National Water & Sewerage Authority

ANNUAL REPORT

2021

NAWASA

www.nawasa.gd

Contents

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OUR VISION

A premier water utility, providing excellent service to all customers, fostering a healthy and productive nation

OUR MISSION

To provide customers with a safe, adequate and reliable water supply and safe disposal of waste water, in a viable and efficient manner, that meets and exceeds customers' expectations, and ensures the development of our organization, communities and our nation

Board Of Directors

MR. ANTHONY MAC LEISH
CHAIRMAN

MR. FERRON LOWE
DEPUTY CHAIRMAN

SEN. CHRISTOPHER DE ALLIE
DIRECTOR

MRS. MARGARET FRAME
DIRECTOR

MR. JOSHUA ST. BERNARD
DIRECTOR

MS. CARVEL FREDERICK
DIRECTOR

MR. JOHN ST. LOUIS
DIRECTOR

MR. MICHAEL MASON
DIRECTOR

MR. DEXTER LEGGARD
DIRECTOR

MR. ANTHONY MAC LEISH
CHAIRMAN

Chairman's Message

I am pleased to present to you the Annual Report of the National Water and Sewerage Authority ("NAWASA") for 2021 which provides a summary of NAWASA'S performance, audited financial statement, and corporate governance statements during the reporting period. Despite the challenges of navigating the hurdles spurned by the pandemic within the last year, NAWASA continued to reaffirm its mission of providing a safe and adequate, reliable supply of water and the safe disposal of wastewater in specific areas.

Our 2021 fiscal year was one of progress despite the ever-constant obstacles that the Organization was able to navigate and overcome. Our commercial portfolios performed below historic levels largely in part to the continued impact of the COVID-19 pandemic on the tourism sector in Grenada. Disruptions in the supply chain caused delays in the implementation of new projects. NAWASA weathered the storms and reported positive financial results in 2021, as detailed herein, in addition to providing a consistent supply of essential water island-wide and sewerage services in the Town of St. George and the south of the island.

The implementation of the deliverables under the Green Climate Fund project "Climate-Resilient Water Sector in Grenada" (G-CREWS) remained a focal point; this six-year project is well on the way with 2021 heralding the development of a land acquisition framework for the acquisition of property in furtherance of the project.

NAWASA continued to make strides in the delivery of the South St. George Water Supply Expansion and Sewerage Improvement Project by UKCIF and secured consultants for the project which included a local consultant for the Environmental and Social Impact Assessment.

GOVERNANCE

Having due regard to the dates of appointment, the Board of Directors met 10 times in 2021, virtually and in person, satisfying the statutory requirement of meeting once per month in the calendar year. The Authority submitted to the Government of Grenada all mandatory quarterly reports on financial performance within stipulated timelines.

The Board functioned with two (2) subcommittees, the Finance/Audit Committee which guided policy on financial concerns, and the Compensation Committee which provided oversight on the Authority's Human Resource functions.

The Board provided keen oversight on the implementation of the 2021 business plan exemplifying solid leadership as the Authority forged ahead cautiously implementing decisions whilst balancing the rising costs of doing so.

HUMAN RESOURCES/ CORPORATE STRATEGY

The Board directed the engagement of consultants;

i. To assess the functioning of the Human Resource Department and report on the efficiencies of the Department; and

ii. Examine the Performance Management and Compensation System and advise on its adequacy and if necessary, give recommendations for remediation.

Three Senior Management positions were filled during the year and most noteworthy, 2 of the 3 positions were filled by employees who advanced through the ranks. The appointment of the Human Resource Manager and the Transmission and Distribution Manager, both managers having served as Assistant Managers in their respective portfolios was a rewarding moment for NAWASA.

The lack of commitment from the Trade Unions representing the staff of NAWASA to resolving the looming crisis as the Authority's Pension Liability continued to grow with no established pension plan is a source of discontent. Pension Reform remained a priority to the Board and Management but, regrettably, this policy objective was impeded as NAWASA's key focus in 2021 remained the attainment of key goal posts set under the G-Crews project.

ENGINEERING DEPARTMENTS

The execution of NAWASA's mandate by the Engineering Department was no clearer than by the record number of private water connections installed by the Transmission and Distribution Department; 1189 connections, a marked increase from the previous year showcasing the growth in various portfolios and NAWASA's commitment to serving the public.

Micro projects in key areas wherein the need for improvement in service and upgrade in the infrastructure were carried out throughout Grenada. Various areas in St. Andrew, St. David, and St. George benefited. Major upgrades to Peggy's Whim Water System wherein the pipeline in the relevant distribution areas in St. Patrick complemented the increase in demand for water.

CUSTOMER SERVICE/ COMMUNICATIONS

In January 2021, NAWASA's the face of NAWASA'S customer service was transformed with the move to a new corporate headquarters on Lucas Street in the Town of St. George. The new location afforded customers the convenience of adequate parking facilities as they conducted business with the Authority. Additionally, customers were afforded card payment facilities at all locations facilitating the ease of bill payments to NAWASA.

Throughout 2021, NAWASA maintained its dedication and commitment to fostering its role as a socially responsible corporate citizen. The Organization made generous contributions to various community-based groups, schools, and individuals in areas of education, sports, environment, culture, health, and community causes. NAWASA's annual Christmas hamper drive was a success bringing Christmas cheer to many homes struggling to maintain in the after-effects of this century's pandemic.

FINANCIAL HIGHLIGHTS

Measured growth in the finances of the Authority was reported for the fiscal year 2021, a moderate increase of $402,390 from the year 2020. The growth was largely attributable to the increase in the Water and Sewerage Rates and Charges Regulations the previous year. NAWASA continued its programme of diversification of its financial portfolio and realized a profit of $332,515 from investing in regional Government treasury bills.

Expenditure increased for the reporting period, which was expected; external factors such as high shipping costs, and the woes of the supply chain contributed to the increase in expenditure. In spite of the upward trajectory of costs, NAWASA was able to fund capital projects valued at 6.1M from its revenue.

STATUTORY REPORTING

The Director of Audit, in the Ministry of Finance, in accordance with statutory guidelines and the Organisation's policies appointed the firm of P.K.F to conduct the 2021 external audit. The Board extends gratitude to the firm of P.K.F who has consistently performed to the highest standard in the performance of NAWASA's external audit.

ACKNOWLEDGMENTS

NAWASA remains optimistic about its future expansion and developmental plans; the extensive experience, excellent track record, and novel approach to project implementation, the financial position of the Authority, efficient cost structure, and the inherent synergies between the departments provide NAWASA with the springboard for development as the Authority consolidates and develops to meet the current and future needs of the populace.

On behalf of the entire Board of Directors, I wish to thank the Management and Staff of NAWASA for without their hard work, determination, innovation, loyalty, and perseverance none of the accomplishments of NAWASA would be possible, especially in 2021. NAWASA's success is dependent on the customer's commitment to settling their indebtedness; the support of our customers is therefore acknowledged.

A heartfelt thank you to my fellow Board Directors whose contributions and commitment displayed over the last year are evident in the achievements of the organization.

Ever the servant, I remain grateful to have been granted the opportunity as Chairman of NAWASA to continue the stewardship of this noble organization.

A. Macleish

Anthony MacLeish
Chairman

Management Team

CHRISTOPHER HUSBANDS

GENERAL MANAGER

WHYME COX

MANAGER,
PLANNING AND
DEVELOPMENT

ERNEST BRUNO

MANAGER,
TRANSMISSION AND
DISTRIBUTION

LOUISA YUVENTI

MANAGER,
FINANCE

DENNIES BURRIS

LEGAL COUNSEL/
CORPORATE SECRETARY

ALLAN NEPTUNE

MANAGER,
PRODUCTION AND
QUALITY

DIANNE HENRY

MANAGER,
HUMAN RESOURCES

LISA SIMON

ADMINISTRATIVE
ASSISTANT,
OFFICE OF THE GENERAL
MANAGER

2021 Operational Highlights

FINANCE

$0.80
Expense: Revenue
2020: $0.79

$110.3
Avg. Revenue per customer
2020: 1,123

$655.86
Avg. Domestic Revenue per Domestic Customer
2020: $668

$879.95
Avg. Expense per customer
2020: $867

$4,090
Avg. Non-Domestic Revenue per Non-Domestic Customer
2020: $5,444

1.04%
Cash Collection: Cash Disbursement
2020: 1.18%

$7,379.3
Avg. Government Revenue per Government Accounts
2020: $7,542

41.1 Days
Receivable period
2020: 33.22 Days

HUMAN RESOURCES

4.51
No. of Employees /1,000 customer accounts
2020: 4.50

230
Avg. No. Employees in Organization
2020: 224

0.88
Training hours per employee
2020: 2.84

$6,900
Expenditure on training & development. (including Board)
2020: $19,308

25
Total No. Employees accessing training & development
2020: 37

6.39
Employee health & Safety severity rate*
2020: 5.83

CUSTOMER SERVICE

45
Customer service compliance rate
2020: 49

**Lost workdays/100 employees/year*

General Manager's Report

INTRODUCTION

2021 was another challenging year for NAWASA, following on from 2020.

The Covid 19 pandemic affected all sectors of the economy including the operations of NAWASA, with our human resources function largely impacted.

During the year, 102 employees were isolated due to the Covid 19 virus, resulting in 869 work days lost.

The Transmission and Distribution Department had the most staff downtime.

NAWASA was forced during the height of the pandemic to implement safety measures, in the interest of both our employees and customers which included the suspension of all in-person customer services functions, meter relocations, private water service connections, and leak detections. ONLY bill payments were accepted at all Cash Offices.

NAWASA amended its operating hours due to the Emergency Powers Regulations which saw no movement on weekends. In an effort to bridge the gap between NAWASA and its Customers, NAWASA assigned 03 Business WhatsApp Accounts to provide bill balances, account queries, and fault reporting amongst other issues.

Despite the limitations, the highlight for the Authority was the official commencement of operations at our Lucas Street Head Office. Our first customer walked through the door on June 22nd, 2021 at 8:06 a.m.

The completion and commissioning of the Munich Water Treatment Plant was the highlight of the 12 projects completed by our Engineering Department.

Financially, NAWASA reported a net profit of $8,920,366 this represents an increase of $402,390 from the prior year, which was $8,517,976 owing in part to good fiscal management and project execution.

FINANCE

Income and Expenditure

For the fiscal year ended December 31st, 2021, the National Water and Sewerage Authority (NAWASA) reported a net profit of $8,920,366 this represents an increase of $402,390 from the prior year, which was $8,517,976.

Receivable turnover days increased from 35.7 days in 2020 to 41.1 days as of 31st December 2021.

Revenue for 2021 was $42,641,013, an increase of $1,160,762 or 2.8% from 2020 which was $41,480,251. Water sales were the main propeller behind this increase in the amount of $1,652,841. However, there were decreases in sales to ship, service connections, and hydrant sales totaling $691,423.00

Commercial revenue was $12,461,494 in 2021 as compared to $11,795,017 in 2020. Government ministerial accounts increase by $28,718 and Sales to Ships decreased by $73,261 or 164% from the prior year.

Through its investment programme including the purchase of regional Governmental Treasury Bills, the Authority realized an investment income of $332,515.

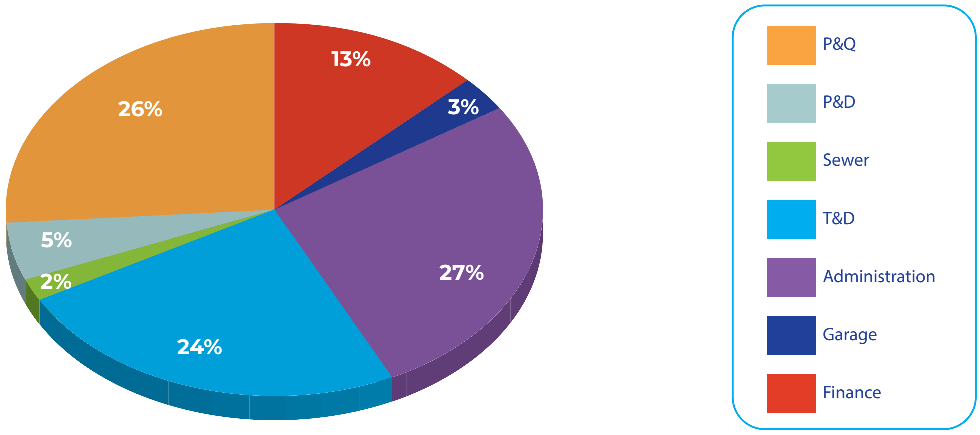
Expenditure for the year was $35,643,399, an increase of $1,178,325 or 3.4% when compared to 2020. All categories of expenditure increased from the prior year, with the exception of Administration and General Expenses.

Direct expenditure increased by $1,088,963. This increase is primarily due to increases in electricity, road reinstatement, and vehicle maintenance.

Annual expenditure on electricity and road reinstatement was $1.2M and $0.5M respectively. Expenditure on the desalination plants in Carriacou and Petite Martinique was $289,023.

Capital works for the year were $6,101,641.

EXPENDITURE BY DEPARTMENTS 2021



Commercial Unit

The Commercial Unit continued its mandate to process all bills in a timely manner and to pursue delinquent receivables. At the end of 2021 receivables days were 41.1 an increase from the prior year which was 35.7 and can be attributed to the effects of limited operations due to the Covid restrictions.

The Government continued to be current on all its ministerial bills.

The Asset Protection Unit investigated 1,562 service orders of which 52 were found to have been tampered with and subsidiary connections on 37.

14,892 service orders were generated for disconnection during the year but only 3,962 were actually disconnected, as increased leniency was exercised in the prevailing economic circumstances

Customer Service Unit

During the year, the total number of service orders completed was 33,542 with a completion rate of 81%.

There was a 32% increase in new connections in 2021, as 1,189 were completed as compared to 2020's total of 900.

ENGINEERING DIVISION

Planning & Development

The impacts of Covid 19 continued to affect the implementation of projects in 2021 as supply chain issues delayed the arrival of pipes required for completing planned pipeline projects.

The Authority had a total of 32 projects earmarked for execution, however, were only able to complete 12 projects (See Table 1 below). Of major significance was the installation of new piping infrastructure along the Hermitage main road in St. Patrick in the amount of EC$450,000.00 and the extension of the intake line at the existing SWRO Plant in Carriacou.

2021 also saw the commencement of the Feeder Road Projects and the installation of new infrastructure in the La Borie area at a cost of $1M NAWASA made a significant investment to enhance staff accommodation with the construction of a new staff car park at the Headquarters site on Lucas St.

The G-CREWS and UKCIF-funded projects saw the commencement of details designs in preparation for their respective implementation.

No.	PROJECT	SCOPE
1	Woburn Water Storage Tank Maintenance	Sandblasting and restoration of the Woburn Storage Tanks
2	H.Q. Staff Car Park Construction	Construction of staff car park and the installation of handrails, access stairs and perimeter fencing
3	Fencing and Security	Installation of fencing around the perimeter of the Petite Martinique Desalination Plant
4	Fencing and Security	Installation of fencing around the perimeter of the Munich Water Treatment Plant
5	Fencing and Security	Installation of fencing around the perimeter of the Darbeau Tank
6	Fencing and Security	Installation of fencing around the perimeter of the Radix Water Treatment Plant
7	Building Maintenance	Roof construction over storage containers at Dusty Highway Office
8	Building Maintenance	Carenage Cash Office Upgrade
9	Building Maintenance	Brandon Hall W.T.P. sand storage platform and box drain construction
10	St. Patrick Road Network Upgrade	Installation of new pipe infrastructure along the Hermitage main road
11	Water Supply Expansion to Rural Areas of Carriacou	Intake upgrade to existing SWRO plant
12	Feeder Roads Project	Installation of La Borie pipeline

Table 1.0 Projects Completed in 2021

Commissioning Ceremony – Munich Water Treatment Plant

NAWASA's Munich Water Treatment Plant was officially commissioned on December 9th, 2021.

The ceremony was attended by Minister of Public Utilities Senator the Honourable Norland Cox, Honourable Yolande Bain Horsford, Parliamentary Representative for St. Andrew's South West, Honourable Emmalin Pierre, Minister for Education, and other specially invited guests.

The new Munich Water Treatment Plant was constructed with 42% co-funding from the Basic Needs Trust fund (BNTF), at a cost of $700,000.00 and includes the construction of a brand-new sedimentation tank, two (2) slow sand filters and a water storage tank with a capacity of approximately 50,000 gallons.

Operationally, NAWASA has seen improvements in the consistency of water supply and quality, benefitting residents of Munich, Mt. Carmel, Tuilleries, Marquis and surrounding communities in the parish of St. Andrew.

Commissioning Ceremony – Carriere to Blaize Pumping Project

The Carrierre to Blaize Pumping Project was officially commissioned on April 21st, 2021 at the Upper St. John's Community Center.

NAWASA partnered with the Embassy of Japan in Trinidad and Tobago, under their Grass Roots Project; to address further challenges with supply in Blaize, especially during the dry season.

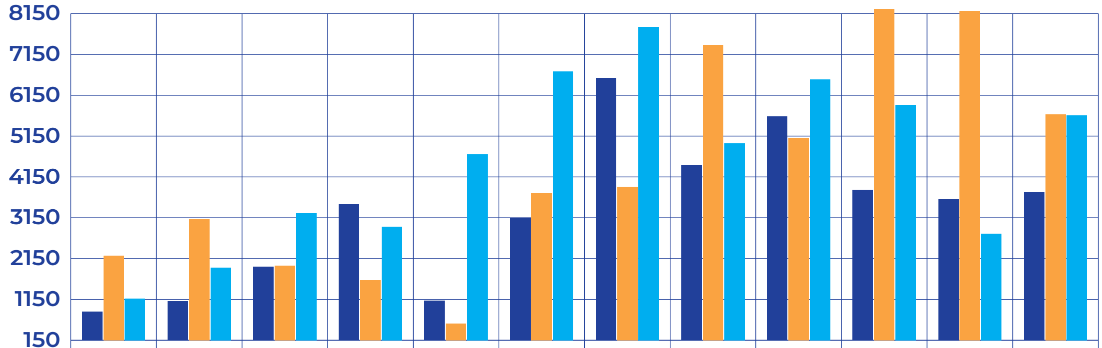
There was the installation of 7,583 feet of 4-inch pipeline from the existing 100,000-gallon tank at Carrierre, up to the Blaize tank, allowing for water to be pumped from the Carrierre tank to the Blaize tank for distribution to the residents.

The Commissioning Ceremony was graced by Board Directors, Management Staff, Parliamentary Representatives from two constituencies in the parish of St. Andrew as well as a live Zoom presentation from His Excellency Tatsuo Hirayama, who delivered brief remarks on behalf of the Government of Japan.

WATER RESOURCES

The total amount of rainfall recorded for 2021 was 54,401mm as compared to 51,807mm in 2020; an increase of 2,594 mm. Significant increases were recorded in the normally driest months of April and May, which improved the Authority's supply at a critical time, and reduced the effects of the dry season on consumers. Figure 2.0 below shows rainfall activity for the past three years.

COMPARATIVE RAINFALL FOR 2019 - 2021



	Jan.	Feb.	Mar	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.
2019	856	1108	1951	3483	1117	3146	6573	4444	5628	3832	3609	3774
2020	2224	3113	1972	1620	555.6	3755	3911	7382	5109	8267	8211	5687
2021	1167	1931	3263	2935	4701	6729	7826	4968	6544	5919	2757	5656

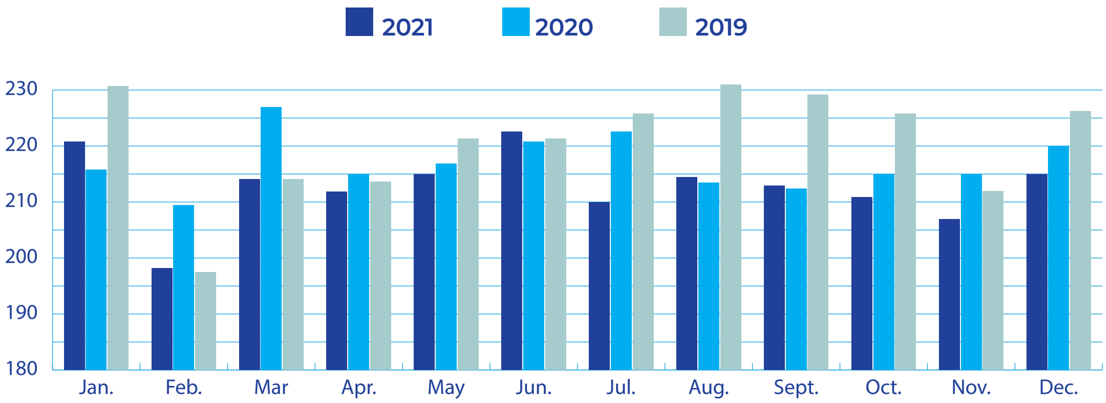
PRODUCTION & QUALITY

The Department produced an average of 212 million imperial gallons (IMG) of treated water per month compared to 216 IMG in 2020 and 220 IMG in 2019. This represents a 2.01% decrease under 2020 and a 3.5% decrease as compared to 2019. The annual rainfall was 11,971.14 mm or a 25.42% increase in recorded rainfall for the reporting period which is an indication that the rainfall experienced, was intense enough at times to cause significant increases in raw water turbidity. Increased turbidity hindered our ability to treat additional water, hence the reduced production levels recorded.

Figure 3.0 below gives three-year comparative data of water production for the years 2019, 2020, and 2021.

COMPARATIVE WATER PRODUCTION 2019 - 2021

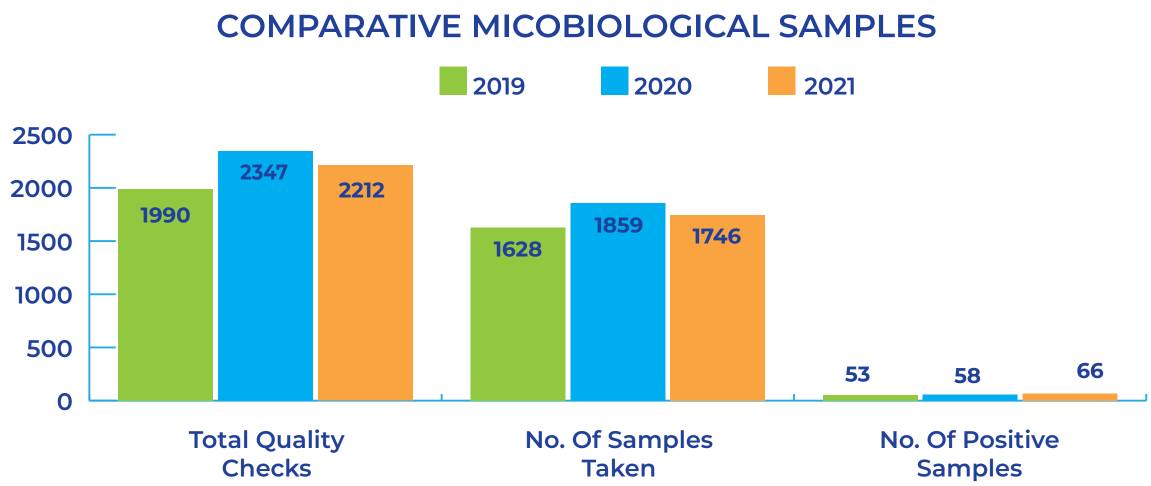
Production in Mil Gal (Imp)



Microbiological sampling of our water supply continues at respective stations across the island. The Department continued efforts to register improvements in both water quality and treatment plants' aesthetics.

The data shows that the Authority continues to produce generally good quality potable water with very low percentages of positive samples. As per NAWASA's Standard Operating Procedures, all positive samples were investigated and follow-up sampling was done at the respective stations.

Figure 4.0 below is a comparative summary of Microbiological sampling for the years 2019, 2020, and 2021.



TRANSMISSION AND DISTRIBUTION

The Transmission and Distribution Department was adversely affected by the impact of Covid 19 both on its human resource capacity and project implementation. 16 "micro" projects were completed and 3 others started during the period.

Nos.	Location	Description
1	Munich, St. Andrew	Replacement of 1035ft of 1 ½" from Bamboo Junction to Top Bamboo
2	Walker, St. Andrew	Upgrading of 1045 ft of 1" with 2" from Walker Junction to Tuilleries Junction
3	Adelphi, St. Andrew	Upgrading of 900ft of 1 ½"with 2" from Adelphi Junction to the Cemetery
4	Mirabeau, St. Andrew	Upgrading of 1300ft of 1" with 2" from Mirabeau Pasture to the Quarry
5	Paraclete, St. Andrew	Upgrading of 1050ft of ¾ " with 1" from the Stand Pipe to Grand Fur
6	Mt. Fann, St. Andrew	Replacement of 940ft of 1 ½" from Mt. Fann Junction to Mt. Carmel Junction
7	La Tante (Dierre Morne), St. David	Replacement of 1500ft of 1 ½" to 2"
8	Belle Vue, St. David	Replacement of 1780ft of ½" and ¾ " with 1 ½"
9	Beaton, St. David	Upgrading of 800ft of 2" galvanize. pipelines
10	Munich, St. Andrew	
11	Carriere to Blaize	
12	Laura Land, St. David	Upgrading of 700ft of 1" to 1 ½" galvanize. pipes
13	Close Rock, St. David	Upgrading of 580ft of 1" to 1 ¼ " with 1 ½" galvanize pipes
14	Hermitage, St. Patrick	Upgrading of 1641ft of 1" to 1 ¼ " with 1 ½" galvanize pipes and 1" crossing from the Medical Station to Lower St. John's
15	Middle River to Mt. Millet, St. John	Upgrading of 850ft of 1" to 1 ½" galvanize. pipes
16	Corinth, St. David	Upgrading of 2360ft of 2" galvanized pipes
17	Hill Top, Calivigny, St. George	Replacement of 700ft of 2" pipes
18	Mt. Moritz, St. George	Replacement of 2580 ft of 2" pipes

Table 2.0 – Micro Projects

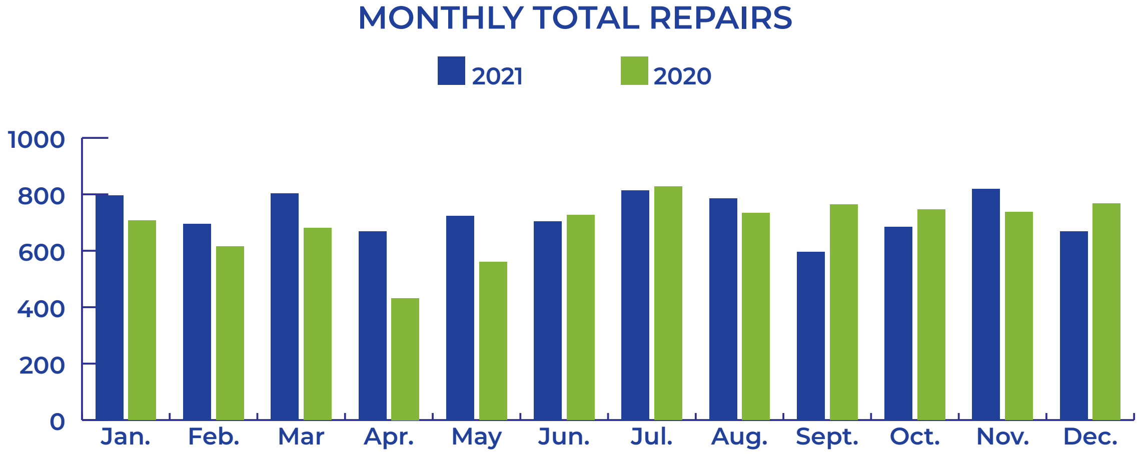
During the year, a total of 8755 leaks were repaired, as compared to 8300 in 2020, a 5.57% increase.

St George's and St Andrew's continued to be the most active districts which correlate with the fact that they have the largest amount of pipeline infrastructure.

Annual Repairs for 2021						
Month	St. Mark/ St. John	St. Andrew	St. Patrick	St. George	St. David	Total
January	84	191	78	336	108	797
February	64	168	85	284	94	695
March	80	181	65	339	137	802
April	71	169	77	245	107	669
May	60	223	77	260	103	723
June	56	161	92	312	83	704
July	66	193	89	341	124	813
August	85	176	78	329	117	785
September	66	109	73	247	100	595
October	39	191	71	272	111	684
November	65	216	89	317	132	819
December	98	135	88	274	74	669
Total	834	2113	962	3556	1290	8755

Table 3.0 – Annual Repairs

Figure 5.0 shows consistent patterns in repairs executed during the period, notwithstanding that there were significant Covid 19 challenges.



New Connections

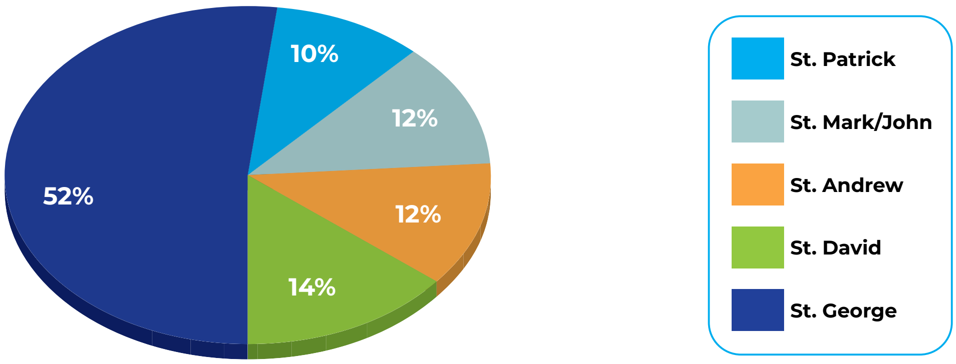
A total of 1189 new Private Water Connections (PWS) were completed for 2021, a 31.1% increase compared to 2020. These include additional meters on existing properties.

PWS INSTALLATION FOR 2021													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
St. Patrick	12	4	8	5	13	10	9	4	8	2	8	3	86
St Mark/John	6	10	17	8	10	4	6	10	8	2	7	17	105
St Andrew	23	25	30	23	14	47	42	24	14	21	16	25	304
St David	20	10	28	15	20	20	11	18	10	14	14	8	188
St. George	39	41	62	51	46	44	43	47	18	36	52	28	507
TOTAL	100	90	145	102	102	125	111	103	58	75	97	81	1189

Table 4.0 - PWS Connections

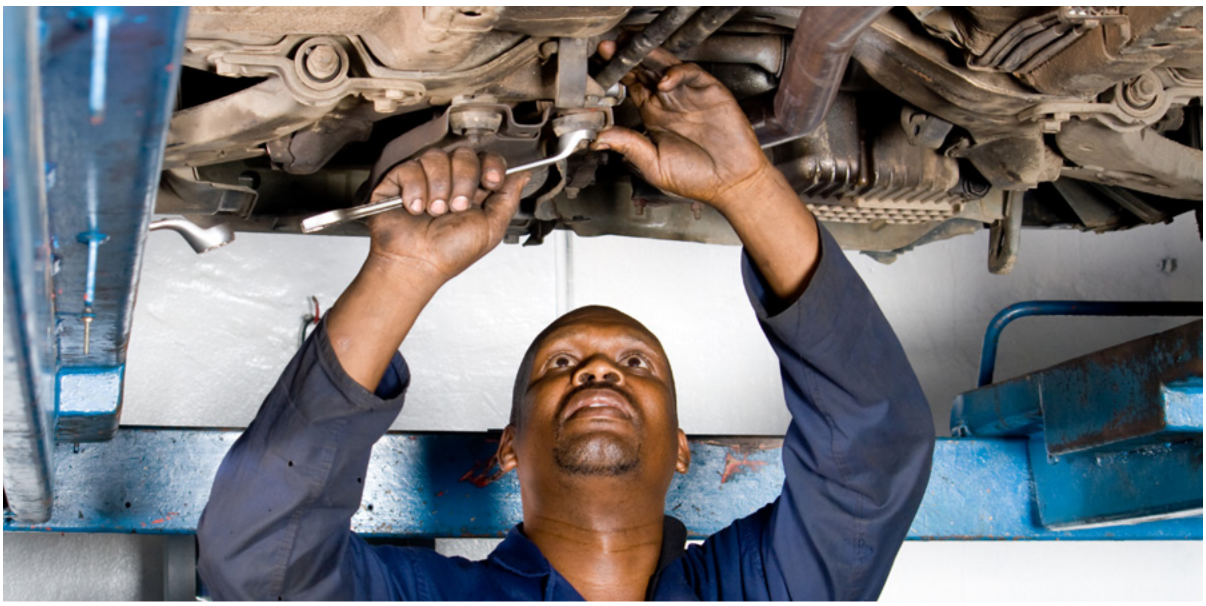
The District of St. George's dominated the list with 507 of these connections or 52% of the total completed for the year as shown in Figure 5.0 below.

PWS CONNECTIONS 2021



GARAGE UNIT

The Authority's fleet comprised of 45 vehicles and 78 pieces of equipment at year-end. The cost for maintenance (which included parts and service costs) of the vehicle fleet was approximately $248,726.33 compared to $213,614.17 in 2020. Tyre replacement and fuel costs for the year amounted to $90,240.86 and $178,574.73 respectively compared to $109,903.05 and $47,680.02 for 2020.



HUMAN RESOURCES DEPARTMENT

Staffing

Staffing remained relatively stable as the Authority recorded a total average staffing level (permanent/long-term contract) of 230 during the year 2021, compared to 224 in 2020.

Similar to the year 2020, there was limited training due to the Covid 19 pandemic. However, most of the training conducted was done virtually, rather than face-to-face. A total of nineteen (19) employees received training during the year compared to thirty-five (35) during the previous year.

Retirees

During the year under review, the Authority bid farewell to 6 employees, who proceeded on their retirement leave after years of continuous service as shown in Table 5.0.

No.	Employee	Position	Department	Years of Service	Retirement Date
1	LEROY LETT	Plant Operator	P&Q	41yrs	Jun. 16th, 2021
2	ALLAN STANLEY NEPTUNE	Manager P&Q	P&Q	40yrs	Dec. 28th, 2021
3	DOUGLAS JONES	Plant Operator	P&Q	37yrs	Dec. 21st, 2021
4	PATRICK AARON HAZZARD	Plant Operator	P&Q	35yrs	Jun. 1st, 2021
5	ANN CLAUDINE PRIMUS	Administrative Assistant	Office of the General Manager	31yrs	Jan. 1st, 2021
6	DENNIS JOSEPH ANDREW	Customer Services Representative	Finance	27yrs	Sept. 26th, 2021

Table 5.0 – Retirees

Saying Goodbye

The Authority lost 02 employees during the period both having given yeoman service to the Authority as shown in Table 6.0.

No.	Employee	Position	Department	Years of Service	Passed on
1	DICKIE CHETRAM	Foreman	T&D	27yrs, 7 mths	Sept. 12th, 2021
2	DAVE MARQUEZ	Engineering Assistant	P&D	30 yrs, 9 mths	Nov. 11th, 2021

Table 6.0 – Deceased Employees

Study Leave

During the year under review, 13 employees proceeded on short-term study- leave, which amounted to 77 days. This represents an increase compared to 2020 when 11 staff proceeded on leave amounting to 65 days.

Award & Recognition

TAMCC Award

As customary, during the year 2021, the Authority awarded the most outstanding graduating student in plumbing from the TA Marryshow Community College (TAMCC). Awardee Mr. Jamil Lambert was presented with a plaque and voucher for plumbing tools, a total contribution of $550.00.

CPEA Awards

The year 2021, made it 18 years since the Authority has been awarding employees' children who are successful in the Common Entrance / Caribbean Primary Exit Assessment (CPEA). Seven students were recognized at an award ceremony which was held at the Authority's Training Room, Lucas Street, St. George's.

Professional Administrative Day

NAWASA celebrated Professional Administrative Day on Wednesday, April 21st, 2021 by recognizing our Administrative Assistants for their contribution to NAWASA.

The General Manager along with his Senior Management Team presented a small token of appreciation to employees who support their various departments. NAWASA commends all Administrative Assistants for the exceptional work that they do daily.

Staff Meetings

A series of staff meetings were held in different groups throughout the various parishes. The purpose of the meetings was to update all staff on the various initiatives undertaken by the Authority and to listen to concerns and suggestions. Short presentations were carried out by Senior Managers, outlining their departments' operations, current challenges, and future plans.

COMMUNICATIONS UNIT

NAWASA's Communications Unit maintains its responsibility of planning, coordinating, and supporting all communication activities of the Authority and continues to increase its activities for the purpose of corporate visibility, advocacy, and education related to the water supply sector.

PUBLIC EDUCATION & CAMPAIGNS

New Corporate Headquarters

Dedication Ceremony

A Dedication Ceremony was held on January 18th, 2021 presided over by Retiree and Pastor of the Lucas Street, New Testament Church of God Ms. Ann Primus, and was attended by members of the Board of Directors and employees stationed at the new headquarters. This was the day the first set of employees commenced operations from the new location.

Commissioning Ceremony

NAWASA's new Corporate Headquarters was officially commissioned on July 6th, 2021.

The Commissioning Ceremony was attended by Governor General Her Excellency Dame Cecile Le Grenade, who unveiled the dedication plaque, and Prime Minister Dr. Keith Mitchell who delivered the feature address.

The Ceremony was streamed live on the Government Information Service (GIS) TV, Mikey Live, and NAWASA's Facebook platform. It was an extremely proud moment for the NAWASA Family.

Commencement of Operations

NAWASA officially commenced customer contact operations at the new headquarters on Tuesday, July 22nd, 2022. Mr. Martin Mc Intosh from Crochu St. Andrew was the first paying customer and was greeted by General Manager Mr. Christopher Husbands, supported by the entire Management team when he walked through the door at 8:06 a.m.

Launch of Mobile APP

NAWASA launched its Mobile App in support of bill balances on Tuesday, October 26th, 2021.

Developed by Pixel Perfect Apps, the App allows customers instant access to information relating to their water bill directly from their electronic devices.

The app which is web-based, is accessed via any web browser by typing mobile.nawasa.gd and allows for use on both Android and IOS platforms.

The App offers; a view of current bills and overdue amounts, the ability to report a fault, a link to the NAWASA website, contact information, and the transaction history for up to a six-month period per account. Customers can sign up in a secure environment to manage one or several accounts and receive pertinent notifications regarding their account(s).

Donation of Computers to Happy Hill Secondary School

NAWASA handed over a Dell Desktop Computer to the Happy Hill Secondary School as part of our Corporate Social Responsibility.

The computer was received by Principal Mrs. Nerissa Celestine James and will be housed in the school's library.

World Water Day

Chairman of the Global Water Partnership Caribbean Mr. Trevor Thompson had a sit down with the Communications Team to discuss the theme of Valuing Water in observance of World Water Day 2021.

The Live Interview was streamed on Social Media and also saw the Official release of activities as part of NAWASA's Pearl Celebrations.

15 videos were also produced and featured various stakeholders speaking to the value of water.

Carriacou & Petite Martinique Affairs

Operation Review

Communications Supervisor Ms. Jamila Lewis joined NAWASA's Management Team led by General Manager in Carriacou and Petite Martinique from June 9th to 11th, 2021, reviewing operations on the Sister Isles.

The team met with staff on both islands and also engaged the Ministry of Carriacou and Petite Martinique Affairs. Minister Maturine - Stewart and Permanent Secretary Ms. Rolda Quamina were apprised of the Authority's operations on the Sister Isles and areas of support required from the Ministry.

Petite Martinique Community Meeting

A NAWASA team, including Communications Supervisor Ms. Jamila Lewis, engaged residents of Petite Martinique on July 15th, 2022.

The meeting at the Petite Martinique RC School discussed the development of the water supply network on the island with a specific focus on the requirements for a water connection. The meeting was called in response to concerns by residents regarding the requirements for land ownership as part of the water connection process. In light of concerns, The Board of Directors approved a recommendation from Management for an amendment to the normal connection requirements for the residents of Petite Martinique.

Volcanic Ash and Impact on Water Supply

NAWASA allayed the fear of the general public on the safety of NAWASA's water supply following the presence of volcanic ash from the La Soufriere volcano in St. Vincent on April 11th, 2021.

In the statement released, the Authority assured the public that; there was no adverse impact detected on the country's raw water quality due to the presence of dust and ash.

As an Organization, NAWASA increased its monitoring mechanisms and the general public was made known of that decision. The public was also advised that while there were no immediate plans for a complete system shutdown, the situation could change depending on the intensity and duration of the eruptions at the La Soufriere volcano, the quantity of material ejected, as well as the prevailing wind direction.

Thankfully the eruptions were not long-lasting or more severe and by the end of April, the frequency and severity had both reduced.

NAWASA's Pearl Celebration

NAWASA celebrated 30 years of service on November 25th, 2020 under the theme 'Celebrating 30 in 20; Water, Service, Technology, and Beyond. The celebration activities were extended into 2021 and delayed as a result of the pandemic. Beneficiaries were in awe as NAWASA wrapped up activities in celebration of the pearl anniversary. An investment of $50,000 was approved by the Board of Directors to assist vulnerable customers through debt write-offs and the provision of free water connections.

Christmas Food Hamper

On December 21st and 22nd 2021, for the 18th consecutive year, Christmas Hampers were delivered to individuals of lesser means, bringing joy to their hearts. 43 persons were provided for in 2021.

Athletic Season

NAWASA emerged victorious in the 2021 GCIC Inter Sector Cricket Competition defeating the RGPF to take the championship trophy. 14 teams participated in the competition and NAWASA played undefeated throughout. This was NAWASA's 4th win in the competition from 6 appearances in recent years.

FOSTERING PUBLIC RELATIONS, AWARENESS & UNDERSTANDING

Social media has proven its value to NAWASA by offering the following powerful features Instant Communication, Feedback, Advertising, etc. Our NAWASA Facebook and Twitter Accounts generated much interest as they have been particularly useful for reporting outages or leakages within communities and continue to provide real-time responses to challenges met by consumers or customers ranging from account balances to queries about operation and employment inquiries.

At year's end Facebook had a total of 11,332 likes, an increase of 1401. Followers: 10,861, an increase of 596. We had a reach of 937,027

Closed the year with 1477 which represents 113 new followers.

Ended the year with 66 videos

Ended the year with 1667 followers, 700 posts, 3406 likes, and 27, 900 reach

This was established on Monday, February 18th, 2019, to provide customers with another option for reporting broken lines. Total interactions for the period 2836, a 1442 increase over 2019

Our Social Media platforms are all geared to maximize audience reach and to provide a discussion forum for stakeholders about all water-related issues.

The public was kept informed about the numerous projects, operations, and socially responsible initiatives of the authority.

LEGAL UNIT

The Legal Unit continued to complement the Commercial Unit by managing debt collection throughout 2021. During the fiscal year 2021, payments in the sum of $293,970.85 were collected through the legal process which involved the calling initiative, demand letters, and filing civil claims in the Magistrate Court.

The calling initiative amassed a total of $106,619.55 in collection from 915 accounts with balances 90 days overdue. 479 pre-action (demand) letters were produced with a value of $249,805.13, of which 212 were served from the period under review and earlier periods. Of the aforementioned letters served, a total value of $164,717.04 was received in payments from debtors.

51 claims were filed at Magistrate's Courts Island-wide against customers who have been in arrears in excess of six months and were unresponsive to the receipt of pre-action (demand) letters requesting settlement of arrears. The cumulative value of the filed claims was $40,750.98; a full settlement of totaling $12,892.04 was collected in relation to the arrears on Twenty-One (21) accounts.

INFORMATION TECHNOLOGY

During the year the Authority continued its investment in technology in the amount of $319,119.55 as compared to $240,901.64 in 2020. This includes the procurement of ten (10) Desktops, three (3) Laptop, and Reolink Security Camera Systems for The Carenage, Grenville, Gouyave, and the Sister Isles of Carriacou, and Petite Martinique, along with inks, toners, and ribbons.

ACKNOWLEDGMENTS

The achievement of NAWASA during this period must be credited to the explementary leadership of our Management Team supported by our Board of Directors.

We also recognize and value the ongoing contribution of each employee, many of whom worked from home as we navigated the new norms of Covid to ensure that NAWASA remained viable and open to the public.

Although we lost two employees during the reporting period, we are thankful that as an organization we embraced the spirit of commitment and that we rode the tide as we faced the Covid 19 giant.

Christpopher Husbands
General Manager

Audited Financial Statements

For The Year Ended December 31, 2021

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Grenada | West Indies
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PKF Accountants & business advisers

Independent Auditors' Report To The Minister Responsible For Infrastructure Development, Public Utilities, Energy, Transport And Implementation On National Water And Sewerage Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the National Water and Sewerage Authority (the "Authority"), which comprise the statement of financial position at 31st December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31st December, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Grenada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Authority's 2021 Annual Report

Other information consists of the information included in the Authority's 2021 Annual Report, other than the financial statements and our auditors report therein. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal controls 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 Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the National Water and Sewerage Authority or to cease operations, or has no realistic alternative but to do so.

Independent Auditors' Report To The Minister Responsible For Infrastructure Development, Public Utilities, Energy, Transport And Implementation On National Water And Sewerage Authority (Continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists; we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

PKF

GRENADA
October, 26th, 2022

Accountants & Business Advisers:

STATEMENT OF FINANCIAL POSITION

At 31st December, 2021

	Notes	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	85,199,593	81,132,410
Right-of-use assets	5	72,490	120,706
		85,272,083	81,253,116
Current Assets			
Inventories	6	7,228,626	6,481,683
Investment securities	7	10,763,188	10,434,808
Trade and other receivables	8	7,819,237	4,898,588
Cash and cash equivalents	9	39,278,914	29,356,944
		65,089,965	51,172,023
TOTAL ASSETS		$150,362,048	$132,425,139
EQUITY AND LIABILITIES			
Capital	10	19,731,893	17,808,593
Revaluation reserve	11	688,066	-
Retained earnings		72,301,788	65,881,422
TOTAL EQUITY		92,721,747	83,690,015
Non-current liabilities			
Retirement benefit obligation not yet due	14	27,500,009	25,000,003
Long-term borrowings	15	5,812,977	2,487,215
Long-term lease liabilities	5	26,969	77,870
Deferred income	12	4,493,371	4,356,662
Current Liabilities		37,833,326	31,921,750
Trade and other payables	13	6,854,737	3,182,094
Short-term borrowings	15	650,696	801,036
Short-term lease liabilities	5	50,901	48,593
Retirement benefit obligation	14	12,250,641	12,781,651
		19,806,975	16,813,374
TOTAL LIABILITIES		57,640,301	48,735,124
Miscellaneous income		524,150	594,616
TOTAL EQUITY AND LIABILITIES		**$150,362,048**	**$132,425,139**

The accompanying notes form an integral part of these financial statements
Approved by the Board of Directors on October 26, 2022 and signed on its behalf by:

A. Maelest

:Chairman :

General Manager

Statement Of Comprehensive Income

For The Year Ended 31st December, 2021

	Notes	2021	2020
Revenue	16	42,641,013	41,480,251
Direct costs	17	(20,280,957)	(19,191,994)
Gross profit		22,360,056	22,088,257
Other income	18	1,922,752	1,502,799
Total operating income		24,282,808	23,791,056
Administrative and general expenses	22	(15,006,248)	(15,135,315)
Operating profit		9,276,560	8,655,741
Finance cost	19	(356,194)	(137,765)
Net profit for the year		**$8,920,366**	**$8,517,976**

The accompanying notes form an integral part of these financial statements

Statement Of Changes In Equity

For The Year Ended 31st December, 2021

	Capital	Revaluation Reserve	Retained Earning	Total Equity
Balance at 1st January, 2020	17,808,593	-	59,863,449	77,672,042
Transfer to retirement benefit obligation	-	-	(2,500,003)	(2,500,003)
Net profit for the year	-	-	8,517,976	8,517,976
Balance at 31st December, 2020	17,808,593	-	65,881,422	83,690,015
Contribution of land	1,923,300		-	1,923,300
Property valuation	-	688,066	-	688,066
Transfer to retirement benefit obligation	-	-	(2,500,000)	(2,500,000)
Net profit for the year	-	-	8,920,366	8,920,366
Balance at 31st December, 2021	**$19,731,893**	**$688,066**	**$72,301,788**	**$92,721,747**

The accompanying notes form an integral part of these financial statements

Statement Of Cash Flows

For The Year Ended 31st December, 2021

	Note	2021	2020
OPERATING ACTIVITIES			
Net profit for the year		8,920,366	8,517,977
Adjustments for:			
Depreciation on property, plant and equipment		4,645,819	4,207,268
Depreciation on right-of-use assets		48,216	48,216
Amortization of deferred income		(266,627)	(275,990)
Transfer to retirement benefit obligation		(2,500,000)	(2,500,003)
Gain on disposal of property, plant and equipment		(58,596)	(19,999)
Cash inflow before working capital changes		10,789,178	9,977,469
(Increase)/decrease in inventories		(746,943)	917,961
(Increase)/decrease in trade and other receivables		(2,920,649)	250,666
Increase in trade and other payables		3,672,643	225,542
Increase in retirement benefit obligations		1,968,992	2,567,370
Cash provided by operating activities		12,763,221	13,939,008
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		58,591	20,000
Purchase of property, plant and equipment		(6,101,628)	(11,570,080)
Increase in investment securities		(328,380)	(5,060,617)
Cash used in investing activities		(6,371,417)	(16,610,697)
FINANCING ACTIVITIES			
Net proceeds from borrowings		3,175,423	3,288,251
Payment of principal portion of lease liabilities		(48,593)	(46,390)
Increase in deferred income		403,336	403,929
Cash provided by financing activities		3,530,166	3,645,790
Net increase in cash and cash equivalents		9,921,970	974,101
Cash and cash equivalents - at beginning of the year		29,356,944	28,382,843
- at end of the year	**9**	**$39,278,914**	**$29,356,944**

The accompanying notes form an integral part of these financial statements

Notes To The Financial Statements

For The Year Ended 31st December, 2021

1. CORPORATE INFORMATION

The Authority was created by Act of Parliament No. 25 of 1990 to take over the operations of the former Central Water Commission and with sole jurisdiction in all matters pertaining to the supplying of all potable water and sewerage facilities throughout Grenada. At the statement of financial position date, the Authority employed two hundred (200) permanent workers, thirty (30) contracted workers and twenty-six (26) temporary workers. (2020: 205, 26 and 30 respectively).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost convention.

The preparation of financial statements in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. Although those estimates are based on management's best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(b) Changes in accounting policies and disclosures

(i) New Accounting Standards, Amendments and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Authority's annual financial statements for the year ended December 31st, 2020 except for the adoption of new standards and interpretations below.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform — Phase 2 (Effective 1st January 2021)

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the interbank offered rates (IBOR) reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Changes in accounting policies and disclosures (continued)

(i) New Accounting Standards, Amendments and Interpretations (continued)

Amendment to IFRS 16 - Covid-19-Related Rent Concessions (Effective 1 June 2020)

On 28 May 2020, the IASB issued COVID-19 Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendments do not apply to lessors.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession will meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021);
- There is no substantive change to other terms and conditions of the lease.

Lessees will apply the practical expedient retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

These amendments have no impact on the Authority.

(ii) Standards in issue not yet effective

The following is a list of standards and interpretations that are not yet effective up to the date of issuance of the Authority's financial statements. These standards and interpretations may be applicable to the Authority at a future date and will be adopted when they become effective. The Authority is currently assessing the impact of adopting these standards and interpretations.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Effective 1st April 2021)

In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

In the reporting period in which a lessee first applies the 2021 amendment, the lessee will not be required to disclose the information required by paragraph 28(f) of IAS 8.

In accordance with paragraph 2 of IFRS 16, a lessee is required to apply the relief consistently to eligible contracts with similar characteristics and in similar circumstances, irrespective of whether the contract became eligible for the practical expedient before or after the amendment.

Amendment to IFRS 16 – Property, Plant and Equipment: Proceeds Before Intended Use (Effective 1st January, 2022)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective 1 January, 2022)

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing its requirements.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

Amendments to IAS 37 - Onerous Contracts, Costs of Fulfilling a Contract (Effective 1 January, 2022)

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Amendments to IAS 1 – Classification of Liabilities as Current and Non-Current (Effective 1 January, 2023)

In January 2020, the Board issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non- current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies Effective 1st January, 2023)

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8 - Definition of Accounting Estimates (Effective 1st January, 2023)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

Amendments to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective 1st January, 2023)

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities.
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

IFRS 17 - Insurance Contracts (Effective 1 January, 2023)

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Changes in accounting policies and disclosures (continued)

(ii) Standards in issue not yet effective (continued)

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

(iii) Improvements to International Reporting Standards

The annual improvements process for the International Accounting Standards Board deals with non-urgent but necessary clarifications and amendments to IFRS.

Annual improvements to IFRS Standards 2018-2020 cycle

The following amendments are applicable to annual periods beginning on or after 1 January, 2022

IFRSs – Subject of Amendment

IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter.
IFRS 9	Financial Instruments – Fees in the '10 per cent test for derecognition of financial liabilities.
IFRS 16	Leases – Lease incentives
IAS 41	Agriculture – Taxation in fair value measurements

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Property, Plant and Equipment

Subsequent Expenditure

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing and other repairs and maintenance of property, plant and equipment are recognized in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and rights are not depreciated. No depreciation is provided on work-in-progress until the assets involved have been completed and available for use.

Property, plant and equipment are stated at cost less accumulated depreciation.

Subsequent costs are included in the assets carrying amounts or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The rates used are as follows:

	Per annum %
Building and Equipment	2.5
Office furniture and Computer equipment	10 – 33.33
Miscellaneous tools and Equipment	10
Motor vehicle and Heavy Equipment	10 – 25
Production Equipment	2.5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments

(i) Classification and measurement

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised on the Authority's statement of financial position when the Authority becomes party to the contractual provision of the instrument.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is the date on which the Authority commits itself to purchase or sell an asset. A regular way purchase and sale of financial assets is a purchase or sale of an asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Initial measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss (FVPL) whereby transaction costs are added to, or subtracted from, this amount.

Measurement categories of financial assets and liabilities

The Authority classifies all of its financial assets and financial liabilities at amortised cost.

Amortised cost

The Authority measures its cash and cash equivalents, investment securities, and trade and other receivables at amortised cost. Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments (continued)

(ii) Impairment

The Authority ECL model requires the account for expected credit losses and changes in those expected credit losses at each reporting date. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Authority records an allowance for expected credit losses (ECL) for it's financial asset where applicable.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Authority considers a financial asset in default when internal or external information indicates that the Authority is unlikely to receive the outstanding contractual amounts in full.

Based on the above process, the Authority classifies its financial asset ECLs, except for trade receivables, into Stage 1, Stage 2 and Stage 3 where applicable.

Stage 1

Financial assets are first recognised, the Authority recognises an allowance based on 12 month ECLs. Stage 1 also includes financial assets where the credit risk has improved and the financial assets have been reclassified from Stage 2.

Stage 2

When financial assets have shown a significant increase in credit risk since origination, the Authority records an allowance for the Lifetime ECLs. Stage 2 also includes financial assets where the credit risk has improved and financial assets have been reclassified from Stage 3.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments (continued)

(ii) Impairment (continued)

Stage 3
Financial assets considered credit-impaired. Here the Authority records an allowance for the Lifetime ECLs (LTECLs)

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	-	The Probability of Default is an estimate of the likelihood of default over a given into period of time. A default may only happen at a certain time over the asserted period, if the facility has not been previously derecognised and is still in the portfolio.
EAD	-	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date including repayments of principal and interest, whether scheduled by contract or otherwise.
LGD	-	The Loss Given Default is an estimate of the loss arising in the case were a default occurs at a given time. It is based on the difference between the contractual cash flows due and the cash flows expected to be received. It is usually expressed as a percentage of the EAD.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument.

Calculation of ECLs

Stage 1
The 12-month ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Authority calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments (continued)

(ii) Impairment (continued)

Stage 2

When financial assets have shown a significant increase in credit risk since origination, the Authority records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the loan.

Stage 3

For financial assets considered credit-impaired, the Authority recognises the lifetime expected credit losses for these financial assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.

A financial asset is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial assets or group of financial assets is impaired includes observable data that comes to the attention of the Authority about the following loss events:

- Significant financial difficulty of the issuer or obligor.
- A breach of contract, such as default or delinquency in interest or principal payments.
- It is becoming probable that the borrower will enter in bankruptcy or other financial re- organization.
- The disappearance of an active market for that financial asset because of financial difficulties.

Impairment of Trade Receivables

The Authority records an allowance for expected credit losses for its trade receivables using a simplified approach. The ECL allowance is based on the credit losses expected to arise over the life of the assets (LTECL). The ECL on these financial assets are estimated used a provision matrix that is based on it historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The provision rates used in the provision matrix are based on days past due. The LTECLs for the Authority's trade receivables are calculated on an individual basis with various categories.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Financial instruments (continued)

(iii) Write offs

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally when the Authority determines that the borrower does not have assets or resources of income that would generate sufficient cash flows to repay the amount subject to the write-off. However, the financial assets could still be subject to enforcement activities in order to comply with the Authority's procedures.

(iv) Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(v) Financial liabilities

When financial liabilities are measured at fair value of the consideration given plus transactions costs directly attributable to the acquisition of the liability. Financial liabilities are re-measured at amortised.

Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract as discharged, cancelled or expired. The difference between the carrying amount of a financial liability extinguished and the consideration price is recognised in the statement of comprehensive consideration price is recognised in the statement of comprehensive income.

(e) Foreign Currencies

Foreign currency transactions during the year have been effected at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated expressed in foreign currencies are re-translated to Eastern Caribbean Currency Dollars at the rates of exchange ruling at the statement of financial position year. Differences arising from fluctuations in exchange rates are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) *Pension and Gratuity*

The Authority's pension and gratuity plan is a non-contributory plan, for all permanent employees with twenty (20) years of continuous service. Contributions are charged to the statement of comprehensive income.

(g) *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is the price at which stock can be realized in the normal course of business.

(h) *Trade receivables*

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables, being short-term, are not discounted. A provision for impairment of trade receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default or delinquency in payment are considered indicators that the trade receivable is impaired.

(i) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand and at bank and short-term demand deposits with original maturity of three (3) months or less.

(j) *Capital*

Capital contributions by the Government of Grenada are classified as equity.

(k) *Trade payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Borrowings

Borrowings are recognised at fair value net of transaction cost incurred. Borrowings are subsequently stated at amortized cost: any difference between the proceeds, net of transaction cost, and the redemption value is recognised in the statement of comprehensive income over the period of borrowings. Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least twelve (12) months after the
statement

(m) Customers' deposits

Customer deposits are shown in the statement of financial position as current liabilities, since it can be repaid within twelve (12) months of the date of the statement of financial position.

(n) Taxation

The Authority is exempt from the payment of income tax.

(o) Leases

The Authority assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 3 to 5 years
- Land 15 years

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Leases (continued)

(i) Right-of-use assets (continued)

If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect accrued interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The development of estimates and the exercise of judgment in applying accounting polices may have a material impact on the Authority's reported assets, liabilities, revenues, benefits and expenses. The items which may have the most effect on the Authority's financial statements are set out below:

(i) Impairment of Inventory

Provision is made for obsolete, slow moving and defective stocks.

(ii) Impairment of financial assets

Management assesses at each statement of financial position date whether assets are impaired.

An asset is impaired when the carrying value is greater than its recoverable amount and there is objective evidence of impairment. Recoverable amount is the present value of the future cash flows. Provisions are made for the excess of the carrying value over its recoverable amount.

(iii) Property, plant and equipment

Management exercises judgment in determining whether future economic benefits can be derived from expenditures to be capitalized and in estimating the useful lives and residual values of these assets.

(iv) Provision for expected credit losses of trade receivables

The Authority uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due net of Government of Grenada balances.

The provision matrix is initially based on the Authority's historical observed default rates. The Authority will calibrate the matrix to adjust the historical credit loss experience with forward- looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Authority's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES *(continued)*

(v) Impact of COVID-19

Background

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation on March 11, 2020. The Authority has considered the impact of COVID-19 in preparing its financial statements.

Consideration of the statements of financial position and further disclosures

Key considerations of the impact of COVID-19 on statements of financial position and related disclosures were as follows:

Expected Credit Losses

Trade and other receivables:

For trade and other receivables, the Authority adopted the simplified approach for determining the provision for expected credit losses, as permitted by IFRS 9. In response to the COVID-19 pandemic, the Authority assessed the need to adjust the loss rates to incorporate forward-looking information, taking into account the expected recovery rate of receivables and various applicable macroeconomic factors. Based on the analysis performed as at 31 December 2021, no material overlay adjustments specifically related to the COVID- 19 pandemic was considered necessary.

Going concern

In accordance with the requirements of IAS 1 'Presentation of Financial Statements', the Authority has performed a going concern assessment as of the reporting date. While the COVID-19 pandemic has heightened the inherent uncertainty in the going concern assessment, the Authority has concluded that there are no material uncertainties that may cast significant doubt on the ability to continue to operate as a going concern. The financial statements have therefore been prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Building and Production Equipment	Office Furniture and Equipment	Motor Vehicles	Miscellaneous Tools and Equipment	Capital Work-in-Progress	Total
Balance at 31st December, 2019							
Cost/valuation	5,909,047	116,365,789					
Accumulated depreciation	-	(54,185,366)					
NET BOOK VALUE	5,909,047	$62,180,423					
For year ended 31st December, 2020							
Opening book value	-	62,180,423	251,349	405,015	1,980,409	3,043,356	73,769,599
Additions	-	496,452	435,632	149,380	758,098	9,730,518	11,570,080
Disposal	-	-		(1)		-	(1)
Transfers	-	2,902,575				(2,902,575)	-
Depreciation charge for the year	-	(3,309,306)	(115,835)	(274,391)	(507,736)	-	(4,207,268)
NET BOOK VALUE	5,909,047	$62,270,144	$571,146	$280,003	$2,230,771	$9,871,299	$81,132,410
Balance at 31st December, 2020	-						
Cost/Valuation	5,909,047	119,764,817	3,735,106	3,917,039	6,074,200	9,871,299	149,271,508
Accumulated depreciation	-	(57,494,673)	(3,163,960)	(3,637,036)	(3,843,429)	-	(68,139,098)
NET BOOK VALUE	5,909,047	$62,270,144	$571,146	$280,003	$2,230,771	$9,871,299	$81,132,410

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

4. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Land	Building and Production Equipment	Office Furniture and Equipment	Motor Vehicles	Miscellaneous Tools and Equipment	Capital Work-in-Progress	Total
For the year ended 31st December, 2021							
Opening book value	5,909,047	62,270,144	571,146	280,003	2,230,771	9,871,299	81,132,410
Additions for the year	165,669	670,912	470,037	250,212	1,002,142	3,542,669	6,101,641
Valuation	1,923,300	688,066				-	2,611,366
Transfers		13,413,968				(13,413,968)	-
Disposals				(5)			(5)
Depreciation charge for the year		(3,699,486)	(208,786)	(193,810)	(543,737)	$-	(4,645,819)
NET BOOK VALUE	$7,998,016	$73,343,604	$832,397	$336,400	$2,689,176	$-	$85,199,593
Balance at 31st December, 2021							
Cost/Valuation	7,998,016	134,537,763	4,205,143	3,800,331	7,076,342	-	157,617,595
Accumulated depreciation	-	(61,194,159)	(3,372,746)	(3,463,931)	(4,387,166)	-	(72,418,002)
NET BOOK VALUE	**$7,998,016**	**$73,343,604**	**$832,397**	**$336,400**	**$2,689,176**	**$-**	**$85,199,593**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

5. LEASES

Set out below are the carrying amount of right-of-use assets recognized and the movements during the year:

	Buildings	Land	Total
As at 1st January, 2020	138,029	30,893	168,922
Depreciation expense	(46,010)	(2,206)	(48,216)
As at 31st December, 2020	92,019	28,687	120,706
Depreciation expense	(46,010)	(2,206)	(48,216)
As at 31st December, 2021	**$46,009**	**$26,481**	**$72,490**

Set out below are the carrying amount of lease liabilities and the movements during the year:

	2021	2020
As at 1st January, 2021	126,463	172,852
Accretion of interest	6,007	8,211
Payments	(54,600)	(54,600)
As at 31st December, 2021	77,870	126,463
Less: Current portion	50,901	48,593
Long-term portion	**$26,969**	**$77,870**

6. INVENTORIES

Balance as at 31st December, 2021	8,031,807	7,201,870
Less: Provision for obsolescence	(803,181)	(720,187)
	$7,228,626	**$6,481,683**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

7. INVESTMENT SECURITIES

	2021	2020
Government of Antigua and Barbuda 365-day Treasury bill	-	4,807,691
First Citizen Investments Services Limited		
- Government of St. Lucia 180-day Treasury bill	5,024,881	-
- Government of Antigua- 2 year Treasury note	5,000,000	-
- Government of St. Lucia 365-day Treasury bill	-	4,912,105
- Deposit Accounts	688,769	678,630
- Matured proceeds 365 days deposit	49,538	36,382
	$10,763,188	$10,434,808
Matured investments:		
British American Insurance Company Limited		
- Policy #BGG002711	979,624	979,624
- Policy #BGG003143	689,736	689,736
- Policy #BGG003708	1,062,314	1,062,314
	2,731,674	2,731,674
Less: Expected credit loss	2,731,674	2,731,674
	$-	**$-**

8. TRADE AND OTHER RECEIVABLES

Water and Sewer debtors	4,798,761	4,206,744
Ship debtors	16,183	1,768
Total trade receivables	4,814,944	4,208,512
Less: Expected credit loss	(528,592)	(506,087)
Net trade receivables	4,286,352	3,702,425
Other receivables	3,631,872	1,282,799
Less: Other expected credit loss	(98,987)	(86,636)
	$7,819,237	**$4,898,588**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

8. TRADE AND OTHER RECEIVABLES *(continued)*

Movement in expected credit loss (ECL) of trade and other receivables are as follows:

	2021	2020
Balance at 1st January, 2021	592,723	214,135
Net increase in ECL	75,531	494,823
Amounts written off	(40,675)	(116,235)
Balance at 31st December, 2021	**$627,579**	**$592,723**

9. CASH AND CASH EQUIVALENTS

ACB Grenada Bank - Current Account (i)	3,041,166	1,998,882
- Current Account (ii)	184,790	1,797,940
Republic Bank (Grenada) Limited - Current Account (i)	7,746,233	5,777,987
- Current Account (ii)	5,033,431	3,816,183
Grenada Co-operative Bank Limited - Current Account	2,209,525	2,295,332
- Certificate of deposit	14,069,621	9,932,127
- Project account	2,362,732	180,048
First Caribbean International Bank Limited – Current Account	4,625,381	3,555,780
Cash floats	5,800	2,300
Petty cash	235	365
	$39,278,914	**$29,356,944**

10. CAPITAL CONTRIBUTION - GOVERNMENT OF GRENADA

Balance at 1st January, 2021	17,808,593	17,808,593
Contribution – land	1,923,300	-
Balance at 31st December, 2021	**$19,731,893**	**$17,808,593**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

11. REVALUATION RESERVE

	2021	2020
Balance at 31st December, 2021	$688,066	-

The Authority's land and building located at Lucas Street, St. George's were revalued in March 2022 by Latitudes Consult, professional valuators. The valuations were carried out using the cost method. The excess on the revaluation totaling $688,066 has been credited to revaluation reserve in equity.

12. DEFERRED INCOME

Balance at 1st January, 2021	4,356,662	4,228,723
Grants received during the year	403,336	403,929
	4,759,998	4,632,652
Amount transferred to income	266,627	275,990
Balance at 31st December, 2021	**$4,493,371**	**$4,356,662**

This relates to grants received as follows:

- Government of Grenada
- Basic Needs Trust Fund
- Caricom/Spain Technical Co-operation Program
- Lease rental income received in advance
- Caribbean Community Climate Change Centre

These grants were used to develop water distribution and storage facilities and are being credited to income at the rate of 2.5% to 20% per annum, consistent with the rate charged for depreciation on related assets.

13. TRADE AND OTHER PAYABLES

Trade payables	65,669	61,098
Accrued expenses	5,844,966	3,012,387
Other payables	944,102	108,609
	$6,854,737	**$3,182,094**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

14. RETIREMENT BENEFIT OBLIGATION

This represents provisions in the amount of $2,371,092 and $9,879,549 made for Pension and Gratuity respectively, for all permanent employees and management personnel with over twenty (20) years of continuous service. An actuarial valuation in 2016 revealed that the Authority's pension liability as at March 31st, 2016 was $66.79 million. At December 31, 2021, a provision of $27,500,009 has been allocated to this liability.

15. BORROWING

	2021	2020
National Insurance Scheme	6,463,673	3,288,251
Less: Short-term portion	650,696	801,036
Long-term borrowings	**$5,812,977**	**$2,487,215**

The loan is repayable by monthly instalments of $78,635.81 inclusive of interest and principal and bears interest at the rate of 4.75% per annum. The loan is secured by mortgage on the company's property situated at Lucas Street, St. George's Grenada.

16. REVENUE

Water rates	38,667,001	37,014,160
Sewer rates	3,475,780	3,444,693
Service connection	68,325	621,881
Sales to ships	44,651	171,154
Reconnection fee	381,493	213,236
Sales from hydrant	3,763	15,127
	$42,641,013	**$41,480,251**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

17. DIRECT COST

	2021	2020
Planning, design and construction	1,881,917	1,725,451
Production and quality	9,021,840	8,145,182
Sewerage	746,627	621,175
Transmission and distribution	8,630,573	8,700,186
	$20,280,957	**$19,191,994**

18. OTHER INCOME

Bad debts recovered	83,693	62,564
Deferred income recognized	266,627	275,990
Gain on sale of property, plant and equipment	58,596	19,999
Interest income	332,515	418,352
Sale of electricity – solar panels	84,133	131,278
Special projects	573,038	-
Miscellaneous income	524,150	594,616
	$1,922,752	**$1,502,799**

19. FINANCE COST

Bank charges	48,005	46,439
Leased assets – finance charges	6,007	8,210
Other finance costs	302,182	83,116
	$356,194	**$137,765**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

20. SUBSEQUENT EVENTS

The duration and extent of the COVID-19 pandemic and related financial, social and public health impacts of the pandemic are uncertain. As such, the actual economic events and conditions in the future may be materially different from those estimated by the Authority at the reporting date. No matters have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Authority. The Authority will continue to closely monitor the situation in order to plan its response, if necessary.

21. FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to the following risk from the use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk
- Operational risk

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for Approving the risk strategies, principles, policies and procedures. Day to day adherence to risk principles is carried out by the management of the Authority in compliance with the policies approved by the Board of Directors.

The Authority's risk management policies are established to identify and analyse the risk faced by the Authority, to set appropriate risks limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Authority's activities. The Authority through its training and management standards and procedures aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Authority if a customer or counter party to a financial instrument fails to meet its contractual obligations and arises principally from the Authority's receivables from customers and its loans and receivable financial assets.

Management of credit risk

(i) Trade receivables

Concentration of credit risk with respect to trade receivables is small as the Authority's customer base is large and unrelated, with no significant balances arising from a single economic or business sector or single entity or group of entities.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

21. FINANCIAL RISK MANAGEMENT *(continued)*

Management of credit risk (continued)

The Authority manages credit risk through the daily monitoring of trade receivables, court proceedings and tampering charges on an individual basis. Where necessary, customers' accounts are disconnected in order to reduce credit risk exposure.

(ii) Other financial assets

With respect to credit risk arising from the other financial assets of the Authority, which comprise cash and cash equivalents and loans and receivables financial assets, the Authority's exposure to credit risk arises from default of the counter-party. The Authority seeks to hold its funds with financial institutions which management regards as sound and the market for investments are monitored regularly to ensure that returns are guaranteed.

Exposure to credit risk

The following table shows the maximum exposure to credit risk for the components of the statement of financial position.

	Maximum Exposure	
	2021	2020
Investment securities	10,763,188	10,434,808
Trade and other receivables	7,819,237	4,898,588
Cash and cash equivalents	39,278,914	29,356,944
	$57,861,339	**$44,690,340**

Set out below is the information about the credit risk exposure on the Authority trade and other receivables using a provision matrix.

	0 – 30 Days	31 -60 Days	61 – 360 Days	Over 360 Days	Total
December 31st, 2021					
Expected credit loss rate	5.00%	10.00%	15.00%	60.00%	
Gross carrying amount	3,545,112	281,210	475,726	496,713	4,798,761
Expected credit loss	(101,346)	(28,121)	(71,359)	(327,766)	(528,592)
	$3,443,766	$253,089	$404,367	$168,947	$4,270,169
December 31st, 2020	5.00%	10.00%	15.00%	60.00%	
Expected credit loss rate	2,574,712	356,279	865,416	410,337	4,206,744
	(94,445)	(35,628)	(129,812)	(246,202)	(506,087)
Gross carrying amount					
Expected credit loss	**$2,480,267**	**$320,651**	**$735,604**	**$164,135**	**$3,700,657**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

21. FINANCIAL RISK MANAGEMENT *(continued)*

Exposure to credit risk (continued)

Set out below is information about the credit risk exposure on the Authority's matured investments.

	Stage 1	Stage 2	Stage 3
December 31st, 2021			
Expected credit loss rate			100.00%
Gross carrying amount			2,731,674
Expected credit loss			(2,731,674)
		$-	$-
December 31st, 2021			
Expected credit loss rate			100.00%
Gross carrying amount			2,731,674
Expected credit loss			(2,731,674)
		$-	$-

Liquidity risk

Liquidity risk is the risk that the Authority will have difficulty in meeting towards its obligations to its financial liabilities.

Management of liquidity risk

The Authority's approach to managing liquidity is to ensure, as far as is possible, that it will always have sufficient liquidity to meet is liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses. The Authority monitors its cash flow position on a daily basis and generally monitors its risk to a shortage of funds by considering planned and probable expenditures against projected cash inflows from operations. Where possible the Authority utilizes surplus internal funds to finance its operations and ongoing projects.

The table below analyses the Authority's financial liabilities into relevant groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

21. FINANCIAL RISK MANAGEMENT *(continued)*

Management of liquidity risk (continued)

	< 1 year	1 to 5 years	>5 years	Total
Balance at 31st December, 2021				
Borrowing	650,696	3,758,345	2,097,702	6,506,743
Trade and other payables	6,854,737	-	-	6,854,737
Lease liabilities	50,901	9,452	17,517	77,870
	$7,556,334	**$3,767,797**	**$2,115,219**	**$13,439,350**
Balance at 31st December, 2020				
Borrowing	801,036	2,487,215	-	3,288,251
Trade and other payables	3,182,094	-	-	3,182,094
Lease liabilities	48,593	54,237	23,633	126,463
	$4,031,723	**$2,541,452**	**$23,633**	**$6,596,805**

Interest rate

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Exposure to interest rate risk

The Authority is exposed to interest rate risk through the effect of fluctuations in the prevailing levels of interest rates on interest bearing financial assets and liabilities, including loans.

Management of interest rate risk

The Authority interest rate risk is managed through monitoring market conditions and yields.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Authority's processes, personnel, technology, and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements including periodic adjustments of tariffs. Operational risks arise from all of the Authority's operations. The Authority's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Authority's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

21. FINANCIAL RISK MANAGEMENT *(continued)*

Operational risk (continued)

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective
- Periodic review of the tariff structure

22. COMPARATIVE FIGURES

Certain items in the statement of comprehensive income have been reclassified to conform to the current year's financial statements presentation. The reclassification has no effect on the results as reported for the current and previous year.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31st December, 2021 (Continued)

23. ADMINISTRATIVE AND OVERHEAD EXPENSES

	2021	2020
Wages, salaries and allowances	5,326,609	5,014,515
National insurance contributions	620,681	585,154
Pensions	3,494,936	3,381,782
Staff uniform	53,889	122,591
Staff benefits	1,354,217	2,234,991
Entertainment	3,934	26,723
Training and overseas travel	12,488	25,549
Electricity	219,042	122,696
Telephone	345,204	311,841
Advertising and public relation	313,185	156,113
Stationery and postages	338,882	328,243
Subscription and donation	76,630	77,097
Insurance	183,474	140,147
Repairs and maintenance	1,107,911	768,647
Motor vehicle expenses	154,922	122,616
Legal and professional fees	166,858	28,515
Security	364,710	277,155
Directors' fees and expenses	26,464	24,952
Office rent	31,316	31,416
Depreciation	464,582	420,728
Depreciation right-of-use assets	48,216	46,010
Miscellaneous	33,101	20,223
Expected credit loss	74,350	543,163
Audit fee	28,000	28,000
Commission	88,714	82,840
Water rates	9,143	-
Damage compensation	64,790	213,608
	$15,006,248	**$15,135,315**

Note Page

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