AUDITED FINANCIAL STATEMENTS OF THE GUYANA POWER AND LIGHT INC.

FOR THE YEAR ENDED
31 DECEMBER 2012

CONTRACTED AUDITORS:

NIZAM ALI & CO.
215 'C' CAMP ST.
NORTH CUMMINGSBURG
GEORGETOWN

AUDITORS: AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Audit Office of Guyana
P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, http://www.audit.org.gy

149/PC: 64/2/2013

14 May 2013

Mr. Winston Brassington
Chairman
Guyana Power and Light Inc.
15 Duke Street
Georgetown.

Dear Mr. Brassington,

AUDIT OF THE BOOKS AND ACCOUNTS OF THE
GUYANA POWER AND LIGHT, INC.
FOR THE YEAR ENDED 31 DECEMBER 2012

Please find attached ten (10) copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,

AUDIT OFFICE OF GUYANA

J. Dillon
Audit Manager
for Auditor General

AUDITED FINANCIAL STATEMENTS OF THE
GUYANA POWER AND LIGHT INC.
FOR THE YEAR ENDED 31 DECEMBER 2012

TABLE OF CONTENTS

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AG: 78/2013 14 May 2013

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE GUYANA POWER AND LIGHT, INC. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Chartered Accountants Nizam Ali and Company have audited on my behalf the financial statements of Guyana Power and Light Inc. for the year ended 31 December 2012, as set out on pages 2 to 29. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC) and those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements presents fairly, in all material respects, the financial position of the Guyana Power and Light Inc. as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.

AUDIT OFFICE OF GUYANA

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Nizam Ali & Company
Chartered Accountants
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North Cummingsburg
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REPORT OF CHARTERED ACCOUNTANTS
NIZAM ALI AND COMPANY
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA POWER AND LIGHT, INC.
FOR THE YEAR ENDED DECEMBER 31, 2012

AUDITORS' REPORT

To the Shareholder of Guyana Power and Light Inc.

We have audited the accompanying financial statements of Guyana Power and Light Inc. which comprise the statement of financial position as at December 31, 2012 and the statement of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Office of Guyana Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.

Nizam Ali & Company
Chartered Accountants
Georgetown, Guyana

May 13, 2013

Guyana Power and Light, Inc.
Statement of Financial Position
As at December 31, 2012
With comparative figures for 2011
(Expressed in Guyana Dollars)

ASSETS	**Notes**	**2012 $'000**	**2011 $'000**
Non current assets			
Property, plant and equipment	5	22,514,198	20,080,553
Intangible fixed assets	6	643,291	643,291
Work-in-progress	7	10,581,708	5,993,192
Deferred tax	8	-	1,965,201
		33,739,197	**28,682,237**
Current assets			
Taxes recoverable		9,828	9,828
Inventories	9	5,123,127	4,382,268
Receivables	10	5,368,663	4,587,394
Deposit	11	23,172	145,637
Related parties	12 (a)	2,991,807	2,514,631
Cash resources		693,933	69,035
		14,210,530	**11,708,793**
Total Assets		**47,949,727**	**40,391,030**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	21,486,755	15,486,755
Accumulated deficit		(12,987,457)	(5,319,565)
		8,499,298	**10,167,190**
Non current liabilities			
Deferred tax	8	781,322	-
Related parties	12 (c)	20,831,134	16,453,557
Advances customer financed projects	14	6,872,434	6,636,630
Provision for decommissioning	15	242,900	242,900
Customer deposits	16	1,597,616	1,422,654
Defined benefit pension	17	409,000	358,400
Loan	18	839,140	255,188
		31,573,546	**25,369,329**
Current liabilities			
Bank overdraft		-	190,320
Related parties	12 (b)	1,655,831	1,425,792
Loan	18	208,512	198,281
Deferred income	19	3,747	50,770
Payables	20	5,634,069	2,611,961
Taxation		374,724	377,387
		7,876,883	**4,854,511**
Total equity and liabilities		**47,949,727**	**40,391,030**

On behalf of the Board

....
CHAIRMAN

....
DIRECTOR

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

Guyana Power and Light, Inc.
Statement of Comprehensive Income
For the year ended December 31, 2012
With comparative figures for 2011
(Expressed in Guyana Dollars)

	Notes	2012 $'000	2011 $'000
Revenue			
Turnover		29,028,087	27,532,838
Expenditure			
Generation costs	21	27,078,136	25,872,951
		1,949,951	1,659,887
Other expenses			
Employment costs	22	2,606,846	2,449,161
Repairs and maintenance - T & D		164,265	155,703
Depreciation	23	2,187,520	1,964,638
Administrative expenses	24	1,088,362	1,216,567
Rates and taxes		24,518	12,383
Loss on exchange		62,649	7,076
Bad debts		419,721	408,291
PUC assessment and license		50,480	51,000
		6,604,361	6,264,819
Net loss from operations		(4,654,410)	(4,604,932)
Interest expenses		1,011,451	471,625
		(5,665,861)	(5,076,557)
Other income		793,091	541,420
Net comprehensive loss before taxation		(4,872,770)	(4,535,137)
Taxation	25	(2,795,122)	1,223,941
Net comprehensive loss for the year		(7,667,892)	(3,311,196)
Loss per share	26	(65)	(39)

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

Guyana Power and Light, Inc.
Statement of Changes in Shareholder's Equity
For the year ended December 31, 2012
With comparative figures for 2011
(Expressed in Guyana Dollars)

	Share capital *(Note 13)* $'000	Accumulated Surplus/ (Deficit) $'000	Total $'000
At January 1, 2011	13,986,755	(2,008,369)	11,978,386
Capital contribution during the year	1,500,000	-	1,500,000
Profit for the year	-	(3,311,196)	(3,311,196)
At December 31, 2011	**15,486,755**	**(5,319,565)**	**10,167,190**
At January 1, 2012	15,486,755	(5,319,565)	10,167,190
Capital contribution during the year	6,000,000	-	6,000,000
Net loss for the year	-	(7,667,892)	(7,667,892)
At December 31, 2012	**21,486,755**	**(12,987,457)**	**8,499,298**

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

Guyana Power and Light, Inc.
Statement of Cash Flows
For the year ended December 31, 2012
With comparative figures for 2011
(Expressed in Guyana Dollars)

	2012 $'000	2011 $'000
Cash flows from operating activities		
Net comprehensive loss before taxation	(4,872,770)	(4,535,137)
Adjustments for:		
Depreciation	2,187,520	1,964,638
Deferred Income	(47,024)	45,643
Defined pension benefit liability	50,600	40,200
Interest expense	1,011,451	471,625
Amortisation	(398,437)	(384,767)
	2,804,110	2,137,339
Operating loss before working capital changes	**(2,068,660)**	**(2,397,798)**
Working capital changes		
Receivables	(781,269)	280,273
Inventories	(740,859)	(373,628)
Payables	3,022,107	257,362
Related parties	(247,136)	(663,704)
	1,252,843	(499,697)
Cash used in operations	**(815,817)**	**(2,897,495)**
Taxes paid	(832,584)	(75,486)
Net cash outflow from operating activities	**(1,648,401)**	**(2,972,981)**
Cash flow from investing activities		
Purchase of intangible asset	-	(39,087)
Purchase of tangible fixed assets	(9,209,681)	(8,596,250)
Increase in deposit	122,465	72,858
Net cash outflow from investing activities	**(9,087,216)**	**(8,562,479)**
Cash flow from financing activities		
Non-current related parties	4,377,578	7,418,913
Net movement in loans	594,183	(185,027)
Capital contribution during the year	6,000,000	1,500,000
Interest paid	(1,011,451)	(471,625)
Customer deposits	174,962	119,791
Customer financed projects	634,241	209,557
	10,769,513	8,591,609
Net increase (decrease) in cash and cash equivalents	**33,896**	**(2,943,851)**
Cash and cash equivalents - January 1	(121,285)	2,822,566
Cash and cash equivalents - December 31	**(87,389)**	**(121,285)**
Represented By:		
Cash on hand and at bank	693,933	69,035
Bank overdraft	-	(190,320)
	693,933	(121,285)

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

1. Incorporation and Principal Activity

(i) Incorporation

The company was incorporated in the Cooperative Republic of Guyana on September 29, 1999 under the Companies Act, 1991.

(ii) Principal activity

The principal activity of the company is the generation and distribution of electricity in Guyana.

2. New standards and interpretations not yet adopted

The following new interpretation and amendments to existing guidance have been published and are effective for the current financial period but they do not have a significant impact on the Company's financial reporting.

IAS 24	Related Party Disclosures (Revised)
IFRS 7	Financial Instruments: Disclosures- Enhanced derecognition disclosures requirement
IAS 1	Presentation of Financial Statements
IAS 34	Interim Financial Reporting
IFRS 7	Financial Instruments: Disclosures
IFRIC 14	Prepayments of a minimum funding requirement

The following standards and amendments to existing guidance have also been published but are not mandatory for the current financial period. Except for IFRS 9, they are not expected to have a significant impact on the company's financial reporting.

IAS 32	Offsetting financial assets and financial liabilities
IAS 12	Income taxes (amendment)
IFRS 10	Consolidated financial statements
IFRS 11	Joint Venture
IFRS 12	Disclosures in interest in other entities
IFRS 13	Fair value measurement
IAS 1	Presentation of financial statements (amendment)
IAS 19	Employee benefits (amendment)
IFRIC 20	Stripping cost in the production phase of a surface mine.

IFRS 9 will be effective for the financial period beginning on November 1, 2013. It sets out a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in IAS 39. The approach of IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. Management is reviewing the provisions of this standard to determine the impact, if any, against current practices.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the previous year.

3.1 Basis of preparation

The financial statements are prepared in Guyana dollars in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention method as modified by the valuation of financial assets available for sale and financial assets at fair value through profit or loss and no account has been taken for the effects of inflation.

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the year. Actual results could differ from these estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The accounting standards as required by the Electricity Sector Reform Act , 1999 for tariff calculation has been applied as to:

- The terms and conditions of the company's licence
- Generally accepted accounting principles
- International Financial Reporting Standards (Inclusive of International Accounting Standards and Interpretations)

These financial statements were approved for issue by the Board of Directors on April 8, 2013.

3.2 Property, Plant and Equipment

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

Expenditure on assets, which will benefit the company economically for a period greater than the current financial accounting period, is capitalised and written off over the useful life of the assets.

Individual assets or group of items making up a single identifiable asset of value less than $10,000 is not capitalised but is expensed in the accounting period in which the costs are incurred.

The capitalised asset value of purchased assets is measured at the full cost of bringing the assets to working condition for the intended use. Self constructed assets are stated at the accumulated cost of purchased elements together with the element of internal cost incurred in constructing the asset. Borrowing costs that are directly attributable to the constructing of the tangible assets are capitalised as part of the cost of those asset. Capitalisation of borrowing costs ceases when the asset is brought into use.

Subsequent expenditure on existing assets is capitalised where the expenditure provides an enhancement of the economic benefits of the asset in excess of the previously assessed standard of performance.

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expended. A decrease in the carrying amount arising on the revaluation of the land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued building and machinery is recognised in the statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

3. Summary of significant accounting policies, continued

3.2 Property, plant and equipment, continued

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, 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. Depreciation of these assets on the same basis as other property assets commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated impairment losses.

Depreciation is recognised so as 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 the finance year and any changes in estimate is accounted for immediately.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where shorter the term of the relevant lease.

The 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 proceed and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Depreciation on all property, plant & equipment is charged on a straight-line basis. The following rates used are expected to write off the value of the assets over their useful economic lives:

	Vested Assets	New Assets
Land	Unlimited	Unlimited
Buildings	33 years	33 years
Generation Plant – New	20 years	20 years
Generation Plant – Mobile	N/A	10 years
Generation Plant – Other	10 years	10 years
Transmission & Distribution Networks	13 years	13 years
Motor Vehicles	2 years	5 years
Office and Computer Equipment	3 years	3 years

3.3 Impairment of long-lived assets

At the end of each reporting period, the company reviews the carrying amounts of its long-lived 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 in order to determine the extent of the impairment (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. Where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of the future cash flows have not been adjusted.

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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3. Summary of significant accounting policies, continued

3.3 Impairment of long-lived assets, continued

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that has been determined had no impairment loss been recognised for the asset (or cash-generating unit) in the prior years. Reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at the revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.4 Work-in-progress

Depreciation is not charged on work- in- progress. The useful life of assets capitalised from work in progress commences when the assets have been put into use.

3.5 Leased assets

Plant and equipment acquired under finance leases are included in the statement of financial position at their equivalent capital value and are depreciated over their expected useful lives. The interest element of the finance lease payments is charged to the statement of comprehensive income. Operating lease rentals are charged to the statement of comprehensive income on a straight line basis over the lease term.

3.6 Inventories - maintenance spares

These are valued at the lower of cost and net realisable value. The weighted average cost method is primarily used to determine cost.

3.7 Provision for bad and doubtful debts

Provision is made in these financial statements for amounts included in receivables of which the eventual cash realisation is considered remote. The provision has been estimated at 1.5% of turnover (excluding revenue from prepaid sales) based on previous experience and is provided for in thestatement of comprehensive income as at December 31, 2012.

3.8 Foreign currency

Functional and Presentation Currency

The company's financial statements are presented in Guyana Dollars. This is the currency of the primary economic environment in which the entity operates (its functional currency).

Transactions and Balances

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

3. Summary of significant accounting policies, continued

3.9 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past transaction and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable can be recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Turnover

Turnover comprises billed sales of electricity and services to customers. Rates payable by customers are determined by reference to the company's license.

3.11 Taxation

Taxation expense represents the sum of the statutory tax charge and deferred tax.

Statutory tax
The tax payable is based on the taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it includes items of income and expenses that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The current tax charge is calculated using tax rate that have been enacted at the date of the statement of financial position.

Deferred Tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax rates (and the tax laws) that have been enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current assets against current tax liability.

Statutory and deferred tax for the period
Current and deferred taxes are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside the statement of comprehensive income (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the statement of comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for business combination.

3. Summary of significant accounting policies, continued

3.12 Employee benefits

The company's pension scheme is managed independently by the Hand in Hand Trust Corporation Inc. Pension costs are assessed in accordance with the advice of independent actuaries. The Trust Deed requires an actuarial valuation at least every five years. The latest actuarial valuation for the scheme was as at December 31. 2012 which revealed a past deficit (refer to note 17).

The provisions in respect of the guaranteed post-employment benefits and the termination gratuities represent the present value of the obligations at the statement of financial position's date minus the fair value of any assets held to cover the obligations, together with adjustment for actuarial gains/losses. The obligations have been calculated by an independent actuary using hybrid method as charged or credited to income over the average remaining lives of the related employees.

3.13 Advances customer financed projects

The non-refundable amounts contributed by the Inter American Development Bank through the Government of Guyana. Guyana Power and Light Inc., the Government of Guyana and private customers in respect of capital works carried out under the Unserved Areas Electrification Programme (U.A.E.P.). are accounted for as deferred income which is amortised over the same period that the related asset is depreciated.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and short term highly liquid investments that are both readily convertible into known amounts of cash and so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

3.15 Comparatives

Certain comparatives were restated to conform with the presentation of the current year.

4. Critical accounting estimates and judgment in applying accounting policies

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the company's accounting policies. Management evaluates estimates and judgment incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) *Statutory taxes*
Provision is made for taxes at the tax rate effective at the date of the statement of financial position. Any additional tax due is provided for as a current tax expense.

(ii) *Provisions*
Provisions are made for expenses relating to the current year for which there is no set amount to be incurred. These amounts are best estimates based on the closest comparable amount.

Judgment in applying the company's policies

The company exercises judgment in the following areas:
- Provisions for bad debts
- Depreciation
- Pension obligation
- Intangible fixed asset
- Deferred income

5. **Property, plant and equipment**

	Land and Buildings $'000	Generation Facilities $'000	Transmission & Distribution Facilities $'000	Motor Vehicles $'000	Furniture & Equipment $'000	Total $'000
Cost/Valuation						
January 1,	1.062.014	19.840.167	11,991,059	153.518	749,064	33.795.822
Additions	4.993	673.781	3,878,821	40,096	23,474	4,621,165
December 31.	1.067,007	20,513.948	15,869,880	193,614	772,538	38,416,987
Depreciation						
As at January 1.	243,911	7,384.437	5,224,193	136.359	726,369	13,715.269
Charged for the year	23,889	1.266.052	905,679	11.375	(19,475)	2,187,520
December 31.	267,800	8,650.489	6,129,872	147,734	706,894	15,902,789
Net Book Values:						
As at December 31. 2012	799,207	11.863.459	9.740,008	45.880	65,644	22,514,198
As at December 31, 2011	818,103	12,455.730	6,766,866	17,159	22,695	20,080,553

6. **Intangible Asset**

	2012 $ '000	2011 $ '000
Balance at beginning of year	643,291	604,204
Additions	-	39,087
Balance at end of year	643.291	643.291

This represents the cost of the Customer Information System (CIS) and Pre-Paid software that were capitalised based on the recognition criterias set out under the International Accounting Standard (IAS) 38. This standard prescribes an assessment for impairment at the end of each reporting year in accordance with IAS 36.

7. Work-in-progress

	2012 $'000	2011 $'000
Balance - January 1	5,993,192	2,688,030
Additions	8,477,718	7,885,183
CWIP Expensed/Reversed from Contribution	-	-
Transfers to Stock	-	-
Transfers to Tangible Fixed Assets	(3,889,202)	(4,580,021)
Balance - December 31	**10,581,708**	5,993,192

Work - in - progress represents amount spent on tangible fixed assets which have not been completed at the end of the financial year.

8. Deferred tax assets and liabilities are attributable to the following

	2012 $'000	2011 $'000
Deferred Tax		
Balance at beginning of year	1,965,201	689,998
Movement	(2,746,523)	1,275,203
Balance at end of year	**(781,322)**	**1,965,201**
Components of deferred tax		
Unused tax losses (see note)	-	2,515,607
Timing difference	(781,322)	(550,406)
	(781,322)	1,965,201

Note
During the year the management has taken a decision to discontinue recognising deferred tax asset on unused tax loss until there is sufficient evidence that the company will have ssufficient taxable profit to offset. All previously recognised deferred tax asset has been derecognised in the current year. The unused tax loss at Decemeber 31, 2012 on which no deferred tax asset is recognised amounts to

9. Inventories

	2012 $'000	2011 $'000
Fuel	590,684	635,695
Spares	3,520,651	2,325,615
Goods in Transit	1,011,792	1,420,958
	5,123,127	**4,382,268**

The recoverable amount for the inventory on hand at the end of the year approximates the current market prices. Majority of these items are expected to be utilised within twelve (12) months.

10. Receivables

		2012 $'000	2011 $'000
	Customer accounts	9,546,985	9,564,818
	Others	2,649,609	1,430,786
		12,196,594	10,995,604
	Less		
(i)	Provision for bad debts (i)	(6,827,931)	(6,408,210)
		5,368,663	4,587,394

(i) A general provision of 1.5% on turnover excluding revenue from prepaid sales.

11. Deposit accounts

		2012 $'000	2011 $'000
	Letters of Credit	12	12
(i)	Republic Bank (Guyana) Ltd. - Cash Collateral A/cs	1,517	1,536
(ii)	Unserved Areas Electrification Programme Counterpart A/c	21,643	144,089
(iii)	Unserved Areas Electrification Programme IDB A/c	-	-
Total		23,172	145,637

(i) Represents amounts held against letters of credit for the purchase of supplies from Hexing Electrical Company Limited for the use in the Unserved Areas Electrification Programme.

(ii) & (iii) These represent funds received from the Government of Guyana in respect of the Unserved Areas Electrification Programme and the Additional Unserved Areas Electrification Programme. The use of these funds is restricted to these programmes.

12. Related parties

		2012 $'000	2011 $'000
(a)	**Current assets**		
(i)	Agent - Bill Direct	184,264	184,264
(ii)	Receivable- Guyana Sugar Corporation	2,807,543	2,330,367
		2,991,807	2,514,631
(b)	**Current liabilities**		
(i)	Guyana Electricity Corporation - Customer Deposits	12	12
(ii)	Related Party Payable-Guysuco	1,289,491	1,059,453
(iii)	Government of Guyana - Petro Caribbean Loan	366,328	366,327
		1,655,831	1,425,792
(c)	**Non-current liabilities**		
(i)	Government of Guyana - Infrastructural development	5,940,469	4,779,626
(ii)	Government of Guyana - Petro Caribbean Loan	13,898,900	10,932,731
(iii)	Government of Guyana - IDB Loan	991,765	741,200
		20,831,134	16,453,557

12. Related parties, continued

(a)(i) This represents amount owed by collection agent - Bill Direct for remittances received from GPL's customers which were not remitted to GPL. This matter has since been addressed legally by the company's internal and external lawyers.

(ii) This represents amount owing by Guyana Sugar Corporation for Heavy Fuel Oil loaned and/or utilised from GPL's inventory.

(b)(i) This represents the amount remaining due to the Guyana Electricity Corporation for amounts collected on its behalf in respect of electricity sold prior to the incorporation of Guyana Power & Light, Inc. in accordance with the Operation and Agency Agreement. These were written off in 2009 and the balance represents the amount that is still owing as a result of a stale dated cheque.

(ii) This represents amount owing to the Guyana Sugar Corporation for electricity purchased under the Power Purchase Agreement.

(iii) This represents financing under the Petrocaribe Loan Agreement between the Government of Guyana and the Guyana Power & Light Inc. towards the purchase of five (5) Caterpillar sets and for financing of three (3) capital projects. Interest is charged at 3% per annum and repayment is over a fifteen (15) year period, which commenced in December 2010.

(c)(i) This represents financing under the GPL Infrastructure Development Project -Government Concessional Loan Agreement between the Government of Guyana and the Export-Import Bank of China. Interest is charged at 4% per annum and repayment is over a twelve (12) year period, with a five (5) years moratorium.

(ii) See b(iii) above.

(iii) This represents an agreement with the Government of Guyana through the International Development Bank (IDB) to finance the extension of the distribution system for Unserved Areas, the setup of a Loss Reduction Programme and to support the negotiation of Power Purchase Agreements.

13. Stated / issued capital

		Number	Minimum Issue Price $	2012 Value $'000	2011 Value $'000
Authorised:					
(i)	Common shares	Unlimited	100	-	-
(ii)	Class A Preference Shares	12,000,000	100	-	-
(iii)	Class B Preference Shares	12,000,000	100	-	-
	Special Share	1	100	-	-
Issued:					
(iv)	Common shares	55,074,228	182	9,999,361	9,999,361
(v)	Net liabilities to common shares	18,496,667	182	3,366,394	3,366,394
(vi)	Promissory note to common shares	3,450,000	180	621,000	621,000
(vii)	Conversion of subsidy	8,241,758	182	1,500,000	1,500,000
New issues:					
(viii)	Conversion of subsidy	32,967,033	182	6,000,000	-
		118,229,686		21,486,755	15,486,755

All shares are owned by the Co-operative Republic of Guyana.

(i) The company is authorised to issue an unlimited amount of common shares at a minimum price of G$100.

(ii) In 2004, all Class A preference shares were automatically and permanently converted to 12,000,000 common shares of G$180 each.

(iii) In 2005, all class B preference shares were converted to common shares retroactively to October 1, 2004.

(v)& (vi) In 2010 the Government of Guyana approved the retroactive conversion of G$3.336B in net liabilities and a G$621M promissory note to common shares.

(vii) During 2011 the company converted G$1.5B of fuel subsidy granted by the Government of Guyana (GOG) to share capital.

(viii) During 2012 the company converted G$6B of fuel subsidy granted by the Government of Guyana (GOG) to share capital.

14. Advances customer financed projects

In accordance with the accounting policy described in note 3.13, the following capital contributions received from the Inter American Development Bank, the Government of Guyana and private customers are amortised over the period that the related asset (transmission and distribution network) is depreciated.

	2012 $'000	2011 $'000
Contributions:		
At January 1	8,483,025	8,273,468
Contributions during the year	634,241	209,557
At December 31	9,117,266	8,483,025
Amortisation:		
At January 1	(1,846,395)	(1,461,628)
Amortisation during the year	(398,437)	(384,767)
At December 31	(2,244,832)	(1,846,395)
Net deferred income at December 31	6,872,434	6,636,630

15. Provision for decommissioning

This provision was made at incorporation to be utilised for the future cost of decommissioning certain generation facilities as and when they arise. Management has reviewed this amount and has considered it adequate as at December 31, 2012.

16. Customer deposits

This represents monies collected from customers prior to the provision of service. Up to October 31, 2011 interest was accrued at the rate of 7% per annum. Subsequently, the rate of interest has been reduced to 2.4% per annum.

Amounts initially paid by customers along with accumulated interest are refunded when customers cease to utilise the service.

17. Defined benefit pension scheme

(a) Description of scheme

The Guyana Power and Light Inc.'s Pension Plan is managed independently by the Hand in Hand Trust Corporation Inc. and continues to operate under the original name Guyana Electricity Corporation Superannuation Scheme as a hybrid between a defined contributions scheme and a final pension scheme in that the benefit paid on retirement is either:

(i) A pension payable for life based on completed service and final average salary at retirement, or

(ii) The benefit otherwise payable on termination of service, which is a refund of members' own contributions with interest plus, if the member has more than 10 years service, the company's contributions with interest.

(iii) The number of permanent employees at the end of the period was 802 (2011 - 795).

(b) Items for inclusion in the statement of financial position.

	2012 $'000	2011 $'000
Defined benefit obligation	3,369,500	2,568,900
Fair value of assets as per actuarial valuation	(2,268,200)	(2,017,100)
	1,101,300	551,800
Unrecognised (loss)	(692,300)	(193,400)
Net IAS 19 defined benefit liability	409,000	358,400

17. Defined benefit pension scheme, continued

(c) Reconciliation of opening and closing statement of financial position entries

	2012 $'000	2011 $'000
Opening defined benefit liability	358,400	318,200
Plus net pension cost	127,600	113,700
Less:		
Company contributions paid	(77,000)	(73,500)
	409,000	358,400

(d) Items for inclusion in the statement of comprehensive income

	2012 $'000	2011 $'000
Current service cost	123,600	110,500
Interest on defined benefit obligation	125,700	114,100
Expected return on scheme assets	(121,700)	(110,900)
	127,600	113,700

(e) Actual return on scheme assets

	2012 $'000	2011 $'000
Expected return on scheme assets	121,700	110,900
Actuarial gain on scheme assets	108,000	43,500
Actual return on scheme assets	229,700	154,400

(f) Summary of main assumptions

	2012 % pa	2011 % pa
Discount rate	5	5
Salary increases	8	8
Expected return on assets	6	6

18. Loan

		2012 $'000	2011 $'000
(i)	Republic Bank (Guyana) Limited - US$	105,382	202,234
(ii)	Republic Bank (Guyana) Limited	130,270	251,235
(iii)	Republic Bank (Guyana) Limited	812,000	-
		1,047,652	453,469
	Repayable within one year	208,512	198,281
	Repayable within two to five years	27,140	255,188
	Repayable after five years	812,000	-
		839,140	255,188
		1,047,652	453,469

18. Loan, continued:

(i) This loan was initially taken from Republic Bank Limited - Trinidad and was transferred to Republic Bank (Guyana) Limited in 2010. It is repayable over a 10 year period. The principal sum was US$ 3.1 M and repayment commenced in 2004 with interest charged at 10% per annum over the USD prime rate.

(ii) This loan is repayable over a 10 year period. The principal sum was G$ 1,117 M and repayment commenced in 2004. Interest is charged at 3% per annum below Republic Bank (Guyana) Limited prime rate.

(iii) This loan is repayable over a 10 year period. The principal sum was G$ 1,015 M and repayment commenced in 2013. Interest is charged at 8% per annum.

Security
The company's long-term debt is secured by a debenture, granting charges on all its assets, except those purchased subsequent to the establishment of the debenture agreement.

19. Deferred income

	2012 $'000	2011 $'000
	3,747	50,770

This represents prepaid services sold at the end of the year but not consumed. The company's policy is to account for 90% of prepaid sales in any given month as deferred income.

20. Payables

	2012 $'000	2011 $'000
Trade creditors	3,931,299	2,009,176
Employment costs	157,662	77,163
Other accruals	1,545,108	525,622
	5,634,069	2,611,961

21. Generation costs

	2012 $'000	2011 $'000
Fuel	24,089,144	22,430,300
Fuel agency fee	63,384	52,922
Operations and maintenance contract	1,458,272	1,321,872
Purchased power	215,731	299,834
Repairs and maintenance - generation facilities	907,835	698,595
Rental of equipment - generation	343,770	1,069,428
	27,078,136	25,872,951

22. Employment costs

	2012 $'000	2011 $'000
Gross salaries	2,435,242	2,293,080
Social security costs	94,284	88,642
Pension costs	77,320	67,439
	2,606,846	2,449,161

23. Depreciation

	2012 $'000	2011 $'000
Buildings	23,889	23,869
Plant and machinery	1,266,052	1,008,468
Transmission and distribution networks	905,679	839,433
Motor vehicles	11,375	18,854
Equipment	(35,295)	34,185
Computer equipment	15,820	39,829
	2,187,520	1,964,638

24. Administrative expenses

		2012 $'000	2011 $'000
Administrative Expenses		1,088,362	1,216,567

The following expenses were charged in the above amounts:

Repairs and maintenance	- Motor vehicles & tools	40,278	33,053
	- Buildings	21,412	28,066
	- Equipment	12,670	27,009
Audit Fees		8,836	7,428

25. Taxation

	2012 $'000	2011 $'000
Property tax	48,599	51,262
Total current taxes	48,599	51,262
Derecognition of deferred tax asset	2,515,607	-
Origination of timing differences - others	230,916	(1,275,203)
Total Deferred Taxes	2,746,523	(1,275,203)
	2,795,122	(1,223,941)

Reconciliation of effective tax rate	2012 $'000	2012 $'000
Net comprehensive loss before tax	(4,872,770)	(4,535,137)
Corporation tax calculated at the enacted rate	(1,461,830)	(1,360,540)
Valuation allowance	1,461,830	-
Derecognition of deferred tax asset	2,515,607	-
Deferred Tax -Pension Liability	230,220	(12,060)
Tax rate adjustment - prior year	-	98,226
Expenses not deductible for tax purposes	696	(829)
Property taxes	48,599	51,262
Total tax included in statement of comprehensive income	2,795,122	(1,223,941)

26. Earnings per share in dollars

Earnings per share is calculated by dividing the net profit by weighted average number of common shares outstanding during the year.

	2012 $'000	2012 $'000
Net loss after taxation	(7,667,892)	(3,311,196)
Divided by: Weighted average number of ordinary shares	118,229,686	85,262,653
Loss per share in dollars	(65)	(39)

27. Foregone revenues

During the period, the Company maintained its policy of foregoing revenues where actual rates charged to customers were lower than that determined by the licence. Under its licence, the company has the option of including foregone revenues as a notional expense in determining future rates of electricity payable by customers.

Foregone revenues for the years 2003 to 2012 amounted to G$27.866bn of which G$6.398bn was utilized as notional expenses in computing the Final Return Certificate for 2012.

28. Compensation to key management personnel

The remuneration paid to 29 (2011- 32) key management personnel during the year was as follows:

	2012 $'000	2011 $'000
(a) Short-term employee benefits	331,074	312,420
(b) Post-employment benefits	6,222	6,477
	337,296	318,897

29. Contingencies

(a) The company is a defendant or plantiff in several matters for which the ultimate liability or asset of the company, if any, has not been determined. Management does not believe that the outcome of these proceedings will have material adverse effect on the company's result of operations and accordingly no provision is necessary.

(b) No provision for decommissioning has been made for the new Kingston power plant.

30. Financial instruments and financial risk management

Categories of financial instruments

Financial instruments as at the date of the statement of financial position include loans, receivables, borrowings and payables.

The company classifies financial instruments as follows:

(i) Held to maturity assets

These comprise primarily of non- derivative instruments with fixed or determinable payments and fixed maturities that management intends to hold to maturity.

(ii) Loans and receivables

These comprise of non- derivative instruments with fixed or determinable payments that are not quoted in an active market.

(iii) Financial liabilities at amortised cost

Financial liabilities which are not classified as fair value through profit and loss are classified as financial liabilities measured at amortised cost.

	Loans and receivables $'000	Financial liabilities $'000	Total $'000
December 31, 2012			
Financial assets			
Receivables	5,368,663	-	5,368,663
Deposits	23,172	-	23,172
Related parties	2,991,807	-	2,991,807
Cash resources	693,933	-	693,933
	9,077,575	-	9,077,575
Financial liabilities			
Customers deposits	-	1,597,616	1,597,616
Related parties	-	22,486,965	22,486,965
Loans	-	1,047,652	1,047,652
Payables	-	5,634,069	5,634,069
	-	30,766,302	30,766,302

30. **Financial instruments and financial risk management, continued**

	Loans and receivables $'000	Financial liabilities $'000	Total $'000
December 31, 2011			
Financial assets			
Receivables	4,587,394	-	4,587,394
Deposits	145,637	-	145,637
Related parties	2,514,631	-	2,514,631
Cash resources	69,035	-	69,035
	7,316,697	-	7,316,697
Financial liabilities			
Customers deposits	-	1,422,654	1,422,654
Related parties	-	17,879,349	17,879,349
Loans	-	453,469	453,469
Payables	-	2,611,961	2,611,961
Bank overdraft	-	190,320	190,320
	-	22,557,753	22,557,753

Risks arising from financial instruments

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk, and foreign exchange risk. These risks are inherent to the company's operation and management of these risks lies with the Board of Directors whose objective is to identify, assess, monitor and control in an effort to minimise these risks in order to increase profitability.

The main financial risks affecting the company are as follows:

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

30. Financial instruments and financial risk management, continued

(i) Credit risk, continued

Except as detailed in the following table, the carrying amount of financial assets recognised in the financial statements which is net of impairment loss, represents the company's maximum exposure to credit risk. The company does not require collateral.

The following tables shows the company's maximum exposure. It does not include those assets that are not deemed to give rise to credit risks.

On statement of financial position

	2012 $'000	2011 $'000
Receivables	5,368,663	4,587,394
Deposits	23,172	145,637
Related parties	2,991,807	2,514,631
Cash resources	693,933	69,035
	9,077,575	7,316,697

Cash at bank does not have collateral given the nature of the banking industry and assets acquired prior to incorporation of Guyana Power and Light, Inc. are pledged as security for loans.

Management of investment and cash resources

Table showing exposure by location

	Guyana $'000	North America $'000	Others $'000	Total $'000
December 31, 2012				
Financial assets				
Receivables	3,364,535	2,004,127	-	5,368,662
Deposits	21,655	1,517	-	23,172
Related parties	2,991,807	-	-	2,991,807
Cash resources	688,593	5,340	-	693,933
	7,066,590	2,010,984	-	9,077,574
Financial Liabilities				
Customer deposits	1,597,616	-	-	1,597,616
Related parties	2,647,596	13,898,902	5,940,467	22,486,965
Loans	1,047,652	-	-	1,047,652
Payables	1,846,220	3,787,849	-	5,634,069
	7,139,084	17,686,751	5,940,467	30,766,302
Net liability gap	(72,494)	(15,675,767)	(5,940,467)	(21,688,728)

30. Financial instruments and financial risk management, continued

(i) Credit risk, continued

Management of investment and cash resources, continued

	Guyana	North America	Others	Total
December 31, 2011				
Financial assets				
Receivables	4,587,394	-	-	4,587,394
Deposits	145,637	-	-	145,637
Related parties	2,514,631	-	-	2,514,631
Cash resources	69,035	-	-	69,035
	7,316,697	-	-	7,316,697
Financial Liabilities				
Customer deposits	1,422,654	-	-	1,422,654
Related parties	1,425,793	11,673,930	4,779,626	17,879,349
Loans	453,469	-	-	453,469
Payables	1,520,912	1,091,049	-	2,611,961
Bank overdraft	190,320	-	-	190,320
	5,013,148	12,764,979	4,779,626	22,557,753
Net liability gap	2,303,549	(12,764,979)	(4,779,626)	(15,241,056)

30. Financial instruments and financial risk management, continued

(ii) Liquidity risk

Management of the company's liquidity lies with the Board of Directors. This is managed using forecasted cash flows and negotiated credit from financial institutions.

	Up to one year $'000	Two to five years $'000	Over five years $'000	Total $'000
December 31, 2012				
Assets				
Receivables	5,368,663	-	-	5,368,663
Deposits	23,712	-	-	23,712
Related parties	2,991,807	-	-	2,991,807
Cash and bank	693,593	-	-	693,593
Total assets	9,077,775	-	-	9,077,775
Liabilities				
Customers deposits	6,510	26,040	1,565,066	1,597,616
Related parties	1,655,831	7,189,628	13,641,506	22,486,965
Loans	203,922	65,914	777,816	1,047,652
Payables	5,634,069	-	-	5,634,069
Total liabilities	7,500,332	7,281,582	15,984,388	30,766,302
Net assets/ liabilities	1,577,443	(7,281,582)	(15,984,388)	(21,688,526)

30. Financial instruments and financial risk management, continued

(ii) Liquidity risk, continued

	Up to one year $'000	Two to five years $'000	Over five years $'000	Total $'000
December 31, 2011				
Assets				
Receivables	4,587,394	-	-	4,587,394
Deposits	145,637	-	-	145,637
Related parties	2,514,631	-	-	2,514,631
Cash and bank	69,035	-	-	69,035
Total assets	7,316,697	-	-	7,316,697
Liabilities				
Customers deposits	6,510	26,040	1,390,104	1,422,654
Related parties	1,425,792	5,035,429	11,418,128	17,879,349
Loans	198,281	255,188	-	453,469
Payables	2,611,961	-	-	2,611,961
Bank overdraft	190,320	-	-	190,320
Total liabilities	4,432,864	5,316,657	12,808,232	22,557,753
Net assets/ liabilities	2,883,833	(5,316,657)	(12,808,232)	(15,241,056)

30. Financial instruments and financial risk management, continued

(iii) Interest rate risk, continued

December 31, 2012	Weighted average effective interest rate %	Up to one year $'000	Two to five years $'000	Over five years $'000	Non interest bearing $'000	Total $'000
Assets						
Receivables		-	-	-	5,368,663	5,368,663
Deposits		23,172	-	-	-	23,172
Related parties		-	-	-	2,991,807	2,991,807
Cash and bank		-	-	-	693,933	693,933
		23,172	-	-	9,054,403	9,077,575
Liabilities						
Customers deposit	6	6,510	26,040	1,565,066	-	1,597,616
Related parties	3.25	366,328	7,189,628	13,275,181	1,655,828	22,486,965
Loans	10	203,922	65,914	777,816	-	1,047,652
Payables		-	-	-	5,634,069	5,634,069
		576,760	7,281,582	15,618,063	7,289,897	30,766,302
Interest sensitivity gap		(553,588)	(7,281,582)	(15,618,063)	1,764,506	(21,688,727)

December 31, 2011

December 31, 2011	Weighted average effective interest rate %	Up to one year $'000	Two to five years $'000	Over five years $'000	Non interest bearing $'000	Total $'000
Assets						
Receivables		-	-	-	4,587,394	4,587,394
Deposits		145,637	-	-	-	145,637
Related parties		-	-	-	2,514,631	2,514,631
Cash and bank		-	-	-	69,035	69,035
		145,637	-	-	7,171,060	7,316,697
Liabilities						
Customers deposit	6	6,510	26,040	1,390,104	-	1,422,654
Related parties	3.25	366,327	5,035,429	11,051,800	1,425,793	17,879,349
Loans	10	198,281	255,188	-		453,469
Payables		-	-	-	2,611,961	2,611,961
Bank overdraft		190,320	-	-	-	190,320
		761,438	5,316,657	12,441,904	4,037,754	22,557,753
Interest sensitivity gap		(615,801)	(5,316,657)	(12,441,904)	3,133,306	(15,241,056)

30. Financial instruments and financial risk management, continued

(iv) Foreign exchange risk

Foreign currency risk management lies with the Board of Directors. The company is exposed to this risk primarily from trading. They have not entered into any contractual arrangement to mitigate this risk but they maintain an appropriate amount of liquid funds in the respective currencies to settle liabilities as the need arises.

The following table details the sensitivity to an increase or decrease in the Guyana dollars against the United States Dollars. This shows a decrease of profit amounting to G$107,660 (2011 G$164,468), if the exchange rate is to increase by 1%.

	Financial Assets $'000	Financial Liabilities $'000	Net Liability $'000	% Change $'000	Impact on profit $'000
December 31, 2012					
G$ equivalent of US Dollars	2,010,985	12,776,979	(10,765,994)	1	(107,660)
December 31, 2011					
G$ equivalent of US Dollars	6,792	16,453,556	(16,446,764)	1	(164,468)

(v) Capital risk

The company manages its capital, represented by total shareholders equity on its statement of financial position, to ensure that it will be able to continue operating into the foreseeable future while maximising the return to the shareholders.