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REPORT TO SHAREHOLDERS

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In the previous annual report, we informed that the loudest and most repeated cries we hear, as Directors of the Belize Water Services Limited, are from those people who want water connections but cannot get them. Well, this year, we are pleased to report that over 2,000 more households have received water connections. That's approximately 10,000 more happy consumers. Furthermore, at March 2016, the expansion of water supply to the villages of Gardenia and Biscayne was well underway, which will bring potable water supply to these two villages shortly. This undertaking therefore, reinforces the theme for this year's Annual General Meeting **"reaching to more ... progress continues."** This theme is also telling those who are still waiting to get water, that BWS is not stopping – we will do all we can to continue to get water services to more people.



Alberto August, Chairman

The increase in connections and in reach, while symbolic, is certainly not all that the Company has achieved. I am pleased to report that BWS continues to perform exceptionally well. BWS has, yet again, improved financial performance and profits thereby ensuring the continued stream of annual dividends. The Company has also improved operational efficiency and customer satisfaction. As this annual report shows, most of the company's Key Performance Indicators including Water Coverage, Staff Efficiency, Collection Efficiency, Working Ratio and Profitability, have all improved over previous years.

As a result of our continuing expansion projects and normal progression growth, we connected 2,007 new customers, increasing our customer base by **3.75%**, to **55,484** customers at March 2016. Driven by the growth in customer connections and a 2% tariff increase effective April 2015, the Company attained an 8% increase in revenue from **\$40.084M** the previous year to **\$43.283M** for 2015/16. This contributed to an increase in profit from **\$6.765M** last year to **\$9.690M** this year. In 2015/16, the Company recorded its strongest financial performance to date, with leaps in profits, retained earnings and equity. Based on this strong performance and our financial forecasts, the Company dutifully informed the Public Utilities

Commission that it did not need to apply for any tariff changes for the new Financial Year, 2016/17. The Company also continued to operate at high efficiency. Despite water interruptions required due to ongoing works, continuity of service was improved to 99.92%. The number of staff per 1,000 customers was held to 4.8. Despite an increase from 23.6% to 24.9% in Non-Revenue Water ratio, the Company continued to hold this vital performance component below 25% for a third consecutive year.

We continue to focus on delivering improved services, not only in quality and consistency of supply, but also in direct assistance to those we serve. Customers continue to commend the Company for its prompt response to complaints, requests for assistance with in-home leaks, and the trademark super-efficient cashier system. Many customers have been pleasantly surprised when informed that their additional security deposits are now being refunded after one year of good payment history. The Company further reduced the annual number of customer disconnections, for non-payment, to 7,088, while still maintaining our collection efficiency at above 98%. This is yet another efficiency gain, as a few years before we were performing over 14,000 such disconnections per year.

Belize Water Services is not without its share of challenges. The global water industry must contend with Climate Change, water scarcity, protection of water resources as well as old and failing infrastructure. Belize and BWS joined many other countries and organizations in signing on to the "Paris Pact" on Water and Adaptation to Climate Change in December 2015. The purpose of this "Paris Pact" is to provide recommendations for actions that should be undertaken without delay at the most relevant scale for water management adaptation to climate change – i.e., the basins of lakes, rivers, and aquifers. The Pact also calls for actions of basin organizations and other relevant institutions including governments, international organizations, donors, local authorities, civil society and companies. Such actions are vital towards reaching the United Nations' Sustainable Development Goals (SDGs) for water.

Globally, water is recognised as being at the very core of sustainable development – without water, there is no life! The UN 2030 Agenda for Sustainable Development, builds on the earlier Millennium Development Goals (MDGs), and is described as being an ambitious plan of action for people, planet and prosperity, with 17 Sustainable Development Goals (SDGs) and 169 targets, aiming at nothing less than "transforming our world." SDG 6, which relates to water, contains six targets on outcomes across the entire water cycle. SDG 6 does not only have strong linkages to all of the other SDGs, it also underpins them;

CHAIRMAN'S REPORT

meeting SDG 6 would go a long way towards achieving much of the 2030 Agenda.

In essence then, water is far more than just a business. As a responsible water and sewer utility, BWS must not only invest in infrastructure to reach more, we must also invest in development and in protection of water sources to ensure that adequate supply will continue to be available 24/7 to that three-quarters of the population of Belize who are our consumers countrywide. Often though, unplanned developments and budgetary constraints make it impossible to connect all those who need. We continue to try to collaborate with the various entities to streamline the national planning guidelines for residential developments.

In this world of growing environmental consciousness, we must seek to protect our natural resources. This means investment in protection of water basins, in proper treatment and efficient distribution and in proper wastewater systems and expansions. Unfortunately, as all the major stakeholders realise, these require such high levels of investment that achieving them, even in the long term, is well out of reach of developing countries, unless major grant funding is made available.

Nonetheless, the Government of Belize and the Belize Water Services Limited have continued to invest in water and wastewater infrastructure, bringing connections to more people than ever before and helping to further develop our nation. With some assistance from International Financing Agencies, we continued water expansions countrywide. Funded by a Government loan from the Caribbean Development Bank, the Belize River Valley water system, connecting nine villages to existing BWS system, was officially inaugurated in June 2015. Without missing a beat, BWS, with Government funding, channelled through the Social Investment Fund (SIF), has resulted in the connection of Gardenia and Biscayne villages to the company's water network. SIF and BWS committed approximately one million dollars each. Additionally, with grant funding from the German Government via the GIZ Programme, the scope of the works was amplified to reach all the way to Biscayne village.

Furthermore, with funding from the Inter-American Development Bank and the Caribbean Regional Fund for Wastewater Management, BWS is now entering phase two of a sewerage expansion and improvement project in Belmopan. The Company and the Government continue to seek financing for the Ambergris Caye Water and Sewer Expansion and the Placencia Peninsula Integrated Water and Wastewater System projects. As we continue **"reaching to more"**, we seize this opportunity to inform that additional funding is committed to ensure that water

system expansions continue in all our service areas.

The Board of Directors, appointed as mandated by the company's Articles of Association, ensures good governance and the maintenance of fiduciary responsibility to all shareholders and other stakeholders. The Board remains proactive in its duties and involved in guiding the strategic direction of the Company. The Board and its Audit and Procurement Committees met regularly throughout the year to review and approve various activities and projects, and to ensure adherence to best practices and to established policies in alignment with the Company's strategic plan.

The Government of Belize, our majority shareholder, continued its pledged support and commitment to the Company and its largesse to minority shareholders. GOB continued its agreement to grant its portion of the dividends to minority shareholders. It is with much pleasure therefore that we announce the uninterrupted payment of dividend to minority shareholders for the tenth consecutive year, this time at the increased rate of 11.25 cents per share. This equates to a 7.5% return on investment, providing perhaps the most lucrative return on financial instruments this year.

Looking to the future, the Company will continue to execute its strategic plan aimed at improving overall performance and stakeholder relations. We expect to continue showing improvements in operational and financial activities. Growth and expansion will continue.

On behalf the Board of Directors of the Belize Water Services Limited, I express many thanks to the Government of Belize, the Belize Social Security Board and the many smaller shareholders of the Company, including all those employees who have shown their trust and invested in company shares. I also wish to thank those funding agencies, especially the Caribbean Development Bank (CDB), the Inter-American Development Bank (IDB) and the German GIZ Fund, who have shown confidence and trust in BWS. I wish to thank BWS Workers' Union and the staff for putting in such tremendous efforts and work ethic to help keep the Company moving in the right direction. I must also personally thank Board Members and the Management Team for their very vital contributions as together, with our shareholders and other stakeholders, we continue to keep the Belize Water Services Limited at the forefront in performance among regional water and wastewater utilities.

It is therefore, beyond the shadow of any doubt that the Belize Water Services Limited has lived up to the theme chosen for this year's Annual General Meeting: **Reaching to more ... Progress continues!**

Thank You.

FINANCIAL PERFORMANCE

OVERVIEW

The Financial Year 2015/2016 marked the fifteenth year of BWS and the first year of the Third Full Business Plan Period (2015-2020) as approved by the Public Utilities Commission (PUC), resulted in a net profit of \$9.690 million. This is an increase of 43.2% as compared to last year's profit of \$6.765M. A 5.6% increase in the consumption volume of water, along with a 2% increase in Tariff rates as of April 1, 2015, led to an 8% increase in Total Revenue over the previous year and 43% increase in Net Profit.



The cash generated from operations was utilised to assist with financing of operations, debt servicing, expansion projects and other much needed capital investment by the company. The Government of Belize (GOB), our majority shareholder, continued their direct financial support as well as support and liaison with lending institutions, to enable the Company to perform vital capital investment, especially with regard to expansion needed to connect more customers. GOB also continued its support of minority shareholders, who have received dividends for the tenth consecutive year.

The Strategic Business Plan, adapted by the Board and Management, has been instrumental in assisting the company with achieving gains in performance and efficiency. By focusing on the requirements of stakeholders and customers, the company has achieved landmark growth in customer connections, reaching far more people due to collaborations and partnerships. Contributions, including financial, materials and services were crucial in assisting the company to continue with executing the many infrastructure projects in each municipality. Other key objectives such as improving staff knowledge and skills,



improving customer service and improving efficiency were continuously promoted. Employees must again be commended for embracing the strategic approach; their efforts toward continuous improvement contributed positively to the financial and operational results detailed in subsequent sections. The company continued to be agile, managing and optimising scarce resources to achieve targets in efficiency and performance, and gains in customer satisfaction and stakeholder relations.

FINANCIAL RESULTS, SALES AND INCOME

Driven by the various water expansion projects, customer connections increased by **3.75%** from 53,477 to **55,484**. This growth, along with improved pressures and continuity of service, resulted in an increase of **5.6%** in total volume of water sold. Annual Revenue for 2015/16, driven by the increase in the total water volume and the 2% tariff increase, improved by **8%** to **\$43,283 million** from \$40,084 million in previous year. Despite the increases in customer base and in total water production, along with inflationary cost increases, Total Expenses increased marginally,

MANAGEMENT DISCUSSION AND ANALYSIS

by **0.8%**, to **\$33.592 million** from \$33.320 million. With the increase in Revenue far exceeding the Cost increases, Profit increased, from \$6.765 Million in the previous year, to **\$9.690 Million**, a **43%** increase.

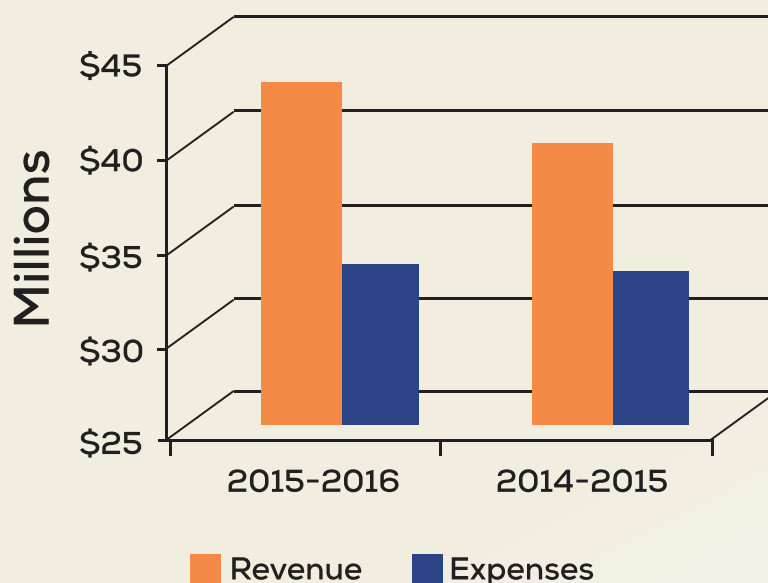
The Graph below shows the comparison of Revenues and Expenses between the last two Fiscal Years.

The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the year showed strong growth, totaling \$17.299M (40% of Revenue), up from \$14.359M (36%) in the previous year. EBIT, the Earnings Before Interest and Tax, was \$12.330M, a 30% increase over the previous year's figure of \$9.501M.

Water related sales provided income of \$42.026 million (\$38.965 M previous year), other services provided income of \$1.077 million (\$0.856M previous year) resulting in total operating revenue for the year of \$43.103 million (\$39.821M previous year). The average tariff for water sales was \$17.48 per thousand US gallons (previous year: \$17.17).

DIVIDENDS

For the tenth year in a row, the Board of Directors was able to approve dividend payment to its shareholders. This decision is supported by the



Government of Belize, the majority shareholder, having formally agreed to grant its dividend payments to the minority shareholders until 2020 in order to assist both the company and the minority shareholders. The Board declared total dividends amounting to \$0.758M or about 7.82% of net profit.

Based on the 40 million shares issued, the net profit of \$9.690M equates to earnings of approximately \$0.24 (twenty-four cents) per share as compared to \$0.17 (seventeen cents) from previous year, an increase of fifty percent (50%) per share from previous year. Based on the GOB directive, this dividend was distributed solely to minority shareholders who received dividends equivalent to \$0.1125 (11.25 cents) per share.

PARTNERSHIP AND COLLABORATIONS
ALONG WITH CONTINUOUS
IMPROVEMENT LED TO

43%
INCREASE IN PROFITS



MAJOR COSTS AND EXPENSES

The table insert shows the breakdown of costs for FY2015/16 as compared to the previous financial year.

Staff Costs, Interest, Water Purchases, Depreciation and Electricity remain the major costs for the company. The main direct costs continued to be Staff Costs, Water Purchases (San Pedro) and Electricity. The major indirect costs are Depreciation, Loan Interest Expense, and Taxes.

LOANS, GRANTS AND DEBT SERVICING



At the beginning of the 2015/16 financial year, BWS had outstanding loans of \$34.740 million. The company made an application to the Social Security Board (SSB) for a refinancing of a balance of \$16.133M plus an additional \$12.0M for a total of \$28.133M. This loan was approved with a reduction in interest rate from 8.5% to 6% per annum. Additionally, there was a drawdown of \$1.324M from the Belize Wastewater Revolving Fund (BWRf) for the Belmopan Sewerage Expansion and Improvement project. Total loan drawdowns for FY 2015/16 amounted to \$13.324M.

The majority shareholder, GOB continues to assist by foregoing debt repayments for the Caribbean Development Bank loans #5 and #10 totalling \$2,552M in principal and interest payments for this financial year.

During the year, BWS, with the

Cost Summary	FY 2015/2016		FY 2014/2015	
	Total (BZ\$'000)	Percent of Total	Total (BZ\$'000)	Percent of Total
*Water Purchases	5,015	15.01%	5,154	15.49%
*Electricity	2,344	7.02%	2,612	7.85%
*Staff Costs	9,739	29.15%	8,931	26.84%
Other direct/ Operating Costs	8,700	26.04%	8,980	26.99%
Total direct costs & Expenses	25,798	77.21%	25,677	77.18%
*Depreciation	4,969	14.87%	4,858	14.60%
*Interest expense	1,892	5.66%	2,041	6.13%
Taxes & Fees	753	2.25%	695	2.09%
Total Other Expenses	7,614	22.79%	7,594	22.82%
Total Costs and Expenses	33,412	100.00%	33,271	100.00%
*Total Major Costs	23,959	71.71%	23,596	70.92%

support of GOB, was the recipient of several grant facilities from the Caribbean Development Bank (CDB), the Inter-American Development Bank (IDB), the Caribbean Regional Fund for Wastewater Management (CRew) and the German Gesellschaft fur International Zusammenarbeit (GIZ). GIZ contributed \$0.465M towards the Gardenia-Biscayne Water Expansion project. All other grants are being utilized primarily for technical assistance consultancies and training.

At March 31, 2016, the total outstanding loans increased to \$44.981 million. The Table insert summarises the Loan balances and debt servicing cash requirements over the last two financial years.

Loan Movement and Debt Servicing		
<u>Net Loan Movement</u>	2015/16	2014/15
Beginning Balance	34,740	39,177
Draw downs/Increases	13,324	0
Principal Repaid	3,083	4,437
Principal Balance	44,981	34,740
<u>Total Debt Servicing</u>		
Principal Repaid	3,083	4,437
Interest Charges	1,831	2,001
Total Debt Reduction	4,914	6,438

All figures in BZ\$ '000

ASSET EXPANSION AND IMPROVEMENT

During 2015/16, investments in new assets totaling \$21.041 million were undertaken with approximately \$7.988 million being contributed by the Government of Belize. A direct result of GOB funded project was the completion of the Belize River Valley Project that introduced nine (9) villages with approximately 600 service connections. Our company continues in a strategic focus by expanding our water network in various municipalities and continue to replace our aged infrastructures in order to improve on our pressure management controls and service delivery. Efforts were also concentrated on the refurbishment of Water Treatment Plants and Reservoirs in Belmopan and Dangriga. In order to continue to meet demands, construction of new water sources (new wells) were completed in Caye Caulker, San Ignacio and Independence. The overall investment in assets inclusive of refurbishments and maintenance was \$24.094 million in 2015/16 as compared to \$15.194 million in 2014/15.

The company also finalized its Fixed Asset Audit and Revaluation Exercise which commenced in September 2014 that resulted in a net increase in assets of \$30.676 million and a corresponding revaluation reserve. This revaluation was performed on the asset classes of Infrastructure and Buildings.

The table insert shows the breakdown of the Investment in Assets and Asset Improvement over the last two financial years.

New Assets, Refurbishment and Maintenance		
	2015/16	2014/15
Plant & Equipment	2,014	535
Water Expansion	19,027	11,662
Total New Assets	21,041	12,197
Developer's Contributions & Grants	-13,456	-5,923
BWS Expenditure	7,585	6,274
Repairs & Maintenance	3,053	2,997
Total Assets & Maintenance	24,094	15,194

All figures in BZ\$ '000



GOVERNMENT CONTRIBUTIONS

The Government of Belize (GOB) continues to show its unwavering support to the company and its shareholders. GOB has agreed to forego the collection of its share of dividends and also to grant an extension of the moratorium on payments for the debt servicing of the CDB #5 and #10 loans until March 31, 2020. This strong commitment by GOB ensures that this essential service reaches far more of the population and is provided in an affordable manner to all customers and consumers.

During the course of FY 2015/16, GOB has contributed both directly and indirectly \$12.554 million, made up as shown in the table insert.

Government Contributions		
	2015/16	2014/15
Debt Repayment	2,552	3,049
Expansion Projects	7,988	398
GST Savings - Zero Rated Status	2,014	2,019
Total Contributions	12,554	5,466

All figures in BZ\$ '000

OPERATIONS

OVERVIEW

The company continued to reach further, to more consumers than ever. This initiative progressed in year 2015/16 with the full addition of the nine communities of the Belize River Valley and expansion to new customers in all our branches. At the same time, continuity of service improved further to 99.92% and overall average water pressure was increased by 3%.

The comparison of reporting year to previous year key performance indicators (KPIs) is listed below:

- 5.6% increase in Sales volume – 2,404 MUSG (previous year: 2,278 MUSG)
- 7.4% increase in production volume – 3,202 MUSG (previous year: 2,982 MUSG)
- Increase in the overall annual NRW figure by 1.3 percentage points (from 23.6% to 24.9%).

The effect of the water expansions and resulting growth in connections led to 5.6% increase in production. The slight increase in water loss, was somewhat countered by other gains in operational efficiency coupled with a favourable dry season, resulting in negligible increases in overall production costs. The company benefited from the reduction in electricity tariffs which resulted in savings of approximately \$300K for the year. The main direct materials of

productions were affected as follows

- 5.6% increase in Chlorine usage
- 8.3% decrease in Alum usage
- 4.4% increase in electricity consumption
- New Seaquest product used at San Ignacio and Hattievile.

Special focus on our strategic objectives led to significant investment in training certification of our employees. This has a synergistic effect when combined with the continued improvements in water supply, treatment and delivery processes and to wastewater collection and treatment systems, and continued alignment with our objectives of quality of service improvement and the protection of the environment. Additionally, the company has invested in trenchless technology to facilitate installation of service connections especially given the many recently resurfaced roads and concreted streets. This helps to improve our relationships with many of our key stakeholders.

PRODUCTION AND CONSUMPTION

Combined with the increase in customer connections, the improvement in continuity of supply and system pressures resulted in a 5.6% increase in sales volumes; customers consumed 2,404 million US gallons of potable water when compared to the 2,278 MUSG previous financial year. The increase in consumption is also attributed to our expansion program and the focus to ensure the accuracy of customer meters.

The water production for this financial year totalled 3,202 million US gallons – this represents a 7.4% increase when compared to the previous



year. Unfortunately, this increase in production was indicated an increase in water loss as it outstripped the 5.6% increase in consumption.

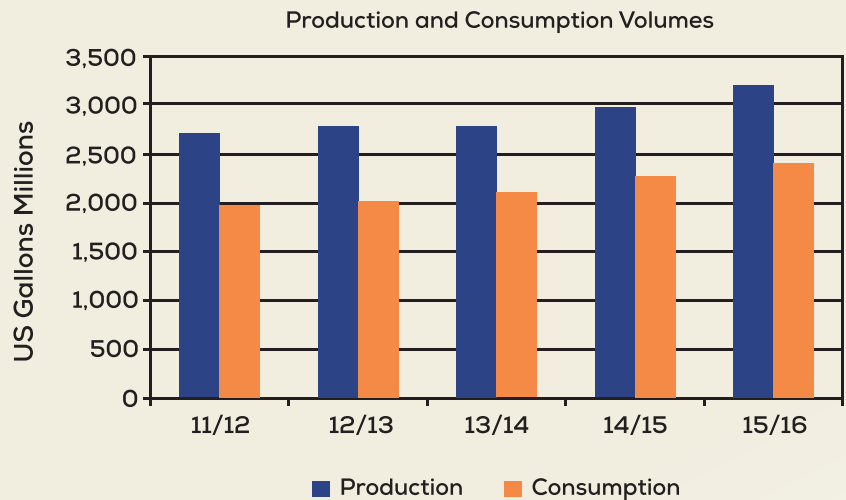
The Chart below shows water production and consumption for the last five (5) year of the company.

NON-REVENUE WATER (NRW) LOSSES

Unfortunately, the 5.6% increase in water consumption was accompanied by a 7.4% increase in production. This higher increase in production indicates an increase in Non-Revenue Water losses. This increase is attributable to the continued major infrastructure works and our continued increase in system pressures. Whilst we are proud to report that the overall NRW loss percentage has been held at under 25% for the third consecutive year, the figure has increased to 24.9% from 23.6% the previous year. This represents the third lowest NRW in the company's fifteen-year history. This performance over the last few years is exemplary and remains among the very lowest in the region and is well below many water systems in even the most developed countries.

The total Water loss volume increased from 704.9 million US Gallons the previous year to 797.8 MUSG for this financial year.

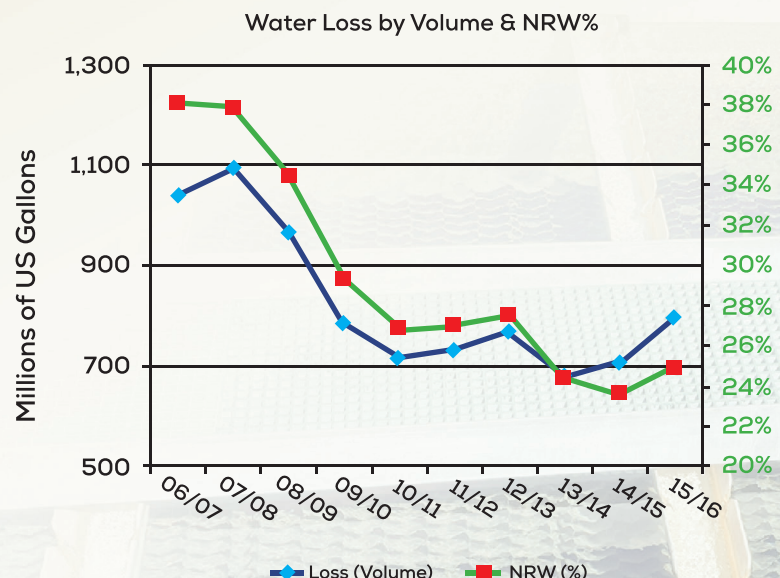
The reduction of NRW is an area of continuing focus for the company. The water loss reduction program includes proactive searching and repairing of leaks, replacing older water mains, identification/ removal of illegal connections, and pressure management controls. During the year, the company focused on replacement of aged



infrastructure, the identification and elimination of unauthorized connections and tampering. Analysis shows that a number of older mains in various municipalities will need replacement over the short to medium term in order to avoid continued breaks, causing both water loss and interruption of service.

It is estimated that the illegal activities accounted for some 60.8million gallons of water or 7.6% of total annual water loss, compared to the 73.1 million gallons or 10.4% of total annual water loss for the previous year. This reduction was aided by the abandonment of the majority of older mains in Belize City and in several other areas.

The chart below shows water loss by volume for the most recent ten years of the company's operations.



CONTINUOUS IMPROVEMENT ACTIVITIES

Some major achievements and activities in the past financial year are:

- Improved the continuity of service to 99.92%, despite on-going major works
- Replacement of aged water infrastructure continued in most systems contributing to the 3% increase in average water pressures
- Maintained of water loss (NRW) ratio below 25%
 - Continued upgrades to sewer infrastructure in all three sewer systems
 - Continued flushing of sewer mains in Belize City with further success
 - Training and Certification of almost all Operations staff
 - Continued training of staff in Health and Safety.



ONGOING AND FUTURE ACTIVITIES

- Further International certification for Operations personnel
- Planned replacement of aged infrastructure.
- Continuing program on improvement in water quality and sewer effluent quality
- Accuracy testing and replacement of customer meters
- Continuous efforts on reduction of Non-Revenue Water.

IN 2015/16, THE GROSS
WATER SALES WERE
\$42.197M

CUSTOMER SERVICES AND BILLING

OVERVIEW

During the period under review, the Company, focused on improving our human resources through employee development programs. As part of this initiative, Customer Service staff were specially trained to enhance the delivery of service to our customers. In order to better meet our customers' demand, we also added additional personnel in our Call Centre team. Service delivery to our customers, measured as completed job within our targeted timeframes, improved from 79.2% from 2014/15 to 82.3% in 2015/16.

Under our initiative to keep customers connected, disconnection for non-payment of bills was further reduced by 7% from 7,618 to 7,088. Over the last five years, we have maintained our collection efficiency at over 98%, even with a 41% reduction in the number of services disconnected over the last two years. For this year, collection efficiency was 98.8% of billed amounts; this was achieved by following up with our customers through proactive and timely reminders. These include SMS messages reminders, telephone calls, email reminders and delivery of warning notices to our customers.

The new expansion and normal progression projects implemented during this fiscal year resulted in 2,007 additional customers. Our customer count increased from 53,477 to 55,484, with a growth rate of 3.75%.



SALES

In 2015/16, the gross water sales were \$42.197M or 7.19% more than the previous year's figure of \$38.965M. Overall water consumption volume was 2,402MUSG, a 5.4% increase from 2,280MUSG in 2014/15. This can be attributed to the following:

- The 3.75% increase in the number of customers, and
- A 1.6% increase in consumption per connection, as the average monthly sales volume per connection increased from 3,611 US gallons to 3,669 gallons.

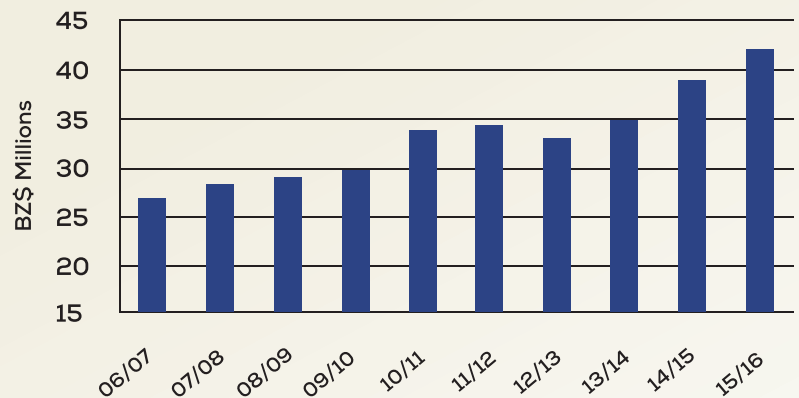
Driven by the 2% tariff increase, combined with the above factors, the average tariff per 1,000 gallons increased by 2.3% (from \$17.17 to \$17.56) and the average monthly income per connection increased by 3.5% (from \$62.27 to \$64.44).

The chart below illustrates the trend in annual Water-related Sales Revenue.

During the fiscal year, 44% (\$18.435M) of the company's water sales revenue derived from the highest consumption users, that 5% of customers (3,036) who used more than 8,000 gallons monthly; as shown in the table insert below, they also accounted for 34% (828 MUSG) of total annual customer consumption. Normal residential and small organizations made up the bulk of customers in the lowest usage range (4000 gallons or less monthly), accounting for 30% (\$12.865M) of sales revenue by 78% of customers (43,300), consuming 896 MUSG (37%) of the total. The middle bracket (4001-8000 gallons monthly) accounted for 26% (\$10.898M) of sales from 16% of customers (9,148) who consumed 678 MUSG (28%) of total usage volume.



Water Related Sales Revenue



Analysis of Sales by average monthly usage

Usage Range(gals):	0 - 4000	4001 - 8000	8001 +	Total
Annual Sales(\$'000)	12,865	10,898	18,435	42,198
% of Annual Sales	30%	26%	44%	100%
No. of Customers	43,300	9,148	3,036	55,484
% of Customers	78%	16%	5%	100%
Annual Usage(MUSG)	896.3	678.2	827.9	2,402.4
% of Annual Usage	37%	28%	34%	100%

24/7 SERVICE

CONTINUITY OF SUPPLY IMPROVED
TO 99.92% FOR OUR EVER GROWING
CONSUMER BASE OF

270,000

PEOPLE 

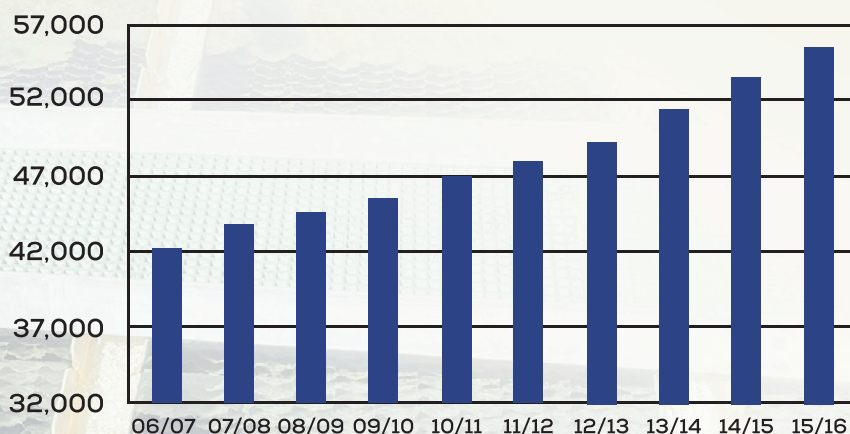
CUSTOMER CONNECTIONS (ACCOUNT)

In 2015/16, the company continued to focus on the objective of expanding services to reach more of the population of our country. The Belize River Valley expansion was completed and the Gardenia-Biscayne expansion project started. Furthermore, normal progression expansions continued in every service area countrywide. By the end of the fiscal year, our active customer base had increased by 2,007 connections, from 53,477 to 55,484, an increase of 3.75%. The total of installed service connections was 4,846 of

which 1,632 were new service added to our customer base and 3,214 used existing service lines. However, 1,999 customers requested disconnection of pre-existing services due to relocation. These, along with the net disconnections for non-payment, resulted in a net increase in our customer base of 2,007 customers.

The below chart highlights the growth in our customer connections over the last 10 years which shows an increase of 40.3% and an average annual growth increase of 1,299 connections.

Customer Connections



ENGINEERING AND PROJECTS

OVERVIEW

Utilizing structured project management and resource planning, the company successfully conducted hundreds of projects with its own resources. The major exceptions are the internationally funded projects, where works are subcontracted as part of the mandatory procurement guidelines.

During year 2015/2016, BWS continued our capital expenditure program to extend the supply of water and wastewater services in the most economical way. The efforts of capital investment program were tailored to maintain affordable tariffs and fees while meeting budgetary restrictions. The main components of our capital expenditure program during the year included:

- Countrywide Water Network Expansions Projects
- Refurbishment and Expansions of Water Treatment Plants and Storage tanks
- Construction of New Water Sources
- Improvement of Water Quality
- Improvement of safety, public health and environment
- Relocation/Replacement works due to infrastructure projects.

Some of our major achievements are detailed below.

WATER DISTRIBUTION SYSTEMS

We have upgraded, replaced and installed approximately 107,000 feet of water mains and 1135 service connections countrywide in year 2015/2016. The company has invested approximately \$4.7M on water mains upgrade and replacement countrywide

– this cost includes the supply and installation of new PVC pipes and fittings, flushing, pressure testing and disinfection.

The company also invested a further \$1.8 M in normal expansion countrywide for this year. This works included expansion of our network system approximately by 46,000 feet.

CIVIL AND BUILDING WORKS

Belmopan Water Treatment Plant

The refurbishment of Belmopan Water Treatment Plant (WTP) is completed. This project included the renovation of process plant units, pumping station, WTP building and fencing of the property.

Sequest Treatment for Hattieville

After successfully piloting the use of the Sequest product for the removal of iron and manganese and general improvement of water quality in San Ignacio, it was decided to utilize Sequest product to treat water discolouration due to problems associated with Iron and manganese from the water source in Hattieville. A new chemical treatment facility was constructed in Rockville where water source for the Hattieville is located.



New Wells – BWS has undertaken extensive exploration work to locate additional water sources and has constructed new wells in Caye Caulker, San-Ignacio and Independence.



These wells are now in service and complements the existing supplies.

The table below includes a summary of some of the major civil works projects:

Branch	Description
Orange Walk	Constructed a new chlorinator and electrical room in Chan Pine Ridge.
San Pedro	Installed a new wastewater pumping station in Boca Del Rio Area.
San Pedro	Refurbished wastewater pumping station 4, San Pedro
Belize	Refurbished store room building at Mile 10, Lords Bank
Belize City	Completed Detailed Design for Expansion of Headquarters Building
Belize City	Refurbished of existing 500,000 Gallon storage tank
Belmopan	Refurbished the water treatment plant.
Dangriga	Constructed a new office for water treatment plant operators.
Seine Bight	Constructed a new generator building and boat house at Seine Bight, Placencia Peninsula.
Seine Bight	Installed a new generator.
Placencia	Electrical upgrade of pumping station completed
Punta Gorda	Refurbished existing office building.

SPECIAL PROJECTS

The capital projects described below are those funded by external funding agencies that were either begun in the year under review, or, had begun in a prior year but were work-in-progress at some time during the year ended March 31, 2016. Three such projects can be identified:

Belmopan Wastewater Expansion Project

The goal of the Project is to support economic development and improve the quality of life for the residents of Belmopan through environmental improvements. Partially

completed already, this project includes the construction of three secondary

facultative lagoons, one secondary anaerobic pond, installation of ultra-violet disinfection system as a tertiary treatment, fencing of the property, installation of a new pumping station in East Picinni Area, and expansion of wastewater collection system in East Picinni Extension Area. The

estimated cost of the project is \$10 million, being funded

by a loan to BWS through funds sourced from the Global Environmental Facility (GEF) and Inter-American Development Bank and channelled through GOB. This project was divided into three phases. The first two phases of the project are now complete and the final phase is in progress.

Water to Gardenia and Biscayne Villages

This project goal is to supply potable water to the villages of Gardenia and Biscayne. It requires the installation of transmission and distribution lines, highway crossings and service connections. Phase 1 of the project, estimated at \$1.25M, will provide water to Gardenia and up to the entrance of

Biscayne. Phase 1 is being funded by the Belize Social Investment Fund (\$0.95M) and BWS (\$0.3M). This phase is scheduled for completion by June 30, 2016.

Phase 2 will extend the system into the main populated areas of Biscayne. Also estimated at \$1.25M, this phase is being funded by the German Government (GIZ) (\$0.465M) and BWS (\$0.785M). Works for Phase 2 are in progress and completion is scheduled for January 2017.



Caye Caulker WTP Solar Panel Project

This project was funded by the European Union Global Climate Change Alliance (EU-GCCA) Intra-ACP Programme; executed by the Caribbean Community Climate Change Centre; and installed by DCH Energy GmbH. This project included supply and installation of a 280 70kWp SPV solar power system, and cost approximately \$420,000. This project will help to reduce electrical costs and the carbon footprint of our plant, and contributes to helping us to keep water tariffs affordable.

MAJOR PROJECTS AND PLANS

The capital projects described below are those funded by external funding agencies, that were either begun in the year under review, or, had begun in a prior year but were work-in-progress at some time during the year ended March 31, 2016.

Belize River Valley Project

The BRV water supply project was substantially completed and inaugurated in June 2015 and all outstanding contractual

issues are scheduled to be concluded by the end of June 2016. The finished project included:

- Construction of three 50,000 US Gallons ferro-concrete reservoirs and pump-houses;
- Installation of six pumps, three chlorinators, two stand-by generators, power supplies and a SCADA system;
- Installation of fifty-one miles of network pipelines along with 641 house service connections.

With the funding provided by GOB, via a CDB loan, the project was completed within its budget of \$7.766M. At the end of the year under consideration there were 479 customers connected to the system. The BRV area consists of nine villages namely: Scotland Halfmoon, Flowers Bank, Bermudian Landing, Double Head Cabbage, Willows Bank, St. Paul's Bank, Rancho Dolores, Isabella Bank, and Lemonal, with an estimated total population of 2,500 people.

Ambergris Caye Design Project

This component of the project follows the recently completed Feasibility Study for Ambergris Caye, and provides for the detailed design of a Phase 1 - a GOB capital investment program of BZ\$60M to expand the Water & Sewerage Facilities to the north. It consists of the preparation of detailed designs (incorporating climate change resilience building measures and use of alternate energy), drawings, technical specification, cost estimates, and bidding documents for the construction of said expansion. The detailed design consultancy is scheduled for completion at the end of 2016, subsequent to which, appraisal by and funding from CDB will be required to initiate the construction works.

Placencia Sewerage Project

Following the decision to put the detailed design component of the Placencia Sewerage Project on hold due to insufficient financing being available, BWS proceeded and developed the terms of Reference (TOR) for a Nutrient Fate and Transport (NFT) Study on the Placencia



Peninsula and surrounding marine areas. The study will update and incorporate missing background considerations to facilitate the conclusive determination of the project's Sewage Treatment Plant (STP) and final effluent disposal locations. The duration of the NFT Study is projected for one and one half years. BWS and GOB are presently actively seeking funding to pursue this Study.

Grant funded consultancies

Concurrently with all of the above, BWS, in conjunction with the Caribbean Development Bank (CDB), initiated three new studies/consultancies to:

1. Identify the social vulnerability issues within the community of San Mateo, Ambergris Caye;
2. Climate change risks and vulnerabilities for three of our service area systems; and
3. Valuation of Consolidated Water Belize Limited (CWBL) and provision of transactional advice in support of BWS acquiring CWBL.

Looking to the Future

As BWS continues to seek to achieve its strategic objectives achieve and expand on all activities and plans outlined in this

report, we must so do in the context of the following guidelines:

1. Project concepts, designs and implementations must be mindful of social sensitivities and issues.
2. Environmental conscious must be at the forefront. We must be proactive in protecting water sources and play our part in protecting the environment, including reducing our carbon footprint through the economic use of alternative energy resources.
3. Similarly, projects, at all their stages, must consider to the risks and potential impacts of Climate Change as well as the reduction (and if possible, elimination) of the adverse impacts of Natural Hazards.
4. There is a clear need for cheaper and more innovative ways of funding projects to make for the provision of affordable potable water, and, even more so, the collection and treatment of wastewater.



BZ\$60M

TO EXPAND THE WATER & SEWERAGE FACILITIES TO NORTH AMBERGRIS CAYE

ONGOING AND UPCOMING PROJECTS

Listed below are some of the major on-going and planned projects for the new fiscal year (2016/17):

Ongoing and Upcoming Projects

Water Network expansion to West Trial Farm, Orange Walk

Belmopan Sewerage Expansion

Countrywide water expansion

Expansion of Headquarters Building

New Office Buildings – Belmopan, San Pedro, and Lords Bank compound

Upgrade of main water quality laboratory in Belize

New reservoir, Generator Building and Pumping Station in San Ignacio

New generators & buildings in Teakettle, Corozal, and Benque Viejo.

New Generator/Chlorinator/Electrical Building for Placencia Intake

Upgrade of parking lot at Santa Elena office

Further improvements to Dangriga WTP

New intake pumps for Belmopan WTP

New Chlorinators for Punta Gorda, Teakettle, and Orange Walk.

New Electrical Room for main wastewater pumping station in San Pedro

Refurbishment of Caye Caulker WTP

Refurbishment of Santa Elena and Dangriga Offices

Stabilization of the river bank at Dangriga WTP

New wells at Lemonal and Rancho (BRV).



HUMAN RESOURCES

STRATEGIC PLAN EXECUTION

The company and staff participated proactively in a number of key initiatives to further fortify and strengthen our strategic planning and execution. These including revisions to key strategic components, countless man-hours of planning and executing initiatives, and the clear communication of these to all employees.

Two major accomplishments in 2015/16, were the successful renegotiation of the Collective Bargaining Agreement (CBA) and the expansion on the scope of training and development programs. The new CBA, renegotiated by Management and Union representatives, was completed to the satisfaction of employees and the Board. After completion, it was reviewed by the Labour Commissioner before final signing. The new agreement was designed to ensure fair compensation, teamwork, accountability and inclusiveness.

The training initiatives led to over 200 international certifications in areas relevant to employees' responsibilities. The excellent results received by those doing the international certification programs were inspirational and helped to facilitate more than 20 promotions. These training courses have benefitted the organization as they provided the trainees with a better understanding of their work functions and their own capabilities, bringing the realization that they can contribute positively to our mission and to our vision to be the number one provider of water and wastewater services within the region. More immediately this contributed directly to improving services to our valued customers. They have provided meaningful and useful feedback on this continuing initiative; the training has been very well received and employees have eagerly put their newly earned skills to use. As a result, our strategic objectives of improving knowledge and skills and improving culture and staff morale have been significantly



and positively affected.

As part of planned strategic staff structuring to meet the needs of our ever increasing customer base and in line with our strategic objectives, the permanent staff number count was increased from 256 to 262, a 2.3% increase. Strategic restructuring and strengthening of the departments and units were the key drivers for this change. At the same time however, due to the expected reduction in project works from the previous year, our temporary employment numbers reduced significantly by 38% (from 138 to 85).

OVER
215
INTERNATIONAL
CERTIFICATIONS
FOR STAFF



STAFF DEVELOPMENT AND TRAINING

Our training initiative has been a significantly successful catalyst for improved performance and staff morale. Through the training certification initiative, we have helped to build employees' knowledge and skills and to acquire improved resources as staff became aware of better and more cost effective tools to execute their work functions. The result is better qualified and more knowledgeable staff complement providing high quality services to our valued customers,

as well as improved health and safety practices protecting all employees.



During this financial year, two areas of particular focus for training were water and wastewater systems, and health and safety. As mentioned above, numerous employees participated in the international certification with a success rate of 100%, with over 215 certificates being earned.

As a result, a series of First Aid training was coordinated in partnership with Red Cross certified experts; this training was well received, with 95% of employees attending. The participants are now certified and will be able to respond appropriately in emergency situations. This course provided not only some basic required life skills, but it also provided participants with useful tips such as managing an accident scene without causing further injury to an injured person.

Other specialized and on-job-training were also conducted for a variety of staff. This included a course on "Working in Confined Spaces", both theory and practice, for the entire Sewer Department; thereby providing these employees with vital knowledge on operating safely in their work environment and handling of their work apparatus and tools. Overall, training will continue to be a strategic area of focus as it plays a vital role in future development and improved knowledge base.

Employee Wellbeing and Performance The company continued to contribute to, and participate in, staff initiatives which promoted staff wellbeing – these included sports and recreation, healthy living sessions, safety practices and improving the group health insurance coverage. For the year in question, we also coordinated

with health professionals to host preventative vaccinations and blood drives in-house. Furthermore, the company facilitated donations, and in most cases provided matching contributions, for needy staff members or their relatives.

Recognition of top performers for the year, continues to be a positive driver as it builds morale and teamwork among co-workers. Of the 240 employees who were appraised, 90% had their performance assessed as satisfactory or above and were awarded varying levels of increments. The company

Course Name	No.
Water and Wastewater Specialist Program	12
Manage for Success: Effective Utility Leadership Practices	13
Operation and Maintenance of Wastewater Collection Systems Volume 1	18
Operation and Maintenance of Wastewater Collection Systems, Volume 2	3
Operation of Wastewater Treatment Plant Volume 1	13
Operation of Wastewater Treatment Plants, Volume 2	6
Small Water System Operation and Maintenance	45
Water Distribution System Operation & Maintenance	61
Water Treatment Plant Operation Volume 1	24
Water Treatment Plant Operation Volume 2	20
Total Participants	215

utilizes the performance appraisal system, not only to reward employees with increases, but also as the basis for promotions or advancements.

PUBLIC RELATIONS AND COMMUNITY OUTREACH

BWS, as a responsible corporate citizen, continues to give back to needy organizations, groups and individuals, within our budgetary constraints. Our Assistance program continues to be effective and varied since we intentionally look at reaching a wide spectrum of the communities we serve. We have donated monetary contributions to many, food items to feeding pantry programs, sponsorship of various sporting activities and teams, and support to more established organizations such as Cancer Society, the Diabetes and Kidney Association.

During the period, emphasis was also placed in strategically focusing our efforts in partnerships now developed with the prominent tertiary educational institutions. We have partnered with St Johns College, the University of Belize and others reputable tertiary and secondary education institutions. This has proven to be beneficial since it allowed us a platform to promote BWS and also provided an avenue to recruit some of the best talent available in Belize. We plan to continue to work with such institutions and look to increase on our partnerships by expanding our partnerships countrywide.



The company participated in several public meetings and discussion groups, particularly in areas where water or sewer expansion works were forthcoming or in progress. These included Belize River Valley, Gardenia and Biscayne, the East Picinni area of Belmopan and San Pedro, Ambergris Caye. We also participated in the planning and activities of World Water Day, which was held under the theme "Water and Jobs" to highlight the importance of water to any successful economy.

We pride ourselves in keeping the communication lines open so we can continue to proactively serve all stakeholders.



INFORMATION TECHNOLOGY

As part of our strategic objective to improve resources, utilization of improved Information Technology solutions continues to be one key initiative. We are committed to upgrading our hardware and software infrastructure to keep pace with modern technology in order to serve as a platform for improved business processes. One of the most significant projects during 2015/16 was the

upgrade of our Office software to

Office 365. This subscription-based license methodology ensures that we will always

be on the latest version and helps to manage the number of licenses we need. In addition, the Office enterprise package includes many useful add-on tools which we can utilize going forward. One side effect of this upgrade was

that outdated PCs, already earmarked for replacement,

struggled to run the new software version, so the project to replace these had to be expedited.

For the reporting year, the company completed the sister project to upgrade the wide area network to utilize faster, more modern technology. This facilitated the roll-out of the more cost-effective VoIP telephone technology, enabling new options including free branch to branch telephone calls and video conferencing solutions. The first branch location to be upgraded was Belmopan; all other locations were phased in quickly with the Double Run Treatment Plant and Laboratory at Sandhill being the final location. All remote locations are now enjoying application and network response times that are 4 times faster.



Recognizing the need for more staff to access the system drawings, we acquired additional WaterCad and SewerCad licences which allows our engineers to design and build large water project systems. We connected our new locations in the Belize River Valley to our network via 4G service to support remote control and monitoring through our SCADA system. We have also fully automated our e-mail payment receipts to customers, removing the need for manual intervention and the risk of human error. An ongoing project is the implementation of our Project Accounting software module, which involves coordination with the Finance and Technical Services departments.

During the year, we upgraded the large billing printers, enabling the printing of bills in less time for half the previous cost. This allow us to cope with the increasing volume and ensures that there are less breakdowns than in the past, with the additional synergistic effect that we also save energy and paper.

BWS continues to provide the convenience of making payments via the banks, online and through payment agents. Collection options remain fairly, consistent on a month by month basis with our own cashiers accounting for 70%, Bank/Online collections accounting for 25% and other agent collections accounting for 5%. The increase in other agent collections is due to a rise in the number of transactions now being undertaken by BEL.

In the coming year, we plan to continue improving on the delivery of services, by utilising appropriate state-of-the-art IT technology to facilitate our internal customers to work more efficiently and effectively to improve the satisfaction of our external customers and stakeholders.

HEALTH AND SAFETY

With the continued focus on the strategic objectives, improving Health and Safety continued to be a primary area of focus for the company during 2015/16. Two main Health and Safety teams were established - an executive committee and a staff safety committee which consists of staff representatives from each department.

Health and Safety activities included monthly district visits and regular worksite inspections in and around Belize City. As part of our efforts to educate and inform employees we have been producing a bi-monthly newsletter which has been well received. Currently, we are streamlining the system and procedures for managing protective equipment stocks to ensure that each employee has access to the appropriate equipment that they need to work safely. As mentioned previously, the company organized first aid training for all employees during the year, as well as confined space training. Follow-up training is scheduled for confined space, use of fire extinguishers, and hot work.

We will continue in our efforts to promote Health and Safety awareness in the workplace, and, in fact, in every facet of life, as part of our commitment to our stakeholders to be a responsible Belizean enterprise.



TWO
**MAIN HEALTH AND
SAFETY TEAMS WERE
ESTABLISHED,**
AN EXECUTIVE COMMITTEE AND A
STAFF SAFETY COMMITTEE WHICH
CONSISTS OF STAFF REPRESENTATIVES
FROM EACH DEPARTMENT



INTERNAL AUDIT

During the 2015/16 year, under the guidance of the Board Audit Committee, Internal Audit focused on identifying the risks to the company and ensuring that management assessed and mitigated these risks. As per their mandate, the Internal Audit department continued to perform compliance audits, with numerous and extensive exercises conducted during the period. Reports issued during the year continue to show management's positive commitment in ensuring risks are addressed and any resulting impact is minimized and manageable.

As part of the execution of the company's strategic objectives to improve knowledge and skills and to reduce risks and liability, Internal Audit personnel were kept up-to-date with developing threats, techniques and trends. The department participated in training in the following: Conducting IT Audits, Operational Risk Management, Risk-based Auditing, and Assessing Risk.

Internal Audit also led in the execution of two major projects as detailed below.

Regulatory Compliance

All related Acts, standards, regulations, and guidelines were identified and a compliance checklist was created. This checklist now serves to monitor the company's compliance with regulations which governs our industry.

Enterprise Risk Management

A consultant was contracted to assist with the implementation of an Enterprise Risk Management (ERM) assessment program. This program helped to bring to the forefront the potential risks the company is susceptible and will aid management in directly addressing risks through identification, ranking and drafting and approving policies to mitigate the risks. These approved policies, in turn, translates into controls implementation.



The ERM program also assisted management in identifying any gaps that may have existed and ensure that controls are put in place to minimize their occurrence and impact.

With the conclusion of the ERM assessment program expected early in the new fiscal year, the company expects to reduce risks further through guided Internal Audit efforts.



KEY PERFORMANCE INDICATORS (KPI'S)

Key Performance Indicators (KPI'S)

Description of KPI	UNIT	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07
PROFITABILITY											
Gross Revenue	\$' 000	43,283	40,084	34,923	33,583	35,327	34,869	31,047	29,673	28,866	27,448
Operations and Maintenance	\$' 000	25,984	25,725	24,640	24,535	23,673	21,810	18,494	19,216	18,705	16,868
EBITDA	\$' 000	17,299	14,359	10,282	9,049	11,654	13,059	12,553	10,457	10,161	10,580
EBIT	\$' 000	12,330	9,501	5,608	5,095	8,058	9,696	9,117	7,264	7,509	7,905
Net Profit (Loss)	\$' 000	9,690	6,765	2,961	2,360	5,391	5,457	4,878	2,069	1,693	1,863
EBITDA/Net Turnover	%	40%	36%	29%	27%	33%	37%	40%	35%	35%	39%
Earnings Per Share	\$	0.242	0.169	0.074	0.059	0.135	0.136	0.122	0.052	0.042	0.047
Dividends Per Share ¹	\$	0.0189	0.0126	0.0126	0.0126	0.025	0.025	0.025	0.078	0.078	0.033
Retained Earnings (Deficit)	\$' 000	33,195	24,262	18,003	15,546	13,692	9,311	4,861	3,589	2,041	768
LIABILITIES & EQUITY											
Long Term Liabilities	\$' 000	52,217	40,149	43,947	44,330	47,023	47,854	49,622	53,135	62,653	62,956
Current Liabilities	\$' 000	10,558	11,655	13,189	13,162	11,327	12,136	10,971	9,182	10,553	11,676
Total Equity	\$' 000	150,856	111,253	104,993	102,537	100,682	96,302	90,578	84,251	77,317	76,157
ASSETS											
Current Assets	\$' 000	32,325	14,995	15,396	14,341	15,250	16,022	14,675	10,584	9,588	8,398
Total Net Assets	\$' 000	213,631	163,057	162,129	160,029	159,032	156,291	151,172	146,566	150,523	150,789
Additions to Assets	\$' 000	21,041	12,197	12,124	10,906	7,294	10,113	7,059	4,742	4,212	2,746
BALANCE SHEET STRUCTURE											
Current Assets/Current Liabilities	No.	3.06	1.29	1.17	1.09	1.35	1.32	1.34	1.15	0.91	0.72
Gearing (LT Liabilities/Equity)	%	35%	36%	42%	43%	47%	50%	55%	63%	78%	83%
Total Assets/Total Equity	No.	1.42	1.47	1.54	1.56	1.58	1.62	1.67	1.74	1.95	1.98
Total Assets/Share Capital	No.	3.56	2.72	2.70	2.67	2.65	2.60	2.52	2.44	2.51	2.51
Return on Assets (EBIT/Avg. Assets)	%	6.5%	5.8%	3.5%	3.2%	5.1%	6.3%	6.1%	4.9%	5.0%	5.2%
WATER VOLUMES											
Water Production	MUSG	3,202.4	2,982.8	2,787.1	2,788.8	2,706.6	2,659.4	2,679.1	2,800.9	2,887.1	2,735.1
Water Sales	MUSG	2,404.6	2,277.9	2,105.0	2,020.4	1,975.1	1,948.3	1,892.5	1,841.7	1,788.4	1,694.3
Non-Revenue Water Volume	MUSG	797.8	704.9	682.1	768.4	731.4	711.1	786.6	959.2	1,098.6	1,040.8
Non-Revenue Water %	%	24.9%	23.6%	24.5%	27.6%	27.0%	26.7%	29.4%	34.2%	38.1%	38.1%
Non-Revenue Water (M ³ /Conn/Day)	M ³	0.15	0.14	0.14	0.17	0.17	0.17	0.18	0.22	0.26	0.26
Non-Revenue Water (M ³ /Km/Day)	M ³	5.89	5.38	5.35	6.49	6.40	6.50	7.53	9.28	10.88	10.77
CONNECTIONS											
Beginning Connections	No.	53,477	51,433	49,138	47,906	46,936	45,537	44,610	43,835	42,130	40,581
New Connections Added	No.	4,846	4,836	5,234	4,500	4,768	1,777	1,089	3,235	1,322	2,634
Requested Disconnections	No.	1,999	2,062	2,039	2,009	2,039	2,121	2,003	n/a	n/a	n/a
Disconnections - Non-payment	No.	7,088	7,618	11,950	12,380	14,693	12,365	15,138	n/a	n/a	n/a
Total Disconnections	No.	9,087	9,680	13,989	14,389	16,732	14,486	17,141	13,061	16,153	16,109
Reconnections	No.	6,248	6,888	10,591	11,120	11,089	10,548	13,145	12,937	16,536	15,024
Ending Connections	No.	55,484	53,477	50,974	49,137	46,061	43,376	41,703	46,946	43,835	42,130
Ending Sewer Connections**	No.	10,691	10,519	10,264	10,158	10,121	10,279	10,233	10,323	10,309	10,441
BILLING											
Avg. Number of Connections	No.	55,710	54,019	50,619	47,599	44,719	42,540	44,325	45,391	42,983	41,119
Water Sales Revenue	\$' 000	42,026	38,965	34,151	32,815	34,250	33,867	29,750	29,064	28,272	26,819
Avg. Usage per Connection Monthly	Gal	3,669	3,626	3,465	3,537	3,681	3,817	3,558	3,381	3,467	3,434
Avg. Sales per Connection Monthly	\$	64.44	62.27	57.50	56.32	60.68	61.09	55.93	53.36	54.81	54.35
Avg. Tariff per 1000 Gallons	\$	17.48	17.17	16.22	16.24	17.34	17.38	15.72	15.78	15.81	15.83
OPERATIONAL EFFICIENCY											
Avg. No. of Staff (Permanent)	No.	262	256	251	252	246	238	229	232	228	216
Staff Per 1000 Connections	No.	4.7	4.7	5.0	5.3	5.5	5.6	5.2	5.1	5.3	5.3
Total Staff Costs	\$'000	9,739	8,931	8,546	8,567	8,252	7,745	6,816	7,460	6,557	6,354
Staff Costs/Emp.	\$	3,717	3,489	3,405	3,400	3,355	3,254	2,976	3,216	2,876	2,942
Revenue/Emp.	\$	165,200	156,580	139,135	133,267	143,607	146,507	135,576	127,901	126,605	127,074
COLLECTION EFFICIENCY											
Overdue Debtors/Trade Debtors	%	14.4%	12.4%	14.0%	13.4%	15.0%	17.4%	14.2%	26.6%	26.5%	19.7%
Bad Debts Write Off/Net Turnover	%	0.2%	0.4%	0.0%	0.2%	1.1%	0.7%	0.3%	0.9%	0.2%	0.5%
Collection Efficiency	%	98.8%	98.9%	98.2%	98.3%	98.1%	96.8%	98.7%	97.0%	n/a	n/a
WATER INFRASTRUCTURE											
Total Length of Mains**	Miles	870.1	844.3	821.5	763.0	734.4	704.5	673.2	666.3	648.7	622.6
Total Length of Mains**	Km	1,400	1,359	1,322	1,228	1,182	1,134	1,083	1,072	1,044	1,002
Length of Mains/Connection	Ft.	82.8	83.4	85.1	82.0	84.2	85.8	85.2	74.9	78.1	78.0
KPI Description Note		Key - Units				Key - Units				Key - Units	
**=Includes some estimated figures		MUSG = Millions of U.S. Gallons				Gal = US Gallon				% = Percentage	
¹ See Management report for details		\$' 000 = Thousands of Belize Dollars				No. = Number/Count of Units/Ratio				Ft. = Feet	
		\$ = Belize Dollars				M ³ = Cubic meters (1M ³ = 264.1721Gal)				Km. = Kilometer	

NB: Some Financial figures for the previous year have been restated (see audited Financial Statements)



BELIZE WATER SERVICES

Financial Statements

For the year ended 31 March 2016

BELIZE WATER SERVICES LIMITED

Financial Statements

For the year ended 31 March 2016

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF BELIZE WATER SERVICES LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **BELIZE WATER SERVICES LIMITED**, which comprise the statement of financial position as at 31 March 2016 and statement of activity, statement of changes in net assets and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

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

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

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

FINANCIAL STATEMENTS

MOORE STEPHENS

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of **BELIZE WATER SERVICES LIMITED** as of 31 March 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The financial statements of **BELIZE WATER SERVICES LIMITED** for the year ended 31 March 2015, were audited by another auditor who expressed an unmodified opinion on those statements on 29 May 2015.

A handwritten signature in blue ink that reads "Moore Stephens Magaña LLP." The signature is written in a cursive, flowing style.

Chartered Accountants
Belize City, Belize
27 July 2016

BELIZE WATER SERVICES LIMITED

Statement of financial position

As at 31 March 2016

In BZD

	Note	2016	2015
Assets			
Non-current assets			
Property, plant and equipment	4	181,306,525	148,061,815
Total non-current assets		181,306,525	148,061,815
Current assets			
Materials and supplies	5	9,519,098	8,487,260
Trade and other receivables	6	4,310,560	3,756,983
Cash and bank balance	7	18,494,912	2,750,591
Total current assets		32,324,570	14,994,835
Total assets		213,631,095	163,056,650
Equity and liabilities			
Equity			
Share capital	8	60,000,001	60,000,001
Contributed capital reserve GOB	9	11,714,281	11,714,281
Capital Reserve on vesting	10	15,276,362	15,276,362
Revaluation reserve	11	30,670,741	-
Retained earnings		33,194,508	24,261,992
Total shareholders' equity		150,855,894	111,252,636
Non-current liabilities			
Borrowings	12	40,923,503	30,190,470
Deferred Income	3.8	11,293,296	9,958,292
Total non-current liabilities		52,216,798	40,148,761
Current liabilities			
Current portion - borrowings		4,056,682	4,549,638
Trade and other payables	13	6,501,721	7,105,615
Total current liabilities		10,558,403	11,655,253
Total liabilities		62,775,201	51,804,014
Total equity and liabilities		213,631,095	163,056,650

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

Approved on behalf of the Board of Directors on 27 July 2016.



Director



Director

FINANCIAL STATEMENTS

BELIZE WATER SERVICES LIMITED

Statement of comprehensive income

For the year ended 31 March 2016

In BZD

	Note	2016	2015
Sales and other revenue:			
Operating revenue	14	43,102,716	39,821,422
Other income	15	90,715	277,726
Loss/gain on disposal of asset		89,082	(14,747)
Gross revenue		43,282,513	40,084,401
Expenses			
Staff costs	16	(9,738,993)	(8,931,489)
Materials and other external costs	17	(8,504,146)	(8,973,042)
Other operating charges	18	(7,740,602)	(7,820,514)
Depreciation and amortization of grant income		(4,968,989)	(4,858,493)
Profit before interest and taxes		12,329,782	9,500,863
Finance costs	19	(1,886,601)	(2,040,948)
Profit before tax		10,443,182	7,459,915
Business tax	20	(752,877)	(695,270)
Profit for the year		9,690,305	6,764,646
Other comprehensive income		-	-
Gain on revaluation of property	11	30,670,741	-
Total comprehensive income for the year		40,361,046	6,764,646
Basic and diluted earnings per share (BZD per share)			
- Basic earnings per share	21	0.24	0.17

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

BELIZE WATER SERVICES LIMITED

Statement of changes in equity

For the year ended 31 March 2016

In BZD

	Share capital	Contributed capital	Capital reserve	Revaluation reserve	Retained earnings	Total
Balance at 1 April 2014	60,000,001	11,714,281	15,276,362	-	18,002,525	104,993,169
Comprehensive income						-
Profit for the year	-	-	-	-	6,764,650	6,764,650
Dividends	-	-	-	-	(505,183)	(505,183)
Balance at 31 March 2015	60,000,001	11,714,281	15,276,362	-	24,261,992	111,252,636
Balance at 1 April 2015	60,000,001	11,714,281	15,276,362	-	24,261,992	111,252,636
Comprehensive income						-
Profit for the year	-	-	-	-	9,690,305	9,690,305
Dividends	-	-	-	-	(757,789)	(757,789)
Gain on revaluation of property		-	-	30,670,741	-	30,670,741
Balance at 31 March 2016	60,000,001	11,714,281	15,276,362	30,670,741	33,194,508	150,855,894

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

FINANCIAL STATEMENTS

BELIZE WATER SERVICES LIMITED

Statement of cash flows

For the year ended 31 March 2016

In BZD

	2016	2015
Cash flows from operating activities		
Profit for the year	9,690,305	6,764,646
Adjustments for non-cash items:		
Depreciation	4,968,989	4,858,496
Loss (gain) on asset disposals	(89,082)	14,747
Provision for doubtful debts	89,588	168,205
Provision for obsolete materials and supplies	-	241,904
Interest income earned	(59,610)	(62,952)
Business tax expense	752,877	695,270
Financial expense	1,886,601	2,040,949
Cash flows before working capital changes	17,239,667	14,721,263
Changes in working capital components:		
Trade and other receivables	(262,432)	(80,489)
Prepayments	(298,145)	(177,075)
Inventory	(1,031,837)	(1,313,311)
Trade and other payables	(859,514)	(1,067,936)
Cash flow provided by operating activities	14,787,738	12,082,452
Interest received	56,145	78,077
Business tax paid	(811,347)	(690,062)
Financial expenses paid	(1,892,233)	(2,054,259)
Net cash provided by operating activities	12,140,303	9,416,208
Cash Flow used in investing activities		
Acquisition of fixed assets	(21,041,230)	(12,197,269)
Contributions to fixed assets	13,456,182	3,047,545
Proceeds from disposal of fixed assets	132,619	71,282
Cash flows used in investing activities	(7,452,428)	(9,078,442)
Cash flows from financing activities		
Dividends paid	(519,627)	(497,289)
Proceeds from borrowings	13,324,040	1,646,657
Repayment of borrowings	(3,082,971)	(3,034,227)
Increase in deferred income	1,335,004	-
Cash flows provided by financing activities	11,056,446	(1,884,859)
Net change in cash and bank	15,744,321	(1,547,085)
Cash and Cash Equivalents at the beginning of the year	2,750,591	4,297,676
Cash and cash equivalents at the end of the year	18,494,912	2,750,591
Comprised of:		
Cash on hand	27,426	13,200
Bank balances	13,357,475	683,525
Short term deposits	5,110,011	2,053,866
	18,494,912	2,750,591

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

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

1. Reporting entity

Belize Water Services Limited (the "Company") was incorporated by the Government of Belize on 22 January, 2001 as the successor company to the Water and Sewerage Authority ("WASA"). Belize Water Services Limited was vested with the Assets and Liabilities of WASA on 23 March, 2001. The Company is majority owned by the Government of Belize.

2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company:

2.1 The following standards and amendments to existing standards have been published and are mandatory for accounting periods of the Company beginning after 1 January 2015, but which have not been adopted early by the Company.

- a. IFRS 9, 'Financial Instruments', has an effective date for accounting periods beginning on or after 1 January 2018 now that it has been finalised. IFRS 9 outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting.

Financial assets are to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. A financial asset can only be measured at amortised cost when the Company has a business model to hold the asset to collect contractual cash flows and the cash flows arise on specific dates and are solely for payment of principal and interest on the principal outstanding. When the requirements for measuring the financial asset at amortised cost are met but the business model also includes the selling of those instruments (mixed business model), then these financial assets are measured at fair value through other comprehensive income. All other financial assets are measured at fair value through profit or loss. On adoption of the standard the Company will have to redetermine the classification of its financial assets, specifically for available-for-sale and held-to-maturity financial assets.

The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income with expected credit losses recognised on initial recognition based on 12 months expected credit losses, or if there has been a significant increase in the credit risk of the financial asset then the impairment is based on lifetime expected losses. The Company's financial assets mainly consist of trade receivables without a significant financing element, therefore the life time expected losses are required to be recognised for such instruments. The Company on adoption of the standard will need to assess the impairment of the financial assets.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

2. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company: (continued)

2.2 The following standards and amendments to existing standards have been published and are mandatory for accounting periods of the Company beginning after 1 January 2015, but which have not been adopted early by the Company. (continued)

- b. IAS 1 (amendment), 'Disclosure initiative', is effective for periods beginning on or after 1 January 2016. The amendments seeks to clarify a number of disclosure requirements, that cover:

- The disclosure of significant accounting policies;
- The application of materiality to financial statements;
- Presentation of sub-totals;
- Information to be presented in the other comprehensive section of the performance statement;
- Structure of the financial statements;

The Company does not believe the amendment will have a material effect on the financial statements, however the Company will consider the areas addressed in the amendment to aid clear and concise reporting.

3. Significant accounting policies

3.1 Basis of preparation

a. Statement of compliance

The accompanying financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), adopted by the International Accounting Standards Board.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

c. Functional and presentation currency

The financial statements are prepared in Belize dollars which is the Company's functional currency.

d. Foreign currency transactions/translation

Transactions in foreign currencies during the year are translated into Belize dollars at the rates ruling on the dates of the transactions. Foreign currency balances outstanding at the balance sheet date are translated at the rates ruling on that date. Gains or losses on ordinary foreign exchange transactions are included in the results of operations.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

3. Significant accounting policies (continued)

3.2 Property, plant and equipment

Fixed assets are stated at cost less accumulated depreciation. Additions, major renewals and improvements are capitalised. Maintenance and repairs are charged against revenue in the year incurred.

Freehold and leasehold properties, excluding land, are depreciated on the straight-line basis over their estimated useful lives from 25 to 40 years.

Infrastructure assets comprise a network of underground systems. Expenditure on infrastructure assets relating to increases in capacity or enhancement of the network and on maintaining the operating capacity of the network in accordance with defined standards of service is treated as an addition and included at cost and any grants and contributions are amortised over the life of the asset. Infrastructure assets are depreciated over their estimated useful lives of 75 years.

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives from 3 to 10 years.

When items are disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss on disposal is reflected in the results of operations.

An item is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

Any revaluation increase arising on the revaluation of land and buildings is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Depreciation on revalued buildings is charged to income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings. On the subsequent sale of a revalued property, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

3. Significant accounting policies (continued)

3.3 Materials and supplies

Materials and supplies are valued at the lower of cost and net realisable value, cost being determined on the weighted average cost method. Obsolescence and decreases in market value is written off directly to the statement of comprehensive income.

3.4 Trade and other receivables

Trade and other receivables are recognised when due and are measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, receivables are measured at amortised cost, using the effective interest rate method. The carrying value of accounts receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Accounts receivables are derecognized when derecognition criteria for financial assets have been met.

Short-term provisions are recognised when the Company has a present obligation (legal obligation) and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.5 Prepayments

Prepayments represent costs paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is delivered.

3.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of 3 months or less.

3.7 Long-term debt

All borrowings and loans are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, they are measured at amortized cost, using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognized as well as through the amortisation process.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

3. Significant accounting policies (continued)

3.8 Deferred income

Deferred income includes Government grants received for capital expenditure which have not yet been utilized by the Company. Deferred income is measured on initial recognition at fair value. Subsequent to initial recognition, it is measured at amortised cost using the effective interest rate method.

3.9 Trade accounts payable

Trade payables represent amounts outstanding to vendors for goods and services obtained. Trade payables are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

3.10 Other payables and accrued expenses

Other payables include payroll liabilities, outstanding interest and other short term obligations incurred by the Company. Other payables and accrued expenses are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

3.11 Security deposits

Security deposits are recognised as a liability upon activation of new customer accounts. Security deposits are applied to accounts in arrears after Management has deemed the account as non-billable after a suitable timeframe has elapsed where the Company has actively pursued collection without recourse. Security deposits not applied to arrears are refunded upon closing of the account.

3.12 Sales determination and revenue recognition

Operating revenue as per the statement of comprehensive income comprises the value of water supplied net of discounts plus income from other related services. Revenue is recognised when earned.

Investment income is accounted for on the accrual basis, except for dividends, which are recognized when received. Interest revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.13 Expenses

Expenses are recognised when incurred.

3.14 Pension costs

Pension costs are determined based on defined contributions to a Plan that is funded.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

3. Significant accounting policies (continued)

3.15 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are declared by the Company's Board of Directors.

3.16 Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets for potential permanent impairment. Should a permanent impairment in the value of the assets be identified, it will be written off against earnings in the period such impairment is recognised.

Where an impairment loss is subsequently reversed, the carrying amount of the assets is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recorded as income in the period the reversal is recognised.

3.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as Executive Management.

For management purposes, the Company is organised into business units based on its measured water services reportable in two operating segments as follows:

- Private
- Government of Belize

Segment performance is evaluated sales performance which in certain respects is measured differently from profit or loss in the financial statements. Company operating expenses and taxes are managed on a group basis and are not allocated to individual operating segments.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

3. Significant accounting policies (continued)

3.18 Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

a. Financial assets

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of the financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables.' The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The Company classifies its financial assets as loans and receivables.

Effective interest method

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

Loan and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include accounts receivable and other assets.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's financial assets classified as loans and receivable include: cash and bank balances and accounts receivables. Refer to Note 27.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

3. Significant accounting policies (continued)

3.18 Financial instruments (continued)

a. Financial assets (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collective payments, an increase in number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flow, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

3. Significant accounting policies (continued)

3.18 Financial instruments (continued)

a. Financial assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for 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 recognised in the other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of the transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under the continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount and the part that 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 profit or loss. 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 on the basis of the relative fair values of those parts.

b. Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'held at amortised cost'. The Company classifies its financial liabilities as other financial liabilities.

Other financial liabilities

Other financial liabilities (include borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Company's other financial liabilities include: accounts payable, other payables and accruals, dividends payable and long-term debt.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and is payable is recognised in profit or loss.

FINANCIAL STATEMENTS

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

4. Property, plant and equipment - net

2016	Freehold & leasehold property Valuation	Plant & equipment Cost	Infrastructure Valuation	Construction in progress Cost	Total
Cost					
At 1 April 2015	20,676,909	50,342,956	110,575,330	6,831,920	188,427,115
Cost Additions	318,262	1,695,991	67,496	18,959,480	21,041,230
Revaluation increase	45,848	-	14,077,144	-	14,122,992
Disposals	-	(472,819)	-	-	(472,819)
Contributions	-	-	(10,050,156)	(3,406,026)	(13,456,182)
Transfers	319,817	2,874,109	14,102,503	(17,296,429)	-
At 31 March 2016	21,360,835	54,440,237	128,772,318	5,088,945	209,662,335
Accumulated Depreciation					
At 1 April 2015	1,961,332	20,859,631	17,544,337	-	40,365,300
Charge for the period	196,699	2,980,813	1,790,029	-	4,967,541
Eliminated on the revaluation	(1,639,429)	-	(14,908,320)	-	(16,547,749)
Disposals	-	(429,282)	-	-	(429,282)
At 31 March 2016	518,602	23,411,162	4,426,046	-	28,355,810
Net book Value:					
At 31 March 2016	20,842,234	31,029,075	124,346,272	5,088,945	181,306,525
At 31 March 2015	18,715,577	29,483,325	93,030,993	6,831,920	148,061,815

Contributions represent projects financed by third parties, developers, and the Government of Belize. Transfers comprise of projects completed during the fiscal year and are added to its respective asset class.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

4. Property, plant and equipment - net (continued)

2015	Freehold & leasehold property	Plant & equipment	Infrastructure	Construction in progress	Total
-					
Cost					
At 1 April 2014	20,611,294	48,304,198	109,342,179	4,326,192	182,583,863
Additions	65,615	469,622	651,401	11,010,631	12,197,269
Disposals	-	(430,864)	-	-	(430,864)
Contributions	-	-	(4,499,761)	(1,423,392)	(5,923,153)
Transfers	-	2,000,000	5,081,511	(7,081,511)	-
At 31 March 2015	20,676,909	50,342,956	110,575,330	6,831,920	188,427,115
Accumulated Depreciation					
At 1 April 2014	1,773,024	18,312,988	15,765,627	-	35,851,639
Additions	188,308	2,891,478	1,778,710	-	4,858,496
Disposal	-	(344,835)	-	-	(344,835)
At 31 March 2015	1,961,332	20,859,631	17,544,337	-	40,365,300
Net book Value:					
At 31 March 2015	18,715,577	29,483,325	93,030,993	6,831,920	148,061,815
At 31 March 2014	18,838,270	29,991,210	93,576,552	4,326,192	146,732,224

5. Materials and supplies

	2016	2015
Pipework and appurtenances	9,352,289	8,365,033
Fuel and chemicals	246,884	228,143
Spare and consumables	67,659	77,897
Office supplies	54,813	72,769
	9,721,645	8,743,841
Less: Provision for obsolete materials and supplies	(202,547)	(256,581)
	9,519,098	8,487,260
Provision for obsolete materials and supplies consists of the following:		
	2016	2015
Beginning provision	256,581	134,325
Charge for the year	47,390	241,904
Write-offs	(101,425)	(119,648)
Ending provision	202,546	256,581

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BELIZE WATER SERVICES LIMITED

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For the year ended 31 March 2016

In BZD

6. Trade and other receivables

	2016	2015
Trade receivables	2,520,159	2,477,807
Provision for doubtful debts	(163,000)	(156,000)
	2,357,159	2,321,807
Other receivables	1,057,895	837,815
Prepayments	895,506	597,361
	4,310,560	3,756,983

Provision for doubtful debts consists of the following:

	2016	2015
Provision, beginning of year	156,000	351,303
Charge for the year	89,588	168,205
Write-offs	(82,588)	(363,508)
Provision, end of year	163,000	156,000

7. Cash and cash equivalents

	2016	2015
Current accounts	13,357,475	683,525
Short-term fixed deposits	5,110,011	2,053,866
Cash on hand	27,426	13,200
	18,494,912	2,750,591

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

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8. Share capital

	2016	2015
Authorised:		
66,666,666 ordinary shares of BZD 1.50 each	100,000,000	100,000,000
1 Special Rights Redeemable Preference Share	1	1
	100,000,001	100,000,001
Issued and fully paid:		
40,000,000 ordinary shares of BZD 1.50 each	60,000,000	60,000,000
Special Rights Redeemable Preference Share	1	1
	60,000,001	60,000,001
Ordinary shares are held as follows:		
Government of Belize	82.59%	82.59%
Social Security Board	10%	10.00%
Others	7.41%	7.41%
	100%	100.00%

The Special Rights Redeemable Preference Share has the following rights:

As to income

The Special Share shall not be entitled to participate in any dividends or other distributions by the Company.

As to redemption

The holder of the Special Share may require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate to the Company. Any redemption shall be subject to the provisions of the Statutes and the Articles of the Company.

As to further participation

The Special Share shall not entitle the holder thereof to participate in the profits or assets of the Company beyond such rights as are expressly set forth in the Articles of Association no. 4.

As to voting

The holder of the Special Share shall be entitled to receive notice of, and to attend and speak, at any general meeting or any meeting of any class of shareholders of the Company but the Special Share shall carry no right to vote or any other rights at any such meeting.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

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8. Share capital (continued)

As to purchase and transfers

The Company shall not purchase (but may redeem as set out above) the Special Share. The Special Share may be transferred only to a Minister of the Government of Belize or any person acting on the written authority of the Government of Belize.

As to appointment of Directors

1) The holder of the Special Share shall have the right from time to time:

(a) to appoint any person who is not an existing director; or

(b) to nominate any existing director (with the consent of the director concerned) to be a director of the company ("Government Appointed Director") but so that there shall not be more than two Government Appointed Directors at any time. The holder of the Special Share may remove one or both of the same or terminate the nomination and appoint or nominate another or others in their place.

2) At any time during which the Social Security Board is the holder of Ordinary Shares amounting to 10% or more of the issued share capital of the Company the holder of the special share may appoint any Government Appointed Director as a chairman of the board and at any time thereafter may terminate such appointment by like notice in writing.

9. Contributed capital

Represents amounts contributed by the Government of Belize, majority shareholder.

10. Capital reserve

Upon vesting on 23 March 2001, net assets of WASA totalling BZD 75,276,363 were received as consideration for the shares allotted by the Government of Belize totalling BZD 60,000,001 resulting in a capital reserve of BZD 15,276,362. This capital reserve was transferred to the Company upon formation.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

11. Revaluation reserve

Driven by written requests from the Public Utilities Commission (PUC), the fixed asset revaluation exercise commenced in September 2014. A consultant was hired to collate all findings and develop a detailed asset register by asset type, location, value, date acquired and remaining useful life among other specifications.

The methodology used to revalue buildings was the estimated market value rates per square foot as provided by an independent consultant, Young's Engineering Consultancy Limited, in Belize.

The methodology for the revaluation of the water infrastructure assets utilised an average installation cost per foot, based on a costing breakdown which included pipes and fittings, bedding and restoration material, labour and supervision. Since the Company's engineering staff are the only available local personnel with the necessary expertise to conduct water infrastructure valuations, the team was responsible for the inspection and field work of this exercise. Where the installation dates were not known, reasonable estimates of the remaining useful life were determined using the condition of the asset.

The Board of Directors approved the proposal by management to employ the valuation method for Water Infrastructure and Buildings. As a result of the revaluation exercise, there was a total net gain of BZD 30,670,741. This break down includes BZD 1,685,277 on Buildings and BZD 28,985,464 on Water Infrastructure assets.

12. Long-term debt

	2016	2015
Social Security Board	28,133,344	16,133,344
Caribbean Development Bank #10	10,989,071	12,806,359
Caribbean Development Bank #5	3,789,143	4,015,361
Belize Wastewater Revolving Fund	1,817,900	1,478,600
Caribbean Development Bank #53	250,727	306,444
Total long-term loans	44,980,185	34,740,108
Less: current portion	(4,056,682)	(4,549,638)
Long-term portion	40,923,503	30,190,470

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

12. Long-term debt (continued)

The loans are payable as follows:

	2016	2015
Within one year	4,056,682	4,549,639
Within two to five years	9,954,057	16,942,563
Over five years	30,969,446	12,247,906
	44,980,185	33,740,108

Secured BZD 22,000,000 Social Security Board loan. This loan was obtained in January 2007 in order to refinance the previously held Alliance Bank of Belize loan. In December 2008, SSB approved a restructuring of the loan. Under the new terms, the interest rate was reduced from 12% to 8.5% per annum. In addition, the moratorium period on principal payments was extended from 31 December, 2009 to 31 December 2010. Commencing on 31 March 2011, interest and principal were paid in quarterly payments of BZD 652,194. The loan is guaranteed by mortgage debenture over fixed and floating assets of the Company. On 31 March 2015, the Social Security Board approved an additional BZD \$12,000,000 to be consolidated with previously distributed loans. The interest rate thereafter for the total loan amount of BZD 28,133,344 is 6% per annum to be revised at five year intervals to reflect prevailing market rates. The loan is repayable over twenty one years with quarterly payments of BZD 606,226.39 due after the grace period, 12 months from the date of first disbursement on principal repayment.

Unsecured BZD 27,660,000 Caribbean Development Bank loan #10 guaranteed by GOB repayable by quarterly instalments. Average interest rate on the loan was 3.67% per annum for the year ended 31 March 2016. The loan has varying maturity dates at 2019, 2028, 2031. There were no drawdown for the current year 2016.

Unsecured BZD 16,800,000 Caribbean Development Bank loan #5 guaranteed by the Government of Belize (GOB) repayable by quarterly instalments. The average interest rate on the loan was 3.67% per annum for the year ended 31 March, 2016. The loan has a final maturity date in 2032.

Secured loan with Government of Belize, under the GRT/FM-12724-RG grant from Inter-American Development Bank, for retroactive financing for the Sewer Lagoon in Belmopan signed between the Government of Belize and the Company for BZD 1,478,666.65 (USD 739,333.33) for the "establishing the Belize Wastewater Revolving Fund for the improvement of wastewater management in Belize". The loan matures 30 September, 2016. The loan is due in amortised monthly instalments. During the year an additional BZD 3,042,600 was approved from the "CREW" revolving fund of which BZD 1,324,040 was drawn down for Phase 1 of the Belmopan Sewer System Expansion Project.

Unsecured loan #53 of USD 250,000 was signed between Caribbean Development Bank, Government of Belize and the Company on 15 July, 2008. The purpose of the loan is for the expansion of the water and sewerage system on Ambergris Caye. The agreement stipulated that if the Bank determines that the project is not feasible, the loan will be converted to a grant. The loan will be repayable in 32 quarterly payments with interest of 2.5% which commenced on 1 July, 2011. There were no drawdowns for the current year 2016.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

13. Trade and other payables

	2016	2015
Security deposits	2,943,266	2,977,208
Trade payable	1,903,862	2,740,074
Dividend payable	818,893	580,729
Interest payable	109,462	196,654
Accrued expenses	316,166	417,384
Taxes payable	60,728	58,276
Other payables	349,344	135,290
	6,501,721	7,105,615

14. Operating revenue

	2016	2015
Water charges	41,950,666	38,990,565
Water connection charges	421,658	417,275
Water infrastructure charges	331,407	146,425
Other water sales	251,991	218,656
Late payment charges and penalties	162,124	166,952
Services income	161,665	104,248
Bad debt recovery	58,333	51,853
Sewerage connection charges	6,050	21,246
Discount - measured water sales	(241,178)	(295,798)
	43,102,716	39,821,422

15. Other income

	2016	2015
Interest income from third parties	59,610	62,952
Other income	31,104	214,774
	90,715	277,726

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For the year ended 31 March 2016

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16. Staff costs

	2016	2015
Salaries and wages	6,965,667	6,630,936
Other staff costs and grants	643,124	440,551
Group health insurance	621,924	587,888
Allowances	618,104	498,907
Pension Plan contribution	366,826	295,248
Social security expense	285,299	294,706
Training and recruitment	161,270	94,025
Redundancy costs	76,780	89,227
	9,738,993	8,931,489

17. Materials and other external costs

	2016	2015
Water purchases	5,015,059	5,153,929
Electricity costs	2,344,099	2,612,251
Chemical expenses	805,318	738,117
Plant running costs	178,968	117,118
Meter reading costs	113,312	109,724
Obsolete inventory expenses	47,390	241,904
	8,504,146	8,973,042

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

In BZD

18. Other operating charges

	2016	2015
Repairs and maintenance	3,053,037	2,998,471
Security	1,113,711	1,131,898
Office supplies and sundries	535,590	600,217
Licenses and taxes	369,289	349,759
Telephone	369,288	400,972
Travel	314,808	476,294
Insurance	293,269	321,437
Collection fees	290,887	263,639
Professional fees	268,888	180,919
Electricity – office	223,475	252,609
Donations	127,382	72,828
Rent	105,522	47,682
Advertisement and marketing	93,556	207,353
Bad debt expense	89,588	168,205
Meeting costs	431,509	291,886
Loose tools	35,968	44,084
Other	24,837	12,263
	7,740,602	7,820,514

19. Finance costs

	2016	2015
Bank loan interest	1,830,666	2,001,060
Bank charges	34,590	37,861
Legal and processing fees on loans	21,345	2,027
	1,886,601	2,040,948

20. Taxation

A Business Tax of 1.75% is applied on gross measured water revenues. There is no deferred tax resulting from this business tax.

A General Sales Tax of 12.5% is charged on consumer spending that is collected in stages, at the point of importation of the business' purchases and on the sales of the business' good and services when the goods are sold or services are provided in country. The sale of water is classified as a zero rated item and as such no input tax is collected on such sales. Output tax on purchases and importation are reimbursed to the Company regularly after being carried forward after 4 months as prescribed by the GST Act 49 of 2005.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

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21. Earnings per share

Basic earnings per share are calculated by dividing the profit after tax by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by dividing the profit after tax that is attributable to the shareholders by the dilutive potential of the common shares.

	2016	2015
Basic earnings per share		
Profit attributable to owners of the Company	9,690,305	6,764,646
Weighted average number of outstanding ordinary shares	40,000,000	40,000,000
Basic earnings per share	0.24	0.17
Diluted earnings per share		
Profit attributable to owners of the Company	9,690,305	6,764,646
Weighted average number of outstanding ordinary shares	40,000,000	40,000,000
Diluted earnings per share	0.24	0.17

22. Related party transactions

	2016	2015
Government of Belize		
Water sales		
Balance at the beginning of the year	230,902	227,116
Billed	3,221,675	3,522,900
Receipts	(3,206,977)	(3,519,114)
Balance at the end of the year	245,600	230,902
Social Security Board		
Loans		
Balance at the beginning of the year	16,133,345	17,233,342
Drawdown	12,000,000	-
Repayments	-	(1,099,997)
Balance at the end of the year	28,133,345	16,133,345

During the period, additional transactions with the Government of Belize included BZD 2,552,134 (2015-BZD 3,049,049) being principal and interest payments made to the Caribbean Development Bank for loan #5 and #10. These loan payments were made to the Caribbean Development Bank by the Government of Belize on behalf of the Company during the period 1 April, 2015 to 31 March, 2016 and earmarked for capital expenditures. Once utilized, these funds are recognised as project contributions. See also note 4.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

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22. Related party transactions (continued)

Key management personnel

The following information is presented only in respect of those employees of the Company who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). At 31 March 2016, the number of key management personnel was 18 (2015 - 18).

Compensation of key management personnel

The remuneration of key management during the year was as follows:

	2016	2015
Salaries and other short-term benefits	1,757,280	1,713,595
Post-employment benefits	146,940	151,543
	1,904,220	1,865,138

Loans to key management personnel

	2016	2015
Balance at the beginning of the year	15,868	18,437
Issued	16,985	6,996
Repaid	(17,310)	(9,565)
Balance at the end of the year	15,543	15,868

As at 31 March, 2016 the amount receivable from key managerial personnel were staff loans approved to them. Staff loans for medical purposes bear interest of 5% per annum and all other purposes bear interest at 10% per annum.

23. Commitments and contingencies

Commitments:

Commitments for capital expenditure at 31 March, 2016 totalled BZD 3,148,000 (2015 - BZD 3,746,000). Planned capital expenditure is BZD 15,477,000 (2015 - BZD 12,250,000).

Contingencies:

As of 31 March 2015, The Company had two on-going litigation claims, Claim No. 200 and Claim No. 260 for unlawful termination. The Company resisted the claims on the basis that the Claimants' dismissals were based on a restructuring of the Company. Claim No. 200 has since been settled in which the company has agreed and paid BZD 4,177.86 in general damages and BZD 10,000 in costs. In the case of Claim No. 260, the company has paid, without agreement, BZD 27,657.24 in general damages and BZD 6,914.31 in costs, additional costs may still be pending.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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24. Pension Plan

Belize Water Services Limited operates a Defined Contribution Plan which receives a minimum of 4% gross salary from the Company and 3% from its employees. The company will pay an additional 1% of pensionable salary for each member with more than ten years of pensionable service. The Company will match up to 2% for employees who opt to increase their voluntary contribution. The Plan is administered by Independent Trustees and the funds are held separately from those of the Company. During the year under review, the Company contributed BZD 366,825 (2015- BZD 295,248) to the Plan.

25. Significant non-cash financing activities

During the period, BZD 2,552,134 (2015- 3,049,049 BZD) being principal and interest payments made to the Caribbean Development Bank loan #5 and #10 on behalf of the Company for the period were forgone by Government of Belize.

The Board of Directors approved a dividend distribution of BZD 757,789 or 7.5% of original share price for the year ended 31 March, 2016 (2015 - BZD 505,183). Dividends are payable to minority shareholders on record as of 31 March, 2016. The Government of Belize opted to forego its dividend distribution until 2020 in an effort to strengthen the Company's financial position.

26. Financial risk management

The Company's activities expose the Company to financial market risk, liquidity risk, credit risk and operational risk. The overall risk management of the Company focuses on ensuring business continuity. This is done by:

Market risk – It is the risk that the value of a financial asset may be reduced because of changes in interest rates, currency exchange rates, stock prices, and other financial variables, as well as the reaction of market participants to political and economic events, whether by latent losses as well as potential profits. Market risk management's objective is to manage and monitor the risk exposures and at the same time to make sure that they are maintained within acceptable parameters optimising the risk returns.

BELIZE WATER SERVICES LIMITED

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26. Financial risk management (continued)

Capital risk management

Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to shareholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the shareholders, regulators and stakeholders.
- To maintain healthy capital ratios in order to support its business objectives and maximise shareholders value.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The primary sources of capital used by the Company are equity shareholders' funds and borrowings.

The capital requirements are routinely forecast on a periodic basis, and approvals are made by the Board.

The Company has had no significant changes in its policies and processes to its capital structure during the past year.

The Company has enacted appropriate policies to assist expanding its operations to future development within the urban and rural areas in the country of Belize. Developers are required to contribute to set up of infrastructural expansion which eases the financial burden of expansion on the Company's resources. The Company operates under a monopoly license until 19 March 2026 which provides appropriate safeguards against political and economic events.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2016

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26. Financial risk management (continued)

Liquidity risk- The liquidity risk is defined as the risk that the Company may encounter difficulties in obtaining funds to meet its commitments and obligations on time. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who keeps watch on availability of liquid funds.

31 March, 2016	Within 3 months	3 months to 1 year	1-5 years	Over 5 years
Financial assets				
Cash and cash equivalents	18,494,912	-	-	-
Trade receivable	2,357,159	-	-	-
Other receivable	1,057,895	895,506	-	-
	21,909,966	895,506	-	-
Financial liabilities				
Trade payable	1,903,862	-	2,943,266	-
Other payables and accrued expenses	1,654,593	-	-	-
Long term debt	790,673	3,266,009	9,954,057	30,969,446
	4,349,128	3,266,009	12,897,323	30,969,446

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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26. Financial risk management (continued)

Credit risk – The Company's exposure to credit risk is the risk that a financial loss may take place if customers fail to meet their obligation arising mainly from credit sales. As at 31 March 2016, the Company's trade receivables are concentrated within the country of Belize. The Government of Belize continues to be the largest customer with an outstanding balance as of 31 March 2016 of BZD 245,600 (2015 - BZD 230,902). The following table outlines the Company's credit risk geographically over the country of Belize:

	2016	2015
Belize District	1,234,076	1,256,542
Cayo District	443,040	412,225
Ambergris Caye and Caye Caulker	405,878	422,670
Stann Creek District	153,019	124,420
Orange Walk District	140,287	127,534
Corozal District	72,321	72,627
Toledo District	62,159	56,969
	2,510,779	2,472,987

The age analysis of trade receivables at the reporting date not impaired is as follows:

	2016	2015
Within trade terms	1,948,602	1,947,725
Overdue up to one month	245,216	217,934
Overdue between two and three months	135,974	134,481
Overdue more than three months	180,986	172,847
	2,510,779	2,472,987

Operation risk – It is the risk of the potential loss, directly or indirectly, related to the processes of the Company, human resources, technology, infrastructure and other external factors that are not related to credit, market or liquidity risks, such as those arising from legal and regulatory requirements and the application of generally accepted corporate standards.

The objective of the Company is to manage operational risk in order to avoid financial losses and damage to the Company's reputation.

The structure to manage operational risk has been designed to segregate duties among owners, executors, control areas and areas in charge of compliance with policies and procedures. In order to establish such methodology, the Company has assigned resources to strengthen internal control and organisational structure allowing independence among business area, risk control and record keeping. It includes a proper operational segregation of duties in the recording, reconciliation and authorisation which is documented through policies, processes, and procedures that include control and security standards.

BELIZE WATER SERVICES LIMITED

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26. Financial risk management (continued)

The Internal Audit Department through its activities monitors compliance with control procedures and monitors the severity of the related risks.

The Board of Directors and the Audit Committee have jointly assumed an active role in the identification, measurement, control and monitoring of operational risks and is responsible for understanding and managing these risks.

27. Categories of financial instruments

Most of the Company's funds are held in reputable banks in the form of cash. Other assets include receivables acquired in the normal course of business for providing services. Liabilities include accounts payable incurred in the normal course of business for supplies. Categorisation is as follows:

	2016	2015
Financial assets		
Cash and cash equivalents	18,494,912	2,750,590
Trade receivables	2,357,159	2,321,807
Other receivables	1,057,895	837,816
Total financial assets	21,909,966	5,910,213
Financial liabilities		
Trade payables	1,903,862	2,740,075
Other payables and accrued expenses	835,700	807,604
Long term debt	44,980,185	34,740,108
Total financial liabilities	47,719,746	38,287,787

BELIZE WATER SERVICES LIMITED

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28. Reclassification

Reclassification adjustment was performed on other operating expenses to reclassify an expense for presentation purposes.

Statement of comprehensive income (extract)

	Before restatement	Reclassified	Correction of error	Reclassified/ restated 2015
Office supplies and sundries	814,701	(214,484)	-	600,217
Meeting costs	77,402	214,484	-	291,886
Other	10,202	2,060	-	12,263
Damage and losses	2,060	(2,060)	-	-
Other operating charges	7,740,602	-	-	7,740,602

29. Subsequent events

Subsequent events have been evaluated through 27 July 2016, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.



MISSION STATEMENT

To improve the lives of consumers by delivering quality and cost-effective water and wastewater services in an environmentally responsible manner while promoting employee excellence, fulfilling our social responsibility and providing a fair return to our shareholders.

VISION STATEMENT

By 2018, we will be the leading provider of water and wastewater services in the region and will exceed stakeholders' expectations.



BOARD OF DIRECTORS



WINSTON MICHAEL
Deputy Chairman



ALBERTO AUGUST
Chairman



ALVAN HAYNES
Secretary



THOMAS MORRISON
Director



KATHLYN TILLET
*Chairperson
Audit Committee*



KENRICK YSAGUIRRE
Director



MARIA COOPER
Director



WILMOT SIMMONS
Director



LOURDES SMITH
Director



GUADALUPE MAGANA-DYCK
Director

MANAGEMENT TEAM



RASHIDA WILLIAMS-CASTILLO
Chief Financial Officer



ALVAN HAYNES
Chief Executive Officer



DESIREE TILLET
Customer Service Manager



DAVE PASCASCIO
Operations Manager



HAYDON BROWN
*Human Resources/
Public Relations Manager*



SONIA BURNS
*Information Technology
Manager*



SANJAY KESHWANI
*Technical Services
Manager*



DAWN SMITH
Internal Audit Manager



FREDERICK SANDIFORD
*Resident Consultant
Engineer*



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