



**Belize Water Services Limited
Annual Report
2021**

CORPORATE PROFILE

Belize Water Services Limited (BWS) is the national water and sewerage utility that was vested with the Assets and Liabilities of the Water and Sewerage Authority (WASA) in March 2001. The company has issued share capital of forty million (40,000,000) shares with the Government of Belize (GOB), the majority shareholder, owning approximately 83% of the total shares; the Social Security Board holds 10% and the remaining 7% is held by some 1,400 minority shareholders.

BWS is a regulated utility - the regulatory controls include a statutory regulator, the Public Utilities Commission, the Water Industry Act (2001) and related Statutory Instruments, an operating license issued by the PUC and a Codes of Practice which is agreed by the Regulator and BWS and updated periodically.

Belize Water Services Limited operates in licensed service areas, serving all the municipalities of the country as well as some 44 villages. As at March 2021, BWS serves over 63,000 connections or approximately 280,000 consumers, with a total average water demand of approximately 230 million US gallons per month.

Over 60% of the water supplied is produced using conventional water treatment processes with rivers as the extraction sources. Satellite

water wells are used for the majority of the other water systems; however, on the islands of Ambergris Caye and Caye Caulker, BWS distributes water which has been treated by Reverse Osmosis, an engineered process for converting sea water to drinking water.

Since its inception, BWS has continuously invested in improvement of assets and implementation of improved procedures and controls to increase its efficiency. In performing all the various investment projects, most of which are expansions or improvements to water systems, BWS focuses on the requirements of our stakeholders, including our Customers, Employees and Shareholders.

Fundamental to meeting the company's vision, both in the short and long term, has been the initiation of a holistic strategic approach towards improving the Company's performance. This broad-based strategy, utilizing a structured approach to balance and align initiatives, provides the Company with a firm platform, which builds on achievements and aims to achieve further objectives in the coming years.

The Company's head office is in Belize City and it administrates operations via eleven (11) offices across the country.

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Dangriga Market Square Tel: +501 522 2068	Punta Gorda New Compound Area Tel: +501 722 2176	Placencia Peninsula Main Road, Placencia Village Tel: +501 523 4036	Orange Walk 5 Stadium Street Tel: +501 322 2382	San Ignacio/ Santa Elena 8 Liberty Street Tel: +501 824 2154	San Pedro Manta Ray Street Tel: +501 226 2749

CHAIRMAN'S REPORT



Resilience and Adaptability

Esteemed Shareholders, a very warm welcome and good afternoon to all of you. On behalf of all the board members and the BWS team, I would like to welcome you to the 2020-2021 Virtual Annual General Meeting. Thank you for joining us today.

The onset of COVID-19 marks 2020 as one of the most difficult years in living memory. The impacts have been significant and will continue to reverberate for a considerable period ahead. The greatest impact of COVID-19 felt at BWS was the loss of a team member, Harry Williams. Mr. Williams was on the way to celebrating his 20th anniversary with the company when his life was cut short due to COVID-19. His loss has left an unfillable void at the company. COVID-19 has taught us

that staying resilient and responsive in difficult situations is the only way we can adapt to changing times efficaciously in this financial year. Special acknowledgment and thank you must be given to the employees of BWS and the Union Executive, who readily engaged and agreed to a 12 Month MOU contributing to the reduction in operational costs. Their selflessness and team spirit allowed the company to maintain its course to another profitable year.

The financial impact of the pandemic was pervasive, Gross Revenue was reduced by 12% with the standstill in the Tourism Industry being a primary factor. This year's Net Profit was reduced by 54% and the Bad Debt Provision increased from \$275k to \$2.2M. In a joint assessment with the Ministry of Human Development, it was noted that 35% of our delinquent customer base appeared in a government poverty relief program. COVID has not been the only challenge faced by BWS, Notwithstanding the pandemic, the company continues to be faced with several significant constraints and challenges. Weather systems such as Hurricanes ETA and IOTA caused substantial damage to our infrastructure in the Cayo District, which required Capital Expenditure to reconstruct in 2020-21. Constraints in obtaining adequate financing for investments needed in Wastewater treatment; constraints in addressing the growing effects of Climate Change and increasing Water scarcity have only been exacerbated by the Pandemic.

Despite the financial and operational setbacks, the company has had yet another profitable year yielding profits above \$3.2M although reduced from the previous year's \$8.0M. This is good news for shareholders, as it allows the company to issue dividends at 5.0% of share value to all minority shareholders.

The pandemic did not hinder BWS' water expansion efforts throughout the country. Our expanded water services grew the customer base by 2.1%, adding 1,311 new connections thus increasing the company's active customer base to 63,415 as of March 2021. The \$1.2M Sarawee Water expansion project was one of the major achievements in the 2020-21 FY. This expansion provides reliable and

potable water to 175 households and improves the quality of life for the Sarawee Community. In addition to the Sarawee Water Expansion Project, BWS also invested \$1.1M in water network expansions and \$2.3M in water main upgrades country-wide.

As a responsible corporate citizen, BWS saw it fit to contribute further to COVID Relief. During the initial stages of the pandemic, the company contributed \$430k via a 25% discount to residential customers for usage under 3,000 gallons. An Amnesty Program to all residential customers was rolled out to alleviate customer financial constraints. A total of \$30k was provided towards educational grants. Staff, management, board of directors, and BWS assisted in providing a home for a BWS employee who had unfortunately lost it during a fire.

Looking into the future, we must adapt to what is the new norm. We are committed to ensuring the health and safety of its employees; our branches were fitted with contactless handwashing stations and air purifiers. Contactless Customer service is offered via WhatsApp numbers, telephone hotlines, or email. A work-from-home rotation schedule was also implemented to adhere to social distance protocols. I am proud to announce that almost 95% of the employees are now vaccinated. This feat puts BWS as one of the leading entities in the fight against the spread of COVID-19.

As a new board, our mandate from the new administration is clear. We must be a strong contributing factor to the socio-economic growth of Belize. With Plan Belize as a benchmark for expectations, the new board of BWS has four focal areas to prioritize:

1. Restore, Upgrade, and Expand existing Wastewater systems.
2. Increase the capacity of existing water sources to be commensurate with expanding population needs.
3. Replace Galvanized and Asbestos main pipes country wide.
4. Innovate within BWS.

The urgency in placing priority on the maintenance and restoration of our wastewater system is an objective championed by our government; particularly, because of the health and environmental

repercussions of an unattended system. We are also committed to sharing our expertise with rural water boards to ensure that the entire country has treated potable water and thus reducing the chances of water-borne diseases.

As it has done in previous years, the Government of Belize, our majority shareholder, continued its pledged support and commitment to the Company and minority shareholders by granting its portion of the dividends to minority shareholders. We are therefore pleased to announce the uninterrupted payment of dividends to minority shareholders for the fifteenth consecutive year. As stated earlier, the dividend is at 5.0% per share for minority shareholders; this equates to approximately 0.075 cents per share.

On behalf of the Board of Directors of Belize Water Services Limited, I must convey our gratitude and appreciation to all of our key stakeholders. First and foremost, I must say thanks to our shareholders - the Government of Belize, the Belize Social Security Board, and the more than 1,400 smaller shareholders who made the prudent choice to invest in the Company. I must recognize the funding agencies, particularly, the Caribbean Development Bank and the Inter-American Development Bank who continue to show so much confidence in BWS and who continue to help us to make our larger projects possible. I want to express special gratitude and appreciation to our employees, many of whom are shareholders of the company, and to the BWS Workers' Union Executive for their unwavering commitment to the success of BWS. Finally, I must personally say thank you to the Board Members and the Management Team, whose commitment and dedication have helped to bring the company to this level of success.

One Team, One Direction!

Cornelio Acosta Jr.

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The year, 1st April 2020 through to 31st March 2021, was the twentieth year of operations of Belize Water Services Limited (BWS) and the first year of the Fourth Full Business Plan Period. This year, due to the Novel Coronavirus (COVID-19) pandemic, proved a challenge for the company's revenues and collection efficiency, and, by extension, its profitability.

There were no changes in tariff for the period 2020/21. For this financial year, the pandemic

contributed to an overall decrease in economic activity. The year's total sales volume consumption fell by 5.7% from previous year. Nevertheless, despite the extraordinary year caused by the COVID-19 pandemic and the economic downturn it created, the company managed to generate a net profit of \$3.256 million.

The Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) decreased from the previous year's figure of \$19.178M to \$15.212M this year. However, due to the decrease in overall revenues mentioned above, the EBITDA

percentage only fell from 38% to 34% of total annual revenue while. EBIT, the Earnings Before Interest and Tax, plunged to \$6.722M, down 40% from the previous year's figure of \$11.206M.

Dividends

Despite the many challenges in 2020/21, for the fifteenth year in a row, the Board of Directors was able to approve dividend payment to the minority shareholders. This decision is supported by the Government of Belize, the majority shareholder, having formally agreed to grant its dividend payments to the minority shareholders until 2025 in order to assist both the company and the minority shareholders. The Board declared total dividends amounting

to \$0.508M or about 15.6% of net profit. Based on the 40 million shares issued, the net profit of \$3.256M equates to earnings of approximately \$0.08 (eight cents) per share which is a reduction of \$0.12 (twelve cents) or 59.5% to previous year figure of \$0.20 (twenty cents). Dividend was distributed solely to minority shareholders who received dividends equivalent to \$0.075 (7.25 cents) per share.

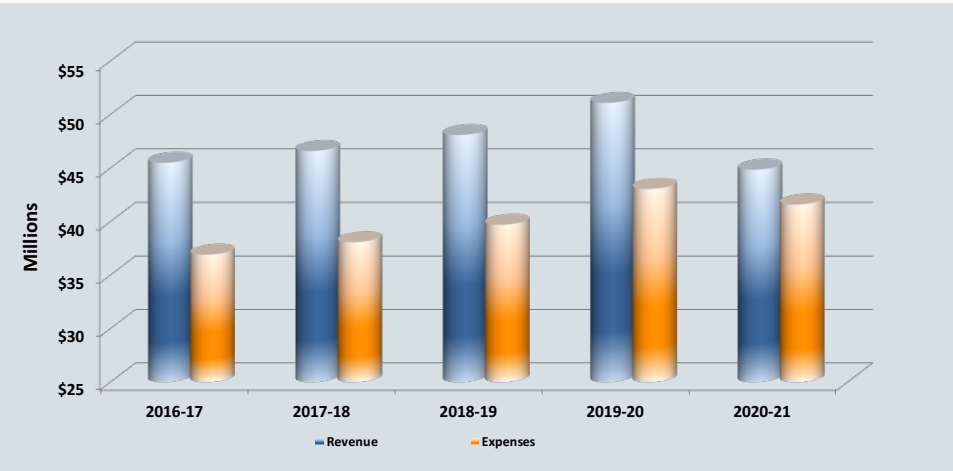
FINANCIAL PERFORMANCE

Sales and Income

Gross revenue for the year was \$44.838 Million, a 13% decrease when compared to last year's revenue of \$51.075 Million. This was as a result of the significant reduction in water related revenues of \$6.224 million or 12% compared to previous year. Further contributing to the revenue reduction was the company's COVID-19 Customer Relief Program that was offered to residential customers only, for the months of April, May and June 2020, totaling \$455K.

and amortization cost and in other costs due to inflation. Additionally, the company's COVID-19 prevention measures also led to increases in several other costs.

The Graph below shows the comparison of Revenues and Expenses for the last 5 fiscal years.



Major Costs and Expenses

The table insert shows the breakdown of costs for FY2020/21 as compared to the previous financial year.

Costs Summary	FY 2020/2021		FY 2019/2020	
	Total (BZ\$'000)	Percent of Total	Total (BZ\$'000)	Percent of Total
*Water Purchases	0	0.00%	4,007	9.31%
*Electricity	2,779	6.68%	2,865	6.66%
*Staff Costs	12,953	31.15%	13,586	31.57%
Other direct/Operating Costs	13,703	32.95%	11,276	26.20%
Total direct costs & Expenses	24,435	70.79%	31,734	73.73%
*Depreciation & Amortization	8,490	20.42%	7,971	18.52%
*Interest expense	2,656	6.39%	2,196	5.10%
Taxes & Fees	1,001	2.41%	1,140	2.65%
Total Other Expenses	12,147	29.21%	11,307	26.27%
Total Costs and Expenses	41,582	100.00%	43,041	100.00%
*Total Major Costs	26,878	64.64%	30,625	71.15%

With the winding up of Consolidated Water Belize Limited, Water Purchases has now been removed as a major cost; however, the operational costs for the San Pedro Water Treatment Plant are now absorbed into other categories of the company's expenses. Staff Costs, Interest, Depreciation and

Electricity remain the major costs for the company. The main direct costs continued to be Staff Costs, Water Production Expenses including Chemicals Costs and Electricity Expenses. The major indirect costs are Depreciation & Amortization, Loan Interest Expense, and Taxes.

Loans, Grants and Debt Servicing

The majority shareholder, the Government of Belize (GOB), continues to assist by covering debt repayments to the Caribbean Development Bank for loans #5 and #10 which totalled \$0.810M in principal and interest payments for this financial year. At the beginning of the 2020/21 financial year, BWS had outstanding loans of \$50.354 million. Total drawdown/increase was \$0.684M from the Caribbean Development Bank, representing capitalized interest for the period. At March 31, 2021, the total outstanding loan balance was decreased to \$23.680 million. This major loan balance reduction is attributed to the repayment of the full principal loan balance of \$24.562M to the Social Security Board (SSB) in November 2020.

In October 2020, the company launched its first offering of BZD \$50 million Debentures Series 1 planned to be used for the repayment of its existing SSB loan (\$24.562M) and to assist with future capital projects aimed at improving water quality, treatment and distribution systems countrywide. At the close of the offering date 31 October 2020, total acceptance was BZD \$40.569M. Semi-annual coupon interest payments at 6.25% are made at the end of June and December with full maturity date of 31 December 2030.

The Table insert summarises the Loan balances and debt servicing cash requirements over the last two financial years.

LOAN MOVEMENT AND DEBT SERVICING		
Net Loan Movement	2020/21	2019/20
Beginning Balance	50,354	52,889
Draw downs/Increases	684	1,043
Principal Repaid	27,358	3,578
Principal Balance	23,680	50,354
Debt Servicing		
Principal Repaid	27,358	3,578
Interest Charges	1,817	2,196
Total Debt Service	29,175	5,774
All figures in BZ\$ '000		

Asset Expansion and Improvement

During 2020/21, the limitation of staff movement and cash constraints caused by the pandemic triggered a halt on the majority of projects that were already approved or planned for the financial year. The volume of projects works reduced significantly resulting in investments in new assets totalling \$9.917 million compared to \$22.972M in previous year. Approximately \$2.352 million was direct contributions by the Government

of Belize (GOB). Efforts were concentrated on the completion of the new Orange Walk Office Building as well new service connections and normal progression expansions countrywide.

The overall investment in assets, inclusive of new assets, refurbishments and maintenance, was \$14.169 million in 2020/21 as compared to \$26.833 million in 2019/20.

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

New Assets, Refurbishment and Maintenance	2020/21	2019/20
Plant & Equipment	3,619	6,254
Water Expansion	6,299	16,718
Total New Assets	9,917	22,972
Developer's Contributions & Grants	(3,548)	(1,533)
BWS Expenditure	6,370	21,440
Repairs & Maintenance	4,252	3,861
Total Assets & Maintenance	14,169	26,833
All figures in BZ\$ '000		

Government Contributions

During the course of FY 2020/21, GOB has contributed \$4.924M both directly and indirectly, made up as shown in the table insert.

Government Contributions	2020/21	2019/20
Debt Repayment	811	1,919
Expansion Projects	2,352	1,319
GST Savings - Zero Rated Status	1,761	3,438
Total Contributions	4,924	6,676
All figures in BZ\$ '000		



OPERATIONS

Overview

In year 2020/21, major adjustments were made in operations in response to the COVID-19 Pandemic including the closure of expansion projects to increase our customer base. Given the critical requirement for potable water during the pandemic, continuity of service was maintained at an all-time high of 99.95%, and average pressure was maintained at the same levels from the previous year even in the challenging conditions.

The comparison of the key performance indicators (KPIs) for the reporting year to the previous year is shown in the table below.

Operating KPI's	Year 2020/21	Year 2019/20	%Change
Water Production	3,495.7	3,613.8	-3.4%
Water Sales	2,606.7	2,770.5	-6.3%
Non-Revenue Water Volume	889.0	843.3	5.1%
Non-Revenue %	25.43%	23.34%	2.10%
Volume Figures are in Millions of US Gallons (MUSG)			

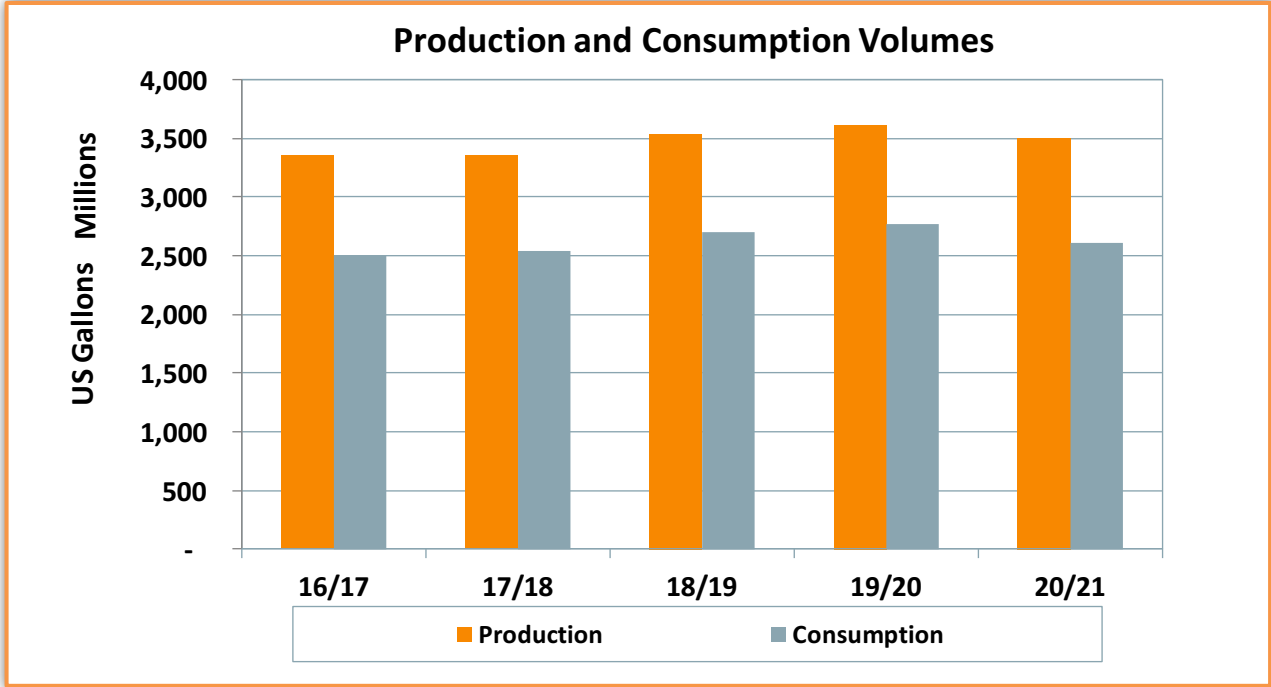
Due to the pandemic, a number of investments and initiatives were placed on hold which includes the continued training certification of our employees; process improvements in water supply, treatment and delivery; and similar improvements to wastewater collection and treatment systems.

Production and Consumption

Water production volume for the year totalled 3,496 million US gallons (MUSG), a 3.4% decrease from the previous year's 3,614 MUSG. The 2,606.7 million US gallons (MUSG) of potable water consumed during the year was a noticeably reduction from

the previous two years. This 6.3% decrease in sales volumes was directly impacted by the closure of the businesses, especially in the tourism sector, that are the highest consumers. The decrease in consumption led to the production decrease.

The Chart below highlights the movement in water production and consumption volumes for the last five (5) years.



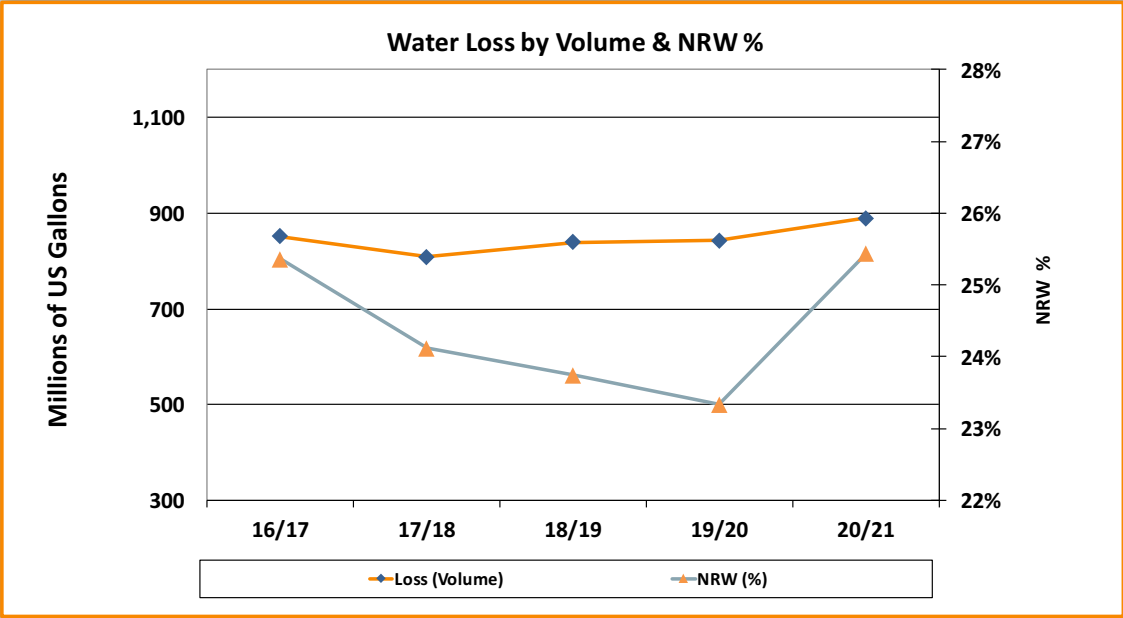
Non-Revenue Water (NRW) Losses

The 889.0 MUSG water loss volume for this financial year is an increase from the 843.3 million MUSG of the previous year. This pushed the overall NRW percentage up to 25.43%, from 23.34% in the previous year. Unfortunately, of necessity, the company's water loss reduction programme activity was significantly reduced due to the pandemic. This programme includes proactive searching and repairing of leaks, replacing older water mains, identification/removal of illegal connections, and pressure management controls. Also suspended was

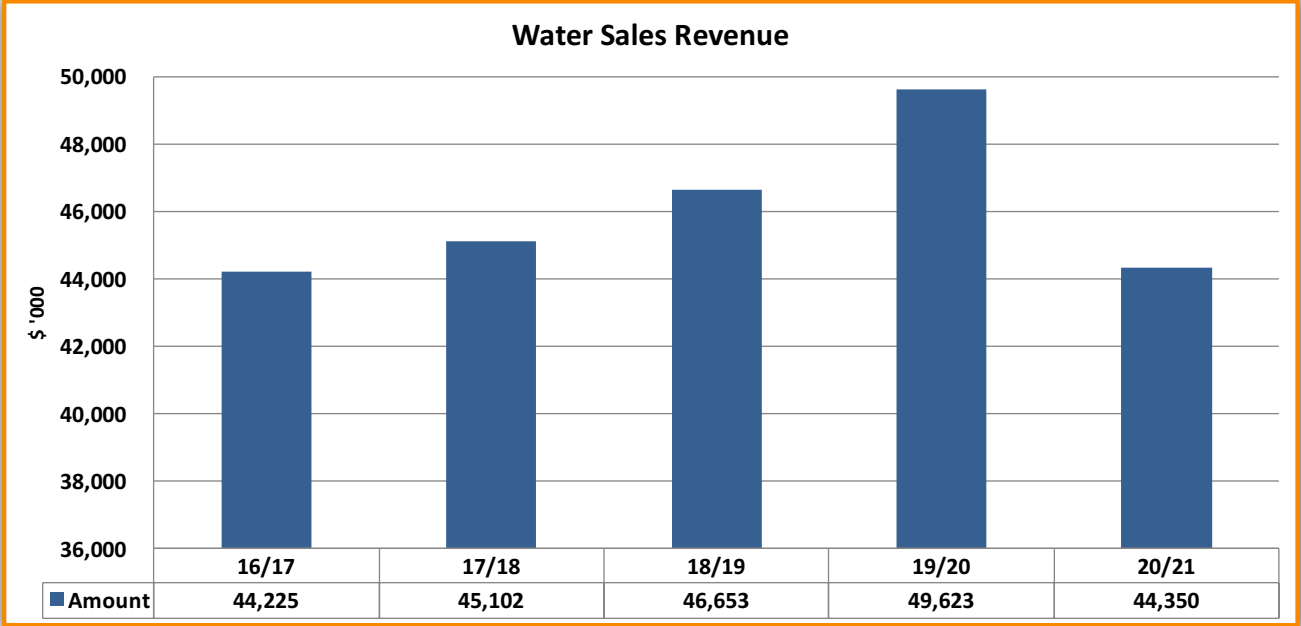
the company proactive replacement of aged infrastructure, and the identification and elimination of unauthorized connections and tampering.

This company remains proud of the achievement in keeping NRW at 25% or less for the past 5 years. This figure remains well below many water systems in even the most developed countries and is among the very best in the Caribbean and Latin America.

The Chart below highlights the movement in water loss volume and NRW percentage for the last five (5) years.



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



CUSTOMER SERVICES AND BILLING

Overview

The global pandemic was a decided detriment to the company's overall performance during the fiscal year 2020/21. The company experienced dramatic changes in customers' usage pattern, particularly, commercial customers. This resulted in an overall decrease in average monthly consumption, and, therefore in sales, from the previous year, despite

an increase in the total number of customers. Also affected dramatically were cash collections and accounts receivable – the company recorded a significant increase in accounts receivables; accounts with overdue balances of 90 days and over increased from 9% the previous year to 32% of total outstanding receivables this year.

Sales

In 2020/21, the gross water sales revenue was \$44.350M, an 11.2% decline from the previous year's \$49.923M. Total water consumption decreased by 6%, from 2,770.5.3 MUSG previous year to 2,606.7 MUSG. These decreases affected average monthly sales volume per connection which recorded a drop from 3,767 previous year to 3,469 US gallons or 8.6%.

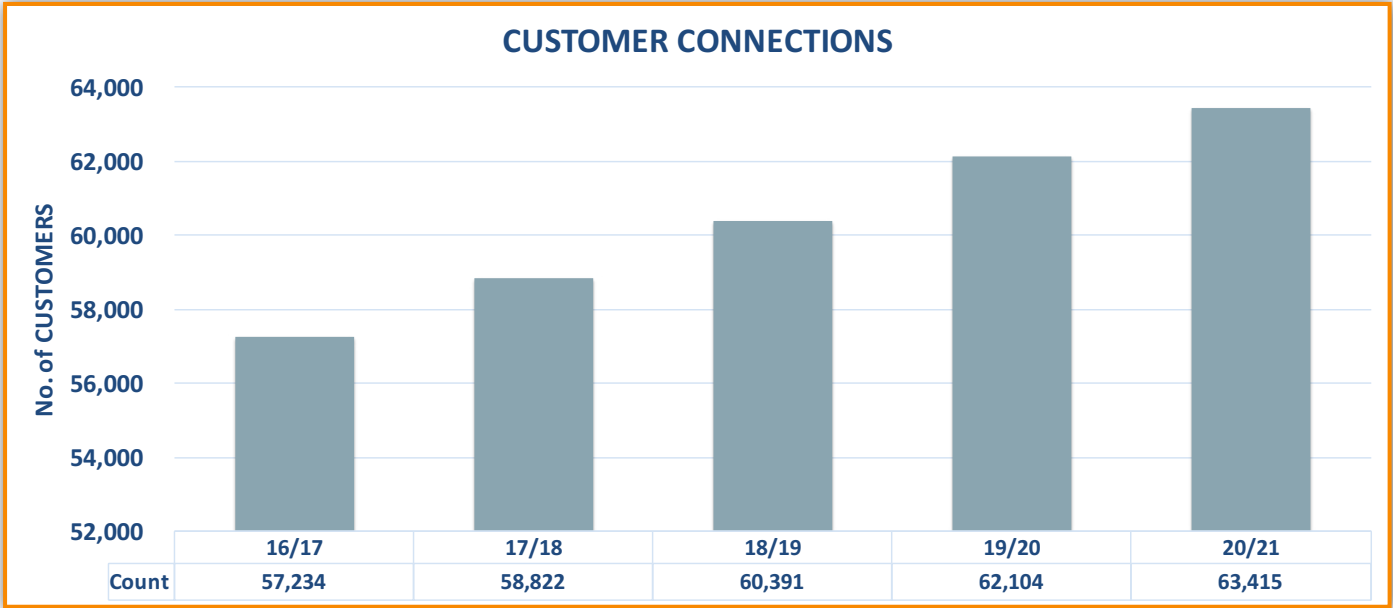
The average tariff per 1,000 gallons decreased by 5.5%, from \$17.90 to \$16.96. The average monthly income per connection decreased by 14.5%, from \$67.44 to \$58.88. A 2.1% increase in our customer base was reflective of increased number of residential connections but could not offset the loss in consumption from the larger commercial accounts.

Customer Connections and Accounts

At the end of the fiscal year, the active customer base had grown by 2.1%, from 62,104 to 63,415 water connections. During the pandemic, an unusually high number of customers requested

disconnection of their services - 2,857; however, new connections of 4,364 more than offset these resulting in the overall growth in our customer base.

The chart highlights the growth in our customer connections over the last 5 years.





ENGINEERING AND PROJECTS

Overview

As indicated above, one event dominated 2020/21 - COVID-19, a global pandemic. The resulting economic downturn led to reductions in collections and, of course, in Capital Expenditure. Most projects were put on hold for the first quarter of the year; subsequently, more projects were initiated in a phased and controlled manner.

Despite such great challenges and budgetary restrictions, BWS continued its investment programme in order to satisfy the most critical needs. The company completed some 65 investment projects of varying sizes. These were approved as they met at least one of the critical criteria of: increasing customer base, increasing customer satisfaction, or improving service delivery.

Water Distribution System

Approximately 33,115 feet of water mains and 305 service connections country wide were upgraded in year 2020/2021. Some \$2.3M was invested on water mains upgrade/replacement countrywide; this includes the supply and installation of new pipes and fittings, flushing, pressure testing and disinfection. The company also invested approximately \$1.1 M in water network expansion countrywide. These works included expansion of our water network system approximately by 36,400 feet and installation of 1,493 service connections.

Civil and Building Works

Standby Generator: Caye Caulker water treatment plant is now equipped with Standby Generation which will permit water to be pumped during black outs and provide security of supply if we suffer any natural disaster.

Branch Office, Orange Walk: BWS has invested to construct a 4,300 square foot, ergonomic and

efficient office concrete building Orange Walk. This much more spacious building and compound will accommodate more customers, employees, equipment and material. It will assist us to provide timely and efficient services to our deserving customers in a much more spacious and customer-friendly environment. This building is expected to be completed by September 2021.

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

Branch	Description
Belize	Replacement of Rake Arm Drive for Plant B Clarifier
Belize	Refurbishment of DRWTP - Phase 2
Belize	Mile 10 Storage Furniture
Benque	Reconstruct River Crossing
Caye Caulker	Supply and Install 40kGal/day R O Plant
Caye Caulker	Supply and install Generator
Dangriga	Refurbishment of Elevated Tank, Sarawee Village
Orange Walk	Branch Office - Phase 1
Placencia	Intake Well Number 3
Placencia	Refurbishment of Branch office
San Ignacio	New Wells at Macal River Bank
San Ignacio	Electrical and Mechanical Upgrade, Cahal Pech Booster Station
San Pedro	Plant Building and Compound Improvements Phase 1

Special Projects

Water mains upgrade from Roaring Creek to Tea Kettle and from Esperanza to Santa Elena: This project goal was to improve pressure and flow of piped potable water to the villages of Roaring Creek, Camalote, Teakettle, Esperanza and Santa Elena Town. It required the installation of transmission and distributions lines (52,200 feet), highway crossings and services connections (350). The project was co-funded by Government of Belize through Ministry of Works (\$1.85 M) and BWS (\$1.85M). It was completed in March 2021.

Water main upgrades, Cristo Rey Road, Santa Elena: This project included the installation of approximately 8,100 ft of 8-inch PVC mains and 580 ft of 3-inch PVC mains with 80 service connections along the road to Cristo Rey village under the Caracol Road Project undertaken by the Ministry of Works. This water mains upgrade project was completed on January 31, 2021. It was co-funded by Government of Belize through Ministry of Works (\$617,000) and BWS (\$295,000).

Major Funded Projects

The financial year ending March 31, 2021, saw BWS's successful completing several externally funded projects and initiating new ones to be implemented in the new financial year 2021/22.

1. Detailed Designs for Expansion of Ambergris Caye Water and Wastewater Facilities

This consultancy was awarded to Dillon Consulting Ltd. of Canada for a total contract value of US\$936,977. The consultancy, which was completed during the year, was funded by the Caribbean Development Bank (CDB) via a CDB loan fund of US\$720,000 and a CDB-CALC grant fund of US\$99,000; and by a German GIZ grant of US\$125,876. The projected capital investment budget required for construction is estimated at US\$78 million (BZ\$156M) and will result in new water and sewage treatment plants, water storage reservoir, and water and sewage linear infrastructure on north Ambergris Caye.



The Government of Belize and BWS are currently considering various options to fund this proposed investment.

2. Third Water (South Ambergris Caye Water and Sewerage Expansion) Project

The Third Water Project, funded by CDB, was primarily for the acquisition of the bulk water purveyor, Consolidated Water Belize Limited (CWBL), but includes several other project components, namely the purchase of water and sewage mains for installation by BWS, and the development of a Communication policy and Gender policy. The total project budget is US\$10.9M, comprising a loan of US\$8.517M, grant fund totaling US\$0.205M and BWS's contribution of US\$2.18M. The acquisition of CWBL was completed in 2019. Other works and the procurement of consultants to develop the communication and gender policies were delayed due to COVID-19 but are now underway.

3. Vulnerability Assessment and Water Sector Adaptation Planning Project

The consulting firm of HR Wallingford Limited of the United Kingdom is conducting a 'Vulnerability and Assessment and Water Sector Adaptation Planning' consultancy in Belize as part of a wider CARIFORUM study. The objectives are to enhance climate resilience and achievement of long-term sustainability and resilience of water utility services in CARIFORUM countries. The Project is being funded under the CCCCC and EU Intra ACP Global Climate Change Alliance (GCCA+). BWS is collaborating with HR Wallingford through Belize's National Climate Change Office (NCCO). The final 'Belize Water Utility Adaptation Plan' is scheduled to be completed in the new financial year.

4. Feasibility Study of Biogas Generation from Sewage Lagoons

CDB is undertaking a feasibility study to determine whether the generation of electricity from biogas from BWS's sewage lagoons is feasible. CDB advertised for Expression of Interests (EOIs) to conduct the study, and at closing received EOIs from seven (7) consulting firms. CDB and BWS will jointly evaluate and select the successful consulting firm. The Study is scheduled to be completed in the new financial year.

5. Disinfection Challenges in Belize Project

The Inter-American Development Bank (IDB) at the request of the GOB is undertaking a feasibility study to address 'Water treatment and Disinfection Challenges in Belize and Identifying Potential Solutions for Small Touristic Destinations'. IDB is funding and implementing the study. IDB, with inputs from BWS and the Ministry of Rural Development (MRD), developed the Terms of Reference (TOR) for the consultancy services, and is procuring the firm to conduct the study. The Study is scheduled to be completed in the new financial year.

6. Caye Caulker Wastewater System Detailed Designs - Project

The IDB approved a Technical Corporation (TC) Agreement with a grant of US\$250K to the Government of Belize (GOB) on December 1, 2020. The TC is funding a Consultancy to conduct Feasibility Study/Detailed Designs Consultancy for a Wastewater Collection and Treatment System for Caye Caulker. The TC Agreement was signed on February 9, 2021, with BWS as the Executing Agency. BWS will contribute BZ\$100K (US\$50K) in assisting with this project. BWS has met all the necessary conditions of the TC Agreement to allow for disbursement of the funds. The project has commenced with advertisement for provision of the services, and the project is scheduled to be completed within two years after commencement.





HUMAN RESOURCES AND PUBLIC RELATIONS

Staff Relations

The coronavirus pandemic disrupted BWS and many other organizations locally and internationally. During 2020/2021, staff were fully engaged with ensuring COVID-19 protective measures. The company had to be agile in implementing new measures to operate differently, but efficiently and effectively. We immediately formed two committees whose responsibilities were to formulate policies and manage the pandemic processes and decisions.

To prevent the spread of the coronavirus, the Human Resources Pandemic Committee also implemented a remote work model at a rate and scale never experienced before. Face-to-face collaboration was replaced with e-mail and videoconferencing. The company swiftly implemented a remote-work policy to offer different work hours and provide a new kind of flexibility. Not only were we concerned about employees' health and well-being during the pandemic, we also understood the mental strain of working in the 'new normal'. Our focus was keeping employees productive, motivated, engaged, and connected.

Companywide training continued and 90 employees received required developmental and, in some cases, certified training. Such investment in human capital, has led to ten internal promotions during this fiscal year. This confirms the company's commitment to building employees for future succession planning. Training and development coupled with the appraisal and reward program have become major staff morale boosters, especially in a pandemic year where everything seemed gloomed and dim.

The permanent staff number decreased by 4.4% (from 298 permanent staff to 285). Strategic restructuring of the departments and units were the main reasons for this decrease. Also, due to the continued decrease in project works and measures put in place due to COVID-19, our temporary employment numbers decreased from 130 the previous year, to 116 as at March 31, 2021; however, the numbers were much lower during the COVID lockdown period.

Public Relations

The Public Relations unit continued to operate within the approved budget and provided well deserved and needed assistance to social and educational programs including partnering with RESTORE BELIZE Scholarship program which helps a significant number of underprivileged youths acquire a high school diploma. Due to the pandemic, there were no significant events with the public, however, the company has organized several goodwill gestures aimed at staff, including but not limited to providing safety mask and sanitizers for improved hygiene.

Information Technology

Information Technology solutions continue to be a key driver to a number the company's strategic objectives and proved to be especially invaluable to ensuring operations during the year, as the COVID-19 measures mandated new ways of doing business, including remote and online processes. The company is committed to providing reliable services that suit the business needs and allows employees to undertake their tasks in an efficient and productive manner. We aim to keep pace with modern technology, to serve as a platform for improved business processes and to mitigate against emerging threats and risks.

Financial year 2020/21 was mostly spent under COVID-19 lockdown and restrictions. The company continued to operate using its IT infrastructure to allow key staff to work from home and to allow customers to connect to us. Such a shift in working practices meant that we had to quickly procure and distribute laptops to staff, upgrade our remote desktop servers and then move business applications to the remote hosts. In addition, we had to increase our VPN resources and provide remote support and assistance for staff transitioning to a new work from home environment.

Due to the financial constraints affecting the company, much of our planned projects were put on hold. However, during this time progress was made in a number of areas including creating online customer forms using our GIS platform, moving paper-based systems and workflows using cloud services such as Microsoft SharePoint and the Power platform.

With security being a foremost concern, the company upgraded our firewalls and enrolled our staff in training on cyber safety courses.

BWS continues to upgrade our core network infrastructure to facilitate business growth. As a 24/7/365 business, continuity of service is at the forefront of our endeavours, and despite the challenges brought by this year, we are proud to have maintained over 99.9% IT service uptime countrywide.

BWS continues to provide the convenience of making payments via the banks and through payment agents. Not surprisingly, given the COVID-19 measures, for the year, there was a noticeable change in customer payment methodology - due to pandemic restrictions, many more customers chose to pay their bills online. During 2020/21, Bank/Online collections accounted for 44% of collections, up from 36% previous year.





Safety

A part of BWS' pandemic plan was to create a special committee comprised of management and union executives to plan and expedite the rapid changes required during this critical period. This collaborative effort ensured that safety measures, procedures and instructions were agreed and clearly communicated across the company.

Internal Audit

Internal Audit continued to conduct risk-based audits to ensure good governance, compliance and appropriate control measures. Internal Audit also performs consultation engagements based upon the request of Management and the Board of Directors. During the year, a total of nineteen engagements were completed. These engagements affected the operations, customer services, technical services, finance, human resources, and information technology departments. These were a combination of planned audits, spot checks and investigation. The results identified noncompliance and internal control weaknesses which were addressed by management.

The Internal Audit complement received a number of training geared to adding value to the company. With the emergence of the Coronavirus, BWS had to switch gears to facilitate many staff working from home and/or working shift rotations. These changes

Due to the pandemic, and the importance of limiting travel countrywide it was not feasible for the safety committee to conduct onsite inspections and district checkups. However, the team remained available to advise on safe practices and provide resources for projects and works that continued during the year.

created new risks. Internal Audit participated in a number of training sessions which focused on the risks associated with working from home and coping with a pandemic.

Management and the Board also use the results of these audits to improve the performance and accountability of the company. Based on the results of risk-based audits performed, the company improved its internal controls thereby minimizing the impacts of some of the risks identified.

The company continued to cope with the risk of the Coronavirus. Continued risk assessment and improvements confirm that management is committed to minimizing the risk of exposure to customers, staff and the general public, as well as the additional risks from changes in business processes and the operating environment.

KEY PERFORMANCE INDICATORS (KPI'S)

Description of KPI	UNIT	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
PROFITABILITY											
Gross Revenue	\$' 000	44,838	51,076	48,074	46,584	45,484	43,194	40,084	34,923	33,583	35,327
Operations and Maintenance	\$' 000	29,626	31,898	29,797	29,166	28,269	25,889	25,725	24,640	24,535	23,673
EBITDA	\$' 000	15,212	19,178	18,277	17,418	17,215	17,305	14,359	10,282	9,049	11,654
EBIT	\$' 000	6,722	11,206	11,729	11,304	11,453	12,336	9,501	5,608	5,095	8,058
Net Profit (Loss)	\$' 000	3,256	8,034	8,983	8,509	8,586	9,690	6,765	2,961	2,360	5,391
EBITDA/Net Turnover	%	34%	38%	38%	37%	38%	40%	36%	29%	27%	33%
Earnings Per Share	\$	0.081	0.201	0.225	0.213	0.215	0.242	0.169	0.074	0.059	0.135
Dividends Per Share ¹	\$	0.0127	0.0190	0.0190	0.0190	0.0190	0.0189	0.0126	0.0126	0.0126	0.025
Retained Earnings (Deficit)	\$' 000	67,021	64,272	56,999	48,774	41,022	33,195	24,262	18,003	15,546	13,692
LIABILITIES & EQUITY											
Long Term Liabilities*	\$' 000	115,497	98,195	98,382	54,551	51,809	52,217	40,149	43,947	44,330	47,023
Current Liabilities	\$' 000	11,614	14,851	11,672	12,442	11,187	10,558	11,655	13,189	13,162	11,327
Total Equity	\$' 000	207,562	204,923	175,327	167,102	159,351	150,856	111,253	104,993	102,537	100,682
ASSETS											
Current Assets	\$' 000	37,728	21,950	28,860	32,650	33,143	32,325	14,995	15,396	14,341	15,250
Total Net Assets	\$' 000	334,674	317,969	285,381	234,096	222,348	213,631	163,057	162,129	160,029	159,032
Additions to Assets	\$' 000	9,620	26,258	23,289	19,353	19,187	21,041	12,197	12,124	10,906	7,294
BALANCE SHEET STRUCTURE											
Current Assets/Current Liabilities	No.	3.25	1.48	2.47	2.62	2.96	3.06	1.29	1.17	1.09	1.35
Gearing (LT Liabilities/Equity)	%	56%	48%	56%	33%	33%	35%	36%	42%	43%	47%
Total Assets/Total Equity	No.	1.61	1.55	1.63	1.40	1.40	1.42	1.47	1.54	1.56	1.58
Total Assets/Share Capital	No.	5.58	5.30	4.76	3.90	3.71	3.56	2.72	2.70	2.67	2.65
Return on Assets (EBIT/Avg. Assets)	%	2.1%	3.7%	4.5%	5.0%	5.3%	6.5%	5.8%	3.5%	3.2%	5.1%
WATER VOLUMES											
Water Production	MUSG	3495.7	3,613.7	3,534.5	3,350.9	3,356.2	3,202.4	2,982.8	2,787.1	2,788.8	2,706.6
Water Sales	MUSG	2606.8	2,770.5	2,695.4	2,543.0	2,505.4	2,404.6	2,277.9	2,105.0	2,020.4	1,975.1
Non-Revenue Water Volume	MUSG	888.9	843.2	839.1	812.4	850.8	797.8	704.9	682.1	768.4	731.4
Non-Revenue Water %	%	25.4%	23.3%	23.7%	24.1%	25.4%	24.9%	23.6%	24.5%	27.6%	27.0%
Non-Revenue Water (M ³ /Conn/Day)	M ³	0.15	0.14	0.15	0.15	0.16	0.15	0.14	0.14	0.17	0.17
Non-Revenue Water (M ³ /Km/Day)	M ³	5.94	5.66	5.78	5.69	6.11	5.89	5.38	5.35	6.49	6.40
CONNECTIONS											
Beginning Connections	No.	62,104	60,391	58,822	57,234	55,484	53,477	51,433	49,138	47,906	46,936
New Connections Added	No.	4,364	4,917	4,769	4,614	4,893	4,846	4,836	5,234	4,500	4,768
Requested Disconnections	No.	2,857	2,134	2,075	2,111	2,101	1,999	2,062	2,039	2,009	2,039
Disconnections - Non-payment	No.	1,486	11,444	9,941	8,807	9,539	7,088	7,618	11,950	12,380	14,693
Total Disconnections	No.	4,343	13,578	12,016	10,918	11,640	9,087	9,680	13,989	14,389	16,732
Reconnections	No.	1,290	10,374	8,816	7,892	8,497	6,248	6,888	10,591	11,120	11,089
Ending Connections	No.	63,415	62,104	60,391	58,822	57,234	55,484	53,477	50,974	49,137	46,061
Ending Sewer Connections**	No.	11,587	11,594	11,382	10,972	10,843	10,691	10,519	10,264	10,158	10,121
BILLING											
Avg. Number of Connections	No.	62,760	61,248	59,607	58,028	56,359	54,481	52,226	50,056	47,599	44,719
Water Sales Revenue	\$' 000	44,350	49,387	46,546	44,979	44,076	42,026	38,965	34,151	32,815	34,250
Avg. Usage per Connection Monthly	Gal	3,469	3,767	3,710	3,649	3,704	3,669	3,626	3,504	3,537	3,681
Avg. Sales per Connection Monthly	\$	58.88	67.44	65.32	64.73	65.33	64.44	62.27	57.50	56.32	60.68
Avg. Tariff per 1000 Gallons	\$	16.96	17.90	17.82	17.74	17.59	17.48	17.11	16.22	16.24	17.34
OPERATIONAL EFFICIENCY											
Continuity of Supply	%	99.95	99.82	99.91	99.94	99.89	99.92	99.90	99.87	99.90	98.40
Avg. No. of Staff (Permanent)	No.	285	298	293	294	287	262	256	251	252	246
Staff Per 1000 Connections	No.	4.5	4.9	4.9	5.1	5.1	4.8	4.9	5.0	5.3	5.5
Total Staff Costs	\$'000	12,953	13,586	12,501	11,376	10,423	9,739	8,931	8,546	8,567	8,252
Staff Costs/Emp.	\$	4,545	4,559	4,267	3,869	3,632	3,717	3,489	3,405	3,400	3,355
Revenue/Emp.	\$	157,326	171,395	164,075	158,449	158,480	164,864	156,580	139,135	133,267	143,607
COLLECTION EFFICIENCY											
Overdue Debtors/Trade Debtors	%	29.3%	15.6%	11.0%	16.6%	10.2%	14.4%	12.4%	14.0%	13.4%	15.0%
Bad Debts Write Off/Net Turnover	%	4.6%	0.2%	0.2%	0.2%	0.3%	0.3%	0.4%	0.0%	0.2%	1.1%
Collection Efficiency	%	92.7%	98.6%	98.8%	98.3%	98.9%	98.8%	98.9%	98.2%	98.3%	98.1%
WATER INFRASTRUCTURE											
Total Length of Mains**	Miles	963.7	956.9	935.8	919.7	897.7	870.1	844.3	821.5	763.0	734.4
Total Length of Mains**	Km	1551	1540	1,506	1,480	1,445	1,400	1,359	1,322	1,228	1,182
Length of Mains/Connection	Ft.	80.2	81.4	81.8	82.6	82.8	82.8	83.4	85.1	82.0	84.2
KPI Description Note		Key - Units						Key - Units			
**=Includes some estimated figures		MUSG = Millions of U.S. Gallons						Gal = US Gallon			
¹ See Management report for details		\$' 000 = Thousands of Belize Dollars						No. = Number/Count of Units/Ratio			
* Reclassification of Capital Contributions		\$ = Belize Dollars						M ³ = Cubic meters (1M ³ = 264.1721Gal)			



FINANCIAL STATEMENTS

BELIZE WATER SERVICES LIMITED

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR’S REPORT

For the year ended 31 March 2021

BELIZE WATER SERVICES LIMITED

Financial Statements and Independent Auditor’s Report

For the year ended 31 March 2021

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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 2021, 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 2021, 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.

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.

Wloore Wlagan LLP

Chartered Accountants
Belize City, Belize
25 June 2021

BELIZE WATER SERVICES LIMITED

Statement of financial position

As at 31 March 2021

In Belize dollars

	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	5	290,966,553	289,578,973
Intangible asset	6	5,979,319	6,440,331
Total non-current assets		296,945,872	296,019,304
Current assets			
Materials and supplies	7	7,565,286	8,266,659
Contract balances and other receivables	8	7,690,962	7,856,048
Cash and cash equivalents	9	22,471,703	5,827,445
Total current assets		37,727,951	21,950,152
Total assets		334,673,823	317,969,456
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	53,551,306	53,660,652
Retained earnings		67,020,541	64,271,830
Total shareholders' equity		207,562,491	204,923,126
Non-current liabilities			
Capital contributions	14	36,464,701	33,541,843
Long term borrowings	15	20,858,565	47,251,062
Deferred income	27	17,604,685	17,402,061
Debentures	16	40,569,000	-
Total non-current liabilities		115,496,951	98,194,966
Current liabilities			
Current portion - borrowings	15	2,821,803	3,102,800
Trade and other payables	17	8,792,578	11,748,564
Total current liabilities		11,614,381	14,851,364
Total liabilities		127,111,332	113,046,330
Total equity and liabilities		334,673,823	317,969,456

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

Approved on behalf of the Board of Directors and authorised for issue on 25 June 2021.

Signature of Director:

Print Name:

Cornelio Acosta
Cornelio Acosta

Signature of Director:

Print Name:

Cresencio Sosa
Cresencio Sosa

BELIZE WATER SERVICES LIMITED

Statement of comprehensive income

For the year ended 31 March 2021

In Belize dollars

	Notes	2021	2020
Operating revenue	18	44,703,666	50,928,023
Other income	22	134,334	147,724
Gross revenue		44,837,999	51,075,747
Materials and other external costs	19	(5,386,832)	(8,033,752)
Staff costs	20	(12,952,923)	(13,585,929)
Other operating charges	21	(11,205,571)	(10,280,259)
Depreciation and amortisation	26	(8,489,750)	(7,971,383)
(Loss)/gain on disposal of asset		(80,560)	1,781
Profit before interest and taxes		6,722,363	11,206,205
Finance costs	23	(2,688,162)	(2,279,729)
Profit before tax		4,034,201	8,926,476
Business tax	24	(777,891)	(892,179)
Profit for the year		3,256,310	8,034,297
Other comprehensive income not allocated to profits			
(Adjustment)/Gain on revaluation of land	13	(109,345)	22,322,850
Total comprehensive income for the year		3,146,965	30,357,147
Basic earnings per share			
(BZD per share)			
Basic earnings per share	25	0.08	0.20

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 2021

In Belize dollars

	Share capital	Contributed capital	Capital reserve	Revaluation reserve	Retained earnings	Total
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 30)	-	-	-	-	(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	64,271,830	204,923,126
Balance as at 01 April 2020	60,000,001	11,714,281	15,276,362	53,660,652	64,271,830	204,923,126
Profit for the year	-	-	-	-	3,256,310	3,256,310
Dividends declared (Note 30)	-	-	-	-	(507,599)	(507,599)
Land revaluation (Note 13)	-	-	-	(109,346)	-	(109,346)
Balance as at 31 March 2021	60,000,001	11,714,281	15,276,362	53,551,306	67,020,541	207,562,491

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 2021

In Belize dollars

	2021	2020
Cash flows from operating activities		
Profit for the year	3,256,310	8,034,297
Adjustments for non-cash items:		
Depreciation and amortisation	8,489,752	7,971,383
Loss/(gain) on disposal of property, plant and equipment	80,560	(1,781)
Impairment allowance	2,076,669	129,837
Valuation reserve disposal	(109,345)	-
Intangible asset	(612,371)	-
Interest paid	(1,106,264)	(1,914,036)
Finance cost	2,688,162	2,279,729
Government grants	(857,901)	(1,919,441)
Cash flows before working capital changes	13,905,572	14,579,989
Changes in working capital components:		
Contract balances and other receivables	(1,925,031)	(332,032)
Material and supplies	701,373	(742,346)
Trade and other payables	(4,322,030)	3,400,264
Cash flow provided by operating activities	8,359,884	16,905,874
Cash flow from investing activities		
Purchase of property, plant and equipment	(8,964,843)	(25,434,999)
Contributions to fixed assets	3,547,860	1,532,760
Proceeds from sale of property, plant and equipment	110,825	518,997
Net cash used in investing activities	(5,306,158)	(23,383,242)
Cash flows from financing activities		
Dividends	(507,599)	(760,980)
Proceeds from borrowings	174,334	1,042,814
Repayment of borrowings	(26,847,828)	(3,578,328)
Increase in deferred income	202,624	1,919,441
Issuance of debentures	40,569,000	-
Net cash provided by financing activities	13,590,531	(1,377,053)
Net change in cash and equivalents	16,644,257	(7,854,421)
Cash and cash equivalents at the beginning of the year	5,827,446	13,681,866
Cash and cash equivalents at the end of the year	22,471,703	5,827,446
Comprised of:		
Cash on hand	19,059	17,059
Bank balances	20,163,221	3,549,802
Short-term deposits	2,289,423	2,260,585
	22,471,703	5,827,446

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 2021

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 44 villages which are comprised of over 62,000 connections or approximately 270,000 consumers. 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 wound up on 15 January 2020 and merged with BWSL. Financials for the years ended 31 March 2021 and 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 2020.

- Amendments to IAS 1 and IAS 8 - Definition of Material;
- Amendments to IFRS 3 - Definition of a Business;
- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform;
- Revised Conceptual Framework for Financial Reporting.

Adoption of standards and amendments 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 have become effective for the annual periods commencing on or after 01 January 2020.

- Amendments to IFRS 16 - Covid-19-Related Rent Concessions;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2;
- Amendments to IAS 37 - Onerous contracts - Cost of Fulfilling a Contract;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use
- Amendments to IFRS 3 - Reference to Conceptual Framework;
- Annual Improvements to IFRS Standards 2018-2020 Cycle;
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

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)**

- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture (Available for optional adoption/effective date deferred indefinitely).

The directors of the Company do not expect that the adoption of the standards and amendments listed above will have a material impact on the financial statements of the Company in future periods.

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.

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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**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.

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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**3.5 Property, plant and equipment continued)****(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.

3.7 Contract balances

Contract balances are amounts due from customers for services performed or goods sold 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 including future expectations associated with the financial impact of the COVID-19 pandemic. Loss allowance for contract balances is BZD 2,132,211 for the year ended 2021. Impairment and details of Company's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 32. 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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**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.

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 initially recorded as deferred income. Deferred income is allocated as a deduction to completed capital projects and 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 89 days (2020: 36 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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**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.

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. IFRS 15, Revenue from Contracts with Customers became effective on periods starting 01 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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**3.15 Revenue from contracts with customers (continued)**

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.

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

Other income includes interest income which 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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**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 distributions 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.

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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**3.20 Financial instruments (continued)****A. Recognition and derecognition of financial instruments (continued)**

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 recognises 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.

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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**3.20 Financial instruments (continued)****B. Classification and subsequent measurement of financial assets (continued)****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.

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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

3. Significant accounting policies (continued)**3.20 Financial instruments (continued)****C. Classification and measurement of financial liabilities (continued)****Financial liabilities (continued)**

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.

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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements
For the year ended 31 March 2021
In Belize dollars

3. Significant accounting policies (continued)

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 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.

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	up to 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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements
For the year ended 31 March 2021
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4. Critical accounting estimates and judgements (continued)

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.

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 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 amortisation, 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 2021

In Belize dollars

5. Property, plant and equipment

2021	Freehold and leasehold property	Plant and equipment	Infrastructure	Construction in progress	Total
	Valuation	Cost	Valuation	Cost	
Cost					
As at 01 April 2020	53,962,922	73,559,096	200,322,201	16,918,578	344,762,797
Additions	48,592	750,353	545,906	8,275,272	9,620,123
Transfers from construction in progress	1,788,097	1,487,614	5,943,880	(9,219,591)	-
Disposals/Reclass	(46,292)	(458,173)	(142,436)	-	(646,901)
As at 31 March 2021	55,753,319	75,338,890	206,669,551	15,974,259	353,736,018
2021	Freehold with leasehold	Plant and equipment	Infrastructure	Construction in progress	Total
	Valuation	Cost	Valuation	Cost	
Accumulated depreciation					
As at 01 April 2020	(1,799,180)	(36,100,029)	(17,284,614)	-	(55,183,823)
Charge for the period	(407,627)	(4,087,044)	(3,546,700)	-	(8,041,373)
Disposals/Reclasses	(74)	428,047	27,758	-	455,731
As at 31 March 2021	(2,206,882)	(39,759,026)	(20,803,557)	-	(62,769,465)
Net book value					
As at 31 March 2021	53,546,437	35,579,863	185,865,995	15,974,259	290,966,553
As at 31 March 2020	52,163,741	37,459,067	183,037,587	16,918,578	289,578,973

As at 31 March 2021, 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 63,005,062 (2020: 68,352,751).

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

5. Property, plant and equipment (continued)

2020	Freehold and leasehold property	Plant and equipment	Infrastructure RESTATED	Construction in progress RESTATED	Total
	Valuation	Cost	Valuation	Cost	
Cost					
As at 01 April 2019	29,182,012	74,575,179	183,690,312	13,680,523	301,128,026
Additions	369,215	1,896,425	230,776	23,761,789	26,258,205
Transfers from construction in progress	2,215,754	1,820,377	16,487,603	(20,523,734)	-
Reclass CWBL Acc. Depr.	-	(4,389,268)	-	-	(4,389,268)
Disposals	(126,909)	(343,617)	(86,490)	-	(557,016)
Land revaluation	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
2020	Freehold with leasehold	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 Acc. Depr.	-	4,389,268	-	-	4,389,268
Disposals/Reclasses	(22,629)	58,713	3,715	-	39,799
As at 31 March 2020	(1,799,180)	(36,100,029)	(17,284,614)	-	(55,183,824)
Net book value					
As at 31 March 2020	52,163,741	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

6. Intangible assets

2021	Contract rights	Debenture finance costs	Total
Cost			
As at 01 April 2020	7,513,719	-	7,513,719
Additions	-	612,371	612,371
As at 31 March 2021	7,513,719	612,371	8,126,090

BELIZE WATER SERVICES LIMITED

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6. Intangible assets (continued)

2021	Contract rights	Debenture finance costs	Total
Accumulated amortisation			
As at 01 April 2020	(1,073,388)	-	(1,073,388)
Charge for the period	(1,073,381)	-	(1,073,382)
As at 31 March 2021	(2,146,770)	-	(2,146,771)
Net carrying amount			
As at 31 March 2021	5,366,949	612,371	5,979,319
As at 31 March 2020	6,440,331	-	6,440,331
2020	Contract rights	Debenture finance costs	Total
Cost			
As at 01 April 2019	7,513,719	-	7,513,719
Additions	-	-	-
As at 31 March 2020	7,513,719	-	7,513,719
2020	Contract rights	Debenture finance costs	Total
Accumulated amortisation			
As at 01 April 2019	-	-	-
Charge for the period	(1,073,388)	-	(1,073,389)
As at 31 March 2020	(1,073,388)	-	(1,073,389)
Net carrying amount			
As at 31 March 2020	6,440,331	-	6,440,331
As at 31 March 2019	7,513,719	-	7,513,719

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7. Materials and supplies

	2021	2020
Pipework and appurtenances	7,142,637	7,859,924
Spares and consumables	205,150	267,189
Fuel and chemicals	153,968	168,463
Office supplies	132,442	51,212
	7,634,197	8,346,788
Less: Provision for obsolete materials and supplies	(68,911)	(80,129)
	7,565,286	8,266,659

Provision for obsolete materials and supplies consists of the following:

	2021	2020
Provision, beginning of the year	80,129	108,002
Write-offs	(11,218)	(27,873)
Provision, end of the year	68,911	80,129

8. Contract balances and other receivables

	2021	2020
Contract balance with customers	6,078,206	3,594,770
Allowance for doubtful debts	(2,149,000)	(199,000)
	3,929,205	3,395,770
Other receivables (GST)	2,741,914	3,404,915
Prepayments	1,019,843	1,055,363
	7,690,962	7,856,048

Allowance for doubtful debts consists of the following:

	2021	2020
Allowance, beginning of the year	199,000	215,000
Increase of the allowance	2,076,669	101,964
Reversal of the allowance	(126,668)	(117,964)
Provision, end of the year	2,149,000	199,000

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:

BELIZE WATER SERVICES LIMITED

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8. Contract balances and other receivables (continued)

2021	0 - 30	31 - 60	61 - 90	90 +	Total
Expected credit loss %	0%	0%	90%	90%	
Gross carrying amount of contract balances	2,299,211	1,390,889	596,263	1,791,843	6,078,206
Lifetime expected loss			536,636	1,612,364	2,149,000
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	-	-	-	199,000	199,000

9. Cash and cash equivalents

	2021	2020
Current accounts	20,163,222	3,549,802
Short-term fixed deposits	2,289,423	2,260,585
Cash on hand	19,059	17,059
Total	22,471,703	5,827,445

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

Cash balance increase reflects funds received from issuance of new debenture series during 2021. Refer to Note 16 for details of this bond issuance.

10. Share capital

	2021	2020
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 (2020: 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

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10. Share capital (continued)

	2021	2020
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.

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.

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10. Share capital (continued)**Special Rights Redeemable Preference Share (continued)**As to appointment of Directors (continued)

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 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 totaling BZD 75,276,362 were received as consideration for the shares allotted by the Government of Belize totaling 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

	2021	2020
Beginning balance	53,660,652	31,337,802
(Adjustment)/Gain on revaluation of property - Ambergris Caye	(109,345)	22,322,850
	53,551,307	53,660,652

During fiscal year 2021, the company disposed of the Santa Rita Elevated Tank, an infrastructure asset which was revalued in 2014.

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.

BELIZE WATER SERVICES LIMITED

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13. Revaluation reserve (continued)

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

	2021	2020
Capital contributions		
Beginning balance	36,638,081	35,105,321
Additions	3,547,860	1,532,759
	40,185,941	36,638,081
Capital contribution amortisation		
Beginning balance	3,096,238	2,502,021
Amortisation	625,002	594,217
	3,721,240	3,096,238
Capital contributions - net	36,464,701	33,541,843

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 amortised over the useful life of the relevant asset.

15. Long-term debt

	2021	2020
(i) Social Security Board	-	24,542,053
(ii) Caribbean Development Bank #10	3,624,282	4,071,158
(iii) Caribbean Development Bank #5	2,658,056	2,884,274
(iv) Belize Wastewater Revolving Fund	3,482,469	4,239,856
(v) Caribbean Development Bank #22	13,915,561	14,616,521
Total loans	23,680,369	50,353,862
Less: current portion	(2,821,803)	(3,102,800)
Long-term portion	20,858,565	47,251,062

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15. Long-term debt (continued)

The loans are payable as follows:

	2021	2020
Within one year	2,821,805	3,102,800
Within two to five years	12,250,946	17,700,272
Over five years	8,607,618	29,550,790
	23,680,369	50,353,862

(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. This loan was paid off on 3 November 2020 from proceeds from the debenture issuance discussed in Note 16.

(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 2021. The loan has varying maturity dates at 2028 and 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 2021. The loan has a final maturity date in 2032. The loan was fully drawn down as at 31 March 2021.

(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 2.00% per annum. The loan has varying maturity dates at 2022 and 2027.

(v) 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. Interest capitalization as per agreement was USD 130,235 (BZD 262,750). Draw down for the year was USD 44,098 (BZD 88,968). Principal payments commenced October 2020.

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16. Debentures

Under terms of the prospectus dated October 2020, the Company issued a BZD 50 million debenture offering on 2 October, 2020. Debenture proceeds were targeted to be used for repayment of an existing loan from the Social Security Board (see Note 15) and future capital projects for improving the quality of the water treatment and distribution system. Semi-annual interest payments will be made each 30th of December and June. The Central Bank of Belize (CBB), as fiscal agent, will manage the debenture's associated sinking fund account. The Company is responsible for ensuring that the sinking fund is adequately funded prior to the dates on which principal and interest is due. Sinking fund terms require the first transfer of BZD 1,500,000 in October 2021.

	Rate of	Maturity	2021	2020
Series 1 Debentures	6.25%	31-Dec-30	40,569,000	-
			40,569,000	-

17. Trade and other payables

	2021	2020
Security deposits	3,560,685	3,580,727
Trade payables	1,907,373	3,767,904
Dividend payable	750,607	953,150
Interest payable	724,382	197,961
Accrued expenses	726,779	688,369
Other payables	615,175	1,595,913
Contract retentions payable	442,342	883,053
Taxes payable	65,235	81,487
	8,792,578	11,748,564

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18. Revenue from contracts with customers

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

	2021	2020
Water charges	44,039,461	49,243,241
Water connection charges	421,225	480,525
Water infrastructure charges	323,699	490,575
Services income	261,417	311,037
Other water sales	224,141	270,797
Late payment charges and penalties	31,333	259,322
Sewerage connection charges	20,400	13,250
Bad debt recovery	16,614	21,177
Discount - measured water sales	(634,624)	(161,901)
	44,703,666	50,928,023

19. Materials and other external costs

	2021	2020
Electricity costs	2,779,038	2,864,910
Plant running costs	1,450,798	178,313
Chemical expenses	1,048,381	860,502
Meter reading costs	108,615	117,653
Water purchases	-	4,006,953
Physical shortage expenses	-	5,421
	5,386,832	8,033,752

Water purchases represent costs associated with purchased water from Consolidated Water (Belize) Limited ("CWBL"). The Company acquired 100% of shares of CWBL in 2019, thus eliminating the long-term contract in place between these parties for purchased water.

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20. Staff costs

	2021	2020
Salaries and wages	9,291,475	9,507,567
Allowances	918,299	941,200
Other staff costs and grants	832,930	1,067,810
Pension Plan contribution	708,192	730,657
Company health insurance	703,538	708,715
Social security expense	425,535	422,562
Redundancy costs	43,490	51,387
Training and recruitment	29,463	156,030
	12,952,923	13,585,929

21. Other operating charges

	2021	2020
Repairs and maintenance	4,252,163	3,861,013
Bad debt expense	2,076,669	101,964
Security	1,506,709	1,454,761
Telephone	393,354	313,184
Licenses and taxes	376,725	478,118
Office supplies and sundries	374,816	693,172
Meetings costs	358,155	486,322
Collection fees	357,302	353,560
Professional fees	355,291	58,959
Electricity – office	335,907	279,366
Insurance	317,965	315,174
Travel	198,739	429,665
Rent	102,535	53,100
Advertisement and marketing	84,791	239,712
Donations	70,282	1,119,860
Loose tools	41,640	29,385
Other	2,529	12,946
	11,205,571	10,280,259

22. Other income

	2021	2020
Other income	95,115	58,365
Interest income from third parties	39,219	89,359
	134,334	147,724

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23. Finance costs

	2021	2020
Bank loan interest	1,817,492	2,196,031
Debenture interest	838,537	-
Bank charges	32,133	83,698
	2,688,162	2,279,729

24. Taxation

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

A General Sales Tax of 12.5% is charged on consumer spending that is collected in stages, at the point of importation of the business' purchases and on the sales of the business' 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.

25. 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.

	2021	2020
Basic earnings per share		
Profit attributable to owners of the Company	3,256,310	8,034,297
Weighted average number of outstanding ordinary shares	40,000,000	40,000,000
Basic earnings per share	0.08	0.20

26. Depreciation and amortisation grant income and contract rights

	2021	2020
Depreciation	8,041,371	7,492,212
Contribution/Grant income amortisation	(625,002)	(594,217)
Contract rights amortisation	1,073,381	1,073,388
	8,489,750	7,971,383

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27. Related party transactions

	2021	2020
Government of Belize		
<i>Trade receivables - water sales</i>		
Balance at the beginning of the year	243,776	265,305
Billed	2,424,236	3,021,250
Receipts	(2,488,869)	(3,042,779)
Balance at the end of the year	179,143	243,776

	2021	2020
Government of Belize		
<i>Deferred revenue</i>		
Balance at the beginning of the year	17,402,061	16,305,825
Loan payments	816,492	1,915,506
Projects fulfilled	(613,868)	(819,270)
	17,604,685	17,402,061

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.

Social Security Board

Loans		
Balance at the beginning of the year	24,562,410	25,613,159
Repayments	(24,562,410)	(1,050,749)
Balance at the end of the year	-	24,562,410

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 2021, the number of key management was 9 (2020 - 9).

Compensation of key management personnel

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

	2021	2020
Salaries and other short-term benefits	1,567,870	1,461,048
Post-employment benefits	252,772	236,035
	1,820,642	1,697,083

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27. Related party transactions (continued)**Loans to key management personnel**

	2021	2020
Balance at the beginning of the year	-	693
Issued	-	-
Repaid	-	(693)
Balance at the end of the year	-	-

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 2021, there are no outstanding staff loans to key management personnel.

28. Commitments and contingencies**Commitments**

Commitments for capital expenditure at 31 March 2021 totaled BZD 985,932 (2020 - BZD 4,484,233). Planned capital expenditure for fiscal year 2021 is BZD 23,277,000 (2020 - BZD 13,202,000).

Contingencies

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

Claim No. 176 of 2018 Belize Water Services Limited v Public Utilities Commission ("PUC")

The Company brought an action challenging their decision of the PUC to proceed with the initiation of Interim Review Proceedings on the basis that there was no exceptional circumstance warranting such a review. The Company argued the review notice was invalid in which the Supreme Court of Belize found in favor of the Company. This matter was settled and is considered closed.

Civil Appeal No. 10 of 2018 PUC v Consolidated Water (Belize) Limited

The Company acquired Consolidated Water (Belize) Limited ("CWBL") during the pendency of the appeal in which the Company always held a mere watching brief in the Court the Court of Appeal without any active participation in the proceedings. On conclusion of the proceedings the Court of Appeal ordered costs to the PUC against CWBL on the appeal. During the pendency of the appeal the Company caused CWBL to be wound-up and dissolved. In the premises, the PUC now seeks claim from the Company in the amount of BZD 75,000 as cost in the Supreme Court claim and the sum of BZD 60,000 as costs in the Court of Appeal for a total sum of BZD 135,000.

The Company has rejected the PUC claim on the basis that as the sole member of CWBL it is not liable for CWBL liabilities. If this claim were to be pursued further, it is not expected that this claim will succeed against the Company.

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28. Commitments and contingencies (continued)**Contingencies (continued)**Claim No. 200 of 2013 - Mark Menzies vs BWSL & Claim No. 260 of 2013 - Don Gillett et al vs BWSL

The claimants alleged that they were unlawfully terminated and claimed for loss of salary, benefits, increments, severance pay, interest and costs. When the matter came to trial, judgement was entered for the claimants against the company for wrongful dismissal. The Company has since settled and paid the amounts it assessed to be adjudge due and payable to the claimants. However, the claimants in the Claim No. 260 of 2013, recently filed an application seeking an assessment of Court for unspecified damages and costs, and the Company is resisting the claim on the basis that damages and costs are already adjudged, unilaterally assessed.

Suit No. 363 of 2019 - Kiana Craig vs BWSL

The suit concerns a former temporary employee who is suing for wrongful or unlawful termination in which she claims the sum of BZD 6,654.00. The Company disputes this claim in its entirety. The defendant raises a preliminary objection in that the defendant has not been served with a valid summons in this matter. On June 22, 2021, the Court ordered the suit to be struck out per Section 21 of the District Courts (Procedures) Act after the plaintiff failed to appear in court.

29. 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 708,192 (2020 - BZD 730,657) to the Plan.

30. Significant non-cash financing activities

During the reporting period, BZD 810,975 (2020 - BZD 1,919,441) being principal and interest payments made to the Caribbean Development Bank loan #5, and #10 on behalf of the Company for the period were forgone by the Government of Belize.

The Board of Directors approved a dividend distribution of BZD 507,599 or 5.0% of original share price for the year ended 31 March 2021 (2020 - BZD 760,983). Dividends are payable on 27 July 2021 to minority shareholders on record as of 31 March 2021. The Government of Belize instructed the Company to distribute its dividend to minority shareholders.

31. 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:

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31. Categories of financial instruments (continued)

	2021	2020
Financial assets		
Trade and other receivables	6,671,119	6,800,685
Cash and cash equivalents	22,471,703	5,827,445
Total financial assets	29,142,822	12,628,130
Financial liabilities		
Borrowings	23,680,368	50,353,862
Debentures	40,569,000	-
Trade payables	1,907,373	3,767,904
Other payables and accrued expenses	3,324,520	4,399,933
Total financial liabilities	69,481,261	58,521,699

32. Financial risk management

The Company's activities expose the Company to financial market risk, capital 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

Market risk 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 management risk**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.
- To maintain healthy capital ratios in order to support its business objectives and maximise shareholders value.

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32. Financial risk management (continued)**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:

	2021	2020
Debt (i)	64,249,368	50,353,862
Cash and cash equivalents	(22,471,703)	(5,827,445)
Net debt	41,777,665	44,526,417
Equity (ii)	207,562,491	204,923,126
Gearing ratio	20%	22%

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.

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

32. Financial risk management (continued)
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 2021:

	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	20,187,540	2,284,612	-	-	-	22,472,152
Trade and other receivables	3,346,885	917,629	596,243	1,810,364.00	-	6,671,121
	23,534,425	3,202,241	596,243	1,810,364	-	29,143,273

Financial liabilities

Borrowings	-	-	2,821,803	12,250,946	8,607,619	23,680,368
Debentures	-	-	-	-	40,569,000	40,569,000
Trade payables	1,138,984	768,416	-	-	-	1,907,400
Other payables and accruals	-	3,297,889	-	-	-	3,297,889
	1,138,984	4,066,305	2,821,803	12,250,946	49,176,619	69,454,657
Liquidity surplus/(gap)	22,395,441	(864,064)	(2,225,560)	(10,440,582)	(49,176,619)	(40,311,384)

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

BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

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32. Financial risk management (continued)
Liquidity risk (continued)

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 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)

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 2021 and 31 March 2020 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 2021 of BZD 179,143 (2020 - BZD 243,776). The following table outlines the Company's credit risk geographically over the country of Belize:

	2021	2020
Belize District	2,577,254	1,601,368
Ambergris Caye and Caye Caulker	1,017,912	686,584
Cayo District	1,373,492	711,161
Stann Creek District	495,079	191,012
Orange Walk District	313,139	180,073
Corozal District	166,919	135,751
Toledo District	134,411	88,822
	6,078,206	3,594,770

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

	2021	2020
Within trade terms	2,753,971	2,868,694
Overdue up to one month	917,629	429,145
Overdue between two and three months	596,243	75,298
Overdue more than three months	1,810,364	221,633
	6,078,207	3,594,770

32. Financial risk management (continued)

Operational risk

Operational risk 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.

33. Reconciliation of liabilities arising from financing activities

The following table 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.

	1 April 2020	Proceeds from financing (i)	Loan repayments (ii)	31 March 2021
Borrowings	50,353,862	174,334	(26,847,828)	23,680,368
	50,353,862	174,334	(26,847,828)	23,680,368

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

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

34. Subsequent events

Subsequent events have been evaluated through 25 June 2021. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

35. 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.

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 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.

BOARD OF DIRECTORS



CORNELIO ACOSTA
Chairman



JOSEPH GARCIA
Deputy Chairman



ELJIO BRICEÑO
Chairperson of
Procurement Committee



CRESENCIO SOSA JR.
Chairperson of Audit
Committee



DR. VICTOR ROSADO
Chairperson of Strategy
and Investment
Committee



CARMELITA BLANCO
Director



ASHTON LONGSWORTH
Director



IVAR MEDINA
Director



ALLAN POLLARD
Director



KEITH MIRA
Director



PATRICK BALAN
Director

MANAGEMENT TEAM



ALVAN HAYNES
Chief Executive
Officer



RASHIDA WILLIAMS CASTILLO
Chief Financial
Officer



HAYDON BROWN
Human Resources/
Public Relations
Manager



DESIREE TILLET
Customer Service
Manager



DAVE PASCASCIO
Operations
Manager



SONIA BURNS
Information Technology
Manager



SANJAY KESHWANI
Technical Services
Manager



DAWN SMITH
Internal Audit
Manager



FREDERICK SANDIFORD
Resident Consultant Engineer



MISSION STATEMENT

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

VISION STATEMENT

The leading utility in the developing world, delivering excellence to stakeholders through highly trained, courteous and empowered staff.

Belize Water Services Limited

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