key priority for the Company.

We have determined that an upgrade of the existing system, which was implemented in 2006, is not feasible because of high upgrade costs and challenges with supporting the aged technology.

The first step of this process is the selection of a CIS vendor. Cross departmental teams began working with a consultant, whose extensive expertise is invaluable in guiding us through this complex process of evaluating, selecting and budgeting for the new system.

Having developed and issued an RFP, in 2023 the Evaluation Team will review demonstrations and conduct due diligence before making a recommendation to the management.

The replacement of our CIS system is a significant investment, but we believe that it is essential to maintaining a high level of service. Technological developments also present an opportunity to have a CIS with excellent customer-facing functionality and agile mobile capabilities.

Following the selection of a vendor and approval of a final budget, contract negotiations and implementation will begin.

New Video Wall Installed at System Control

The installation of eight new video screens on the walls within the Control Room has made a significant improvement for System Control, which has oversight and control of the distribution network and responds to customer fault calls.

The Control Operators previously operated with two screens on the wall and two smaller desk-top screens.

When viewing the distribution system, Control Operators are now better able to do switching, manage outages and other disturbances on the system. This project has enabled the Control Operators to keep the electricity Grid more reliable and safe, while meeting system demands.

11kV Distribution Network Upgrade

Network upgrade

This extensive network upgrade from Pointzfield to Morne Fendue, St. Patrick commenced in the second quarter of 2019 and was scheduled to be completed by November 2020. However, the COVID-19 pandemic and the social restrictions necessitated its delay until late in 2021 when restrictions were eased. This project was completed in the first quarter of 2022.

The scope of work involved 129 HV poles and approximately 65,000 ft of conductors. The 50mm2 conductors were replaced by 175mm2, which increased the capacity of the circuit from 2.7 to 5.6MVA. These larger 175mm2 conductors also reduce line losses and system losses.

Engine Radiator Upgrade Project

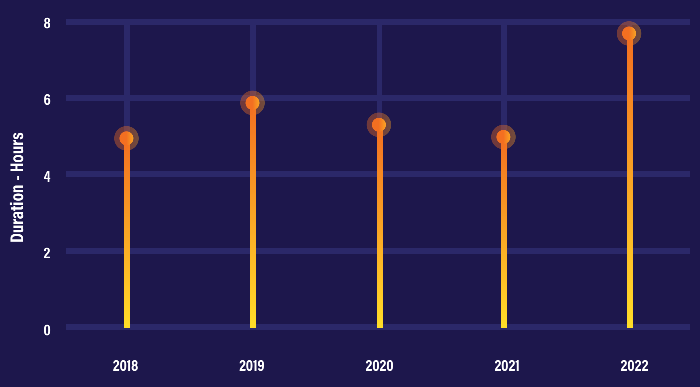
Efficiency was restored on our MaK units #1 and #2 through the replacement of their radiators. This improved cooling also means that the units are able to once again maintain their full load at manufacturers' specifications.

DG#5 Overhaul

A significant investment was made in overhauling our 8MW Wartsila Unit. Most major components were replaced and all other critical components were serviced and restored to ensure the unit can operate safely and reliably through the next overhaul interval.

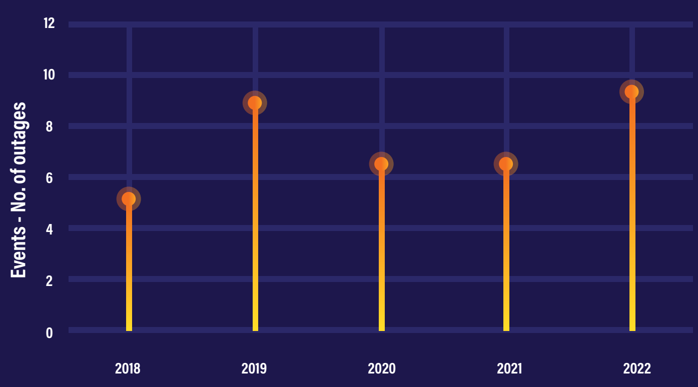
Reliability

SAIDI - SYSTEM AVERAGE INTERRUPTION DURATION INDEX 2018 - 2022



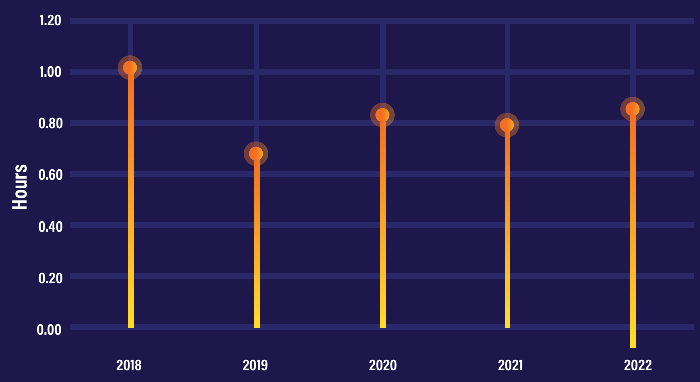
SAIDI is the average duration of interruptions per customer during the year.

SAIFI - SYSTEM AVERAGE INTERRUPTION FREQUENCY INDEX 2018 -2022



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

CAIDI - CONSUMER AVERAGE INTERRUPTION DURATION INDEX 2018 - 2022



CAIDI is the average duration of an interruption.

RENEWABLE ENERGY (RE)

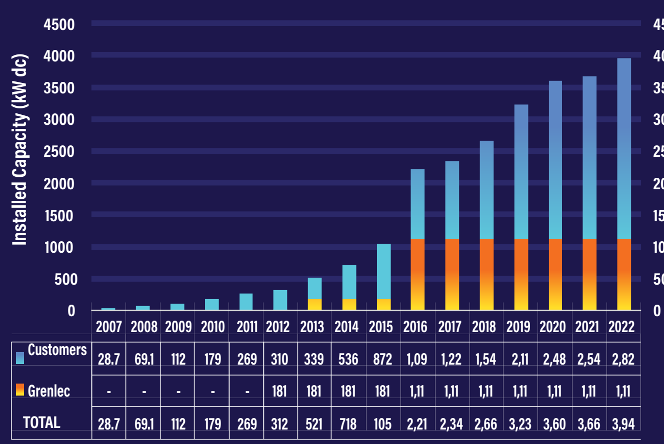
The table below shows the changes in key metrics used to demonstrate the progress towards Renewable Energy (RE) generation for both Grenlec and Customer installations (2021 to 2022). The reduction from Grenlec RE generation was mainly due to maintenance challenges that required some systems to be taken offline. Importantly, renewable energy generation increased by 8.0% due to new customer interconnections.

RE Benefits					
Metric	Unit	2021	2022	Increase	Growth Rate
Grenlec RE Interconnection Capacity	kWp	1,119.39	1,119.39	0.00	0.0%
Customer RE Interconnection Capacity	kWp	2,535.58	2,829.02	293.44	11.6%
Total RE Interconnection Capacity	kWp	3,654.97	3,948.41	293.44	8.0%
Grenlec RE Generation	kWh	1,370,971	1,287,441	-83,530	-6.1%
Customer RE Generation	kWh	2,916,420	2,804,228	-112,192	-3.8%
Total Net RE Generation	kWh	4,287,391	4,091,669	-195,722	-4.6%
Total Net Diesel Generation	kWh	216,847,176	233,605,810	16,758,634	7.7%
Total Net Generation (Diesel + RE)	kWh	221,134,567	237,697,479	16,562,912	7.5%
RE Penetration	%	1.94%	1.72%	-0.22%	-11.2%
Average Homes Supplied	no. of homes	2,381.88	2,273.15	-108.73	-4.6%
Avoided Diesel Quantity	USG	275,422	254,695	-20,727	-7.5%
Avoided CO2 Emissions	kg	2,794,127	2,583,852	-210,275	-7.5%
	metric tonnes	2,794	2,584	-210	-7.5%
Peak Demand (Gross)	MW	32.23	35.25	3.02	9.4%
Grenlec RE % of Peak Demand	%	3.47%	3.18%	-0.30%	-8.6%
Combined RE % of Peak Demand	%	11.34%	11.20%	-0.14%	-1.2%

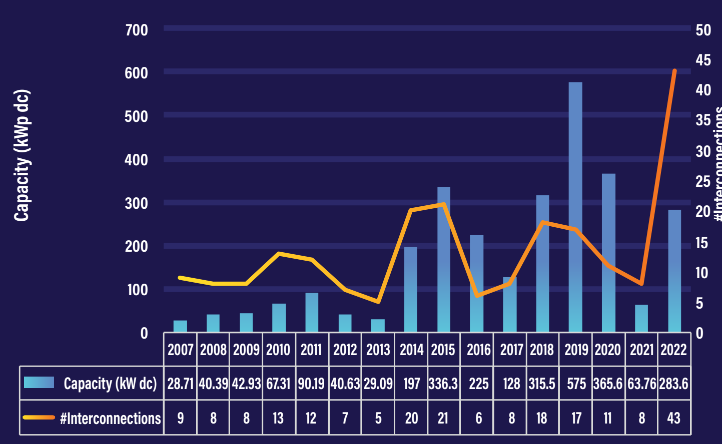
Customer RE Interconnection Programme

Grenlec commissioned 43 new customer RE interconnections in 2022 under the PURC Self-Generator programme, adding 283.64 kWp to the total installed capacity. This is the highest number of systems commissioned in a single year. As a result, the total number of RE systems interconnected with Grenlec stood at 214 at the end of 2022.

CUMULATIVE RE CAPACITY



ANNUAL CUSTOMER RE INTERCONNECTIONS



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

CORPORATE SOCIAL RESPONSIBILITY

Grenlec is dedicated to supporting the communities we serve through our Grenlec Community Partnership Initiative (GCPI). In the 2022 financial year, we invested more than $500, 000 into this programme, which focuses on providing financial and technical support to not-for-profit organisations and community groups working to improve the quality of life of people in Grenada, Carriacou and Petite Martinique. We are delighted to share some highlights of our GCPI programme.

Good Neighbour Initiative (GNI)

Administered by the Rotary Clubs in Grenada, Grenlec initiated this project to assist eligible individuals and families with electricity bill payments of up to $250/month for a maximum 3 months and to assist with re-wiring after fires and other natural disasters. In 2022, more than 200 families benefited. Grenlec has committed $265,000 to this programme, which continues in 2023.

Grenlec Debates

The Grenlec Debates is the flagship Corporate Social Responsibility initiative of our company. We recognise the value of this programme in promoting public engagement and dialogue on critical issues are committed to its continuation.

Regrettably, the debates have not been hosted since 2018 because of a labour dispute involving teachers and subsequently, the COVID-19 pandemic.

To ensure that the resumption of the debates is successful, we started the necessary preparatory work in 2022. This included meeting with teachers and school administrators to understand their needs and requirements, identifying potential debaters and coaches, and providing support for all participants.

Given the length of the suspension period, we acknowledge that there is a new generation of debaters in schools and many of the coaches are new as well. As a result, we focused on developing and beginning delivery of a training programme to ensure that all participants are well-prepared and confident.

We look forward to the resumption of the programme in 2023 and to the lively discussions and engagement that it will foster.

Grenlec Community Partnership Initiative (GCPI)
Highlights of Other Projects Completed in 2022

ORGANISATION	PROJECT INFORMATION	GCPI FUNDING
GRENCODA	Student Assistance Programme provides support for students, including life skills training, books, uniforms, exam fees and transportation.	$20,000.00
J.J. Robinson Trust & GRENCODA	Annual support. Tuition for 17 TAMCC students.	$14,000.00
CHORES Support Group Grenada	Creating a special needs and cardiology patient database and website for the CHORES project.	$10,000.00
Charles Memorial Home Inc.	Construction of water tank stands, purchase and installation of water pumps and the addition of a wheelchair ramp.	$85,000.00
Care Institutions	Support for Care Institutions for children and the elderly.	$86,000.00
Spicemas Corporation and St. Andrew's Development Organisation (SADO)	Annual Support for Spicemas and Rainbow City Festivals.	$36,000.00

Grenlec Community Partnership Initiative (GCPI) Highlights of Other Projects Completed in 2022		
ORGANISATION	PROJECT INFORMATION	GCPI FUNDING
Grenada Netball Association	Annual Support for Netball Association. National Senior Netball Team's attendance of Jamaica qualifiers	$10,000.00
Community Development / Health	Mt. Gay Mental Hospital - Provision of appliances and furniture to improve patient and administrative facilities.	$35,242.00

RISK MANAGEMENT

Due to the cashflow challenges faced by the Company, in 2022 your Board took the decision to forgo the annual $2.0M contribution to the Hurricane Reserve Fund. The value of the reserve was $32M at the year-end.

We continued to hold this Reserve, which is intended to mitigate against the risk of natural disasters that might affect the Transmission and Distribution system. The Company's other assets are adequately covered by commercial insurance policies.

During the year, the Company engaged the Caribbean Catastrophic Risk Insurance Facility (CCRIF) to discuss parametric insurance of the Transmission and Distribution network to supplement the Hurricane Reserve self-insurance. Discussions are ongoing to determine the best blend of parametric and self-insurance the Company should carry.

Apart from the risk to our assets, we continue to focus on all other risks including operational, credit, interest rate, foreign exchange, and liquidity. Management and Board Committees monitor those risks.

ELECTRICITY-RELATED MATTERS IN THE 2023 NATIONAL BUDGET

Government identified a number of measures related to the electricity sector (effective 1 February 2023), including:

- A $10 subsidy, funded by Government of Grenada for non-renewable energy customers whose usage is 99 kWh or less.
- A reduction in VAT from 15% to 7.5% for all customer categories – Domestic, Commercial, Industrial. VAT is applicable to the non-fuel portion and services only. Domestic customers will continue to be exempted from VAT on the first 99 kWh.
- The removal of the temporary relief on the Environmental Levy (EVL), reinstating the EVL(applicable to domestic accounts only) to what pertained prior to the relief measures implemented 24 December 2021:
  - 99 kWh or less: No levy
  - 100 kWh – 150 kWh: $5.00
  - Over 150 kWh: $10.00

OUTLOOK

All sectors of the economy are expected to increase energy consumption and economic activity as the country continues to recover from the impact of the COVID-19 pandemic.

Growth assumptions are predicated on the double-digit growth rate in 2022 as well as sector performance post pandemic, with further increases of 4.08% projected in 2023.

In setting the budget for 2023, consideration was given to the growth outlook, the discontinuation of the 25% reduction on the customer non-fuel charge and the projection of fuel neutrality.

Fuel Neutrality and Fuel Recovery

The concept of fuel neutrality uses a Fuel Adjustment Clause (FAC) to correct for under and over recovery. It allows changes in fuel prices to be passed on to customers much more quickly than the existing mechanism by removing any gains or losses. This fuel neutrality methodology is being considered along with a new bill format to accommodate the FAC.

Regulatory Matters

Engagement with the Public Utilities Regulatory Commission (PURC) is expected to continue in 2023 on both the Tariff (SRO 20) and Generation Expansion (SRO 21) Regulations enacted in 2022 as well as other matters such as the Commercial Self Generator Programme, Small Scale Independent Power Producers, Interim Tariff and the FAC.

The matter of the Company's recovery of the levy for regulatory fees paid to the PURC for a third year remains unresolved. Work is continuing with the PURC on implementing an Interim Tariff, a measure through which these fees can be recovered.

Hurricane Reserve

The Hurricane Reserve Fund of $2M will be provisioned in the 2023 Budget; ongoing discussions with the Caribbean Catastrophic Risk Insurance Facility (CCRIF) regarding possible parametric insurance coverage and those discussions are expected to conclude in 2023.

Resource Allocation

Provisions for investment in Generation is $4.09M or 28.10% of the total Capital Expenditure budget and is geared towards engine overhauls, while the next highest amount of $3.48M is for improvements in the Transmission & Distribution Network. $1.0M has been budgeted for generator overhauls in Carriacou.

Generation Expansion

Another major area of focus in 2023 is the requirement to increase generation capacity to meet growing customer demand. To this end, the Technical & Regulatory Committee of the Board and members of management have started discussions about a mix of traditional and Renewable Energy (RE) expansion and those will be further developed in 2023.

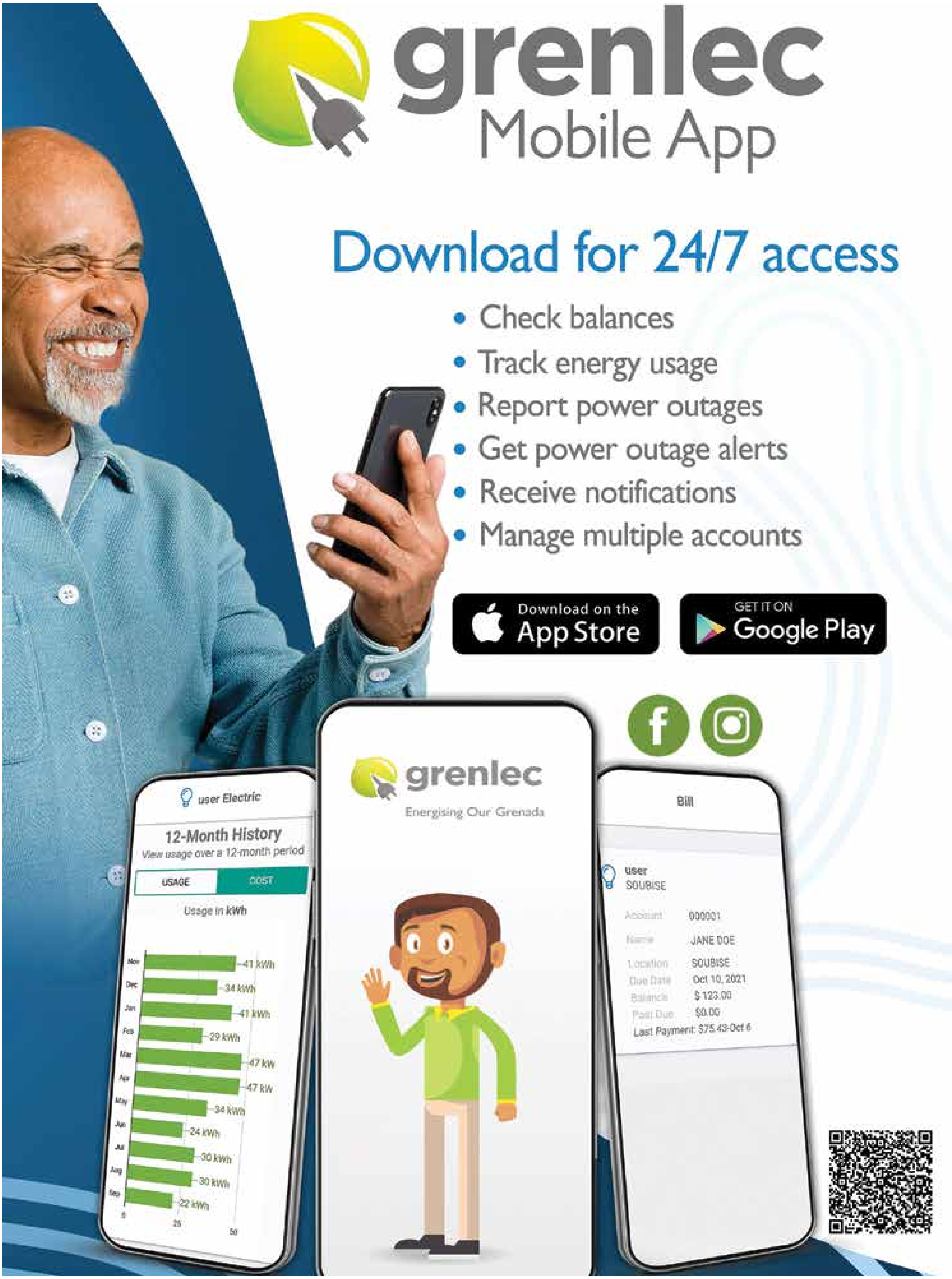
Our People

We extend our gratitude to our employees for their unwavering dedication, to our supervisors for their leadership, and to all stakeholders for their ongoing support. Together, we strive to create a thriving work environment that fosters growth, enhances performance, and drives sustainable success.

Through our ongoing recognition and training initiatives, we continue to prepare our employees to respond to the ongoing challenges, keeping our focus on providing high quality, value and reliability to our customers, upon which we know the nation of Grenada, Carriacou and Petit Martinique depends.

We remain dedicated to continuous improvement and innovation, ensuring that our human resource development programmes, our investments and strategies align with our long-term vision and the evolving needs of our business, team members, shareholders and customers.

1. Annual Partnership with St. Mark's Football League
2. Partnership with Rotary Clubs in Grenada
3. Support for Mt. Gay Psychiatric Hospital
4. Grand Anse Independence Designer Display
5. Grenville Independence Designer Display
6. Supporting Traditional Mas Festival - Spice Mas
7. Carriacou Independence Designer Display
8. Presentation to St. Andrew's Development Organisation (SADO) for Rainbow City Festival


grenlec
Mobile App
Download for 24/7 access
• Check balances
• Track energy usage
• Report power outages
• Get power outage alerts
• Receive notifications
• Manage multiple accounts
Download on the App Store
GET IT ON Google Play
user Electric
12-Month History
View usage over a 12-month period
USAGE
COST
Usage in kWh
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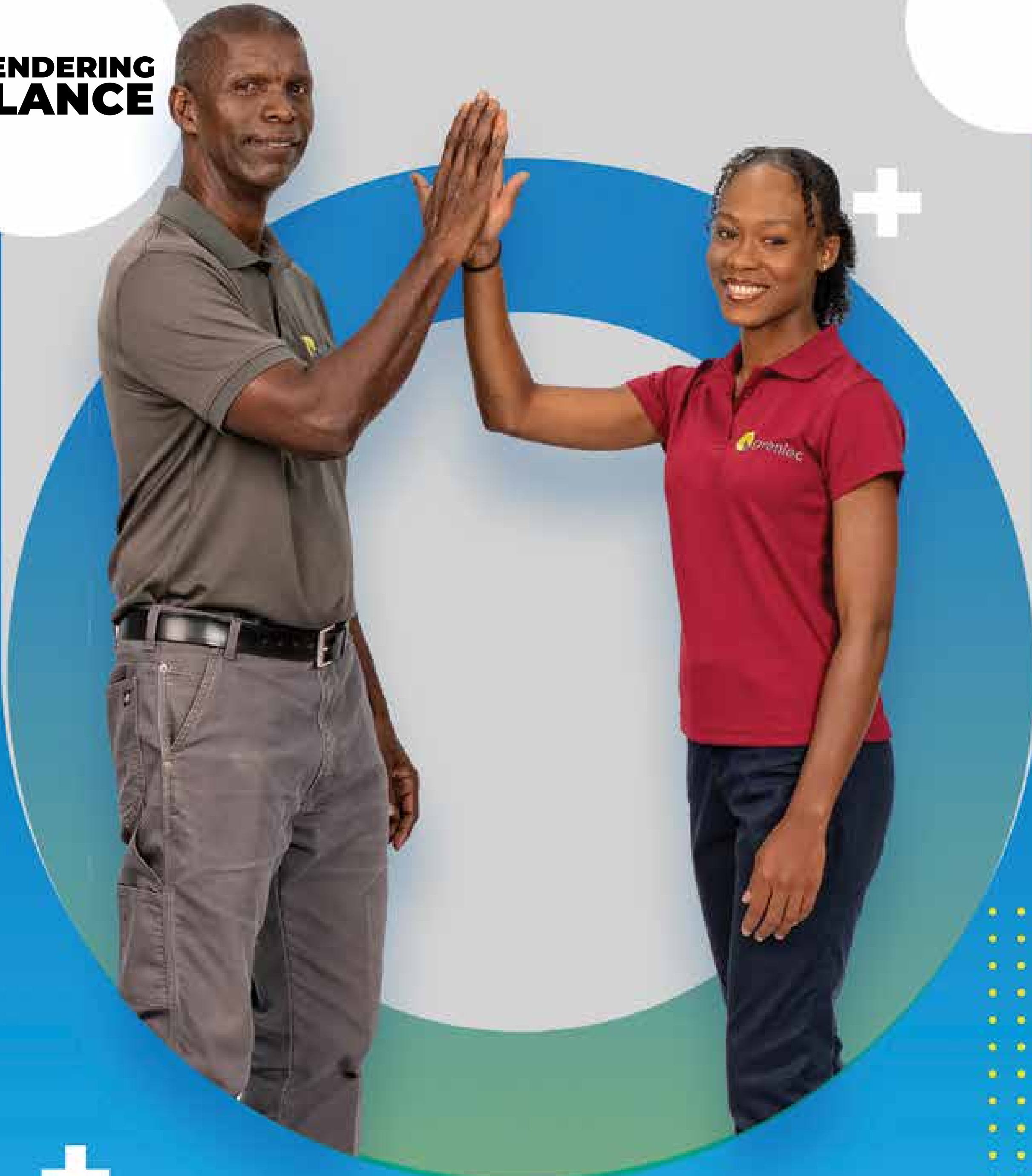
Energising Our Grenada
Bill
User
SOUBISE
Account 000001
Name JANE DOE
Location SOUBISE
Due Date Oct 10, 2021
Balance $ 123.00
Past Due $0.00
Last Payment: $75.43-Oct 6

ENGENDERING
BALANCE



BALANCING THE FACES OF GRENLEC

Nigel - Transmission & Distribution Supervisor and Odysha - Generation Apprentice

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grenada Electricity Services Limited ("the Company"), which comprise the statement of financial position as at 31 December 2022 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 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

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

Other information included in the Company's 2022 Annual Report

Other information consists of the information included in the Company's 2022 Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. The Company's 2022 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF GRENADA ELECTRICITY SERVICES LIMITED

Report on the Audit of the Financial Statements (Continued)

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

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

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

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

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

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

Ernst & Young.

CHARTERED ACCOUNTANTS
St. Lucia
24 March 2023

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Financial Position
at 31 December 2022

(Expressed in Eastern Caribbean Currency Dollars)

	Notes	2022 $	2021 $
ASSETS			
Non-Current Assets			
Property, plant, and equipment	4	126,213,644	123,437,647
Right-of-use assets	5	2,770,439	2,301,679
Suspense jobs in progress	6	1,034,892	1,205,525
Capital work in progress	6	1,873,952	1,551,354
		131,892,927	128,496,205
Current Assets			
Inventories	8	28,716,746	24,599,345
Trade and other receivables	9	36,003,539	27,839,843
Corporation tax recoverable	23	554,894	1,262,393
Financial assets at amortised cost	7	38,525,922	38,466,700
Cash on hand and at bank	11	975,013	12,235,244
		104,776,114	104,403,525
TOTAL ASSETS		236,669,041	232,899,730
EQUITY AND LIABILITIES			
Equity			
Stated capital	12	32,339,840	32,339,840
Hurricane insurance reserve	16	32,000,000	32,000,000
Retained earnings		51,527,432	45,494,347
		115,867,272	109,834,187
Non-Current Liabilities			
Customers' deposits	13	19,350,051	18,408,587
Long-term borrowings	14	30,495,558	37,031,524
Long-term portion of lease liabilities	5	2,670,898	2,246,074
Deferred tax liability	23	15,725,038	13,807,933
		68,241,545	71,494,118
Current Liabilities			
Short-term borrowings	14	7,720,088	6,535,967
Trade and other payables	17	30,746,459	30,951,889
Current portion of lease liabilities	5	346,731	284,888
Customers' contribution to line extensions	18	9,906,011	9,148,412
Retirement benefits payable	15	249,768	210,058
Profit sharing payable	17	3,591,167	4,440,211
		52,560,224	51,571,425
TOTAL LIABILITIES		120,801,769	123,065,543
TOTAL EQUITY AND LIABILITIES		236,669,041	232,899,730

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

Approved by the Board of Directors on 23 March 2023 and signed on its behalf by:

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

GRENADA ELECTRICITY SERVICES LIMITED

Statement of Comprehensive Income
For The Year Ended 31 December 2022

(Expressed in Eastern Caribbean Currency Dollars)

	Notes	2022 $	2021 $
Revenue			
- non-fuel charge	19	78,754,519	85,498,702
- fuel charge		154,544,938	78,433,392
Unbilled revenue adjustments	2(v)	3,287,196	2,266,421
Gross revenue		236,586,653	166,198,515
Other income	20	2,636,928	12,074,514
Total income		239,223,581	178,273,029
LESS: OPERATING EXPENSES			
Production expenses		(21,411,551)	(18,775,761)
Diesel consumed		(152,600,108)	(83,822,603)
Administrative expenses		(20,712,615)	(22,250,768)
Distribution services		(18,425,212)	(19,329,210)
Planning and engineering		(3,451,519)	(3,381,860)
Total operating expenses	21	(216,601,005)	(147,560,202)
Operating profit		22,622,576	30,712,827
Less: Finance costs	22	(2,396,143)	(2,539,580)
Profit for year before allocations and taxation		20,226,433	28,173,247
ALLOCATIONS			
Less: Regulatory fees		(1,480,810)	(1,924,646)
Donations		(1,011,322)	(1,231,615)
Profit sharing		(5,606,612)	(5,671,886)
		(8,098,744)	(8,828,147)
Profit for year before taxation		12,127,689	19,345,100
Taxation	23	(3,624,604)	(4,498,266)
NET PROFIT FOR THE YEAR		8,503,085	14,846,834
TOTAL COMPREHENSIVE INCOME		8,503,085	14,846,834
EARNINGS PER SHARE	25	**0.45**	**0.78**

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

GRENADA ELECTRICITY SERVICES LIMITED

Statement Of Changes In Equity
For The Year Ended 31 December 2022

(Expressed in Eastern Caribbean Currency Dollars)

	Stated Capital (Note 12) $	Hurricane Insurance Reserve (Note 16) $	Retained Earnings $	Total Equity $
Balance at 1 January 2021	32,339,840	30,000,000	44,120,105	106,459,945
Correction of prior year adjustment (Note 2b)	-	-	(1,592,592)	(1,592,592)
Adjusted balance as at 1 January 2021	32,339,840	30,000,000	42,527,513	104,867,353
Dividends (Note 28)	-	-	(9,880,000)	(9,880,000)
Total comprehensive income	-	-	14,846,834	14,846,834
Allocation for the year (Note 16)	-	2,000,000	(2,000,000)	-
Balance at 31 December 2021	32,339,840	32,000,000	45,494,347	109,834,187
Balance at 1 January 2022	32,339,840	32,000,000	45,494,347	109,834,187
Dividends (Note 28)	-	-	(2,470,000)	(2,470,000)
Total comprehensive income	-	-	8,503,085	8,503,085
Balance at 31 December 2022	32,339,840	32,000,000	51,527,432	115,867,272

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

GRENADA ELECTRICITY SERVICES LIMITED

Statement Of Cash Flows
For The Year Ended 31 December 2022

(Expressed in Eastern Caribbean Currency Dollars)

	Notes	2022 $	2021 $
OPERATING ACTIVITIES			
Profit for the year before taxation		12,127,689	19,345,100
Adjustments for:			
Depreciation on property, plant, and equipment and right-of-use assets	4,5	10,078,969	8,520,690
Loss/(gain) on disposal of property, plant, and equipment	20	80,393	(8,961,115)
Provision for inventory obsolescence	8	293,739	525,827
Finance cost	22	2,396,143	2,539,580
Amortisation of customers' contribution to line extension	4	(737,700)	(737,700)
Net change in provision for other liabilities and charges		(51,735)	1,958,224
Operating surplus before working capital changes		24,187,498	23,190,606
Increase in trade and other receivables		(8,163,696)	(10,619,833)
(Decrease)/increase in trade and other payables		(290,750)	9,957,182
Increase in inventories		(4,411,140)	(533,894)
		11,321,912	21,994,061
Income tax paid		(1,000,000)	(3,000,000)
Interest and finance charges paid		(2,310,823)	(2,444,386)
Cash provided by operating activities		8,011,089	16,549,675
INVESTING ACTIVITIES			
Proceeds on disposal of property, plant, and equipment		36,600	10,941,011
Purchase of financial assets		(59,222)	(2,014,550)
Purchase of property, plant, and equipment	4,6	(12,027,955)	(24,678,525)
Cash used in investing activities		(12,050,577)	(15,752,064)
FINANCING ACTIVITIES			
Dividends paid	28	(2,470,000)	(9,880,000)
Payment of principal portion of lease liabilities	5	(340,362)	(289,743)
Proceeds from borrowings	14	-	16,200,000
Repayment of borrowings	14	(6,535,966)	(4,915,967)
Customers' deposits (net)	13	941,464	595,981
Cash used in financing activities		(8,404,864)	1,710,271
Net (decrease)/increase in cash and cash equivalents		(12,444,352)	2,507,882
Cash and cash equivalents			
- at the beginning of year		12,235,244	9,727,362
- at the end of year	11	(209,108)	12,235,244

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

1. CORPORATE INFORMATION

Grenada Electricity Services Limited (the Company) is public and is registered in Grenada. It is engaged in the generation and supply of electricity throughout Grenada, Carriacou, and Petite Martinique.

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

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

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

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

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

2. 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*

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Adjustment to retained earnings

In 2021, an adjustment was made directly to retained earnings in relation to loose tools inventory in the amount of $1,592,592. Based on physical count and reconciliation analysis performed by the Company, a correction was made in the prior year financial statements associated with the identified loose tools with a carrying value of $1,592,592.

Impact on the 2021 statement of financial position:

	Retained Earnings $
As previously reported	44,120,105
Correction of prior year adjustment	(1,592,592)
Balance at 1 January 2021	**42,527,513**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies and disclosures

(i) New accounting standards, amendments, and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendment to IFRS effective as of 1 January 2022.The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**
  An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract (i.e., the costs that the Company cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

  The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  These amendments had no impact on the financial statements of the Company as no contracts have been identified as being onerous.

- **Reference to the Conceptual Framework – Amendments to IFRS 3**
  The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

  The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- **Reference to the Conceptual Framework – Amendments to IFRS 3 (continued)**
  The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

  The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

  These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities, or contingent liabilities within the scope of these amendments that arose during the period.

- **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases**
  The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  In accordance with the transitional provisions, the Company applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

- **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases (continued)**
  These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

- **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**
  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

  In accordance with the transitional provisions, the Company applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

- **IAS 41 Agriculture – Taxation in fair value measurements**
  The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

  These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(ii) Standards in issue not yet effective

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

- IFRS 17 Insurance Contracts- Effective for annual reporting periods beginning on or after 1 January 2023
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current- Effective for annual reporting periods beginning on or after 1 January 2024
- Definition of Accounting Estimates - Amendments to IAS 8- Effective for annual reporting periods beginning on or after 1 January 2023
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2- Effective for annual periods beginning on or after 1 January 2023
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12- Effective for annual periods beginning on or after 1 January 2023
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 – Effective for annual periods beginning on or after 1 January 2024

(d) Property, plant, and equipment

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Depreciation
Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Land is not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and are 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 and equipment	12.5 - 20

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

(e) Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Foreign currency translation

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

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

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

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

(g) Financial investments

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

i. Loans and receivables

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial investments (continued)

ii. Impairment of financial assets

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

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

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

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

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

Provision is made as follows:

- 100% on receivables ≥90 days
- 50% on receivables ≥60 days
- 2% on receivables ≥30 days
- 0.4% on receivables < 30 days

Accounts are written off against the provision when they are considered uncollectible. The total provision at 31 December 2022 amounted to $3,377,814 (2021 - $3,165,071) (Note 9).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial investments (continued)

iii. Derecognition of financial assets

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

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

iv. Impairment of non-financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Inventories

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

(i) Trade receivables

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

(j) Cash on hand and at bank

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

(k) Stated capital

Ordinary shares are classified as equity.

(l) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one (1) year or less. If not, they are presented as non-current liabilities.

(m) Borrowings

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Customers' deposits

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

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

(o) Customers' contribution to line extensions

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

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

Contributions more than the applicable capital cost of line extensions are recorded as other revenue in the period in which they are completed. Non-refundable contributions received in respect of jobs not yet started or completed at the year-end are grouped with creditors, accrued charges and provisions. Refundable contributions received in respect of jobs not yet started or completed at the year-end as well as jobs completed at year-end are also grouped with creditors, accrued charges and provisions. The capital costs of customer line extensions are included in property, plant, and equipment (Note 4).

(p) Employee benefits

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

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

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

(q) Taxation

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition

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

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

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

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

Fuel charge
Fuel costs are passed to customers through the fuel charge mechanism, which provides the opportunity to recover substantially all fuel costs required for the generation of electricity over time. The current calculation of the fuel charge is under review by the PURC and is expected to be adjusted in the coming year. The Company recognises fuel revenue on the basis of the amount recoverable for the accounting period.

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

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

Service fees are recognised as the various services are provided.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition (continued)

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

Interest income
Interest income is recognised on an accrual basis.

(s) 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.

(t) Related parties

Parties are related if one (1) party can control the other party or exercise significant influence over the other party in making financial or operating decisions. Transactions entered with related parties in the normal course of business are carried out on commercial terms and conditions during the year.

(u) Finance costs

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Unbilled revenue adjustments

The provision and adjustment at 31 December 2022, with comparatives, are calculated as follows:

	2022 $	2021 $
Revenue for December after discounts	22,875,054	16,300,661
50% of above provision at 31 December (Note 9)	11,437,527	8,150,331
Provision at 1 January	(8,150,331)	(5,883,910)
Increase in provision during the year	3,287,196	2,266,421

(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 in exchange for consideration.

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

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Leases (continued)

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

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

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

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

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

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

After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced for the lease payments made. There were no lease reassessments or modifications in 2022.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Allocations

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

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

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

(a) Impairment of non-financial assets

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

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

(b) Property, plant, and equipment

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

(c) Provision for expected credit losses of trade receivables

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

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

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

(d) Unbilled revenue

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

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

There were no borrowing costs capitalised during 2022 and 2021. The adjustments for the year refer to amounts that were capitalized in the previous period for which a credit was received in the current year, or for which the scope of the capital project was not executed according to the original plan. Included in the depreciation expense in the statement of cash flows is the depreciation for right-of-use assets of $358,269 (2021: $387,833) (Note 5).

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(Expressed in Eastern Caribbean Currency Dollars)

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land $	Building and construction $	Plant and Machinery $	Motor Vehicles $	Furniture and Equipment $	Total $
For the year ended 31 December 2021						
Opening book value	1,864,860	11,002,181	82,693,638	4,234,023	4,141,837	103,936,539
Opening customers' contribution to line extensions (Note 2o)	-	-	-	-	-	(1,817,026)
	1,864,860	11,002,181	82,693,638	4,234,023	4,141,837	102,119,513
Additions for the year	-	999,410	27,882,093	1,082,924	1,241,402	31,205,829
Adjustments for the year	-	(11,282)	(501,360)	-	-	(512,642)
Disposals for the year	-	-	(1,698,954)	(4,971)	(275,971)	(1,979,896)
Depreciation charge for the year (Note 21)	-	(543,211)	(5,425,994)	(1,162,248)	(1,001,404)	(8,132,857)
Movement in customers' contribution to line extensions for the year	-	-	-	-	-	737,700
NET BOOK VALUE	1,864,860	11,447,098	102,949,423	4,149,728	4,105,864	123,437,647
Balance at 31 December 2021						
Cost	1,864,860	32,610,402	295,102,915	17,086,329	16,126,071	362,790,577
Accumulated depreciation	-	(21,163,304)	(192,153,492)	(12,936,601)	(12,020,207)	(238,273,604)
	1,864,860	11,447,098	102,949,423	4,149,728	4,105,864	124,516,973
Less: Customers' contribution to line extensions (Note 2o)	-	-	-	-	-	(1,079,326)
NET BOOK VALUE	1,864,860	11,447,098	102,949,423	4,149,728	4,105,864	123,437,647

5. LEASES

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

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

	Building $	Land $	Furniture and Equipment $	Total $
Balance at 1 January 2021	388,234	2,392,651	11,808	2,792,693
Additions	-	154,369	-	154,369
Adjustment	(265)	(256,551)	(734)	(257,550)
	387,969	2,290,469	11,074	2,689,512
Depreciation expense (Note 21)	(227,053)	(160,171)	(609)	(387,833)
Balance at 31 December 2021	160,916	2,130,298	10,465	2,301,679
Additions	805,615	21,414	-	827,029
Reclassification	(36,539)	36,417	122	-
Depreciation expense (Note 21)	(194,547)	(163,112)	(610)	(358,269)
Balance at 31 December 2022	735,445	2,025,017	9,977	2,770,439

During 2021, an adjustment arose due to a change in the incremental borrowing rate computation at year end. Depreciation expense and the accretion of interest are recorded in the statement of comprehensive income as at 31 December 2022.

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

	2022 $	2021 $
As at 1 January 2022	2,530,962	2,923,595
Adjustment	-	(257,260)
Additions	827,029	154,370
Accretion of interest	145,128	195,789
Payments	(485,490)	(485,532)
As at 31 December 2022	3,017,629	2,530,962
Less: current portion	(346,731)	(284,888)
Long-term portion	2,670,898	2,246,074

5. LEASES (continued)

No right-of-use assets were sub-leased and there were no variable lease payments or sale-and-lease-back transactions for the year ended 31 December 2022.

The maturity of lease liabilities is as follows:

	2022 $	2021 $
Less than 1 year	-	103,919
Between 1 and 2 years	189,172	327,848
Between 2 and 5 years	743,684	-
Over 5 years	2,084,773	2,099,195
Total	3,017,629	2,530,962

6. SUSPENSE JOBS AND CAPITAL WORK IN PROGRESS

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

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

	Suspense Work in Progress $	Capital Work in Progress $	Total $
For year ended 31 December 2021			
Opening book value	1,444,955	7,326,586	8,771,541
Additions and transfers for the year (net)	(239,430)	(5,775,232)	(6,014,662)
NET BOOK VALUE	1,205,525	1,551,354	2,756,879
Balance at 31 December 2021			
NET BOOK VALUE	1,205,525	1,551,354	2,756,879

7. FINANCIAL ASSETS AT AMORTISED COST

	Interest rate (%)	Maturity	2022 $	2021 $
Government of Grenada - Treasury Bills	3.00	2023	800,132	800,132
Fixed deposit - Republic Bank (Grenada) Ltd	0.10	2023	12,815,256	12,802,453
Fixed deposit - Grenada Co-operative Bank Ltd.	0.25	2023	14,408,135	14,372,205
Fixed deposit - ACB Grenada Bank	0.1	2023	10,502,399	10,491,910
			38,525,922	38,466,700

Included in the above is an amount of $32,000,000 for Hurricane Insurance Reserve (Note 16) invested in Treasury bills and fixed deposits held with the Republic Bank (Grenada) Limited, ACB Grenada Bank, and the Grenada Co-operative Bank Limited.

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

(Expressed in Eastern Caribbean Currency Dollars)

8. INVENTORIES

The following is a breakdown of inventories on hand:	2022 $	2021 $
Motor vehicle spares	1,450,023	1,403,687
Distribution	11,006,874	8,014,274
Generation spares	15,191,618	14,795,629
Fuel and lubricating oil	979,818	541,526
General stores	709,081	1,704,941
	29,337,414	26,460,057
Less: Obsolescence provision	(2,126,408)	(1,860,712)
	27,211,006	24,599,345
Goods in transit	1,505,740	-
	28,716,746	24,599,345

The cost of inventories written down and recognised as an expense during the year is included in the respective departments' expenses in the amount of $293,739 (2021 - $525,827).

9 TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade receivables	25,468,954	17,191,622
Less: Provision for expected credit losses (Note 2g ii,10)	(3,278,598)	(3,103,358)
Trade receivables- net	22,190,356	14,088,264
Other debtors	1,076,731	4,067,547
Less: Provision for expected credit losses (Note 2g ii,10)	(99,216)	(61,713)
	977,515	4,005,834
	23,167,871	18,094,098
Unbilled revenue (Note 2v)	11,437,527	8,150,330
Prepayments	1,398,141	1,595,415
	12,835,668	9,745,745
	36,003,539	27,839,843

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

9. TRADE AND OTHER RECEIVABLES (continued)

The ageing of trade and other receivables is as follows:

	2022			2021		
	Trade receivables $	Other receivables $	Expected credit losses $	Trade receivables $	Other receivables $	Expected credit losses $
30 days	19,890,703	645,307	79,563	12,535,331	3,671,717	50,590
31-60 days	2,198,388	164,977	43,977	1,551,876	179	62,075
61-90 days	382,846	164,737	191,423	228,622	11,767	114,900
Over 90 days	2,997,017	101,710	3,062,851	2,875,793	383,884	2,937,506
	25,468,954	1,076,731	3,377,814	17,191,622	4,067,547	3,165,071

10. MOVEMENT IN PROVISION FOR EXPECTED CREDIT LOSSES

	2022 $	2021 $
(i) Customers' accounts		
Balance at 1 January	3,103,358	3,035,055
Increase in provision (Note 21)	175,240	68,303
Balance at 31 December	3,278,598	3,103,358
(ii) Other debtors		
Balance at 1 January	61,713	46,129
Increase in provision (Note 21)	37,503	15,584
Balance at 31 December	99,216	61,713
Total Expected Credit Losses	3,377,814	3,165,071

There were no direct write-offs for impaired receivables during the year to the statement of comprehensive income (2021 - nil). There was no recovery of bad debt written off during the year (2021 - $51,351).

11. CASH ON HAND AND AT BANK

	2022 $	2021 $
Cash on hand	7,200	7,200
Republic Bank (Grenada) Limited	753,387	6,955,249
CIBC First Caribbean International Bank Limited	18,612	4,646,787
Grenada Co-operative Bank Limited	195,814	626,008
	975,013	12,235,244

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

	2022 $	2021 $
Cash on hand and at bank	975,013	12,235,244
Bank overdraft (Note 14)	(1,184,121)	-
Cash and cash equivalents	(209,108)	12,235,244

12. STATED CAPITAL

	2022 $	2021 $
Authorised		
25,000,000 ordinary shares of no-par value		
Issued and fully paid		
19,000,000 ordinary shares of no-par value	32,339,840	32,339,840

13. CUSTOMERS' DEPOSITS

All customers are required in accordance with the 2016 Electricity Act (EA) Schedule 1 to provide a security deposit, which is normally equivalent to one (1) month's consumption. Interest accrued is credited to customers' accounts at a rate of 4% (2021 - 4%) per annum in the first billing cycle of the year. The cash deposit is refunded with accumulated interest when the account is terminated (Note 2n).

	2022 $	2021 $
Balance at 1 January	18,408,587	17,812,606
New deposits	523,595	481,826
Interest accrued	723,220	688,458
Deposits refunded	(305,351)	(574,303)
Balance at 31 December	19,350,051	18,408,587

14. BORROWINGS

	2022 $	2021 $
CIBC First Caribbean International Bank Limited		
Balance at 1 January	43,567,491	32,283,458
Add: Loan received during the year	-	16,200,000
	43,567,491	48,483,458
Less: Principal repayments	(6,535,966)	(4,915,967)
Loan balance	37,031,525	43,567,491
Bank overdraft (Note 11)	1,184,121	-
Total borrowings at 31 December	38,215,646	43,567,491
Less: Current portion		
- Bank overdraft	(1,184,121)	-
- Loan	(6,535,967)	(6,535,967)
Total current portion	(7,720,088)	(6,535,967)
Non-current portion	30,495,558	37,031,524

14. BORROWINGS (continued)

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

The loan bears interest at a rate of 4.75% per annum over the first five (5) years and thereafter the interest will be the prime rate less 5.90% subject to a floor of 3.60% per annum. Presently the prime rate is 8.50% per annum. The loan is amortized over a twelve (12) year period and repayable via 32 quarterly principal payments of $1,001,042 with a balloon payment of $16,016,667. Interest will be paid quarterly in arrears and accrue on an actual/365-day basis. The facility is collateralized under a first priority mortgage obligation and debenture charge over the fixed and floating assets of the Borrower stamped to cover $48,050,000.

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

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

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

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

The Company has an overdraft facility of $6 million with CIBC First Caribbean International Bank Limited with interest at the rate of 6% per annum. Total interest on the bank overdraft for the year ended 31 December 2022 is $498 (2021- nil).

As at 31 December 2022, the Company was not in breach of any of its covenants with CIBC First Caribbean International Bank (Barbados) Limited under the existing credit facilities.

14. BORROWINGS (continued)

The maturity of non-current borrowings is as follows:

	2022 $	2021 $
Between 2 and 5 years	23,531,525	25,026,041
Over 5 years	13,500,000	18,541,540
Total	37,031,525	43,567,491

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

	Carrying Value		Fair Value	
	2022 $	2021 $	2022 $	2021 $
Borrowings	37,031,525	43,567,491	38,904,897	42,000,395

The fair values are based on cash flows discounted using a rate based on the Company's average borrowing rate of 3.73% (2021 – 3.90%).

15. RETIREMENT BENEFITS PAYABLE

The Company operates a defined contribution plan for its employees. Payment of benefits accrued is made upon the resignation or retirement of employees by the relevant Trust. Pension cost for the year was $3,407,384 (2021 – $2,279,303) in the statement of comprehensive income (Note 21).

The balance of $249,768 within the statement of financial position date relates to amounts due to the non-management and management Trusts for December 2022 (2021 – $210,058).

16. HURRICANE INSURANCE RESERVE

	2022 $	2021 $
Balance at beginning of year	32,000,000	30,000,000
Add: Allocation for the year	-	2,000,000
Balance at end of year	32,000,000	32,000,000

The Company allocates $2,000,000 per annum to its hurricane insurance reserve, backed by short-term investments held at various financial institutions (Note 7) as self-insurance for its transmission and distribution network. During the year ended 31 December 2022, the Board of Directors decided to suspend the allocation to help the financial performance of the Company. The allocation is expected to recommence in January 2023.

17. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade creditors	15,418,290	9,759,196
Sundry creditors	7,783,026	7,841,786
Accrued expenses	7,545,143	13,350,907
Total trade and other payables	30,746,459	30,951,889

The allocation for donations and profit sharing (Note 2x) for the year is calculated on pre-tax profits. In 2021, the allocations were calculated on pre-tax profits net of the $1,592,592 prior year adjustment for loose tools (Note 2b).

18. CUSTOMERS' CONTRIBUTION TO LINE EXTENSIONS

	2022 $	2021 $
Balance at 1 January	9,148,412	7,140,290
Additions	1,361,388	2,770,173
Refunds, transfers to income and reversals (net)	(603,789)	(762,051)
Customers' contributions at 31 December	9,906,011	9,148,412

19. REVENUE- NON-FUEL CHARGE

	2022 $	2021 $
Domestic	30,746,254	35,113,027
Commercial	45,004,561	46,765,178
Industrial	1,781,784	2,047,802
Street lighting	1,221,920	1,572,695
	78,754,519	85,498,702

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

This measure was discontinued effective 9 September 2022.

20. OTHER INCOME

	2022 $	2021 $
Sundry revenue (Note 2r)	2,717,321	3,113,399
(Loss)/Gain on disposal of property, plant, and equipment	(80,393)	8,961,115
	2,636,928	12,074,514

The gain on disposal of property, plant, and equipment during 2021 relates to insurance proceeds received from the disposal of the Wartsila #4 generating unit.

(Expressed in Eastern Caribbean Currency Dollars)

21. EXPENSES BY NATURE

	2022 $	2021 $
Fuel	152,600,108	83,822 603
Plant maintenance	10,654,684	8,668,143
Line maintenance	2,432,429	3,843,256
General repairs and maintenance	2,000,128	2,638,867
Employee benefits	27,869,039	28,902,335
Depreciation (Notes 4 and 5)	10,078,969	8,520,690
Insurance	3,047,525	2,591,982
Expected credit losses (Note 10)	212,743	83,887
Other expenses	7,705,380	8,488,439
Total operating expenses	216,601,005	147,560,202
Employee benefits include:		
Salaries and wages	23,487,665	25,874,819
Social security	822,335	777,049
Pension (Note 15)	3,407,384	2,279,303
Group Insurance	717,211	730,875
	28,434,595	29,662,046
Allocated as follows:		
Operating expenses	27,869,039	28,902,335
Capitalised expenses	565,556	759,711
	28,434,595	29,662,046

22. FINANCE COSTS

	2022 $	2021 $
Bank loans/bond interest	1,521,088	1,693,230
Other bank interest	498	5,168
Interest- right-of-use assets (Note 5)	145,128	144,137
Customer deposit interest	729,429	697,045
	2,396,143	2,539,580

23. TAXATION

Corporation tax expense

	2022 $	2021 $
Current taxation	1,707,499	2,546,907
Deferred tax	1,917,105	1,951,359
Taxation charge	3,624,604	4,498,266

Income taxes in the statement of comprehensive income vary from amounts that would be computed by applying the statutory tax rate of 28% (2021- 28%) for the following reasons:

	2022 $	2021 $
Profit for the year before taxation	12,127,689	19,345,100
Corporation tax at applicable statutory rate 28% (2021-28%)	3,395,753	5,416,628
Tax effect of items that are adjustable in determining taxable profit:		
Tax effect of hurricane reserve	-	(560,000)
Over provision of prior year tax expense	-	(445,926)
Effect of expenses not deductible for tax purposes	228,851	87,564
Tax charge for the year	3,624,604	4,498,266

Corporation tax recoverable

	2022	2021
Corporate tax recoverable	(554,894)	(1,262,393)

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

Deferred Tax	2022 $	2021 $
Delayed tax depreciation	56,408,040	49,543,329
Right of use assets	2,770,439	2,301,679
Lease liabilities	(3,017,629)	(2,530,962)
	56,160,850	49,314,046
Deferred tax liability at statutory rate 28% (2021 - 28%)	15,725,038	13,807,933

24. RELATED PARTY TRANSACTIONS

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

	2022	2021
	$	$
a) Sale of electricity:		
NIS	274,223	226,074
Government of Grenada	19,252,606	15,143,684
b) Payment of dividends:		
NIS	286,629	1,146,516
Government of Grenada	1,763,143	7,054,320
c) Amounts due to related parties*		
NIS (NIS contributions for staff - December)	127,919	119,971
Government of Grenada (taxes at year end)	2,354,114	2,384,377
d) Amounts due by related parties*		
NIS (electricity - December)	24,787	21,554
Government of Grenada (electricity - December, tax recoverable)	2,386,812	2,655,874

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

Terms and conditions of transactions with related parties
The sales to and amounts due from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, the Company recognized provision for expected credit losses of $7,861 relating to amounts owed by related parties (2021 - $6,626).

24. RELATED PARTY TRANSACTIONS (continued)

ii) Compensation of key management personnel of the Company:

	2022 $	2021 $
Salaries and other benefits	3,154,290	3,812,602
Directors' Fees	299,379	244,500
Past employment benefit provisions	408,232	485,448
Loans receivable from key management personnel	-	20,707

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

25. EARNINGS PER SHARE

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

	2022 $	2021 $
Net profit for the year	8,503,085	14,846,834
Weighted average number of common shares	19,000,000	19,000,000
Earnings per share	0.45	0.78

26. CONTINGENT LIABILITIES

a. *Customs bonds*
At the statement of financial position date, the Company was contingently liable to the Government of Grenada for customs bonds in the amount of $300,000 (2021- $300,000)

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

27. CAPITAL COMMITMENTS

The Company budgeted capital expenditure of $10,591,483 (2021 - $11,683,733) for the 2022 financial year. Additionally, a total of $3,483,133 of the incomplete 2021 approved budget was included in 2022 to facilitate the completion of several ongoing projects. A total of $5,137,238 (2021 - $5,610,039) was contracted for at year end.

28. DIVIDENDS

During the year ended 31 December 2022, a dividend of 13 cents (2021- 52 cents) per ordinary share amounting to $2,470,000 was declared and paid (2021 - $9,880,000). During the year ended 31 December 2022, the Board of Directors decided to only pay a dividend in the first quarter of the financial year to preserve the liquidity position of the Company.

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

Quarter	Declaration Date	Approval Date
First	10 May 2022	3 June 2022

29. FINANCIAL RISK MANAGEMENT

Financial instruments by category

At 31 December	2022 $	2021 $
Assets per statement of financial position	**Financial assets**	**Financial assets**
Cash on hand and at bank (Note 11)	975,013	12,235,244
Financial assets at amortised cost (Note 7)	38,525,922	38,466,700
Trade and other receivables (less prepayments) (Note 9)	34,605,398	26,244,428
Total	74,106,333	76,946,372
	Other financial liabilities at amortised cost $	**Other financial liabilities at amortised cost $**
Liabilities per statement of financial position		
Lease liabilities (Note 5)	3,017,629	2,530,962
Borrowings (Note 14)	38,215,646	43,567,491
Trade and sundry creditors (Note 17)	23,201,316	17,600,982
Customers' deposits (Note 13)	19,350,051	18,408,587
Customers' contributions to line extensions- refundable (Note 18)	9,405,149	8,599,968
Retirement benefits payable (Note 15)	249,768	210,058
Profit sharing payable (Note 17)	3,591,167	4,440,211
Total	97,030,726	95,358,259

Financial risk factors

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

29. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

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

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

Credit risk with respect to trade receivables is substantially reduced due to the policies implemented by management. Deposits are required from all customers upon application for a new service and management performs periodic credit evaluations of its general customers' financial conditions. The maximum exposure to credit risk for trade receivables, net of estimated credit losses (Note 9) and deposits held (Note 13) is $2,840,305 (2021- nil).

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

Based on the above, however, management does not believe significant credit risk exists at 31 December 2022, or 2021. Further analysis of the Company's trade and other receivables is disclosed in Note 9.

29. FINANCIAL RISK MANAGEMENT (continued)

Operational risk

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

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

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

Insurance risk

Prudent management requires that a company protect its assets against catastrophe and other risks. In order to protect its customers and investors, the Company has fully insured its plant and machinery, buildings, computer equipment and furniture against substantially all perils. The Company's Transmission and Distribution systems are uninsured and to mitigate this risk, the Company sets aside funds on an annual basis in a hurricane reserve. During the year ended 31 December 2022, this allocation was not done but is expected to recommence in January 2023.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management monitors the Company's liquidity reserve, which comprises overdraft facilities and cash and cash equivalents (Notes 11 and 14), based on expected cash flows and is of the view that the Company holds adequate cash and credit facilities to meet its short-term obligations.

(Expressed in Eastern Caribbean Currency Dollars)

29. FINANCIAL RISK MANAGEMENT (continued)

The table below summarises the Company's liquidity position:

Balance at 31 December, 2022	Less than 1 year $	Between 1 & 2 years $	Between 2 & 5 years $	Over 5 years $	Total $
Assets					
Cash on hand and at bank	975,013	-	-	-	975,013
Financial assets at amortised cost	38,525,922	-	-	-	38,525,922
Trade and other receivables (less prepayments)	34,605,398	-	-	-	34,605,398
Total assets	74,106,333	-	-	-	74,106,333
Liabilities					
Lease liabilities	346,731	250,511	576,597	1,843,790	3,017,629
Borrowings	8,998,365	7,577,095	21,265,026	4,458,859	42,299,345
Trade and sundry creditors	23,201,316	-	-		23,201,316
Customers' deposits	-	-	-	19,350,051	19,350,051
Customers' contribution to line extension- refundable (Note 18)	9,405,149	-	-	-	9,405,149
Retirement benefits payable	249,768	-	-	-	249,768
Profit sharing payable	3,591,167	-	-	-	3,591,167
Total liabilities	45,792,496	7,827,606	21,841,623	25,652,700	101,114,425

29. FINANCIAL RISK MANAGEMENT (continued)

Balance at 31 December, 2021	Less than 1 year $	Between 1 & 2 years $	Between 2 & 5 years $	Over 5 years $	Total $
Assets					
Cash on hand and at bank	12,235,244	-	-	-	12,235,244
Financial assets at amortised cost	38,466,700	-	-	-	38,466,700
Trade and other receivables (less prepayments)	26,244,428	-	-	-	26,244,428
Total assets	76,946,372	-	-	-	76,946,372
Liabilities					
Lease liabilities	284,888	184,661	184,600	1,876,813	2,530,962
Borrowings	8,057,054	7,814,244	21,996,591	11,304,388	49,172,277
Trade and sundry creditors	17,600,982	-	-	-	17,600,982
Customers' deposits	-	-	-	18,408,587	18,408,587
Customers' contribution to line extension- refundable (Note 18)	8,599,968	-	-		8,599,968
Retirement benefits payable	210,058	-	-	-	210,058
Profit sharing payable	4,440,211	-	-	-	4,440,211
Total liabilities	39,193,161	7,998,905	22,181,191	31,589,788	100,963,045

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29. FINANCIAL RISK MANAGEMENT (continued)

Market risk

(i) *Foreign exchange risk*

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

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

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

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

(ii) *Interest rate risk*

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

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. At 31 December 2022, the Company held borrowings at both fixed and floating interest rates with 7% of the portfolio being at fixed rates. The Company's exposure to interest rates and the terms of borrowings are disclosed in Note 14.

29. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management

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

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

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

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

	2022 $	2021 $
Total borrowings (Note 14)	38,215,646	43,567,491
Shareholders' equity	115,867,272	109,834,187
Debt to equity ratio	**0.33:1**	**0.40:1**

Fair value estimation

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

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

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

30. OPERATING SEGMENTS

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

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR OPERATIONAL RECORD 2018-2022

EXPRESSED IN EC$ & US$

	2022	2021	2020	2019	2018
PRODUCTION AND SALES					
Generation - Grenlec Diesel	243,527,112	224,563,914	218,528,643	237,579,974	227,651,303
Generation - Grenlec PV	1,292,981	1,408,907	1,398,113	1,558,486	1,614,893
Generation - PV Customers	2,827,261	2,940,372	2,800,487	2,183,506	1,681,036
Gross Generation (kWh)	**247,647,354**	**228,913,193**	**222,727,243**	**241,321,966**	**230,947,232**
Auxillaries & Own Use	6,837,635	7,305,921	7,477,023	7,556,373	6,490,799
Net Generation	240,809,719	221,607,272	215,250,220	233,765,593	224,456,433
Sales (kWh)					
Domestic	89,981,589	86,011,856	84,377,072	82,679,980	80,512,737
Commercial	125,643,876	110,167,815	104,620,226	123,008,954	116,955,264
Industrial	7,082,429	6,652,162	6,167,168	6,750,491	5,934,292
Street Lighting	3,805,355	4,074,943	4,495,734	4,577,319	4,668,193
Total Sales	**226,513,249**	**206,906,776**	**199,660,200**	**217,016,744**	**208,070,486**
Sales Growth	9.48%	3.63%	-8.00%	4.30%	4.39%
Loss (% of Net Generation)	5.92%	6.61%	7.22%	7.14%	7.27%
Number of Customers at Year - End					
Domestic	48,884	47,568	45,992	45,139	44,250
Commercial	7,818	7,545	7,282	7,123	6,930
Industrial	39	39	40	39	38
Street Lights	9,299	9,081	8,824	8,755	8,713
Total Customers	**56,741**	**55,152**	**53,314**	**52,301**	**51,218**
Average Annual usage per Customer Class (kWh)					
Domestic	1,841	1,808	1,835	1,832	1,819
Commercial	16,071	14,601	14,367	17,269	16,877
Industrial	181,601	170,568	154,179	173,090	156,166

GRENADA ELECTRICITY SERVICES LIMITED

FIVE YEAR FINANCIAL RECORD 2018-2022

	2022	2021	2020	2019	2018
	EC$	EC$	EC$	EC$	EC$
INCOME	239,223,581	178,273,029	148,080,951	192,465,914	181,738,765
PROFIT BEFORE TAXES	12,127,689	19,345,100	21,959,446	34,400,337	24,277,594
TAXATION	3,624,604	4,498,266	5,853,232	10,796,839	6,494,000
NET PROFIT	8,503,085	14,846,834	16,106,214	23,603,498	17,783,594
Stated Capital & Retained Earnings	83,867,272	77,834,187	76,459,945	72,233,731	60,510,233
Hurricane Insurance Reserve	32,000,000	32,000,000	30,000,000	28,000,000	26,000,000
SHAREHOLDERS EQUITY	**115,867,272**	**109,834,187**	**106,459,945**	**100,233,731**	**86,510,233**
REPRESENTED BY:					
TOTAL ASSETS	236,669,041	232,899,730	204,140,024	205,723,176	179,133,533
TOTAL LIABILITIES	120,801,769	123,065,543	97,680,079	105,489,445	92,623,300
NET ASSETS	**115,867,272**	**109,834,187**	**106,459,945**	**100,233,731**	**86,510,233**
FINANCIAL RATIOS					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	7.34%	13.52%	15.13%	23.55%	20.56%
Earnings Per Share	0.45	0.78	0.85	1.24	0.94
Dividends Per Share	0.13	0.52	0.52	0.52	0.52

	US $	US $	US $	US $	US $
INCOME	**88,601,326**	**66,027,048**	**54,844,797**	**71,283,672**	**67,310,654**
PROFIT BEFORE TAXES	4,491,737	7,164,852	8,133,128	12,740,866	8,991,701
TAXATION	1,342,446	1,666,024	2,167,864	3,998,829	2,405,185
NET PROFIT	3,149,291	5,498,828	5,965,264	8,742,037	6,586,516
Stated Capital & Retained Earnings	31,061,953	28,827,477	28,318,498	26,753,234	22,411,197
Hurricane Insurance Reserve	11,851,852	11,851,852	11,111,111	10,370,370	9,629,630
SHAREHOLDERS EQUITY	**42,913,805**	**40,679,329**	**39,429,609**	**37,123,604**	**32,040,827**
REPRESENTED BY:					
TOTAL ASSETS	86,253,803	75,607,416	76,193,769	66,345,753	60,548,418
TOTAL LIABILITIES	44,741,396	45,579,831	36,177,807	39,070,165	34,304,926
NET ASSETS	**42,913,804**	**40,679,328**	**39,429,609**	**37,123,604**	**32,040,827**
FINANCIAL RATIOS					
No. of shares	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Return on Shareholders equity	7.34%	13.52%	15.13%	23.55%	20.56%
Earnings Per Share	0.17	0.29	0.31	0.46	0.35
Dividends Per Share	0.05	0.19	0.19	0.19	0.19

ENGENDERING BALANCE

grenlec.com