



BELIZE WATER SERVICES LTD. ANNUAL REPORT

2023



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 1,500 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 2023, BWS serves over 65,000 connections or approximately 294,000 consumers, with a total average water demand of approximately 240 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



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CHAIRMAN'S REPORT

Navigating Challenges, Fostering Resilience and Shaping the Future

Dear Esteemed Shareholders,

As we gather for this year's Annual General Meeting, it is evident that the past year has been defined by a series of extraordinary challenges stemming from the global Covid-19 pandemic and the ongoing conflict in Eastern Europe. These challenges have rigorously tested our capacity for resilience and adaptability, highlighting the undeniable fact that we are operating in a demanding and complex environment.

The pandemic's far-reaching impact on the global economy can be traced through three fundamental pathways. Initially, it disrupted the production of goods, triggering widespread disruptions across supply chains and unsettling market dynamics. Simultaneously, its financial reverberations were felt across businesses and financial markets. This was further compounded by the intersecting factors of soaring fuel prices, elevated inflation rates, and the consequential "Global Supply Chain and Logistic Crisis," which have collectively contributed to the closure of numerous businesses and the destabilization of economies worldwide.

In the face of these intricate challenges, it is essential to commend and acknowledge the tireless endeavours of Belize Water Services (BWS) to optimize efficiency and ensure sustained profitability. Despite the formidable obstacles, BWS has admirably pursued favourable financial outcomes, even within the constraints of modest achievements. This commitment underscores our unwavering dedication to operational excellence.

Performance Milestones and Financial Insights

The fiscal year 2022/23 bore witness to the laudable progress of BWS, as our overall revenue surged to \$52 million, reflecting a remarkable growth of 6.8% compared to the preceding year. A pivotal catalyst for this advancement was the impressive 4.2% rise in water sales and consumption.



While profitability was achieved during this period, the company grappled with cash flow limitations, necessitating judicious reductions in capital expenditures. This challenge, recognized as unsustainable, prompted us to carefully evaluate the possibility of raising Series II Debentures as a strategic step to secure the company's future and longevity.

BWS has diligently executed prudent cost-saving measures over the past year, affirming our commitment to maintaining operational viability. However, the amplified global inflationary pressures have contributed to a substantial 10.3% increase in total expenses compared to the previous year. Consequently, this has led to a substantial 20% reduction in profitability from the prior year's profit of \$5.73 million.

Remarkably, despite these trials, BWS managed to achieve a profit of \$4.59 million, leading to a marginal decrease in earnings per share to \$0.11, in contrast to the \$0.14 recorded the year before. At year-end, Minority shareholders held 6,793,692 shares, and with the assent of the majority shareholder – the Government of Belize, the Board endorsed a total dividend of \$509,527. This dividend will be disbursed exclusively to the minority shareholders, who will receive the equivalent of \$0.075 per share, paralleling the previous year's payout. We are also



pleased to announce that the Government of Belize (GOB), our principal shareholder, has once again chosen to reinvest its dividends into the company's operations, reaffirming its steadfast support.

In the face of escalating costs and heightened demand for crucial resources, BWS has achieved a reduction of approximately 1% in Non-Revenue Water, with year-to-date Non-Revenue Water standing at 24.6%.

Throughout this year, we undertook numerous pivotal projects, including the transformation of the Old Reverse Osmosis Plant in San Pedro into an electrical system, the establishment of a new Transmission Line from Independence to Placencia Peninsula, and the creation of a 500,000 US Gallon Tank for both the Placencia Peninsula and the Double Run Water Treatment Plant. We have also initiated the Supply and Installation of a 6-inch Main for Caye Caulker Split Crossing to bolster our commitment to strategic expansion.

In tandem, we have diligently pursued enhancements and maintenance across our diverse plant facilities, while our revitalized Customer Service Department leads the frontlines. Notable initiatives, including office renovations and advancements in zoning, meter reading, meter testing, job tracking, and billing processes through the implementation of the new Customer Service Billing (CUSI) System, have been successfully executed.

In sum, BWS remains unyielding in its dedication to enhancing efficiency and delivering quality, cost-

efficient services to our valued consumers. The time has come to recognize these efforts and for the public to acknowledge their role in supporting the sustainable provision of such services. While potentially unpopular, the prospect of tariff adjustments looms ahead, the company's viability, alongside its capacity to elevate and sustain service levels, hinges on a well-reasoned and balanced decision by the regulator.

On behalf of the Board of Directors, I extend my sincerest appreciation to the dedicated management and employees for their untiring commitment during the past year. I also extend heartfelt gratitude to my esteemed fellow Directors and committee chairs for their dedication to the affairs of BWS.

As we stride into the future with resolve and adaptability, our commitment to excellence and resilience remains resolute. We are confident in the path we have charted for Belize Water Services and its enduring contribution to our communities.

Sincerely,

Cornelio Acosta

Executive Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The year 2022/23 was the twenty-second year of operations of Belize Water Services Limited (BWS) and the third year of the Fourth Full Business Plan Period. Although there were no changes in tariffs and despite the huge increases in prices due to worldwide inflation, the company earned a net profit of \$4.587 million. While the company revenues improved comparatively to the pre-covid era, the increase in operational cost has had a devastating impact on profitability, resulting in a decrease of 20% from the previous year's profit of \$5.736 million.

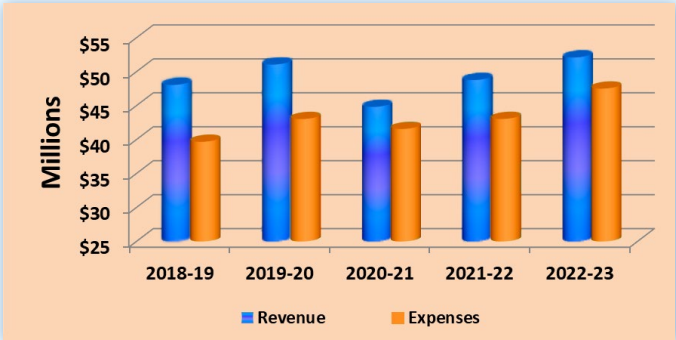
FINANCIAL PERFORMANCE

Sales and Income

As our country economy reverts to normalcy, water consumption increased by 4.2% thereby improving total revenues by 6.8% from \$48.792 million to \$52.114 million, while total expenses increased by a colossal 10.4% when compared to previous year. Total Expenses were \$47.527 million compared to last year's \$43.056 million.



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



The company's Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) fell by 4.8% from \$18.502 million from the previous year to \$17.617 million in this year.

Dividends

For the seventeenth year in a row, the Government of Belize, the majority shareholder, has again formally agreed to grant its dividend payments to the minority shareholders. Total dividends declared by the Board amounts to \$509,527 or approximately 11% of net profit. Minority shareholders who held 6,793,692 of the

40,000,000 shares at March 31, 2023, will receive the equivalent of \$0.075 (seven and a half cents) per share, same as last year. Based on the 40 million shares issued, BWSL's net profit of \$4.587 million resulted in a slight decrease in earnings to \$0.11 (eleven cents) per share, compared to \$0.14 (fourteen cents) in the previous year.

Major Costs and Expenses

The table insert shows the breakdown of costs for FY2022/23 as compared to the previous financial year.

Costs Summary	FY 2022/2023		FY 2021/2022	
	Total (BZ\$'000)	Percent of Total	Total (BZ\$'000)	Percent of Total
*Water Production Cost	3,845	8.09%	2,871	6.67%
*Electricity	3,261	6.86%	3,130	7.27%
*Staff Costs	15,278	32.15%	13,204	30.67%
Other Direct/Operating Costs	11,657	24.53%	10,910	25.34%
Total direct costs & Expenses	34,041	71.63%	30,115	69.94%
*Depreciation & Amortization	8,940	18.81%	8,374	19.45%
*Interest expense	3,133	6.59%	3,471	8.06%
Taxes & Fees	1,413	2.97%	1,096	2.55%
Total Other Expenses	13,486	28.37%	12,941	30.06%
Total Costs and Expenses	47,527	100.00%	43,056	100.00%
*Total Major Costs	34,457	72.50%	31,050	72.12%

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

Loans, Grants and Debt Servicing

As the majority shareholder, GOB (Government of Belize) continues to assist by covering debt repayments to the Caribbean Development Bank for loans #5 and #10 which totaled \$0.795M in principal and interest payments for this financial year. At the beginning of the 2022/23 financial

year, BWS had outstanding debt of \$61.668 million. There were no loan draw downs, however principal repayments totaled \$2.822 million as of March 31, 2023. Total outstanding loan debt on March 31, 2023, stood at \$58.846 million.

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

LOAN MOVEMENT AND DEBT SERVICING		
Net Loan Movement	2022/23	2021/22
Beginning Balance	61,668	64,249
Draw downs/Increases	-	-
Principal Repaid	(2,822)	(2,581)
Principal Balance	58,846	61,668
Debenture	40,569	40,569
Debt Servicing		
Principal Repaid	2,822	2,581
Interest Charges	3,133	3,194
Total Debt Service	5,954	5,775
All figures in BZ\$ '000		

Asset Expansion and Improvement

Investments in new assets totalling \$15.043 million were undertaken with some financial assistance from the Government of Belize and contributions from private developers. Water network expansions were completed in Burrell Boom Village, Lords Bank Village, Belmopan, Camalote Village, Benque Viejo and San Pedro Town. Whilst replacement of mains and upgrades were done in Corozal and Orange Walk, and additional wells

were installed in San Pedro and Toledo. Phase four of the refurbishment of the Dangriga Water Treatment Plant was also completed along with the upgrade of camera and surveillance systems countrywide.

The overall investment in assets inclusive of new assets, refurbishments and maintenance was \$17.721 million in 2022/23 as compared to \$21.880 million in 2021/22.

\$17.72
million
Investment

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	2022/23	2021/22
Plant & Equipment	4,219	11,352
Water Expansion	6,908	5,694
Total New Assets	11,127	17,046
Developer's Contributions & Grants	(2,554)	(1,262)
BWS Expenditure	8,573	15,784
Repairs & Maintenance	6,594	4,834
Total Assets & Maintenance	17,721	21,880
All figures in BZ\$ '000		

Government Contributions

During FY 2022/23, GOB has contributed both directly and indirectly \$5.8M, made up as shown in the table insert.

Government Contributions	2022/23	2020/21
Debt Repayment	795	811
Expansion Projects	893	-
GST Savings - Zero Rated Status	4,204	3,005
Total Contributions	5,892	3,816
All figures in BZ\$ '000		



OPERATIONS

Overview

Operations Report

Fiscal year 2022/2023 experienced similar monetary restrictions and other challenges, as previous year of the current business plan due to high inflation post Covid-19. This resulted in less than desired work scale and intensity. With these and other restrictions in place, 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 as well as to control energy and other production costs. Given the critical requirement for potable water, continuity of service was maintained at 99.94%, and average pressure was maintained at the same levels from the previous year.

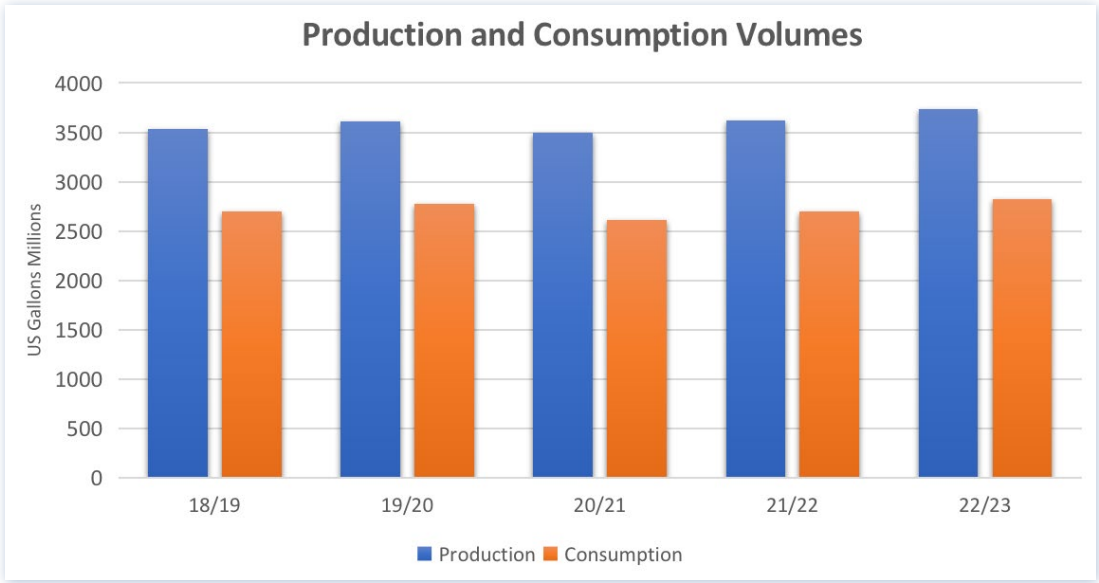
The comparison of the key performance indicators (KPIs) for the reporting year to the previous year is shown in the table below:

Operating KPI's	Year 2022/23	Year 2021/22	% Change
Water Production	3739.5	3625.9	3.1%
Water Sales	2817.9	2705.5	4.2%
Non-Revenue Water Volume	921.6	920.4	0.1%
Non-Revenue %	24.65%	25.38%	0.7%

Volume Figures are in millions of UG Gallons (MUSG)

Production and Consumption

Water production volume for the year totaled 3,739.5 million US gallons (MUSG), a 3.1% increase from the previous year’s 3,625.9 MUSG. The 2,817.9 MUSG of potable water consumed during this year, was a 4.2 increase from previous year’s 2,705.5 MUSG. The chart below highlights the movement in water production and consumption volumes for the past five (5) years:



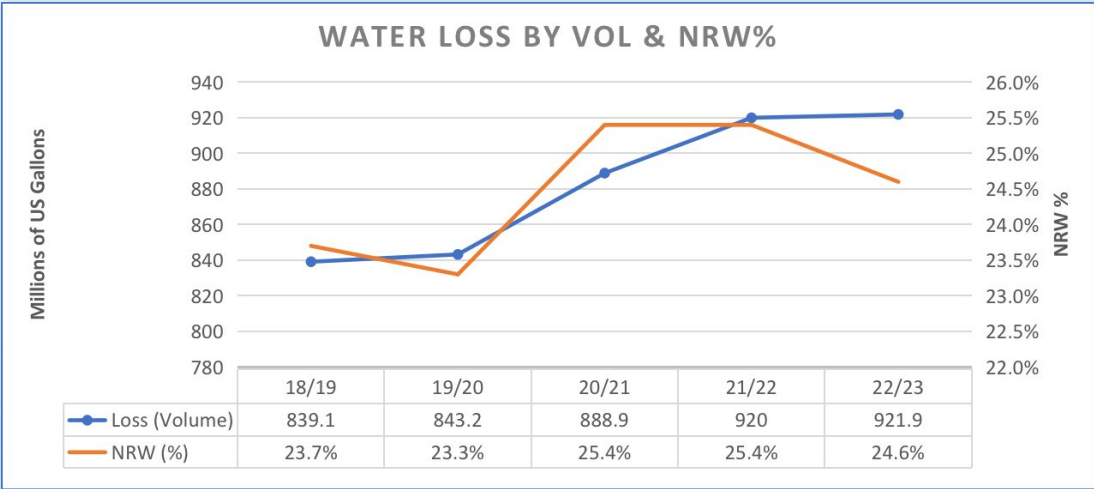
Non-Revenue Water (NRW)

The 921.6 MUSG water loss volume for this fiscal year is an increase from 920.4 MUSG of the previous year. However, the overall NRW percentage decreased from 25.4% previous year to 24.6%. The company’s NRW programme includes proactive searching and repairing of leaks, replacing older watermains, identification/removal of illegal connections, and pressure management controls.

BWS remains proud of the achievement in keeping NRW at 25% or less for the past ten (10) years. This figure remains well below many water systems in

even the most developed countries and is among the very best in the Caribbean and Latin America.

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



CUSTOMER SERVICES AND BILLING

Overview

Since the Covid 19 pandemic was declared in March 2020, the world saw many stop and go rhythms with reopening and shutdowns of markets. BWSL, like many other companies, adapted to technology to meet the changing needs of its customers; post pandemic, BWSL continues to utilize many electronic platforms to meet customers' needs.

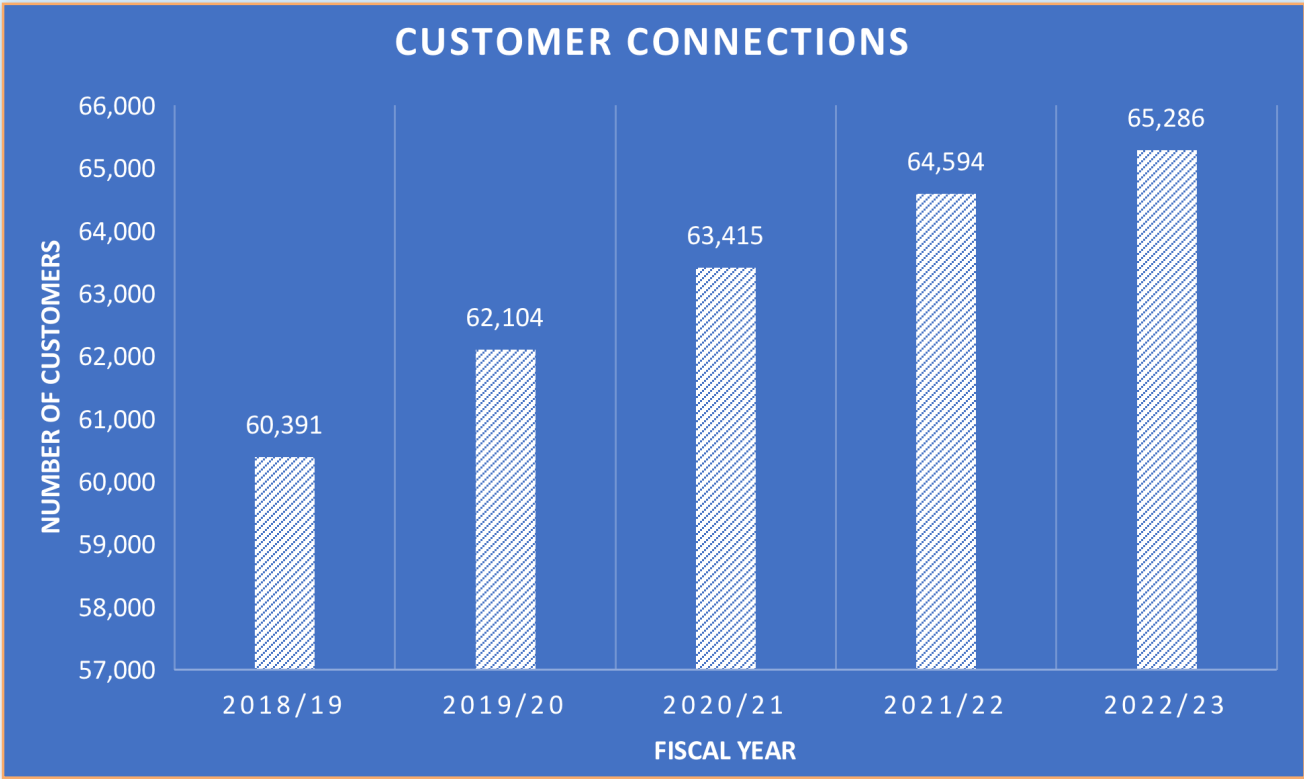
Sales

The company added 692 new customers during the fiscal year 2022/23 increasing the customer base from 64,594 to 65,286, a growth rate of 1.1%. Water sales volume for the year totaled 2,817.9million gallons (MUSG) which is a 4.2% increase from the previous year's volume of 2,705 MUSG. This increase is attributed to the economic rebound post pandemic.

Gross water sales revenue for fiscal year 2022/23 was \$50,618M, a 6.5% increase from the previous year \$47,514M.

The average monthly sales volume per connection recorded a 2.7% increase from 3,514 to 3,607 US gallons. The average tariff per 1000 gallons increased by 2.3% from \$17.56 to \$17.96 . The average monthly revenue per connection increased from \$61.71 to \$64.99. The increase in our customer base was attributed primarily to an increase in residential customers which represents 91% of our total customer base.

Graph: Growth in Customer Connections Last Five Fiscal Years



ENGINEERING AND PROJECTS

Despite the great challenges and budgetary restrictions, BWS continued its investment programme to satisfy the most critical needs of our country. One hundred plus projects totalling over \$15 million were completed. They were tailored to include but not limited to: Improving customer satisfaction, increasing customer base, improving service delivery, and improving resource.

Water Distribution System

We upgraded approximately 12,095 feet of water mains and 260 service connections countrywide in year 2022/2023. The Company has invested approximately \$2.0 M on watermains upgrade/ replacement countrywide; this includes the supply and installation of new pipes and fittings, flushing,

pressure testing and disinfection. The company also invested approximately \$3.2 M in water network expansion countrywide. These works included the expansion of our water network system by approximately 77,695 feet, and the installation of 2,550 service connections.

Major Project Works:

Water Network Expansion to Blackberry Ridge Estate, Housing Development Project, Burrell Boom, Phase 1, Belize: Project included the supply, installation and commission of 6,900 feet of 6-inch watermains, 5,040 feet of 3-inch watermains and 50 immediate connections. The total cost of the project was \$600,000. The Government of Belize through the Ministry of Infrastructure, Development and Housing contributed 50% of the total project cost.

of 2,045 feet of 6-inch water mains, 5,060 feet of 4-inch main, 3,420 feet of 3-inch main and 179 service connections. The total cost of the project was \$730,000. The Government of Belize through the Ministry of Infrastructure, Development and Housing contributed 50% of the total project cost.

Water Network Expansion in Camalote and Surrounding Communities, Cayo: Project included the supply, installation, and commission

Upgrade of Surveillance System, HQ Building, Belize City: The Security Surveillance System was upgraded from an Analogous system to an IP system with state of art access controls, emergency alarm response and surveillance, and monitoring system. The total cost of the project was \$408,000.



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

System	Description
Orange Walk	Supply and Install Generator for Branch Office
Orange Walk	Supply and Install Surveillance System for Branch Office
Orange Walk	Concreting Rear Parking Lot for Branch Office
Belize	Improvements to Several Compounds and Offices
San Pedro	Renovation of Sewer Manholes
San Pedro	Supply and Install Solar Compound Lights for Sewer Stations
San Pedro	Drill and commission additional raw water supply well
Belmopan	Supply and Install SCADA system
Santa Elena	Supply and Install Surveillance System for Branch Office
San Ignacio	Supply and Install Surveillance System for the Plant Building
Dangriga	Elevated Tank Repaired
Seine Bight	Electrical System Upgrade for Ground Tank, Seine Bight
Seine Bight / Placencia	Supply and Install SCADA System
Placencia	Community Center and Basketball Court Renovation
Placencia	Surveillance Equipment Upgrade for Branch Office
Punta Gorda	Improvements to Disinfection System, Cerro Hill
Punta Gorda	Air Conditioning System Upgrade for Branch Office
Punta Gorda	Surveillance Equipment Upgrade for Branch Office
Punta Gorda	New Water Well, BDF Well Site

Upcoming Projects: For Year 2023/2024, BWS is investing more than \$25 million. Below is the list of the major projects in pipeline for year 2023/24.

System	Projects
Belize	500,000 Gallon Concrete Tank, WTP, Double Run
Belize	Improvements of WTP, Double Run
Belize	Water Network Expansion to Blackberry Ridge Estate, Housing Development Project, Burrell Boom – Phase 2
Belize	Water Network Expansion to Gungulung Area, Phase 1
Belize	Improvements of Sewer Treatment Plant
Cayo	New Intake River Gallery
Cayo	Supply and Install Pumps, Motors and necessary industrial mechanical and electrical equipment for new San Ignacio pumping station
Cayo	Supply and Install 8-inch transmission line from San Ignacio Pumping Station to Cahal Pech Tank
Placencia Peninsula	500,000 Gallon Concrete Tank
Placencia Peninsula	6 miles of new transmission line from Independence to Seine Bight
Placencia Peninsula	Water Network Expansion from Seine Bight to Maya Beach
Caye Caulker	150,000 Gallons Per Day Sea Water Reverse Osmosis Plant
Caye Caulker	Supply and Install 8-inch HDPE pipe, Split Crossing
Dangriga	Improvements to Water Treatment Plants
Countrywide	Several Water Network Expansions, Countrywide



HUMAN RESOURCES AND PUBLIC RELATIONS

2022/23 The pandemic challenges continued for BWS; however, HR and PR Units strategic focus was to ensure a high level of training and development were executed. Additionally, donations, ads, marketing, and the company overall staff cost remained within the budgeted cost, especially since we had to factor in the early retirement plan that was offered. These initiatives were executed with the hope to build more employees trust and engagement. As a result, numerous companywide initiatives were undertaken, one such was the renegotiation of the Collective Bargaining Agreement which is now completed. Protocols and policies were revised with staff well-being and mental health at the forefront, while ensuring a high level of service to our valued customers. We saw a decline in the temporary employment numbers of 11% (from `99 temporary Staff - 88 at the end of the financial year). This decline was an offset since there was an increase reported in the permanent staff numbers which shows a 4% increase (from 296 permanent staff to 309), this change certainly was boost for staff morale since some of the temporary staff filled the permanent roles.

Board and Management facilitated staff by approving several measures and protocols to

assist with making work and travel as safe, this was reflective in the solid staff outputs during the period. These steps taken showed employees the company’s commitment to their safety and livelihood and that the company goes beyond profits and cost control. Jobs were guaranteed for permanent workers and several initiatives to improve mental health and wellness were implemented.

The Human Resources Pandemic Committee (HRPC) continued be active in actions including remote work and rotation, to ensure a safe work environment both for employees and customers. The other major area of interest was ‘health and well-being considering the impact of the pandemic, we understood the mental challenges and loss suffered as a result and relative actions were taken in this regard.

Companywide training continued to develop our human capital which saw some 488 employee instances of developmental training. Some were certified trainings. Such investment in human capital, has led to 24 internal promotions during this fiscal year. This speaks to our internal commitment to build and strengthen succession among current employees.

Employee Well-being and Performance

Employees continued to engage in several staff initiatives that contributed to supporting staff wellbeing, activities such as healthy living and safety practices, which included providing transportation for staff, especially those from out district.

Recognition of top performers for the year continues to be a positive driver as it builds morale and comradery among co-workers. Of 294 total employees, 238 received appraisal, while 221 or 93% were awarded increments for good performances. The company continues to reward employees for their outstanding performance. This initiative will continue as it nurtures the type of overall improvement in employee morale and overall performance. Additionally, some 24 employees were recognized for long tenure and excellent service.

Public Relations

The Public Relations emphasis continued to focus on improving stakeholders' relations, we made some significant donations to deserving social and educational programs such as RESTORE BELIZE Scholarship Program, Belize Celebration Committee, Placencia and Seine Bight Village councils, and numerous other socially underprivileged groups countrywide. In Placencia we were able to rehabilitate the Village Center Community Center and their Basketball Court and for Seine Bight, a Dump Truck for community development was handed over to council. Following Hurricane Lisa, a significant donation was given to Sister Cecelia Home for the Elderly as part of their restoration initiative. In Harmonyville and San Pedro North, development meetings were held with prospective customers.

Our Assistance program continues to be effective as this limited resource was utilized to reach varying areas of our communities in which we serve and there are greater needs than our

resources, however we donated to feeding pantry programs, sponsorship of various sporting activities mostly for groups on the south side of Belize City, and support to more established organization such as Lupus Association, Battle of the Drums Secretariat, Belize National Library Service, San Pedro Columbia School, Cancer Society, the Diabetes and Kidney Association and Special Olympics.



Information Technology

Information Technology solutions continue to be a key driver to a number the company's strategic objective. The department's commitment to providing reliable services that suit the business needs allows employees to undertake their tasks in an efficient and productive manner. We aim to keep pace with modern technology, to serve as a platform for improved business processes and to mitigate emerging threats and risks.

The focus this year was centered on reducing risk and ensuring availability of services so that the company continues to operate effectively and efficiently regardless of external threats such as hurricanes and data loss. Such endeavors included the creation of a data center inland to complement our data center in Belize City. This center offers a high level of availability and redundancy, routing users to resources at either location without disrupting our employees' work and without them noticing.

Internal Audit

Assurance and Consultation Engagement

In addition to risk-based audits, Internal Audit also conducts consultation engagements based upon the request of Management and the Board of Directors. During the year, Internal Audit completed a record-breaking twenty-eight engagements. These were a combination of planned audits, spot checks, and investigation. These engagements affected the operations, customer services, technical services, finance, human resources, strategic, and information technology departments. The results identified the strengths, noncompliance, and internal control weaknesses which were addressed by management.

Training and Development

The Internal Audit complement continues to receive training which adds value to the company. With the change in working conditions brought about due to COVID-19, BWS continued its safe practices of having staff work from home and/or also working a shift rotation. As this situation created risks of its own, Internal Audit focused on attending trainings 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. Additionally, training focusing on Agile Auditing, Assessing Ethics and Improving our Soft Skills were also taken.

Risk Assessment

During the year Management embarked on updating each department's risk register, thereby identifying the new emerging risks, identifying its mitigation steps and possible treatments.

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.

With security being a foremost concern, the company upgraded the firewalls, VPNs and enrolled our staff in training on cyber safety courses. In addition to our current data security strategy, we have added cloud backup strategies to ensure that data loss is reduced as far as reasonably practicable.

Preparations were also underway to implement a new billing and work order dispatch application that aims to provide better information to our customers and customer service representatives. The new work order dispatch system will remove the need for paperwork and provide accurate and timely information to our work crews so that we may be more responsive to customer requests and queries. In line with this, the company has invested in Geographical Information Systems, GIS, so that our crews find addresses and assets more easily. We hope to also contribute asset information to our strategic stakeholders such as government and BEL, sharing of this information will allow better planning for works, ensuring that our underground assets are not disturbed or broken, in return reducing the number of emergency water interruptions to our customers.

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

BWS continues to provide the convenience of making payments via the banks and through payment agents and this year we added Digi Wallet to the list of authorized agents. Post COVID, customers continue to make online payments with the banks and with local agents, accounting for 53% of total collections, which is a slight increase from the previous year.

RESIDENT CONSULTANT ENGINEER REPORT

Major Project Works:

The financial year ending March 31, 2023, saw the commencement of two consultancies, one pilot project, negotiations for a potential loan/grant operation, as well as the continuation of one major project. This report focuses on the status of these projects.

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

BWS received funding from the Caribbean Development Bank (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.

The Gender Policy and Operational Strategy for Human Resources Management and Improving Communication and Stakeholder Engagement consultancies are both in their final phases of implementation and are expected to be completed by May 2023. The outcome of these consultancies will assist the Human Resources and Public Relations departments of BWS to streamline policies and strategies aimed at improving inclusivity and engagement of all industry stakeholders.

BWS is also working on the designs of a generator building and a composite structure to enclose the new RO plant in San Pedro and will utilize the undisbursed funds from this loan operation to fund the construction of the same.



2. **Feasibility Study of Biogas Generation from Sewage Lagoons**

This CDB-funded consultancy commenced in this reporting period and is expected to be completed in the next financial year. The study will determine the biogas potential of sewage lagoons in Belize for heat and power generation capacity and will ultimately act as a template for other similar projects in the Caribbean region.

BWS has been collaborating with the University of Belize to collect wastewater samples from our sewage lagoons and perform a series of analytical tests at the university's biogas laboratory.

3. **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 detailed design consultancy commenced in this reporting period and is expected to be completed in the next financial year.

4. **Advancing Water Disinfection in Urban and Rural Areas**

The Inter-American Development Bank (IDB) approved a Non-Reimbursable Technical Cooperation (TC) agreement of US\$250k to GOB to fund the implementation

of innovative on-site water disinfection technologies in urban and rural areas of Belize. BWS is benefitting from US\$75k of these TC funds to implement on-site generation (OSG) disinfection equipment in Caye Caulker's water distribution system with the aim of improving water quality, increasing tap water consumption, and reducing operational costs for BWS.

BWS will act as Executing Agency for this pilot project and will collaborate with the Ministry of Rural Transformation (MRT) to implement the disinfection technology in two of their systems, namely San Marcos in the Toledo District, and Crooked Tree in the Belize District. BWS has commenced the procurement process and will publish the Request for Bids for disinfection equipment in April 2023.

5. **Water Supply and Modernization Program**

BWS is currently in negotiations with the IDB to seek funding to (i) increase access to water services in peri-urban and rural areas; and (ii) improve the planning capacity and operational performance of BWS in selected service areas with a focus on climate change adaptation and mitigation. Projects under this program include Water Network Expansions, Disinfection Equipment, Energy Efficiency, and Smart Metering.

This combined loan and grant operation is expected to be approved by the IDB Board in the first quarter of FY23-24, with implementation to commence by the second quarter of the same year. Total cost of this program is US\$6,000,000, including US\$1,000,000 in grant funding.

KEY PERFORMANCE INDICATORS (KPI'S)

Description of KPI	UNIT	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
PROFITABILITY											
Gross Revenue	\$' 000	52,114	48,792	44,838	51,076	48,074	46,584	45,484	43,194	40,084	34,923
Operations and Maintenance	\$' 000	34,497	30,290	29,626	31,898	29,797	29,166	28,269	25,889	25,725	24,640
EBITDA	\$' 000	17,617	18,502	15,212	19,178	18,277	17,418	17,215	17,305	14,359	10,282
EBIT	\$' 000	8,677	10,128	6,722	11,206	11,729	11,304	11,453	12,336	9,501	5,608
Net Profit (Loss)	\$' 000	4,587	5,736	3,256	8,034	8,983	8,509	8,586	9,690	6,765	2,961
EBITDA/Net Turnover	%	34%	38%	34%	38%	38%	37%	38%	40%	36%	29%
Earnings Per Share	\$	0.115	0.143	0.081	0.201	0.225	0.213	0.215	0.242	0.169	0.074
Dividends Per Share ¹	\$	0.0127	0.0127	0.0127	0.0190	0.0190	0.0190	0.0190	0.0189	0.0126	0.0126
Retained Earnings (Deficit)	\$' 000	76,326	72,249	67,021	64,272	56,999	48,774	41,022	33,195	24,262	18,003
LIABILITIES & EQUITY											
Long Term Liabilities*	\$' 000	112,097	113,366	115,497	98,195	98,382	54,551	51,809	52,217	40,149	43,947
Current Liabilities	\$' 000	14,562	13,084	11,614	14,851	11,672	12,442	11,187	10,558	11,655	13,189
Total Equity	\$' 000	216,868	212,791	207,562	204,923	175,327	167,102	159,351	150,856	111,253	104,993
ASSETS											
Current Assets	\$' 000	28,590	34,786	37,728	21,950	28,860	32,650	33,143	32,325	14,995	15,396
Total Net Assets	\$' 000	343,527	339,240	334,674	317,969	285,381	234,096	222,348	213,631	163,057	162,129
Additions to Assets	\$' 000	15,043	14,965	9,620	26,258	23,289	19,353	19,187	21,041	12,197	12,124
BALANCE SHEET STRUCTURE											
Current Assets/Current Liabilities	No.	1.96	2.66	3.25	1.48	2.47	2.62	2.96	3.06	1.29	1.17
Gearing (LT Liabilities/Equity)	%	52%	53%	56%	48%	56%	33%	33%	35%	36%	42%
Total Assets/Total Equity	No.	1.58	1.59	1.61	1.55	1.63	1.40	1.40	1.42	1.47	1.54
Total Assets/Share Capital	No.	5.73	5.65	5.58	5.30	4.76	3.90	3.71	3.56	2.72	2.70
Return on Assets(EBIT/Avg. Assets)	%	2.5%	3.0%	2.1%	3.7%	4.5%	5.0%	5.3%	6.5%	5.8%	3.5%
WATER VOLUMES											
Water Production	MUSG	3,739.5	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
Water Sales	MUSG	2,817.9	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
Non-Revenue Water Volume	MUSG	921.6	920.4	888.9	843.2	839.1	812.4	850.8	797.8	704.9	682.1
Non-Revenue Water %	%	24.6%	25.4%	25.4%	23.3%	23.7%	24.1%	25.4%	24.9%	23.6%	24.5%
Non-Revenue Water (M ³ /Conn/Day)	M ³	0.15	0.15	0.15	0.14	0.15	0.15	0.16	0.15	0.14	0.14
Non-Revenue Water (M ³ /Km/Day)	M ³	6.01	6.09	5.94	5.66	5.78	5.69	6.11	5.89	5.38	5.35
CONNECTIONS											
Beginning Connections	No.	64,594	63,415	62,104	60,391	58,822	57,234	55,484	53,477	51,433	49,138
New Connections Added	No.	5,065	5,099	4,364	4,917	4,769	4,614	4,893	4,846	4,836	5,234
Requested Disconnections	No.	2,381	2,780	2,857	2,134	2,075	2,111	2,101	1,999	2,062	2,039
Disconnections - Non-payment	No.	11,215	3,681	1,486	11,444	9,941	8,807	9,539	7,088	7,618	11,950
Total Disconnections	No.	13,596	6,461	4,343	13,578	12,016	10,918	11,640	9,087	9,680	13,989
Reconnections	No.	9,223	2,541	1,290	10,374	8,816	7,892	8,497	6,248	6,888	10,591
Ending Connections	No.	65,286	64,594	63,415	62,104	60,391	58,822	57,234	55,484	53,477	50,974
Ending Sewer Connections**	No.	11,659	11,647	11,587	11,594	11,382	10,972	10,843	10,691	10,519	10,264
BILLING											
Avg. Number of Connections	No.	64,940	64,005	62,760	61,248	59,607	58,028	56,359	54,481	52,226	50,056
Water Sales Revenue	\$' 000	50,618	47,514	44,350	49,387	46,546	44,979	44,076	42,026	38,965	34,151
Avg. Usage per Connection Monthly	Gal	3,616	3,523	3,469	3,767	3,710	3,649	3,704	3,669	3,626	3,504
Avg. Sales per Connection Monthly	\$	64.99	61.71	58.88	67.44	65.32	64.73	65.33	64.44	62.27	57.5
Avg. Tariff per 1000 Gallons	\$	17.96	17.56	16.96	17.90	17.82	17.74	17.59	17.48	17.11	16.22
OPERATIONAL EFFICIENCY											
Continuity of Supply	%	99.94	99.96	99.95	99.82	99.91	99.94	99.89	99.92	99.9	99.87
Avg. No. of Staff (Permanent)	No.	316	296	285	298	293	294	287	262	256	251
Staff Per 1000 Connections	No.	4.9	4.6	4.5	4.9	4.9	5.1	5.1	4.8	4.9	5.0
Total Staff Costs	\$'000	15,278	13,204	12,953	13,586	12,501	11,376	10,423	9,739	8,931	8,546
Staff Costs/Emp.	\$	4,835	4,461	4,545	4,559	4,267	3,869	3,632	3,717	3,489	3,405
Revenue/Emp.	\$	164,918	164,839	157,326	171,395	164,075	158,449	158,480	164,864	156,580	139,135
COLLECTION EFFICIENCY											
Overdue Debtors/Trade Debtors	%	25.0%	25.6%	29.3%	15.6%	11.0%	16.6%	10.2%	14.4%	12.4%	14.0%
Bad Debts Write Off/Net Turnover	%	-1.0%	0.8%	4.6%	0.2%	0.2%	0.2%	0.3%	0.3%	0.4%	0.0%
Collection Efficiency	%	96.2%	93.4%	92.7%	98.6%	98.8%	98.3%	98.9%	98.8%	98.9%	98.2%
WATER INFRASTRUCTURE											
Total Length of Mains**	Miles	988.34	973.8	963.7	956.9	935.8	919.7	897.7	870.1	844.3	821.45
Total Length of Mains**	Km	1,591	1,567	1,551	1,540	1,506	1,480	1,445	1,400	1,359	1,322
Length of Mains/Connection	Ft.	79.9	79.6	80.2	81.4	81.8	82.6	82.8	82.8	83.4	85.1

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 2023



Belize Water Services Limited

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Crowe Belize LLP
35A Regent Street
Belize City, Belize
Main +501 227 6629
www.crowe.bz

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 2023 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of 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.

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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.


Crowe Belize LLP

7 July 2023

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Belize Water Services Limited


Statement of financial position

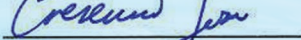
As at 31 March

(In Belize dollars)

	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	6	304,347,284	297,859,307
Intangible assets	7	5,887,475	4,844,695
Investment (sinking fund)	17	4,702,739	1,750,000
		<u>314,937,498</u>	<u>304,454,002</u>
Current assets			
Materials and supplies	8	13,878,845	8,583,174
Contract balances and other receivables	9	7,857,234	9,782,511
Cash and cash equivalents	10	6,853,694	16,420,489
		<u>28,589,773</u>	<u>34,786,174</u>
Total assets		<u>343,527,271</u>	<u>339,240,176</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		76,326,162	72,248,633
Total equity		<u>216,868,113</u>	<u>212,790,584</u>
Liabilities			
Non-current liabilities			
Capital contributions	15	38,924,318	37,059,051
Long term borrowings	16	15,590,737	18,277,204
Deferred income	28	17,012,662	17,460,452
Debentures	17	40,569,000	40,569,000
		<u>112,096,717</u>	<u>113,365,707</u>
Current liabilities			
Current portion - borrowings	16	2,686,347	2,821,803
Trade and other payables	18	11,876,094	10,262,082
		<u>14,562,441</u>	<u>13,083,885</u>
Total liabilities		<u>126,659,158</u>	<u>126,449,592</u>
Total equity and liabilities		<u>343,527,271</u>	<u>339,240,176</u>

Approved on behalf of the Board of Directors and authorized for issue on 10 July 2023.

Signature of Director: 

Signature of Director: 

Print Name: CORNELIO ACOSTA

Print Name: CRESENCIO SOSA

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

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Belize Water Services Limited

Statement of comprehensive income

For the year ended 31 March
(In Belize dollars)

	Notes	2023	2022
Operating revenue	19	52,039,989	48,724,183
Other income	23	74,361	68,142
Gross revenue		52,114,350	48,792,325
Materials and other external costs	20	(7,125,047)	(6,001,991)
Staff costs	21	(15,277,961)	(13,204,473)
Other operating charges	22	(12,163,395)	(11,148,295)
Depreciation and amortization	27	(8,940,036)	(8,374,319)
Profit on disposal of asset		69,502	64,896
Profit before interest and tax		8,677,413	10,128,143
Finance costs	24	(3,184,807)	(3,538,873)
Profit before tax		5,492,606	6,589,270
Business tax	25	(905,550)	(853,129)
Profit for the year		4,587,056	5,736,141
Total comprehensive income for the year		4,587,056	5,736,141

Basic earnings per share

Basic earnings per share	26	0.11	0.14
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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 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
At 1 April 2022	60,000,001	11,714,281	15,276,362	53,551,307	72,248,633	212,790,584
Profit for the year	-	-	-	-	4,587,056	4,587,056
Dividends declared (Note 32)	-	-	-	-	(509,527)	(509,527)
At 31 March 2023	60,000,001	11,714,281	15,276,362	53,551,307	76,326,162	216,868,113

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	2023	2022
Cash flows from operating activities			
Profit for the year		4,587,056	5,736,141
Adjustments for:			
- depreciation and amortization		8,940,036	8,374,319
- gain on disposal of property, plant and equipment		(69,502)	(64,896)
- impairment allowance	9	(957,000)	165,000
		<u>12,500,590</u>	<u>14,210,564</u>
Changes in working capital:			
- contract balances and other receivables	9	2,882,277	(2,256,547)
- materials and supplies	8	(5,295,671)	(1,017,888)
- trade and other payables	18	1,614,012	1,469,504
Cash generated from operating activities		<u>11,701,208</u>	<u>12,405,633</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(15,042,575)	(14,964,931)
Intangible asset projects	7	(2,195,703)	-
Contributions to fixed assets	15	2,553,603	1,262,235
Proceeds from sale of property, plant and equipment		148,651	229,493
Investments	17	(2,952,739)	(1,750,000)
Net cash (used in) investing activities		<u>(17,488,763)</u>	<u>(15,223,203)</u>
Cash flows from financing activities			
Dividends	32	(509,527)	(508,049)
Repayment of borrowings	16	(2,821,923)	(2,581,362)
(Decrease) in deferred income	28	(447,790)	(144,233)
Net cash (used in) financing activities		<u>(3,779,240)</u>	<u>(3,233,644)</u>
Net (decrease) in cash and cash equivalents		<u>(9,566,795)</u>	<u>(6,051,214)</u>
Cash and cash equivalents, beginning of period	10	16,420,489	22,471,703
Cash and cash equivalents, end of period		<u>6,853,694</u>	<u>16,420,489</u>
Comprised of:			
Cash on hand		18,650	18,650
Bank balances		4,521,691	14,112,284
Short-term deposits		2,313,353	2,289,555
		<u>6,853,694</u>	<u>16,420,489</u>

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

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

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 2023 and 2022 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.

Notes to the financial statements
(In Belize dollars)

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 \$1,357,000 for the year ended 2023. The carrying amount of current receivables is considered to be the same as their fair value, given their short term nature.

Notes to the financial statements
(In Belize dollars)

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.

Notes to the financial statements
(In Belize dollars)

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.

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;

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

Related parties (continued)

An entity is related to the Company, if:

- (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.

The average credit period on purchases of goods approximates 136 days (2022: 104 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.

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

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.

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.

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

a. Recognition and derecognition of financial instruments (continued)

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.

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.

Notes to the financial statements
(In Belize dollars)

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

c. Classification and measurement of financial liabilities (continued)

Financial liabilities (continued)

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.

Subsequent events

The Company has evaluated subsequent events for recognition and disclosure through 9 June 2023 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.

Notes to the financial statements
(In Belize dollars)

3. Financial risk management (continued)

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.

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.

Notes to the financial statements
(In Belize dollars)

3. Financial risk management (continued)

Approach to capital management (continued)

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:

	2023	2022
Debt (i)	58,846,084	61,668,007
Cash and cash equivalents	(6,853,694)	(16,420,489)
Net debt	51,992,390	45,247,518
Equity (ii)	216,868,113	212,790,584
Gearing ratio	24%	21%

(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.

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 2023 and 31 March 2022 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 2023 of \$316,028 (2022 - \$246,349).

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.

Notes to the financial statements
(In Belize dollars)

3. Financial risk management (continued)

Operational risk (continued)

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 the 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

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.

Notes to the financial statements
(In Belize dollars)

4. Critical accounting estimates and judgments (continued)

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.

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

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

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.

6. Property, plant and equipment

	Freehold and leasehold property	Plant and equipment	Infrastructure	Construction in progress	Total
Cost or valuation					
At 1 April 2022	57,242,001	85,201,921	212,363,225	11,059,819	365,866,966
Additions	27,869	2,128,025	101,808	12,784,873	15,042,575
Transfers	148,426	2,391,268	6,847,753	(9,387,447)	-
Disposals/reclass	(10,430)	(466,358)	(41,615)	-	(518,403)
At 31 March 2023	57,407,866	89,254,856	219,271,171	14,457,245	380,391,138
Accumulated depreciation					
At 1 April 2022	(2,641,707)	(41,004,910)	(24,361,042)	-	(68,007,659)
Charge	(473,822)	(4,350,016)	(3,651,611)	-	(8,475,449)
Disposals/reclass	22	433,668	5,564	-	439,254
At 31 March 2023	(3,115,507)	(44,921,258)	(28,007,089)	-	(76,043,854)
Net book value					
At 31 March 2023	54,292,359	44,333,598	191,264,082	14,457,245	304,347,284
At 31 March 2022	54,600,294	44,197,011	188,002,183	11,059,819	297,859,307

As at 31 March 2023, 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 \$67,346,609 (2022 - \$62,023,930).

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

7. Intangible assets

Cost or valuation

	Contact rights	Debentures	Total
At 1 April 2022	7,513,719	612,371	8,126,090
Additions	-	2,195,703	2,195,703
At 31 March 2023	7,513,719	2,808,074	10,321,793

Accumulated amortization

	Contact rights	Debentures	Total
At 1 April 2022	(3,220,158)	(61,237)	(3,281,395)
Charge	(1,073,388)	(79,535)	(1,152,923)
At 31 March 2023	(4,293,546)	(140,772)	(4,434,318)

Net book value

	Contact rights	Debentures	Total
At 31 March 2023	3,220,173	2,667,302	5,887,475
At 31 March 2022	4,293,561	551,134	4,844,695

8. Materials and supplies

	2023	2022
Pipework and appurtenances	12,366,231	7,729,110
Spares and consumables	230,419	265,105
Fuel and chemicals	1,239,553	526,729
Office supplies	96,424	126,851
	13,932,627	8,647,795
Less: Provision for obsolete materials and supplies	(53,782)	(64,621)
	13,878,845	8,583,174

9. Contract balances and other receivables

	2023	2022
Contact balances with customers	4,586,114	6,396,124
Allowance for doubtful debts	(1,357,000)	(2,314,000)
	3,229,114	4,082,124
Other receivables	1,449,803	2,745,272
Prepayments	3,178,317	2,955,115
	7,857,234	9,782,511

Allowance for doubtful debts consist of the following:

	2023	2022
Allowance, beginning of the year	2,314,000	2,149,000
(Decrease)/increase in allowance	(390,517)	390,635
Reversal of the allowance	(566,483)	(225,635)
Provision, end of the year	1,357,000	2,314,000

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 percentage of outstanding balances.

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

9. Contract balances and other receivables (continued)

The loss allowance is estimated as follows:

2023	0-30	31-60	61-90	90+	Total
Expected credit loss %	0%	0%	90%	90%	
Gross carrying amount of contract balances	2,038,336	1,040,000	237,959	1,269,819	4,586,114
Lifetime expected loss	-	-	214,163	1,142,837	1,357,000

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

10. Cash and cash equivalents

	2023	2022
Current accounts	4,521,691	14,112,284
Short-term fixed deposits	2,313,353	2,289,555
Cash on hand	18,650	18,650
	6,853,694	16,420,489

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

	2023	2022
Authorized		
66,666,666 ordinary shares of \$1.50 each	100,000,000	100,000,000
1 Special Rights Redeemable Preference Share	1	1
	100,000,001	100,000,001
Issued and fully paid		
40,000,000 ordinary shares of \$1.50 each	60,000,000	60,000,000
Special Rights Redeemable Preference Share	1	1
	60,000,001	60,000,001

	2023	2022
Ordinary shares outstanding are held as follows:		
Government of Belize	82.59%	82.59%
Social Security Board	10.00%	10.00%
Others	7.41%	7.41%
	100.00%	100.00%

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

11. Share capital (continued)

Special Rights Redeemable Preference Share

The Special Rights Redeemable Preference Share, owned by the Government of Belize, has the following rights:

As to income

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

As to redemption

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

As to further participation

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

As to voting

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

As to purchase and transfers

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

As to appointment of Directors

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

- 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.

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

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

	2023	2022
Beginning balance	53,551,307	53,551,307
	<u>53,551,307</u>	<u>53,551,307</u>

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.

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

15. Total contributions and total amortizations

	2023	2022
Capital contributions:		
Beginning balance	41,448,176	40,185,941
Additions	2,553,603	1,262,235
	<u>44,001,779</u>	<u>41,448,176</u>
Capital contribution amortization:		
Beginning balance	(4,389,125)	(3,721,240)
Amortization	(688,336)	(667,885)
	<u>(5,077,461)</u>	<u>(4,389,125)</u>
Capital contributions - net	<u>38,924,318</u>	<u>37,059,051</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.

16. Long-term debt

	2023	2022
(i) Caribbean Development Bank #10	2,730,510	3,177,406
(ii) Caribbean Development Bank #5	2,205,621	2,431,839
(iii) Belize Wastewater Revolving Fund	2,058,066	2,702,490
(iv) Caribbean Development Bank #22	11,282,887	12,787,272
	<u>18,277,084</u>	<u>21,099,007</u>
Less: current portion	<u>(2,686,347)</u>	<u>(2,821,803)</u>
	<u>15,590,737</u>	<u>18,277,204</u>

The loans are payable as follows:

	2023	2022
Within 1 year	2,686,347	2,821,803
Within 2 to 5 years	11,991,642	10,089,809
Over 5 years	3,599,095	8,187,395
	<u>18,277,084</u>	<u>21,099,007</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 6.5% per annum for the year ended 31 March 2023. 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 6.5% per annum for the year ended 31 March 2023. 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% per annum. The loan has maturity date in 2027.

Belize Water Services Limited**Notes to the financial statements***(In Belize dollars)***16. Long-term debt (continued)**

(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 2023. Principal payments commenced October 2020.

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	2023	2022
Series 1 Debentures	6.25%	31-Dec-30	40,569,000	40,569,000
			40,569,000	40,569,000

	2023	2022
Sinking fund	4,702,739	1,750,000
	4,702,739	1,750,000

18. Trade and other payables

	2023	2022
Trade payables	3,994,412	2,493,330
Security deposits	3,797,626	3,670,715
Accrued expenses	1,229,201	767,607
Interest payable	941,189	997,368
Dividend payable	808,907	774,324
Other payables	578,557	571,792
Contract retentions payable	454,589	914,542
Taxes payable	71,613	72,404
	11,876,094	10,262,082

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:

	2023	2022
Water charges	50,248,687	47,183,784
Water connection charges	535,795	516,578
Water infrastructure charges	570,608	613,190
Services income	288,604	282,090
Other water sales	291,266	226,672
Late payment charges and penalties	235,862	65,436
Sewerage connection charges	33,828	15,650
Sewerage infrastructure charges	-	71,121
Bad debt recovery	36,619	22,421
Discount – measured water sales	(201,280)	(151,701)
Amnesty Rebate Program- Measured water sales	-	(121,058)
	52,039,989	48,724,183

20. Materials and other external costs

	2023	2022
Electricity costs	3,261,752	3,129,609
Plant running costs	2,335,880	1,626,972
Chemical expenses	1,421,645	1,142,205
Meter reading costs	105,770	103,205
	7,125,047	6,001,991

21. Staff costs

	2023	2022
Salaries and wages	10,839,334	9,494,656
Allowances	1,043,223	974,204
Other staff costs and grants	876,778	739,267
Pension Plan contribution	831,961	720,020
Company health insurance	737,476	682,544
Social security expense	550,015	432,276
Redundancy costs	4,898	45,808
Training and recruitment	394,276	115,698
	15,277,961	13,204,473

Belize Water Services Limited

Notes to the financial statements

(In Belize dollars)

22. Other operating charges

	2023	2022
Repairs and maintenance	6,594,733	4,832,615
Security	1,528,698	1,550,689
Licenses and taxes	673,051	402,087
Office supplies and sundries	605,356	568,204
Meeting costs	495,180	483,327
Collection fees	435,434	389,085
Telephone	399,985	411,854
Travel	339,642	272,730
Insurance	333,238	332,674
Electricity – office	264,570	268,881
Donations	260,848	223,902
Professional fees	250,135	509,515
Advertisement and marketing	138,342	113,093
Materials	118,179	4
Rent	65,565	364,975
Loose tools	37,975	19,842
Other	12,981	14,183
Bad debt expense	(390,517)	390,635
	<u>12,163,395</u>	<u>11,148,295</u>

23. Other income

	2023	2022
Other income	48,462	42,677
Interest income from third parties	25,899	25,465
	<u>74,361</u>	<u>68,142</u>

24. Finance costs

	2023	2022
Bank loan interest	597,119	935,038
Debenture interest	2,535,563	2,535,563
Bank charges	30,733	46,880
Legal and processing fees	21,392	21,392
	<u>3,184,807</u>	<u>3,538,873</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.

	2023	2022
Basic earnings per share		
Profit attributable to owners of the Company	4,587,056	5,736,141
Weighted average number of outstanding ordinary shares	<u>40,000,000</u>	<u>40,000,000</u>
Basic earning per share	<u>0.11</u>	<u>0.14</u>

27. Depreciation and amortization grant income and contract rights

	2023	2022
Depreciation	8,475,449	7,907,579
Contribution/Grant income amortization	(688,336)	(667,885)
Contract rights amortization	<u>1,152,922</u>	<u>1,134,625</u>
	<u>8,940,036</u>	<u>8,374,319</u>

28. Related party transactions

	2023	2022
Government of Belize		
<i>Trade receivables – water sales</i>		
Balance at the beginning of the year	246,349	173,840
Billed	3,867,969	3,259,674
Receipts	<u>(3,798,290)</u>	<u>(3,187,165)</u>
Balance at the end of the year	<u>316,028</u>	<u>246,349</u>

	2023	2022
Government of Belize		
<i>Deferred revenue</i>		
Balance at the beginning of the year	17,460,452	17,604,685
Loan payments	795,299	813,608
Projects fulfilled	<u>(1,243,089)</u>	<u>(957,841)</u>
	<u>17,012,662</u>	<u>17,460,452</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 2023, the number of key management was 9 (2022 - 9).

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:

	2023	2022
Salaries and other short-term benefits	1,722,420	1,492,740
Post-employment benefits	311,660	241,850
	<u>2,034,080</u>	<u>1,734,590</u>

29. Commitments and contingencies

Commitments

Commitments for capital expenditure at 31 March 2023 totaled \$3,930,500 (2022 - \$6,506,800). Planned capital expenditure for fiscal year 2023 is \$22,194,000 (2022 - \$13,896,000).

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 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 \$831,961 (2022 - \$720,020) to the Plan.

31. Significant non-cash financing activities

During the reporting period, \$795,299 (2022 - \$813,608) 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.

Notes to the financial statements
(In Belize dollars)

32. Dividends

The Board of Directors approved a dividend distribution of \$509,527 or 5.0% of original share price for the year ended 31 March 2023 (2022 - \$508,049). Dividends are payable on 4 August 2023 to minority shareholders on record as of 31 March 2023. 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:

	2023	2022
Financial assets		
Trade and other receivables	4,678,917	6,827,396
Cash and cash equivalents	<u>6,853,694</u>	<u>16,420,489</u>
Total financial assets	<u>11,532,611</u>	<u>23,247,885</u>
Financial liabilities		
Borrowings	18,277,084	21,099,007
Debentures	40,569,000	40,569,000
Trade payables	3,994,412	2,493,330
Other payables and accrued expenses	<u>4,082,056</u>	<u>4,098,037</u>
Total financial liabilities	<u>66,924,552</u>	<u>68,259,374</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 2022	Proceeds from financing (i)	Loan repayments (ii)	31 March 2023
Borrowings	21,099,006	-	(2,821,923)	18,277,083
	<u>21,099,006</u>	<u>-</u>	<u>(2,821,923)</u>	<u>18,277,083</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.

BOARD OF DIRECTORS



CORNELIO ACOSTA JR.
Executive Chairman



JOSE 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



IVAR MEDINA
Director



ASHTON LONGSWORTH
Director



CARMELITA BLANCO
Chairperson of Project
Planning Committee



ALLAN POLLARD JR.
Director



KEITH MIRA
Director



CLIFFORD MARTINEZ
Director

MANAGEMENT TEAM



CORNELIO ACOSTA JR.
Executive Chairman



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



VONETTA THOMPSON
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



MISSION STATEMENT

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

VISION STATEMENT

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

Belize Water Services Limited

7 Central American Boulevard • P.O. Box 150, Belize City, Belize

Tel.: +501-222-4757

Website: www.bws.bz • Email: shareholderinfo@bwsl.com.bz



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