



Belize Water Services Limited
Annual Report
2022

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 45 villages. As at March 2022, BWS serves over 64,500 connections or approximately 290,000 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 and metrics, 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.

OFFICES

Toll-Free (All offices)
0-800-CALL-BWS
[0-800-225-5297]
(NB: BTL/Digicell only)

**Belize City
(Head Office)**
7 Central American Blvd
Belize City, Belize
Tel: +501 222 4757

Belmopan City
3 Mountain View Plaza
Tel: +501 822 2400

Benque Viejo
7 Churchill Street
Tel: +501 823 3720

Caye Caulker
Lagoon side
(off Calle del Sol)
Tel: +501 226 0119

Corozal
7th Avenue
Tel: +501 422 2101

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

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Recovery and Renewed Vision

“On behalf of the Board of Directors the BWS Management and staff, I would like to extend a warm welcome to all of you. It is an honour to address you for the second year in my capacity as the Chairman of Belize Water Services Ltd (BWS). I would like to thank you especially for your attendance, both those present and those who are following us virtually. This is the first time we have been able to meet in person since the COVID-19 pandemic started, the restrictions, and lockdowns, and before all the consequences this virus has had on people and businesses around the world.”

In 2021, BWSL delivered on its strategic plans: the company focused on growing its service network, modernising its operations to improve how it serves customers, and delivering healthy returns to its shareholders. BWS continued to strengthen its responsible business commitments, which are built on good corporate governance principles to serve customers consistently, to care for its employees, and to play our part as Belize recovers from the pandemic. Looking back to 2021, I would like to express my greatest appreciation to all the BWS staff for their continued commitment and for delivering such a remarkable performance despite our challenging environment. The company's continued positive performance in 2022 is also noteworthy and must be emphasized. Along with the good performance, BWS is successfully undertaking the renewal of part of its executive team, while at the same time carrying out a deep strategic reflection of its long-term road map in line with the events affecting the country.

The year 2021/2022 was the second year of the Covid 19 pandemic, the management, and staff continued to drive the company forward with achieving a service efficiency rate of 99.96% while maintaining affordable rates. Despite the financial constraints created by

covid-19 and no changes in tariffs, the company revenues and profitability improved moderately due to the upturn in the country's economic conditions. Furthermore, the total revenue generated this FY 21/22 was increased by 9% or \$3.954M from \$44.838 million to \$48.792 million. As a result, the company recorded a net profit of \$5.736 million which represents an increase of 76% from the previous year's net profit of \$3.256 million. Based on the company's strong performance in the FY 21/22, the Government of Belize (GOB), our majority shareholder, has once again agreed for its dividends to be paid out to the minority shareholders. I am therefore extremely pleased to be able to announce, the payment of dividends to minority shareholders for the FY 21/22 at the rate of 5% or 7.5 cents per share.

The Covid-19 pandemic placed a huge demand for more water connections with the purpose of maintaining good hygiene and optimal sanitation conditions. We are pleased to report that over 1,100 more households have received water connections. As a result of our continuing expansion projects and normal progression growth, our customer base has increased by 2% to 64,594 as of March 2022. The new 600,000 Gallon per day sea water reverse osmosis

plant for San Pedro and, new 500,000 Gallon water tank for San Ignacio/Santa Elena and surrounding communities were among the major achievements in the 2021-22 FY. This improvement does not only provide reliable and potable water to residential and commercial customers in San Pedro and San Ignacio/Santa Elena, but it also allows us to support economic growth provided by the tourism sector.

Water expansions continued countywide ending the year with total of 973 miles of water mains countrywide. This is not inclusive of the several miles of replacement mains laid in different municipalities areas and elsewhere for the various infrastructure projects. Notwithstanding operational challenges, BWS managed to maintain its Non-Revenue Water ratio at 25.4% in this reporting period remaining the clear leader in the region in this measure of efficiency. The Board recognises the tremendous effort required to achieve this level of efficiency and therefore applauds BWS' staff for their relentless efforts.

Stakeholder relationships have improved vastly with constant collaborations with entities such as the Ministry of Finance, Ministry of Infrastructure Development and Housing, Ministry of Local Government, Ministry of Public Utilities, the Social Investment Fund, Municipal Councils, International Financing institutions and regulatory bodies to perform a myriad of projects. These are inline with the focus on the four pivotal areas of concern to the company:

1. Restoration, Upgrade, and Expansion of existing Wastewater systems.
2. Increasing the capacity of existing water sources to commensurate with expanding population needs.
3. Replace Galvanized and Asbestos main pipes country wide.
4. Innovate within BWS. Key projects/studies were initiated and are on-going.
 1. Replacement of galvanized and asbestos main pipes in Corozal, Orange walk, Belize City, Dangriga and several other municipalities.
 2. Upgrade of Sewer Station Six in Belize City to correspond with growth in wastewater service demand in Belize City.
 3. Expansion of watermains from Seine Bight to Maya Beach.
 4. Supply and installation of a new transmission line from Independence to the Placencia

Peninsula.

5. Building a new 500,000 Gallon Storage tank for Placencia Peninsula.
6. New River Gallery to increase production capacity of SI/SE Water Treatment Plant to supply 100% more than the current supply to meet the expected demand of 25 future years.
7. Pilot projects to reduce the cost of disinfection
8. Studies to improve efficiency including smart metering, a National Sanitation Plan and protection of our water sources.

Furthermore, to ensure fairness is provided to all stakeholders, the Board of Directors and Management have been engaged in Corporate Governance and Enterprise Risk Management. The Audit, Procurement and Strategic Investment Committee met throughout the course of the year to review and approve various activities and projects, ensuring adherences to policies and alignment with the company's vision and mission. This along with keeping an open dialogue platform with our regulator, sets the tone for BWS to achieve its goals. Cognizant of the value of service that BWS provides, the company's focus on ensuring long term viability via its water expansion program and continuous improvement of efficiency and services remains our top priority along with ensuring adequate profitability and fair return on investment for our shareholders. The Board will therefore continue to proactively implement initiatives to achieve this.

On behalf of the Board of Directors, I take this opportunity to extend my gratitude to the Government of Belize, the Social Security Board, the Public Utilities Commission, the many individual minority shareholders as well as other stakeholders for their trust, efforts and input which helped to make the 21/22 FY a success. I also take this opportunity to extend my sincere gratitude to the Management, Staff and the BWS Workers' Union Executives for all their efforts, which have helped to make BWS an indispensable partner in improving the lives of over 290,000 Belizean consumers.

Together we can make it happen!

Cornelio Acosta

Chairman

Overview

The year 2021/22 was the twenty-first year of operation of Belize Water Services Limited (BWS) and the second year of the Fourth Full Business Plan Period. Despite no changes in tariffs for the year, the company revenues and profitability improved moderately due to slight upturn in the country's economic conditions. As a result, the company recorded a net profit of \$5.736 million which represents an increase of 76% from the previous year's net profit of \$3.256 million.

FINANCIAL PERFORMANCE

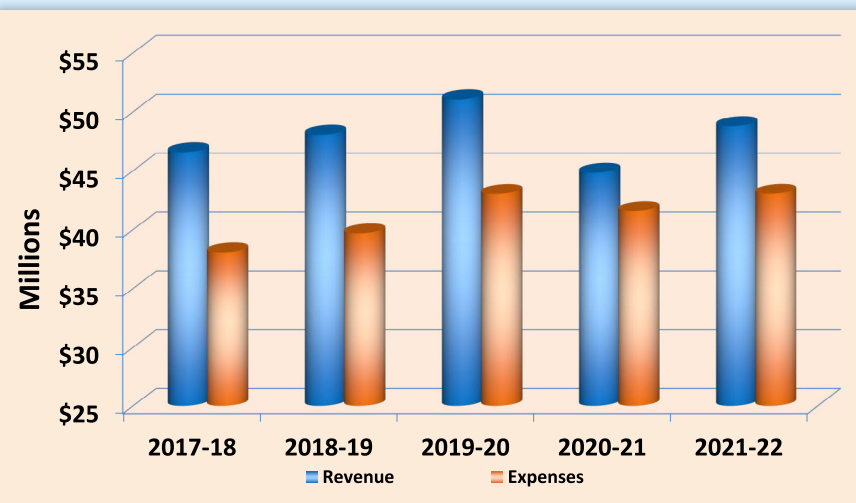
Sales and Income



The company's Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) grew by 21.6% or \$18.502 million, compared to \$15.212 million from the previous year. This was as a direct result of the 9% increase in overall revenues.

The company was able to provide discounts through a second round of its Amnesty Relief Program for customers with arrears exceeding one year. This resulted in a slight improvement in cash collections. Furthermore, total revenue was increased by 9% or \$3.954M from \$44.838 million to \$48.792 million. This was driven by a 3.8% boost in total water consumption. Total

Expenses increased slightly by 3.5% or \$1.476 million. Contributing to this increase were inflationary rise in direct materials cost and interest charges. Total expenses were \$43.056 million compared to last year's \$41.582 million. The Graph below shows the comparison of Revenues and Expenses for the last 5 fiscal years.



Dividends

As the extraordinary challenges continued, for the sixteenth 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 9% of net profit.

Based on the 40 million shares which have been issued, BWS' net profit of \$5.736 million resulted

in an increase in earnings to \$0.14 (fourteen cents) per share, compared to \$0.08 (eight cents) in the previous year. At the end of the year, Minority shareholders held 6,773,992 shares. With the approval of the majority shareholder - the Government of Belize, the Board has approved a total dividend of \$508,049 with payment to be made only to the minority shareholders who will receive the equivalent of \$0.075 (seven and a half cents) per share, the same amount as the previous year.

Major Costs and Expenses

The table insert shows the breakdown of costs for FY2021/22 as compared to the previous financial year.

Costs Summary	FY 2021/2022		FY 2020/2021	
	Total (BZ\$'000)	Percent of Total	Total (BZ\$'000)	Percent of Total
*Water Production Cost	2,871	6.67%	2,607	6.27%
*Electricity	3,130	7.27%	2,779	6.68%
*Staff Costs	13,204	30.67%	12,953	31.15%
Other Direct/Operating Costs	10,910	25.34%	11,096	26.68%
Total direct costs & Expenses	30,115	69.94%	29,435	70.79%
*Depreciation & Amortization	8,374	19.45%	8,490	20.42%
*Interest expense	3,471	8.06%	2,656	6.39%
Taxes & Fees	1,096	2.55%	1,001	2.41%
Total Other Expenses	12,941	30.06%	12,147	29.21%
Total Costs and Expenses	43,056	100.00%	41,582	100.00%
*Total Major Costs	31,050	72.12%	29,485	70.91%

Staff Costs, Interest, Depreciation and Electricity remain the major costs for the company. The main direct costs are 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, GOB continues to assist by covering debt repayments to the Caribbean Development Bank for loans #5 and #10 which totalled \$0.811M in principal and interest payments for this financial year. At the beginning of the 2021/22 financial year, BWS had outstanding debt of \$64.249 million. There were no loan drawdowns, however principal

repayments totalled \$2.581million as of March 31, 2022. Total outstanding debt on March 31, 2022 stood at \$61.668 million.

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	2021/22	2020/21
Beginning Balance	64,249	50,354
Draw downs/Increases	-	684
Principal Repaid	2,581	27,358
Debenture	-	40,569
Principal Balance	61,668	64,249
Debt Servicing		
Principal Repaid	2,581	27,358
Interest Charges	3,194	1,817
Total Debt Service	5,776	29,175
All figures in BZ\$ '000		

Asset Expansion and Improvement

Despite the challenges and budgetary restrictions created by COVID-19 during 2021/22, investments in new assets totalling \$17.046 million were undertaken. The company continued its strategic focus of expanding its water network in various municipalities and replacing aged infrastructures to improve on our pressure management controls and service delivery. BWS invested approximately \$3.5 million in expanding mains and service

connections and invested \$1.0 million in upgrading water mains along major highways in advance of highway improvement works. These upgrades provided improved pressure and flow of piped potable water to these areas.

The overall investment in assets inclusive of new assets, refurbishments and maintenance was \$21.880 million in 2021/22 as compared to \$14.169 million in 2020/21.



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	2021/22	2020/21
Plant & Equipment	11,352	3,619
Water Expansion	5,694	6,299
Total New Assets	17,046	9,917
Developer's Contributions & Grants	(1,262)	(3,548)
BWS Expenditure	15,784	6,370
Repairs & Maintenance	4,834	4,252
Total Assets & Maintenance	21,880	14,169
All figures in BZ\$ '000		

Government Contributions

During the course of FY 2021/22, GOB has contributed both directly and indirectly \$3.8M, made up as shown in the table insert.

Government Contributions	2021/22	2020/21
Debt Repayment	811	811
Expansion Projects	-	2,352
GST Savings - Zero Rated Status	3,005	1,761
Total Contributions	3,816	4,924
All figures in BZ\$ '000		



OPERATIONS

Overview

Fiscal year 2021/2022 experienced similar monetary restrictions and other challenges, as previous year of the current business plan due to COVID-19 Pandemic. This resulted in less than desired work scale and intensity. With these and other restrictions in placed, the company still has the responsibility of efficiently supplying an essential service to the major towns and cities of Belize.

The perennial drive for the company is to improve operational efficiency, to reduce water losses and as well as to control energy and other production costs. Given the critical requirement for potable water during the pandemic, continuity of service was maintained at an all-time high of 99.96%, and average pressure was maintained at the same levels from the previous year.

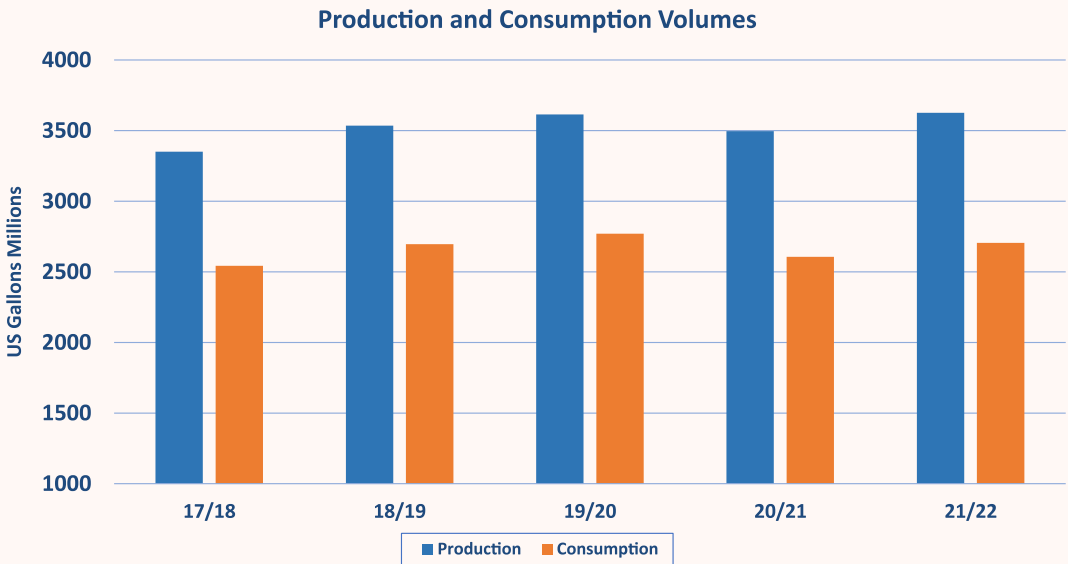
The comparison of the key performance indicators (KPIs) for the reporting year to the previous year is shown in the table below.

Operating KPI's	Year 2021/22	Year 2020/21	%Change
Water Production	3,625.9	3,495.7	3.7%
Water Sales	2,705.5	2,606.7	3.8%
Non-Revenue Water Volume	920.4	888.9	3.5%
Non-Revenue %	25.4%	25.4%	0.0%
Volume Figures are in Millions of US Gallons (MUSG)			

Production and Consumption

Water production volume for the year totalled 3,625.9 million US gallons (MUSG), a 3.7% increase from the previous year's 3,495.7 MUSG. The 2,705.5 MUSG of potable water consumed

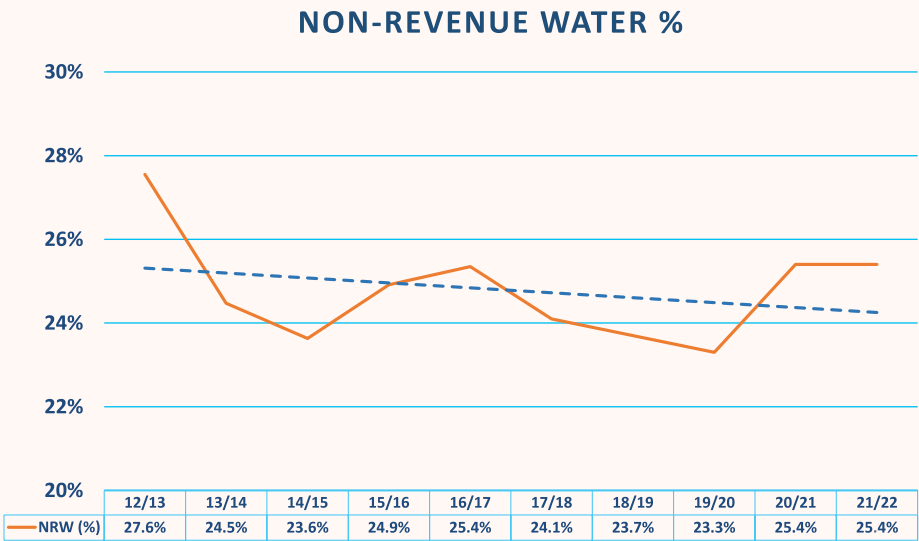
during this year, which was a 3.8% increase from previous year's 2,606.8 MUSG. The chart below highlights the movement in water production and consumption volumes for the past five (5) years:



Non-Revenue Water (NRW)

As was the case the previous year, the company's water loss reduction programme activity was curtailed due to work restrictions imposed in response to the pandemic. However, the overall NRW percentage was maintained at 25.4%, the same as the previous year. Driven by the increase in consumption and production described above, the water loss volume for this fiscal year of 920.4 MUSG is an increase of 3.5% from 888.9 MUSG the previous year.

This company remains proud of the achievement in keeping NRW at 25% or less for the past nine (9) 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 and trend in NRW percentage for the last ten (10) years.





The company introduced

BWS mobile app

which allows customers access to their billing information and contactless payment... among other features.

CUSTOMER SERVICES AND BILLING

Overview

While the pandemic again dampened overall consumption and income for the fiscal year 2021/22, there were increases in sales volume and in sales revenue when compared to the previous fiscal year. The last quarter of the fiscal year showed increased growth due to increases in commercial customers' usage volumes.

During the pandemic, in keeping with the company's strategic objectives of improving service and improving communication, BWS adapted and utilized various electronic platforms to facilitate customers to perform all service requests remotely. The company also introduced its mobile phone app which allows customers access their billing information, contactless payment, making reports/complaints and

submitting readings, among other features. These allowed the company and its customers to conduct business effectively, efficiently, and, perhaps more importantly, safely.

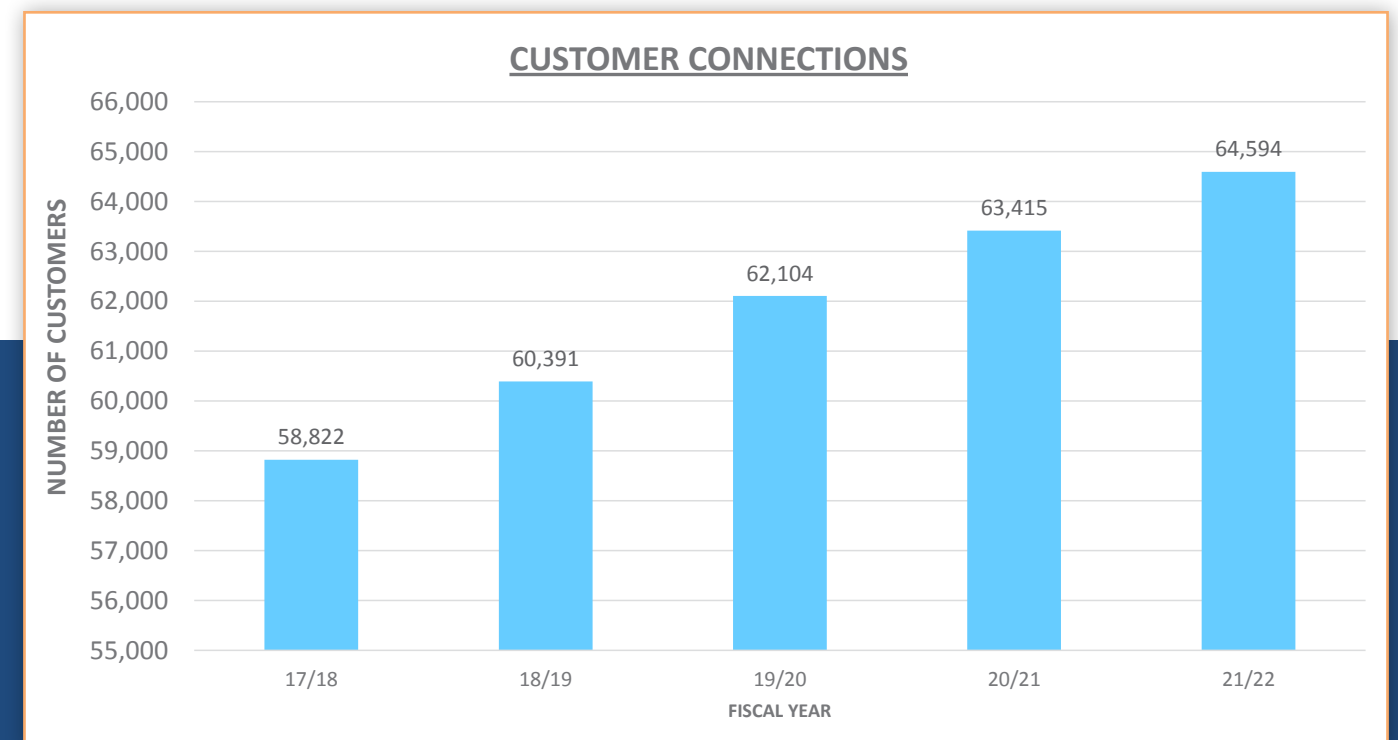
Customer arrears continued to increase throughout the fiscal year but slowed somewhat in the last quarter when collection activities were increased. By year-end, the over-90-days arrears accounted for 37% of the total outstanding receivables. This represents a significant portion of the customer base who have overdue balances which continues to be a concern during the recovery process. However, cash collections increased from \$42.338M to \$48.238M, a 12% increase when compared to previous year.

Sales

The company added 1,179 new customers, increasing the customer count from 63,415 the previous year to 64,594, a growth rate of 2%. Water sales volume for the year totalled 2,705.5 MUSG, a 3.8% increase from previous year volume of 2,606.7 MUSG. This increase in sales volume is reflective of the economic upturn in the tourism sector, as hotels and resorts are normally the highest consumption customers. It is expected that this sector will return to pre-pandemic levels during fiscal year 2022/23.

In 2021/22, the gross water sales revenue was \$47.515M, a 7.1% increase from the previous year's \$44.350M. The average monthly sales volume per connection recorded a 1% rise from 3,469 previous year to 3,514 US gallons. The average tariff per 1,000 gallons increased by 3.4% from \$16.96 to \$17.56. The average monthly revenue per connection increased by 4.5% from \$58.88 to \$61.71. The increase in our customer base was primarily due to an increase in residential connections which represents 91% of the connections recorded in the fiscal year.

Graph: Growth in Customer Connections Last Five Fiscal Years



ENGINEERING AND PROJECTS Overview

Despite the great challenges and budgetary restrictions created by COVID-19 pandemic, the company continued its strategic initiatives of expanding its water treatment plants and water networks in various municipalities and replacing aged infrastructures to improve on pressure management controls and service delivery. BWS invested \$3.5 million in expanding mains and service connections and \$1.0 million in upgrading water mains along major highways in advance of highway improvement works.

These upgrades provided improved pressure and flow of piped potable water to these areas. BWS continued its investment programme to meet the most critical needs of our country. Some 70 projects of varying magnitude were completed during the year. These were targeted to meet the strategic objectives to: Improve customer satisfaction, Increase customer base, Improve service delivery, and Improve Resources.

Water Distribution System

The company upgraded approximately 23,000 feet of water mains and 316 service connections country wide in year 2021/2022. Approximately \$1.0M were 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 \$3.65 M in water network expansion countrywide. This works included expansion of our water network system approximately by 53,500 feet and installation of 1700 service connections.

Major Project Works

San Ignacio Water Treatment Plant Phase 1: BWS invested significantly to build 500,000 Gallon Concrete Storage tank and 6,000 Square Foot Plant Building to improve security of supply of water to San Ignacio/Santa Elena towns and surrounding communities.

Sea Water Reverse Osmosis (SWRO) Plant, San Pedro: In order to meet growing demand of San Pedro, BWS invested \$5.5M into a new 600,000 gallon per day SWRO Plant in San Pedro. This investment supports economic growth of San Pedro while meeting most essential need of the community.

With this plant operational, production capacity for the San Pedro Plant increased from 600,000 gallon per day to 1.2 million gallon per day.

Standby Generator, Forest Home, PG: Forest Home pumping station is now equipped with Standby Generator which will permit water to be pumped during black-outs and provide security of supply in case of natural disaster.

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

Branch	Description
Belize	Sewer Workshop, Wilson Street
Belize	SCADA Control Center, HQ, BZ City
Belize	Operations Tools and Material Storage, HQ, BZ City
Corozal	Property Expansion, San Andres
Dangriga	Upgrade of DMZ for Sarawee Village
Orange Walk	Air Conditioning and Furnishing of OW Office.
Orange Walk	Concreting of Parking Lot, OW Office.
Punta Gorda	Supply and Install Generator, Forest Home
Placencia Peninsula	Refurbishment of Ground Tanks and Elevated Tanks
Placencia Peninsula	Improvements to Submarine Transmission Line
San Pedro	Refurbishment of Manholes, Sewer System
San Pedro	New supply wells for SWRO Plant



SPECIAL PROJECTS

Water Network Expansion to Sarawee Village, Stann Creek:

This project goal was to supply potable water to Sarawee Village. This involved installation of transmission and distribution lines, highway crossings and service connections. Phase 1 of the project extended potable water system from Dangriga Water Treatment Plant to Sarawee Village at cost of BZ\$1.046M, co-funded by the Belize Social Investment Fund (BZ\$355K) and BWS (BZ\$691K). It included installation of 14,255 ft of 6-inch PVC pipe, 7,160 ft of 4-inch PVC pipe, 14,287 ft of 3-inch PVC pipe and 149 service connections.

Major Funded Projects

The financial year ending March 31, 2022, saw BWS successfully completing two of its externally funded projects, with another two scheduled to be completed in the new financial year, and one major design consultancy scheduled to commence shortly.

1. Vulnerability Assessment and Water Sector Adaptation Planning Project

This consultancy was completed during the reporting year by HR Wallingford Limited of the United Kingdom as part of a wider CARIFORUM study and was funded by CCCCC and EU Intra ACP Global Climate Change Alliance (GCCA+). Through Belize's National Climate Change Office (NCCO), BWS successfully collaborated with the consultant to produce the final "Belize Water

Utility Adaptation Plan" which was submitted and accepted by all stakeholders. This plan will go a long way in enhancing climate resilience and achieving long-term sustainability of water utility services in Belize.

2. Disinfection Challenges in Rural Belize Project

The Inter-American Development Bank (IDB), at the request of GOB, executed a feasibility study to address "Water Disinfection Challenges in Rural Belize" with the aim of identifying potential solutions for small tourist destinations in Belize. BWS collaborated with the Ministry of Rural Transformation (MRT) in the selection of a firm to provide the consulting services which were successfully completed during the reporting year.

The IDB is now considering the implementation of the recommended disinfection technology from the consultancy through a pilot project for the Caye Caulker Water Distribution Network. The funding for this pilot will come through a Technical Cooperation (TC) agreement with the bank and is expected to commence in the new financial year.

3. Feasibility Study of Biogas Generation from Sewage Lagoons

The Caribbean Development Bank (CDB) is undertaking a feasibility study to determine the biogas potential of sewage lagoons in Belize with the ultimate goal of power generation and sustainability. The results of this study will act as a template for other similar projects in the Caribbean region. BWS has been collaborating with the CDB in the selection of a firm to provide the consultancy which is scheduled to commence in the new financial year.

4. Third Water (South Ambergris Caye Water & Sewerage Expansion) Project

BWS received funding from CDB towards special priority projects in San Pedro (South Ambergris Caye). Whilst the primary project component was to acquire Consolidated Water Belize Limited (CWBL), it also included two consultancies geared toward institutional strengthening. Contract signing for the Gender Policy and Operational Strategy for Human Resources Management and Improving Communication and Stakeholder Engagement consultancies was executed in January and March of 2022, respectively. These consultancies are on-going and are scheduled

to be completed by the end of the new financial year. BWS is also engaging CDB to utilize the undisbursed funds from this loan operation to fund additional works in the project area.

5. Detailed Design of Wastewater Treatment System for South Caye Caulker

The IDB approved a Non-Reimbursable Technical Cooperation (TC) agreement of US\$250K to GOB to fund consultancy services for a Detailed Design of a Wastewater Treatment System for South Caye Caulker. As Executing Agency, BWS has committed up to US\$50K towards project management for this consultancy.

The procurement process for the selection of a consultant to execute the detailed designs and is currently in the final stages. The consultancy is scheduled to officially commence by mid-2022 and is expected to last 12 months.



HUMAN RESOURCES AND PUBLIC RELATIONS

Staff Relations

The pandemic disruption continued for the country, and for BWS during the year. Board and Management facilitated staff by approving a number of measures and protocols to assist with making work and travel as safe as possible.

These efforts contributed to showing employees that the company’s commitment goes beyond profits and cost control. Jobs were guaranteed for established permanent workers and a number of initiatives to assist staff were implemented, including mental health forums and transportation assistance. Protocols and policies were formulated and revised with staff well-being at the forefront, while ensuring continued excellent service to our valued customers. Through these well-planned

efforts to ensure workplace safety and provide staff with flexible work options, the company was able to retain 100% of its permanent staff and actually attract and hire some new staff during this unprecedented time when many entities were laying off employees. With the cooperation of the workers’ union and employees, the overall staff cost was reduced compared to the year immediately prior to COVID-19, even with the many pro-staff initiatives.

The number of permanent staff increased from 285 to 296. However, due to COVID-related work reductions, the number of temporary employees decreased from 116 the previous year to 99 at March 31, 2022.

Employee Well-being and Performance

The Human Resources Pandemic Committee (HRPC) implemented a number of initiatives including remote work and work rotation aimed at limiting in-person contact. The HRPC also monitored the ever-changing conditions and regulations and coordinated and communicated swift changes in policies to staff.

Cognizant of the mental challenges and stress brought about by the pandemic and the ever-evolving situation, the company made health and well-being a major focus area. A number of counselling and training sessions were organized and other supportive actions were taken in this regard. Employees continued to engage in several staff initiatives which promoted staff wellbeing, including healthy living, safety practices and an improved group health insurance program.

The company continued to develop our staff which saw some 817 instances of employee developmental training, a number of which were certified trainings. This investment in human capital led to thirteen internal promotions during the year. These help to build careers and strengthen succession planning, which are

both targets of our strategic objectives at the organizational capacity tier of our strategic plan.

The company continues to reward employees for their outstanding performance, which continues to be a positive driver as it builds morale and job satisfaction. Of the 297 total employees, 263 were eligible for appraisals, with 237 (90%) awarded increments for their performances.. During the year, 24 employees were recognized for long tenure and excellent service.

Public Relations

The key Public Relations objective is to improve stakeholder relations. In this regard, BWS made significant donations to deserving social and educational programs such as the RESTORE BELIZE Scholarship Program, Belize Celebration Committee, St. Peter’s Anglican School, and numerous other social, underprivileged or deserving entities and individuals.

Our Assistance program continues to be effective as this limited resource was utilized to reach underserved areas of our communities where there is greater need. The company donated food items to feeding pantry programs, sponsorship of various sporting activities, and support to more established organization such as Cancer Society, the Diabetes and Kidney Association.



Information Technology

The company continued to utilize Information Technology to improve performance, and to foster teamwork and collaboration to better assist in the provision of service to our customers and stakeholders. With COVID-19 lockdown or restrictive measures regulated during the year, the company was able to continue to operate using its IT infrastructure which facilitated staff whether working from their normal work location or remotely from home. The company's commitment to providing reliable services that meet customers' needs and support employees in performing their tasks in an efficient and productive manner paid off during the pandemic. BWS utilized modern technology to serve as a platform for improved business processes and to mitigate against emerging threats and risks.

With security being a foremost concern, the company upgraded the firewalls, VPNS and enrolled our staff in training on cyber safety courses. In addition, we configured multi factor authentication on our cloud services for increased data security.

To facilitate our customer's need to view up to date information on their account we created and released a BWS phone App. This allowed customers to view their bills, report problems and request service. We have also created and made available APIs which facilitate integration with Digital Wallets (being developed by BTL, Belize Bank and National Bank of Belize). We have some exciting projects in the pipeline for the coming year which will allow us to be more responsive and efficient when responding to customer needs.

Despite the challenges during the year, BWS was able to maintain over 99.9% uptime for IT services countrywide. BWS continues to enhance our core network infrastructure to facilitate business growth. As a non-stop 'always-on' utility, continuity of service is one of our primary objectives.

Online bill payments via the banks and through payment agents was a key to our business efficiency. Not surprisingly, given the COVID-19 measures that continued during 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 2021/22, third party collections accounted for 52% (up from 44%),

this is notable as it is the first year that collections by third parties were more than collections taken at BWS offices. This year, we added Holy Redeemer Credit Union to our list of authorized agents.

Internal Audit

While risk-based audit engagements are Internal Audit's main focus, in order to ensure compliance, appropriate control measures and overall good governance, the department also conducts consultation engagements based upon the request of Management and the Board. During the year, a total of seventeen engagements were completed. These engagements affected the operations, customer services, technical services, finance, human resources, strategic and information technology departments. These were a combination of planned audits, spot checks and investigation. Planned audits are based on the established risk register. 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. Management and the Board also use the results of these audits to improve the performance and accountability of the company.

The Internal Audit complement continue to receive training which adds value to the company. Going in the second year of the change in working conditions due to COVID-19, BWS continued its safe practices of having staff work from home and/ or also working a shift rotation. This created risks of its own. Internal Audit focused on attending trainings of the nature which focused on the risks associated with working from home and coping with a pandemic. This included new approaches to audit testing that would be able to satisfy mandated Coronavirus restrictions.

Management continued to cope with the risk of the Coronavirus. Conducting risk assessment proved that management was serious about minimizing the risk of exposure to staff, while ensuring service to customers.

The Board of Directors' and Management's close monitoring of risk combined with Internal Audit's continuous monitoring resulted in improved processes and controls in place.

KEY PERFORMANCE INDICATORS (KPI'S)

Description of KPI	UNIT	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
PROFITABILITY											
Gross Revenue	\$' 000	48,792	44,838	51,076	48,074	46,584	45,484	43,194	40,084	34,923	33,583
Operations and Maintenance	\$' 000	30,290	29,626	31,898	29,797	29,166	28,269	25,889	25,725	24,640	24,535
EBITDA	\$' 000	18,502	15,212	19,178	18,277	17,418	17,215	17,305	14,359	10,282	9,049
EBIT	\$' 000	10,128	6,722	11,206	11,729	11,304	11,453	12,336	9,501	5,608	5,095
Net Profit (Loss)	\$' 000	5,736	3,256	8,034	8,983	8,509	8,586	9,690	6,765	2,961	2,360
EBITDA/Net Turnover	%	38%	34%	38%	38%	37%	38%	40%	36%	29%	27%
Earnings Per Share	\$	0.143	0.081	0.201	0.225	0.213	0.215	0.242	0.169	0.074	0.059
Dividends Per Share ¹	\$	0.0127	0.0127	0.0190	0.0190	0.0190	0.0190	0.0189	0.0126	0.0126	0.0126
Retained Earnings (Deficit)	\$' 000	72,249	67,021	64,272	56,999	48,774	41,022	33,195	24,262	18,003	15,546
LIABILITIES & EQUITY											
Long Term Liabilities*	\$' 000	113,366	115,497	98,195	98,382	54,551	51,809	52,217	40,149	43,947	44,330
Current Liabilities	\$' 000	13,084	11,614	14,851	11,672	12,442	11,187	10,558	11,655	13,189	13,162
Total Equity	\$' 000	212,791	207,562	204,923	175,327	167,102	159,351	150,856	111,253	104,993	102,537
ASSETS											
Current Assets	\$' 000	34,786	37,728	21,950	28,860	32,650	33,143	32,325	14,995	15,396	14,341
Total Net Assets	\$' 000	339,240	334,674	317,969	285,381	234,096	222,348	213,631	163,057	162,129	160,029
Additions to Assets	\$' 000	14,965	9,620	26,258	23,289	19,353	19,187	21,041	12,197	12,124	10,906
BALANCE SHEET STRUCTURE											
Current Assets/Current Liabilities	No.	2.66	3.25	1.48	2.47	2.62	2.96	3.06	1.29	1.17	1.09
Gearing (LT Liabilities/Equity)	%	53%	56%	48%	56%	33%	33%	35%	36%	42%	43%
Total Assets/Total Equity	No.	1.59	1.61	1.55	1.63	1.40	1.40	1.42	1.47	1.54	1.56
Total Assets/Share Capital	No.	5.65	5.58	5.30	4.76	3.90	3.71	3.56	2.72	2.70	2.67
Return on Assets(EBIT/Avg. Assets)	%	3.0%	2.1%	3.7%	4.5%	5.0%	5.3%	6.5%	5.8%	3.5%	3.2%
WATER VOLUMES											
Water Production	MUSG	3,625.9	3,495.7	3,613.7	3,534.5	3,350.9	3,356.2	3,202.4	2,982.8	2,787.1	2,788.8
Water Sales	MUSG	2,705.5	2,606.8	2,770.5	2,695.4	2,543.0	2,505.4	2,404.6	2,277.9	2,105.0	2,020.4
Non-Revenue Water Volume	MUSG	920.4	888.9	843.2	839.1	812.4	850.8	797.8	704.9	682.1	768.4
Non-Revenue Water %	%	25.4%	25.4%	23.3%	23.7%	24.1%	25.4%	24.9%	23.6%	24.5%	27.6%
Non-Revenue Water (M ³ /Conn/Day)	M ³	0.15	0.15	0.14	0.15	0.15	0.16	0.15	0.14	0.14	0.17
Non-Revenue Water (M ³ /Km/Day)	M ³	6.09	5.94	5.66	5.78	5.69	6.11	5.89	5.38	5.35	6.49
CONNECTIONS											
Beginning Connections	No.	63,415	62,104	60,391	58,822	57,234	55,484	53,477	51,433	49,138	47,906
New Connections Added	No.	5,099	4,364	4,917	4,769	4,614	4,893	4,846	4,836	5,234	4,500
Requested Disconnections	No.	2,780	2,857	2,134	2,075	2,111	2,101	1,999	2,062	2,039	2,009
Disconnections - Non-payment	No.	3,681	1,486	11,444	9,941	8,807	9,539	7,088	7,618	11,950	12,380
Total Disconnections	No.	6,461	4,343	13,578	12,016	10,918	11,640	9,087	9,680	13,989	14,389
Reconnections	No.	2,541	1,290	10,374	8,816	7,892	8,497	6,248	6,888	10,591	11,120
Ending Connections	No.	64,594	63,415	62,104	60,391	58,822	57,234	55,484	53,477	50,974	49,137
Ending Sewer Connections**	No.	11,647	11,587	11,594	11,382	10,972	10,843	10,691	10,519	10,264	10,158
BILLING											
Avg. Number of Connections	No.	64,005	62,760	61,248	59,607	58,028	56,359	54,481	52,226	50,056	47,599
Water Sales Revenue	\$' 000	47,514	44,350	49,387	46,546	44,979	44,076	42,026	38,965	34,151	32,815
Avg. Usage per Connection Monthly	Gal	3,523	3,469	3,767	3,710	3,649	3,704	3,669	3,626	3,504	3,537
Avg. Sales per Connection Monthly	\$	61.71	58.88	67.44	65.32	64.73	65.33	64.44	62.27	57.5	56.32
Avg. Tariff per 1000 Gallons	\$	17.56	16.96	17.90	17.82	17.74	17.59	17.48	17.11	16.22	16.24
OPERATIONAL EFFICIENCY											
Continuity of Supply	%	99.96	99.95	99.82	99.91	99.94	99.89	99.92	99.9	99.87	99.9
Avg. No. of Staff (Permanent)	No.	296	285	298	293	294	287	262	256	251	252
Staff Per 1000 Connections	No.	4.6	4.5	4.9	4.9	5.1	5.1	4.8	4.9	5.0	5.3
Total Staff Costs	\$'000	13,204	12,953	13,586	12,501	11,376	10,423	9,739	8,931	8,546	8,567
Staff Costs/Emp.	\$	4,461	4,545	4,559	4,267	3,869	3,632	3,717	3,489	3,405	3,400
Revenue/Emp.	\$	164,839	157,326	171,395	164,075	158,449	158,480	164,864	156,580	139,135	133,267
COLLECTION EFFICIENCY											
Overdue Debtors/Trade Debtors	%	25.6%	29.3%	15.6%	11.0%	16.6%	10.2%	14.4%	12.4%	14.0%	13.4%
Bad Debts Write Off/Net Turnover	%	0.8%	4.6%	0.2%	0.2%	0.2%	0.3%	0.3%	0.4%	0.0%	0.2%
Collection Efficiency	%	93.4%	92.7%	98.6%	98.8%	98.3%	98.9%	98.8%	98.9%	98.2%	98.3%
WATER INFRASTRUCTURE											
Total Length of Mains**	Miles	973.8	963.7	956.9	935.8	919.7	897.7	870.1	844.3	821.45	763.03
Total Length of Mains**	Km	1,567	1,551	1,540	1,506	1,480	1,445	1,400	1,359	1,322	1,228
Length of Mains/Connection	Ft.	79.6	80.2	81.4	81.8	82.6	82.8	82.8	83.4	85.1	82.0

KPI Description Note	Key - Units	Key - Units	Key - Units
**=Includes some estimated figures	MUSG = Millions of US Gallons	Gal = US Gallon	% = Percentage
¹ See Management report for details	\$' 000 = BZ\$ Thousands	No. = Number/Count of Units/Ratio	Ft. = Feet
* Reclassification of Capital Contributions	\$ = Belize Dollars	M ³ = Cubic meters (1M ³ = 264.1721Gal)	Km. = Kilometer

BELIZE WATER SERVICES LIMITED

FINANCIAL STATEMENTS & INDEPENDENT AUDITOR’S REPORT

For the year ended 31 March 2022



Belize Water Services Limited

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Independent auditor's report to the shareholders of Belize Water Services Limited

Opinion

We have audited the accompanying financial statements of Belize Water Services Limited which comprise of the statement of financial position as at 31 March 2022 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Belize Water Services Limited as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

The financial statements of Belize Water Services Limited for the year ended 31 March 2021 were audited by another auditor who expressed an unqualified opinion on those statements dated 25 June 2021.

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 Belize Water Services Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), 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 provide a basis for our audit opinion.

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

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

In preparing the financial statements, management is responsible for assessing the ability of Belize Water Services Limited 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 business or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we:

- (i) exercise professional judgement and maintain professional skepticism throughout the audit.
- (ii) 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.
- (iii) 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 entity's internal control.
- (iv) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (v) 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 ability of Belize Water Services Limited to continue as a going concern. If we should conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- (vi) 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.
- (vii) obtain sufficient audit evidence regarding the financial information of Belize Water Services Limited to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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

BDO Belize LLP
BDO Belize LLP

22 June 2022



Belize Water Services Limited

Statement of financial position

As at 31 March
(In Belize dollars)

	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	6	297,859,307	290,966,554
Intangible assets	7	4,844,695	5,979,319
Investment (sinking fund)	17	1,750,000	-
		<u>304,454,002</u>	<u>296,945,872</u>
Current assets			
Materials and supplies	8	8,583,174	7,565,286
Contract balances and other receivables	9	9,782,511	7,690,962
Cash and cash equivalents	10	16,420,489	22,471,703
		<u>34,786,174</u>	<u>37,727,951</u>
Total assets		<u>339,240,176</u>	<u>334,673,824</u>
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	11	60,000,001	60,000,001
Contributed capital reserve (Government of Belize)	12	11,714,281	11,714,281
Capital reserve on vesting	13	15,276,362	15,276,362
Revaluation reserve	14	53,551,307	53,551,307
Retained earnings		72,248,633	67,020,541
Total equity		<u>212,790,584</u>	<u>207,562,492</u>
Liabilities			
Non-current liabilities			
Capital contributions	15	37,059,051	36,464,701
Long term borrowings	16	18,277,204	20,858,565
Deferred income	28	17,460,452	17,604,685
Debentures	17	40,569,000	40,569,000
		<u>113,365,707</u>	<u>115,496,951</u>
Current liabilities			
Current portion - borrowings	16	2,821,803	2,821,803
Trade and other payables	18	10,262,082	8,792,578
		<u>13,083,885</u>	<u>11,614,381</u>
Total liabilities		<u>126,449,592</u>	<u>127,111,332</u>
Total equity and liabilities		<u>339,240,176</u>	<u>334,673,824</u>

Approved on behalf of the Board of Directors and authorized for issue on 30 June 2022.

Signature of Director:  _____ Signature of Director:  _____

Print Name: Cornelio Acosta Print Name: Cresencio Sosa Jr.

See accompanying notes which are an integral part of these financial statements.

Belize Water Services Limited

Statement of comprehensive income

For the year ended 31 March
(In Belize dollars)

	Notes	2022	2021
Operating revenue	19	48,724,183	44,703,666
Other income	23	68,142	134,334
Gross revenue		<u>48,792,325</u>	<u>44,837,999</u>
Materials and other external costs	20	(6,001,995)	(5,386,832)
Staff costs	21	(13,204,473)	(12,952,923)
Other operating charges	22	(11,148,291)	(11,205,571)
Depreciation and amortization	27	(8,374,319)	(8,489,750)
Profit/(loss) on disposal of asset		64,896	(80,560)
Profit before interest and tax		<u>10,128,143</u>	<u>6,722,363</u>
Finance costs	24	(3,538,873)	(2,688,162)
Profit before tax		<u>6,589,270</u>	<u>4,034,201</u>
Business tax	25	(853,129)	(777,891)
Profit for the year		<u>5,736,141</u>	<u>3,256,310</u>
Other comprehensive income not allocated to profits			
(Adjustment) on revaluation of land	14	-	(109,345)
Total comprehensive income for the year		<u>5,736,141</u>	<u>3,146,965</u>
Basic earnings per share			
Basic earnings per share	26	<u>0.14</u>	<u>0.08</u>

Basic earnings per share

Basic earnings per share 26 0.14 0.08

See accompanying notes which are an integral part of these financial statements.

Belize Water Services Limited

Statement of changes in equity
For the year ended 31 March
(In Belize dollars)

	Attributable to equity holders of the Company					
	Share Capital	Contributed capital	Capital reserve	Revaluation reserve	Retained earnings	Total
At 1 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 32)	-	-	-	-	(507,599)	(507,599)
Land revaluation (Note 14)	-	-	-	(109,345)	-	(109,345)
At 31 March 2021	60,000,001	11,714,281	15,276,362	53,551,307	67,020,541	207,562,492
At 1 April 2021	60,000,001	11,714,281	15,276,362	53,551,307	67,020,541	207,562,492
Profit for the year	-	-	-	-	5,736,141	5,736,141
Dividends declared (Note 32)	-	-	-	-	(508,049)	(508,049)
At 31 March 2022	60,000,001	11,714,281	15,276,362	53,551,307	72,248,633	212,790,584

See accompanying notes which are an integral part of these financial statements.

Belize Water Services Limited

Statement of cash flows
For the year ended 31 March
(In Belize dollars)

	Notes	2022	2021
Cash flows from operating activities			
Profit for the year		5,736,141	3,256,310
Adjustments for:			
- depreciation and amortization		8,374,319	8,489,752
- loss on disposal of property, plant and equipment		(64,896)	80,560
- impairment allowance	9	165,000	1,950,000
- valuation reserve disposal	14	-	(109,345)
- intangible asset	7	-	(612,371)
		14,210,564	13,054,906
Changes in working capital:			
- contract balances and other receivables	9	(2,256,547)	(1,784,915)
- materials and supplies	8	(1,017,888)	701,373
- trade and other payables	18	1,469,504	(2,955,986)
Cash generated from operating activities		12,405,633	9,015,378
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(14,964,931)	(9,620,123)
Contributions to fixed assets	15	1,262,235	3,547,860
Proceeds from sale of property, plant and equipment		229,493	110,610
Investments	17	(1,750,000)	-
Net cash (used in) investing activities		(15,223,203)	(5,961,653)
Cash flows from financing activities			
Dividends	32	(508,049)	(507,599)
Repayment of borrowings	16	(2,581,362)	(26,673,493)
(Decrease)/increase in deferred income	28	(144,233)	202,624
Issuance of debentures	17	-	40,569,000
Net cash (used in)/provided by financing activities		(3,233,644)	13,590,532
Net (decrease)/increase in cash and cash equivalents		(6,051,214)	16,644,257
Cash and cash equivalents, beginning of period	10	22,471,703	5,827,446
Cash and cash equivalents, end of period		<u>16,420,489</u>	<u>22,471,703</u>
Comprised of:			
Cash on hand		18,650	19,059
Bank balances		14,112,284	20,163,221
Short-term deposits		2,289,555	2,289,423
		<u>16,420,489</u>	<u>22,471,703</u>

See accompanying notes which are an integral part of these financial statements.

1. General information

Belize Water Services Limited (BWSL) ("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 64,000 connections or approximately 270,000 consumers. The registered office is at 7 Central American Boulevard, Belize City, Belize.

Effective 1 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 utilizes 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. Financial statements for the years ended 31 March 2022 and 2021 are presented on a basis of full merger of CWBL into BWSL.

2. Summary of significant accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) under the historical cost convention, as modified by the revaluation of land and buildings.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the economic environment in which the Company operates ("functional currency"). The financial statements are presented in Belize dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Transactions in United States currency and balances at each year-end have been converted to Belize currency at the rate of U.S. \$1.00 to BZ \$2.00. Currency transaction gains and losses are reflected in earnings.

2. Summary of significant accounting policies (continued)

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to reduce their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	5-40 years
Furniture, fixtures and office equipment	5 years
Computer software	5-10 years
Motor vehicles	5 years

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Maintenance and repairs are expensed as incurred. Extensive modifications and improvements to fixed assets are capitalized and written off together with the asset to which the work is related over its remaining useful economic life. The cost and accumulated depreciation of assets sold or retired are eliminated from the accounts and gain or loss on disposal is included in income.

Materials and supplies

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

Contract rights

Contract rights are amounts due from customers for services performed or goods sold in the ordinary course of business and are stated at their amortized cost less any allowances for doubtful receivables. If collection is expected in one year or less, 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 \$2,314,000 for the year ended 2022. The carrying amount of current receivables is considered to be the same as their fair value, given their short term nature.

2. Summary of significant accounting policies (continued)

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are disclosed within borrowings under current liabilities on the balance sheet.

2. Summary of significant accounting policies (continued)

Impairment of financial assets

Assets carried at amortized cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after recognition of the asset (a “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors, or a group of debtors, is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognized in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the profit or loss.

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 capitalization.

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

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

Related parties

An entity is related to the Company, if:

- (i) directly, or indirectly through one or more intermediaries, the entity controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Company that gives it significant influence over the company; or has joint control over the Company;
- (ii) the entity is an associate of the Company;
- (iii) the entity is a joint venture in which the Company is a venturer;
- (iv) the entity is a member of the key management personnel of the Company or its parent;
- (v) the entity is a close member of the family or any individual referred to in (i) or (iv);
- (vi) the entity is the Company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the entity is a post-employment benefit plan for the benefit of employees of the Company, or of any Company that is a related party of the Company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Government grants and other contributions

Government grants

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

Other contributions

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

Trade and other payables

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 amortized cost using the effective interest rate method.

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

Trade and other payables (continued)

The average credit period on purchases of goods approximates 104 days (2021: 89 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 the liability.

Security deposits

Security deposits are recognized 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.

Liability provisions

Liability provisions are recognized 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.

Revenue from contracts with customers

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 recognized 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 acts as principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer. The Company complies with IFRS 15, Revenue from Contracts with Customers.

Other income

Other income includes interest income which is recognized using the effective interest method.

2. Summary of significant accounting policies (continued)

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.

Dividends

Dividend distributions to the Company's shareholders is recognized as a liability in the period in which the dividends are declared by the Company's Board of Directors.

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 exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. 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 is reduced to its recoverable amount. An impairment loss is recognized 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 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 recognized in prior years.

A reversal of an impairment loss is recognized 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.

Financial instruments

a. *Recognition and derecognition of financial instruments*

Financial instruments, other than derivative financial instruments, are recognized 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 recognized using the trade date that the Company commits to purchase or sell.

2. Summary of significant accounting policies (continued)

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 recognized at transaction cost, if they do not contain a significant financing element (IFRS 15). Note 4 provides additional information.

Financial assets are derecognized 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 recognizes the differences between carrying amount and consideration in profit or loss.

Financial liabilities are derecognized when, and only 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 recognized in profit or loss.

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

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. *Amortized cost*

Assets measured at amortized cost are held for the purpose of obtaining contractual cash flows such as trade receivables including contract assets. Interest, when applicable, is calculated using effective interest method and included in finance income in profit or loss. Impairment is presented in a separate line in profit or loss.

ii. *Fair value through other comprehensive income (FVOCI)*

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

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

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

b. *Classification and subsequent measurement of financial assets (continued)*

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

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis, within finance costs in the statement of comprehensive income.

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

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Share capital

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

Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization 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 amortized 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 amortization 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.

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

Subsequent events

The Company has evaluated subsequent events for recognition and disclosure through 21 June 2022 which is the date of the audit report.

3. Financial risk management

The Company's activities expose it 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.

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 optimize 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 shareholders', regulators and stakeholders.
 - To maintain healthy capital ratios in order to support its business objectives and maximize shareholder value.

Notes to the financial statements
(In Belize dollars)

3. Financial risk management (continued)

Approach to capital management

The Company seeks to optimize the structure and sources of capital to enable it to consistently maximize 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 targets 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 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 infrastructural works that ease 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:

	2022	2021
Debt (i)	61,668,007	64,249,368
Cash and cash equivalents	(16,418,898)	(22,471,703)
Net debt	45,249,109	41,777,665
Equity (ii)	212,788,993	207,562,491
Gearing ratio	21%	20%

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

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

Liquidity risk

Liquidity risk 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.

Notes to the financial statements
(In Belize dollars)

3. Financial risk management (continued)

Credit risk

The Company’s exposure to credit risk is the risk that a financial loss may take place if customers fail to meet their obligation arising mainly from credit sales. As at 31 March 2022 and 31 March 2021 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 2022 of \$246,349 (2021 - \$173,840).

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 organizational structure allowing independence among business areas, risk control and record keeping. It includes a proper operational segregation of duties in recording, reconciliation and authorization 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.

4. Critical accounting estimates and judgments

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

Useful lives of property, plant and equipment

4. Critical accounting estimates and judgments (continued)

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

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 utilized an average installation cost per foot, based on a costing breakdown which included pipes and fittings, bedding and restoration material, labor 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.

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 to 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.

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.

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 recognized as a loss whenever it is determined that the current asset value, net of amortization, is less than the remaining future value of obligations under the original contract by CWBL.

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

The Company adopts newly issued accounting standards and amendments in the year stipulated for adoption to the extent they are relevant to the Company's operations. The Company may adopt a newly issued standard or amendment if early adoption is permitted. The effect of adoption, if material, is disclosed in the financial statements.

New and amended accounting standards stipulated for adoption in fiscal 2022

Effective fiscal 2022, the Company adopted the following new and amended standards which did not have a material impact on the financial statements:

- 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.

New and amended accounting standards stipulated for adoption in fiscal 2023

Reference to the Conceptual Framework (Amendments to IFRS). The amendments update an outdated reference to the Conceptual Framework in IFRS without significantly changing the requirements in the standard.

Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16). The amendments require that proceeds from selling items produced while bringing the asset to condition and location necessary for it to be capable of operating in the manner intended by management, and the cost of producing them be recognized in profit or loss.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37). The amendments specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract", such as incremental costs of fulfilling the contract or allocation of other costs that relate to fulfilling the contract.

Annual Improvements to IFRS Standards 2018-2020 IFRS9. The amendment clarifies which fees an entity includes when it applies the "10 percent test" in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

Belize Water Services Limited

Notes to the financial statements (In Belize dollars)

6. Property, plant and equipment

	Freehold and leasehold property	Plant and equipment	Infrastructure	Construction in progress	Total
Cost or valuation					
At 1 April 2021	55,753,319	75,338,890	206,669,551	15,974,259	353,736,019
Additions	342,964	2,222,267	92,675	12,307,000	14,964,906
Transfers	1,146,268	10,456,740	5,618,506	(17,221,514)	-
Disposals/reclass	(550)	(2,815,978)	(17,456)	-	(2,833,984)
Adjustments		2	(51)	74	25
At 31 March 2022	57,242,001	85,201,921	212,363,225	11,059,819	365,866,966
Accumulated depreciation					
At 1 April 2021	(2,206,882)	(39,759,026)	(20,803,557)	-	(62,769,465)
Charge	(434,831)	(3,911,409)	(3,561,339)	-	(7,907,579)
Disposals/reclass	(143)	2,665,065	4,462	-	2,669,384
Adjustments	149	460	(608)	-	1
At 31 March 2022	(2,641,707)	(41,004,910)	(24,361,042)	-	(68,007,659)
Net book value					
At 31 March 2022	54,600,294	44,197,011	188,002,183	11,059,819	297,859,307
At 31 March 2021	53,546,437	35,579,864	185,865,994	15,974,259	290,966,554

As at 31 March 2022, 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 \$62,023,930 (2020 - \$63,005,062).

7. Intangible assets

	Contact rights	Debentures finance costs	Total
Cost or valuation			
At 1 April 2021	7,513,719	612,371	8,126,090
Additions			
At 31 March 2022	7,513,719	612,371	8,126,090
Accumulated amortization			
At 1 April 2021	(2,146,770)	-	(2,146,770)
Charge	(1,073,388)	(61,237)	(1,134,625)
At 31 March 2022	(3,220,158)	(61,237)	(3,281,395)
Net book value			
At 31 March 2022	4,293,561	551,134	4,844,695
At 31 March 2021	5,366,949	612,371	5,979,319

Belize Water Services Limited

Notes to the financial statements (In Belize dollars)

8. Materials and supplies

	2022	2021
Pipework and appurtenances	7,729,110	7,142,637
Spares and consumables	265,105	205,150
Fuel and chemicals	526,729	153,968
Office supplies	126,851	132,442
	8,647,795	7,634,197
Less: Provision for obsolete materials and supplies	(64,621)	(68,911)
	8,583,174	7,565,286

9. Contract balances and other receivables

	2022	2021
Contact balances with customers	6,396,124	6,078,206
Allowance for doubtful debts	(2,314,000)	(2,149,000)
	4,082,124	3,929,205
Other receivables	2,745,272	2,741,914
Prepayments	2,955,115	1,019,843
	9,782,511	7,690,962

Allowance for doubtful debts consist of the following:

	2022	2021
Allowance, beginning of the year	2,149,000	199,000
Increase in allowance	390,635	2,076,669
Reversal of the allowance	(225,635)	(126,668)
Provision, end of the year	2,314,000	2,149,000

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 is estimated as follows:

2022	0-30	31-60	61-90	90+	Total
Expected credit loss %	0%	0%	90%	90%	
Gross carrying amount of contract balances	2,295,978	1,529,047	492,287	2,078,812	6,396,124
Lifetime expected loss	-	-	443,058	1,870,942	2,314,000
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

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

10. Cash and cash equivalents

	2022	2021
Current accounts	14,112,284	20,163,222
Short-term fixed deposits	2,289,555	2,289,423
Cash on hand	18,650	19,059
	<u>16,420,489</u>	<u>22,471,703</u>

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

11. Share capital

	2022	2021
Authorized		
66,666,666 ordinary shares of \$1.50 each	100,000,000	100,000,000
1 Special Rights Redeemable Preference Share	1	1
	<u>100,000,001</u>	<u>100,000,001</u>
Issued and fully paid		
40,000,000 ordinary shares of \$1.50 each	60,000,000	60,000,000
Special Rights Redeemable Preference Share	1	1
	<u>60,000,001</u>	<u>60,000,001</u>

	2022	2021
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%
	<u>100.00%</u>	<u>100.00%</u>

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.

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

11. Share capital (continued)

Special Rights Redeemable Preference Share (continued)

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:

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

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

12. Contributed capital

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

13. Capital reserve

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

14. Revaluation reserve

	2022	2021
Beginning balance	53,551,307	53,660,652
(Adjustment) on revaluation of property - Ambergris Caye	-	(109,345)
	<u>53,551,307</u>	<u>53,551,307</u>

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

14. Revaluation reserve (continued)

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 at 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 \$22,322,850 for these ten properties.

An additional appraisal from Mitchell-Moody Associates was obtained in the amount of \$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. Note 4 discusses the impact of this transaction in further detail.

Driven by written requests from the Public Utilities Commission (PUC), the fixed asset revaluation exercise commenced in September 2014. A consultant was hired to collate all findings and develop a detailed asset register by asset type, location, value, date acquired and remaining useful life among other specifications. The Board of Directors approved the proposal by Management to employ the valuation method for Water Infrastructure and Buildings. As a result of the revaluation exercise, there was a total net gain of \$30,670,741. This breakdown includes \$1,685,277 on Buildings and \$28,985,464 on Water Infrastructure assets. In 2017 a part of water infrastructure assets was revalued for the total net gain of \$686,792.

15. Total contributions and total amortizations

	2022	2021
Capital contributions:		
Beginning balance	40,185,941	36,638,081
Additions	1,262,235	3,547,860
	<u>41,448,176</u>	<u>40,185,941</u>
Capital contribution amortization:		
Beginning balance	(3,721,240)	(3,096,002)
Amortization	(667,885)	(625,002)
	<u>(4,389,125)</u>	<u>(3,721,240)</u>
Capital contributions - net	<u>37,059,051</u>	<u>36,464,701</u>

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

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

16. Long-term debt

	2022	2021
(i) Caribbean Development Bank #10	3,177,406	3,624,282
(ii) Caribbean Development Bank #5	2,431,839	2,658,056
(iii) Belize Wastewater Revolving Fund	2,702,490	3,482,469
(iv) Caribbean Development Bank #22	<u>12,787,272</u>	<u>13,915,561</u>
	21,099,007	23,680,369
Less: current portion	<u>(2,821,803)</u>	<u>(2,821,803)</u>
	<u>18,277,204</u>	<u>20,858,565</u>

The loans are payable as follows:

	2022	2021
Within 1 year	2,821,803	2,821,805
Within 2 to 5 years	10,089,809	12,250,946
Over 5 years	<u>8,187,395</u>	<u>8,607,618</u>
	<u>21,099,007</u>	<u>23,680,369</u>

(i) Unsecured \$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 2022. The loan has varying maturity dates at 2028 and 2031.

(ii) Unsecured \$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 2022. The loan has a final maturity date in 2032.

(iii) 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.

(iv) 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 expiry of the grace period at an interest rate of 4.5% per annum. Interest capitalization as agreed was USD \$130,235 (BZD \$262,750). No Draw down was made in fiscal year ended March 2022. Principal payments commenced October 2020.

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

17. Debentures

Under terms of the prospectus dated October 2020, the Company issued a \$50 million debenture offering on 2 October 2020. Debenture proceeds were targeted to be used for repayment of a loan from the Social Security Board, which was fully repaid in financial year 2021, 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 are due. Sinking fund terms require an initial payment of \$1,000,000 on 31 October 2021. A second payment equivalent to four payments of \$375,000 or \$1,500,000 will be followed by quarterly transfers of \$1,101,369.29 thereafter. The schedule also assumes interest earnings of 1% on account totaling an estimated \$1,723,813 for total accumulation of \$40,569,000 by maturity date of December 2030.

	Rate of	Maturity	2022	2021
Series 1 Debentures	6.25%	31-Dec-30	40,569,000	40,569,000
			40,569,000	40,569,000

	2022	2021
Sinking fund	1,750,000	-
	1,750,000	-

18. Trade and other payables

	2022	2021
Security deposits	3,670,715	3,560,685
Trade payables	2,510,535	1,907,373
Dividend payable	774,324	750,607
Interest payable	997,368	724,382
Accrued expenses	767,607	726,779
Other payables	571,792	615,175
Contract retentions payable	897,337	442,342
Taxes payable	72,404	65,235
	10,262,082	8,792,578

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

19. Revenue from contracts with customers

The Company's revenue from contracts with customers are as follows:

	2022	2021
Water charges	47,183,784	44,039,641
Water connection charges	516,578	421,225
Water infrastructure charges	613,190	323,699
Services income	282,090	261,417
Other water sales	226,672	224,141
Late payment charges and penalties	65,436	31,333
Sewerage connection charges	15,650	20,400
Sewerage infrastructure charges	71,121	-
Bad debt recovery	22,421	16,614
Discount - measured water sales	(151,701)	(634,624)
Amnesty Rebate Program- Measured water sales	(121,058)	-
	48,724,183	44,703,666

20. Materials and other external costs

	2022	2021
Electricity costs	3,129,609	2,779,038
Plant running costs	1,626,976	1,450,798
Chemical expenses	1,142,205	1,048,381
Meter reading costs	103,205	108,615
	6,001,995	5,386,832

21. Staff costs

	2022	2021
Salaries and wages	9,494,656	9,291,475
Allowances	974,204	918,299
Other staff costs and grants	739,267	832,930
Pension Plan contribution	720,020	708,192
Company health insurance	682,544	703,538
Social security expense	432,276	425,535
Redundancy costs	45,808	43,490
Training and recruitment	115,698	29,463
	13,204,473	12,952,923

Belize Water Services Limited

Notes to the financial statements (In Belize dollars)

22. Other operating charges

	2022	2021
Repairs and maintenance	4,832,615	4,252,163
Bad debt expense	390,635	2,076,669
Security	1,550,689	1,506,709
Telephone	411,854	393,354
Licenses and taxes	402,087	376,725
Office supplies and sundries	568,204	374,816
Meeting costs	483,327	358,155
Collection fees	389,085	357,302
Professional fees	509,515	355,291
Electricity - office	268,881	335,907
Insurance	332,674	317,965
Travel	272,730	198,739
Rent	364,975	102,535
Advertisement and marketing	113,093	84,791
Donations	223,902	70,282
Loose tools	19,842	41,641
Other	14,183	2,529
	<u>11,148,291</u>	<u>11,205,571</u>

23. Other income

	2022	2021
Other income	42,677	95,115
Interest income from third parties	25,465	39,219
	<u>68,142</u>	<u>134,334</u>

24. Finance costs

	2022	2021
Bank loan interest	935,038	1,817,492
Debenture interest	2,535,563	838,537
Bank charges	46,880	32,133
Legal and processing fees	21,392	-
	<u>3,538,873</u>	<u>2,688,162</u>

25. 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 to be reimbursed to the Company after 4 months as prescribed by the GST Act 49 of 2005.

Belize Water Services Limited

Notes to the financial statements (In Belize dollars)

26. Earnings per share

Basic earnings per share are calculated by dividing the profit after taxes by the weighted average number of ordinary shares outstanding during the period.

	2022	2021
Basic earnings per share		
Profit attributable to owners of the Company	5,736,141	3,256,310
Weighted average number of outstanding ordinary shares	<u>40,000,000</u>	<u>40,000,000</u>
Basic earning per share	<u>0.14</u>	<u>0.08</u>

27. Depreciation and amortization grant income and contract rights

	2022	2021
Depreciation	7,907,579	8,041,371
Contribution/Grant income amortization	(667,885)	(625,002)
Contract rights amortization	<u>1,134,625</u>	<u>1,073,381</u>
	<u>8,374,319</u>	<u>8,489,750</u>

28. Related party transactions

	2022	2021
Government of Belize		
<i>Trade receivables - water sales</i>		
Balance at the beginning of the year	173,840	243,776
Billed	3,259,674	2,424,236
Receipts	(3,187,165)	(2,488,869)
Adjustment	-	(5,303)
Balance at the end of the year	<u>246,349</u>	<u>173,840</u>

	2022	2021
Government of Belize		
<i>Deferred revenue</i>		
Balance at the beginning of the year	17,604,685	17,402,061
Loan payments	813,608	816,492
Projects fulfilled	(957,841)	(613,868)
	<u>17,460,452</u>	<u>17,604,685</u>

The Company receives grants in the form of loan payments made to the Caribbean Development Bank by the Government of Belize earmarked for capital expenditures. Once utilized, these funds are recognized as project contributions.

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 2022, the number of key management was 9 (2021 - 9).

Belize Water Services Limited**Notes to the financial statements**
(In Belize dollars)**28. Related party transactions (continued)****Compensation of key management personnel**

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

	2022	2021
Salaries and other short-term benefits	1,492,740	1,567,870
Post-employment benefits	241,850	252,772
	<u>1,734,590</u>	<u>1,820,642</u>

29. Commitments and contingencies**Commitments**

Commitments for capital expenditure at 31 March 2022 totaled \$6,506,800 (2021 - \$985,932). Planned capital expenditure for fiscal year 2022 is \$13,896,000 (2021 - \$23,277,000).

Contingencies

In the ordinary course of business, the Company may be subject to legal and other proceedings incidental to present and former operations. The Company does not expect the outcome of these proceedings, either individually or in the aggregate, to have a material adverse effect on its financial position.

30. 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 \$720,020 (2021 - \$708,192) to the Plan.

31. Significant non-cash financing activities

During the reporting period, \$813,608 (2021 - \$816,492) 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.

Belize Water Services Limited**Notes to the financial statements**
(In Belize dollars)**32. Dividends**

The Board of Directors approved a dividend distribution of \$508,049 or 5.0% of original share price for the year ended 31 March 2022 (2021 - \$507,599). Dividends are payable on 26 July 2022 to minority shareholders on record as of 31 March 2022. The Government of Belize instructed the Company to distribute its dividend to minority shareholders.

33. 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. Categorization is as follows:

	2022	2021
Financial assets		
Trade and other receivables	6,827,396	6,671,119
Cash and cash equivalents	<u>16,418,898</u>	<u>22,471,703</u>
Total financial assets	<u>23,246,294</u>	<u>29,142,822</u>
Financial liabilities		
Borrowings	21,099,007	23,680,368
Debentures	40,569,000	40,569,000
Trade payables	2,510,535	1,907,373
Other payables and accrued expenses	<u>4,080,832</u>	<u>3,324,520</u>
Total financial liabilities	<u>68,259,374</u>	<u>69,481,261</u>

34. 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 2021	Proceeds from financing (i)	Loan repayments (ii)	31 March 2022
Borrowings	23,680,368	-	(2,581,362)	21,099,006
	<u>23,680,368</u>	<u>-</u>	<u>(2,581,362)</u>	<u>21,099,006</u>

(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.

35. Impact of Covid-19

The situation in Wuhan, China which developed into the Coronavirus outbreak was first reported to the World Health Organization ("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.

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.



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.

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
Chairperson of Project
Planning Committee



ASHTON LONGSWORTH
Director



IVAR MEDINA
Director



ALLAN POLLARD
Director



KEITH MIRA
Director



Clifford Martinez
Director

MANAGEMENT TEAM



ALVAN HAYNES
Chief Executive
Officer



RASHIDA WILLIAMS CASTILLO
Chief Financial
Officer



SANJAY KESHWANI
Chief Operations
Officer



HAYDON BROWN
Human Resources/
Public Relations Manager



SONIA BURNS
Information Technology
and Strategy Manager



DAWN SMITH
Internal Audit Manager



PAUL WADE
Acting Customer
Services Manager



ERVIN FLORES
Resident Consultant Engineer



RAUL BRICEÑO
Technical Services
Manager



HUGO RANCHARAN
Water & Wastewater Quality
Compliance Manager



GERARDO CASTANEDA
Water & Wastewater
System Manager for
North & West



REINA GONZALEZ
Water & Wastewater
System Manager for
South & Cayes

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