Guyana Power and Light, Inc.
Statement of Financial Position
As at December 31, 2015
With comparative figures for 2014
(Expressed in Guyana Dollars)

ASSETS	Notes	2015 $'000	2014 $'000
Non-current assets			
Property, plant and equipment	**5**	33,867,504	34,327,514
Intangible assets	**6**	674,824	643,291
Work-in-progress	**7**	1,123,431	2,607,416
		35,665,759	**37,578,221**
Current assets			
Inventories	**9**	3,643,995	4,438,419
Receivables	**10**	5,387,487	5,048,442
Deposits	**11**	28,975	135,312
Related parties	**12 (a)**	7,954,708	4,018,803
Deposit on shares	**18**	828,000	-
Cash resources		7,316,214	3,908,063
		25,159,379	**17,549,039**
Total Assets		**60,825,138**	**55,127,260**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	**13**	23,118,244	23,118,244
Accumulated deficit		(13,275,652)	(16,617,779)
		9,842,592	**6,500,465**
Non-current liabilities			
Deferred tax	**8**	-	-
Related parties	**12 (c)**	29,938,279	30,596,827
Advances customer financed projects	**14 (b)**	4,699,841	5,327,084
Provision for decommissioning	**15**	242,900	242,900
Customer deposits	**16**	2,184,966	1,859,102
Defined benefit liability	**17 (c)**	1,386,000	1,100,400
		38,451,986	**39,126,313**
Current liabilities			
Related parties	**12 (b)**	6,840,441	4,199,539
Advances customer financed projects	**14 (a)**	692,981	673,782
Deferred income	**19**	24,076	25,747
Payables	**20**	4,973,062	4,601,414
		12,530,560	**9,500,482**
Total equity and liabilities		**60,825,138**	**55,127,260**

On behalf of the Board of Directors

………………………. **…………………**
CHAIRMAN ***DIRECTOR***

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

Guyana Power and Light, Inc.
Statement of Profit or Loss and Other Comprehensive Income
For the year ended December 31, 2015
With comparative figures for 2014
(Expressed in Guyana Dollars)

	Notes	2015 $'000	2014 $'000
Revenue		30,042,915	31,268,305
Expenditure			
Generation costs	21	(16,089,268)	(24,790,066)
		13,953,647	**6,478,239**
Other expenses			
Employment costs	22	(3,543,424)	(3,135,328)
Repairs and maintenance - T & D		(233,527)	(211,475)
Depreciation	23	(3,341,637)	(2,446,946)
Administrative expenses	24	(2,023,446)	(1,639,243)
Rates and taxes		(41,167)	(32,000)
Property tax		(55,244)	(19,752)
Loss on exchange		(883)	(33,418)
Bad debts		(412,374)	(434,641)
PUC assessment and license		(50,000)	(50,099)
		(9,701,702)	**(8,002,902)**
Profit (loss) from operations		**4,251,945**	**(1,524,663)**
Interest expenses		(1,601,739)	(929,672)
		2,650,206	(2,454,335)
Other income		847,621	1,105,940
Profit (loss) before taxation		**3,497,827**	**(1,348,395)**
Taxation	25	-	363,399
Profit (loss) for the year		**3,497,827**	**(984,996)**
Other comprehensive loss			
Remeasurement of defined benefit		(155,700)	(45,600)
Related tax		-	13,680
Other comprehensive loss net of tax		**(155,700)**	**(31,920)**
Total comprehensive income (loss)		**3,342,127**	**(1,016,916)**
Earnings (loss) per share	26	26	(8)

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, 2015
With comparative figures for 2014
(Expressed in Guyana Dollars)

	Share capital *(Note 13)* $'000	Accumulated Deficit $'000	Total $'000
At January 1, 2014	23,118,244	(15,600,863)	7,517,381
Total comprehensive loss			
Loss for the year	-	(984,996)	(984,996)
Other Comprehensive loss net of tax	-	(31,920)	(31,920)
At December 31, 2014	**23,118,244**	**(16,617,779)**	**6,500,465**
At January 1, 2015	23,118,244	(16,617,779)	6,500,465
Total comprehensive income			
Profit for the year	-	3,497,827	3,497,827
Other Comprehensive loss net of tax	-	(155,700)	(155,700)
At December 31, 2015	**23,118,244**	**(13,275,652)**	**9,842,592**

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, 2015
With comparative figures for 2014
(Expressed in Guyana Dollars)

	2015 $'000	2014 $'000
Cash flows from operating activities		
Profit (loss) before taxation	3,497,827	(1,348,395)
Adjustments for:		
Depreciation	3,341,637	2,446,946
Deferred income	(1,671)	10,150
Defined pension benefit liability	285,600	160,100
Interest expense	1,601,739	929,672
Amortisation of customer finance project	(695,499)	(694,687)
Loss on remeasurement of pension liability	(155,700)	(45,600)
Operating profit before working capital changes	**7,873,933**	**1,458,186**
Working capital changes		
Receivables	(339,045)	(185,615)
Inventories	794,424	1,045,631
Payables	371,648	401,077
Related parties	(1,295,003)	1,408,130
Net cash inflow from operating activities	**7,405,957**	**4,127,409**
Cash flow from investing activities		
Purchase of tangible fixed assets	(1,397,642)	(4,219,140)
Purchase of intangible fixed assets	(31,533)	-
Interest capitalised	-	(116,005)
Increase in deposit	106,337	(88,181)
Net cash outflow from investing activities	**(1,322,838)**	**(4,423,326)**
Cash flow from financing activities		
Non-current related parties	(658,549)	1,536,126
Net movement in loans	-	(25,927)
Deposit on shares	(828,000)	-
Interest paid	(1,601,739)	(2,623)
Customer deposits	1,021,364	150,760
Customer financed projects	(608,044)	141,657
Net cash (outflow) inflow from financing activities	**(2,674,968)**	**1,799,993**
Net increase in cash and cash equivalents	**3,408,151**	**1,504,076**
Cash and cash equivalents - January 1	3,908,063	2,403,987
Cash and cash equivalents - December 31	**7,316,214**	**3,908,063**
Represented By:		
Cash on hand and at bank	**7,316,214**	**3,908,063**

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. Changes in accounting policies and disclosures

2.1 *New and amended standards and interpretations adopted*

Annual improvements to the IFRS's 2010-2012 Cycle in accordance with the International Financial Reporting Standards which were adopted in the current financial year are:

o IFRS 2 – Share based payments- The amendment defines performance condition and service condition to clarify various issues.

o IFRS 3 – Business combination- The amendment clarifies that all contingent consideration arrangements classified as liabilities or assets arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39.

o IFRS 8 –Operating segments- The amendment clarifies that an entity must disclose the judgement made by management in applying the aggregation criteria including a brief description of operating segments that have been aggregated and economic characteristics used to assess whether the segments are similar.

The amendment also clarifies that the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

o IFRS 13 – Fair value measurement- The amendment clarifies the basis of conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

o IAS 16 & IAS 38– Property, plant and equipment & Intangible assets- The amendment clarifies that the methodology for performance of revaluation and computation of accumulated depreciation/ amortisation.

o IAS 24 – Related party disclosure- The amendment clarifies that a management entity that provides key management personnel services is a related party subject to related party disclosures. In addition an entity that uses a management entity is required to disclose the expense incurred for management services.

Annual improvements to the IFRS's 2011-2013 Cycle in accordance with the International Financial Reporting Standards which were adopted in the current financial year are:

o IFRS 2 – Share based payments- The amendment defines performance condition and service condition to clarify various issues.

o IFRS 1 – First time adoption of IFRS- The amendment clarifies that an entity may choose to apply either a current standard or new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements.

2. Changes in accounting policies and disclosures, continued

2.1 *New and amended standards and interpretations adopted, continued*

o IFRS 3 –Business combination- The amendment clarifies that joint arrangements, not just joint ventures, are outside the scope of IFRS 3.

o IFRS 13 – Fair value measurement- The amendment clarifies that the portfolio exception in IFRS 14 can be applied not only to financial assets and financial liabilities but also to other contracts within the scope of IFRS 9.

o IAS 40 – Investment property- The amendment clarifies the meaning of ancillary services.

In addition, the following amendments have been adopted into the financial statements.

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The amendment clarifies that, if the amount of contributions from employees or third parties is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contribution to the periods of the service.

IAS 32 Offsetting Financial Assets and Financial Liabilities- Amendment to IAS 32.

The Amendment clarifies the meaning of 'currently have a legally enforceable right to set-off'. The amendment also clarifies the application of the IAS 32 offsetting criteria to settlement system.

The amendment clarifies that rights to set-off must not only be legally enforceable in the normal course of business, but must also be enforceable in the event of default and the event of bankruptcy or insolvency of all the counterparties to the contract, including the reporting entity itself. The amendment also clarifies the rights to set-off must not be contingent on a future event.

IAS 36 Recoverable Amount Disclosure for Non- Financial Assets

The amendment to IAS 36 clarifies the disclosure requirement in respect of fair value less costs of disposal. The amendment removes the requirement to disclose the recoverable amount for each cash generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant.

In addition, the IASB added two disclosure requirement:

- Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less cost of disposal.

- Information about the discount rates that have been used when the recoverable amount is based on fair value less cost of disposal using a present value technique.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting- Amendment to IAS 39

The amendment is in effect a relief from hedge accounting requirements, and will allow entities to better reflect hedge relationships in the circumstances in which the novation exception applies.

The adoption of these amendments did not have any material effect on the Company's financial statements.

2. Changes in accounting policies and disclosures, continued

2.2 *New and amended standards and interpretations not yet adopted*

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

IFRS 9 - Financial Instruments. Effective January 1, 2018
May change the measurement and presentation of many financial instruments depending on their contractual cash flows and business models under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

IFRS 15- Revenue from Contracts with Customers. Effective January 1, 2017
The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to customers.

Disclosure Initiative amendments to IAS 1. Effective January 1, 2016
The amendment clarifies, the materiality requirement in IAS 1, that specific line items in the statement(s) of profit and loss and OCI and the statement of financial position may be disaggregated, that entities have flexibility as to the order in which they present the Notes to financial statements and that the share of OCI of associates and Joint Ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will be subsequently reclassified to profit or loss.

Amendments to IAS 16 and IAS 38- Clarification of acceptable methods of depreciation and amortisation. Effective January 1, 2016

The amendment clarifies the principle in IAS 16 property, plant and equipment and IAS 38 intangible assets that revenue reflects a pattern of economic benefits that are generated from operating a business rather than the economic benefits that are consumed through use of the asset.

Entities currently using revenue -based amortisation methods for property, plant and equipment will need to change their current amortisation approach to an acceptable method.

Annual improvements to IFRS's 2012 -2014 cycle effective January 1, 2016

- IFRS 5 – *Non- current asset held for sale and discontinued operations* - The amendment clarifies that changing from one disposal method to another would not be considered a new plan of disposal, rather it is a continuation of the original plan.

- IFRS 7 – *Financial instruments: Disclosures*- The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset.

- IAS 19 – *Employee benefits* - The amendment clarifies that market depth of high quality corporate bond is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. Where there is no deep market for high quality corporate bond in that currency, government bond rates must be used.

- IAS 34 – Interim financial reporting- The amendment clarifies that the required interim financial disclosures must either be in the interim financial statements or incorporated by cross reference between the interim financial statements and whether they are included within the interim financial report.

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 judgement 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 27, 2016.

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.

3. Summary of significant accounting policies, continued

3.2 Property, plant and equipment, continued

Depreciation on revalued building and machinery is recognised in the statement of profit or loss and other 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.

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 financial 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 profit or loss and other 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. Summary of significant accounting policies, continued

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 profit or loss and other comprehensive income, 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, 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 profit or loss and other 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 profit or loss and other comprehensive income. Operating lease rentals are charged to the statement of profit or loss and other comprehensive income on a straight line basis over the lease term.

3.6 Inventories

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 the statement of profit or loss and other comprehensive income as at December 31, 2015.

3. Summary of significant accounting policies, continued

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 profit or loss and other comprehensive income in the period in which they arise.

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 Revenue

Revenue 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 profit or loss and other 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.

3. Summary of significant accounting policies, continued

3.11 Taxation, continued

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 profit or loss and other comprehensive income, except when they relate to items that are recognised outside the statement of profit or loss and other comprehensive income (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the statement of profit or loss and other 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.

3.12 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 once every three years. The latest actuarial valuation for the scheme was done as at December 31, 2014 which revealed a past service deficit.

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. Summary of significant accounting policies, continued

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 also reclassified to conform with current year presentation.

4. Critical accounting estimates and judgement 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 judgement 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.

Judgement in applying the company's policies

The company exercises judgement in the following areas:

- Provisions for bad debts
- Depreciation
- Pension obligation
- Intangible assets
- Deferred income

5. Property, plant and equipment

2015

	Land and buildings $'000	Generation facilities $'000	Transmission & distribution facilities $'000	Motor vehicles $'000	Furniture & equipment $'000	Total $'000
Cost/Valuation						
January 1,	1,133,449	27,855,329	24,982,368	360,711	873,192	55,205,049
Additions	47,337	1,518,694	1,037,411	195,793	82,392	2,881,627
December 31,	**1,180,786**	**29,374,023**	**26,019,779**	**556,504**	**955,584**	**58,086,676**
Depreciation						
As at January 1,	318,515	11,073,975	8,496,851	194,527	793,667	20,877,535
Charged for the year	26,609	1,533,318	1,657,697	75,453	48,560	3,341,637
December 31,	**345,124**	**12,607,293**	**10,154,548**	**269,980**	**842,227**	**24,219,172**
Net Book Values:						
As at December 31, 2015	**835,662**	**16,766,730**	**15,865,231**	**286,524**	**113,357**	**33,867,504**

5. Property, plant and equipment, continued

2014

	Land and buildings $'000	Generation facilities $'000	Transmission & distribution facilities $'000	Motor vehicles $'000	Furniture & equipment $'000	Total $'000
Cost/Valuation						
January 1,	1,081,019	20,521,583	19,563,863	207,724	801,890	42,176,079
Additions	52,430	7,333,746	5,418,505	152,987	71,302	13,028,970
December 31,	**1,133,449**	**27,855,329**	**24,982,368**	**360,711**	**873,192**	**55,205,049**
Depreciation						
As at January 1,	293,039	9,878,213	7,331,577	165,651	762,109	18,430,589
Charged for the year	25,476	1,195,762	1,165,274	28,876	31,558	2,446,946
December 31,	**318,515**	**11,073,975**	**8,496,851**	**194,527**	**793,667**	**20,877,535**
Net Book Values:						
As at December 31, 2014	814,934	16,781,354	16,485,517	166,184	79,525	34,327,514

6. Intangible assets

	2015 $ '000	2014 $ '000
Balance at beginning of year	643,291	643,291
Additions	31,533	-
Balance at end of year	674,824	643,291

This represents the cost of software that were capitalised based on the recognition criteria 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

	2015 $'000	2014 $'000
Balance - January 1	2,607,416	11,301,240
Additions	449,420	3,148,048
Interest capitalised	-	116,005
Transfers to tangible fixed assets	(1,891,344)	(11,957,877)
Transfers to intangible assets	(32,309)	-
Transfers to inventory and expense	(9,752)	-
Balance - December 31	**1,123,431**	**2,607,416**

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:

	2015 $'000	2014 $'000
Deferred tax		
Balance at beginning of year	-	(377,078)
Movement	-	377,078
Balance at end of year	**-**	**-**
Components of deferred tax		
Unused tax losses (see note)	2,714,326	816,102
Pension liability	415,800	330,120
Timing difference	(3,130,126)	(1,146,222)
	-	-

Note

Management has taken a decision to recognise deferred tax asset on unused tax loss to the extent that deferred tax liability arises on taxable temporary differences. Crystalisation of deferred tax liability would result where the company has taxable profit. Should the company have taxable profit in the future, tax losses will offset the effect of tax arising on such profit.

The total tax loss at the end of 2015 is $16,431,478,000. The unused tax loss at December 31, 2015 on which no deferred tax asset is recognised amounts to $7,383,725,000 (2014- $16,342,058,000).

9. Inventories

	2015 $'000	2014 $'000
Fuel	376,395	556,942
Spares	3,029,651	3,504,248
Goods in-transit	237,949	377,229
	3,643,995	**4,438,419**

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

	2015 $'000	2014 $'000
Customer accounts	12,582,956	11,529,383
Others	723,845	1,025,999
	13,306,801	**12,555,382**
Less		
Provision for bad debts (i)	(7,919,314)	(7,506,940)
	5,387,487	**5,048,442**

(i) The company makes an annual provision of 1.5% of turnover net of prepaid sales.

11. Deposits

		2015 $’000	2014 $’000
(i)	Letters of Credit	12	12
(ii)	Republic Bank (Guyana) Ltd. - Cash Collateral A/cs	1,495	1,514
(iii)	Unserved Areas Electrification Programme Counterpart A/c	3,095	2,502
(iv)	Unserved Areas Electrification Programme IDB A/c	2,831	8,748
(v)	Bank of Guyana IDB Project (Power Utility Upgrade Program)	21,542	122,536
Total		**28,975**	**135,312**

(ii) 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.

(iii) & (iv) 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.

(v) The Government of the Co-operative Republic of Guyana (GOG) and the Inter-American Development Bank signed a financing agreement on the October 10, 2014 for the execution of the Power Utility Upgrade Program for the enhancement of operational efficiency and corporate performance. The Program is also co-financed by the European Union's Caribbean Investment Facility (CIF) through a Project Specific Grant (PSG).

12. Related parties

		2015 $’000	2014 $’000
(a)	**Current assets**		
(i)	Agent - Bill Direct	183,636	183,636
	Impairment provision	(183,636)	(183,636)
		-	-
(ii)	Receivable- Guyana Sugar Corporation	4,054,735	4,018,803
(iii)	Skeldon Energy Inc.	3,899,973	-
		7,954,708	**4,018,803**
(b)	**Current liabilities**		
(i)	Guyana Electricity Corporation - Customer deposits	12	12
(ii)	Government of Guyana - Petro Caribbean Loan	4,370,041	3,491,540
(iii)	Government of Guyana - Infrastructural development project	1,415,974	707,987
(iv)	Skeldon Energy Inc.	717,048	-
(v)	Government of Guyana - Capital expenditure	337,366	-
		6,840,441	**4,199,539**
(c)	**Non-current liabilities**		
(i)	Government of Guyana - Infrastructural development project	7,079,871	7,787,859
(ii)	Government of Guyana - Petro Caribbean Loan	12,891,540	13,770,038
(iii)	Related Party Payable-Guysuco	1,948,095	1,872,179
(iv)	Government of Guyana - IDB Loan	724,785	724,785
(v)	Government of Guyana - Capital expenditure	7,293,988	6,441,966
		29,938,279	**30,596,827**

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. Despite receiving judgment from the High Court in its favour, management has assessed the recoverability of this amount as remote and has accordingly recognised an impairment provision.

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

(iii) This amount comprises of: (1) a loan of eleven million Untied States Dollars (USD11M)- The terms of repayment of this loan is currently being finalised; and (2) expenses paid on behalf of the SEI- the company intends to offset amounts payable for purchased power (see b (iv)) against this amount.

(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 financing under the Petrocaribe Loan Agreement between the Government of Guyana and the Guyana Power & Light Inc. for the procurement of 20.7MW and 15.6MW Kingston Wartsila Power Plants, 26MW Vreed-en-Hoop Wartsila Power Plant, 69KV Transmission Lines and five (5) Caterpillar sets. Interest is charged at 3% per annum and repayment is over a fifteen (15) year period.

(iii) This represent 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) year moratorium.

(iv) This amount represents the cost of purchased power for the period April 2015 to December 2015.

(v) This represent two loans from the Government of Guyana for capital expenditure in the sum of: (1) four billion seven hundred and seventy million Guyana Dollars (G$4,770,000,000) and (2) twelve million and sixty five thousand United States Dollars (USD12,065,000).

The terms of repayment of these loans are as follows:

(1) Interest at the rate of 3% per annum shall be capitalised as part of the loan for the first two years. The sum of $4,770,000,000 plus interest capitalised for the first two years shall be repaid in fifteen equal annual installments commencing on November 14, 2016. The rate of interest on this loan is 3% per annum.

(2) Interest at the rate of 3% per annum shall be capitalised as part of the loan for the first two years. The sum of USD12,065,000 plus interest capitalised for the first two years shall be repaid in fifteen equal annual installments commencing on October 29, 2017. The rate of interest on this loan is 3% per annum.

(c) (i) See b (iii) above.

(ii) See b (ii) above.

(iii) This represents amount owing to the Guyana Sugar Corporation for electricity purchased under the Power Purchase Agreement. No interest is being charged on this amount.

(iv) This represents an agreement with the Government of Guyana through the Inter- American 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. No interest is being charged on this

(v) See b (v) above.

13. Stated / issued capital

		Number	Minimum Issue Price $	2015 Value $'000	2014 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
(viii)	Conversion of subsidy	32,967,033	182	6,000,000	6,000,000
New issues:					
(ix)	Conversion of subsidy	5,494,505	182	1,000,000	1,000,000
(x)	Conversion of grant	3,469,720	182	631,489	631,489
		127,193,911		**23,118,244**	**23,118,244**

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.

(ix) During 2013 the company converted G$1B of subsidy granted by the Government of Guyana (GOG) to share capital.

(x) During 2014 the company converted proceeds from IDB grant drawn to date 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.

	2015 $'000	2014 $'000
Contributions:		
At January 1	9,357,197	9,215,544
Contributions during the year	87,456	141,653
At December 31	9,444,653	9,357,197
Amortisation:		
At January 1	(3,356,335)	(2,661,648)
Amortisation during the year	(695,499)	(694,687)
At December 31	(4,051,834)	(3,356,335)
Net deferred income at December 31	**5,392,819**	**6,000,862**

		2015 $'000	2014 $'000
(a)	**Current liabilities**		
	Capital Contributions (CFP)	223,766	218,075
	Capital Contribution Rural Electrification	-	6,920
	Capital Contributions (UAEP) Government	199,367	199,266
	Capital Contributions (GOG)	269,848	249,521
		692,981	**673,782**
(b)	**Non-Current liabilities**		
	Capital Contributions (CFP)	1,047,269	1,196,438
	Capital Contribution Rural Electrification	-	-
	Capital Contributions (UAEP) Government	858,544	1,053,245
	Capital Contributions (GOG)	2,794,028	3,077,401
		4,699,841	**5,327,084**

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 on an ongoing basis reviews this amount and its adequacy. As at December 31, 2015 management considered this amount to be adequate.

16. Customer deposits

This represents monies for security deposits collected from customers prior to the provision of service. Up to October 31, 2011 interest was accrued at the rate of 7% per annum. Pursuant to a request made by GPL to the Public Utilities Commission 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. 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 the members' own contributions with interest and if the member has more than 10 years pensionable service, the company's contributions along with the interest.

(b) Funding

Members pay regular contribution of 5% of salaries. The company meets the balance of the cost of funding the defined benefits. Currently it pays a contribution of 7% of salaries. The company expects to pay $93.7 million to the pension plan in 2016.

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

	2015 $'000	2014 $'000
Present value of defined benefit obligation	4,123,700	3,766,900
Fair value of assets as per actuarial valuation	(2,737,700)	(2,666,500)
Net IAS 19 defined benefit liability	1,386,000	1,100,400

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

	2015 $'000	2014 $'000
Opening defined benefit liability	3,766,900	3,587,300
Current service cost	170,300	160,400
Interest cost	184,900	176,200
Members' contribution	65,900	64,000
Re- measurements	74,600	(93,600)
Benefits paid	(138,900)	(127,400)
	4,123,700	**3,766,900**

(e) Liability profile

The defined benefit obligation was allocated between the scheme's members as follows:
- Active members 87%
- Pensioners 13%

The weighted average duration of the defined benefit obligation at the year-end was 19 years.
66% of the benefits for active members were vested.
28% of the defined benefit obligation for active members were conditional on future salary increases.

17. Defined benefit pension scheme, continued

(f) Movement in fair value of plan assets

	2015 $'000	2014 $'000
Fair value of plan assets at start of year	2,666,500	2,647,000
Interest income	133,800	133,000
Return on plan assets, excluding interest income	(81,100)	(139,200)
Company's contribution	91,500	89,100
Members' contribution	65,900	64,000
Benefits paid	(138,900)	(127,400)
	2,737,700	2,666,500
Asset allocation		
Local equities	657,400	695,200
Local bonds	599,200	404,400
Overseas equities and bonds	91,900	132,700
Money market instruments	1,167,400	1,287,500
Cash and net current assets	221,800	146,700
	2,737,700	2,666,500

(g) Items for inclusion in the statement of profit and loss and other comprehensive income

	2015 $'000	2014 $'000
Current service cost	170,300	160,400
Net interest on net defined benefit obligation	51,100	43,200
	221,400	**203,600**

(h) Re-measurement recognised in other comprehensive income

	2015 $'000	2014 $'000
Experience loss	**(155,700)**	**(45,600)**

(i) Summary of main assumptions

	2015 % pa	2014 % pa
Discount rate	5	5
Salary increases	8	8
Proportion of retirees opting for pension rather than joint balance	90	90

Assumptions regarding future mortality are based on published mortality tables. The life expectancies underlying the value of the defined benefit obligation as at December 31, 2015 are as follows:

	2015	2014
Life expectancy at age 60 for current pensioner in years		
- Male	18.0	18.0
- Female	22.5	22.5
Life expectancy at age 60 for current members age 40 in years		
- Male	18.7	18.7
- Female	23.4	23.4

17. Defined benefit pension scheme, continued

(j) Sensitivity analysis

The calculation of defined benefit obligation is sensitive to the assumptions used. The following table summaries how the defined benefit obligations as at December 31, 2015 would have changed as a result of a change in the assumptions used.

	1% pa higher **$'000**	1% pa lower **$'000**
Discount rate	(665,400)	835,300
Future salary increases	359,800	(308,800)
Future pension increases	352,400	n/a

	10% higher **$'000**	10% lower **$'000**
Proportion of retirees opting for pension rather than joint balances	172,100	(165,000)

An increase of one (1) year in the assumed life expectancies shown above would increase the defined benefit obligation at December 31, 2015 by 92.9 million dollars.

18. Deposit on shares

During the year end the company entered into an investment arrangement whereby the sum of four million United States Dollars (USD4M) has been deposited for 44.45% of the ordinary shares in Skeldon Energy Inc. (SEI), a special purpose state owned company. SEI purchased the energy assets located at Guysuco Skeldon Estate, effective April 1, 2015 for consideration of US$30 million. These assets consist primarily of three Wartsila generating units with and installed capacity of 10MW and a Co-generation Bagasse Plant with an installed capacity of 30MW.

19. Deferred income

	2015 $'000	2014 $'000
Deferred income	24,076	25,747

This represents prepaid services sold at the end of the year but not consumed. The company's policy is to account for 10% of prepaid sales in any given month as deferred income. Additionally the company has deferred income of advance customer deposits. See note 14.

20. Payables

	2015 $'000	2014 $'000
Trade payables	3,060,390	2,675,901
Employment costs	103,242	67,386
Property tax	23,914	8,661
Other accruals	1,785,516	1,849,466
	4,973,062	**4,601,414**

21. Generation costs

	2015 $'000	2014 $'000
Fuel	12,563,296	21,666,923
Fuel agency fee	71,595	74,836
Operations and maintenance contract	1,895,980	1,966,526
Purchased power	799,438	266,952
Repairs and maintenance - generation facilities	610,616	501,244
Rental of equipment - generation	148,343	313,585
	16,089,268	**24,790,066**

22. Employment costs

	2015 $'000	2014 $'000
Gross salaries	3,171,204	2,766,771
Social security costs	148,444	123,225
Pension costs	130,139	160,100
Superannuation	93,637	85,232
	3,543,424	**3,135,328**

The number of permanent employees at the end of the period was 806 (2014 - 799).

23. Depreciation

	2015 $'000	2014 $'000
Buildings	26,610	25,476
Plant and machinery	1,533,318	1,195,762
Transmission and distribution networks	1,657,696	1,165,273
Motor vehicles	75,453	28,875
Equipment	25,303	17,826
Computer equipment	23,257	13,734
	3,341,637	**2,446,946**

24. Administrative expenses

		2015 $'000	2014 $'000
Administrative expenses		2,023,446	1,639,243

The following expenses were charged in the above amounts:

		2015 $'000	2014 $'000
Repairs and maintenance	- Motor vehicles & tools	63,082	56,557
	- Buildings	54,403	83,624
	- Equipment	88,696	33,941
Audit Fees and audit expenses		8,743	8,352

25. Taxation

	2015 $'000	2014 $'000
Deferred tax asset -Tax losses	(1,898,224)	(816,102)
Deferred tax liability- Timing differences	1,898,224	452,703
Total deferred tax	**-**	**(363,399)**

Reconciliation of effective tax rate	**2015 $'000**	**2014 $'000**
Profit (loss) before taxation	3,497,827	(1,348,395)
Corporation tax calculated at the enacted rate	1,049,348	(404,519)
Valuation allowance	77,736	510,659
Accounting depreciation	1,002,491	734,084
Tax depreciation	(2,179,548)	(1,221,138)
Deferred tax -Pension liability	38,970	(34,350)
Expenses not deductible for tax purposes	11,003	51,865
Total tax included in the statement of profit or loss and other comprehensive income	**-**	**(363,399)**

26. Earnings (loss) per share in dollars

Earnings (loss) per share is calculated by dividing the total comprehensive income (loss) by the weighted average number of common shares outstanding during the year.

	2015 $'000	2014 $'000
Total comprehensive income (loss)	3,342,127	(1,016,916)
Divided by:		
Weighted average number of ordinary shares	127,193,911	127,193,911
Earnings (loss) per share in dollars	26	(8)

27. Foregone revenue

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 2015 amounted to G$41.938 bln of which G$7.859 bln were expensed in prior years as notional expense in computing the Final Return Certificate for 2015 resulting in a balance of G$34.079 bln.

28. Compensation to key management personnel

The remuneration paid to 33 (2014- 28) key management personnel during the year was as follows:

	2015 $'000	2014 $'000
(a) Short-term employee benefits	276,797	349,415
(b) Post-employment benefits	7,296	6,969
	284,093	**356,384**

29. Contingencies

(a) The company is a defendant or plaintiff 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.

	2015 $'000	2014 $'000
(b) **Operating lease commitments**		
Operating lease commitments are as follows:		
Less than one year	14,737	32,811
2 to 5 years	-	7,645
	14,737	**40,456**

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, related party balances 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, 2015			
Financial assets			
Receivables	5,387,487	-	5,387,487
Deposits	28,975	-	28,975
Related parties	7,954,708	-	7,954,708
Deposit on shares	828,000	-	828,000
Cash resources	7,316,214	-	7,316,214
	21,515,384	-	21,515,384
Financial liabilities			
Customers deposits	-	2,184,966	2,184,966
Related parties	-	36,778,719	36,778,719
Payables	-	4,973,062	4,973,062
	-	43,936,747	43,936,747

30. Financial instruments and financial risk management, continued

	Loans and receivables $'000	Financial liabilities $'000	Total $'000
December 31, 2014			
Financial assets			
Receivables	5,048,442	-	5,048,442
Deposits	135,312	-	135,312
Related parties	4,018,803	-	4,018,803
Cash resources	3,908,063	-	3,908,063
	13,110,620	-	13,110,620
Financial liabilities			
Customers deposits	-	1,859,102	1,859,102
Related parties	-	34,796,366	34,796,366
Payables	-	4,601,414	4,601,414
	-	41,256,882	41,256,882

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

	2015	**2014**
	$'000	**$'000**
Receivables	5,387,487	5,048,442
Deposits	28,975	135,312
Related parties	7,954,708	4,018,803
Deposit on shares	828,000	-
Cash resources	7,316,214	3,908,063
	21,515,384	13,110,620

Cash resources and deposits are held with reputable financial institutions. Related parties balances and deposit on shares are owed by Government agencies and receivables stated net of provisions represents customer balances and other receivables. See note 10.

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, 2015				
Assets				
Receivables	5,387,487	-	-	5,387,487
Deposits	28,975	-	-	28,975
Related parties	7,954,708	-	-	7,954,708
Cash and bank	7,316,214	-	-	7,316,214
Total assets	20,687,384	-	-	20,687,384
Liabilities				
Customer deposits	-	-	2,184,966	2,184,966
Related parties	6,840,428	13,906,609	16,031,682	36,778,719
Payables	4,973,062	-	-	4,973,062
Total liabilities	11,813,490	13,906,609	18,216,648	43,936,747
Net assets/ liabilities	8,873,894	(13,906,609)	(18,216,648)	(23,249,363)

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, 2014				
Assets				
Receivables	5,048,442	-	-	5,048,442
Deposits	135,312	-	-	135,312
Related parties	4,018,803	-	-	4,018,803
Cash and bank	3,908,063	-	-	3,908,063
Total assets	13,110,620	-	-	13,110,620
Liabilities				
Customers deposits	-	-	1,859,102	1,859,102
Related parties	6,071,706	7,449,842	21,274,818	34,796,366
Payables	4,601,414	-	-	4,601,414
Total liabilities	10,673,120	7,449,842	23,133,920	41,256,882
Net assets/ liabilities	2,437,500	(7,449,842)	(23,133,920)	(28,146,262)

30. Financial instruments and financial risk management, continued

(iii) Interest rate risk

	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
December 31, 2015						
Assets						
Receivables		-	-	-	5,387,487	5,387,487
Deposits		28,975	-	-	-	28,975
Related parties		-	-	-	7,954,708	7,954,708
Cash and bank		-	-	-	7,316,214	7,316,214
		28,975	-	-	20,658,409	20,687,384
Liabilities						
Customers deposit	2.4	-	-	2,184,966	-	2,184,966
Related parties	3.25	6,123,381	9,484,870	17,780,528	3,389,440	36,778,219
Payables		-	-	-	4,973,062	4,973,062
		6,123,381	9,484,870	19,965,494	8,362,502	43,936,247
Interest sensitivity gap		(6,094,406)	(9,484,870)	(19,965,494)	12,295,907	(23,248,864)

December 31, 2014

	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
December 31, 2014						
Assets						
Receivables		-	-	-	5,048,442	5,048,442
Deposits		135,312	-	-	-	135,312
Related parties		-	-	-	4,018,803	4,018,803
Cash and bank		-	-	-	3,908,063	3,908,063
		135,312	-	-	12,975,308	13,110,620
Liabilities						
Customers deposit	2.4	-	-	1,859,102	-	1,859,102
Related parties	3.25	6,071,706	7,449,842	15,203,112	6,071,706	34,796,366
Payables		-	-	-	4,601,414	4,601,414
		6,071,706	7,449,842	17,062,214	10,673,120	41,256,882
Interest sensitivity gap		(5,936,394)	(7,449,842)	(17,062,214)	2,302,188	(28,146,262)

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$206,846,000 (2014 G$176,750,000), if the Guyana Dollar weakened against the United States Dollars by 1%.

	Financial Assets $'000	Financial Liabilities $'000	Net Liability $'000	% Change $'000	Impact on profit $'000
December 31, 2015					
G$ equivalent of US Dollars	6,852	20,691,476	(20,684,624)	1	(206,846)
December 31, 2014					
G$ equivalent of US Dollars	7,149	17,682,119	(17,674,970)	1	(176,750)

(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.

31. Economic dependence

Guyana Power and Light Inc. is wholly owned by the Government of Guyana. The Company incurred accumulated losses of $13,275,652,000 since its incorporation. Future operations of the company is dependent on the ongoing financial support of the Government of Guyana and/ or the company generating profits in the future.

During 2015 the company generated net income of GYD3.3 bln. Profits are also projected for the year 2016.