



## Public Utilities Commission

### APPLICATION FORM FOR A TELECOMMUNICATION LICENCE

Please tick the applicable box:

New Applicant

Existing licensee making new application or renewal

**Notes for the guidance of Applicants for a Licence under the Telecommunications (Licensing Classification, Authorisation and Fee Structure) Regulations, Revised Edition 2020, as amended (the “Regulations”).**

1. Unless the Commission states otherwise, two **copies (one clearly marked CONFIDENTIAL INFORMATION which will be for PUC’s use only and one excluding confidential information for public scrutiny)** of the completed application form should be provided in addition to a completed soft copy submission to [telecom@puc.bz](mailto:telecom@puc.bz). The application forms should be submitted in an envelope clearly marked “Application for Telecommunication Service Provider License” addressed to:

The Public Utilities Commission  
P.O. Box 300  
Belize City, Belize  
Central America

2. If any question is considered not applicable, please mark ‘N/A’ with further explanation if necessary.
3. The non-refundable application fee for the License must accompany an application in the form of a cheque made payable to the Public Utilities Commission or with a suitable proof of payment for bank or wire transfers.
4. Please note that the applicant is required to publish a notice of this application within 14 days after the making of the application in accordance with the Regulations. The notice template is included in Annex A of this application form.
5. Failure to comply with any of these requirements may render the application liable to disqualification.

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**1. NAME OF COMPANY/PERSON TO BE LICENSED**

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*(The Company or persons name should be stated in full)*

BELIZE WATER SERVICES LIMITED (BWS)

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**2. CONTACT DETAILS OF THE COMPANY/PERSON TO BE LICENSED**

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*(The physical address, postal address, telephone and fax numbers should be stated)*

Address of applicant: <i>(Street Name/Postal Address/ Building Number/Registered Office)</i>	7 Central American Blvd, Belize City, Belize
Contact Person:	Ervin Flores
Telephone Numbers(s):	614-5620
Fax Number:	
Email address:	ervin.flores@bws.com.bz
Website address:	www.bws.bz

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**3. MAILING ADDRESS IN BELIZE (IF COMPANY IS OVERSEAS)**

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**4. SHORT DESCRIPTION OF THE NATURE OF THE APPLICANT'S BUSINESS AND PROPOSED LICENSABLE SERVICES TO BE PROVIDED**

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*(A single sentence description of what aspect of telecommunication service the applicant is applying to be licensed in)*

BWS is the national water & sewerage utility of Belize with over 65,000 water connections in key service areas countrywide. BWS intends to implement a small-scale smart meter pilot project in two of its district-metered zones located in San Pedro, Ambergris Caye. The project will entail the installation and commissioning of 300 smart meters which will be monitored for performance over a period of six (6) months.

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**5. COMPANY PROFILE**

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*(Give full details of the proprietors or partners owning the business or if the applicant is a Company the names of the directors and shareholders of the Company.)*

***Where the Applicant is not a company***

*(Expand list where necessary)*

Name of proprietor	Nationality	Address	Passport/ID No.
1. N/A.....	N/A.....	N/A.....	N/A.....
.....	.....	.....	.....
2. N/A.....	N/A.....	N/A.....	N/A.....
.....	.....	.....	.....

Name under which applicant proposes to trade:

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**Where the Applicant is a Company registered under the Companies Act**

*(Expand list where necessary)*

i)Name of Shareholder	Nationality	No of shares held	Passport/ID No.
<b>1 Government of Belize</b>	<b>Belizean</b>	<b>33.2M shares (83%)</b>	
<b>2 Social Security Board</b>	<b>Belizean</b>	<b>4.0M shares (10%)</b>	
<b>3 Minority Shareholders</b>	<b>Belizean</b>	<b>2.8M shares (7%)</b>	

ii)Name of Director	Nationality	Address	Passport/ID No.
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<b>1. Cornelio Acosta</b>	<b>Belizean</b>
<b>2. Jose Garcia</b>	<b>Belizean</b>
<b>3. Elijo Briceño</b>	<b>Belizean</b>
<b>4. Cresencio Sosa Jr.</b>	<b>Belizean</b>
<b>5. Victor Rosado</b>	<b>Belizean</b>
<b>6. Ivar Medina</b>	<b>Belizean</b>
<b>7. Ashton Longworth</b>	<b>Belizean</b>
<b>8. Carmelita Blanco</b>	<b>Belizean</b>
<b>9. Allan Pollard Jr.</b>	<b>Belizean</b>
<b>10. Keith Mira</b>	<b>Belizean</b>
<b>11. Clifford Martinez</b>	<b>Belizean</b>

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**6. SHAREHOLDING**

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- i) Local ...**100%** Foreign .....0%
- ii) Authorised Shares...**40,000,000** Issued Shares.....**39,839,572**.....

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**7. CERTIFICATE OF INCORPORATION**

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Registration No: **0000093**

Date of Incorporation: **January 22, 2001**

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**8. NAME AND ADDRESS OF THE BANK OR FINANCIAL INSTITUTION WHERE BUSINESS ACCOUNT IS MAINTAINED.**

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Name of Bank, Branch: **Atlantic Bank Ltd. Freetown Branch, Belize City** **Belize Bank Ltd. Market Square, Belize City**

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**9. PERSONAL DETAILS**

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- i) State whether any of the partners/ directors/ shareholders is undischarged bankrupt. (If so, indicate the names)

**NO**

- ii) State whether any of the partners/ directors/ shareholders have a beneficial interest in any other business licensed to provide or operate telecommunication services.

**NO**

- iii) Has any previous application by you been rejected under the Act? (If so, give details)

**NO**

iv) Has any licence ever been granted to you under the Telecommunications Act? (If so, give details)

**NO**

v) Has any previous licence granted to you under the Act been cancelled, suspended or modified? (If so, give details)

**NO**

vi) Has any Affiliate been refused a license? (If so, provide details).

**NO**

vii) Has any Affiliate of the Applicant previously been granted a licence under the Telecommunications Act which was revoked (If so, give details)

**NO**

viii) Is the applicant the holder of a telecommunication licence in any other country? (If so, give details)

**NO**

ix) Has the applicant operated under or carried on business under any name other than the name in this application? (If so, provide details)

**YES, under the name Water and Sewerage Authority (WASA) before 2001.**

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**10. APPLICANT'S BUSINESS AND PROPOSED NETWORK AND/OR SERVICE(S)**

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*(Use separate sheet where necessary)*

**Select Type of License being Applied For**

<b>Individual License:</b>	- Fixed Public Telephony (wireless or wireline)_	<input type="checkbox"/>
	- Public Mobile Cellular _____	<input type="checkbox"/>
	- Public Radio Paging _____	<input type="checkbox"/>
	- Internet Networks _____	<input type="checkbox"/>
<b>Class License:</b>	- Internet Service Provider _____	<input type="checkbox"/>
	- Carrier Services Provider _____	<input type="checkbox"/>
	- Value Added Services Provider _____	<input type="checkbox"/>
	- Reseller _____	<input type="checkbox"/>
	- Landing Station Operator _____	<input type="checkbox"/>
	- Domestic Private Network I excluding 2 meter radio _____	<input checked="" type="checkbox"/>
	- Domestic Private Network II excluding 2 meter radio _____	<input type="checkbox"/>

**Section A – Applicant's Activities in the Telecommunication Sector**

CURRENT ACTIVITIES IN THE TELECOMMUNICATION SECTOR  YES  NO

CURRENT ACTIVITIES IN THE TELECOMMUNICATION SECTOR

Please provide answers to the following questions in relation to:

*(Responses should be provided on separate sheets annexed to this application form)*

- i) Applicant:
  - The applicant's activities in Belize
  - The applicant's activities elsewhere in the world.
  - None.
  
- ii) Services
  - Please provide details of the products and services being provided by the applicant.
  
- iii) Networks

- Please provide a summary and diagrammatic representation of the infrastructure, including radio-based infrastructure

## **Section B – Service & Network Details**

*(Responses should be provided on separate sheets annexed to this application form)*

### **1. Services**

- i) Please provide a description of each proposed service. In particular, provide details on interoperability, on how access to each proposed service is to be provided (indirect access, direct access, leased lines, etc.), and on how the proposed customer base is to be targeted.
- ii) Where relevant, please provide details of how directory information services are to be offered to the public. Also include details on how directory information on the applicant's own customers will be maintained and made available to others legitimately seeking it.
- iii) Where relevant, please provide details of how the applicant will give access to emergency services.
- iv) Where relevant, please provide details of any public pay-telephones offered or intended to be offered and the arrangements for the display of call charge information.
- v) Please provide details of the proposed project which relate to operating hours, permanence, availability and quality of service targets, performance standards and guarantees supported by the applicant.
- vi) Please provide a copy of every current contract with each class of customer and of every proposed form of contract with every proposed class of customer.
- vii) Will the applicant apply to the Commission for an allocation of number?

**YES:**

**NO:**

- viii) If no, please indicate any future plans to apply for a numbering allocation.
- ix) Please provide information on such equipment as the applicant proposes to use in connection with the provision of the service and/or the establishment and/or operation of the network.
- x) Please provide details of how the provision of the service and/or the establishment and/or operation of the network can affect the environment and/or public safety and how the applicant proposes to address this.

- xi) Please provide details of the arrangements that the applicant proposes to put in place for disabled persons.
- xii) Please provide brief resumes of key managerial and technical staff indicating relevant prior experience, qualifications, and other sources of expertise as appropriate, and also explain what technical resources exist to help complete plans.

## 2. Networks

- i) Please provide a summary and diagrammatic representation of the network and systems that the applicant is planning to put in place within the next three (3) years, including radio-based infrastructure.
- ii) Does the applicant have in place, or plan to put in place within the next five years, any telecommunications infrastructure (transmission and/or switching equipment under the control of the applicant), including infrastructure using, or which it is proposed will use, frequencies in the electromagnetic spectrum?

YES:

NO:

If yes, please provide a summary of the infrastructure the applicant already has in place or is planning to put in place within the next three years, including infrastructure for the use of frequencies in the electromagnetic spectrum, and include responses to the following questions in this section on annexed sheets. If no, proceed to Section C.

### Section C – Information relating to Customer Service

*(Responses should be provided on separate sheets annexed to this application form)*

- i) Please provide details of measures adopted by the applicant for the effective and fair resolution of complaints made by customers of the applicant.
- ii) Please provide details of measures adopted by the applicant to ensure transparent publication of all terms of conditions including charges for services.
- iii) Please provide details of any code of practice for ensuring fair marketing practices, especially in the context of comparisons with service offerings of other service providers, linked sales and trial services (please provide copies).
- iv) Please provide a copy of each code of practice (current and proposed) in relation to customers, including practices followed for withdrawal of service from customers



## Section D – Financial Information and Business Plan

*(Responses should be provided on separate sheets annexed to this application form)*

- i) Please provide a comprehensive high-level business plan. The plan should set out any assumptions used and should cover a period of at least five (5) years.

The information provided **must** include (with independent confirmation as appropriate):

- a. Sources of funding;
  - b. Financial projections for five (5) years to include revenues, capital investments, and cash flow; and
  - c. Market assumptions and forecast.
- ii) Please provide Audited Financial Reports including certified Income Statements and Balance Sheets for the last three years in respect of the Company on whose behalf the application is being submitted.
- iii) Please provide a diagrammatic representation of the applicant's company structure.
- iv) Please provide the names of shareholders with at least 10% of issued shares and their percentage shareholding.
- v) Does the applicant have any shareholding of over 5% in any other licensed telecommunication provider in Belize?

YES:                       NO:

If yes, please provide details.

- vi) Does the applicant have any other trading activities in or outside the telecommunications market? If so, provide details of any arrangements made to ensure no cross-subsidization for the applicant's following activities:
- Telecommunications and non-telecommunications activities
  - wholesale and retail activities:
  - telecommunications equipment production or supply and other telecommunications activities.

## Section E – History of Applicant

- I. Has any member of the applicant’s managerial staff ever been bankrupt, or been a director of a company which has become insolvent? If YES, please attach a certified copy of the discharge.

NO

- II. Has the applicant or any member of the applicant’s managerial staff ever been the defendant or respondent in any proceedings in any court in any jurisdiction involving dishonesty, fraud, theft, or violence, or is the applicant or any member of the applicant’s managerial staff currently the subject of a charge or indictment under the law of any country for [contravention of any law or for] any conduct involving dishonesty, fraud, theft, or violence?

NO

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## 11. MANDATORY REQUIREMENTS

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- i) Certified copy of proof of shareholding.
- ii) Certified copy of proof of certificate of registration or incorporation in Belize
- iii) Non-refundable licence application fee in accordance with the fees listed in the Regulations.
- iv) Letter of application with Company seal (where applicable)

*(All copies of documents attached to this application should be certified as true copies of the originals)*

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**12. DECLARATION<sup>1</sup>**

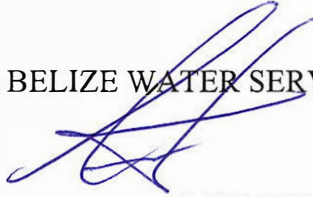
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I/We hereby certify the information we have provided in this application is true and correct to the best of my/ our knowledge. I/We also understand that if it is determined that false information is given in support of any application, the applicant shall be subject to the penalty in accordance with the Regulations.

Name: CORNELIO ACOSTA

Designation: EXECUTIVE CHAIRMAN, BELIZE WATER SERVICES LTD.

Signature.....



**BELIZE WATER SERVICES LTD**  
**Central American Boulevard**  
**P.O. Box 150**  
**Belize City, Belize**

Date: 17 MARCH 2025

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<sup>1</sup> This declaration must be signed:

- (i) in the case of an **individual**, by the person in whose name the application is made;
- (ii) in the case of a **partnership**, by a partner; or
- (iii) in the case of a **company or other body corporate**, by a director, company secretary or other authorized officer.

**FOR OFFICIAL USE ONLY**

The applicant **MEETS/ DOES NOT MEET** the Commission's requirements and is hereby **RECOMMENDED/NOT RECOMMENDED** for approval of licensing as a

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The reasons for not recommending the applicant are as follows:-

.....  
.....  
.....  
.....  
.....  
.....  
.....

Name.....Designation.....

Signature.....Date.....

Official stamp

# **Belize Water Services Ltd. Application for a Telecommunications License**

## **Section A – Applicant’s Activities in the Telecommunication Sector**

CURRENT ACTIVITIES IN THE TELECOMMUNICATION SECTOR	<input type="checkbox"/> YES	<input checked="" type="checkbox"/> NO
CURRENT ACTIVITIES IN THE TELECOMMUNICATION SECTOR		

Please provide answers to the following questions in relation to:  
*(Responses should be provided on separate sheets annexed to this application form)*

i) Applicant:

- The applicant’s activities in Belize

**Belize Water Services Ltd. is the national water & sewerage utility of Belize with over 65,000 water connections in licensed services areas countrywide.**

- The applicant’s activities elsewhere in the world.  
**None.**

ii) Services

- Please provide details of the products and services being provided by the applicant.

**Belize Water Services Ltd. is the national water & sewerage utility of Belize with over 65,000 water connections or approximately 294,000 consumers, with a total average water demand of approximately 240 million US gallons per month. BWS also offers sewerage services in 3 service areas: Belize City, Belmopan and San Pedro Town**

iii) Networks

- Please provide a summary and diagrammatic representation of the infrastructure, including radio-based infrastructure

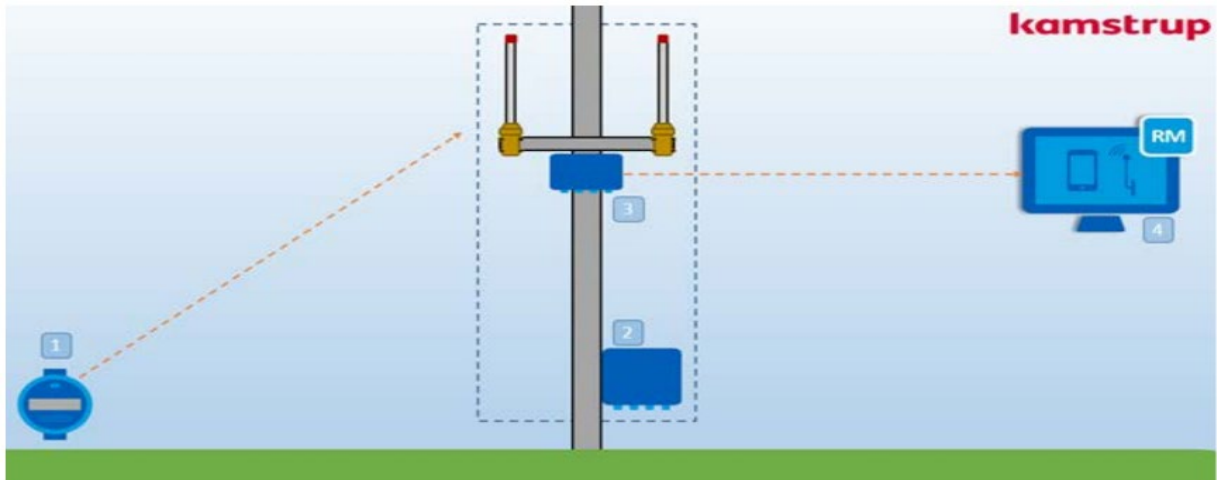


Figure 1 - Kamstrup AMI - READy Collector.

Position	Description
1.	Kamstrup smart water meter
2.	READy Collector Base
3.	READy Collector Top
4.	READy Manager meter data management software

## Section B – Service & Network Details

*(Responses should be provided on separate sheets annexed to this application form)*

### 2. Services

- i) Please provide a description of each proposed service. In particular, provide details on interoperability, on how access to each proposed service is to be provided (indirect access, direct access, leased lines, etc.), and on how the proposed customer base is to be targeted.

**The proposed service is an internal one with little to no access by the end customer of Belize Water Services Ltd. The customer may have access to some information regarding water consumption and faults in their own individual residential installation at some future date but for the purpose of the pilot project the end customer will have no access to this information. The main purpose of the service is to facilitate remote meter-reading capabilities to improve operational efficiency for BWS.**

- ii) Where relevant, please provide details of how directory information services are to be offered to the public. Also include details on how directory information on the applicant's own customers will be maintained and made available to others legitimately seeking it.

**No new customers are to be added to the existing customer database as a result of this pilot project. Existing customers are already a part of and accessible through Belize Water Services Ltd. customer directory.**

- iii) Where relevant, please provide details of how the applicant will give access to emergency services.  
N/A

- iv) Where relevant, please provide details of any public pay-telephones offered or intended to be offered and the arrangements for the display of call charge information.  
N/A

- v) Please provide details of the proposed project which relate to operating hours, permanence, availability and quality of service targets, performance standards and guarantees supported by the applicant.

**The proposed network is expected to be able to operate 24/7, however it may not need to do so for the purposes of this pilot project. It is expected to provide water consumption data for each customer's monthly bill to be elaborated as is currently the case.**

- vi) Please provide a copy of every current contract with each class of customer and of every proposed form of contract with every proposed class of customer.

**Please see attached Belize Water Services Ltd. Customer Application Form**

- vii) Will the applicant apply to the Commission for an allocation of number?

YES:

NO:

- viii) If no, please indicate any future plans to apply for a numbering allocation.

**There are no plans to apply for a numbering allocation.**

- ix) Please provide information on such equipment as the applicant proposes to use in connection with the provision of the service and/or the establishment and/or operation of the network.

**The network will utilize smart water meters which are to be installed at residential service connections which will be in communication with a collector. The entire system can be managed via the READY application provided by the manufacturer which will interface with BWS' existing customer service database. The specification sheets are provided as separate documents.**

- x) Please provide details of how the provision of the service and/or the establishment and/or operation of the network can affect the environment and/or public safety and how the applicant proposes to address this.

**The proposed network should not have any additional effect on the environment or public safety.**

- xi) Please provide details of the arrangements that the applicant proposes to put in place for disabled persons.

**The proposed network is not considering any new arrangements for disabled persons. Existing arrangements include physical accessibility infrastructure and dedicated customer service support.**

- xii) Please provide brief resumes of key managerial and technical staff indicating relevant prior experience, qualifications, and other sources of expertise as appropriate, and also explain what technical resources exist to help complete plans.

**Brief resume of Key Managerial Staff:**

**Chief Technology & Strategy Officer (CTSO): Mr. Sean Duncan**

**Qualifications:** MSc. in Computer Information Systems from the University of Phoenix (2006). BSc. in Pure Math with a Minor in Computer Science from the University College of Belize (1999).

**Experience:** More than twenty years' experience in the Telecommunications industry with a great level of expertise in Project Management, Software Development and Systems Implementation. Sean has held management positions for the past sixteen years and has been an executive manager for over fifteen years.

In his present role, he is responsible for the Information Technology and Strategy Department at Belize Water Services Limited. The department is divided into the following four sections: HelpDesk; Network; Systems and Databases; and GIS & SCADA.

**Resident Consultant Engineer: Mr. Ervin Flores, P.Eng.**

**Qualifications:** BSc in Environmental Engineering from Universidad de Quintana Roo (Mexico) and Masters in Project Management from Universidad para la Cooperacion Internacional (Costa Rica); Registered Professional Engineer, 248-21 (Association of Professional Engineers of Belize).

**Experience:** Resident Consultant Engineer at Belize Water Services (BWS); Project Coordinator of Project Execution Unit (BWS); Project Manager for Water and Wastewater – South & Cayes for Technical Services Dept (BWS).



### 3. Networks

- iii) Please provide a summary and diagrammatic representation of the network and systems that the applicant is planning to put in place within the next three (3) years, including radio-based infrastructure.

The proposed Advanced Metering Infrastructure (AMI) consists of a smart water meter which utilizes ultrasonic technology to measure water flow and transmits customer consumption and auxiliary data via the 450-470 MHz radio band to a centrally located and elevated collector at a predetermined time interval. This collector can receive data from up to 5,000 smart water meters and is capable of two-way communication with these. The collector is responsible for the backhaul of data to BWS networks via either a GSM wireless network or an ethernet connection.

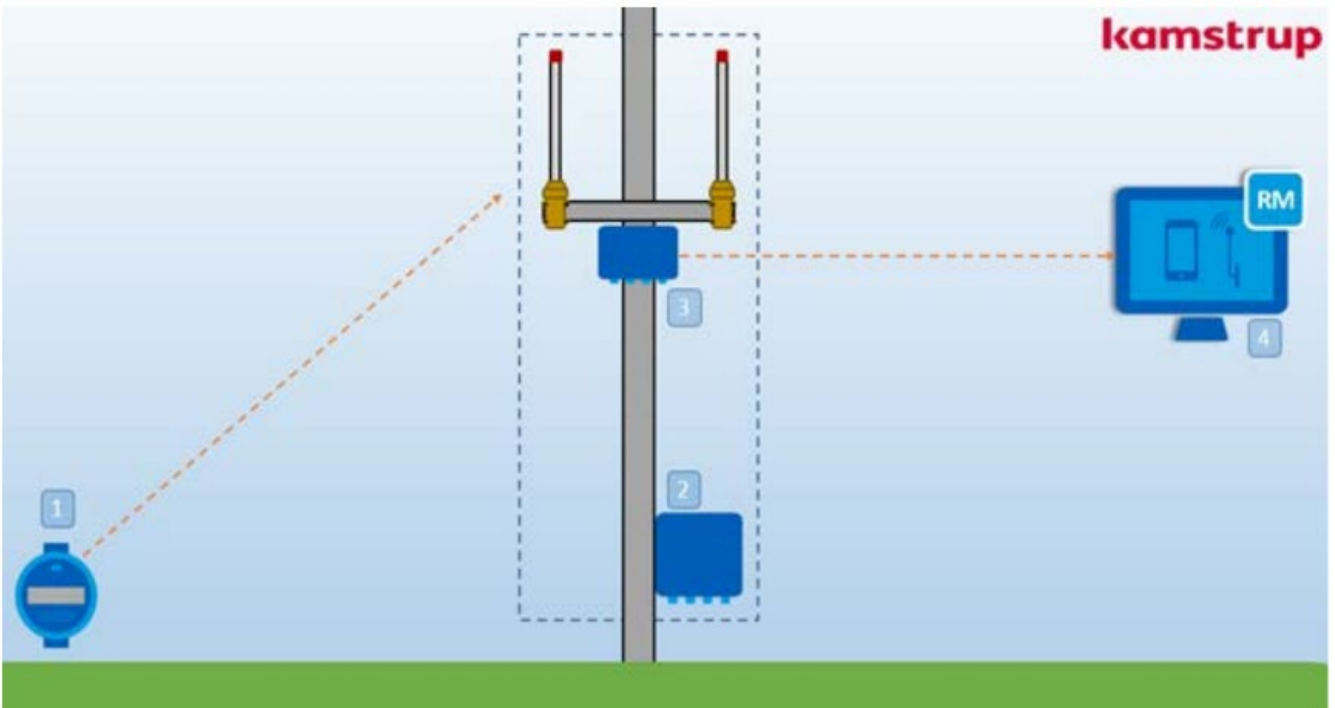


Figure 1 - Kamstrup AMI - READY Collector.

Position	Description
1.	Kamstrup smart water meter
2.	READY Collector Base
3.	READY Collector Top
4.	READY Manager meter data management software

- iv) Does the applicant have in place, or plan to put in place within the next five years, any telecommunications infrastructure (transmission and/or switching equipment under the control of the applicant), including infrastructure using, or which it is proposed will use, frequencies in the electromagnetic spectrum?

YES:

NO:

**The 450-470 MHz band.**

If yes, please provide a summary of the infrastructure the applicant already has in place or is planning to put in place within the next three years, including infrastructure for the use of frequencies in the electromagnetic spectrum, and include responses to the following questions in this section on annexed sheets. If no, proceed to Section C.s

**The proposed Advanced Metering Infrastructure (AMI) consists of a smart water meter which utilizes ultrasonic technology to measure water flow and transmits customer consumption and auxiliary data via the 450-470 MHz radio band to a centrally located, elevated collector at a predetermined time interval. This collector receives data from up to 5,000 smart water meters and is capable of two-way communication with these. The collector is responsible for the backhaul of data to BWS networks via either a GSM wireless network or an ethernet connection.**

**Section C – Information relating to Customer Service**

*(Responses should be provided on separate sheets annexed to this application form)*

- v) Please provide details of measures adopted by the applicant for the effective and fair resolution of complaints made by customers of the applicant.

**The BWS Customer Services Department will be tasked with addressing any customer service complaints that may arise from this pilot project. Customers may contact BWS through various channels including telephone, email or in-person visits to the office.**

- vi) Please provide details of measures adopted by the applicant to ensure transparent publication of all terms of conditions including charges for services.

**The agreement between BWS and the affected customers will remain unchanged, this includes terms and conditions. Customers can access service charges information from the website.**

- vii) Please provide details of any code of practice for ensuring fair marketing practices, especially in the context of comparisons with service offerings of other service providers, linked sales and trial services (please provide copies). **Please see attached Codes of Practice for Belize Water Services Ltd.**

- viii) Please provide a copy of each code of practice (current and proposed) in relation to customers, including practices followed for withdrawal of service from customers.

**Please see attached Codes of Practice for Belize Water Services Ltd.**

**Section D – Financial Information and Business Plan**

*(Responses should be provided on separate sheets annexed to this application form)*

- i) Please provide a comprehensive high-level business plan. The plan should set out any assumptions used and should cover a period of at least five (5) years.

The information provided **must** include (with independent confirmation as appropriate):

- a. Sources of funding;
- b. Financial projections for five (5) years to include revenues, capital investments, and cash flow; and
- c. Market assumptions and forecast.

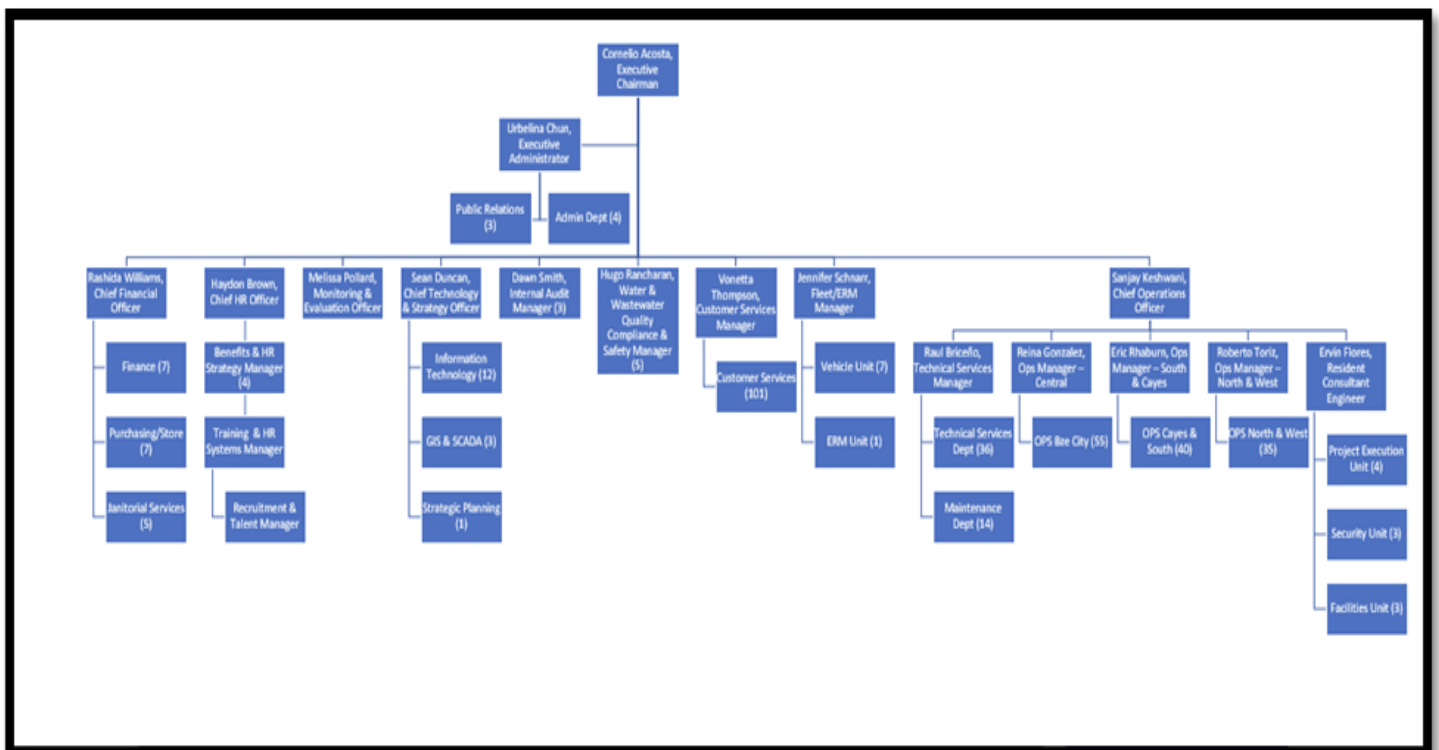
**Please see attached Belize Water Services Ltd. Annual Review Report to the Public Utilities Commission April 29, 2022**

- ii) Please provide Audited Financial Reports including certified Income Statements and Balance Sheets for the last three years in respect of the Company on whose behalf the application is being submitted.

**Please see attached Belize Water Services Ltd. Audited Financial Reports.**

- iii) Please provide a diagrammatic representation of the applicant’s company structure.

**Chart - Top Level Organization Chart of BW**



iv) Please provide the names of shareholders with at least 10% of issued shares and their percentage shareholding.

Name of Shareholder	% of Shares held
<b>Government of Belize</b>	<b>83%</b>
<b>Social Security Board</b>	<b>10%</b>

v) Does the applicant have any shareholding of over 5% in any other licensed telecommunication provider in Belize?

YES:

NO:

If yes, please provide details.

vi) Does the applicant have any other trading activities in or outside the telecommunications market? If so, provide details of any arrangements made to ensure no cross-subsidization for the applicant's following activities:

- Telecommunications and non-telecommunications activities.  
**BWS is the national water & sewerage utility of Belize.**
- wholesale and retail activities: **NONE**
- telecommunications equipment production or supply and other telecommunications activities. **NONE**

THE GENERAL REGISTRY

Belize City

Belize

IN THE MATTER OF CHAPTER 206 OF THE LAWS OF BELIZE  
REVISED EDITION, 1980

AND

In the Matter of ..... "BELIZE WATER SERVICES LIMITED".....

I hereby certify that

..... "BELIZE WATER SERVICES LIMITED" .....

*is this day incorporated under chapter 206 of the laws of Belize Revised Edition  
1980 and that the company is Limited.*

Given under my hand the Seal of the General Registry this ..... 22nd .....  
day of ..... January, 2001..... ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~ ✓

~~XXXXXXXXXX~~

  
.....  
E. O. PENNIL  
Registrar of Companies

DEPUTY

Tel. No. - 02-72053 - 77377

Fax: 02-70181



*The General Registry  
Belize City,  
Belize.*

**BELIZE**

IN THE MATTER of the Companies Act, Chapter 250  
of the Laws of Belize, Revised Edition, 2000.

**AND**

IN THE MATTER of **BELIZE WATER SERVICES LIMITED**  
a Company duly incorporated under and by  
virtue of the Companies Act.

**BELIZE WATER SERVICES LIMITED**, having filed

- (1) a statutory declaration that the conditions of Section 89(1) of the Act have been complied with, and
- (2) a prospectus.

**I, EDMUND OLIVER PENNIL**, Deputy Registrar of Companies in Belize, **DO HEREBY CERTIFY**, pursuant to section 89(2) of the said Act, that the said **BELIZE WATER SERVICES LIMITED** is entitled to commence business as of **23 March, 2001**.

GIVEN under my Hand and Seal of the General Registry, at Belize City, this  
20<sup>th</sup> day of May, in the year of our Lord, **Two Thousand and Two**.

  
(E.O. PENNIL)

**DEPUTY REGISTRAR OF COMPANIES**

## Data sheet

### **Kamstrup READy Collector**

- Data collector for smart meter reading
- Rugged design
- 2-way intelligent network
- High level of security, individual encryption keys
- Optional Cellular connection
- Intelligent power management
- Instant event notification
- Plug-and-play installation



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## A READy Suite component

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The Kamstrup READy Collector is a central easy to use two way network component in your AMI network. The data is collected from the meters, stored until the planned transmission and displayed in READy Manager the Meter Data Management software. The data can be collected in a number of differing time frames up to hourly readings, and If an event occurs, this data will be transmitted immediately, independent of your data scheme.

The Kamstrup READy Collector is a rugged design that is to be used in the harshest of conditions, such as at the top of towers or elevated storage tanks, where service can be difficult. Temperature extremes and lightning protection has been thoughtfully included in the engineering of the collector unit. Other important features of the system is that no coax is necessary between the Collector unit and bottom unit, just standard off the shelf wiring components. The bottom unit has been built with industrialized components incorporating multiple surge protection systems, and power supply for use in the most challenging conditions.

## Features

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- Easiest to learn and understand system available
- No IT experience necessary
- Built in redundancy
- Fault tolerant system
- Two-way communication
- High-level security all the way
- Intelligent power management
- Instant event notification

## Technical data

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The Kamstrup READy Collector can be ordered as prepared for one and up to four READy Collector top units. The system consists of a READy Collector Base unit supplying power and network for the READy Collector Top unit. Both a READy Collector Top and a READy Collector Base are required.

### Kamstrup READy Collector Top

Dimensions (without connections)	10.2 x 6.3 x 3.6 inches 260 x 160 x 91 mm
Weight	6.23 lb 2.85 kg
Operating temperature	-22 to 149 °F [-30 to 65 °C]
Storage temperature	-40 to 185 °F [-40 to 85 °C]
Enclosure rating	NEMA 4, IP66
Power input	24 VDC
Frequency	450 - 470 MHz FCC license required
Capacity	Up to 25.000 Kamstrup Water meters
Supported meters	flowIQ® 22xx and 32xx



### Kamstrup READy Collector Base

Dimensions (without connections)	15.5 x 12.3 x 7.1 inches 394 x 313 x 181 mm
Weight	Dependant on configuration
Operating temperature	-22 to 149 °F [-30 to 65 °C]
Storage temperature	-40 to 185 °F [-40 to 85 °C]
Enclosure rating	NEMA 4, (IP66)
Power input	110-265 VAC 50/60 Hz
Power output	24 VDC/10 A



### AMI-antenna

Length	58 inches
Frequency	440 - 470 MHz
Gain	3 dB



### Antenna cables

6.5 feet [2 m]
16.4 feet [5 m]



## Technical data

---

### Power cable to READy Collector Top

Length between READy Collector Top and Base:

6.5 feet (2 m)

50 feet (15 m)

80 feet (24.5 m)

150 feet (45.7 m)

200 feet (61 m)

240 feet (73 m)

**Note:** Must match length with the Ethernet cable.



### Ethernet cable to READy Collector Top

Length between READy Collector Top and Base:

6.5 feet (2 m)

50 feet (15 m)

80 feet (24.5 m)

150 feet (45.7 m)

200 feet (61 m)

240 feet (73 m)

**Note:** Must match length with the Power cable.



### Sierra Wireless modem

For the READy Collector Base



### GSM antenna

Used for the Sierra Wireless modem

Comes with a 16'4" cable



## Ordering data

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To order the READy Collector Base with all equipment use order number: **READyCollector**.

Order the Ready Collector Top on: **6696100000**

For individual ordering, use the following order numbers:

### READy Collector Top

READy Collector Top	6696100000
---------------------	------------

### READy Collector Base

READy Collector Base without modem	6696200000
------------------------------------	------------

READy Collector Base with modem	6696210000
---------------------------------	------------

**Note:** Antenna for modem not included, see accessories

### Accessories

AMI Antenna

<b>Note:</b> The system requires two antennas for each READy Collector Top	6697450
--	---------

### Antenna cables for READy Collector top

Cable between READy Collector Top and AMI antennas

6.5 feet [2 m]	5000 398
----------------	----------

16.4 feet [5 m]	5000 388
-----------------	----------

**Note:** The system requires a pair of two equally lengths

### Ethernet cable to READy Collector

Length between READy Collector Top and Base

6.5 feet [2 m]	5000 476
----------------	----------

50 feet [15 m]	5000 478
----------------	----------

80 feet [24.5 m]	5000 480
------------------	----------

150 feet [45.7 m]	5000 482
-------------------	----------

200 feet [61 m]	5000 484
-----------------	----------

240 feet [73 m]	5000 486
-----------------	----------

**Note:** Must match length with the power cable

### Power cable to READy Collector

Length between READy Collector Top and Base

6.5 feet [2 m]	5000 477
----------------	----------

50 feet [15 m]	5000 479
----------------	----------

80 feet [24.5 m]	5000 481
------------------	----------

150 feet [45.7 m]	5000 483
-------------------	----------

200 feet [61 m]	5000 485
-----------------	----------

240 feet [73 m]	5000 487
-----------------	----------

**Note:** Must match length with the Ethernet cable

### Installation parts

Bracket kit for READy Collector Top	5915 519
-------------------------------------	----------

Antenna beam 39" [1 m]	5000 474
------------------------	----------

Bracket for Antenna beam	5000 475
--------------------------	----------

### Modem

SIERRA Wireless Modem RV50X	1308101
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Antenna for SIERRA Wireless Modem RV50X	1653105
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## Approvals and Markings

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FCC part 90 and part 15B.

FCC ID: READYAMI

The READy Collector Base is build using UL listed products.



## Data sheet

### flowIQ® 2200

( KWM2220, 3220, 2221, 3221 )

- » RF
- » Encoded
- » Cellular

- Multiple radio options available
- Ultrasonic measurement
- Sustainable measurement accuracy
- Temperature measurement
- IP68 Vacuum sealed construction
- Lead free and certified to NSF/ANSI 61
- Flow measurement in display
- Acoustic leak detection in service and distribution lines



## Contents

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## Electronic ultrasonic cold-water meter for measurement of cold-water consumption in households, multi-unit buildings and industry.

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### Sustainable accuracy

Ultrasonic flow measurement guarantees sustainable accuracy and longevity. Ultrasonic flow measurement is based on the transit time method, and all measurements, references, readings, calculations and data communication are controlled by an advanced, specially designed electronic circuit. Thus, the meter includes no moving parts, which makes flowIQ® 2200 less sensitive to wear and tear and impurities in the water.

### Construction

The meter is hermetically closed and vacuum-sealed to prevent humidity from reaching the electronics and avoid condensation between the glass and display. The meter is IP68 (submersible) type tested and suitable for installation in meter pits.



### Installation

flowIQ® 2200 is easy to install in all operating environments, horizontally as well as vertically, independent of piping and installation conditions. Consumption data can be read visually from the display, using an optical eye, and remotely read by various integrated communication protocols

### Specific features

flowIQ® 2200 measures the water and environment temperatures and it includes acoustic leak detection, securing that water loss is discovered quickly.

The unique combination of all the flowIQ® 2200 features reduce current operating costs to measure water usage and minimizes unexpected expenses in connection with possible leakage.

### Environmentally friendly

The meter has been approved according to Drinking Water Standards and is certified to NSF/ANSI 61. The meter housing and measuring part are made of the high-performance thermoplastic material polyphenylene sulfide (PPS) with 40 % fiberglass, which is free from lead and other heavy metals. The environmental report, Carbon Footprint, documents the meter's high reusability and low environmental impact, including recycling of materials.

### Hygiene

To protect the health of the consumers Kamstrup has a hygienic manufacturing process of the water meters.

Kamstrup also has a highly automated manufacturing process and only uses materials approved for drinking water. Furthermore, the products get disinfected before dispatch. The hygiene is being controlled by external accredited laboratories and by frequent audits.

### General description

flowIQ® 2200 is a hermetically sealed water meter intended for measurement of cold and \*reclaimed water consumption in residential and multi-unit buildings.

flowIQ® 2200 employs the ultrasonic measurement principle, based on Kamstrup's experience since 1991, with the initial development and production of static ultrasonic meters.

flowIQ® 2200 is available in a compact version\*\* with 2 x A-cell battery supply, referred to as KWM2221 and a version with 1 x D-cell battery supply, referred to as KWM2220.

One of flowIQ® 2200's many advantages is the fact that it has no wearing parts, which ensures a high and stable accuracy throughout its lifetime. flowIQ® 2200 complies with all the AWWA C715-18 guideline for Ultrasonic Water Meters.

\* For information concerning reclaimed water we refer to document no.: FILE100003532

\*\* Versions are dependent on communication option

flowIQ® 2200 measures the water consumption electronically, as a volume, using a pair of ultrasonic signals. Through two ultrasonic transducers, an ultrasonic signal is sent with and against the flow direction. A transducer serves both as a 'speaker' when transmitting and as a 'microphone' when a signal is received. The ultrasonic signal traveling with the flow will be the first to reach the opposite transducer, while the signal running against the flow will be received a little later.

The time difference between the two signals can be converted into flow velocity, and thereby also into a volume. The measuring principle is a proven, long-term stable and accurate measuring principle.

In addition to volume reading, an indication of current flow and several other information codes are displayed. All registers are saved daily in the meter data logger (EEPROM) and are kept for 460 days. Furthermore, monthly data for the latest 36 months (3 years), hourly data for the latest 100 days (about 3 and a half months) and 50 info code events are saved.

flowIQ® 2200 is powered by an internal lithium battery which can provide up to 20 years' operating life.

flowIQ® 2200 is available with a choice of integrated data communication options:

- 912.5, 915 or 918.5 MHz – Wireless Radio version (RF) for Wireless M-Bus – US localization of European standard for remote reading of meters EN 13757-4
- 450-470 MHz (RF)
- Cellular, NB-IoT
- Encoded output

The meter is fitted with an optical eye which makes it possible to read saved consumption data and info codes, stored in the meter's data logger. Using an optical reading head, it is also possible to change the meter configuration, e.g. data packages.

flowIQ® 2200 can and must only be opened by Kamstrup A/S. If the meter has been opened and the sealing has thus been broken, the meter is no longer valid for billing purposes and the warranty is void.

## Technical data

### Electrical data

Battery (KWM2220 & KWM3220) D-Cell battery, 3.6V, 19Ah. The battery warranty does not apply at meter temperatures above  $t_{BAT} > 95\text{ °F} / 35\text{ °C}$

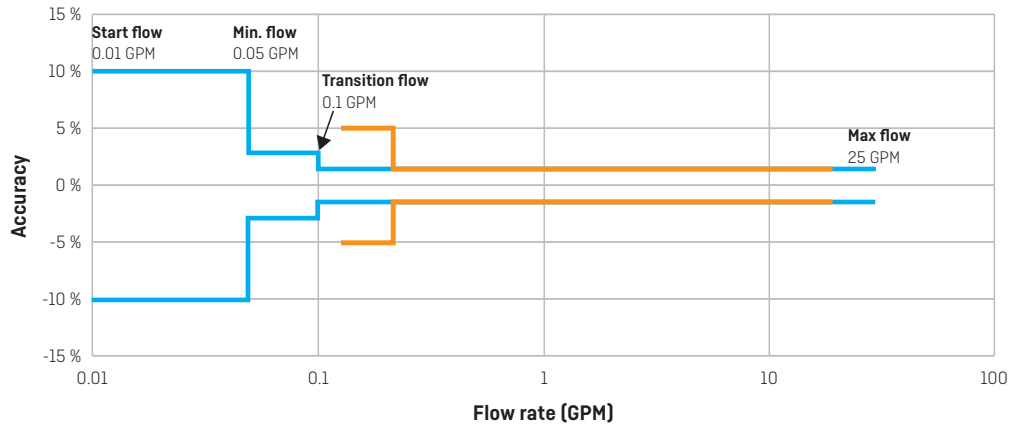
Battery (KWM2221 & KWM3221) 2x A-Cell battery, 3.6V, 3.6Ah. The battery warranty does not apply at meter temperatures above  $t_{BAT} > 95\text{ °F} / 35\text{ °C}$

### Mechanical data

Protection class	IP68-rated (waterproof/submersible)
Mechanical environment	Class M1 (Measuring Instruments Directive classification)
Ambient/meter temperature	
- flowIQ® 2200, composite	35... 130 °F / 1.5... 55 °C
- flowIQ® 2200, metal	35... 130 °F / 1.5... 55 °C
Water temperature	
- flowIQ® 2200, composite	33... 120 °F / 0.5... 50 °C
- flowIQ® 2200, metal	33... 120 °F / 0.5... 50 °C
Storage temp. empty sensor	-10... 140 °F / -20...60 °C
Maximum operating pressure	250 PSI (17 bar)

### Accuracy

Accuracy limits for 5/8" meters



— flowIQ® 2200 < 86 °F / 30 °C — AWWA C715-2018 (Electromagnetic & Ultrasonic meters) < 86 °F / 30 °C

Note: At flows between 'Start flow' and 'Maximum flow' measurement occurs – however the accuracy is only guaranteed in the range from minimum flow to maximum flow

### Approved meter data

Certified to NSF/ANSI 61

Complies to part 15 of the FCC rules, ISED, IFT and with AWWA C715-18

## Material

### Wetted parts (composite model)

Meter housing and flow part	Polyphenylene sulfide (PPS) with fiberglass (40 %) reinforcement, PSU, extenders made from PA12
Reflectors	Stainless steel 316

### Wetted parts (2-part body)

Flow part, threaded	Stainless Steel 316L
O-ring/gasket	EPDM
Measuring tube	PPS with fiberglass
Reflectors	Stainless steel

### External meter parts

Top ring (sealing)	Polycarbonate (gray)
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## Meter sizes

flowIQ® 2200 is available in these sizes shown in table below:

XX = Communication module Y = Battery supply ZZ = Country code

Type number	Meter size	Start flow <sup>1)</sup> [S]	Min. flow <sup>1)</sup> [GPM]/ [L/h]	Transition flow [GPM]/ [L/h]	Max flow [GPM]/ [m³/h]	Sat. flow rate [GPM]/ [m³/h]	Pressure loss SMOC [PSI]/ [bar]	Connection on meter NPSM thread	Lay length [Inches] /[mm]	Strainer	Temp. measurement of water
	Inches										
02-K-XX-Y-1-8A-8ZZ	½" x ½"	0.01/ 2.27	0.05/ 11.4	0.1/ 22.7	25/ 5.68	35/ 7.95	6.2/ 0.43	¾"	7½"/ 190	Yes	Yes
02-K-XX-Y-1-8B-8ZZ	¾" x ¾"	0.01/ 2.27	0.05/ 11.4	0.1/ 22.7	25/ 5.68	35/ 7.95	7.7/ 0.53	1"	7½"/ 190	Yes	Yes
02-K-XX-Y-1-8R-8ZZ	¾" x ¾"	0.01/ 2.27	0.05/ 11.4	0.1/ 22.7	25/ 5.68	35/ 7.95	7.7/ 0.53	1"	5.1"/ 130	Yes	Yes
02-K-XX-Y-1-8C-8ZZ	¾"	0.015/ 3.4	0.05/ 11.4	0.1/ 22.7	32/ 7.27	45/ 10.22	9.0/ 0.62	1"	7½" or 9"/ 229	Yes	Yes
02-L-XX-Y-1-8B-8ZZ	¾" x ¾"	0.015/ 3.4	0.10/ 22.8	0.15/ 34.1	25/ 5.68	35/ 7.95	3.8/ 0.26	1"	7½"/ 190	No	Yes
02-L-XX-Y-1-8N-8ZZ	¾"	0.025/ 5.68	0.10/ 22.8	0.15/ 34.1	35/ 7.95	49/ 11.13	3.9/ 0.27	1"	7½"/ 190	No	Yes
02-L-XX-Y-1-8L-8ZZ	¾"	0.03/ 6.8	0.10/ 22.8	0.15/ 34.1	35/ 7.95	49/ 11.13	3.9/ 0.27	1"	9"/ 229	No	Yes
02-L-XX-Y-1-8D-8ZZ	1"	0.04/ 9.1	0.25/ 56.8	0.4/ 90.8	55/ 12.49	77/ 17.49	3.1/ 0.21	1¼"	10¾"/ 273	No	Yes

**Note!** 02-K-02-D-1-8C-8UB can be ordered with a 1½" extension and washer (installed by the customer) to fit 7½" or 9" lay lengths.

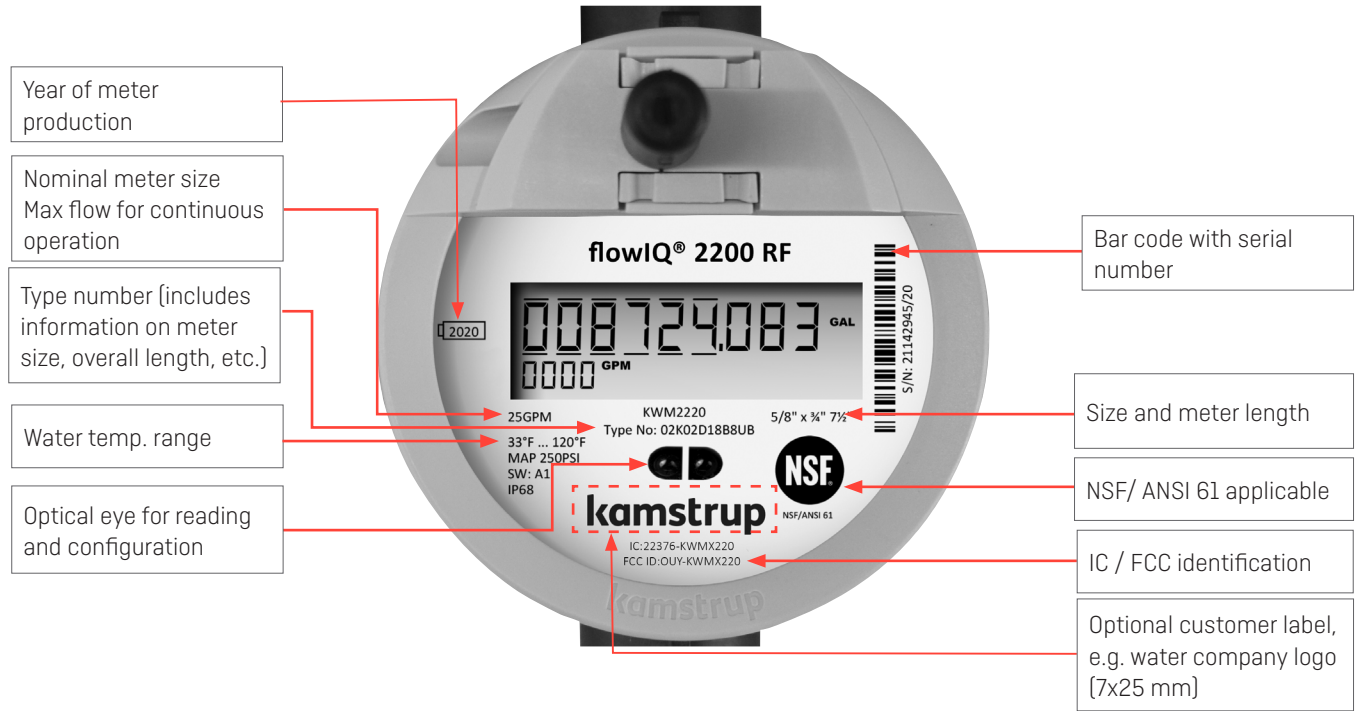
**Note!** Flow specifications only apply at temperatures below 86 °F / 30 °C

<sup>1)</sup> At flows between 'Start flow' and 'Maximum flow' measurement occurs – however the accuracy is only guaranteed in the range from minimum flow to maximum flow.

## Meter face details

Meter information in permanent laser engraved text.

### RF top label



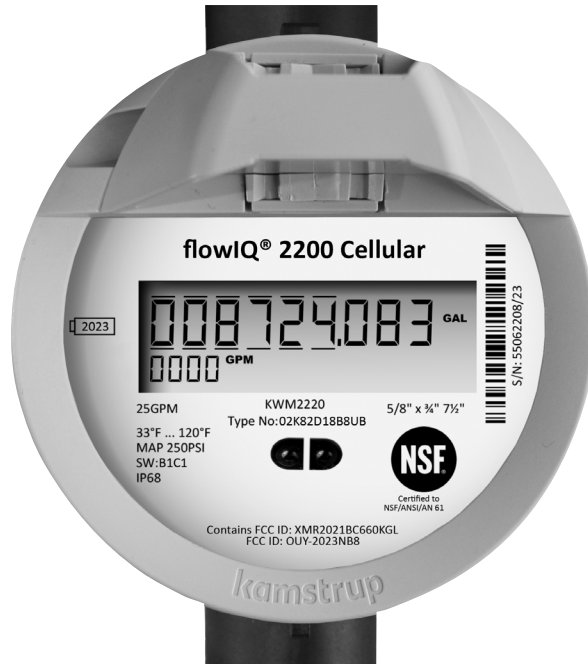
### Encoded/Touch read label



## Meter face details

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Cellular/ NB-IOT label



## Core features

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Water meters placed throughout the network make it possible to gather information that can be of vital importance for an effective water supply, asset management and improved customer service.

### Acoustic leakage detection

flowIQ® 2200 water meter introduces integrated acoustic leak detection that allows you to monitor your service connections for possible leaks. Like a fine-meshed network of noise-loggers, all your meters monitor the noise in the distribution lines and service connections to detect possible leaks – 24/7.

### Temperature monitoring

flowIQ® 2200 measures water and ambient temperatures respectively. Information on temperatures above or below the configured temperature in the meter will warn the utility of potential frost damage or quality issues. These measurements can be used to monitor the installation and will indicate the water's quality.

### Current flow display

Besides the consumed volume, flowIQ® 2200 also shows the current flow in the display. The flow display has been designed with user experience in mind, where it can be advantageous, for example during installation, to be able to see the current consumption. In this context, it is important to stress that the metrological approval of the water meter is related to the volume reading only. Due to the meter's update time, the flow display, in case of rapidly increasing/ decreasing flow, may turn out to be slower than the real flow and not a one-to-one correlation between the flow display and the volume growth. In general, one would expect the flow display to stabilize after about half a minute of constant flow and thereafter to be consistent with volume growth.

### Consumption above max flow

The meter logs information on consumption above max flow. This information can be used to indicate if the meter size for a given installation is correct.

### Consumption histogram

The meter tracks consumptions in different flow intervals for further analysis of the consumption patterns for the specific installation.

## Meter modes

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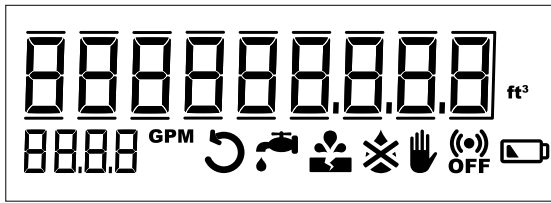
flowIQ® 2200 can operate in two modes, Normal and verification mode.

Verification mode is only used by authorized laboratories during verification.

flowIQ® 2200 RF and flowIQ® 2200 Cellular	Normal Mode	Verification mode
Flow measurement and flow display update	1 s	0.125 s
Volume integration and volume display update	8 s	1 s

flowIQ® 2200 EO	Normal Mode	Verification mode
Flow measurement and flow display update	2 s	0.125 s
Volume integration and volume display update	16 s	1 s

## Display and info codes



The large display with totalized volume, flow rate and intuitive info codes on flowIQ® 2200 makes it easy for end users to understand their own consumption data.

flowIQ® 2200 includes a large number of intelligent info codes and alarms. An info code indicates a special condition in the meter. If the info code is available in the display, the related symbol is on when it has been activated. If the 'condition' is not active, the sign is OFF. The info codes provide you with the exact knowledge you need to target your efforts within operations optimization, customer information, water loss and tampering. The info codes in the display have the following meaning and function:

Info code	Meaning
	The water in the meter has not been stagnant for one continuous hour during the last 24 hours. This can be a sign of a leaky faucet or toilet cistern or indicate a leakage after the meter.
	The water consumption has been consistently high for half an hour, which indicates a pipe burst.
	Attempt of fraud. The meter is no longer valid for billing.
	The meter is dry. In this case nothing will be measured.
	The water flows through the meter in the wrong direction.
	RADIO OFF flashes. The meter is still in transport mode with the built-in radio transmitter turned off. The transmitter turns on automatically when water runs though the meter for the first time.*
	RADIO OFF lights permanently. The radio is switched off permanently. Can be activated via METERTOOL.*
	The symbol appears when the expected capacity left is 6 months or less.

- Switch off automatically when the condition that activated them no longer exists.
- Disappears when the water has been stagnant for one hour.
- Disappears when the consumption falls to normal level.
- Disappears when the water no longer flows in the wrong direction.
- Disappears when the meter is filled with water.

\* Radio off is not available for Encoded Output meters

## Data registers

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The water meter has a permanent memory, in which the values of various data loggers are saved. The loggers can be read via the meter's optical eye and from communications protocols

The following registers are logged:

Description	Yearly logger	Monthly logger.	Daily logger	Hourly logger
Logger depth	20 years	36 months	460 days	2400 hours
Operating hours	✓	✓	✓	✓
Info codes incl. hour counter	✓	✓	✓	✓
Volume	✓	✓	✓	✓
Volume reverse	✓	✓	✓	✓
Volume net	✓	✓	✓	✓
Acoustic Noise Value Day			✓	
Flow max incl. date	✓	✓		
Flow min incl. date	✓	✓		
Flow max day incl. Timestamp			✓	
Flow min day incl. Timestamp			✓	
Water temp. max	✓	✓	✓	
Water temp. min.	✓	✓	✓	
Water temp. avg.	✓	✓	✓	
Ambient temp. max	✓	✓	✓	
Ambient temp. min.	✓	✓	✓	
Ambient temp. avg.	✓	✓	✓	

Every time the information code changes, date and info codes are logged. Thus, it is possible to data read the latest 50 changes of the information code as well as the date the change was made.



## Integrated communication

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The meter supports a variety of different communication options depending on meter type. All radio supported meters can be used with Kamstrup's external antenna. Transmission properties and data packages are defined in the configuration number YY-ZZZ. These can be changed with METERTOOL, MeterToolX or READyApp through the optical IR interface or with a READy converter.\*

*\*Depending on communication protocol*

### RF

Kamstrup RF Is based on Wireless M-Bus which is a mature and proven technology for remote reading of smart meters. Wireless M-Bus provides a robust, simple and secure reading of meters and requires a low initial investment, but is flexible enough to be expanded whenever desired. Wireless M-Bus is based on an European standard (EN 13757-4) applicable to devices for reading consumption of water, electricity, or energy. The data encryption consists of a 128-bit AES counter mode encryption. Both AMR 912.5, 915 and 918.5 MHz and AMI 450-470 MHz are available.

For additional information about the Kamstrup RF communication module, please refer to the module data sheet, document nr.: FILE100003480.

### Cellular

NB-IoT (Narrowband Internet of Things) is one of the most popular LPWA (Low-Power, Wide-Area) technologies offered by most mobile network operators worldwide via the established 4G and 5G network infrastructures, meaning that no network ownership is required. Unlike 2G and 3G, which are designed for mobile broadband communication at the expense of high-power consumption, NB-IoT offers affordable data communication for power constrained IoT devices. Most 4G and 5G networks support NB-IoT technology.

For additional information about the Kamstrup NB-IoT communication module, please refer to the Cellular module data sheet, document nr.: FILE100003864

### Encoded output/Touch read

The Sensus Encoded Output and TouchRead are implemented based on Sensus specification UI-1203 and UI1204. Encoded Output is compatible with several 3rd party RF network systems. Kamstrup encoded output supports Sensus Encoded Output systems and Sensus TouchRead systems. In addition, Neptune ProRead, Neptune E-coder systems and others are supported.

For additional information about the Encoded output communication module please refer to the Encoded Output data sheet, document nr.:FILE100003729

## State of the art meter reading system (READy)

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### Standardized and open communication

902-928 MHz band RF is an open standard, following EN13757-4:2010, which means that while the flowIQ® 2200 can be configured with or without encryption of the transmitted signal, encryption is required in the United States.

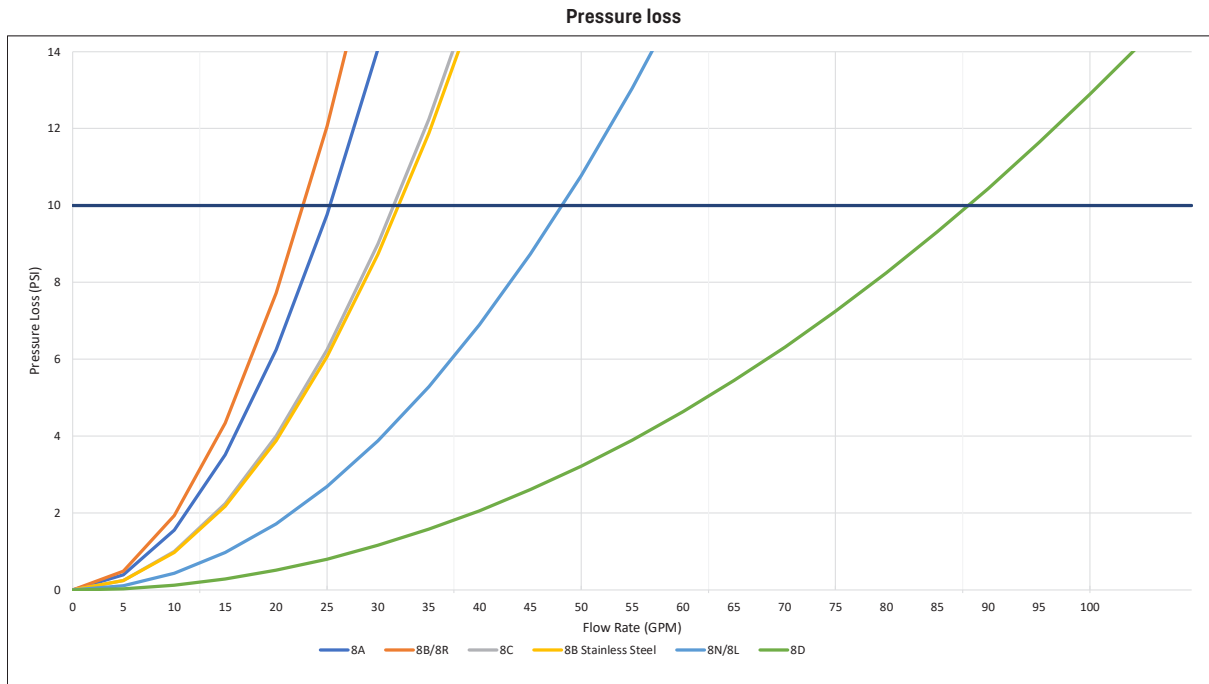
Encryption protects personal data against unauthorized monitoring. Furthermore, the encryption file provides easy access to import meter data for reading programs.

## Pressure loss

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According to AWWA C715-18 Type I guideline the maximum pressure loss must not exceed 10 PSI (0.69 bar) at SMOC.

The following graph shows pressure loss with respect to flow rate:



See Technical description for Water Meters North America: [FILE100001331\\_EN-US](#) for more information about pressure loss.

## Ordering details

Start your order by stating the type number of the selected model of flowIQ® 2200.

The type number includes information on meter type, meter version, size, lay length, service connection and time zone.

Subsequently the meter configuration, which determines customer-specific requirements such as number of digits in display etc., is selected. The configuration is completed during programming of the final meter.

Accessories are enclosed separately to be mounted by the installer.

### Meter type - flowIQ® 2200

Type	□□	□	□□	□	□	□□	□	□□
<b>Meter generation</b>								
Second generation	02							
<b>Mechanical design</b>								
Composite, PPS		K						
Stainless steel		L						
<b>Communication</b>								
AMI, dual-band capable, [2-way]			02					
Encoded output/Touch read			41					
Cellular			82					
<b>Power supply</b>								
D-cell				D				
2 x A-cell				A				
<b>Dynamic range</b>								
AWWA C715-18					1			
<b>Meter size</b>								
5/8" x 1/2" [25GPM]; 3/4" NPSM; 7 1/2"							8A	
5/8" x 3/4" [25GPM]; 1" NPSM; 7 1/2"							8B	
5/8" x 3/4" [25 GPM]; 1" NPSM; 5.1"							8R	
3/4" [32GPM]; 1" NPSM; 7 1/2" or 9"; includes 1 1/2" extension							8C	
3/4" [35GPM]; 1" NPSM; 7 1/2"							8N	
3/4" [35GPM]; 1" NPSM; 9"							8L	
1" [55GPM]; 1 1/4" NPSM; 10 3/4"							8D	
<b>Meter type</b>								
Cold water								8
Reclaimed water								9
<b>Country code</b>								
North America, FCC, and NSF approved								UB
Canada, ISED and NSF approved								CA
Mexico, IFT and NSF approved								MX

The features included in the type number cannot be changed once the meter has been produced.

## Configuration - flowIQ® 2200

Config	DDD	JJ	LLL	MMMM	N	P	S	U	RR	CCC	V	T	YY	ZZZ
	□□□	□□	□□□	□□□□	□	□	□	□	□□	□□□	□	□	□□	□□□
<b>Display views</b>														
Standard	810													
<b>GMT offset (time zone)</b>														
USA Eastern (GMT-5)		28												
USA Central (GMT-6)		24												
USA Mountain (GMT-7)		20												
USA Pacific (GMT-8)		16												
<b>Target date (handled as order data)</b>														
<b>Max values averaged over time (1..120 min.)</b>														
2 minutes			002											
<b>Customer label</b>														
Alphanumeric (2060-MMMM)				0000										
<b>Leakage message limit</b>														
OFF					0									
Flow continuously > 0.25% of max flow					2									
Flow continuously > 0.5% of max flow					3									
Flow continuously > 1.0% of max flow					4									
Flow continuously > 2.0% of max flow					5									
<b>Pipe burst limit</b>														
OFF						0								
Flow > 5 % of max flow for 30 minutes						1								
Flow > 10 % of max flow for 30 minutes						2								
Flow > 20 % of max flow for 30 minutes						3								
<b>Ambient Temperature low limit</b>														
OFF							0							
Ambient temperature < 2 °C / 36 °F							2							
Ambient temperature < 3 °C / 37 °F							3							
Ambient temperature < 6 °C / 43 °F							6							
<b>Ambient Temperature high limit</b>														
OFF								0						
Ambient temperature > 35 °C / 95 °F								3						
Ambient temperature > 45 °C / 122 °F								6						
<b>Data logger profile</b>														
Standard RF														04
Standard Encoded Output														15
Standard Cellular														16
To be continued on next page...														

## Configuration - flowIQ® 2200

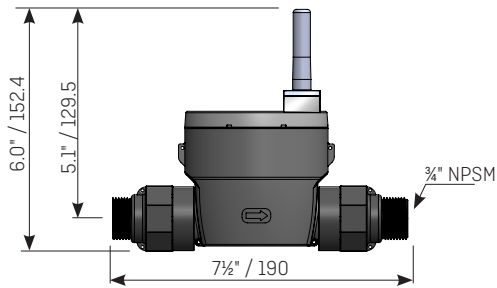
	DDD	JJ	LLL	MMMM	N	P	S	U	RR	CCC	V	T	YY	ZZZ
<b>Config</b>	□□□	□□	□□□	□□□□	□	□	□	□	□□	□□□	□	□	□□	□□□
...continued from previous page														
<b>Display resolution (alphanumeric)</b>														
0000000.00 USgal - 0.01 GPM - Billing in 1,000s (recommended for residential meters)										220				
000000000 ft³ - 0000 GPM - Billing in 1,000s (recommended for district meters)										154				
<i>For additional options please refer to FILE100002712</i>														
<b>Temperature units of measure</b>														
Fahrenheit											1			
Celsius											0			
<b>Encryption level</b>														
Encryption with separately forwarded key												3		
<b>Communication</b>														
For communication protocols please refer to the section "Integrated Communication"														

	DDD	JJ	LLL	MMMM	N	P	S	U	RR	CCC	V	T	YY	ZZZ
Unless otherwise stated in the order, Kamstrup supplies the following:	810	□□	002	0000	4	3	3	3	04	220	1	3	YY	ZZZ

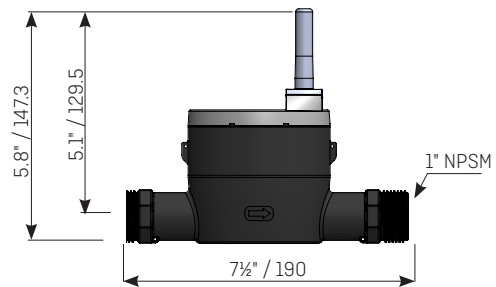
**Note:** JJ (time zone) and target date are not predefined and has to be chosen in the ordering system.

## Dimensional sketches – flowIQ® 2200

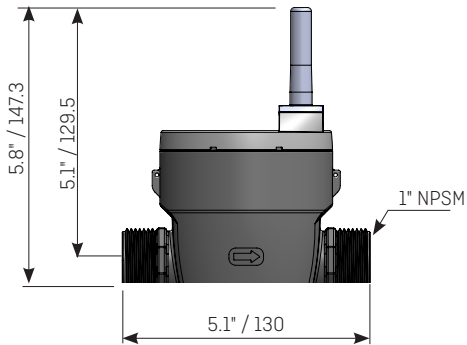
**Type: 8A** – Size: 25 GPM  $\frac{5}{8}$ " x  $\frac{1}{2}$ " x  $7\frac{1}{2}$ "



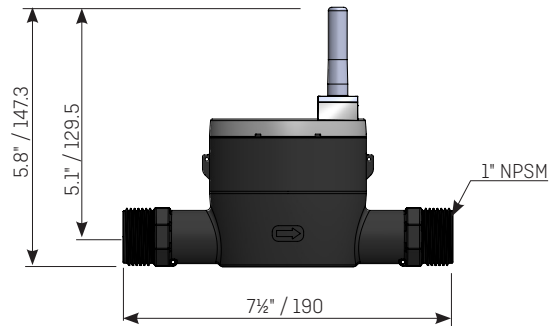
**Type: 8B** – Size: 25 GPM  $\frac{5}{8}$ " x  $\frac{3}{4}$ " x  $7\frac{1}{2}$ "



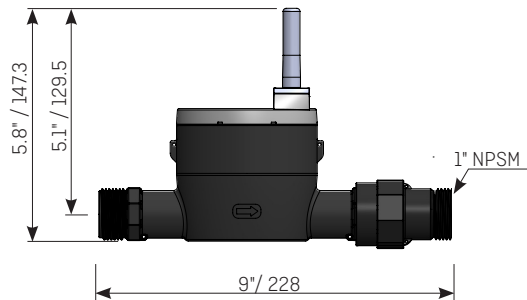
**Type: 8R** – Size: 25 GPM  $\frac{5}{8}$ " x  $\frac{3}{4}$ " x 5.1"



**Type: 8C** – Size: 32 GPM  $\frac{3}{4}$ " x  $\frac{3}{4}$ " x  $7\frac{1}{2}$ "



**Type: 8C+** – Size: 32 GPM  $\frac{3}{4}$ " x  $\frac{3}{4}$ " x 9"



KWM2221 / KWM3221 has the exact same dimensions as and KWM2220 / KWM3220 – apart from the meter cup height.

Examples:

**Type: 8B** – Size: 25 GPM  $\frac{5}{8}$ " x  $\frac{3}{4}$ " x  $7\frac{1}{2}$ "

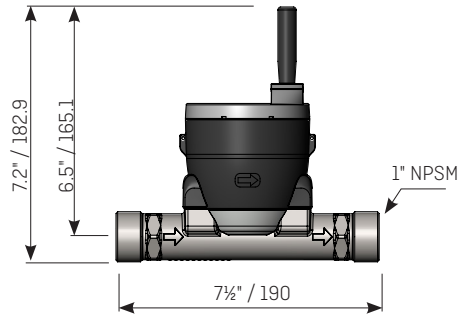


**Type: 8R** – Size: 25 GPM  $\frac{5}{8}$ " x  $\frac{3}{4}$ " x 5.1"

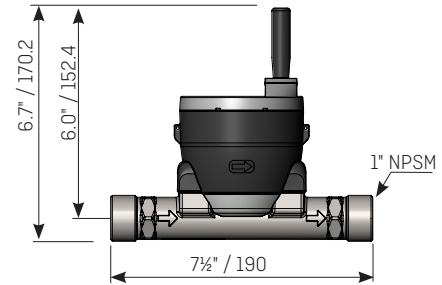


## Dimensional sketches – flowIQ® 2200

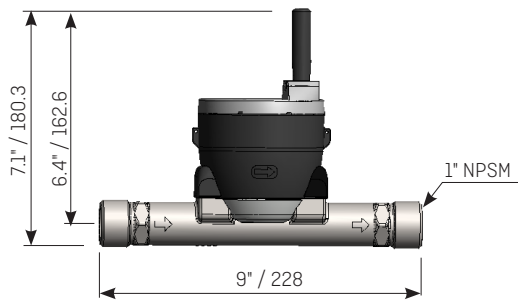
**Type: 8B** – Size: 25 GPM  $\frac{5}{8}$ " x  $\frac{3}{4}$ " x  $7\frac{1}{2}$ "



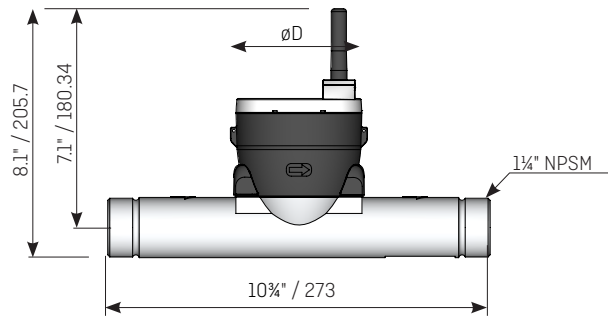
**Type: 8N** – Size: 35 GPM  $\frac{3}{4}$ " x 1" x  $7\frac{1}{2}$ "



**Type: 8L** – Size: 35 GPM  $\frac{3}{4}$ " x 1" x 9"



**Type: 8D** – Size: 55 GPM 1" x  $1\frac{1}{4}$ " x  $10\frac{3}{4}$ "



NOTE! Same threads for in- and outlet. / Dimensions: Inches/mm

## Dimensions

### KWM2220 and KWM3220

Mechanical design	Meter type	Meter size GPM	NPSM thread	L	H	øD	Weight approx. [Lbs/Kg]
				[Inches /mm]			
Composite	8A	25	¾"	7½" / 190	6.0" / 152.4	3.6" / 91.4	1.08 / 0.49
Composite	8B	25	1"	7½" / 190	5.8" / 147.3	3.6"	1.01 / 0.46
Composite	8R	25	1"	5.1" / 130	5.8" / 147.3	3.6"	1.01 / 0.46
Composite	8C	32	1"	7½" / 190	5.8" / 147.3	3.6"	1.01 / 0.46
Composite	8C+	32	1"	9" / 228	5.8" / 147.3	3.6"	1.10 / 0.50
Stainless steel	8B	25	1"	7½" / 190	7.2" / 182.9	3.6"	1.01 / 0.46
Stainless steel	8N	35	1"	7½" / 190	6.7" / 170.2	3.6"	2.2 / 1.0
Stainless steel	8L	35	1"	9" / 228	7.1" / 180.3	3.6"	2.5 / 1.13
Stainless steel	8D	55	1¼"	10¾" / 273	8.1" / 205.7	3.6"	4.1 / 1.86

### KWM2221 and KWM3221

Mechanical design	Meter type	Meter size GPM	NPSM thread	L	H	øD	Weight approx. [Lbs/Kg]
				[Inches /mm]			
Composite	8A	25	¾"	7½" / 190	2.1" / 55	3.6" / 91.4	0.90 / 0.41
Composite	8B	25	1"	7½" / 190	2.1" / 55	3.6"	0.86 / 0.39
Composite	8R	25	1"	5.1" / 130	2.1" / 55	3.6"	0.86 / 0.39
Composite	8C	32	1"	7½" / 190	2.1" / 55	3.6"	1.01 / 0.46
Composite	8C+	32	1"	9" / 228	2.1" / 55	3.6"	0.93 / 0.42
Stainless steel	8B	25	1"	7½" / 190	3.9" / 101	3.6"	1.87 / 0.85
Stainless steel	8N	35	1"	7½" / 190	3.9" / 101	3.6"	1.87 / 0.85
Stainless steel	8L	35	1"	9" / 228	3.9" / 101	3.6"	2.09 / 0.95
Stainless steel	8D	55	1¼"	10¾" / 273	4.2" / 109	3.6"	2.82 / 1.28



## Accessories

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See Accessories for Water Meters: [FILE100000644\\_US](#).

[Accessories are ordered separately in CPQ (Kamstrup ordering system) and will be delivered as single parts in the packaging.]

flowIQ® 2200

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## Codes of Practice For Belize Water Services

<i>Basis for Codes</i>	<p>Belize Water Services Ltd. (BWS) was granted a twenty five year operating license “the License” under Section 15 of the Water Industry Act “the Act” on March 20, 2001 by the Public Utilities Commission (PUC). Condition 5 of the License, “Codes of Practice”, requires that the Licensee, BWS, prepare and submit to the PUC for its approval three codes, namely; “the Customer Code”, the “Disconnection Code” and the “Leakage Code”. Condition 2 of the License allows for “quality of services standards” to be set out in the Codes of Practice. Condition 2 also provides for quality of service standards to be prescribed by Regulations, Byelaws, Orders, etc. of the PUC pursuant to any powers contained in the Act or the License. The PUC will be establishing “Quality of Service Standards” by Regulations, Orders, etc.</p>
<i>Information and Monitoring</i>	<p>This document sets out the Customer Code, the Disconnection Code, and the Leakage Code. BWS will provide the PUC with all information necessary to effectively monitor performance and will facilitate the PUC or its agents in performing independent tests to measure such performance.</p>
<i>Review of Codes</i>	<p>These codes shall be reviewed annually to establish appropriate levels of service that are achievable within the cost structure of the Licensee’s Business and can be afforded by customers. The implementation and monitoring of these Codes of Practice will commence on date of approval of the Codes of Practice by the PUC. The annual review is to be completed by June 30<sup>th</sup> of each year.</p>
<i>Notification to Customers</i>	<p>BWS will be responsible for notifying customers of the existence of these Codes of Practice at all opportunities and at a minimum annually.</p>

<i>Authorized service areas</i>	BWS provides potable water services to all of Belize's major urban centers and some adjacent rural communities as defined in the authorized service areas in the License. BWS also provides sewerage services to certain zones within the authorized service areas. These services are to be provided in accordance with Quality of Service Standards and Codes of Practice approved by the PUC from time to time.
<i>Purpose</i>	The purpose of the Codes of Practice is to establish a transparent protocol that defines the utility/customer interface for the effective, efficient, fair, and non discriminatory delivery of water and sewerage services to the customers of the Licensee, BWS.

**CUSTOMER CODE**

<i>Rights and Obligations</i>	BWS must inform customers of their rights and obligations through appropriate publications which are to be updated on a regular basis and made available at all of their offices countrywide. Publications must be approved by the PUC.
<i>Facilitation of Complaints</i>	BWS must facilitate customers in making complaints that relate to service delivery such as faults, leaks, non-receipt of bills, etc through easy and sufficient access. Contact information is to be made readily available to all customers. That is, telephone numbers, fax numbers, mail address, emails, and walk-in contact personnel names at all BWS offices countrywide.
<i>Dispute referred to PUC</i>	If a dispute arises between the Customer and BWS in relation to delivery of services under the Codes of Practice that cannot be settled by the parties after reasonable effort on both parts, the matter may then be referred to the PUC for a binding determination.
<i>Computation of time</i>	In the computation of time under these Codes of Practice where (a) there is a reference to a number of business days between two events the business days shall be counted by excluding the business day on which the first event happens and including the business day on which the second event happens and (b) the time for doing an act under these Codes expires on a holiday, the act may be done on the next business day.
<i>Appointments</i>	An appointment shall be an action that requires BWS to meet with a Customer at the Customer's premises for the purpose of investigating and resolving a complaint or for the carrying out of certain works that require access to the customers premises with their presence needed.
	Appointments shall be limited to a practical number per working day as determined by BWS and approved by the PUC.

<i>Setting Appointments</i>	Where an appointment is required, the Customer shall complete an appointment card, stating telephone number, address and the preferred date and time of appointment together with completing details as to the nature of the complaint or issue that requires an appointment. It is the responsibility of BWS to inform customers if the visit will take place in the morning before 12 mid-day or in the afternoon.
<i>Rescheduling Appointments</i>	If BWS cannot keep the appointment, the company must inform the customer and reschedule no later than one-half working day immediately prior to the appointment time. In the event of such rescheduling, BWS will make every effort to reschedule to the convenience of the customer.
	If the customer does not keep the appointment and failed to notify BWS, the company shall have the right to define and reschedule the subsequent appointment based on the workload of the appropriate BWS representative.
<i>Application for connection to water supply and relevant fees, charges, etc.</i>	BWS is to ensure that customers are promptly connected to the water supply after completing the application process and making payment of appropriate fees, charges, etc. as approved by the PUC from time to time or defined in applicable Acts and Regulations. Details relating to the charges and fees that are applicable to each customer shall be clearly defined and informed to the customer by BWS during the application process and subsequently from time to time as necessary to keep the customer current on applicable fees and charges.
	Where a water distribution pipe is available within thirty feet of the property boundary, BWS is required to connect customers within seven days following the completion of the application process and the payment of the applicable deposit fee and the connection fee. Where permission is needed to carry out the works from the municipal authority, the seven days commences immediately upon the receipt of the required permission. Such permission is to be vigorously

	pursued by BWS.
	Where water distribution line is not available within thirty feet of the property boundary and the property is located within BWS authorized service areas as defined at March 23, 2001, the customer upon completion of the application process and payment of the applicable deposit fee, connection fee, and infrastructure charge will be notified in writing by BWS within seven days as to when the required works will be completed and the customer connected to the water supply.
	Where the property is outside of BWS' authorized service area as defined at March 23, 2001, the connection will be subject to the planned and budgeted expansion included within the company's five year Business Plan. The customer will be required to pay the applicable deposit fee, connection fee, and infrastructure charge. BWS will notify the customer upon his query as to whether the service is planned and budgeted in the business plan and to any alternatives that may be available to the customer within seven working days.
<i>Developer projects</i>	For residential, commercial, or industrial projects that are being promoted through a developer (private or public), the cost to the developer will be determined through the Net Present Value methodology defined in Statutory Instrument 67 of 2002. BWS will initiate discussions with developers within seven days of receipt of their query. Customers seeking connection from within a network established by a developer will be required to pay the applicable deposit fee and connection charge.
<i>Transfer of Accounts</i>	Customers who are relocating within a BWS authorized service area can transfer their account from the current address to the new address. A deposit fee is not required for customers who request a transfer. In the instance where the new address already has an existing water connection, only a transfer charge is

	applicable. Otherwise, the other charges as defined above apply.
<i>Billing period and format</i>	BWS is to ensure that customers are billed on a monthly basis in a timely manner. Bills should be produced in a statement form and include the balance carried forward from the previous month's bill, metered water charges for the period being billed, and all payments and other approved charges made to the account during the period being billed. The total due should be clearly displayed on the face of the bill. The units of measurement and the tariffs charged are as determined and approved by the PUC from time to time.
<i>Bill delivery and due date</i>	BWS must post by mail or deliver by courier where mail services are not available the bill to the customer within seven days from the date when the meter was read (reading date). A bill is deemed served to a Customer if BWS delivers the bill to the service or mailing address provided by the Customer. Customers are to be given thirty days from billing date to pay the current month's bill. Amounts outstanding for more than thirty days are considered overdue.
<i>First Bill</i>	BWS must issue a bill to a new customer within 45 days after connection to ensure the customer account has been properly incorporated into the billing system.
<i>Assessment of Charges for water consumed</i>	BWS shall read the customer's meter every month and provide a bill. In the event access to the meter is not possible for a particular reading date, an estimate of the water consumed will be calculated based on the average of the monthly consumption for previous six-month period. If the customer does not have a six month history then the average of the consumption for the period in which he/she has received water will be used.
<i>Estimated Bills</i>	Estimated bills are not to be issued for three consecutive months nor more than three times in any twelve-month period. A notice informing the customer that



	the bill statement is an estimated charge and including the reason for it is to be released with the month's bill.
<i>Meter Access</i>	Where access to a water meter to obtain a direct reading is consistently a problem, BWS will notify the customer in writing of the problem and request that the Customer take the necessary steps to ensure that access to the meter is facilitated. The customer is obligated to provide ready access for meter readings.
<i>Final Meter Reading</i>	Where a customer is terminating service, BWS is required to read the meter on the day requested by the customer provided that the customer gives at least three working days notice to BWS. The customer is required to provide BWS with a forwarding address and telephone number to facilitate the delivery by BWS of the final bill and/or deposit refund. BWS is to provide a final bill within 30 days of the customer closing the account.
<i>Changing or Relocation of Meter</i>	Where a water meter needs to be changed or relocated, the water meter can only be changed or relocated under the authority of BWS.
<i>Complaints</i>	BWS is to ensure that customer complaints are documented at the time they are made and dealt with in a thorough and expeditious manner.
<i>Making a complaint</i>	Customers can make complaints over the telephone, by writing in, or visiting any BWS office. Whenever a customer makes a complaint, BWS must respond to the complainant within 5 working days from the date of the receipt of the complaint.
<i>Resolving billing complaints</i>	Customers making complaints on a particular bill must do so at least five days before the due date. Complaints dealing with billing issues must be resolved by BWS within 30 days of receiving the complaint. While the complaint is pending resolution, the customer is required to pay the billed amount, or the

	<p>average monthly bill if agreed to with the complainant by BWS, by the due date to avoid disconnection. The amount paid will be held in trust by BWS pending the resolution of the complaint.</p>
<p><i>Resolving other complaints</i></p>	<p>If customers complain about faulty meters, low pressure, poor water quality etc. BWS must promptly respond to the complaint and take remedial action as required. For such complaints that BWS may feel are outside of their license obligations or not a result of anything they have done or have failed to do, BWS must acknowledge receipt of the complaint within 5 working days. BWS must thereafter provide a written substantive reply to the Customer within thirty days. The reply must clearly state the details and result of any investigation and if appropriate set out recommended actions.</p>
<p><i>PUC intervention</i></p>	<p>If the customer feels that the complaint was not satisfactorily resolved, and has exhausted his/her appeal at the senior management level of BWS from whom he/she is entitled to be heard, the customer may then approach the PUC to intervene in the dispute and make a determination that will be binding on both parties. In responding to the customer complaint, BWS is required to inform the customer of their recourse to the PUC.</p>
<p><i>Cashier Services</i></p>	<p>BWS is to ensure that customers have adequate access to cashier services and also ensure that payments made by customers are accurately processed to their accounts within one (1) day of the payment being received. BWS shall make available to all their customers adequate and conveniently located facilities for the payment of bills during normal working hours. In this regard, BWS will utilize trained cashiers in each branch office, collection agents, and banks to facilitate customers in paying their bills.</p>
<p><i>Disruption of Supply</i></p>	<p>BWS will diligently endeavor to minimize disruption of supply resulting from unplanned work (emergencies) and ensure that when interruptions do occur adequate and timely notifications are made to the affected persons and the PUC.</p>

<i>Unplanned interruptions</i>	<p>If an unplanned service interruption occurs from a broken main, loss of power, or other unforeseen circumstance, BWS must immediately inform the affected customers, the PUC, and the Ministry of Health (where health is at risk) on the nature of the problem and the time estimated to restore the supply. In instances where BWS is not able to restore the supply within 24 hours BWS will provide frequent updates so that customers are continuously and accurately informed as to when the service will be restored.</p>
	<p>Where outages or shortages will be for an extended duration (beyond 24 hours), BWS will within the practical constraints of delivery logistics, capacity, water demand and geographic location, provide water to customers for their basic needs.</p>
<i>Planned interruptions</i>	<p>In carrying out essential works that require planned interruptions to the water supply BWS must provide advance notification through radio or other means of public announcements that are most effective in reaching the affected customers. For planned interruptions of less than 2 hours, the notice shall be 24 hours in advance; for planned interruptions of 2 to 4 hours, the notice shall be 48 hours in advance; and for planned interruptions of 4 to 8 hours, the notice shall be 72 hours in advance. Planned interruptions should not exceed 8 hours duration.</p>
<i>Quality of Service Standards</i>	<p>BWS is to ensure that all customers are receiving on a continuous basis (aside from planned and unplanned interruptions) water supply at water pressure and water quality levels that are reasonable given the physical and operational limitations of the water system.</p> <p>Quality of Service Standards will be established by the PUC through Regulations. BWS will be required to adhere to these Regulations once they are</p>

	<p>promulgated.</p> <p>The Ministry of Health and the Department of the Environment are responsible for water quality and effluent discharge respectively.</p>
<i>Contaminated Water</i>	<p>BWS is to protect customers from consuming contaminated water and ensure that customers are compensated for water loss as a result thereof. BWS must continuously monitor and test water supplied to customers. If at any time that the water being distributed to customers from BWS' supply system becomes contaminated, BWS must immediately cut off the supply of the contaminated water and inform affected customers, the PUC, the Ministry of Health, and the Municipal Authority. The notice to the affected customers is to include appropriate action that should be taken by the customers to avoid any consumption of the contaminated water.</p>
	<p>Where BWS water supply is connected into a customer storage reservoir, the reservoir is to be installed in such a way as to avoid backflow into the BWS system, especially if the customer reservoir is supplied by another source such as well or rain water.</p>
<i>Civil Works</i>	<p>BWS is to ensure that persons are not unduly hindered from accessing their property because of works being carried out by BWS on streets or other public thoroughfares. Where restriction of access is unavoidable BWS will give advance notice of the time when the work will be done.</p>
<i>Flooding from Sewer</i>	<p>BWS is to ensure that adequate sewer capacity is in place so as to protect homes from flooding. If water escapes from the sewer system of BWS and enters a customers' property, a payment will be made depending on the scale and type of discharge and based on an insurance valuation. Flooding due to sewer blockage created by customers or third parties may not warrant any compensation from BWS.</p>

<i>Faulty Water Meter</i>	<p>When a customer complains to BWS that there is a problem with their water meter, BWS will conduct an onsite investigation and if necessary conduct a calibration test. The details of the conduct of the test and the results will be forwarded to the PUC within two (2) days of the conduct of the test. In the event that the meter is found to be malfunctioning then the meter shall be changed within 10 working days and the customer's bill shall be adjusted (up or down). Adjustments will be based on an average of the last six months consumption prior to the period under review. Where there is insufficient record of past consumption, the adjustment will be based upon typical usage for property of a similar type. The customer's measured charges will be subject to further adjustment if subsequent actual usage is significantly different from the adjusted figures. The period for which the adjustment applies is limited to the month prior to the billing period in which the test was conducted and the malfunction was detected through to the date of the meter change.</p>
<i>Changing Meters</i>	<p>Where BWS changes a customer's meter, the company will leave at the customer's premise written details of the readings of the old and new meter, the date of change, and the serial number of the newly installed meter. If the customer or occupants are on the premises, BWS will also liaise directly with them.</p>
<i>Billed on wrong meter</i>	<p>If as a result of a meter change or otherwise wherein the customers account is linked to a meter number that is for a meter that is not directly connected to the customer's water supply and the customer is therefore billed for water consumption that is registered through a wrong meter (as defined here), BWS can adjust the customer's accounts only as follows:</p> <p>(1) where the amount billed on the wrong meter is greater than the amount that would have been billed on the correct meter, the customer is obligated to pay only the lesser amount and BWS is to refund the</p>

	<p>customer the excess amount paid.</p> <p>(2) Where the amount billed on the wrong meter is less than the amount that would have been billed on the correct meter, BWS can adjust the customer's bill upward. The period for which the adjustment applies is limited to the month prior to the billing period in which the error was detected through to the date the error was corrected on the customer's account.</p> <p>BWS is required to immediately notify the customer of any such errors in writing.</p>
<p><i>Tariffs, rates, fees, and charges</i></p>	<p>BWS is to charge customers only the tariffs, rates, fees and charges approved from time to time by the PUC (Schedule 1). Where BWS incorrectly charges a customer, BWS must rectify the error on the next monthly bill. Where the customer has been overcharged and has paid, BWS will refund the customer within five working days.</p>

**DISCONNECTION CODE**

<i>Customers to be kept connected</i>	It is recognized that at times it may be difficult for some customers to pay their bills and/or assessed charges. Considering that water is an essential service, BWS will make every effort to prudently manage customer accounts and keep customers connected to the water supply.
<i>Payment arrangements</i>	Customers are given a maximum of 30 days after billing date to pay their bills. If any residential customer is unable to pay their bills, the customer can contact BWS in advance of the due date, and negotiate terms for settling outstanding balances while retaining services. BWS must afford customers who can demonstrate the need for such assistance this opportunity.
<i>Limits on payment plan</i>	For warranted situations, BWS may offer such customers a payment plan on terms tailored to meet the customer's ability to pay. BWS will offer the option of a payment plan to a customer only once in any consecutive 12 month period. A payment plan negotiated between BWS and the customer should include arrangements for amortizing outstanding arrears, payment of current usage, and where reasonable should not exceed 6 months.
	At all times during the payment plan period customers must ensure that they pay all current bills and balances. Failure to do so may result in immediate disconnection.
<i>Security Deposit</i>	If a customer is disconnected for non-payment more than twice within a consecutive twelve (12) month period, BWS may require that the security deposit required of the customer be increased to an amount three (3) times the average monthly bill rounded up to the nearest dollar. The average monthly bill will be based on the recent six (6) months history or the full customer history if the customer has been connected for less than six (6) months.

<i>Public Announcements</i>	At least one week prior to the due date for payment of bills, BWS will make public announcements reminding customers that bills must be paid by the due date to avoid disconnection.
<i>Indemnity from damages</i>	BWS will disconnect customers who have not paid by the due date. BWS shall not be held accountable for any damages to customers' property (after the meter), which resulted from the absence of water due to lawful disconnection for non-payment of water bills. BWS will not carry out any disconnection on Fridays after mid-day, Saturdays and Sundays, and public and bank holidays.
<i>Disconnection in error</i>	Where BWS disconnects a customer in error, BWS will reconnect the customer within 2 hours upon notification and rectify any damages caused.
<i>Time for Reconnection</i>	BWS shall reconnect customers within one (1) working day after full payment has been received from the customer.
<i>Debt Collection Agency</i>	Where disconnected customers do not pay outstanding balances within 60 days of the due date, BWS may pass the account over to a Bailiff or Debt Collection Agency to pursue for collection. BWS will, however, retain the rights to take legal action against customers with arrears.
<i>Reconnection Fee</i>	Whenever a customer who is temporarily disconnected requests reconnection, BWS will require the payment of a reconnection charge by the customer prior to the reconnection to the water supply. The reconnection charge is determined by the PUC from time to time



<b>LEAKAGE CODE</b>	
<i>Metered Water</i>	Every Customer connected to the water system of BWS is to be given a meter from which measured usage will be determined.
	The meter will be attached to the Customer's section of the service pipe near the boundary to the Customer's premise and accessible for reading and changing. The meter will be installed a maximum of three (3) feet inside any property.
<i>Leakage Check</i>	When BWS installs a meter for a customer, BWS will check on behalf of the customer if there are any leaks in the supply pipe by noting if the meter registers water usage when all water devices are turned off within the premises.
	If a leak is detected in the supply pipe, BWS will notify the customer verbally if the customer is present and in writing of the leak and ask for the leak to be repaired before BWS begins supplying water to the premises.
<i>Customer responsible for detection and repair of leaks</i>	At all times water is being supplied, customers are responsible for the repair of any leaks on the customer side of the meter. If BWS suspects and /or detects a leak on the customer's side of the meter, BWS will request, verbally if the customer is present and in writing, that the customer check for any leaks and immediately repair any leak detected. If the customer fails to repair the leak, BWS shall be entitled to treat any subsequent loss of water as consumption by the customer and to charge the customer accordingly.
<i>Case of waste and injury</i>	In cases where escaping water is likely to cause waste of water or injury

	<p>to persons or property, BWS may execute such works as they feel necessary or expedient in the circumstances and the expenses reasonably incurred by BWS can be recovered summarily as a civil debt from the owner.</p>
<p><i>Adjustment of charges upon prompt repair of leaks</i></p>	<p>If a customer receives a bill showing abnormally high consumption (at least 2 times the customer's average monthly bill or 3,000 gallons whichever is higher) that is not caused by a faulty meter, a leak may exist on the customer's side of the meter. If the customer identifies a leak and carries out the necessary repairs within ten (10) working days following notification by BWS that the problem is not a faulty meter, BWS shall adjust the customer's charges upon confirmation by BWS that the leak was repaired thoroughly.</p>
<p><i>BWS not required to make adjustments</i></p>	<p>Where a leak has been caused by negligence of the customer, owner, or an agent and where any of those persons knew or ought to have known that there was a leak and failed to repair it, BWS is not required to make any adjustment to the measured charges.</p>
<p><i>Adjustments</i></p>	<p>Adjustment for leaks will be applicable to residential customers only. In instances where BWS makes an adjustment to the customer bill, the adjustment will be based upon the average consumption during the period of 6 months just then expired. Where there is no record of past consumption, the adjustment will be based upon typical usage for property of a similar type. The customer charges will be adjusted again if subsequent actual usage is significantly different.</p>

**PUBLIC UTILITIES COMMISSION  
Codes of Practice**

**Schedule1 (Part 1)**

**Per US Gallons (4/5 Imperial Gallon)**

**Areas of Supply**

**Rates and Conditions**

- A. Those areas of Belize City and Belmopan City within the sewer zones.**
- 2.(a) In any one month for less than 1,001 gallons a fee of .....\$9.00
  - (b) Proportionate fee for every gallon thereafter up to 2,000 gallons inclusive at the rate per 1,000 gallons of .....\$15.00
  - (c) Proportionate fee for every gallon above 2,000 gallons and up to 3,000 gallons inclusive at the rate per 1,000 gallons of .....\$16.50
  - (d) Proportionate fee for every gallon above 3,000 gallons and up to 4,000 gallons inclusive at the rate per 1,000 gallons of .....\$17.50
  - (e) Proportionate fee for every gallon above 4,000 gallons and up to 5,000 gallons inclusive at the rate per 1,000 gallons of .....\$18.50
  - (f) Proportionate fee for every gallon above 5,000 gallons and up to 6,000 gallons inclusive at the rate per 1,000 gallons of .....\$19.50
  - (g) Proportionate fee for every gallon above 6,000 gallons and up to 7,000 gallons inclusive at the rate per 1,000 gallons of .....\$20.00
  - (h) Proportionate fee for every gallon above 7,000 gallons and up to 8,000 gallons inclusive at the rate per 1,000 gallons of .....\$20.50
  - (i) Proportionate fee for every gallon above 8,000 at the rate per 1,000 gallons of ...\$21.00
- B. Corozal, Orange Walk, Benque Viejo del Carmen, San Ignacio/Santa Elena, Dangriga, Punta Gorda, Burrell Boom, San Jose Succotz, Ladyville, Sandhill, Hattievile, Roaring Creek, Camalote, Teakettle, and those areas of Belize City and Belmopan outside of sewer zones and all other sub-urban and villages serviced by Belize Water Services Limited.**
- 2.(a) In any one month for less than 1,001 gallons a fee of .....\$7.50
  - (b) Proportionate fee for every gallon thereafter up to 2,000 gallons inclusive at the rate per 1,000 gallons of .....\$11.50
  - (c) Proportionate fee for every gallon above 2,000 gallons and up to 3,000 gallons inclusive at the rate per 1,000 gallons of .....\$12.50
  - (d) Proportionate fee for every gallon above 3,000 gallons and up to 4,000 gallons inclusive at the rate per 1,000 gallons of .....\$13.00
  - (e) Proportionate fee for every gallon above 4,000 gallons and up to 5,000 gallons inclusive at the rate per 1,000 gallons of .....\$13.50
  - (f) Proportionate fee for every gallon above 5,000 gallons and up to 6,000 gallons inclusive at the rate per 1,000 gallons of .....\$14.50

(g) Proportionate fee for every gallon above 6,000 gallons and up to 7,000 gallons inclusive at the rate per 1,000 gallons of .....\$15.50

(h) Proportionate fee for every gallon above 7,000 gallons and up to 8,000 gallons inclusive at the rate per 1,000 gallons of .....\$16.00

(i) Proportionate fee for every gallon above 8,000 at the rate per 1,000 gallons of ...\$16.50

**C. San Pedro, Ambergris Caye**

2.(a) In any one month for less than 1,001 gallons a fee of .....\$22.00

(b) Proportionate fee for every gallon thereafter up to 2,000 gallons inclusive at the rate per 1,000 gallons of .....\$26.00

(c) Proportionate fee for every gallon above 2,000 gallons and up to 3,000 gallons inclusive at the rate per 1,000 gallons of .....\$28.00

(d) Proportionate fee for every gallon above 3,000 gallons and up to 4,000 gallons inclusive at the rate per 1,000 gallons of .....\$30.00

(e) Proportionate fee for every gallon above 4,000 gallons and up to 5,000 gallons inclusive at the rate per 1,000 gallons of .....\$32.00

(f) Proportionate fee for every gallon above 5,000 gallons and up to 6,000 gallons inclusive at the rate per 1,000 gallons of .....\$38.00

(g) Proportionate fee for every gallon above 6,000 gallons and up to 7,000 gallons inclusive at the rate per 1,000 gallons of .....\$45.00

(h) Proportionate fee for every gallon above 7,000 gallons and up to 8,000 gallons inclusive at the rate per 1,000 gallons of .....\$50.00

(i) Proportionate fee for every gallon above 8,000 at the rate per 1,000 gallons of ...\$55.00

## Schedule 1 (Part 2)

### Other Charges

Description	Fee
Reconnection Fee (Belize City & Bmp)	25.00
Reconnection Fee (Other BWS Service Areas excl. S. P.)	25.00
Reconnection Fee( San Pedro)	25.00
Transfer Fee (Belize City & Bmp)	20.00
Transfer Fee (Other BWS Service Areas excl. S. P.)	20.00
Transfer Fee(San Pedro)	20.00
Water Connection Fee Residential (Belize City & Bmp )	85.00
Water Connection Fee Commercial (Belize City & Bmp )	variable
Water Connection Fee Residential (Other BWS Service Areas excl. S.P.)	85.00
Water Connection Fee Commercial(Other BWS Service Areas excl. S.P.)	variable
Water Connection Fee Residential (San Pedro)	127.50
Water Connection Fee Commercial (San Pedro.)	637.50
Sewer Connection Fee Residential (Belize City & Bmp )	100.00
Sewer Connection Fee Commercial (Belize City & Bmp )	variable
Sewer Connection Fee Residential (Other BWS Service Areas excl. S.P.)	-
Sewer Connection Fee Commercial(Other BWS Service Areas excl. S.P.)	-
Sewer Connection Fee Residential (San Pedro)	150.00
Sewer Connection Fee Commercial (San Pedro.)	variable
Water Infrastructure Fee	150.00
Sewer Infrastructure Fee	1,695.00
Security Deposit Residential (Belize City & Bmp)	50.00
Security Deposit Commercial (Belize City & Bmp)	200.00
Security Deposit Residential (Other BWS Service Areas excl. S.P.)	50.00
Security Deposit Commercial(Other BWS Service Areas excl. S.P.)	200.00
Security Deposit Residential ( San Pedro)	50.00
Security Deposit Commercial (San Pedro)	300.00

**Provided however, where a customer is disconnected for non-payment of tariffs more than twice within a twelve month period, the licensee shall require that the security deposit be an amount equivalent to three times the average monthly bill rounded up to nearest \$10.00 (based on the last six months or the full customer history if the customer has been connected for less than six months). The customer shall not be required to pay any additional amount where the existing deposit meets or exceeds the above calculation.**



**BELIZE WATER SERVICES**  
**APPLICATION FORM FOR WATER SERVICE**

Customer Name: \_\_\_\_\_

Social Security No: \_\_\_\_\_ Driver License: \_\_\_\_\_

Passport number: \_\_\_\_\_

Service Address: \_\_\_\_\_ City/Town/Village: \_\_\_\_\_

How long have you been at the above address: \_\_\_\_\_

Cell phone No.: \_\_\_\_\_ Work Number: \_\_\_\_\_

Home Number: \_\_\_\_\_

Email address(s): \_\_\_\_\_

I would like to receive my bill by e-mail: YES \_\_\_\_\_ NO \_\_\_\_\_

Are you? : Tenant  Property Owner  Agent/Relative of Owner

Relationship: \_\_\_\_\_

If you are not the owner:

Owner/ Agent's Name: \_\_\_\_\_ Owner/ Agent's Tel. No: \_\_\_\_\_

Owner/ Agent's Address: \_\_\_\_\_ Email Address: \_\_\_\_\_

Your previous address: \_\_\_\_\_ Previous Account (NAME): \_\_\_\_\_

Did you have arrears: YES \_\_\_\_\_ NO \_\_\_\_\_ If yes, how much? \$ \_\_\_\_\_

Premises is used for: (A) Solely Residential purposes \_\_\_\_\_ (B) Non-Residential/Commercial \_\_\_\_\_

(C) Apartment \_\_\_\_\_ (D) Church \_\_\_\_\_

(E) School \_\_\_\_\_ (F) Snack shop \_\_\_\_\_

If (B) specify Name/Type of Business or Activity: \_\_\_\_\_

Appointment Date: \_\_\_\_\_ Appointment Time: \_\_\_\_\_

**CONDITIONS FOR SERVICE: WATER-MAIN CONNECTION AND CUSTOMER ACCOUNT**

1. This application form comprises an application for a water connection and a customer account to manage all related financial activity of the customer.
2. Customer is required to pay in advance a service fee of \$ \_\_\_\_\_ for connection to the main and, if applicable, an infrastructure charge of \$ \_\_\_\_\_ for a total of \$ \_\_\_\_\_ (NOTE: This amount is NOT a DEPOSIT.)
3. Customer is required to pay infrastructure costs of \$ \_\_\_\_\_ for extending of water lines \_\_\_\_\_ feet to enable connection (NOTE: This amount is NOT a DEPOSIT.). N/A: \_\_\_\_\_ [Indicate Not Applicable if this does not apply]
4. Customer is required to make a security deposit of \$ \_\_\_\_\_, which is refundable at the request of closure of account with BWS (less any outstanding balance due).
5. The water meter, which is, and remains, the property of BWS, will be installed at a maximum of three feet inside Customer's yard and, except where infrastructure costs for additional water lines have been agreed, BWS will provide up to a maximum of 30 feet of pipe-work between the main and meter in making the connection.

6. BWS will not provide piping or plumbing works beyond the meter connection into the property or premises. Customer is responsible for all required piping and plumbing into the premises beyond the meter.
7. The water meter installed on customer's premises will be used to measure the amount of water consumed and the meter should always be made accessible to authorized BWS employees for meter reading, inspection, testing, replacement etc. Where the meter reader is unable to access the meter for reading of consumption, BWS will inform Customer and attempt to obtain reading; where this is not possible within 2 days of the read date, the usage will be estimated as per the current BWS Codes of Practice.
8. Customer is responsible for the safety of Water Meter, valves and pipe-work ('BWS appurtenances') installed on his premises by BWS; the cost of any damage done to BWS appurtenances will be charged to my account. Customer is responsible for all water usage correctly registered by the meter including wastage or leaks. Customer is responsible to repair all leaks after the meter within his premises and to inform BWS immediately of any leaks before the meter or any damages to, or faults with, BWS appurtenances.
9. On a monthly basis, BWS will bill the customer and the customer will pay for the water consumed by the due date given on each bill. Non-receipt of monthly bill by the customer will not exempt customer from making payment. Customer is responsible for obtaining monthly bill amounts or duplicate copy of bill and informing BWS whenever monthly bills are not received in a timely manner.
10. Overdue payments will result in disconnection of service and may be subject to late fee and/or finance charges.
11. Charges will continue to accrue on customer's account unless customer requests closure of account by completing the closure of account form or by making a formal written request and submitting to one of BWS offices.
12. Customer's service may be disconnected for non-payment of bills and /or other charges. In order to restore service, the customer will be required to pay the regulatory approved reconnection fee together with all arrears.
13. If service remains disconnected for non-payment for more than 60 days, BWS will apply customer's deposit to the outstanding balance on the account. Any credit balances due will be held pending contact from the customer and such balances will not accrue any interest. Any remaining outstanding balance may be referred for collection; all collection costs incurred will be included in the outstanding balance.
14. If Customer's service remains disconnected, customer may pay reconnection fee and outstanding balances to reinstate the account for up to 90 days. If service is not reinstated within 90 days, the customer's account will be closed.
15. Once a customer's account is closed, any resumption of service will require a new application for connection.
16. This agreement is subject to regulations embodied in the Water Industry Act, related Statutory Instruments and BWS codes of Practices as approved by the Public Utilities Commission.

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**I have read and understood the above conditions and I hereby apply for a water connection and a customer account under the conditions stated:**

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Customer's Signature

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Date of Application





# **ANNUAL TARIFF REVIEW**

**April 29, 2022**

**BELIZE WATER SERVICES LIMITED**

**7 Central American Boulevard**

**Belize City, Belize**

# BWS Annual Review 2022 Report

## Belize Water Services Limited

### Annual Review Report to the Public Utilities Commission

Report Date: April 29, 2022

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# BWS Annual Review 2022 Report

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## Belize Water Services Limited

### Annual Review Report to the Public Utilities Commission

Report Date: April 29, 2022

## **1 Executive Summary**

### **1.1 Overview**

Belize Water Services Limited (BWS) charges tariffs and miscellaneous fees which are reviewed and approved by the Public Utilities Commission (PUC) through a tariff review process. This regulatory process is based on a Business Plan Review for a five-year review period referred to as a Full Tariff Period (FTP). The regulations also provide for annual reviews based on exceptional circumstances. The current FTP is for the five-year period which commenced April 1, 2020, and will end on March 31, 2025. BWS operates on a fiscal year (FY) basis starting each year April 1 and ending March 31. BWS has now entered FY 2022/23, which is the third fiscal year within the current FTP.

BWS submitted a Full Five-Year Business Plan (FFBP) for this FTP to the PUC as part of the regulated review requirement for the FTP review. The business plan included a financial model and projections based on planned future activity and the expected financial results. The submission included a request for a 10% tariff increase to be effective April 2022. The PUC subsequently issued its Final Decision in March 2020, holding tariffs and rates the same, but approving a 2.25% across the board tariff increase to be effective April 1, 2022.

Unfortunately, the COVID-19 pandemic commenced its negative economic impact at the beginning of the FTP and has continued through the first two years of this period. As a result, the company's revenues have been impacted and the cost of capital investments has increased significantly. While the economy seems to have started recovery, the increases in cost, now compounded by the Russian invasion of Ukraine, continue with their upward trend. Due to on-going increases in operating costs and the tremendous investment required to enhance the nation's infrastructure development, the company now submits this report to initiate an annual review. This report highlights the requirement for the requested increase in tariffs.

This submission is requesting an Interim Review by the PUC based on Exceptional Circumstances. It includes updated analysis and forecasts which rely on the last FFBP. These also utilise the latest Financial Statements and Independent Auditor's reports, the FY2022/23 budget and Capital

Expenditure, and other recent information to forecast key financial and operational elements to for the remainder of the FTP, i.e. from FY 2022/23 through FY 2024/25.

During the remainder of the FTP, BWS is planning to expend approximately BZD \$95 million of capital improvements including sewer collection and treatment systems, water expansion projects, water supply projects, meter replacement, capital renewal and replacement, and similar projects. These projects are funded from a blend of tariff revenue, available reserves, additional debt, and Government of Belize (GOB) assistance. However, several larger projects, which require approval and assistance from Government and one or more International Financial Institutions, are specifically excluded as these have not yet reached definitive agreements. The option to obtain financing is often challenging as lenders are wary of the uncertainty of tariff decisions.

### **1.2 Proposed Tariff Structure**

The existing tariff structure has been in place since the formation of BWS in 2001, and the existing level of tariffs has been in effect since April 1, 2015. An adjustment in the tariffs is now proposed. This adjustment is based on the same objectives identified in the tariff design in the FFBP. These include:

- Overall Affordability especially to Residential and small entities.
- Simplifying the consumption blocks for both residential and non-residential customers;
- Maintaining the 1,000-gallon minimum for all customers; and
- Evaluating a fixed service charge by meter size for non-residential customers.

Based on a review of several alternative tariff structures, including tariffs of water utilities in the Caribbean, a revised tariff structure is proposed herein. The new tariff structure is recommended to simplify monthly bill calculations, encourage conservation, maintain water affordability, and better represent the various customer classes served by BWS. The main components of this tariff structure include the following:

- Simplifying the residential tariffs by reducing the consumption blocks from 8 blocks to 4 blocks (not including 0 – 1,000 gallons) while keeping the average tariffs the same;
- No changes to the monthly 1,000 gallon minimum for all customers;
- Block 1 for both residential and non-residential customers is discounted below average cost to provide for an “affordable” tariff level for low consumption customers;

## BWS Annual Review 2022 Report

- A special senior citizen's discount on residential rates for consumption under the national household average of 3,000 gallons per month;
- For non-residential customers only, a fixed monthly charge based on the size of the water meter;
- For non-residential customers only, simplifying the tariffs by reducing consumption blocks from 8 blocks to 2 blocks (not including 0 – 1,000 gallons).
- In order to minimize tariff increases, a revised schedule of miscellaneous charges is recommended for approval. This aims to recover a more significant portion of the actual cost from non-residential customers benefitting directly from the service requested. Again, based on affordability, charges to residential customers are recommended to remain the same.

The proposed tariff changes are designed to provide an average increase of 5% on overall revenues. The following tables summarizes the proposed tariffs for FY 2022 through to 2025:

**Table 1: Proposed Residential Tariffs**

<i>Usage From</i>	<i>Usage up to</i>	<i>Mainland Water only</i>	<i>Mainland Water &amp; Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
0	1000	8.72	10.47	25.57	23.46
1001	3000	14.29	18.27	31.13	26.60
3001	5000	15.88	20.56	41.93	35.46
5001	8000	18.26	24.11	50.64	42.55
8001	-	19.76	24.99	63.93	51.75
<b><i>Senior Citizens to receive 10% discount on consumption up to 3000 gallons</i></b>					

For non-residential customers, the proposed tariffs include a simplified tariff structure with three tiers, along with a small fixed monthly service fee.

**Table 2: Proposed Non-Residential Tariffs**

<i>Usage From</i>	<i>Usage up to</i>	<i>Mainland Water only</i>	<i>Mainland Water &amp; Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
0	1000	8.72	10.47	25.57	23.46
1001	8000	17.31	22.69	47.16	39.71
8001	-	19.96	25.24	64.57	52.27

**Table 3: Proposed Non-Residential Service Fee**

<i>Meter Size</i>	<i>Mainland Water Only</i>	<i>Mainland Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
5/8-Inch	\$5.00	\$6.50	\$10.00	\$10.00
3/4-Inch	\$5.00	\$6.50	\$10.00	\$10.00
1-Inch	\$8.50	\$11.00	\$16.50	\$16.50
1.5-Inch	\$16.50	\$21.50	\$33.50	\$33.50
2-Inch	\$26.50	\$34.50	\$53.50	\$53.50
3-Inch	\$58.50	\$76.00	\$116.50	\$116.50

### 1.3 Summary

Despite the shortfall in revenue and increases in costs being experienced due to COVID-19 and other factors, BWS is hopeful of an economic upturn. The company is therefore requesting minimal adjustments to the tariffs and charges, with the intention to keep rates the same or even lower for residential and low consumption non-residential customers. However, some increases are requested for non-residential customers. These are expected to provide an increase of 5% in revenue to help the utility maintain operations and perform some level of capital investment for the remaining three years of this Full Tariff Period.

BWS stands ready to discuss the submission and its proposals with the PUC in order to continue to assist in every way possible with the development of our country and its infrastructure, while continuing to provide the high level of services expected by our customers.

(Remainder of page intentionally left blank)

## **2 Introduction and Background**

Belize Water Services Limited (BWS) submits this formal request for an Annual Review to the national regulator, the Public Utilities Commission (PUC), based on exceptional circumstances. The company is currently at the beginning of the third year (April 2022) of the current Full Tariff Period (2020-2025). However, during the first two years of the FTP, the economic effect of COVID-19 has significantly reduced revenues, while at the same time causing huge jumps in prices of materials and services.

This submission is made in accordance with Statutory Instrument 67 of 2002, Part IV subsection 27 and subsequent amendments, which stipulates the conditions required for an annual request for a Review to the PUC. It officially commences the proceeding for the company's Annual Tariff Review to determine the tariffs and fees effective as of April 1, 2022.

Belize Water Services Limited takes pride in being the foremost water utility in the Caribbean area in terms of efficiency, water loss reduction, continuity and reliability of supply, and overall viability and sustainability. However, adequate revenues are required from tariffs to support investments, provide debt servicing, cover operational costs and to maintain the overall viability of this essential utility.

BWS, as the national water and sewerage provider, is both mandated and committed to assist with the country's overall development in order to provide services to more people even where there is no positive return on the investment required. Water and Sanitation services provide positive social and health benefits which outweigh the normal economic or financial justifications. Financial resources to perform the Capital Investment and Operational works are required to successfully meet the mandate to aid with the development of the water and wastewater sector, while continuing to provide top-class reliable services to the population of Belize.

Due to a number of exceptional circumstances, cost increases outside of its control, and the need to continue to invest in expansion and infrastructure, BWS is requesting that the PUC consider changes in tariff structures and fees. These changes would keep average tariffs to residential customers the same, or even lower for senior citizens and lower consumption customers. The proposed simplified tariff structure will make it easier for customers to calculate their bills. Some increases are requested in one-off non-tariff fees and charges, and it is proposed to apply a fixed monthly charge to non-residential customers' bills. These would result in an estimated 5% increase in revenues required to finance the vitally necessary Capital Investments. The Rate Setting Methodology indicates a need for a much larger increase in revenue, but BWS expects growth in customers and consumption due to



## BWS Annual Review 2022 Report

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expansion and COVID recovery. Therefore, the justification for this request can be summarised as follows:

- A cumulative shortfall of \$6.8 million in Revenue for the first two years of the FTP, when compared to the PUC Final Decision forecast
- Increases of over 50% in the cost of most materials; in some cases, over 100%
- Other issues including consideration for climate change requirements, measures to ensure security of supply and protection of supply sources and critical assets.

**(Remainder of page intentionally left blank)**

### 3 Tariff History

Belize Water Services Limited (BWS) operates under a 25-year license, which is now nearing expiry. BWS commenced operations in March 2001. The company was initially mandated to go through a 3-year transition period (2001-2004) with no tariff changes. Since then, the company has gone through four Full Tariff Reviews and a number of Annual Tariff Reviews. These reviews have sometimes resulted in tariff increases, sometimes in no increase, and, occasionally, in a tariff reduction. It is noteworthy that, despite several requests, the miscellaneous charges and fees have not changed over the last 21 years.

In October 2019, as required by its regulations, Belize Water Services Limited (BWS) submitted its fourth 5-year Full Business Plan Report, for the period April 2020 to March 2025, inclusive of a request for a 10% tariff increase at the beginning of Year 3 (April 2022) to cover costs and Capital Expenditure Investments. After conducting its review, the PUC made a Final Decision, reducing the Capital Expenditure from \$327 million to **\$94 million** and reducing the Tariff increase from 10% to **2.25%**.

Subsequently, being cognizant of the social and economic conditions, BWS' Board has sought ways to improve the company's profitability and cash flow other than tariff increases. The company, having bought out Consolidated Water Belize Limited, has saved significantly on water costs in San Pedro. At the beginning of this FTP, the company also obtained agreement with GOB to continue to forego dividend payments through to 2025. The company continues to seek grants and low interest loans to help finance Capital projects.

However, the reduction in revenues caused by COVID-19 is of particular concern, especially given the need for increased pipeline replacement works as well as system expansions, and investment in increased production and storage and in sewer collection and treatment. Added to this, there is the need to maintain, replace or acquire assets to ensure safe and continuous supply of services. BWS is committed to supporting a number of Government-initiated projects including the Caye Caulker Sewer system, the Placencia Peninsula Integrated Water and Sewer project and the Ambergris Caye Water and Sewer Expansion. When these are combined with BWS' own Capital Investment requirements to ensure security of supply and continued expansion country-wide, the amounts required for Capital Investments increase dramatically.

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## **4 Justification for Annual Review**

### **4.1 Legal Basis**

This document and its submission to the Public Utilities Commission (PUC) is requesting an Annual Tariff Review Proceeding based on Exceptional Circumstances in accordance with Part IV of the Water and Sewerage (Tariff) Byelaws (Statutory Instrument No. 67 of 2002) and its amendments (Statutory Instruments 102 of 2004 and 89 of 2008), and the procedures and programme as set out.

In making this submission, the licensee, Belize Water Services Limited, has included proposals relating to income, operating expenses, assets and investment for consideration by the PUC to modify the previous decision relating to the Fourth Full Tariff Period (April 1, 2020, to March 31, 2025).

### **4.2 Exceptional Circumstances**

SI 67/2002 defines Exceptional Circumstances as “*any act, event or circumstance beyond the reasonable control of a licensee, which has a material effect on the financial position of the licensee.*” The main significant event which has triggered this application is the COVID-19 Pandemic and its economic impact. However, there are some other factors which require both capital and operational expenditure to address or mitigate. Due to these, BWS has experienced severe adverse financial and cash circumstances including the following:

1. Shortfalls in Returns of some \$6.8 million over the last two years of the Full Business Plan Period (2020-2025) when compared to the PUC Final Decision 2020.
2. Increases in the costs of materials, equipment and services required for both operational and Capital Investment.
3. Sharp decline in cash collections over the past two years from an annual average of 99% to 59%.

#### **4.2.1 Revenue and Return Shortfall**

To be effective, BWS needs to generate adequate cash through revenues. Adequate revenue is required to cover operating costs and to finance critical capital expenditure, either directly or via debt servicing where the company utilises borrowed funds to finance capital investments.

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### Return on Assets

A significant portion of the revenue derived from the Tariff Basket calculation is from return on assets. Due to a calculation error at the FTRP, the PUC's Final Decision Regulated Asset Value (RAV) is lower than BWS calculation as shown in the tables below.

**Table 4: PUC-FD Regulated Asset Values**

Year ending:	Mar-21	Mar-22	2 Year Total
<b>Starting RAV</b>	136,144,502	147,703,180	136,144,502
<b>Depreciation</b>	7,487,948	8,123,675	15,611,623
<b>Additions</b>	19,046,626	19,610,237	38,656,863
<b>Ending RAV</b>	147,703,180	159,189,742	159,189,742
<b>Return</b>	12,773,146	13,810,182	26,583,328

**Table 5: BWS Regulated Asset Value Calculations**

Year ending:	Mar-21	Mar-22	2 Year Total
<b>Starting RAV</b>	274,228,097	275,358,470	274,228,097
<b>Depreciation</b>	8,489,750	8,303,124	16,792,874
<b>Additions</b>	9,620,123	16,427,349	26,047,472
<b>Ending RAV</b>	275,358,470	283,482,695	283,482,695
<b>PUC FD Return</b>	<b>12,773,146</b>	<b>13,810,182</b>	<b>26,583,328</b>
<b>Actual Return</b>	<b>6,914,666</b>	<b>10,034,398</b>	<b>16,949,064</b>
<b>Rate of Return</b>	2.5%	3.5%	
<b>Shortfall in Return</b>			<b>(9,634,264)</b>

As shown above, there are significant differences in the Regulated Asset Values and in the return in both amount and percentage on the RAV. BWS is hopeful of obtaining a reconciliation of the Asset Values to help resolve this issue.

This **\$9.6 million** shortfall in return on assets impacts the overall revenue calculations when using the approved Rate Setting Methodology. To date, when compared to the PUC-approved Business Plan for 2020-2025, BWS has experienced both shortfalls in revenue and increases in costs, therefore leading to even greater shortfalls in expected profitability and, more critically, cash.

#### 4.2.2 Revenues from Tariffs and Charges

In the 2020 submission, BWS had requested a 10% average tariff increase to be effective April 2022. This submission was prepared and submitted in October 2019, well before the occurrence of COVID-19. Not surprisingly, the calculations are now showing that a more significant increase is required. The table below shows the shortfall from the first two years of the FTP, highlighting a cumulative shortfall of **14.7%**.

**Table 6: Shortfall in Tariff Revenue**

Description	PUC FD 2020-21	PUC FD 2021-22	2-Year Total
Return (on Assets)	12,773	13,810	26,583
Depreciation	7,488	8,124	15,612
Operating Expenses	30,046	30,947	60,993
Annual Corrections	-1,386	-1,428	-2,814
Gross Tariff Basket Revenue	48,921	51,454	100,374
Taxes & License Fees	1,126	1,184	2,310
Less: Other Income	-1,436	-1,479	-2,915
<b>Net Tariff Basket Revenue</b>	<b>48,611</b>	<b>51,159</b>	<b>99,770</b>
<b>BWS Actual Tariff Revenue</b>	<b>44,704</b>	<b>48,264</b>	<b>92,968</b>
<b>Shortfall in Revenue</b>	<b>-3,907</b>	<b>-2,895</b>	<b>-6,802</b>
<b>Shortfall as a % of Actual</b>	<b>-8.7%</b>	<b>-6.0%</b>	<b>-14.7%</b>

The table below is a reproduction of full five-year TBR calculation from the PUC Final Decision Schedule 4, used to highlight the Regulated Asset Values (RAV).

**Table 7: Shortfall in Tariff Revenue (\$'000)**

Year ending March:	2021	2022	2023	2024	2025	Total
Return (on RAV)	12,773	13,810	14,803	15,720	16,573	<b>73,678</b>
Deprn	7,488	8,124	8,755	9,337	9,876	<b>43,580</b>
OPEX (Excl. Fin. Charges)	30,046	30,947	31,876	32,832	33,817	<b>159,518</b>
Annual Corrections	-1,386	-1,428	-1,470	-1,515	-1,560	<b>-7,359</b>
<b>Gross TBR</b>	<b>48,921</b>	<b>51,454</b>	<b>53,963</b>	<b>56,374</b>	<b>58,706</b>	<b>269,418</b>
Taxes/License Fees	1,126	1,184	1,242	1,298	1,351	<b>6,201</b>
Less: Other Income	1,436	1,479	1,523	1,569	1,616	<b>7,624</b>
<b>Net Tariff Basket Revenue</b>	<b>48,611</b>	<b>51,159</b>	<b>53,682</b>	<b>56,102</b>	<b>58,441</b>	<b>267,995</b>

The following table shows the updated tariff basket revenue calculations, using the Final Decision's RAV return and BWS forecast increase in expenses, plus an adjustment to recover the revenue

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shortfall from the first two years. This table shows a calculated **28.2%** increase in revenues from tariffs and charges.

**Table 8: Updated Tariff Revenue Calculation (\$'000)**

<i>Year ending March:</i>	2021	2022	2023	2024	2025	Total
<b>Return (on Assets)</b>	6,915	10,034	14,803	15,720	16,573	64,044
<b>DEPRN</b>	8,570	8,303	10,583	10,944	10,938	49,338
<b>OPEX excl. Finance Charges</b>	29,356	30,055	36,470	37,824	39,243	172,948
<b>Annual Corrections</b>	-	-	3,211	3,211	3,211	9,634
<b>Gross TBR</b>	44,841	48,393	65,067	67,699	69,965	295,965
<b>Taxes &amp; License Fees</b>	1,001	1,090	1,151	1,201	1,256	5,699
<b>Less: Other Income</b>	-1,138	-1,219	-1,269	-1,307	-1,345	-6,278
<b>Net TBR</b>	44,704	48,264	64,949	67,593	69,876	295,386
<b>Revenue Growth (Act. &amp; Proj'd)</b>	-12.2%	8.0%	5.0%	3.0%	3.0%	
<b>Est. Revenue at base tariffs</b>	44,704	48,264	50,677	52,198	53,763	
<b>Annual Tariff Change Required</b>			28.2%	1.3%	1.8%	

It should be noted that while the above is used to illustrate the shortfall, **BWS is proposing a much lower overall revenue increase of 5% in order to keep tariffs affordable and to avoid any burden to residential and lower income customers.**

### 4.2.3 Increases in cost of Materials and Equipment

BWS, like all other entities, continues to experience increases in prices of materials, equipment and services. Given our ongoing and proposed expansions and increases in production and distribution, such increases are likely to cause an escalation in the overall expenses of the company. Increases in oil prices and shipping have a domino effect on prices of other goods and services. BWS is especially vulnerable to these increases since many of the products required for operations are spin-offs of the oil industry (e.g., PVC material) or require frequent ordering and shipping due to the volume.

Furthermore, additional staffing and equipment are required for BWS to improve its level of service and meet its targeted expansion works.

The table below highlights some of the changes experienced since the COVID-19 pandemic.

**Table 9: Sample of Material Price Increases**

Fuel	Percentage Increase	Water Meters	Percentage Increase
Diesel	42%	5/8" x 3/4" Bronze Meter M25-P	47%
Gasoline (Super)	20%	2" EVO Q4 Meter USG	38%
<b>Average % Increase</b>	<b>31%</b>	<b>Average % Increase</b>	<b>42%</b>
PVC PIPE and Other Materials	Percentage Increase	Special Material - Ductile Iron Pipes and Fittings	Percentage Increase
3/4" Angle Lock Valve	32%	10" DI 90 Degree Elbow	147%
3/4" x 20' PVC Pipe SCH 40	106%	10" DI Flanged Gate Valve	58%
1" x 20' PVC Pipe SCH 40	63%	8" DI Flanged Gate Valve	112%
1 1/2" x 20' PVC Pipe SCH 40	74%	6" DI Flanged Gate Valve	30%
3" x 20' PVC Pipe Class 200	75%	8" DI Flanged Adapter	164%
4" x 20' PVC Pipe Class 200	100%	6" DI Flanged Adapter	83%
6" x 20' PVC Pipe Class 200	104%	Trench Adapter	136%
14" x 20' PVC Pipe Class 200	149%	10 inch Gasket Rubber	88%
4" Buried Gate valve push on type	56%	8 inch Gasket Rubber	104%
Assembled cast iron screw valve box	174%	6 inch Gasket Rubber	95%
3" PVC Cap Class 200 gasketed	78%	<b>Average % Increase</b>	<b>102%</b>
4" PVC Cap Class 200 gasketed	76%	Chemicals	Percentage Increase
4" x 4" x 4" PVC Tee class 200 gasketed	77%	Alum	7%
6" x 6" x 4" PVC Tee class 200 gasketed	78%	Chlorine	129%
3" X 1" PVC Threaded Saddle	63%	Sequest	18%
4" X 1" PVC Threaded Saddle	65%	Caustic Soda	16%
<b>Average % Increase</b>	<b>86%</b>	Sulfuric Acid	27%
Guard Services	Percentage Increase	Antiscalant CC	25%
Security Guard Services	17%	<b>Average % Increase</b>	<b>37%</b>

#### 4.2.4 Capital Expenditure Estimates

BWS, as the national water and sewerage provider, is both mandated and committed to assist with the country's overall development, even, as in some expansions, where there is no positive return on the investment required. Water and Sanitation has clear social, environmental and health benefits which oftentimes outweigh economic or financial justifications.

BWS' Mission Statement and Government's commitment in furtherance of the Sustainable Development Goals for water and sewerage expansion countrywide require significant investment and financing, currently estimated at \$38.3 million for this financial year and \$95.4 million over the next three years. This will necessitate BWS raising debt financing of a further \$50 million.

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The planned capital investments over the remainder of the FTP include sewer collection and treatment systems, water expansion projects, water supply projects, meter replacement, plant renewal and replacement, and similar projects. These projects are funded from a blend of tariff revenue, available reserves, additional debt, and Government of Belize (GOB) assistance.

Areas for investments which have been identified to expand services or to improve services or secure supply, include:

1. Water System Expansions within service areas
2. New Storage and Water Treatment Plant for San Ignacio/Santa Elena
3. Storage Reservoir at Belize District Water Treatment Plant
4. New Storage and additional Water Treatment Plant for Caye Caulker
5. New underwater crossing to north Caye Caulker
6. Expansion and Improvement of existing Sewage Treatment Systems

Added to this, is the need to maintain, replace or acquire new assets to ensure safe and continuous supply of services – for example, BWS now absolutely needs to acquire a new well rig to replace its 50-year-old dysfunctional unit; the conservative estimated cost for this is BZ\$3.1 million.

Taking the above into consideration, along with the necessary investments to ensure a safe, secure supply of services and adequate operational viability and response, BWS has identified a number of Capital Expenditure requirements over the next five years.

The detailed listing of proposed Capital Expenditure is attached as Appendix D. The Capital Expenditure requirement is summarised in the tables below.



**Table 10: Proposed Capital Expenditure by Location (BZ\$'000)**

Location	2022/23	2023/24	2024/25	Total
All/Multiple Locations	8,904	8,663	5,567	23,133
Belmopan	2,625	1,825	1,752	6,202
Benque Viejo	530	305	1,025	1,860
Belize City & Mainland	5,766	7,010	3,145	15,921
Caye Caulker	1,630	3,755	2,420	7,805
Corozal	850	680	4,930	6,460
Dangriga	900	825	1,685	3,410
Orange Walk	1,770	855	1,160	3,785
Punta Gorda	260	335	1,535	2,130
Placencia	7,715	5,415	3,390	16,520
San Ignacio/Santa Elena	3,550	4,848	4,638	13,036
San Pedro	3,810	2,460	2,335	8,605
<b>Totals:</b>	<b>38,310</b>	<b>36,976</b>	<b>33,582</b>	<b>108,867</b>

**Table 11: Proposed BWS-funded 3-year Capital Expenditure by Category by Year (BZ\$'000)**

	2022/23	2023/24	2024/25	Total
<b><i>Water Production and Distribution</i></b>				
Resource Development and Protection	2,850	825	1,020	4,695
Water Treatment Works	2,535	3,525	3,360	9,420
Reservoirs and boosters	4,050	5,300	3,500	12,850
Distribution Expansion -water	3,915	3,150	8,662	15,727
Water mains & services	10,206	9,298	7,748	27,252
New Connections-water	735	735	735	2,205
<b>Sub Total</b>	<b>24,291</b>	<b>22,833</b>	<b>25,025</b>	<b>72,149</b>
<b><i>Wastewater Systems</i></b>				
Wastewater Systems	1,815	3,125	1,065	6,005
Wastewater Expansion	190	190	190	570
<b>Sub Total</b>	<b>2,005</b>	<b>3,315</b>	<b>1,255</b>	<b>6,575</b>
<b><i>Major Developments</i></b>				
New Water and/or Sewer Systems	3,210	1,930	650	5,790
<b>Sub Total</b>	<b>3,210</b>	<b>1,930</b>	<b>650</b>	<b>5,790</b>
<b><i>Other Capex</i></b>				
Heavy Duty Equipment/Mobile Plant	2,678	6,150	1,750	10,578
Office Buildings, Furniture & Equipment	715	450	1,445	2,610
Motor Vehicles	905	500	500	1,905
Computer Equipment & Software	3,451	1,648	2,262	7,360
Other Capex	1,055	150	695	1,900
<b>Sub Total</b>	<b>8,804</b>	<b>8,898</b>	<b>6,652</b>	<b>24,353</b>
<b>Total Proposed CapEx</b>	<b>38,310</b>	<b>36,976</b>	<b>33,582</b>	<b>108,867</b>
<b>Proposed Deferred CapEx</b>	<b>-</b>	<b>-</b>	<b>13,433</b>	<b>13,433</b>
<b>Final Proposed CapEx</b>	<b>38,310</b>	<b>36,976</b>	<b>20,149</b>	<b>95,435</b>

The table above shows that some Capital Expenditure is being deferred beyond the time window of this FTP. This is simply due to there not being enough cash available based on the company's cash flow projections.

BWS can cover its operating costs including finance charges from Revenues, but will not be able to generate sufficient revenue to finance all required Capital Expenditure in the short to medium term.

The table below shows the summary cash flow projection. The company plans to raise some \$51.3 million in debt financing to assist with funding the identified Capital Expenditure.

**Table 12: Proposed Cash Flow Projection (BZ\$'000)**

<i>(Amounts in \$'000)</i>	2022/23	2023/24	2024/25
<b>Opening Cash Balance</b>	17,409	33,840	-2,375
<b>Receipts</b>			
Trading	50,585	54,965	58,827
Loans	51,300	-	-
Interest	77	34	34
Other	2,266	965	2,629
<b>Total Receipts</b>	<b>104,228</b>	<b>55,964</b>	<b>61,490</b>
<b>Payments</b>			
Operating & overhead costs	-41,623	-44,596	-47,491
Tax	-932	-981	-1,026
Capital expenditure	-38,260	-38,176	-21,349
Loan (redemption)	-2,686	-2,685	-2,550
Interest	-3,405	-5,208	-5,108
Dividends*	-867	-508	0
Other	-24	-25	-25
<b>Total Payments</b>	<b>-87,797</b>	<b>-92,179</b>	<b>-77,549</b>
<b>Closing Cash Balance</b>	<b>33,840</b>	<b>-2,375</b>	<b>-18,434</b>

Additionally, it should be noted that several larger projects, which require approval and assistance from the Government and one or more International Financial Institutions, are specifically excluded from the Capital Expenditure plan provided, as these have not yet reached definitive agreements.

These projects include:

1. Sewerage Collection and Treatment system for south Caye Caulker
2. Expansion and Improvement of existing Sewage Treatment Systems
3. Sewerage Collection and Treatment system for Placencia Peninsula
4. Water and Sewerage systems for North Ambergris Caye.

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## **5 Other Items for Consideration**

### **5.1 Securing against vulnerabilities**

#### **5.1.1 Security of Water Resources and Supply**

In the past, it was casually assumed that Belize was abundant in water supply and that there was no danger of water shortage to the population. However, over the last ten years, BWS has witnessed a number of challenges to water resources and water sources. These include climate change related issues such as droughts and floods which have adversely affected water sources. Additionally, increasingly, the impact of mining activities also pose danger to supply areas, both from contamination and from changes in the water run-off and retention. Increases in population has led to increased water demand, which has created situations where well sources get run down. In other situations, weather related changes have adversely affected the replenishment rate for well sources and rivers. More and more, these lead to diminishing raw water supplies in the extended dry seasons.

These combinations of factors mean that more investment has to be placed in finding additional sources and protecting existing sources, as much as is possible. BWS now has to give priority to obtaining a modern well rig and the requisite training in its operation, as well as conduct scientific studies to determine underground water availability in order to determine potential well sites.

#### **5.1.2 Climate Change**

BWS, is especially vulnerable to the impacts and potential impacts of climate change. Many of our systems and assets are located in coastal communities which are vulnerable to direct damages from hurricanes, tidal surges, tsunamis, and sea-level rise. The company must therefore invest in measures and improvements to mitigate against this ever-increasing risk, and to be able to recover quickly should adverse events arise. This all comes at additional costs, but also mandates that the company has adequate cash reserves to aid in recovery.

#### **5.1.3 Protection of land assets**

BWS has a number of outstanding land issues, some dating back to the vesting of the assets of the predecessor entity, the Water and Sewerage Authority (WASA), to BWS in 2001. Some of these

issues relate to obtaining proper ownership documentation for existing properties, some to obtaining new properties for use or as protective reserves, and others to protecting lease properties from being amended or cancelled. BWS is also very concerned that previously reserved lands around the sewer lagoons have become privately owned thereby reducing or removing the intended protective buffer zones.

As a result of these issues, BWS' Board has opted to attempt to gain full title for all lands required for these purposes and to acquire lands required for expansion or protection of buffer areas. This process will include a number of expenditures for research and surveys as well as the actual acquisition costs, including the conversion of leases to titles. It may also involve legal costs in some cases.

### **5.2 Regulatory changes requested**

As has been documented in several previous submissions, BWS has proposed a number of regulatory changes with a view to improving operational efficiency, reducing costs, or distributing costs or rates based on affordability. More recently, BWS has shared draft regulation with PUC for revised infrastructure charge legislation.

BWS proposes to reduce the current high number of disconnections by utilising technology to provide efficient reminder services for all those customers who have adequate security deposits, but charge a small late fee or finance charge when payments are not made by the due date. This avoids a major inconvenience caused to customers and is a frequent request made from them as it avoids the annoyance of being denied service which customers have come to rely upon. Also, this would be substantially less costly than disconnection to residential customers while saving the company from performing tens of thousands of essentially unnecessary (disconnection/ reconnections) jobs annually.

The company has recommended some regulatory changes to assist with this as well as some of the problems identified in the Full Business Plan. A number of other changes to the regulations are proposed to facilitate the company in performing its functions. These are intended to help to facilitate customers, or to assist in reducing costs, or to add marginally to revenue. These are detailed in Appendix C and summarised briefly below.

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1. Classification of Customers – to support regulation for the classification of customers including: Residential, Apartments/Condominiums, Government, Essential Services, Hotels/Resorts, Commercial, etc.
2. Infrastructure Costs – As a result of the overwhelming cost associated with water and sewer infrastructure, BWSL would like to repeal SI 42/2001 and amend SI 67/2002 to better allocate the costs of new infrastructure to those who will benefit. BWS has shared draft legislation with the PUC for their review (December 2021).
3. Security Deposits – to allow some changes to these to benefit residential and small business customers and to allow for larger consumption non-residential customers.
4. Late Fees and Finance Charges – to allow the use of these to reduce the requirement for disconnections
5. Backflow Prevention devices – to allow for the use of these to protect the supply from inflow from other sources
6. Commercial Abstraction licenses – to define clear rules with regard to abstraction within service areas
7. Water Theft – to modify the regulations to simplify the processing of cases. Also, there have been continuing increases in water theft by means of illegal connections to BWS water lines or bypassing the meter registration.
8. Leaks – to modify the regulations to reduce the processing time for residential leak complaints
9. Licensing and certification of Plumbers – to allow for the implementation of proper plumbing standards.

BWS hereby reiterates the request for consideration of the proposed changes, as these can assist with keeping rates affordable. Some of the above are included in the proposed schedule of fees and charges.

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**6 Rate Setting Methodology (RSM) Calculations**

As Section 8 below reiterates, BWS is requesting some changes in tariffs and charges. However, BWS specifically aims to keep residential tariffs at the same average rates, and in fact to reduce the charges for senior citizens within the lower consumption bands. This request is intended to ensure affordability of tariffs but at the same time ensuring that the company can continue to maintain viable operations, providing the quality-of-service consumers have come to expect, while still supporting key capital investments to safeguard the provision of services into the future.

The tables below use BWS asset values which are significantly higher than the PUC Final Decision Regulated Asset Value (RAV) figures. However, BWS was unable to identify the asset deductions or exclusions utilised by the PUC to arrive at the RAV in the Final Decision. Due to the much higher RAV, BWS has utilised a much lower forecast return of 4% on the full asset values.

Below are the summary calculations of the Regulated Asset Value and the Rate Setting Methodology. The schedule of Regulated Asset Value using BWS Asset values and calculated return for the three-year forecast are shown below.

**Table 13: BWS Regulated Asset Value Calculations**

	<i>Actual</i>		<i>Forecast</i>		
Year ending:	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
<b>Starting RAV</b>	274,228	275,358	283,483	292,743	300,941
<b>Depreciation</b>	8,490	8,303	10,583	10,944	10,938
<b>Additions</b>	9,620	16,427	19,843	19,142	19,022
<b>Ending RAV</b>	275,358	283,483	292,743	300,941	309,025
<b>PUC FD Return</b>	<b>12,773</b>	<b>13,810</b>	<b>14,803</b>	<b>15,720</b>	<b>16,573</b>
<b>BWS Return</b>	<b>6,915</b>	<b>10,034</b>	<b>11,710</b>	<b>12,038</b>	<b>12,361</b>
<b>Rate of Return*</b>	2.5%	3.5%	4.00%	4.00%	4.00%

As shown in Section 4.2, if COVID-19 considerations were ignored, then a tariff increase of as much as 28% would be required to adjust the Tariff Basket Revenue for the FTP. However, BWS feels that an average revenue increase of 5%, when combined with expected growth in water sales would provide sufficient revenues for the company to remain operationally viable and execute essential Capital works for the remaining three years of this FTP. This is shown in the table below.

**Table 14: Tariff Revenue Calculations**

	2020-21	2021-22*	2022-23	2023-24	2024-25
Return (on Assets)	6,915	10,034	11,710	12,038	12,361
DEPRN	8,570	8,303	10,583	10,944	10,938
OPEX excl. Finance Charges	29,356	30,055	36,470	37,824	39,243
<i>Annual Corrections</i>	-	-	-	-	-
Gross TBR	44,841	48,393	58,763	60,806	62,542
Taxes & License Fees	1,001	1,090	1,151	1,201	1,256
Less: Other Income	-1,138	-1,219	-1,269	-1,307	-1,345
Net TBR	44,704	48,264	58,645	60,700	62,453
Revenue Growth (Act. & Proj'd)	-12.2%	8.0%	5.0%	3.0%	3.0%
Tariff Change proposed			5.0%		
Revenue incl. of growth and tariffs			53,090	54,683	56,324

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## 7 Request for amended Tariffs and Charges

### 7.1 Request Summary

BWS is therefore seeking amended tariffs, fees and other charges to help offset the financial circumstances described above. This request is in line with BWS' Full Five-Year Business Plan (2020-2025) submission. Specifically, BWS requests that the PUC consider implementing separate rates for Residential and Non-Residential customers and consider revising other fees and charges to help with partially off-setting costs associated with providing the relevant services.

Based on the requirements identified above for Capital Investments, continuity and security of services, and continued increases in costs, this request is expected to contribute to a 5% increase in revenues. These investments are needed to continue to provide these essential services to a growing customer base, while ensuring security of supply, environmental protection and climate change resilience.

However, BWS is very cognizant of the economic strain that COVID-19 and the subsequent increases in prices of goods and services is causing on our population. Taking this into consideration, along with the company's objective of ensuring affordable rates, BWS is requesting only a **5% increase** in tariff related revenue. The company is aware that this will require a lower rate of return on assets for the remaining three years of the FTP, but feels that this is justified by the essential nature of the services it provides and the overall welfare of the populace that are its consumers.

This proposal provides for no increase to residential customers; in fact, it includes a 10% discounted rate to senior citizens who use less than 3000 gallons a month. For non-residential customers, it proposes a small increase in tariff at the higher consumption bands, plus a small service fee.

### 7.2 Proposed Tariffs and Fees

The proposed tariff charges simplify the tariff structure but keep the average tariffs at the same levels for residential customers. The tariffs continue to be structured with lower rates to low usage customers. Additionally, BWS now proposes to offer a 10% discount to senior citizens at their residence on monthly consumption of 3000 gallons or less. As per previous tariffs, the rate on the 0 to 1000 gallons usage is a minimum charge. The proposed residential tariffs are in the table below.

**Table 15: Proposed Residential Tariffs (per 1000 gal)**

<i>Usage From</i>	<i>Usage up to</i>	<i>Mainland Water only</i>	<i>Mainland Water &amp; Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
0	1000	8.72	10.47	25.57	23.46
1001	3000	14.29	18.27	31.13	26.60
3001	5000	15.88	20.56	41.93	35.46
5001	8000	18.26	24.11	50.64	42.55
8001	-	19.76	24.99	63.93	51.75

**Senior Citizens to receive 10% discount on consumption up to 3000 gallons**

For non-residential customers, the proposed tariffs include a small fixed monthly service fee for non-residential customers and a simplified tariff structure with fewer tiers. These tariffs and service fees are slightly different from those proposed in the 2020 submission.

**Table 16: Proposed Non-Residential Tariffs (per 1000 gallon)**

<i>Usage From</i>	<i>Usage up to</i>	<i>Mainland Water only</i>	<i>Mainland Water &amp; Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
0	1000	8.72	10.47	25.57	23.46
1001	8000	17.31	22.69	47.16	39.71
8001	-	19.96	25.24	64.57	52.27

**Table 17: Proposed Non-Residential Monthly Service Fee**

<i>Meter Size</i>	<i>Mainland Water Only</i>	<i>Mainland Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
5/8-Inch	\$5.00	\$6.50	\$10.00	\$10.00
3/4-Inch	\$5.00	\$6.50	\$10.00	\$10.00
1-Inch	\$8.50	\$11.00	\$16.50	\$16.50
1.5-Inch	\$16.50	\$21.50	\$33.50	\$33.50
2-Inch	\$26.50	\$34.50	\$53.50	\$53.50
3-Inch	\$58.50	\$76.00	\$116.50	\$116.50

The schedules of the above proposed tariffs and service charges are reproduced in Appendix A.

**7.3 Miscellaneous Fees and Charges**

The proposed fees and charges requested are the same as per the 2020 submission. These are attached as Appendix B.

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## Appendices

- A. Existing and Proposed Tariffs
- B. Existing and Proposed Charges and Fees
- C. Proposed Regulatory Changes
- D. Proposed Capital Expenditure Listing

**APPENDIX A – EXISTING AND PROPOSED TARIFFS**

**Existing Tariffs – All Customers**

<i>Usage From</i>	<i>Usage up to</i>	<i>Mainland Water only</i>	<i>Mainland Water &amp; Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
0	1000	8.72	10.47	25.57	23.46
1001	2000	13.95	18.02	30.22	26.98
2001	3000	15.12	19.76	32.54	29.61
3001	4000	15.69	20.92	34.87	32.50
4001	5000	16.27	22.09	37.19	35.67
5001	6000	17.44	23.25	44.17	39.14
6001	7000	18.60	23.82	52.31	42.96
7001	8000	19.17	24.41	58.11	47.15
8001	-	19.76	24.99	63.93	51.75

**Proposed Residential Tariffs**

<i>Usage From</i>	<i>Usage up to</i>	<i>Mainland Water only</i>	<i>Mainland Water &amp; Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
0	1000	8.72	10.47	25.57	23.46
1001	3000	14.29	18.27	31.13	26.60
3001	5000	15.88	20.56	41.93	35.46
5001	8000	18.26	24.11	50.64	42.55
8001	-	19.76	24.99	63.93	51.75

**Senior Citizens to receive 10% discount on consumption up to 3000 gallons**

**Proposed Non-Residential Tariffs**

<i>Usage From</i>	<i>Usage up to</i>	<i>Mainland Water only</i>	<i>Mainland Water &amp; Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
0	1000	8.72	10.47	25.57	23.46
1001	8000	17.31	22.69	47.16	39.71
8001	-	19.96	25.24	64.57	52.27

**Proposed Non-Residential Service Fee**

<i>Meter Size</i>	<i>Mainland Water Only</i>	<i>Mainland Sewer</i>	<i>Ambergris Caye</i>	<i>Caye Caulker</i>
5/8-Inch	\$5.00	\$6.50	\$10.00	\$10.00
3/4-Inch	\$5.00	\$6.50	\$10.00	\$10.00
1-Inch	\$8.50	\$11.00	\$16.50	\$16.50
1.5-Inch	\$16.50	\$21.50	\$33.50	\$33.50
2-Inch	\$26.50	\$34.50	\$53.50	\$53.50
3-Inch	\$58.50	\$76.00	\$116.50	\$116.50

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### APPENDIX B: EXISTING, PROPOSED AND CALCULATED MISCELLANEOUS FEES

Description	Existing	Proposed	Full Cost Allocation
<b>Reconnection Fee</b>	\$25.00	\$25.00	\$38 - \$58
<b>Transfer of Account (Name Change)</b>	\$20.00	\$10.00	
<b>Transfer of Service (Location)</b>	\$20.00	\$20.00	
<b>Transfer New Connection</b>	\$20.00	\$20.00	
<b>Water Connection Fee</b>			
<u>Mainland:</u>			
Residential	\$85.00	\$85.00	\$2,221
All Other	\$85.00	\$330.00	\$2,221
<u>San Pedro:</u>			
Residential	\$127.50	\$127.50	\$4,173
All Other	\$637.50	\$650.00	\$4,173
<u>Caye Caulker:</u>			
Residential	\$100.00	\$100.00	\$2,679
All Other	\$300.00	\$400.00	\$2,679
<b>Sewer Connection Fee</b>			
<u>Belize City &amp; Belmopan:</u>			
Residential	\$100.00	\$100.00	\$2,447
All Other	Varies	Varies	\$2,447
<u>San Pedro:</u>			
Residential	\$150.00	\$150.00	\$5,208
All Other	Varies	Varies	\$5,208
<b>Water Infrastructure Fee</b>			
Residential	\$150.00	\$150.00	
All Others	\$150.00	Varies	
<b>Sewer Infrastructure Fee</b>			
Residential	\$1,695.00	\$1,695.00	
All Others	Varies	Varies	
<b>Security Deposit</b>			
<u>Mainland:</u>			
Residential	\$50.00	\$50.00	
All Other:			
3/4" Meter	\$200.00	\$100.00	
1" Meter	\$200.00	\$200.00	
1.5" Meter	\$200.00	\$500.00	
2" Meter	\$200.00	\$1,000.00	
<u>San Pedro:</u>			
Residential	\$50.00	\$50.00	
All Other:			
3/4" Meter	\$300.00	\$150.00	
1" Meter	\$300.00	\$300.00	
1.5" Meter	\$300.00	\$750.00	
2" Meter	\$300.00	\$1,500.00	
<u>Caye Caulker:</u>			
Residential	\$50.00	\$50.00	
All Other:			
3/4" Meter	\$250.00	\$125.00	
1" Meter	\$250.00	\$250.00	
1.5" Meter	\$250.00	\$625.00	
2" Meter	\$250.00	\$1,250.00	
<b>Late Payment Charge</b>			
Residential	N/A	N/A	
All Others [1]	N/A	2% per Month	

[1] Minimum charge of \$10.00.

## APPENDIX C: BWS - PROPOSED REGULATORY CHANGES

### **Background:**

Belize Water Services Limited (“BWS”) provides potable water to the nine major municipal areas and adjacent villages, and sewerage services to three of these areas. Over the last six years, BWS has improved its efficiency and implemented improved cost control. These improvements along with the 2004/2005 tariff increases have helped the company to attain some profitability. However, the company is unable to generate enough cash flow from operations currently to meet its asset investment (expansion) and dividend commitments. It is worth noting that minority shareholders have been incessantly agitating for dividends. The regulatory changes proposed below should help to assist the company with earning additional, or collecting outstanding, revenues and cash thereby reducing the quantum of future tariff increases.

### **History:**

BWS was formed in January 2001 and vested with the assets and liabilities of the former Water and Sewerage Authority in March 2001. BWS has a 25-year operating license, effective from March 2001 through to March 2026. Under the Cascal majority-ownership, Cascal had requested changes to the legal infrastructure and the Government had suggested that Cascal submit proposed draft changes. Since then, BWS, which is now under renewed Government ownership, has been requested to, as much as possible, minimize tariff increases. The Government has promised consider other means of assisting the company to achieve financial viability and the company has been requested to suggest regulatory changes which can assist it with improving efficiency, revenue and collections.

### **Regulatory Framework:**

The regulations regarding the Water Industry include the Water Industry Act, 2001 (“WIA”), a detailed License issued by the PUC as authorised under the WIA, various Statutory Instruments (“SI’s”), and a “Codes of Practice” (“CoP”) which was mandated by the WIA and the License, and agreed by the Regulator and the BWS in 2004. There are several areas where the regulations, through silence, ambiguity or original approach, are hindering the efficiency or financial performance of BWS and where appropriate changes in the regulations could assist greatly in improving the performance of the company.

### **Suggested Regulatory Changes:**

The following items have been identified for regulatory changes to meet the objectives identified. Based on legal advice received, the majority of these changes can be implemented by Statutory Instruments initiated by the PUC. The “Recommendations/Conclusions” column was inserted after a review with Mr. Gian Gandhi in November 2007.

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No.	<b><u>Short Description</u></b> <i>Current Regulations</i>	<b>Recommended Regulatory Changes</b>
1	<p><b><u>Classification of Customers</u></b></p> <p><i>Current Legislation</i></p> <p>WIA, SI (existing tariffs – fee &amp; deposit structure) and Codes of Practice</p>	<p>Currently customers are categorised as either “Residential” or “Non-Residential”. BWS recommends some further classifications to include: Residential, Apartments/Condominiums, Government, Essential Services, Commercial, and Other (e.g., NGOs, Churches, etc.). These will provide some needed flexibility allowing BWS to identify and handle special needs or key customers and will support charging of tariffs and fees to those customers who can afford it.</p>
2	<p><b><u>Infrastructure Costs</u></b></p> <p><i>Current Legislation</i></p> <p>SI 42/2001 and schedule 2 of SI 67/2002 – (New Property Development) Currently a one-time (\$150 – Water and \$1,695 – Sewerage) infrastructure fee is payable for each connection in newly expanded areas.</p>	<p>As a result of the overwhelming cost associated with water and sewer infrastructure, BWSL would like to repeal SI 42/2001 and amend SI 67/2002 to better allocate the costs of new infrastructure to those who will benefit.</p> <p>BWS has shared draft legislation with the PUC for their review (December 2021).</p>
3	<p><b><u>Security Deposits</u></b></p> <p>SI 102/2004 and Codes of Practice under the disconnection Code. This requires \$50 deposit for residential customers and \$200 deposit to non-residential. Where a customer is disconnected for non-payment to bills more than twice within a 12-month period, the security deposit is increased to 3 times the average monthly bill (rounded up to nearest \$10.00)</p>	<p>The proposed charges and fees, include proposals for increases to these for non-residential customers based on meter sizes.</p> <p>For all customers: Option to reduce “increased” deposits back to ‘normal’ after a period (12 months) of successful payment history.</p> <p>Average customer bill to be based on 12 months consumption due to seasonal nature of consumption (dry or tourist season consumption may be several times higher than in other months).</p>
4	<p><b><u>Late Fees/Finance Charges</u></b></p> <p>The regulations currently do not allow this. At present BWSL’ only resort is disconnection and customers are charged a \$25 reconnection fee.</p>	<p>Proposed charges are included in the fees and charges</p>



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5	<p><b><u>Backflow Prevention Devices</u></b></p> <p>The regulations are currently silent regarding this, although the Codes of Practice specify that <i>“where BWSL water supply is connected into a customer storage reservoir, the reservoir is to be installed in such a way as to avoid backflow into the BWSL systems, especially if the reservoir is supplied to another source such as well or rain water”</i>.</p>	<p>There are obvious health and legal aspects to this situation and BWSL feels that the best solution is for standards requiring the installation of backflow prevention devices be prescribed in an SI instituted by the PUC. BWSL be authorized to install backflow prevention devices and charge designated fees where a customer has not performed and installation within a specified time or where the customer requests that BWSL performs the installation. The fee would be dependent on the connection size and could be finalized with input from the PUC.</p>
6	<p><b><u>Commercial Abstraction Licenses and Charges</u></b></p> <p><i>No legislation exists, other than those relating to water extraction licenses.</i></p>	<p>A new water resource bill is currently being finalised, which would establish a National Water Resources Commission (“NWRC”) with responsibility for the protection of this valuable resource including the responsibility of issuing water abstraction licenses. BWS, along with the PUC, should coordinate with the pro-tem NWRC committee, to agree restrictions on the issuing of abstraction licenses within BWS or other (rural) service areas and where licenses are issued for commercial purposes, then the conditions can be placed to mandate connection to the existing supply for water to be used for consumption purposes unless that entity can guarantee water quality.</p>
7	<p><b><u>Illegal Connections</u></b></p> <p>Water Industry Act 2001 Sections 105(1) and 105 (1 and 2)</p> <p>The legislation indicates that any theft is a criminal offence and that the Licensee (the Company) has to collect any amounts due as a civil debt against the person(s) who tampered or illegally connected.</p> <p>The current problem is to prove who committed the act.</p>	<p>The responsibility should shift to the consumer benefiting from the usage. BWSL will assess and bill the usage plus costs. BWSL wishes to ensure that penalties exist (e.g., interest for payments delays). Only in cases of default of payment or if the connection is by non-customers would criminal and civil charges be the course of action.</p> <p>Also, to facilitate collections of outstanding debts, to make owners of premises in any event liable for the payment of water usage assessment and charges relating to the detection and removal of illegal connections and to constitute such rates as statutory charges on the premises.</p>

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8	<p><b><u>Leaks</u></b> License (which was granted under Section 15 of the Water Industry Act, 2001) and are embodied in the Leakage Code (Part of the Codes of Practice).</p> <p>For Residential Customers: Bills to be adjusted to average bill if leak is not due to negligence. This places the onus on the company to prove that customers are 'negligent' in order to be able to charge them for leaks within their premises.</p>	<p>For Residential Customers: In cases where a residential customer's consumption due to leaks (not caused or left unchecked by clear negligence on the part of the customer or his agent) exceeds a limit of two and a half times their monthly average or 3,000 gallons (whichever is higher) BWSL to absorb the loss above the limit up to a maximum total consumption of five times the monthly average consumption or 6,000 gals (whichever is higher); amounts thereafter to be split 50/50.</p> <p>All other customers will be expected to be fully responsible for all plumbing problems within their premises and pay full cost of all correctly metered water.</p>
9	<p><b><u>Licensing and Certification of Plumbers</u></b></p> <p>No regulations exist.</p>	<p>PUC to perform certification and licensing of plumbers, and to charge a fee for such. This will allow for the implementation of proper plumbing standards and will help protect customers from 'unqualified' plumbers. Additionally, it will assist with control over plumbers who persistently part-take in establishing illegal connections.</p> <p>This legislation can be modelled on that regarding licensed electricians.</p>

Appendix D - Proposed BWS Capital Expenditure Listing

District	Group		2022-23	2023-24	2024-25	3 YearTotal
BZ	WWT	Improvement to BZC Sewer Treatment Plant	500	2,500	-	3,000
SP	DEV	3rd Water Project (South Expansion and Improvement of works)	940	940		1,880
BP	DEV	WNE Camlote Area (SIF)	1,470			1,470
CC	WWT	Design of Wastewater Treatment Solutions for Coastal Areas (Caye Caulker Sewer System Design)	400	200		600
All	DEV	Acquire new lands required for works Countrywide.	250	250	250	750
All	DEV	Purchase BWS lands from Lease to Title Countrywide	200	200	200	600
All	DEV	Ground Water Exploration - Geophysical Study - Cayo & Belize Phase II	-	340		340
CZ	WNE	WNE to Corozal Freezone			3,000	3,000
BZ	DEV	R&D Project Proposals	150			150
All	DEV	Small Projects or Contingencies	200	200	200	600
ST		<b>Subtotal</b>	<b>4,110</b>	<b>4,630</b>	<b>3,650</b>	<b>\$ 12,390</b>
All	WNE	BWS contribution to Developer's Project	200	200	200	600
CC	WNE	North Caye Caulker Water Expansion.	100	100	100	300
PL	WNE	WNE to Placencia Peninsula North - Seine Bight to Maya Beach	1,500	700	-	2,200
PL	WNE	WNE to Placencia Peninsula North - Maya Beach to Riversdale			3,000	3,000
SP	WNE	Water Network Expansion to San Mateo - Phase 3, San Pedro	150	150		300
BZ	WNE	Normal Progression - Belize District	300	350	350	1,000
BP	WNE	Normal Progression - Belmopan	300	300	300	900
CC	WNE	Normal Progression - Caye Caulker	100	100	100	300
BV	WNE	Normal Progression - Benque	50	50	50	150
CZ	WNE	Normal Progression - Corozal	200	200	200	600
DG	WNE	Normal Progression - Dangriga	165	150	100	415
OW	WNE	Normal Progression - Orange Walk	200	200	200	600
PG	WNE	Normal Progression - Punta Gorda	50	50	50	150
SI	WNE	Normal Progression - San Ignacio, Santa Elena and Esperanza	250	250	250	750
SP	WNE	Normal Progression - San Pedro	300	300	300	900
PL	WNE	Normal Progression - Placencia Peninsula	50	50	50	150

District	Group		2022-23	2023-24	2024-25	3 YearTotal
BP	WNE	WNE to J and W Subdivision, Belmopan	-	-	412	412
ST		<b>Subtotal</b>	<b>\$ 3,915</b>	<b>\$ 3,150</b>	<b>\$ 5,662</b>	<b>\$ 12,727</b>
BZ	NSC	New Connections Pipeline - Belize City	200	200	200	600
BP	NSC	New Connections Pipeline - Belmopan	110	110	110	330
CC	NSC	New Connections Pipeline - Caye Caulker	30	30	30	90
BV	NSC	New Connections Pipeline - Benque	30	30	30	90
CZ	NSC	New Connections Pipeline - Corozal	30	30	30	90
DG	NSC	New Connections Pipeline - Dangriga	50	50	50	150
BZ	NSC	New Connections Pipeline - Hattieville	10	10	10	30
OW	NSC	New Connections Pipeline - Orange Walk	30	30	30	90
PG	NSC	New Connections Pipeline - Punta Gorda	25	25	25	75
SI	NSC	New Connections Pipeline - San Ignacio	100	100	100	300
SP	NSC	New Connections Pipeline - San Pedro	95	95	95	285
PG	NSC	New Connections Pipeline - Elridge /Forest Home	10	10	10	30
PL	NSC	New Connections Pipeline - Placencia Peninsula	15	15	15	45
ST		<b>Subtotal</b>	<b>\$ 735</b>	<b>\$ 735</b>	<b>\$ 735</b>	<b>\$ 2,205</b>
All	NRW	Bulk (DMZ) Meters for DMZ's	100	100	100	300
CZ	NRW	Meter Replacement, Corozal	50	50	50	150
OW	NRW	Meter Replacement, OW	50	50	50	150
BZ	NRW	Meter Replacement, BZ	100	100	100	300
CC	NRW	Meter Replacement, Caye Caulker	-	125		125
CC	NRW	Meter Replacement to AMR, Caye Caulker		750		750
SP	NRW	Meter Replacement, San Pedro	250	-		250
BP	NRW	Meter Replacement, Belmopan	50	50	50	150
SI	NRW	Meter Replacement, San Ignacio/Santa Elena	50	50	50	150
DG	NRW	Meter Replacement, Dangriga	25	25	25	75
PL	NRW	Meter Replacement, Placencia Peninsula	25	25	25	75
PG	NRW	Meter Replacement, Punta Gorda & Forest Home	25	25	25	75
All	NRW	DMZ Protection Improvement	100	100	50	250
All	NRW	Remote AMI Monitoring Equipment	100	100	100	300

District	Group		2022-23	2023-24	2024-25	3 YearTotal
All	NRW	Leak detection equipment (AML f/all district, new correlator, noise loggers etc.)	20	20	20	60
All	NRW	Valve Monitoring and Maintenance system	50	50	50	150
ST		<b>Subtotal</b>	<b>\$ 995</b>	<b>\$ 1,620</b>	<b>\$ 695</b>	<b>\$ 3,310</b>
BZ	BLC	HQ Lift		125		125
BZ	BLC	Resurfacing of HQ rear compound (including wash bay)		150		150
BZ	BLC	Construction of Pipe Sheds with Racks - Storage, Mile 10	-	-	300	300
BZ	BLC	HQ Riverside Parking Lot Building & Storeroom Phase 1			250	250
BZ	BLC	HQ Evergreen Street - shallow drain & rear access modification	40			40
OW	BLC	Chan Pine Ridge Site Solar Lighting	50	-		50
OW	BLC	New OW Office Compound & Parking Lot Improvements - Phase 3	50			50
BP	BLC	BMP WTP Pipe Rack and Storage		-	120	120
SI	BLC	San Ignacio Pipe Rack and Storage		-	60	60
SI	BLC	SI/SE Branch Office Refurbishment			250	250
SP	BLC	San Pedro Pipe Rack and Storage			100	100
CC	BLC	Caye Caulker Pipe Rack			90	90
BV	BLC	Build concrete pump-house to replace the timber pump-house with all associated commercial and industrial electrical & mechanical works	100	-		100
ALL	BLC	Climate Resilience & Safety Improvements, Countrywide	100	100	100	300
SP	BLC	Refurbishment of SPWTP Storage Bld	-		125	125
BZ	BLC	Improvements to M & E Office, BZ City	50	-		50
BZ	BLC	Improvements to HR Office, BZ City	50			50
BZ	BLC	Improvements to Fleet Management Office, BZ City	50			50
BZ	BLC	Improvements to NRW Workshop Office, BZ City	50			50
BZ	BLC	Improvements to Fleet Management Store Room, BZ City	50			50
BP	BLC	Supply & Install backup pump at Lomas (Mountain View) Booster Station	50			50
ST		<b>Subtotal</b>	<b>\$ 640</b>	<b>\$ 375</b>	<b>\$ 1,395</b>	<b>\$ 2,410</b>
All	PPV	Supply and install Valves (Air + Pressure rating + check valves) Countrywide	100	100	100	300
BZ	PPV	Elimination of Galvanized Services & Asbestos Mains Belize City North Side (including crown cone avenue - 126K)	-	300	425	725

District	Group		2022-23	2023-24	2024-25	3 YearTotal
BZ	PPV	Elimination of Galvanized Services & Asbestos Mains Belize City South Side (including replacement of 4 street - BCC works - 145K)	-	450	450	900
BZ	PPV	Replacement and upgrade of mains in Max Boro.	26			26
PL	PPV	Elimination of yard to yard connections Placencia			300	300
CC	PPV	Upgrade of main for Caye Caulker for Playa Asuncion	-		50	50
SP	PPV	Elimination of yard to yard connections <b>San Pedro</b> for Marina Drive, Mermaid St, Mullet St, Water Lane, Boca del Rio, Flying Fish St, Airstrip, Seagrape Drive	-	250	250	500
BP	PPV	Replacement of Galvanized, Thin walled PVC and Asbestos Mains Belmopan and Teakettle	300	300	300	900
SI	PPV	Replacement of Galvanized and Asbestos Mains San Ignacio/Santa Elena (Trechtown Street & Burns Ave - 656K)	800	300	300	1,400
BV	PPV	Replacement of Galvanized and Asbestos Mains Benque	-	225	225	450
CZ	PPV	Replacement of Galvanized, Thin walled PVC and Asbestos Mains Corozal	400	400	400	1,200
DG	PPV	Replacement of Galvanized and Asbestos Mains Dangriga (Tubruss Street, Melinda Road, Bacca Town, Foreshore, Sawai, Wagierale, Market Square, Ramos Rd and Bridge Crossing for Ecumenical Dr)	300	300	300	900
PG	PPV	Replacement of Grey/Black thin walled PVC mains Punta Gorda for George Price St, Front St, Jose Maria St, Jose Maria St B, & Middle St	-	225	225	450
OW	PPV	Replacement of Grey/Black thin walled PVC pipes Orange Walk(29620 feet and 776 service connections)	1,000	500	500	2,000
ST		<b>Subtotal</b>	<b>\$ 2,926</b>	<b>\$ 3,350</b>	<b>\$ 3,825</b>	<b>\$ 10,101</b>
BZ	PLE	Supply, install and Commission Generators N2, N4, S4 and S6 Sewer Stations	100	100	100	300
OW	PLE	Supply and install Generator & Electrical for OW office	100			100
CC	PLE	Supply and install 200K R O Plant for south CC	-	1,200	800	2,000
SP	PLE	Make SPWTP R O Plant Climate Resilent	500	500		1,000
ST		<b>Subtotal</b>	<b>\$ 700</b>	<b>\$ 1,800</b>	<b>\$ 900</b>	<b>\$ 3,400</b>
All	RWR	Improvement to Raw Water Resources such as wells etc. , Countrywide.	100	100	100	300
BZ	RWR	Lemonal New Water Well Installation	-		100	100
SP	RWR	Commission 3rd well at SP	300			300
SP	RWR	4 more wells for SP	200			200
CZ	RWR	Commission 3rd Well at Calcutta			100	100

District	Group		2022-23	2023-24	2024-25	3 YearTotal
SI	RWR	New Intake Gallery & Works	1,500			1,500
CZ	RWR	2nd Well at San Andres			150	150
OW	RWR	New Well at Petville	200			200
OW	RWR	2nd Well at Chan Pine Ridge			130	130
PG	RWR	New Well at BDF Well Site, PG	150	-		150
BP	RWR	Belmopan New Intake pump and works		500		500
BP	RWR	New Well Lomas (Mountain View) Booster Station	-		100	100
BP	RWR	Well and pump at Franks Eddy Elevated Tank Site	200	-		200
DG	RWR	Improvement of Dangriga Raft & Intake Works	-		150	150
ST		<b>Subtotal</b>	<b>\$ 2,650</b>	<b>\$ 600</b>	<b>\$ 830</b>	<b>\$ 4,080</b>
BZ	MNS	New 14" DI Pipe on new Haulover Bridge	500			500
BZ	MNS	Corozal-Progresso Road Upgrade	160			160
CC	MNS	Caye Caulker Split Crossing	1,000			1,000
BZ	MNS	Phillip Goldson HWY Road Crossing - San Joaquin to Czl Town	275			275
DG	MNS	Dangriga Transmission Line Upgrade (WTP-Havana Bridge)		-	550	550
DG	MNS	Distribution Main from Havana Bridge to Habet		-	200	200
SI	MNS	1.51 Miles of Upgrade and Expansion mains for along the Road to Benque (MOW Project - From Chuc G.Station into SI town)		528	528	1,056
SI	MNS	New 10" Transmission Line from SI Reservoir to Cahal Pech		300		300
SI	MNS	SI to Western Border Transmission Line upgrades (MOW Project - Upto Benque Border)		750	750	1,500
BP	MNS	14" Transmission Line Roaring Creek Bridge to Intake - Bmp	100			100
PG	MNS	PG Transmission/Distribution Line Upgrade (Cerro Hill RD:4" to 6", E/FH to PG: 3" to 6")	-	-	1,200	1,200
PL	MNS	New Transmission line from Independence - Seine Bight	4,000	2,200		6,200
PL	MNS	Replace existing 3" water main from BWS office to Wild Orchid DMZ North 5201	-	550		550
PL	MNS	SP Bridge crossing - 8 inch	250			250
ST		<b>Subtotal</b>	<b>\$ 6,285</b>	<b>\$ 4,328</b>	<b>\$ 3,228</b>	<b>\$ 13,841</b>
BV	RVB	Benque/Succotz Ground Storage Reservoir 250kGal	-	-	500	500
CZ	RVB	Calcutta New 250K Gallons Concrete Reservoir with Pump House			500	500

District	Group		2022-23	2023-24	2024-25	3 YearTotal
CZ	RVB	Santa Rita New 250K Gallons Concrete Reservoir with Pump House			500	500
SI	RVB	Santa Elena New Gravity Feed Reservoir at High elevation in Santa Elena - 250K Gallon			500	500
CC	RVB	Construct 150K Gallon Water Tank & Building , CC South		1,250	1,250	2,500
PL	RVB	New 500K Gal Storage Tank + Backfill + Sight Lightings + Fence, Seine Bight	1,875	1,875		3,750
BZ	RVB	500K Gal Storage Tanks, Double Run WTP	2,175	2,175		4,350
OW	RVB	25K Gallon Elevated Tank, Petville			250	250
ST		<b>Subtotal</b>	<b>\$ 4,050</b>	<b>\$ 5,300</b>	<b>\$ 3,500</b>	<b>\$ 12,850</b>
BP	FNS	Cotton Tree Well Fence			70	70
BP	FNS	Cotton Tree Chlorine Pump Site Fence	-		50	50
BP	FNS	Franks Eddy Elevated Tank Fence			25	25
BP	FNS	Rip-Rap to Stream entrance and exit property BMP STP	30			30
BV	FNS	Repairs to Benque Spring fence	-		100	100
SP	FNS	San Pedro Office Fencing	-		100	100
ALL	FNS	Security & surveillance system countrywide	975	100	100	1,175
BZ	FNS	Mile 10 Site Lighting (Solar LED Lights to be placed at proper interval to light whole compound)	-	-	200	200
ST		<b>Subtotal</b>	<b>\$ 1,005</b>	<b>\$ 100</b>	<b>\$ 645</b>	<b>\$ 1,750</b>
BZ	WWC	Belize City Sewer Connections	25	25	25	125
BP	WWC	Belmopan Sewer Connections	15	15	15	75
SP	WWC	San Pedro Sewer Connections	25	25	25	125
ST		<b>Subtotal</b>	<b>\$ 65</b>	<b>\$ 65</b>	<b>\$ 65</b>	<b>\$ 325</b>
All	WWE	Sewer System Expansion	125	125	125	625
ST		<b>Subtotal</b>	<b>\$ 125</b>	<b>\$ 125</b>	<b>\$ 125</b>	<b>\$ 625</b>
BZ	WWT	20 to 25 feet deep prefab manholes for station N2, N4, S4 and S6 to prevent debris from reaching pumps in the stations.	50	50	50	150
BZ	WWT	Automatic Control System for S4, S6, N2 and N4	100	100	100	300
BZ	WWT	Metering and Recorder for S4, S6, N2 and N4	25	25	25	75
BZ	WWT	Upgrade of Sewer Station S6, Belize City	490			490
SP	WWT	Provision of Tertiary Treatment for SP lagoons		-	840	840



District	Group		2022-23	2023-24	2024-25	3 YearTotal
SP	WWT	San Pedro Sewer Manholes Restoration Ph #4	200	200		400
ALL	WWT	Replacement of sewer pumps/motors (mother stations)	50	50	50	150
ST		<b>Subtotal</b>	<b>\$ 915</b>	<b>\$ 425</b>	<b>\$ 1,065</b>	<b>\$ 2,405</b>
BZ	WQL	Seaquest Pumps, drums, mixers			40	40
OW	WQL	Seaquest and Chorinator for Petville		75		75
ST		<b>Subtotal</b>	<b>\$ -</b>	<b>\$ 75</b>	<b>\$ 40</b>	<b>\$ 115</b>
CZ	SCA	Corozal SCADA	170			170
OW	SCA	Orange Walk SCADA	90			90
SI	SCA	Santa Elena/San Ignacio SCADA		220		220
BV	SCA	Benque Viejo SCADA			120	120
BZ	SCA	DRWTP SCADA			120	120
ST		<b>Subtotal</b>	<b>\$ 260</b>	<b>\$ 220</b>	<b>\$ 240</b>	<b>\$ 720</b>
BZ	WTP	New High Lift Pump Double Run WTP + electrical controls	75	75		150
BZ	WTP	DRWTP Improvements Phase 2		200		200
BZ	WTP	DRWTP Improvements Phase 3 (Tube Settlers, Bury electrical conduit duct bank for old and new clarifiers, metal works)			250	250
All	WTP	Improvement to M & E Equipment, Wiring etc. Countrywide	50	50	50	150
DG	WTP	DGWTP Improvements Phase 4 (Upgrade Old Filters including pipework + New Access Road + Crane)	200			200
DG	WTP	DGWTP Improvements Phase 5 (Landscaping+ Cafeteria + Improvements of Operator's office + Refurbish Chain-link Fence + Guard Hut with Bathroom)	160	300		460
DG	WTP	Dangriga WTP- Phase 6 - Capacity Increase - Tube Settlers and Sludge Removal System		-	310	310
BV	WTP	Benque Viejo HDPE Pipe River Bed Crossing and New Concrete Dosing Hut with Electrical	350			350
BP	WTP	BMP Intake DI/PVC Pipe work upgrade from Intake to property line.		550		550
All	WTP	Refurbish Project Storage Containers Countrywide with Windows, Vent fans, pipe Rack, small Power/light and roofing	-		200	200
BP	WTP	Refurbish BMP WTP			200	200
SI	WTP	San Ignacio Phase #2 - Pump room at Main pumping station with full M & E)	850	850		1,700
SI	WTP	New Water Treatment Plant San Ignacio Phase 3 (Intake, Aerator, Filters, Clarifier	-	1,500	1,500	3,000

District	Group		2022-23	2023-24	2024-25	3 YearTotal
SI	WTP	Relocate SI WTP Reservoir Drain pipes and Overflow pipe works to BWS easement. (out of neighbouring property)		-	350	350
SP	WTP	Generator for old R O Plant San Pedro		-	500	500
SP	WTP	Electrical Conversion of Old SP R/O Plant #1 Efficiency & Climate Resilient	850			850
ST		<b>Subtotal</b>	<b>\$ 2,535</b>	<b>\$ 3,525</b>	<b>\$ 3,360</b>	<b>\$ 9,420</b>
BZ	OFF	Furniture upgrade for HQ include M&E, Ops, NRW&WD, Audit, Credit Control, Sewer Department to allocate it for other purpose, Vehicle Department	75	75	50	200
ST		<b>Subtotal</b>	<b>\$ 75</b>	<b>\$ 75</b>	<b>\$ 50</b>	<b>\$ 200</b>
All	ITS	IT Hardware, Network & Software Capex	2,327	1,428	2,022	5,776
BZ	WQL	Equip WW Lab in DRWTP	50			50
All	WQL	Replacement Equipment for Water Laboratories Countrywide	100	100	100	300
All	ITS	A new billing, customer relationship and workorder system	624			624
All	ITS	Geographical Information System	150			150
BZ	ITS	M & E Management Data Base	90			90
All	PLE	Heavy Duty Equip. ( Backhoes& Excavators)	1,078	500	500	2,078
All	VEH	Small Vehicles	905	500	500	1,905
All	PLE	Excavator (Replacement)	500	-		500
All	PLE	Well Rig	50	3,050		3,100
All	PLE	Sewer Vacuum and Flusher Truck		450		450
All	PLE	Operations - Plant and Equipment	100	100	100	300
All	PLE	Critical Spares Countrywide	250	250	250	750
All	WQL	Field Monitoring Equipment including Automatic Purging Valves Countrywide	50	50	50	150
All	OTH	Construction and Engineering Tools and Equipment	50	50	50	150
ST		<b>Subtotal</b>	<b>\$ 6,324</b>	<b>\$ 6,478</b>	<b>\$ 3,572</b>	<b>\$ 16,373</b>
		<b>TOTAL</b>	<b>\$ 38,310</b>	<b>\$ 36,976</b>	<b>\$ 33,582</b>	<b>\$ 109,247</b>



**BELIZE WATER SERVICES  
LIMITED**  
Financial Statements

For the year ended 31 March 2023

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**Belize Water Services Limited****Index to the financial statements**

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

### **Opinion**

We have audited the accompanying financial statements of Belize Water Services Limited which comprise of the statement of financial position as at 31 March 2023 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Belize Water Services Limited as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Belize Water Serviced Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- (i) exercise professional judgement and maintain professional skepticism throughout the audit.
- (ii) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (iii) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- (iv) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (v) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Belize Water Services Limited to continue as a going concern. If we should conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- (vi) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (vii) obtain sufficient audit evidence regarding the financial information of Belize Water Services Limited to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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



Crowe Belize LLP

7 July 2023

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**Belize Water Services Limited****Statement of financial position**

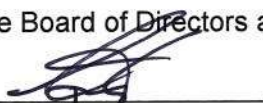
As at 31 March

*(In Belize dollars)*

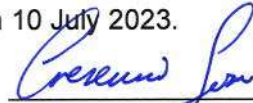
	Notes	2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	304,347,284	297,859,307
Intangible assets	7	5,887,475	4,844,695
Investment (sinking fund)	17	4,702,739	1,750,000
		<u>314,937,498</u>	<u>304,454,002</u>
<b>Current assets</b>			
Materials and supplies	8	13,878,845	8,583,174
Contract balances and other receivables	9	7,857,234	9,782,511
Cash and cash equivalents	10	6,853,694	16,420,489
		<u>28,589,773</u>	<u>34,786,174</u>
<b>Total assets</b>		<b><u>343,527,271</u></b>	<b><u>339,240,176</u></b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	11	60,000,001	60,000,001
Contributed capital reserve (Government of Belize)	12	11,714,281	11,714,281
Capital reserve on vesting	13	15,276,362	15,276,362
Revaluation reserve	14	53,551,307	53,551,307
Retained earnings		76,326,162	72,248,633
<b>Total equity</b>		<u>216,868,113</u>	<u>212,790,584</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Capital contributions	15	38,924,318	37,059,051
Long term borrowings	16	15,590,737	18,277,204
Deferred income	28	17,012,662	17,460,452
Debentures	17	40,569,000	40,569,000
		<u>112,096,717</u>	<u>113,365,707</u>
<b>Current liabilities</b>			
Current portion - borrowings	16	2,686,347	2,821,803
Trade and other payables	18	11,876,094	10,262,082
		<u>14,562,441</u>	<u>13,083,885</u>
<b>Total liabilities</b>		<u>126,659,158</u>	<u>126,449,592</u>
<b>Total equity and liabilities</b>		<b><u>343,527,271</u></b>	<b><u>339,240,176</u></b>

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

Signature of Director: \_\_\_\_\_



Signature of Director: \_\_\_\_\_

Print Name: CORNELIO ACOSTAPrint Name: CRESENCIO SOSA

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**Belize Water Services Limited****Statement of comprehensive income**

For the year ended 31 March

*(In Belize dollars)*

	Notes	2023	2022
Operating revenue	19	52,039,989	48,724,183
Other income	23	74,361	68,142
<b>Gross revenue</b>		<b>52,114,350</b>	<b>48,792,325</b>
Materials and other external costs	20	(7,125,047)	(6,001,991)
Staff costs	21	(15,277,961)	(13,204,473)
Other operating charges	22	(12,163,395)	(11,148,295)
Depreciation and amortization	27	(8,940,036)	(8,374,319)
Profit on disposal of asset		69,502	64,896
<b>Profit before interest and tax</b>		<b>8,677,413</b>	<b>10,128,143</b>
Finance costs	24	(3,184,807)	(3,538,873)
<b>Profit before tax</b>		<b>5,492,606</b>	<b>6,589,270</b>
Business tax	25	(905,550)	(853,129)
<b>Profit for the year</b>		<b>4,587,056</b>	<b>5,736,141</b>
<b>Total comprehensive income for the year</b>		<b>4,587,056</b>	<b>5,736,141</b>
<b>Basic earnings per share</b>			
Basic earnings per share	26	0.11	0.14



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**Belize Water Services Limited****Statement of changes in equity**

For the year ended 31 March

*(In Belize dollars)*

	Attributable to equity holders of the Company					Total
	Share Capital	Contributed capital	Capital reserve	Revaluation reserve	Retained earnings	
<b>At 1 April 2021</b>	60,000,001	11,714,281	15,276,362	53,551,307	67,020,541	207,562,492
Profit for the year	-	-	-	-	5,736,141	5,736,141
Dividends declared (Note 32)	-	-	-	-	(508,049)	(508,049)
<b>At 31 March 2022</b>	<b>60,000,001</b>	<b>11,714,281</b>	<b>15,276,362</b>	<b>53,551,307</b>	<b>72,248,633</b>	<b>212,790,584</b>
<b>At 1 April 2022</b>	60,000,001	11,714,281	15,276,362	53,551,307	72,248,633	212,790,584
Profit for the year	-	-	-	-	4,587,056	4,587,056
Dividends declared (Note 32)	-	-	-	-	(509,527)	(509,527)
<b>At 31 March 2023</b>	<b>60,000,001</b>	<b>11,714,281</b>	<b>15,276,362</b>	<b>53,551,307</b>	<b>76,326,162</b>	<b>216,868,113</b>

**Belize Water Services Limited****Statement of cash flows**

For the year ended 31 March

*(In Belize dollars)*

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

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

#### **1. General information**

Belize Water Services Limited (BWSL) ("Company") was incorporated by the Government of Belize on 22 January 2001 as the successor Company to the Water and Sewerage Authority ("WASA"). Belize Water Services Limited was vested with the assets and liabilities of WASA on 23 March 2001. The Company is majority owned by the Government of Belize.

The Company is the monopoly water and sewerage utility for the country of Belize, serving all the municipalities of the country as well as some 44 villages which are comprised of over 64,000 connections or approximately 270,000 consumers. The registered office is at 7 Central American Boulevard, Belize City, Belize.

Effective 1 January 2019, the Company acquired 100% of shares of Consolidated Water (Belize) Limited ("CWBL") for USD 7,000,000 which was funded by a loan from the Caribbean Development Bank. CWBL utilizes reverse osmosis technology to produce potable water from seawater and operates under a contractual agreement with BWSL to supply potable water on an exclusive basis to San Pedro, Ambergris Caye. CWBL was wound up on 15 January 2020 and merged with BWSL. Financial statements for the years ended 31 March 2023 and 2022 are presented on a basis of full merger of CWBL into BWSL.

#### **2. Summary of significant accounting policies**

##### **Basis of preparation**

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

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

##### **Foreign currency translation**

###### *Functional and presentation currency*

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

###### *Transactions and balances*

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

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**Belize Water Services Limited****Notes to the financial statements***(in Belize dollars)***2. Summary of significant accounting policies (continued)****Property, plant and equipment**

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

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

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

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

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

**Materials and supplies**

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

**Contract rights**

Contract rights are amounts due from customers for services performed or goods sold in the ordinary course of business and are stated at their amortized cost less any allowances for doubtful receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The loss allowance is calculated based on lifetime expected credit losses including future expectations associated with the financial impact of the COVID-19 pandemic. Loss allowance for contract balances is \$1,357,000 for the year ended 2023. The carrying amount of current receivables is considered to be the same as their fair value, given their short term nature.

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**Belize Water Services Limited****Notes to the financial statements**

*(In Belize dollars)*

**2. Summary of significant accounting policies (continued)****Financial assets**

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

*Financial assets at fair value through profit or loss*

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

*Loans and receivables*

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

*Available-for-sale financial assets*

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

**Recognition and measurement**

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

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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**Belize Water Services Limited****Notes to the financial statements**

*(In Belize dollars)*

**2. Summary of significant accounting policies (continued)****Impairment of financial assets***Assets carried at amortized cost*

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

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

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

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

**Borrowings and borrowing costs**

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

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

**Related parties**

An entity is related to the Company, if:

- (i) directly, or indirectly through one or more intermediaries, the entity controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the Company that gives it significant influence over the company; or has joint control over the Company;
- (ii) the entity is an associate of the Company;
- (iii) the entity is a joint venture in which the Company is a venturer;

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

## **2. Summary of significant accounting policies (continued)**

### **Related parties (continued)**

An entity is related to the Company, if:

**(iv)** the entity is a member of the key management personnel of the Company or its parent;

**(v)** the entity is a close member of the family or any individual referred to in (i) or (iv);

**(vi)** the entity is the Company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

**(vii)** the entity is a post-employment benefit plan for the benefit of employees of the Company, or of any Company that is a related party of the Company.

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

### **Government grants and other contributions**

#### *Government grants*

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

#### *Other contributions*

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

### **Trade and other payables**

Trade payables are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

The average credit period on purchases of goods approximates 136 days (2022: 104 days). No interest is charged on overdue payables; the Company has financial risk management policies in place to ensure all payables are paid within the agreed credit terms. Fair value of trade and other payables is considered to be the same as carrying value given the short-term nature of the liability.

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

#### **2. Summary of significant accounting policies (continued)**

##### **Security deposits**

Security deposits are recognized as a liability upon activation of new customer accounts. Security deposits are applied to accounts in arrears after Management has deemed the account as non-billable after a suitable timeframe has elapsed during which the Company has actively pursued collection without recourse. Security deposits net of arrears are refunded upon closing of the account.

##### **Liability provisions**

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

##### **Revenue from contracts with customers**

The Company is in the business of producing and selling potable water and providing ancillary services to the general public. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company acts as principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer. The Company complies with IFRS 15, Revenue from Contracts with Customers.

##### **Other income**

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

##### **Pension costs**

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

##### **Dividends**

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



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## Belize Water Services Limited

### Notes to the financial statements

(in Belize dollars)

#### 2. Summary of significant accounting policies (continued)

##### Impairment of non-financial assets

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

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

##### Financial instruments

###### a. *Recognition and derecognition of financial instruments*

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

Financial assets that are regular-way purchased or sold are recognized using the trade date that the Company commits to purchase or sell.

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

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

Financial assets are derecognized when:

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

On de-recognition, the Company recognizes the differences between carrying amount and consideration in profit or loss.

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

## **2. Summary of significant accounting policies (continued)**

### **Financial instruments (continued)**

#### **a. Recognition and derecognition of financial instruments (continued)**

Financial liabilities are derecognized when, and only when the obligation specified in the contract is discharged or cancelled or expires. The gain or loss between the carrying value and amount paid is recognized in profit or loss.

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

#### **b. Classification and subsequent measurement of financial assets**

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

##### *i. Amortized cost*

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

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

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

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

##### *iii. Fair value through profit or loss (FVTPL)*

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

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

#### **c. Classification and measurement of financial liabilities**

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

#### **Financial liabilities**

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

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

## **2. Summary of significant accounting policies (continued)**

### **Financial instruments (continued)**

#### *c. Classification and measurement of financial liabilities (continued)*

##### *Financial liabilities (continued)*

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

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

### **Share capital**

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

### **Intangible assets**

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

### **Subsequent events**

The Company has evaluated subsequent events for recognition and disclosure through 9 June 2023 which is the date of the audit report.

## **3. Financial risk management**

The Company's activities expose it to financial market risk, capital risk, liquidity risk, credit risk and operational risk. The overall risk management of the Company focuses on ensuring business continuity.

### **Market risk**

Market risk is the risk that the value of a financial asset may be reduced because of changes in interest rates, currency exchange rates, stock prices, and other financial variables, as well as the reaction of market participants to political and economic events, whether by latent losses, as well as, potential profits. Management's objective is to manage market risk and monitor the risk exposures within acceptable parameters so as to optimize rates of return.

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

#### **3. Financial risk management (continued)**

##### **Capital management risk**

###### *Capital management objectives, policies and approach*

- The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:
  - To maintain the required level of stability of the Company thereby providing a degree of security to shareholders.
  - To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
  - To retain financial flexibility by maintaining strong liquidity.
  - To align the profile of assets and liabilities taking account risks inherent in the business.
  - To maintain financial strength to support new business growth and to satisfy the requirements of shareholders', regulators and stakeholders.
  - To maintain healthy capital ratios in order to support its business objectives and maximize shareholder value.

##### **Approach to capital management**

The Company seeks to optimize the structure and sources of capital to enable it to consistently maximize returns to its shareholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of targets which are aligned to performance objectives and facilitate the Company's focus on the creation of value for shareholders.

The primary sources of capital used by the Company are equity shareholders' funds and borrowings.

The capital requirements are forecast periodically, and approvals are made by the Board.

The Company has had no significant changes in its policies and processes to its capital structure during the past year.

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## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 3. Financial risk management (continued)

##### Approach to capital management (continued)

The Company has enacted appropriate policies to assist expanding its operations to future development within the urban and rural areas in the country of Belize. Developers are required to contribute to infrastructural works that ease the financial burden of expansion on the Company's resources. The Company operates under a monopoly license until 19 March 2026 which provides appropriate safeguards against political and economic events.

##### Gearing ratio

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

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

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

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

##### Liquidity risk

Liquidity risk is defined as the risk that the Company may encounter difficulties in obtaining funds to meet its commitments and obligations on time. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the availability of liquid funds.

##### Credit risk

The Company's exposure to credit risk is the risk that a financial loss may take place if customers fail to meet their obligation arising mainly from credit sales. As at 31 March 2023 and 31 March 2022 the Company's trade receivables are concentrated within the country of Belize. The Government of Belize continues to be the largest customer with an outstanding balance as of 31 March 2023 of \$316,028 (2022 - \$246,349).

##### Operational risk

Operational risk is the risk of the potential loss, directly or indirectly, related to the processes of the Company, human resources, technology, infrastructure and other external factors that are not related to credit, market or liquidity risks, such as those arising from legal and regulatory requirements and the application of generally accepted corporate standards.

The objective of the Company is to manage operational risk in order to avoid financial losses and damage to the Company's reputation.

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***3. Financial risk management (continued)****Operational risk (continued)**

The structure to manage operational risk has been designed to segregate duties among owners, executors, control areas and areas in charge of compliance with policies and procedures. In order to establish such methodology, the Company has assigned resources to strengthen internal control and organizational structure allowing independence among business areas, risk control and record keeping. It includes a proper operational segregation of duties in recording, reconciliation and authorization which are documented through policies, processes, and procedures that include control and security standards.

The Internal Audit Department through its activities monitors compliance with control procedures and the severity of the related risks.

The Board of Directors and the Audit Committee have jointly assumed an active role in the identification, measurement, control and monitoring of operational risks and is responsible for understanding and managing these risks.

**4. Critical accounting estimates and judgments**

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

**Useful lives of property, plant and equipment**

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

<b>Category</b>	<b>Years</b>
Freehold and leasehold property	25 to 40 years
Plant and equipment	3 to 10 years
Infrastructure	Up to 75 years

**Fair value measurements and valuation processes**

The methodology used to revalue buildings was the estimated market value rates per square foot as provided by an independent consultant. The methodology for the revaluation of the water infrastructure assets utilized an average installation cost per foot, based on a costing breakdown which included pipes and fittings, bedding and restoration material, labor and supervision. Since the Company's engineering staff are the only available local personnel with the necessary expertise to conduct water infrastructure valuations, the team was responsible for the inspection and field work of this exercise. Where the installation dates were not known, reasonable estimates of the remaining useful life were determined using the condition of the asset.

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

#### **4. Critical accounting estimates and judgments (continued)**

##### **Impairment of property, plant and equipment**

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

##### **Impairment allowance in respect of contract balances and other receivables**

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

##### **Impairment of contract rights**

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

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

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

##### **New and amended accounting standards stipulated for adoption in fiscal 2022**

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

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

## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

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

##### New and amended accounting standards stipulated for adoption in fiscal 2023

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

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

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

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

#### 6. Property, plant and equipment

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

As at 31 March 2023, the Company maintains insurance coverage from commercial fire associated perils and burglary including catastrophic perils over buildings, plant and equipment, and water tanks countrywide valued at \$67,346,609 (2022 - \$62,023,930).



## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 7. Intangible assets

	Contact rights	Debentures	Total
<b>Cost or valuation</b>			
At 1 April 2022	7,513,719	612,371	8,126,090
Additions	-	2,195,703	2,195,703
At 31 March 2023	7,513,719	2,808,074	10,321,793
<b>Accumulated amortization</b>			
At 1 April 2022	(3,220,158)	(61,237)	(3,281,395)
Charge	(1,073,388)	(79,535)	(1,152,923)
At 31 March 2023	(4,293,546)	(140,772)	(4,434,318)
<b>Net book value</b>			
At 31 March 2023	3,220,173	2,667,302	5,887,475
At 31 March 2022	4,293,561	551,134	4,844,695

#### 8. Materials and supplies

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

#### 9. Contract balances and other receivables

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

Allowance for doubtful debts consist of the following:

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

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

**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***9. Contract balances and other receivables (continued)**

The loss allowance is estimated as follows:

<b>2023</b>	<b>0-30</b>	<b>31-60</b>	<b>61-90</b>	<b>90+</b>	<b>Total</b>
Expected credit loss %	0%	0%	90%	90%	
Gross carrying amount of contract balances	2,038,336	1,040,000	237,959	1,269,819	4,586,114
Lifetime expected loss	-	-	214,163	1,142,837	1,357,000
<b>2022</b>	<b>0-30</b>	<b>31-60</b>	<b>61-90</b>	<b>90+</b>	<b>Total</b>
Expected credit loss %	0%	0%	90%	90%	
Gross carrying amount of contract balances	2,295,978	1,529,047	492,287	2,078,812	6,396,124
Lifetime expected loss	-	-	443,058	1,870,942	2,314,000

**10. Cash and cash equivalents**

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

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

**11. Share capital**

	<b>2023</b>	<b>2022</b>
<b>Authorized</b>		
66,666,666 ordinary shares of \$1.50 each	100,000,000	100,000,000
1 Special Rights Redeemable Preference Share	1	1
	<b>100,000,001</b>	<b>100,000,001</b>
<b>Issued and fully paid</b>		
40,000,000 ordinary shares of \$1.50 each	60,000,000	60,000,000
Special Rights Redeemable Preference Share	1	1
	<b>60,000,001</b>	<b>60,000,001</b>
	<b>2023</b>	<b>2022</b>
<b>Ordinary shares outstanding are held as follows:</b>		
Government of Belize	82.59%	82.59%
Social Security Board	10.00%	10.00%
Others	7.41%	7.41%
	<b>100.00%</b>	<b>100.00%</b>

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

#### **11. Share capital (continued)**

##### **Special Rights Redeemable Preference Share**

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

###### *As to income*

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

###### *As to redemption*

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

###### *As to further participation*

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

###### *As to voting*

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

###### *As to purchase and transfers*

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

###### *As to appointment of Directors*

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

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

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

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***12. Contributed capital**

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

**13. Capital reserve**

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

**14. Revaluation reserve**

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

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

In 2020, Management obtained ten independent appraisals dated 13 March 2020, for several parcels of land located in San Pedro, Belize. Management is in process of obtaining land titles where appropriate for these properties through the Belize Ministry of Natural Resources and Lands Registry and Land Titles Unit. The valuations were deemed necessary to establish a lease at current fair market value. Appraisals were obtained from the certified appraisal firm of Mitchell-Moody Associates, Belize. Land valuations were derived based on a comparative sales basis using square footage values for similar properties recently sold in San Pedro. The revaluation reserve was increased by \$22,322,850 for these ten properties.

An additional appraisal from Mitchell-Moody Associates was obtained in the amount of \$977,500 for land acquired in the acquisition of Consolidated Water (Belize) Limited in 2019. The appraised value of this land was reallocated from contract rights as this intangible asset was originally valued at the time of acquisition without consideration of this acquired property. Note 4 discusses the impact of this transaction in further detail.

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

## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 15. Total contributions and total amortizations

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

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

#### 16. Long-term debt

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

The loans are payable as follows:

	2023	2022
Within 1 year	2,686,347	2,821,803
Within 2 to 5 years	11,991,642	10,089,809
Over 5 years	3,599,095	8,187,395
	<u>18,277,084</u>	<u>21,099,007</u>

(i) Unsecured \$27,660,000 Caribbean Development Bank loan #10 guaranteed by the Government of Belize (GOB) repayable by quarterly instalments. Average interest rate on the loan was 6.5% per annum for the year ended 31 March 2023. The loan has varying maturity dates at 2028 and 2031.

(ii) Unsecured \$16,800,000 Caribbean Development Bank loan #5 guaranteed by GOB repayable by quarterly instalments. Average interest rate on the loan was 6.5% per annum for the year ended 31 March 2023. The loan has a final maturity date in 2032.

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

## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 16. Long-term debt (continued)

(iv) Unsecured loan #22 of USD 8,517,000 was signed between Caribbean Development Bank, and the Company on 25 September 2018. The purpose of this loan is to fund the 1) purchase of 100% of shares of CWBL from Consolidate Water Co. Ltd., a Cayman Island corporation, 2) expand the related water treatment plant and 3) invest in other related improvement projects. The loan is guaranteed by the Government of Belize. The loan is repayable in quarterly instalments after 2 years of expiry of the grace period at an interest rate of 4.5% per annum. Interest capitalization as agreed was USD \$130,235 (BZD \$262,750). No Draw down was made in fiscal year ended March 2023. Principal payments commenced October 2020.

#### 17. Debentures

Under terms of the prospectus dated October 2020, the Company issued a \$50 million debenture offering on 2 October 2020. Debenture proceeds were targeted to be used for repayment of a loan from the Social Security Board, which was fully repaid in financial year 2021, and future capital projects for improving the quality of the water treatment and distribution system. Semi-annual interest payments will be made each 30th of December and June. The Central Bank of Belize (CBB), as fiscal agent, will manage the debenture's associated sinking fund account. The Company is responsible for ensuring that the sinking fund is adequately funded prior to the dates on which principal and interest are due. Sinking fund terms require an initial payment of \$1,000,000 on 31 October 2021. A second payment equivalent to four payments of \$375,000 or \$1,500,000 will be followed by quarterly transfers of \$1,101,369.29 thereafter. The schedule also assumes interest earnings of 1% on account totaling an estimated \$1,723,813 for total accumulation of \$40,569,000 by maturity date of December 2030.

	Rate of	Maturity	2023	2022
Series 1 Debentures	6.25%	31-Dec-30	40,569,000	40,569,000
			<u>40,569,000</u>	<u>40,569,000</u>
			2023	2022
Sinking fund			4,702,739	1,750,000
			<u>4,702,739</u>	<u>1,750,000</u>

#### 18. Trade and other payables

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

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***19. Revenue from contracts with customers**

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

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

**20. Materials and other external costs**

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

**21. Staff costs**

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

## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

#### **22. Other operating charges**

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

#### **23. Other income**

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

#### **24. Finance costs**

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

#### **25. Taxation**

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

A General Sales Tax of 12.5% is charged on consumer spending that is collected in stages, at the point of importation of the business' purchases and on the sales of the business' goods and services when the goods are sold, or services are provided in country. The sale of water is classified as a zero-rated item and as such no input tax is collected on such sales. Output tax on purchases and importation are to be reimbursed to the Company after 4 months as prescribed by the GST Act 49 of 2005.



## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 26. Earnings per share

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

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

#### 27. Depreciation and amortization grant income and contract rights

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

#### 28. Related party transactions

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

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

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

#### Key management personnel

The following information is presented only in respect of those employees of the Company who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). As at 31 March 2023, the number of key management was 9 (2022 - 9).

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

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

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

**29. Commitments and contingencies****Commitments**

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

**Contingencies**

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

**30. Pension plan**

Belize Water Services Limited operates a Defined Contribution Plan which receives a minimum of 5% gross salary from the Company and 3% from its employees. The Company pays an additional 1% of pensionable salary for each member with more than ten years of pensionable service. Additionally, the Company matches up to 3% for employees who opt to increase their voluntary contribution. The Plan is administered by an Independent Board of Trustees and the funds are held separately from those of the Company. During the year under review, the Company contributed \$831,961 (2022 - \$720,020) to the Plan.

**31. Significant non-cash financing activities**

During the reporting period, \$795,299 (2022 - \$813,608) being principal and interest payments made to the Caribbean Development Bank loan #5, and #10 on behalf of the Company for the period were forgone by the Government of Belize.

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

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

**33. Categories of financial instruments**

Most of the Company's funds are held in reputable banks in the form of cash. Other assets include receivables acquired in the normal course of business for providing services. Liabilities include accounts payable incurred in the normal course of business for supplies. Categorization is as follows:

	2023	2022
<b>Financial assets</b>		
Trade and other receivables	4,678,917	6,827,396
Cash and cash equivalents	6,853,694	16,420,489
Total financial assets	<u>11,532,611</u>	<u>23,247,885</u>
<b>Financial liabilities</b>		
Borrowings	18,277,084	21,099,007
Debentures	40,569,000	40,569,000
Trade payables	3,994,412	2,493,330
Other payables and accrued expenses	4,082,056	4,098,037
Total financial liabilities	<u>66,924,552</u>	<u>68,259,374</u>

**34. Reconciliation of liabilities arising from financing activities**


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

	1 April 2022	Proceeds from financing (i)	Loan repayments (ii)	31 March 2023
Borrowings	21,099,006	-	(2,821,923)	18,277,083
	<u>21,099,006</u>	<u>-</u>	<u>(2,821,923)</u>	<u>18,277,083</u>

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

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





**BELIZE WATER SERVICES LIMITED**  
Financial Statements

For the year ended 31 March 2022



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

### **Opinion**

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

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

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Belize Water Services Limited in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- (i) exercise professional judgement and maintain professional skepticism throughout the audit.
- (ii) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (iii) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- (iv) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (v) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Belize Water Services Limited to continue as a going concern. If we should conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- (vi) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (vii) obtain sufficient audit evidence regarding the financial information of Belize Water Services Limited to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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



BDO Belize LLP

22 June 2022



## Belize Water Services Limited


### Statement of financial position


As at 31 March

(In Belize dollars)

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

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

Signature of Director:   
Cornelio Acosta (Jul 11, 2022 00:04 CDT)

Signature of Director:   
Cresencio Sosa

Print Name: Cornelio Acosta

Print Name: Cresencio Sosa Jr.

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**Belize Water Services Limited****Statement of comprehensive income**

For the year ended 31 March

*(In Belize dollars)*

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

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**Belize Water Services Limited****Statement of changes in equity**

For the year ended 31 March

*(In Belize dollars)*

	Attributable to equity holders of the Company					
	Share Capital	Contributed capital	Capital reserve	Revaluation reserve	Retained earnings	Total
<b>At 1 April 2020</b>	60,000,001	11,714,281	15,276,362	53,660,652	64,271,830	204,923,126
Profit for the year	-	-	-	-	3,256,310	3,256,310
Dividends declared (Note 32)	-	-	-	-	(507,599)	(507,599)
Land revaluation (Note 14)	-	-	-	(109,345)	-	(109,345)
<b>At 31 March 2021</b>	<b>60,000,001</b>	<b>11,714,281</b>	<b>15,276,362</b>	<b>53,551,307</b>	<b>67,020,541</b>	<b>207,562,492</b>
<b>At 1 April 2021</b>	60,000,001	11,714,281	15,276,362	53,551,307	67,020,541	207,562,492
Profit for the year	-	-	-	-	5,736,141	5,736,141
Dividends declared (Note 32)	-	-	-	-	(508,049)	(508,049)
<b>At 31 March 2022</b>	<b>60,000,001</b>	<b>11,714,281</b>	<b>15,276,362</b>	<b>53,551,307</b>	<b>72,248,633</b>	<b>212,790,584</b>

## Belize Water Services Limited

### Statement of cash flows

For the year ended 31 March

(In Belize dollars)

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

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

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## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 1. General information

Belize Water Services Limited (BWSL) ("Company") was incorporated by the Government of Belize on 22 January 2001 as the successor Company to the Water and Sewerage Authority ("WASA"). Belize Water Services Limited was vested with the assets and liabilities of WASA on 23 March 2001. The Company is majority owned by the Government of Belize.

The Company is the monopoly water and sewerage utility for the country of Belize, serving all the municipalities of the country as well as some 44 villages which are comprised of over 64,000 connections or approximately 270,000 consumers. The registered office is at 7 Central American Boulevard, Belize City, Belize.

Effective 1 January 2019, the Company acquired 100% of shares of Consolidated Water (Belize) Limited ("CWBL") for USD 7,000,000 which was funded by a loan from the Caribbean Development Bank. CWBL utilizes reverse osmosis technology to produce potable water from seawater and operates under a contractual agreement with BWSL to supply potable water on an exclusive basis to San Pedro, Ambergris Caye. CWBL was wound up on 15 January 2020 and merged with BWSL. Financial statements for the years ended 31 March 2022 and 2021 are presented on a basis of full merger of CWBL into BWSL.

#### 2. Summary of significant accounting policies

##### Basis of preparation

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

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

##### Foreign currency translation

###### *Functional and presentation currency*

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

###### *Transactions and balances*

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

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***2. Summary of significant accounting policies (continued)****Property, plant and equipment**

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

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

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

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

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

**Materials and supplies**

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

**Contract rights**

Contract rights are amounts due from customers for services performed or goods sold in the ordinary course of business and are stated at their amortized cost less any allowances for doubtful receivables. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The loss allowance is calculated based on lifetime expected credit losses including future expectations associated with the financial impact of the COVID-19 pandemic. Loss allowance for contract balances is \$2,314,000 for the year ended 2022. The carrying amount of current receivables is considered to be the same as their fair value, given their short term nature.

**Notes to the financial statements**

*(In Belize dollars)*

**2. Summary of significant accounting policies (continued)**

**Financial assets**

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

*Financial assets at fair value through profit or loss*

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

*Loans and receivables*

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

*Available-for-sale financial assets*

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

**Recognition and measurement**

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

**Cash and cash equivalents**

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

**Notes to the financial statements**

*(In Belize dollars)*

**2. Summary of significant accounting policies (continued)**

**Impairment of financial assets**

*Assets carried at amortized cost*

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

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

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

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

**Borrowings and borrowing costs**

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

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



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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

## **2. Summary of significant accounting policies (continued)**

### **Related parties**

An entity is related to the Company, if:

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

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

### **Government grants and other contributions**

#### *Government grants*

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

#### *Other contributions*

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

### **Trade and other payables**

Trade payables are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method.

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## **Belize Water Services Limited**

### **Notes to the financial statements**

*(In Belize dollars)*

#### **2. Summary of significant accounting policies (continued)**

##### **Trade and other payables (continued)**

The average credit period on purchases of goods approximates 104 days (2021: 89 days). No interest is charged on overdue payables; the Company has financial risk management policies in place to ensure all payables are paid within the agreed credit terms. Fair value of trade and other payables is considered to be the same as carrying value given the short-term nature of the liability.

##### **Security deposits**

Security deposits are recognized as a liability upon activation of new customer accounts. Security deposits are applied to accounts in arrears after Management has deemed the account as non-billable after a suitable timeframe has elapsed during which the Company has actively pursued collection without recourse. Security deposits net of arrears are refunded upon closing of the account.

##### **Liability provisions**

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

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation.

##### **Revenue from contracts with customers**

The Company is in the business of producing and selling potable water and providing ancillary services to the general public. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company acts as principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer. The Company complies with IFRS 15, Revenue from Contracts with Customers.

##### **Other income**

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

**Notes to the financial statements**

*(In Belize dollars)*

**2. Summary of significant accounting policies (continued)**

**Pension costs**

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

**Dividends**

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

**Impairment of non-financial assets**

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years.

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

**Financial instruments**

**a. *Recognition and derecognition of financial instruments***

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

Financial assets that are regular-way purchased or sold are recognized using the trade date that the Company commits to purchase or sell.

**Notes to the financial statements**

*(In Belize dollars)*

**2. Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

**a. Recognition and derecognition of financial instruments (continued)**

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

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

Financial assets are derecognized when:

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

On de-recognition, the Company recognizes the differences between carrying amount and consideration in profit or loss.

Financial liabilities are derecognized when, and only when the obligation specified in the contract is discharged or cancelled or expires. The gain or loss between the carrying value and amount paid is recognized in profit or loss.

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

**b. Classification and subsequent measurement of financial assets**

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

*i. Amortized cost*

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

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

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

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

**Notes to the financial statements**

*(In Belize dollars)*

**2. Summary of significant accounting policies (continued)**

**Financial instruments (continued)**

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

*iii. Fair value through profit or loss (FVTPL)*

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

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

**c. Classification and measurement of financial liabilities**

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

*Financial liabilities*

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

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

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

**Share capital**

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

**Intangible assets**

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

**Notes to the financial statements**

*(In Belize dollars)*

**2. Summary of significant accounting policies (continued)**

**Subsequent events**

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

**3. Financial risk management**

The Company's activities expose it to financial market risk, capital risk, liquidity risk, credit risk and operational risk. The overall risk management of the Company focuses on ensuring business continuity.

**Market risk**

Market risk is the risk that the value of a financial asset may be reduced because of changes in interest rates, currency exchange rates, stock prices, and other financial variables, as well as the reaction of market participants to political and economic events, whether by latent losses, as well as, potential profits. Management's objective is to manage market risk and monitor the risk exposures within acceptable parameters so as to optimize rates of return.

**Capital management risk**

*Capital management objectives, policies and approach*

- The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:
- To maintain the required level of stability of the Company thereby providing a degree of security to shareholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of shareholders', regulators and stakeholders.
- To maintain healthy capital ratios in order to support its business objectives and maximize shareholder value.

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## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 3. Financial risk management (continued)

##### Approach to capital management

The Company seeks to optimize the structure and sources of capital to enable it to consistently maximize returns to its shareholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of targets which are aligned to performance objectives and facilitate the Company's focus on the creation of value for shareholders.

The primary sources of capital used by the Company are equity shareholders' funds and borrowings.

The capital requirements are forecast periodically, and approvals are made by the Board.

The Company has had no significant changes in its policies and processes to its capital structure during the past year.

The Company has enacted appropriate policies to assist expanding its operations to future development within the urban and rural areas in the country of Belize. Developers are required to contribute to infrastructural works that ease the financial burden of expansion on the Company's resources. The Company operates under a monopoly license until 19 March 2026 which provides appropriate safeguards against political and economic events.

##### Gearing ratio

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

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

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

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

##### Liquidity risk

Liquidity risk is defined as the risk that the Company may encounter difficulties in obtaining funds to meet its commitments and obligations on time. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the availability of liquid funds.

**Notes to the financial statements**

*(In Belize dollars)*

**3. Financial risk management (continued)**

**Credit risk**

The Company's exposure to credit risk is the risk that a financial loss may take place if customers fail to meet their obligation arising mainly from credit sales. As at 31 March 2022 and 31 March 2021 the Company's trade receivables are concentrated within the country of Belize. The Government of Belize continues to be the largest customer with an outstanding balance as of 31 March 2022 of \$246,349 (2021 - \$173,840).

**Operational risk**

Operational risk is the risk of the potential loss, directly or indirectly, related to the processes of the Company, human resources, technology, infrastructure and other external factors that are not related to credit, market or liquidity risks, such as those arising from legal and regulatory requirements and the application of generally accepted corporate standards.

The objective of the Company is to manage operational risk in order to avoid financial losses and damage to the Company's reputation.

The structure to manage operational risk has been designed to segregate duties among owners, executors, control areas and areas in charge of compliance with policies and procedures. In order to establish such methodology, the Company has assigned resources to strengthen internal control and organizational structure allowing independence among business areas, risk control and record keeping. It includes a proper operational segregation of duties in recording, reconciliation and authorization which are documented through policies, processes, and procedures that include control and security standards.

The Internal Audit Department through its activities monitors compliance with control procedures and the severity of the related risks.

The Board of Directors and the Audit Committee have jointly assumed an active role in the identification, measurement, control and monitoring of operational risks and is responsible for understanding and managing these risks.

**4. Critical accounting estimates and judgments**

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

Useful lives of property, plant and equipment



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## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 4. Critical accounting estimates and judgments (continued)

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

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

#### Fair value measurements and valuation processes

The methodology used to revalue buildings was the estimated market value rates per square foot as provided by an independent consultant. The methodology for the revaluation of the water infrastructure assets utilized an average installation cost per foot, based on a costing breakdown which included pipes and fittings, bedding and restoration material, labor and supervision. Since the Company's engineering staff are the only available local personnel with the necessary expertise to conduct water infrastructure valuations, the team was responsible for the inspection and field work of this exercise. Where the installation dates were not known, reasonable estimates of the remaining useful life were determined using the condition of the asset.

#### Impairment of property, plant and equipment

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

#### Impairment allowance in respect of contract balances and other receivables

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

#### Impairment of contract rights

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

**Notes to the financial statements**

*(In Belize dollars)*

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

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

**New and amended accounting standards stipulated for adoption in fiscal 2022**

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

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

**New and amended accounting standards stipulated for adoption in fiscal 2023**

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

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

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

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

## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 6. Property, plant and equipment

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

As at 31 March 2022, the Company maintains insurance coverage from commercial fire associated perils and burglary including catastrophic perils over buildings, plant and equipment, and water tanks countrywide valued at \$62,023,930 (2020 - \$63,005,062).

#### 7. Intangible assets

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

## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 8. Materials and supplies

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

#### 9. Contract balances and other receivables

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

Allowance for doubtful debts consist of the following:

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

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

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

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

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***10. Cash and cash equivalents**

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

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

**11. Share capital**

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

	2022	2021
<b>Ordinary shares outstanding are held as follows:</b>		
Government of Belize	82.59%	82.59%
Social Security Board	10.00%	10.00%
Others	7.41%	7.41%
	<u>100.00%</u>	<u>100.00%</u>

**Special Rights Redeemable Preference Share**

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

*As to income*

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

*As to redemption*

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

*As to further participation*

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

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## Belize Water Services Limited

### Notes to the financial statements

(In Belize dollars)

#### 11. Share capital (continued)

##### Special Rights Redeemable Preference Share (continued)

###### *As to voting*

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

###### *As to purchase and transfers*

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

###### *As to appointment of Directors*

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

a. To appoint any person who is not an existing director; or

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

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

#### 12. Contributed capital

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

#### 13. Capital reserve

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

#### 14. Revaluation reserve

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

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***14. Revaluation reserve (continued)**

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

In 2020, Management obtained ten independent appraisals dated 13 March 2020, for several parcels of land located in San Pedro, Belize. Management is in process of obtaining land titles where appropriate for these properties through the Belize Ministry of Natural Resources and Lands Registry and Land Titles Unit. The valuations were deemed necessary to establish a lease at current fair market value. Appraisals were obtained from the certified appraisal firm of Mitchell-Moody Associates, Belize. Land valuations were derived based on a comparative sales basis using square footage values for similar properties recently sold in San Pedro. The revaluation reserve was increased by \$22,322,850 for these ten properties.

An additional appraisal from Mitchell-Moody Associates was obtained in the amount of \$977,500 for land acquired in the acquisition of Consolidated Water (Belize) Limited in 2019. The appraised value of this land was reallocated from contract rights as this intangible asset was originally valued at the time of acquisition without consideration of this acquired property. Note 4 discusses the impact of this transaction in further detail.

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

**15. Total contributions and total amortizations**

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

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

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

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

The loans are payable as follows:

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

(i) Unsecured \$27,660,000 Caribbean Development Bank loan #10 guaranteed by the Government of Belize (GOB) repayable by quarterly instalments. Average interest rate on the loan was 3.80% per annum for the year ended 31 March 2022. The loan has varying maturity dates at 2028 and 2031.

(ii) Unsecured \$16,800,000 Caribbean Development Bank loan #5 guaranteed by GOB repayable by quarterly instalments. Average interest rate on the loan was 2% per annum for the year ended 31 March 2022. The loan has a final maturity date in 2032.

(iii) Unsecured loan (Belize Wastewater Revolving Fund) with Government of Belize, under the GRT/FM-12724-RG grant from Inter-American Development Bank, repayable by quarterly instalments. Average interest rate on the revolving loan is 2.00% per annum. The loan has varying maturity dates at 2022 and 2027.

(iv) Unsecured loan #22 of USD 8,517,000 was signed between Caribbean Development Bank, and the Company on 25 September 2018. The purpose of this loan is to fund the 1) purchase of 100% of shares of CWBL from Consolidate Water Co. Ltd., a Cayman Island corporation, 2) expand the related water treatment plant and 3) invest in other related improvement projects. The loan is guaranteed by the Government of Belize. The loan is repayable in quarterly instalments after 2 years of expiry of the grace period at an interest rate of 4.5% per annum. Interest capitalization as agreed was USD \$130,235 (BZD \$262,750). No Draw down was made in fiscal year ended March 2022. Principal payments commenced October 2020.



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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***17. Debentures**

Under terms of the prospectus dated October 2020, the Company issued a \$50 million debenture offering on 2 October 2020. Debenture proceeds were targeted to be used for repayment of a loan from the Social Security Board, which was fully repaid in financial year 2021, and future capital projects for improving the quality of the water treatment and distribution system. Semi-annual interest payments will be made each 30th of December and June. The Central Bank of Belize (CBB), as fiscal agent, will manage the debenture's associated sinking fund account. The Company is responsible for ensuring that the sinking fund is adequately funded prior to the dates on which principal and interest are due. Sinking fund terms require an initial payment of \$1,000,000 on 31 October 2021. A second payment equivalent to four payments of \$375,000 or \$1,500,000 will be followed by quarterly transfers of \$1,101,369.29 thereafter. The schedule also assumes interest earnings of 1% on account totaling an estimated \$1,723,813 for total accumulation of \$40,569,000 by maturity date of December 2030.

	<b>Rate of</b>	<b>Maturity</b>	<b>2022</b>	<b>2021</b>
Series 1 Debentures	6.25%	31-Dec-30	40,569,000	40,569,000
			<u>40,569,000</u>	<u>40,569,000</u>
			<b>2022</b>	<b>2021</b>
Sinking fund			1,750,000	-
			<u>1,750,000</u>	<u>-</u>

**18. Trade and other payables**

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

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***19. Revenue from contracts with customers**

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

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

**20. Materials and other external costs**

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

**21. Staff costs**

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

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***22. Other operating charges**

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

**23. Other income**

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

**24. Finance costs**

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

**25. Taxation**

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

A General Sales Tax of 12.5% is charged on consumer spending that is collected in stages, at the point of importation of the business' purchases and on the sales of the business' goods and services when the goods are sold, or services are provided in country. The sale of water is classified as a zero-rated item and as such no input tax is collected on such sales. Output tax on purchases and importation are to be reimbursed to the Company after 4 months as prescribed by the GST Act 49 of 2005.

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**Belize Water Services Limited****Notes to the financial statements***(In Belize dollars)***26. Earnings per share**

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

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

**27. Depreciation and amortization grant income and contract rights**

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

**28. Related party transactions**

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

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

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

**Key management personnel**

The following information is presented only in respect of those employees of the Company who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). As at 31 March 2022, the number of key management was 9 (2021 - 9).

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

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

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

**29. Commitments and contingencies****Commitments**

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

**Contingencies**

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

**30. Pension plan**

Belize Water Services Limited operates a Defined Contribution Plan which receives a minimum of 5% gross salary from the Company and 3% from its employees. The Company pays an additional 1% of pensionable salary for each member with more than ten years of pensionable service. Additionally, the Company matches up to 3% for employees who opt to increase their voluntary contribution. The Plan is administered by an Independent Board of Trustees and the funds are held separately from those of the Company. During the year under review, the Company contributed \$720,020 (2021 - \$708,192) to the Plan.

**31. Significant non-cash financing activities**

During the reporting period, \$813,608 (2021 - \$816,492) being principal and interest payments made to the Caribbean Development Bank loan #5, and #10 on behalf of the Company for the period were forgone by the Government of Belize.

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

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

**33. Categories of financial instruments**

Most of the Company's funds are held in reputable banks in the form of cash. Other assets include receivables acquired in the normal course of business for providing services. Liabilities include accounts payable incurred in the normal course of business for supplies. Categorization is as follows:

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

**34. Reconciliation of liabilities arising from financing activities**

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

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

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

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

**Notes to the financial statements**

*(In Belize dollars)*

**35. Impact of Covid-19**

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

Management has implemented a formal plan to address the impact of the coronavirus on its operations to ensure the Company can continue to meet the country's demand for water services while ensuring for the safety of its employees.

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



# BELIZE WATER SERVICES LIMITED

**Financial Statements**

**For the year ended 31 March 2021**





**BELIZE WATER SERVICES LIMITED**

**Financial Statements and Independent Auditor's Report**

For the year ended 31 March 2021

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## INDEPENDENT AUDITOR'S REPORT

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

#### Report on the audit of the financial statements

##### Opinion

We have audited the financial statements of **Belize Water Services Limited (the Company)**, which comprises the statement of financial position as at 31 March 2021, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

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

##### Basis for opinion

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

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

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

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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



**MOORE**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of the Company. We remain solely responsible for our audit opinion;

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

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

*Woolf Wrayan LLP -*

**Chartered Accountants**  
**Belize City, Belize**  
**25 June 2021**

**BELIZE WATER SERVICES LIMITED**

Statement of financial position

As at 31 March 2021

In Belize dollars

	Notes	2021	2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	290,966,553	289,578,973
Intangible asset	6	5,979,319	6,440,331
Total non-current assets		296,945,872	296,019,304
<b>Current assets</b>			
Materials and supplies	7	7,565,286	8,266,659
Contract balances and other receivables	8	7,690,962	7,856,048
Cash and cash equivalents	9	22,471,703	5,827,445
Total current assets		37,727,951	21,950,152
<b>Total assets</b>		<b>334,673,823</b>	<b>317,969,456</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	10	60,000,001	60,000,001
Contributed capital reserve (Government of Belize)	11	11,714,281	11,714,281
Capital reserve on vesting	12	15,276,362	15,276,362
Revaluation reserve	13	53,551,306	53,660,652
Retained earnings		67,020,541	64,271,830
Total shareholders' equity		207,562,491	204,923,126
<b>Non-current liabilities</b>			
Capital contributions	14	36,464,701	33,541,843
Long term borrowings	15	20,858,565	47,251,062
Deferred income	27	17,604,685	17,402,061
Debentures	16	40,569,000	-
Total non-current liabilities		115,496,951	98,194,966
<b>Current liabilities</b>			
Current portion - borrowings	15	2,821,803	3,102,800
Trade and other payables	17	8,792,578	11,748,564
Total current liabilities		11,614,381	14,851,364
<b>Total liabilities</b>		<b>127,111,332</b>	<b>113,046,330</b>
<b>Total equity and liabilities</b>		<b>334,673,823</b>	<b>317,969,456</b>

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

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

Signature of Director:



Print Name:

Cornelio Acosta

Signature of Director:



Print Name:

Cresencio Sosa

**BELIZE WATER SERVICES LIMITED**

Statement of comprehensive income

For the year ended 31 March 2021

In Belize dollars

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

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

**BELIZE WATER SERVICES LIMITED**

Statement of changes in equity

For the year ended 31 March 2021

In Belize dollars

	Share capital	Contributed capital	Capital reserve	Revaluation reserve	Retained earnings	Total
<b>Balance as at 01 April 2019</b>	<b>60,000,001</b>	<b>11,714,281</b>	<b>15,276,362</b>	<b>31,337,802</b>	<b>56,998,516</b>	<b>175,326,962</b>
Profit for the year	-	-	-	-	8,034,297	8,034,297
Dividends declared (Note 30)	-	-	-	-	(760,983)	(760,983)
Land revaluation (Note 13)	-	-	-	22,322,850	-	22,322,850
<b>Balance as at 31 March 2020</b>	<b>60,000,001</b>	<b>11,714,281</b>	<b>15,276,362</b>	<b>53,660,652</b>	<b>64,271,830</b>	<b>204,923,126</b>
<b>Balance as at 01 April 2020</b>	<b>60,000,001</b>	<b>11,714,281</b>	<b>15,276,362</b>	<b>53,660,652</b>	<b>64,271,830</b>	<b>204,923,126</b>
Profit for the year	-	-	-	-	3,256,310	3,256,310
Dividends declared (Note 30)	-	-	-	-	(507,599)	(507,599)
Land revaluation (Note 13)	-	-	-	(109,346)	-	(109,346)
<b>Balance as at 31 March 2021</b>	<b>60,000,001</b>	<b>11,714,281</b>	<b>15,276,362</b>	<b>53,551,306</b>	<b>67,020,541</b>	<b>207,562,491</b>

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

**BELIZE WATER SERVICES LIMITED**

## Statement of cash flows

For the year ended 31 March 2021

In Belize dollars

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

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



# **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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## **1. General information**

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**Belize Water Services Limited (BWSL)** (the "Company") was incorporated by the Government of Belize on 22 January 2001 as the successor Company to the Water and Sewerage Authority ("WASA"). Belize Water Services Limited was vested with the assets and liabilities of WASA on 23 March 2001. The Company is majority owned by the Government of Belize.

The Company is the monopoly water and sewerage utility for the country of Belize, serving all the municipalities of the country as well, as some 44 villages which are comprised of over 62,000 connections or approximately 270,000 consumers. The registered office is at 7 Central American Boulevard, Belize City, Belize.

Effective 01 January 2019, the Company acquired 100% of shares of Consolidated Water (Belize) Limited ("CWBL") for USD 7,000,000 which was funded by a loan from the Caribbean Development Bank. CWBL utilised reverse osmosis technology to produce potable water from seawater and operates under a contractual agreement with BWSL to supply potable water on an exclusive basis to San Pedro, Ambergris Caye. CWBL was wound up on 15 January 2020 and merged with BWSL. Financials for the years ended 31 March 2021 and 2020 are presented on a basis of full merger of CWBL into BWSL.

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

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

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

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

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

### **2.2 New and revised IFRSs in issue but not yet effective**

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

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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

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

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

### **3. Significant accounting policies**

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#### **3.1 Statement of compliance**

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

#### **3.2 Basis of measurement**

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Certain asset categories, freehold and leasehold property and infrastructure, have been recorded at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies as follows.

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

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

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

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.3 Functional and presentation currency**

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

#### **3.4 Foreign currency transactions/translation**

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

#### **3.5 Property, plant and equipment**

##### **(i) Initial recognition and measurement**

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

##### **(ii) Subsequent measurement**

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

Any revaluation increase arising on the revaluation of freehold and leasehold property and infrastructure is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.5 Property, plant and equipment continued)**

##### **(iii) Depreciation**

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

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

Infrastructure assets comprise a network of underground systems. Expenditure on infrastructure assets relating to increases in capacity or enhancement of the network in accordance with defined standards of service is treated as an addition and included at cost and any grants and contributions are amortised over the life of the asset. Infrastructure assets are depreciated over their estimated useful lives.

##### **(iv) Derecognition**

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

#### **3.6 Materials and supplies**

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

#### **3.7 Contract balances**

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

The loss allowance is calculated based on lifetime expected credit losses including future expectations associated with the financial impact of the COVID-19 pandemic. Loss allowance for contract balances is BZD 2,132,211 for the year ended 2021. Impairment and details of Company's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 32. The carrying amount of current receivables is considered to be the same as their fair value, given the short term nature.

#### **3.8 Prepayments**

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.9 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of 3 months or less. Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

#### **3.10 Borrowings and borrowing costs**

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

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

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

#### **3.11 Government grants and other contributions**

##### **Government grants**

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

##### **Other contributions**

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

#### **3.12 Trade and other payables**

Trade payables represent amounts outstanding to vendors for goods and services obtained. Trade payables are measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

The average credit period on purchases of goods approximates 89 days (2020: 36 days). No interest is charged on overdue payables; the Company has financial risk management policies in place to ensure all payables are paid within the agreed credit terms. Fair value of trade and other payables is considered to be the same as carrying value given the short term nature of it.

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.13 Security deposits**

Security deposits are recognised as a liability upon activation of new customer accounts. Security deposits are applied to accounts in arrears after Management has deemed the account as non-billable after a suitable timeframe has elapsed during which the Company has actively pursued collection without recourse. Security deposits net of arrears are refunded upon closing of the account.

#### **3.14 Provisions**

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

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

#### **3.15 Revenue from contracts with customers**

- a. The Company is in the business of producing and selling potable water and providing ancillary services to the general public. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. IFRS 15, Revenue from Contracts with Customers became effective on periods starting 01 January 2018 or later, and is based around five steps in recognising revenue that the Company adheres to.
  - i. Identify the contract with the customer – the contract must be approved by the parties and should have commercial substance. The parties to the contract should also be able to identify their rights regarding the goods or services to be transferred, and the payment terms in relation to those goods or services. It must also be probable that consideration will be received for the goods or services transferred. Contracts with the same customer can be combined if specific criteria are met, for example the contracts are negotiated as a package, the amount of consideration is linked to the performance of another contract, or goods or service are a single performance obligation.
  - ii. Identify the performance obligations in the contract – these are distinct goods or services that are to be transferred to the customer. A good or service is distinct if the customer can benefit from the good or service either on its own or with other resources that are readily available to the customer and if the promise to transfer the good or service is separately identifiable from other promises in the contract. A good or service is still likely to be separately identifiable if it has a functional dependence on another, but not if this relationship has a ‘transformative’ effect.

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.15 Revenue from contracts with customers (continued)**

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

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

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

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

#### **c. Other income**

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

#### **3.16 Expense**

Expenses are recognised when related services have been provided.

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.17 Pension costs**

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

#### **3.18 Dividends**

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

#### **3.19 Impairment of non-financial assets**

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses (except for goodwill), the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

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

#### **3.20 Financial instruments**

##### **A. Recognition and derecognition of financial instruments**

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

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



## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.20 Financial instruments (continued)**

##### **A. Recognition and derecognition of financial instruments (continued)**

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

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

Financial assets are derecognised when:

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

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

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

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

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

##### **B. Classification and subsequent measurement of financial assets**

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

###### **i) Amortised cost**

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.20 Financial instruments (continued)**

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

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

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

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

##### **iii) Fair value through profit or loss (FVTPL)**

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

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

##### **C. Classification and measurement of financial liabilities**

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

##### **Financial liabilities**

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

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

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.20 Financial instruments (continued)**

##### **C. Classification and measurement of financial liabilities (continued)**

###### **Financial liabilities (continued)**

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

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

###### **Embedded derivatives**

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

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

###### **Compound financial instruments**

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

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

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

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

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

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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

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#### **3.21 Share capital**

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

#### **3.22 Intangible asset**

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

### **4. Critical accounting estimates and judgements**

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

#### **4.1 Useful lives of property, plant and equipment**

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

<b>Category</b>	<b>Years</b>
Freehold and leasehold property	25 to 40 years
Plant and equipment	3 to 10 years
Infrastructure	up to 75 years

#### **4.2 Fair value measurements and valuation processes**

The methodology used to revalue buildings was the estimated market value rates per square foot as provided by an independent consultant. The methodology for the revaluation of the water infrastructure assets utilised an average installation cost per foot, based on a costing breakdown which included pipes and fittings, bedding and restoration material, labour and supervision. Since the Company's engineering staff are the only available local personnel with the necessary expertise to conduct water infrastructure valuations, the team was responsible for the inspection and field work of this exercise. Where the installation dates were not known, reasonable estimates of the remaining useful life were determined using the condition of the asset.

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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### **4. Critical accounting estimates and judgements (continued)**

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#### **4.3 Impairment of property, plant and equipment**

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

#### **4.4 Impairment allowance in respect of contract balances and other receivables**

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

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

#### **4.5 Going concern**

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

#### **4.6 Impairment of contract rights**

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

**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

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**5. Property, plant and equipment**

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

As at 31 March 2021, the Company maintains insurance coverage from commercial fire associated perils and burglary including catastrophic perils over buildings, plant and equipment, and water tanks countrywide valued at BZD 63,005,062 (2020: 68,352,751).

**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

**5. Property, plant and equipment (continued)**

2020	Freehold and leasehold property  Valuation	Plant and equipment  Cost	Infrastructure RESTATED  Valuation	Construction in progress RESTATED  Cost	Total
<b>Cost</b>					
As at 01 April 2019	29,182,012	74,575,179	183,690,312	13,680,523	<b>301,128,026</b>
Additions	369,215	1,896,425	230,776	23,761,789	<b>26,258,205</b>
Transfers from construction in progress	2,215,754	1,820,377	16,487,603	(20,523,734)	-
Reclass CWBL Acc. Depr.	-	(4,389,268)	-	-	<b>(4,389,268)</b>
Disposals	(126,909)	(343,617)	(86,490)	-	<b>(557,016)</b>
Land revaluation	22,322,850	-	-	-	<b>22,322,850</b>
<b>As at 31 March 2020</b>	<b>53,962,922</b>	<b>73,559,096</b>	<b>200,322,201</b>	<b>16,918,578</b>	<b>344,762,797</b>

2020	Freehold with leasehold  Valuation	Plant and equipment  Cost	Infrastructure  Valuation	Construction in progress  Cost	Total
<b>Accumulated depreciation</b>					
As at 01 April 2019	(1,456,960)	(36,644,887)	(14,018,831)	-	<b>(52,120,678)</b>
Charge for the period	(319,592)	(3,903,123)	(3,269,498)	-	<b>(7,492,213)</b>
Reclass CWBL Acc. Depr.	-	4,389,268	-	-	<b>4,389,268</b>
Disposals/Reclasses	(22,629)	58,713	3,715	-	<b>39,799</b>
<b>As at 31 March 2020</b>	<b>(1,799,180)</b>	<b>(36,100,029)</b>	<b>(17,284,614)</b>	<b>-</b>	<b>(55,183,824)</b>

**Net book value**

<b>As at 31 March 2020</b>	<b>52,163,741</b>	<b>37,459,067</b>	<b>183,037,587</b>	<b>16,918,578</b>	<b>289,578,973</b>
As at 31 March 2019	27,725,052	37,930,290	169,671,484	13,680,523	249,007,349

**6. Intangible assets**

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

**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

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**6. Intangible assets (continued)**

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



**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

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**7. Materials and supplies**

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

Provision for obsolete materials and supplies consists of the following:

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

**8. Contract balances and other receivables**

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

Allowance for doubtful debts consists of the following:

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

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

**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

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**8. Contract balances and other receivables (continued)**

<b>2021</b>	<b>0 - 30</b>	<b>31 - 60</b>	<b>61 - 90</b>	<b>90 +</b>	<b>Total</b>
Expected credit loss %	0%	0%	90%	90%	
Gross carrying amount of contract balances	2,299,211	1,390,889	596,263	1,791,843	6,078,206
Lifetime expected loss			536,636	1,612,364	2,149,000
<b>2020</b>	<b>0 - 30</b>	<b>31 - 60</b>	<b>61 - 90</b>	<b>90 +</b>	<b>Total</b>
Expected credit loss %	0%	0%	0%	90%	
Gross carrying amount of contract balances	2,868,694	429,145	75,298	221,633	3,594,770
Lifetime expected loss	-	-	-	199,000	199,000

**9. Cash and cash equivalents**

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

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

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

**10. Share capital**

	<b>2021</b>	<b>2020</b>
<b>Authorised</b>		
66,666,666 ordinary shares of BZD 1.50 each	100,000,000	100,000,000
1 Special Rights Redeemable Preference Share	1	1
	100,000,001	100,000,001
<b>Issued and fully paid</b>		
40,000,000 ordinary shares (2020: 40,000,000) of BZD 1.50 each	60,000,000	60,000,000
Special Rights Redeemable Preference Share	1	1
	60,000,001	60,000,001

## BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

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### 10. Share capital (continued)

	2021	2020
<b>Ordinary shares outstanding are held as follows</b>		
Government of Belize	82.59%	82.59%
Social Security Board	10.00%	10.00%
Others	7.41%	7.41%
	<b>100.00%</b>	<b>100.00%</b>

#### Special Rights Redeemable Preference Share

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

##### As to income

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

##### As to redemption

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

##### As to further participation

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

##### As to voting

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

##### As to purchase and transfers

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

##### As to appointment of Directors

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

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

## BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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### 10. Share capital (continued)

#### Special Rights Redeemable Preference Share (continued)

As to appointment of Directors (continued)

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

### 11. Contributed capital

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

### 12. Capital reserve

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

### 13. Revaluation reserve

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

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

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

## BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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### 13. Revaluation reserve (continued)

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

### 14. Total contributions and total amortisations

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

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

### 15. Long-term debt

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

## BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

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### 15. Long-term debt (continued)

The loans are payable as follows:

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

(i) Secured BZD 22,000,000 Social Security Board (SSB) loan was obtained in January 2007 in order to refinance the previously held Alliance Bank of Belize loan. In December 2008, SSB approved a restructuring of the loan. This loan was paid off on 3 November 2020 from proceeds from the debenture issuance discussed in Note 16.

(ii) Unsecured BZD 27,660,000 Caribbean Development Bank loan #10 guaranteed by the Government of Belize (GOB) repayable by quarterly instalments. Average interest rate on the loan was 3.80% per annum for the year ended 31 March 2021. The loan has varying maturity dates at 2028 and 2031. There were no drawdowns for the current year 2020.

(iii) Unsecured BZD 16,800,000 Caribbean Development Bank loan #5 guaranteed by GOB repayable by quarterly instalments. Average interest rate on the loan was 2% per annum for the year ended 31 March 2021. The loan has a final maturity date in 2032. The loan was fully drawn down as at 31 March 2021.

(iv) Unsecured loan (Belize Wastewater Revolving Fund) with Government of Belize, under the GRT/FM-12724-RG grant from Inter-American Development Bank, repayable by quarterly instalments. Average interest rate on the revolving loan is 2.00% per annum. The loan has varying maturity dates at 2022 and 2027.

(v) Unsecured loan #22 of USD 8,517,000 was signed between Caribbean Development Bank, and the Company on 25 September 2018. The purpose of this loan is to fund the 1) purchase of 100% of shares of CWBL from Consolidate Water Co. Ltd., a Cayman Island corporation, 2) expand the related water treatment plant and 3) invest in other related improvement projects. The loan is guaranteed by the Government of Belize. The loan is repayable in quarterly instalments after 2 years of the expiry grace period at an interest rate of 4.5% per annum. Interest capitalization as per agreement was USD 130,235 (BZD 262,750). Draw down for the year was USD 44,098 (BZD 88,968). Principal payments commenced October 2020.

## BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

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### 16. Debentures

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

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

### 17. Trade and other payables

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

**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

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**18. Revenue from contracts with customers**

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

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

**19. Materials and other external costs**

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

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



**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

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**20. Staff costs**

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

**21. Other operating charges**

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

**22. Other income**

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

## BELIZE WATER SERVICES LIMITED

Notes to the financial statements

For the year ended 31 March 2021

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### 23. Finance costs

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

### 24. Taxation

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

A General Sales Tax of 12.5% is charged on consumer spending that is collected in stages, at the point of importation of the business' purchases and on the sales of the business' goods and services when the goods are sold or services are provided in country. The sale of water is classified as a zero rated item and as such no input tax is collected on such sales. Output tax on purchases and importation are reimbursed to the Company regularly after being carried forward after 4 months as prescribed by the GST Act 49 of 2005.

### 25. Earnings per share

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

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

### 26. Depreciation and amortisation grant income and contract rights

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

**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

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**27. Related party transactions**

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

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

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

**Social Security Board**

Loans

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

**Key management personnel**

The following information is presented only in respect of those employees of the Company who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). As at 31 March 2021, the number of key management was 9 (2020 - 9).

**Compensation of key management personnel**

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

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

## BELIZE WATER SERVICES LIMITED

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### 27. Related party transactions (continued)

#### Loans to key management personnel

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

Receivables from key managerial personnel comprised of staff loans approved to them. Staff loans for medical purposes bear interest of 5% per annum and all other purposes bear interest at 10% per annum. As at 31 March 2021, there are no outstanding staff loans to key management personnel.

### 28. Commitments and contingencies

#### Commitments

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

#### Contingencies

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

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

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

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

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

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

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### **28. Commitments and contingencies (continued)**

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#### **Contingencies (continued)**

Claim No. 200 of 2013 - Mark Menzies vs BWSL & Claim No. 260 of 2013 - Don Gillett et al vs BWSL

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

Suit No. 363 of 2019 - Kiana Craig vs BWSL

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

### **29. Pension plan**

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Belize Water Services Limited operates a Defined Contribution Plan which receives a minimum of 5% gross salary from the Company and 3% from its employees. The Company pays an additional 1% of pensionable salary for each member with more than ten years of pensionable service. Additionally, the Company matches up to 3% for employees who opt to increase their voluntary contribution. The Plan is administered by an Independent Board of Trustees and the funds are held separately from those of the Company. During the year under review, the Company contributed BZD 708,192 (2020 - BZD 730,657) to the Plan.

### **30. Significant non-cash financing activities**

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

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

### **31. Categories of financial instruments**

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Most of the Company's funds are held in reputable banks in the form of cash. Other assets include receivables acquired in the normal course of business for providing services. Liabilities include accounts payable incurred in the normal course of business for supplies. Categorisation is as follows:

## BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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### 31. Categories of financial instruments (continued)

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

### 32. Financial risk management

The Company's activities expose the Company to financial market risk, capital risk, liquidity risk, credit risk and operational risk. The overall risk management of the Company focuses on ensuring business continuity. This is done by:

#### Market risk

Market risk is the risk that the value of a financial asset may be reduced because of changes in interest rates, currency exchange rates, stock prices, and other financial variables, as well as, the reaction of market participants to political and economic events, whether by latent losses, as well as, potential profits. Management's objective is to manage market risk and monitor the risk exposures within acceptable parameters so as to optimise rates of return.

#### Capital management risk

##### Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to shareholders.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirements of the shareholders', regulators and stakeholders.
- To maintain healthy capital ratios in order to support its business objectives and maximise shareholders value.

## BELIZE WATER SERVICES LIMITED

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### 32. Financial risk management (continued)

#### Approach to capital management

The Company seeks to optimise the structure and sources of capital to enable it to consistently maximise returns to its shareholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risks which are aligned to performance objectives and facilitate the Company's focus on the creation of value for shareholders.

The primary sources of capital used by the Company are equity shareholders' funds and borrowings.

The capital requirements are routinely forecast periodically, and approvals are made by the Board.

The Company has had no significant changes in its policies and processes to its capital structure during the past year.

The Company has enacted appropriate policies to assist expanding its operations to future development within the urban and rural areas in the country of Belize. Developers are required to contribute to set up of infrastructural expansion which eases the financial burden of expansion on the Company's resources. The Company operates under a monopoly license until 19 March 2026 which provides appropriate safeguards against political and economic events.

#### Gearing ratio

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

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

#### Gearing ratio (continued)

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

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

**BELIZE WATER SERVICES LIMITED**

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

Liquidity risk - Liquidity risk is defined as the risk that the Company may encounter difficulties in obtaining funds to meet its commitments and obligations on time. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the availability of liquid funds.

Liquidity analysis as of 31 March 2021:

	On demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Carrying value
<b>Financial assets</b>						
Cash and cash equivalents	20,187,540	2,284,612	-	-	-	22,472,152
Trade and other receivables	3,346,885	917,629	596,243	1,810,364.00	-	6,671,121
	<b>23,534,425</b>	<b>3,202,241</b>	<b>596,243</b>	<b>1,810,364</b>	<b>-</b>	<b>29,143,273</b>
<b>Financial liabilities</b>						
Borrowings	-	-	2,821,803	12,250,946	8,607,619	23,680,368
Debentures	-	-	-	-	40,569,000	40,569,000
Trade payables	1,138,984	768,416	-	-	-	1,907,400
Other payables and accruals	-	3,297,889	-	-	-	3,297,889
	<b>1,138,984</b>	<b>4,066,305</b>	<b>2,821,803</b>	<b>12,250,946</b>	<b>49,176,619</b>	<b>69,454,657</b>
<b>Liquidity surplus/(gap)</b>	<b>22,395,441</b>	<b>(864,064)</b>	<b>(2,225,560)</b>	<b>(10,440,582)</b>	<b>(49,176,619)</b>	<b>(40,311,384)</b>

Liquidity analysis as of 31 March 2020:

	On demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Carrying value
<b>Financial assets</b>						
Cash and cash equivalents	3,567,373	2,260,072	-	-	-	5,827,445
Trade and other receivables	-	3,297,839	3,502,846	-	-	6,800,685
	<b>3,567,373</b>	<b>5,557,911</b>	<b>3,502,846</b>	<b>-</b>	<b>-</b>	<b>12,628,130</b>



**BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

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In Belize dollars

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

Liquidity analysis as of 31 March 2020:

	On demand	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Carrying value
<b>Financial liabilities</b>						
Borrowings	-	-	3,416,268	14,679,501	34,793,607	50,353,862
Trade payables	-	-	3,767,904	-	-	3,767,904
Other payables and accruals	-	-	4,399,933	-	-	4,399,933
	-	-	<b>11,584,104</b>	<b>14,679,501</b>	<b>34,793,607</b>	<b>58,521,699</b>
<b>Liquidity surplus/(gap)</b>	<b>3,567,373</b>	<b>5,557,911</b>	<b>(8,081,258)</b>	<b>(14,679,501)</b>	<b>(34,793,607)</b>	<b>(45,893,569)</b>

**Credit risk**

The Company's exposure to credit risk is the risk that a financial loss may take place if customers fail to meet their obligation arising mainly from credit sales. As at 31 March 2021 and 31 March 2020 the Company's trade receivables are concentrated within the country of Belize. The Government of Belize continues to be the largest customer with an outstanding balance as of 31 March 2021 of BZD 179,143 (2020 - BZD 243,776). The following table outlines the Company's credit risk geographically over the country of Belize:

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

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

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

## BELIZE WATER SERVICES LIMITED

Notes to the financial statements

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### 32. Financial risk management (continued)

#### Operational risk

Operational risk is the risk of the potential loss, directly or indirectly, related to the processes of the Company, human resources, technology, infrastructure and other external factors that are not related to credit, market or liquidity risks, such as those arising from legal and regulatory requirements and the application of generally accepted corporate standards.

The objective of the Company is to manage operational risk in order to avoid financial losses and damage to the Company's reputation.

The structure to manage operational risk has been designed to segregate duties among owners, executors, control areas and areas in charge of compliance with policies and procedures. In order to establish such methodology, the Company has assigned resources to strengthen internal control and organisational structure allowing independence among business areas, risk control and record keeping. It includes a proper operational segregation of duties in the recording, reconciliation and authorisation which are documented through policies, processes, and procedures that include control and security standards.

The Internal Audit Department through its activities monitors compliance with control procedures and the severity of the related risks.

The Board of Directors and the Audit Committee have jointly assumed an active role in the identification, measurement, control and monitoring of operational risks and is responsible for understanding and managing these risks.

### 33. Reconciliation of liabilities arising from financing activities

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

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

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

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

## **BELIZE WATER SERVICES LIMITED**

Notes to the financial statements

For the year ended 31 March 2021

In Belize dollars

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### **34. Subsequent events**

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

### **35. Going concern**

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

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

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

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

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