



BELIZE WATER SERVICES LIMITED

Financial Statements

For the year ended 31 March 2020



BELIZE WATER SERVICES LIMITED

Financial Statements and Independent Auditor's Report

For the year ended 31 March 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Belize Water Services Limited (the Company)**, which comprises the statement of financial position as at 31 March 2020, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Belize, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to form a basis for our opinion.

Emphasis of matter regarding going concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 34 of the financial statements, Management has made an assessment with regard to the potential financial impact that the COVID 19 pandemic can cause to its operations. Our opinion is not modified with respect to this matter.

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the Company. We remain solely responsible for our audit opinion;

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

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

Moore Wagan LLP

Chartered Accountants
Belize City, Belize
31 July 2020

BELIZE WATER SERVICES LIMITED

Statement of financial position

As at 31 March 2020


In Belize dollars

	Notes	2020	2019 Restated *
Assets			
Non-current assets			
Property, plant and equipment	5	289,578,973	249,007,349
Intangible asset	6	6,440,331	7,513,719
Total non-current assets		296,019,304	256,521,068
Current assets			
Materials and supplies	7	8,266,659	7,552,186
Contract balances and other receivables	8	7,856,048	7,625,980
Cash and cash equivalents	9	5,827,445	13,681,866
Total current assets		21,950,152	28,860,032
Total assets		317,969,456	285,381,100
Equity and liabilities			
Equity			
Share capital	10	60,000,001	60,000,001
Contributed capital reserve (Government of Belize)	11	11,714,281	11,714,281
Capital reserve on vesting	12	15,276,362	15,276,362
Revaluation reserve	13	53,660,652	31,337,802
Retained earnings		64,271,830	56,998,516
Total shareholders' equity		204,923,126	175,326,962
Non-current liabilities			
Capital contributions	14	33,541,843	32,603,300
Long term borrowings	15	47,251,062	49,473,108
Deferred income	26	17,402,061	16,305,825
Total non-current liabilities		98,194,966	98,382,234
Current liabilities			
Current portion - borrowings	15	3,102,800	3,416,268
Trade and other payables	16	11,748,564	8,255,637
Total current liabilities		14,851,364	11,671,905
Total liabilities		113,046,330	110,054,138
Total equity and liabilities		317,969,456	285,381,100

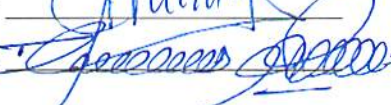
The accompanying notes form an integral part of these financial statements.

* See Note 4.6

Approved on behalf of the Board of Directors on 31 July 2020.

Signature of Director: 

Print Name: Alberto O. August

Signature of Director: 

Print Name: THOMAS G. MORRISON

BELIZE WATER SERVICES LIMITED**Statement of comprehensive income****For the year ended 31 March 2020****In Belize dollars**

	Notes	2020	2019
Operating revenue	17	50,928,023	47,880,225
Other income	21	147,724	193,858
Gross revenue		51,075,747	48,074,083
Materials and other external costs	18	(8,033,752)	(9,592,240)
Staff costs	19	(13,585,929)	(12,500,940)
Other operating charges	20	(10,280,259)	(7,729,130)
Depreciation and amortisation	25	(7,971,383)	(6,547,864)
Gain on disposal of asset		1,781	25,181
Profit before interest and taxes		11,206,205	11,729,090
Finance costs	22	(2,279,729)	(1,896,888)
Profit before tax		8,926,476	9,832,202
Business tax	23	(892,179)	(849,316)
Profit for the year		8,034,297	8,982,886
Other comprehensive income not allocated to profits			
Gain on revaluation of land	13	22,322,850	-
Total comprehensive income for the year		30,357,147	8,982,886
Basic earnings per share (BZD per share)			
Basic earnings per share	24	0.20	0.22

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 2020

In Belize dollars

	Share capital	Contributed capital	Capital reserve	Revaluation reserve	Retained earnings	Total
Balance as at 01 April 2018	60,000,001	11,714,281	15,276,362	31,337,802	48,773,690	167,102,136
Profit for the year	-	-	-	-	8,982,886	8,982,886
Dividends declared (Note 29)	-	-	-	-	(758,060)	(758,060)
Balance as at 31 March 2019	60,000,001	11,714,281	15,276,362	31,337,802	56,998,516	175,326,962
Balance as at 01 April 2019	60,000,001	11,714,281	15,276,362	31,337,802	56,998,516	175,326,962
Profit for the year	-	-	-	-	8,034,297	8,034,297
Dividends declared (Note 29)	-	-	-	-	(760,983)	(760,983)
Land revaluation (Note 13)	-	-	-	22,322,850	-	22,322,850
Balance as at 31 March 2020	60,000,001	11,714,281	15,276,362	53,660,652	64,271,829	204,923,126

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

BELIZE WATER SERVICES LIMITED**Statement of cash flows**

For the year ended 31 March 2020

In Belize dollars

	2020	2019
Cash flows from operating activities		
Profit for the year	8,034,297	8,982,886
Adjustments for non-cash items:		
Depreciation and amortisation	7,971,383	6,547,864
Gain on disposal of property, plant and equipment	(1,781)	(25,181)
Impairment allowance	43,873	16,000
Interest paid	(1,914,036)	(1,673,438)
Finance cost	2,279,729	1,896,888
Government grants	(1,919,441)	(2,357,122)
Cash flows before working capital changes	14,494,025	13,387,897
Changes in working capital components:		
Contract balances and other receivables	(246,068)	(891,323)
Material and supplies	(742,346)	1,547,775
Trade and other payables	3,400,264	1,873,779
Cash flow provided by operating activities	16,905,874	15,918,128
Cash flow from investing activities		
Purchase of property, plant and equipment	(25,435,000)	(23,289,171)
Acquisition of subsidiary	-	(14,501,490)
Contributions to fixed assets	1,532,760	4,071,663
Proceeds from sale of property, plant and equipment	518,997	165,644
Net cash used in investing activities	(23,383,242)	(33,553,354)
Cash flows from financing activities		
Dividends	(760,980)	(758,060)
Proceeds from borrowings	1,042,814	13,573,707
Repayment of borrowings	(3,578,328)	(1,637,729)
Increase in deferred income	1,919,441	1,117,149
Net cash provided by financing activities	(1,377,053)	12,295,067
Net change in cash and equivalents	(7,854,421)	(5,340,159)
Cash and cash equivalents at the beginning of the year	13,681,866	19,022,025
Cash and cash equivalents at the end of the year	5,827,446	13,681,866
Comprised of:		
Cash on hand	17,059	15,959
Bank balances	3,549,802	8,254,580
Short-term deposits	2,260,585	5,411,327
	5,827,446	13,681,866

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 2020

In Belize dollars

1. General information

Belize Water Services Limited (BWSL) (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.

The Company is the monopoly water and sewerage utility for the country of Belize, serving all the municipalities of the country as well, as some 35 villages. The registered office is at 7 Central American Boulevard, Belize City, Belize.

Effective 01 January 2019, the Company acquired 100% of shares of Consolidated Water (Belize) Limited ("CWBL") for USD 7,000,000 which was funded by a loan from the Caribbean Development Bank. CWBL utilised reverse osmosis technology to produce potable water from seawater and operates under a contractual agreement with BWSL to supply potable water on an exclusive basis to San Pedro, Ambergris Caye. CWBL was previously owned by Consolidated Water Co. Limited, a Cayman Island company. Financial statements for the Company include the consolidation of net assets from CWBL based on the value presented in the 31 December 2018 audited financial statements for CWBL. CWBL was wound up on 15 January 2020 and merged with BWSL. Financials for the year ended 31 March 2020 are presented on a basis of full merger of CWBL into BWSL.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs and the new Interpretation that are effective for the current year

The following standards and amendments have become effective for the annual periods commencing on or after 01 January 2019.

- IFRS 16 Leases;
- Amendments to IFRS 9 Prepayment Features with Negative Compensation;
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures;
- Annual Improvements 2015-2017 Cycle;
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement;
- Interpretation 23 Uncertainty over Income Tax Treatments.

Adoption of amendments and interpretations stated above has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.2 New and revised IFRSs in issue but not yet effective

The following standards and amendments will become effective for the annual periods beginning on or after 01 January 2020.

- IFRS 17 Insurance Contracts;
- Amendments to IAS 1 and IAS 8 Definition of Material;

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

2.2 New and revised IFRSs in issue but not yet effective (continued)

- Amendments to IFRS 3 Definition of a Business;
- Revised Conceptual Framework for Financial Reporting;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture.

New IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of the entity.

Amendments to IAS 1 and IAS 8 on the definition of material

The Standard principally amends IAS 1 and IAS 8. The amendments refine the definition of material in IAS 1. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across IFRSs and other publications. The amendment also includes some supporting requirements in IAS 1 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

Amendments to IFRS 3 – definition of a business

The Standard amends IFRS 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

3. Significant accounting policies

3.1 Statement of compliance

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

3.2 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. Certain asset categories, freehold and leasehold property and infrastructure, have been recorded at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies as follows.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.2 Basis of measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial instruments is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, rather directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Functional and presentation currency

The financial statements are presented in Belize dollars (BZD), unless otherwise indicated. The Belize dollar is considered to be the functional currency as the majority of the Company's transactions are denominated, measured, or funded in Belize dollars. All financial information presented in Belize dollars has been rounded to the nearest dollar.

3.4 Foreign currency transactions/translation

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

3.5 Property, plant and equipment

(i) Initial recognition and measurement

Items of property, plant and equipment are initially recognised at cost.

(ii) Subsequent measurement

Freehold and leasehold property and infrastructure are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Additions, major renewals and improvements are capitalised. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.5 Property, plant and equipment (continued)

(ii) Subsequent measurement (continued)

Any revaluation increase arising on the revaluation of freehold and leasehold property and infrastructure 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.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(iii) Depreciation

Depreciation is recognised to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Plant and equipment are depreciated on the straight-line basis over their estimated useful lives.

Infrastructure assets comprise a network of underground systems. Expenditure on infrastructure assets relating to increases in capacity or enhancement 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.

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Materials and supplies

Materials and supplies are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.7 Contract balances

Contract balances are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Contract balances are stated at their amortised cost less any allowances for doubtful receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The loss allowance is calculated based on lifetime expected credit losses. Loss allowance for contract balances is BZD 199,000 for the year ended 2020. Impairment and details of Company's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 31. The carrying amount of current receivables is considered to be the same as their fair value, given the short term nature.

3.8 Prepayments

Prepayments represent costs paid in advance of their intended use or coverage. Prepayments are measured at fair value, based on the relevant exchange rates at the date of payment. Prepayments are expensed in the period the service is delivered.

3.9 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. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

3.10 Borrowings and borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in net profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.11 Government grants and other contributions

Government grants

Government grants received for capital expenditure which have not yet been utilised by the Company are recorded as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the associated assets. These grants are in the form of loan payments made on behalf of the Company. Government grants are stated at fair value.

Other contributions

Other contributions received from third parties for capital expenditure are deducted in calculating the carrying amount of the asset. Other contributions are recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

3.12 Trade and other payables

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.

The average credit period on purchases of goods approximates 35.5 days (2019: 35.5 days). No interest is charged on overdue payables; the Company has financial risk management policies in place to ensure all payables are paid within the agreed credit terms. Fair value of trade and other payables is considered to be the same as carrying value given the short term nature of it.

3.13 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 during which the Company has actively pursued collection without recourse. Security deposits net of arrears are refunded upon closing of the account.

3.14 Provisions

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.15 Revenue from contracts with customers

- a. The Company is in the business of producing and selling potable water and providing ancillary services to the general public. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The IFRS 15, Revenue from Contracts with Customers became effective on periods starting 1 January 2018 or later, and is based around five steps in recognising revenue that the Company adheres to.

- i. Identify the contract with the customer – the contract must be approved by the parties and should have commercial substance. The parties to the contract should also be able to identify their rights regarding the goods or services to be transferred, and the payment terms in relation to those goods or services. It must also be probable that consideration will be received for the goods or services transferred. Contracts with the same customer can be combined if specific criteria are met, for example the contracts are negotiated as a package, the amount of consideration is linked to the performance of another contract, or goods or service are a single performance obligation.

- ii. Identify the performance obligations in the contract – these are distinct goods or services that are to be transferred to the customer. A good or service is distinct if the customer can benefit from the good or service either on its own or with other resources that are readily available to the customer and if the promise to transfer the good or service is separately identifiable from other promises in the contract. A good or service is still likely to be separately identifiable if it has a functional dependence on another, but not if this relationship has a 'transformative' effect.

- iii. Determine the transaction price – based on the contract terms the transaction price should be determined. The transaction price is the amount that the entity expects to receive in exchange for transferring promised goods or services to a customer. The amount should exclude those collected on behalf of third parties (such as sales taxes). Contract price can include both fixed and variable consideration. An entity is required to estimate variable consideration to which it will be entitled to either using an expected value approach (sum of probability weighted amounts) or the most likely amount (single amount). Variable consideration is only included in the transaction price if it is highly probable that a significant reversal of the consideration will not occur. Reassessment of the variable consideration is required at the end of each reporting period. Contracts may include significant financing components and non-cash consideration. A contract with a financing component is discounted using a discount rate that reflects the credit characteristics of the customer. The effects of financing are presented separately from revenue from customers. The Company uses the practical expedient in IFRS 15 and does not adjust for the financing element if the contracts are to complete within a 12 month period. Any non-cash consideration received is measured at the fair value of the non-cash consideration.

- iv. Allocate the transaction price – the transaction price should be allocated to each performance obligation identified in step 2, based on the relative stand-alone selling prices of each distinct good.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.15 Revenue from contracts with customers (continued)

v. Recognise revenue when a performance obligation is satisfied – a performance obligation is satisfied when the customer obtains control of the good or service. At the inception of the contract the entity must establish if the performance obligation is to be satisfied over time or at a point in time. An entity that satisfies a performance obligation over time recognises revenue over time when the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or where the entity's performance creates or enhances an asset that the customer controls; or where the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date (for example, an incomplete voyage in a voyage charter).

b. Production and selling potable water is based on supply agreements with one or more customers agreeing a fixed price per metered water. This is considered to be a series of identical obligations that are consummated as they are delivered. It is appropriate to recognise revenue over a period of time as it is delivered. Invoicing is used as a practical expedient if this is the only obligation in the arrangement or if the amount invoiced for water & sewer only is clear. The revenue is recognised as obligation is satisfied or when it expires.

c. Other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.16 Expense

Expenses are recognised when related services have been provided.

3.17 Pension costs

The Company operates a defined contribution pension scheme. A defined contribution scheme is a post-employment scheme under which an entity and employees pay fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions payable under the defined contribution schemes are charged to the income statement in the periods during which services are rendered by employees.

3.18 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.

3.19 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.19 Impairment of non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash generating unit) 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 (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.20 Financial instruments

A. Recognition and derecognition of financial instruments

Financial instruments, other than derivative financial instruments, are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets that are regular way purchased or sold are recognised using the trade date accounting, that is when the Company commits to purchase or sell.

Financial instruments that are not trade receivables are initially measured at fair value, which generally equates to acquisition cost, which includes transaction costs for financial instruments not subsequently measured at fair value.

Contract balances are recognised at transaction cost, if they do not contain a significant financing element (IFRS 15). Note 4.4 provides additional information.

Financial assets are derecognised when:

- The contractual rights to cash flows from the financial asset expire, or
- The asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred.

On de-recognition, the Company recognised the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in de-recognition, because the Company retains exposure to risks and rewards to some extent. The Company assesses its extended involvement and recognises a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.20 Financial instruments (continued)

A. Recognition and derecognition of financial instruments (continued)

Financial liabilities (or a part of) are derecognised when, and only when the obligation is extinguished. That is when the obligation specified in the contract is discharged or cancelled or expires. The gain or loss between the carrying value and amount paid is recognised in profit or loss.

If the terms of an existing financial liability (loans and borrowings) are substantially modified this will be considered to meet the criteria for derecognition of the original liability, and a new financial liability is recognised.

B. Classification and subsequent measurement of financial assets

Measurement of financial assets depends on the classification, which is determined by the business model for holding the asset and characteristics of its cash flows.

i) Amortised cost

Assets are held for the purpose of obtaining contractual cash flows, which are solely interest and principal, such as the simplest form of financial instruments, loans and receivables including contract assets. Interest is calculated using effective interest method and included in finance income in profit or loss. Impairment is presented in a separate line in profit or loss.

ii) Fair value through other comprehensive income (FVOCI)

If in addition to above, if the business model also includes selling the assets, then these assets are measured at fair value with changes in fair value flowing through OCI. Interest income is calculated and presented as above. Impairment is included in profit or loss and reduces/ increases the fair value gain/ loss recognised in OCI reserve.

On derecognition, gains and losses are charged to profit or loss and included in other gains/ losses.

iii) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria above are measured as FVTPL with changes in fair value presented in other gains/ losses.

For equity investments that the Company considers to be long term strategic investments, the Company has taken the election in IFRS 9 to present the changes in fair value through other comprehensive income. Unlike ii) above however, on sale of investments, the cumulative OCI gain/ loss will be transferred within equity and will not be charged through profit or loss.

C. Classification and measurement of financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.20 Financial instruments (continued)

C. Classification and measurement of financial liabilities (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities, which are measured at amortised cost. Financial liabilities are classified at fair value through profit or loss if they are either held for trading or they are otherwise designated within this classification. Gains and losses on such financial liabilities are recognised within other gains and losses in the statement of comprehensive income.

A financial liability is classified as held for trading if (a) it has been acquired principally for the purposes of subsequent short-term repurchase; (b) on initial recognition it is part of a portfolio of identified financial instruments which have a pattern of short-term profit taking; or (c) it is a derivative financial instrument that is not designated and effective as a hedging instrument.

A financial liability may otherwise be designated at fair value through profit or loss upon initial recognition if such designation eliminates or reduces significantly a measurement or recognition inconsistency that would otherwise arise; or (b) the financial liability forms part of a Company of financial assets, financial liabilities or both, which is managed and its performance evaluated on a fair value basis as a part of the Company's documented risk management and investment strategies; and (c) it forms part of a contract containing one or more embedded derivatives and the entire contract can be so designated in accordance with applicable financial reporting standards.

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, within finance costs in the statement of comprehensive income.

The Company derecognises financial liabilities when the obligations of the Company are discharged, cancelled or have expired.

Embedded derivatives

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value through profit and loss.

However financial liabilities which contain multiple embedded derivatives are not separated and are treated as fair value through profit and loss.

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible loan notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

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3. Significant accounting policies (continued)

3.20 Financial instruments (continued)

C. Classification and measurement of financial liabilities (continued)

Compound financial instruments (continued)

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

The interest expense on the liability component is calculated by applying the effective interest method. This is obtained by calculating the present value of future cash flows at a market rate for a loan without the convertible component. The difference between the effective interest rate and the interest paid is added to the carrying amount of the convertible loan note.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised in equity, net of attributable taxation.

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

3.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any effects.

3.22 Consolidation

Prior to the 2020 winding up and merger of the Company's subsidiary, CWBL, the financial statements for the period as at 31 December 2019 comprise those of the Company and its subsidiary. Subsidiaries including special purpose entities which are directly or indirectly controlled by the Company are consolidated. Control is achieved where the Company has power over the investee, that expose or give rights to variable returns from its involvement with the investee, and the Company is able to use its power to affect the amount of returns from the investee. Generally control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

3. Significant accounting policies (continued)

3.22 Consolidation (continued)

The acquisition method of accounting is used by the Company when it undertakes a business combination. The fair value of consideration transferred at the acquisition date includes the fair value of assets transferred, liabilities incurred by the owners and equity instruments issued by the Company. Consideration can include cash, contingent consideration and options. Acquisition related costs are expensed as incurred unless they relate to the issue of financial instruments in which case they are accounted for in accordance with accounting policies relating to that specific type of financial instrument. The assets acquired and liabilities assumed are recognised at the acquisition date at their fair value. At the acquisition date any equity interest held prior to the acquisition date is recognised at fair value with a resulting gain or loss recognised in profit or loss. The Company has an option on a combination by combination basis on how to recognise a non-controlling interest at the acquisition date either at fair value or proportionate share of net assets.

BWSL exercises control over its subsidiary, CWBL, as it acquired 100% of the stock in this subsidiary entity. In accordance with IFRS 3, Business Combinations, financial statements are presented on a consolidated basis and are indicated as "Company". All intracompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company have been eliminated in full consolidation. In accordance with IFRS 3, consolidated financial statements for the period as at 31 March 2019 reflect the elimination of the investment in the subsidiary of CWBL.

CWBL was officially wound up on 15 January 2020 and was merged into the Company. Financial statements for the period ended 31 March 2020 are presented on basis of this merger and elimination of the Company's subsidiary.

3.23 Intangible asset

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets. Contractual rights acquired regarding the purchase of "CWBL" will be amortised over 7 years which was the remaining life of the "New Agreement for the Provision of Water from a Seawater Desalination Plant" between BWSL and CWBL. Contractual rights are presented at cost less amortisation and impairment losses. With control of the contract with CWBL, BWSL gained synergies to more efficiently manage the increasing demand for potable water supply from the residents and businesses of Ambergris Caye. During 2020, CWBL was liquidated and the contractual rights were effectively transferred to BWSL retaining the synergies as described herein to continue to the benefit of the Company.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

4. Critical accounting estimates and judgements

In implementation of the Company's accounting policies, Management used the following judgements that have the most significant effect on the amounts recognised in the financial statements.

4.1 Useful lives of property, plant and equipment

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

Category	Years
Freehold and leasehold property	25 to 40 years
Plant and equipment	3 to 10 years
Infrastructure	75 years

4.2 Fair value measurements and valuation processes

The methodology used to revalue buildings was the estimated market value rates per square foot as provided by an independent consultant. 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.

4.3 Impairment of property, plant and equipment

At each reporting date the Company's Management assesses whether there is any indication of impairment of property, plant and equipment. If at least one such indication exists, Management estimates the recoverable amount of assets, which is calculated as the higher of fair value less costs to sell and the value in use. An asset's carrying amount is written down to its recoverable amount and the difference is charged as impairment loss immediately on profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. If the circumstances change and management decides that the value of property, plant and equipment and capital construction-in-progress has increased, the provision for impairment will be fully or partially reversed.

4.4 Impairment allowance in respect of contract balances and other receivables

Receivables are presented on the statement of financial position net of impairment allowance. The Company records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses.

At each reporting date, the Company evaluates the recoverability of trade receivables and records allowances for doubtful receivables using the percentage of receivables method based on experience which among other things, considers the actual collection history. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

4. Critical accounting estimates and judgements (continued)

4.5 Going concern

These financial statements have been prepared based on the going concern assumption, which means that assets are realised and liabilities are settled in the course of normal business operations. These financial statements do not include any adjustments which would be required had the Company been unable to continue as a going concern.

4.6 Restatement and presentational reclassification for 2019

Financial statements issued for the period ended 31 March 2019 did not reflect leasehold land held by Consolidated Water (Belize) Limited which was acquired by the Company. IFRS 3 (Business combinations) guidelines provide for the retrospective adjustment of the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. Management has obtained an independent appraisal for this property in the amount of BZD 977,500 and is in process of transferring title to the Company with the Belize Ministry of Natural Resources and Lands Registry and Land Titles Unit. Recognition of the appraised land value will increase originally reported property, plant and equipment and reduce the intangible asset balance which was determined at the time of acquisition.

Financial statements issued for the period 31 March 2019 were also reclassified to reflect the separation of activity for government and customer contributions, grants and related amortization from net property, plant and equipment. Financial statements for the period ended 31 March 2020 were presented in conformity with the revised 2019 format. Note 14 provides further detail related to the separation of contributions and grant activity from property plant and equipment.

4.7 Impairment of contract rights

In accordance with IAS 36, Management, makes an annual assessment of the current net value of contract rights associated with the acquisition of CWBL in 2019. Assessed impairment losses are recognised as a loss whenever it is determined that the current asset value, net of amortization, is less than the remaining future value of obligations under the original contract by CWBL.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

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4. Critical accounting estimates and judgements (continued)**4.7 Impairment of contract rights (continued)**

The effect of restatement and reclassification are as follows (extracts):

	Notes	31 March 2019 (as previously reported)	Adjustment	31 March 2019 (restated)
Statement of financial position				
Non-current assets				
Property, plant and equipment	5	215,426,548	33,580,800	249,007,348
Intangible asset	6	8,491,220	(977,500)	7,513,720
Total non-current		223,917,768	32,603,300	256,521,068
Total assets		252,777,800	32,603,300	285,381,100
Non-current liabilities				
Capital contributions	14	-	32,603,300	32,603,300
Long term borrowings	15	49,473,108	-	49,473,108
Deferred income	16	16,305,825	-	16,305,825
Total non-current liabilities		65,778,933	32,603,300	98,382,233
Total liabilities		77,450,838	32,603,300	110,054,138
Total equity and liabilities		252,777,800	32,603,300	285,381,100

5. Property, plant and equipment

2020	Freehold and leasehold property Valuation	Plant and equipment Cost	Infrastructure RESTATED Valuation	Construction in progress RESTATED Cost	Total
Cost					
As at 01 April 2019	29,182,012	74,575,179	183,690,312	13,680,523	301,128,026
Additions	2,584,969	3,716,802	16,718,379	3,238,055	26,258,205
Reclass CWBL	-	(4,389,268)	-	-	(4,389,268)
Accumulated Depreciation	(126,909)	(343,617)	(86,490)	-	(557,016)
Disposals	22,322,850	-	-	-	22,322,850
As at 31 March 2020	53,962,922	73,559,096	200,322,201	16,918,578	344,762,797

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

5. Property, plant and equipment (continued)

2020	Freehold with leasehold property	Plant and equipment	Infrastructure	Construction in progress	Total
	Valuation	Cost	Valuation	Cost	
Accumulated depreciation					
As at 01 April 2019	(1,456,960)	(36,644,887)	(14,018,831)	-	(52,120,678)
Charge for the period	(319,592)	(3,903,123)	(3,269,498)	-	(7,492,213)
Reclass CWBL Accumulated Depreciation	-	4,389,268	-	-	4,389,268
Disposals/Reclasses	(22,629)	58,713	3,715	-	39,799
As at 31 March 2020	(1,799,181)	(36,100,029)	(17,284,614)	-	(55,183,824)
Net book value:					
As at 31 March 2020	52,163,740	37,459,067	183,037,587	16,918,578	289,578,973
As at 31 March 2019	27,725,052	37,930,290	169,671,484	13,680,523	249,007,349

As at 31 March 2020 the Company maintains insurance coverage from commercial fire associated perils and burglary including catastrophic perils over buildings, plant and equipment, and water tanks countrywide valued at BZD 68,352,751 (2019: 53,013,139).

2019 Restated for Contributions (Note 14) and Contract Rights (Note 4.6)	Freehold and leasehold property	Plant and equipment	Infrastructure	Construction in progress	Total
	Valuation	Cost	Valuation	Cost	
Cost					
As at 1 April 2018	24,287,194	65,182,660	142,980,672	8,244,558	240,695,084
Additions	3,478,009	4,696,494	11,926,221	3,188,449	23,289,173
Acquisition of CWBL assets	439,309	5,377,574	-	-	5,816,883
Disposals	-	(681,549)	(2,725)	-	(684,274)
Contributions	-	-	(4,240,410)	168,747	(4,071,663)
As at 31 March 2019	28,204,512	74,575,179	150,663,758	11,601,754	265,045,203
2019 Restatement Items:					
Land appraisal - San Pedro CWBL acquisition	977,500	-	-	-	977,500
Reclass contributions	-	-	33,026,554	2,078,769	35,105,323
As at 31 March 2019 Restated	29,182,012	74,575,179	183,690,312	13,680,523	301,128,026

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2020

In Belize dollars

5. Property, plant and equipment (continued)

2019 Restated for Contributions (Note 14)	Freehold with leasehold property Restated	Plant and equipment	Infrastructure	Construction in progress	Total
	Valuation	Cost	Valuation	Cost	
Accumulated depreciation					
As at 01 April 2018	(953,658)	(29,305,723)	(8,990,198)	-	(39,249,579)
Charge for the period	(253,230)	(3,768,125)	(2,526,509)	-	(6,547,864)
Acquisition of CWBL assets	(243,743)	(4,121,282)	-	-	(4,365,025)
Disposals/Reclasses	(6,329)	550,241	(101)	-	543,811
As at 31 March 2019	(1,456,960)	(36,644,889)	(11,516,808)	-	(49,618,657)
2019 Restatement Item:					
Reclass contribution amortisation	-	-	(2,502,020)	-	(2,502,020)
As at 31 March 2019 Restated	(1,456,960)	(36,644,889)	(14,018,828)	-	(52,120,677)
Net book value:					
As at 31 March 2019 Restated	27,725,052	37,930,290	169,671,484	13,680,523	249,007,349
As at 31 March 2018	23,333,536	35,876,937	133,990,474	8,244,558	201,445,505

6. Intangible asset - contract rights

	2020	2019 Restated
Cost		
At beginning of the year	7,513,719	-
Translation difference	-	-
Disposals	-	-
Additions	-	7,513,719
At the end of the year	7,513,719	7,513,719
Accumulated amortisation		
At beginning of the year	-	-
Amortisation expense	1,073,388	-
Impairment charge for the	-	-
At the end of the year	1,073,388	-
Carrying amount		
At end of the year	6,440,331	-

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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6. Intangible asset - contract rights (continued)

Management has made the required annual assessment of the intangible contract rights to determine the appropriateness of the current valuation of this asset and whether there were any requirements to record an impairment charge or other adjustment deemed necessary. The assessment for 2020 was impacted by an independent appraisal of leasehold land related to the acquisition of CWBL in 2019. This land was appraised at BZD 977,500 in 2020, but not reflected in the original assessment of intangible contract rights. The value of contract rights as of 31 March 2019 were restated for this valuation as a reduction from intangible contract rights and increase in leasehold land. Refer to Note 4.6 for further details of the accounting basis supporting this restatement.

7. Materials and supplies

	2020	2019
Pipework and appurtenances	7,859,924	7,080,206
Spares and consumables	267,189	269,315
Fuel and chemicals	168,463	251,888
Office supplies	51,212	58,779
	8,346,788	7,660,188
Less: Provision for obsolete materials and supplies	(80,129)	(108,002)
	8,266,659	7,552,186

Provision for obsolete materials and supplies consists of the following:

	2020	2019
Provision, beginning of the year	108,002	132,628
Write-offs	(27,873)	(24,626)
Provision, end of the year	80,129	108,002

8. Contract balances and other receivables

	2020	2019
Contract balance with customers	3,594,770	3,563,882
Allowance for doubtful debts	(199,000)	(215,000)
	3,395,770	3,348,882
Other receivables (GST)	3,404,915	2,093,576
Prepayments	1,055,363	2,183,522
	7,856,048	7,625,980

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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8. Contract balances and other receivables (continued)

Allowance for doubtful debts consists of the following:

	2020	2019
Allowance, beginning of the year	215,000	214,000
Increase of the allowance	101,964	176,467
Reversal of the allowance	(117,964)	(175,467)
Provision, end of the year	199,000	215,000

The Company has adopted the simplified approach to measure the impairment of contract balance receivables as outlined in IFRS 9. The loss allowance is calculated on the basis of lifetime expected credit losses. To measure the expected credit losses, management has used historic ageing data of the value of actual contract write-offs as a % of outstanding balances. The loss allowance was supported as follows:

2020	0 - 30	31 - 60	61 - 90	90 +	Total
Expected credit loss %	0%	0%	0%	90%	
Gross carrying amount of contract balances	2,868,694	429,145	75,298	221,633	3,594,770
Lifetime expected loss	-	-	-	199,470	199,470

2019	0 - 30	31 - 60	61 - 90	90 +	TOTAL
Expected credit loss %	0%	0%	0%	90%	
Gross carrying amount of contract balances	2,981,736	268,796	74,700	238,650	3,563,882
Lifetime expected loss	-	-	-	215,000	215,000

9. Cash and cash equivalents

	2020	2019
Current accounts	3,549,802	8,254,580
Short-term fixed deposits	2,260,585	5,411,327
Cash on hand	17,059	15,959
Total	5,827,445	13,681,866

Short-term deposits are amounts held at commercial banks which mature within 365 days and earn 0.25% to 1.30% interest per annum.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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10. Share capital

	2020	2019
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 (2018: 40,000,000) 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 outstanding are held as follows		
Government of Belize	82.59%	82.59%
Social Security Board	10.00%	10.00%
Others	7.41%	7.41%
	100.00%	100.00%

Special Rights Redeemable Preference Share

The Special Rights Redeemable Preference Share, owned by the Government of Belize, 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

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10. 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.

11. Contributed capital

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

12. Capital reserve

Upon vesting on 23 March 2001, net assets of WASA totalling BZD 75,276,362 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.

13. Revaluation reserve

	2020	2019
Beginning balance	31,337,802	31,357,533
Gain on revaluation of property - Ambergris Caye	22,322,850	-
	53,660,652	31,357,533

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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13. Revaluation reserve (continued)

In 2020, Management obtained ten independent appraisals dated 13 March 2020, for several parcels of land located in San Pedro, Belize. Management is in process of obtaining land titles where appropriate for these properties through the Belize Ministry of Natural Resources and Lands Registry and Land Titles Unit. The valuations were deemed necessary to establish a lease as is current fair market value. Appraisals were obtained from the certified appraisal firm of Mitchell-Moody Associates, Belize. Land valuations were derived based on a comparative sales basis using square footage values for similar properties recently sold in San Pedro. The revaluation reserve was increased by BZD 22,322,850 for these ten properties. An additional appraisal from Mitchell-Moody Associates was obtained in the amount of BZD 977,500 for land acquired in the acquisition of Consolidated Water (Belize) Limited in 2019. The appraised value of this land was reallocated from contract rights as this intangible asset was originally valued at the time of acquisition without consideration of this acquired property. Notes 4.6 and 6. discusses the impact of this transaction in further detail.

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 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 breakdown includes BZD 1,685,277 on Buildings and BZD 28,985,464 on Water Infrastructure assets. In 2017 a part of water infrastructure assets was revalued for the total net gain of BZD 686,792.

14. Total contributions and total amortisations

	2020	2019
Capital contributions		
Beginning balance	35,105,321	31,034,382
Additions	1,532,759	4,070,939
	36,638,081	35,105,321
Capital contribution amortization		
Beginning balance	2,502,021	1,967,158
Amortization	594,217	534,862
	3,096,238	2,502,021
Capital contributions - net	33,541,843	32,603,300

Capital contributions represent contributions and grants by customers and the Government of Belize towards installation and capital projects associated with maintaining infrastructure for the delivery of water to customers of the Company. Capital Contributions are amortized over the useful life of the relevant asset.

BELIZE WATER SERVICES LIMITED

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15. Long-term debt

	2020	2019
(i) Social Security Board	24,542,053	25,613,159
(ii) Caribbean Development Bank #10	4,071,158	5,544,324
(iii) Caribbean Development Bank #5	2,884,274	3,110,491
(iv) Belize Wastewater Revolving Fund	4,239,856	5,019,836
(v) Caribbean Development Bank #53	-	27,859
(vi) Caribbean Development Bank #22	14,616,521	13,573,707
Total loans	50,353,862	52,889,376
Less: current portion	(3,102,800)	(3,416,268)
Long-term portion	47,251,062	49,473,108

The loans are payable as follows:

	2020	2019
Within one year	3,102,800	3,416,268
Within two to five years	17,700,272	14,679,501
Over five years	29,550,790	34,793,607
	50,353,862	52,889,376

(i) Secured BZD 22,000,000 Social Security Board (SSB) 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 a 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 disbursed loans. In 2020 and 2019 the interest rate on the loan was 6% per annum. The interest rate is to be revised at five year intervals to reflect prevailing market rates. The loan is repayable in quarterly instalments of BZD 606,226. The maturity date is March 2036. The loan was fully drawn down as at 31 March 2020.

(ii) Unsecured BZD 27,660,000 Caribbean Development Bank loan #10 guaranteed by the Government of Belize (GOB) repayable by quarterly instalments. Average interest rate on the loan was 3.80% per annum for the year ended 31 March 2020. The loan has varying maturity dates at 2028, 2031. There were no drawdowns for the current year 2020.

(iii) Unsecured BZD 16,800,000 Caribbean Development Bank loan #5 guaranteed by GOB repayable by quarterly instalments. Average interest rate on the loan was 2% per annum for the year ended 31 March 2020. The loan has a final maturity date in 2032. The loan was fully drawn down as at 31 March, 2020.

(iv) Unsecured loan (Belize Wastewater Revolving Fund) with Government of Belize, under the GRT/FM-12724-RG grant from Inter-American Development Bank, repayable by quarterly instalments. Average interest rate on the revolving loan is 2% per annum. The loan has varying maturity dates at 2022 and 2027.

BELIZE WATER SERVICES LIMITED**Notes to the financial statements****For the year ended 31 March 2020****In Belize dollars**

15. Long-term debt (continued)

(v) 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 feasibility study of 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 maturity date is July 2019. The loan is repayable in quarterly payments with interest of 2.5% which commenced on 1 July, 2011. The loan was fully paid off as of 31 March 2020.

(vi) Unsecured loan #22 of USD 8,517,000 was signed between Caribbean Development Bank, and the Company on 25 September 2018. The purpose of this loan is to fund the 1) purchase of 100% of shares of CWBL from Consolidate Water Co. Ltd., a Cayman Island corporation, 2) expand the related water treatment plant and 3) invest in other related improvement projects. The loan is guaranteed by the Government of Belize. The loan is repayable in quarterly instalments after 2 years of the expiry grace period at an interest rate of 4.5% per annum. As at 31 March 2020, the Company has drawdown a total amount valuing BZD 14,616,521. Interest is capitalized on to the principal balance until the loan's repayment schedule begins.

16. Trade and other payables

	2020	2019
Trade payables	3,767,904	1,957,616
Security deposits	3,580,727	3,422,388
Other payables	1,595,913	397,291
Dividend payable	953,150	892,173
Contract retentions payable	883,053	816,523
Accrued expenses	688,369	581,347
Interest payable	197,961	108,165
Taxes payable	81,487	80,134
	11,748,564	8,255,637

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17. Revenue from contracts with customers

Set out as follows is the Company's revenue from contracts with customers:

	2020	2019
Water charges	49,243,241	46,442,214
Water infrastructure charges	490,575	339,379
Water connection charges	480,525	487,170
Services income	311,037	283,723
Other water sales	270,797	206,365
Late payment charges and penalties	259,322	223,710
Bad debt recovery	21,177	32,438
Sewerage connection charges	13,250	26,150
Discount - measured water sales	(161,901)	(160,924)
	50,928,023	47,880,225

18. Materials and other external costs

	2020	2019
Water purchases	4,006,953	4,926,929
Electricity costs	2,864,910	2,799,353
Chemical expenses	860,502	1,030,360
Plant running costs	178,313	651,073
Meter reading costs	117,653	115,328
Physical shortage expenses	5,421	69,198
	8,033,752	9,592,240

19. Staff costs

	2020	2019
Salaries and wages	9,507,567	9,121,783
Other staff costs and grants	1,067,810	597,281
Allowances	941,200	870,601
Pension Plan contribution	730,657	580,739
Company health insurance	708,715	748,526
Social security expense	422,562	330,548
Training and recruitment	156,030	224,426
Redundancy costs	51,387	27,037
	13,585,929	12,500,940

BELIZE WATER SERVICES LIMITED

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20. Other operating charges

	2020	2019
Repairs and maintenance	3,861,013	2,550,475
Security	1,454,761	1,437,596
Office supplies and sundries	693,172	624,609
Meetings costs	486,322	479,152
Licenses and taxes	478,118	414,669
Travel	429,665	381,385
Telephone	313,184	332,819
Collection fees	353,560	316,974
Insurance	315,174	302,239
Electricity – office	279,366	222,850
Professional fees	58,959	155,282
Donations	1,119,860	153,563
Advertisement and marketing	239,712	122,822
Bad debt expense	101,964	115,104
Rent	53,100	54,441
Loose tools	29,385	32,825
Other	12,946	32,325
	10,280,259	7,729,130

21. Other income

	2020	2019
Interest income from third parties	89,359	108,414
Other income	58,365	85,444
	147,724	193,858

22. Finance costs

	2020	2019
Bank loan interest	2,196,031	1,832,866
Bank charges	83,698	64,022
	2,279,729	1,896,888

23. Taxation

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

BELIZE WATER SERVICES LIMITED

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23. Taxation (continued)

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' goods 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.

24. Earnings per share

Basic earnings per share are calculated by dividing the profit after taxes (before gain on land revaluation) by the weighted average number of ordinary shares outstanding during the period.

	2020	2019
Basic earnings per share		
Profit attributable to owners of the Company	8,034,297	8,982,886
Weighted average number of outstanding ordinary shares	40,000,000	40,000,000
Basic earnings per share	0.20	0.22

25. Depreciation and amortisation grant income and contract rights

	2020	2019
Depreciation	7,492,212	7,082,726
Contribution/Grant income amortization	(594,217)	(534,862)
Contract rights amortization	1,073,388	-
	7,971,383	6,547,864

26. Related party transactions

	2020	2019
Government of Belize		
Water sales		
Balance at the beginning of the year	265,305	522,228
Billed	3,021,250	2,950,322
Receipts	(3,042,779)	(3,207,245)
Balance at the end of the year	243,776	265,305

BELIZE WATER SERVICES LIMITED

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26. Related party transactions (continued)

	2020	2019
Government of Belize		
Deferred revenue		
Balance at the beginning of the year	16,305,825	15,188,675
Loan payments	1,915,506	2,361,646
Projects fulfilled	(819,270)	(1,244,496)
	17,402,061	16,305,825
Social Security Board		
Loans		
Balance at the beginning of the year	25,613,159	26,466,384
Repayments	(1,050,749)	(853,225)
Balance at the end of the year	24,562,410	25,613,159

The Company receives grants in the form of loan payments made to the Caribbean Development Bank by the Government of Belize on behalf of Belize Water Services Limited earmarked for capital expenditures. Once utilised, these funds are recognised as project contributions. See also Note 5.

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). As at 31 March 2020, the number of key management was 9 (2019 - 9).

Compensation of key management personnel

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

	2020	2019
Salaries and other short-term benefits	1,461,048	1,382,620
Post-employment benefits	236,035	194,168
	1,697,083	1,576,788

Loans to key management personnel

	2020	2019
Balance at the beginning of the year	693	7,043
Issued	-	-
Repaid	(693)	(6,350)
Balance at the end of the year	-	693

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26. Related party transactions (continued)

Receivables from key managerial personnel comprised of 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. As at 31 March 2020, there are no outstanding staff loans to key management personnel.

27. Commitments and contingencies

Commitments:

Commitments for capital expenditure at 31 March, 2020 totalled BZD 4,484,233 (2019 - BZD 1,943,769). Planned capital expenditure for fiscal year 2020 is BZD 13,202,000 (2019 - BZD 21,494,000).

Contingencies:

As per management and the Company's legal counsel, Barrow & Williams LLP, the only litigation, claims or assessments brought against the Company are as noted as follows:

An employee of the BWSL was charged with the offense of "Driving a Motor Vehicle without Due Care and Attention" in connection with incident that occurred on 13 July 2019. The matter is currently set for trial at the Traffic Court on 4 September 2020. Management does not anticipate this court matter to have any significant impact to the Company.

28. Pension plan

Belize Water Services Limited operates a Defined Contribution Plan which receives a minimum of 5% gross salary from the Company and 3% from its employees. The Company pays an additional 1% of pensionable salary for each member with more than ten years of pensionable service. Additionally, the Company matches up to 3% for employees who opt to increase their voluntary contribution. The Plan is administered by an Independent Board of Trustees and the funds are held separately from those of the Company. During the year under review, the Company contributed BZD 730,657 (2019 - BZD 580,739) to the Plan.

29. Significant non-cash financing activities

During the reporting period, BZD 1,919,441 (2019 - BZD 2,357,122) being principal and interest payments made to the Caribbean Development Bank loan #5, #10 and #53 behalf of the Company for the period were forgone by Government of Belize.

The Board of Directors approved a dividend distribution of BZD 760,983 or 7.5% of original share price for the year ended 31 March 2020 (2019 - BZD 758,061). Dividends are payable on 28 July 2020 to minority shareholders on record as of 31 March 2020. The Government of Belize instructed the Company to distribute its dividend to minority shareholders.

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30. 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:

	2020	2019
Financial assets		
Trade and other receivables	6,800,685	5,442,458
Cash and cash equivalents	5,827,445	13,681,866
Total financial assets	12,628,130	19,124,324
Financial liabilities		
Borrowings	50,353,862	52,889,376
Trade payables	3,767,904	1,957,616
Other payables and accrued expenses	4,399,933	2,875,633
Total financial liabilities	58,521,699	57,722,625

31. 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. Management's objective is to manage market risk and monitor the risk exposures within acceptable parameters so as to optimise rates of return.

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 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.

BELIZE WATER SERVICES LIMITED

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31. Financial risk management (continued)

Capital risk management (continued)

Capital management objectives, policies and approach (continued)

- 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 enable it to consistently maximise returns to its 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 risks which are aligned to performance objectives and facilitate the Company's focus 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 periodically, 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.

Gearing ratio

The gearing ratio, a measure of financial leverage between equity capital funding versus debt financing, at the end of reporting period was as follows:

	2020	2019
Debt (i)	50,353,862	52,889,376
Cash and cash equivalents	(5,827,445)	(13,681,866)
Net debt	44,526,417	39,207,510
Equity (ii)	204,923,126	175,326,962
Gearing ratio	22%	22%

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31. Financial risk management (continued)**Capital risk management (continued)****Approach to capital management (continued)****Gearing ratio (continued)**

(i) Debt is defined as long-term borrowings and current portion of long-term borrowings.

(ii) Equity includes all capital and reserves of the Company that are managed as capital.

Liquidity risk

Liquidity risk - 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, which monitors the availability of liquid funds.

Liquidity analysis as of 31 March 2020:

	On demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Carrying value
Financial assets						
Cash and cash equivalents	3,567,373	2,260,072	-	-	-	5,827,445
Trade and other receivables	-	3,297,839	3,502,846	-	-	6,800,685
	3,567,373	5,557,911	3,502,846	-	-	12,628,130
Financial liabilities						
Borrowings	-	-	3,416,268	14,679,501	34,793,607	50,353,862
Trade payables	-	-	3,767,904	-	-	3,767,904
Other payables and accruals	-	-	4,399,933	-	-	4,399,933
	-	-	11,584,104	14,679,501	34,793,607	58,521,699
Liquidity surplus/(gap)	3,567,373	5,557,911	(8,081,258)	(14,679,501)	(34,793,607)	(45,893,569)

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31. Financial risk management (continued)**Liquidity risk (continued)**

Liquidity analysis as of 31 March 2019:

	On demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Carrying value
Financial assets						
Cash and cash equivalents	8,270,529	2,223,479	3,187,858	-	-	13,681,866
Trade and other	-	3,250,287	2,192,171	-	-	5,442,458
	8,270,529	5,473,766	5,380,029	-	-	19,124,324
Financial liabilities						
Borrowings	-	-	3,416,268	14,679,501	34,793,607	52,889,375
Trade payables	-	-	1,957,616	-	-	1,957,616
Other payables and accruals	-	-	2,875,633	-	-	2,875,634
	-	-	8,249,517	14,679,501	34,793,607	57,722,625
Liquidity surplus/(gap)	8,270,529	5,473,766	(2,869,487)	(14,679,501)	(34,793,607)	(38,598,300)

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 2020 and 31 March 2019 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 2020 of BZD 243,776 (2019 - BZD 265,305). The following table outlines the Company's credit risk geographically over the country of Belize:

	2020	2019
Belize District	1,601,368	1,554,136
Ambergris Caye and Caye Caulker	686,584	691,748
Cayo District	711,161	693,162
Stann Creek District	191,012	207,820
Orange Walk District	180,073	180,023
Corozal District	135,751	154,712
Toledo District	88,822	82,281
	3,594,770	3,563,882

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31. Financial risk management (continued)**Credit risk (continued)**

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

	2020	2019
Within trade terms	2,868,694	2,981,322
Overdue up to one month	429,145	268,966
Overdue between two and three months	75,298	74,747
Overdue more than three months	221,633	238,848
	3,594,770	3,563,882

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 areas, risk control and record keeping. It includes a proper operational segregation of duties in the recording, reconciliation and authorisation which are documented through policies, processes, and procedures that include control and security standards.

The Internal Audit Department through its activities monitors compliance with control procedures and 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.

32. Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

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32. Reconciliation of liabilities arising from financing activities (continued)

	1 April 2019	Proceeds from financing (i)	Loan repayments (ii)	31 March 2020
Borrowings	52,889,376	1,042,814	(3,578,328)	50,353,862
	52,889,376	1,042,814	(3,578,328)	50,353,862

(i) Represents loan proceeds from Caribbean Development Bank #22.

(ii) Represents principle loan repayments made by the Government of Belize on behalf of the Company to Caribbean Development Bank (#5, #10 and #53) and other loan repayments made by the Company.

33. Subsequent events

Subsequent events have been evaluated through 31 July 2020. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. This includes the first debenture program that the Company plans which has not been determined as of the date of the report. Management is preparing to offer a series of debentures in the amount of BZD 50 million, with maturity dates and interest rates yet to be determined. The purpose of this issuance is for the Company to fund its capital expenditure programme. The Company plans to launch this offering in August 2020.

34. Going concern

The situation in Wuhan, China which developed into the coronavirus outbreak was first reported to the World Health Organisation ("WHO") on 31 December 2019, although the virus was not identified as coronavirus until 07 January 2020. The WHO officially declared the coronavirus outbreak as a public health emergency of international concern on 30 January 2020. Subsequently, on 11 March 2020, the coronavirus outbreak has been classified by WHO as a global pandemic.

Management has implemented a formal plan to address the impact of the coronavirus on its operations to ensure the Company can continue to meet the country's demand for water services while ensuring for the safety of its employees. The Company has also re-forecasted budgets for the financial impact of the pandemic from original plans with the approval of the Company's Board of Directors.

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34. Going concern (continued)

With the advent of the global COVID-19 pandemic, BWSL's revenues decreased approximately 7% and 9% in the April and May 2020, respectively, from the comparative months of 2019. During this period of hardship, the Company has implemented billing discount program for customers which directly impacts this revenue decrease. After considering expenses, this drop in revenue translated to a 30% decrease in monthly profits for the first two months of the fiscal 2021 year. Management's re-forecast for the 5 year horizon reflects a 7% decrease in revenue for 2021 with a return to a normalized equivalent level to 2020 in fiscal year ending 2022. While the forecast reflects a significant impact to the Company's net profits in 2021, forecasts reflect the Company maintaining a positive profit and cash flow position throughout the 5 year period. Forecasts include the impact of the Company's previously planned debenture issuance.

BWSL's Board and Management continue to monitor the situation with regard to COVID-19 impact and will make the necessary adjustments as required to ensure water services continue to meet the needs of Belize.

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