GPL

GUYANA POWER & LIGHT

Powering The Future

2011 Annual Report

GUYANA POWER & LIGHT

Powering The Future

2011 ANNUAL REPORT

CORPORATE INFORMATION

REGISTERED OFFICE:	40 Main Street Georgetown Guyana South America
AUDITORS:	The Auditor General Audit Office of Guyana 63 High Street Kingston Georgetown Guyana South America
ATTORNEYS-AT-LAW:	de Caires, Fitzpatrick & Karran 80 Cowan Street Kingston Georgetown Guyana South America
BANKERS:	Republic Bank (Guyana) Ltd. Promenade Court New Market Street North Cummingsburg Georgetown Guyana South America

VISION

Guyana Power & Light, Inc. aims to be Guyana's premier service provider meeting and exceeding where possible the expectations of its stakeholders.

MISSION STATEMENT

To provide an expanding customer base with electricity services which are technically, financially and environmentally sustainable, achieving best practice and acceptable international norms, delivered by our people performing in accordance with Company values to the highest ideals of work excellence and integrity.

CONTENTS

DEFINITION OF ABBREVIATIONS

AUAEP	Additional Unserved Areas Electrification Programme
CIS	Customer Information System
CSS	Customer Service Standards
ESRA	Electricity Sector Reform Act, No. 11 of 1999
GoG	Government of the Co-operative Republic of Guyana
GPSU	Guyana Public Service Union
HFO	Heavy Fuel Oil
IADB	Inter-American Development Bank
ISO	International Standards Organisation
IT	Information Technology
LFO	Light Fuel Oil
MD	Maximum Demand
NAACIE	National Association of Agricultural, Commercial and Industrial Employees
O&M	Operations and Maintenance
OS&PT	Operating Standards & Performance Targets
PUC	Public Utilities Commission
SAIFI	System Average Interruption Frequency Index
SAIDI	System Average Interruption Duration Index
SCADA	Supervisory Control and Data Acquisition
UAEP	Unserved Areas Electrification Programme
WCD	West Coast Demerara

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the Twelfth (12th) Annual General Meeting of the Guyana Power & Light Inc. (the Company) will be held on the 31st day of December 2012, Cabinet Room, Office of the President, New Garden Street, Georgetown for the following purposes:-

1. To receive and consider the Financial Statements of the Company for the year ended December 31, 2011 and the Auditor's and Directors' Reports thereon.
2. To elect Directors for the ensuing year and to fix emoluments of the Directors;
3. To appoint the Company's auditors for the ensuing year and authorize the Directors to fix their remuneration;
4. To transact such other business as may properly come before the Meeting.

The Government of Guyana, as the sole shareholder, is invited to attend the Meeting, and as holder of common shares, is entitled to vote at the Meeting.

Dated the 30th day of November 2012

BY ORDER OF THE BOARD

Laurian Bancroft

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Laurian Bancroft
Corporate Secretary

Registered Office:
40 Main Street, Georgetown

CHAIRMAN'S REPORT

Winston Brassington
Chairman

This report marks the twelfth annual report of the Company and highlights the activities, performance achievements and challenges of GPL in 2011. 2011 proved to be a challenging year for GPL. The Company experienced an after tax loss of G$3.3B, largely on account of significant increases in fuel costs. With the weighted average cost of crude at US$94, HFO US$98 and LFO US$135, GPL's total cost of fuel in 2011 was G$22.5B, a G$5.9B increase over the 2010 cost. This increase was primarily borne by the Company as there was no concomitant tariff adjustment. In late 2011, primarily as a result of stark escalations in fuel prices, the Shareholder made a G$1.5B equity injection into the Company which was utilized to subsidize the overall cost of fuel.

Fuel has been a major impediment to sustained profitability of the Company and its impact is expected to continue as fuel prices are projected to increase over the next few years. It is therefore essential that Guyana continues to steadfastly pursue alternative forms of energy. The projected implementation of the Amalia Falls Hydro Project, expected to come on line by 2017, will significantly reduce GPL's dependence on fossil fuel and costs of generation vis a vis fuel.

In keeping with GPL's projections, demand for reliable electricity supply is consistently growing. By the end of 2011, GPL's customer base expanded to 161,396 customers, a net increase of 10,108 customers of 6.68% over 2010. Concurrently, GPL's total generation also expanded. Gross generation totaled 653GWh with 52GWh coming from Guysuco at Skeldon; 432 GWh from GPL owned and Wartsila operated units, and 169 GWh from GPL owned and operated generating sets. Generation of energy increased by 4.31 % over 2010. GPL installed (nameplate) generating capacity (excluding Guysuco) totaled 192.07 MW of which 89.80 MW were HFO and 102.27 MW were LFO. Adjusting the capacity, for age and reliability, GPL's derated capacity totaled 131.00 MW. Overall availability in 2011 of generating equipment was 62.3%; Wartsila operated plants totaled 87.63% and GPL operated plant totaled 36.12%. In September 2011, a 15.6 MW Wartsila Expansion to the Kingston Power Station was commissioned. This addition, increased the Wartsila capacity from 64.7 MW to 80.3 MW. The benefits derived from the expansion have included reduction in the average operating costs, greater engine efficiency and improved reliability of supply.

GPL's revenue and sales collection continued to be commendable in 2011. The Company achieved a 3.63% increase in revenue and a sales collection rate of 101.7%. However, collections from the M&CC and NDCs remained less than desired, with the municipalities owing in excess of G$800M at the end of the year. GPL has consistently pursued various measures, including legal action, to reduce these arrears.

The Company performance in customer services and quality standards continued to improve. Enhancements were made to operating procedures and practices in an effort to provide a greater quality of service. GPL continued its efforts to achieve ISO 9001:2008 quality system certification and was audited for partial certification in December 2011. It is expected that the Company would achieved partial certification at the beginning of 2012. In respect of the customer service standards, there were notable improvements in GPL's performance regarding meter readings, customers billing, responses to general inquiries, reconnections, amongst others. However, there is need for improvement in respect of the connection of new services. GPL's performance in respect of its quality supply standards was mixed. While the frequency of interruptions of supply was not as desired, primarily due to an aged transmission and distribution system, the duration of the interruptions were better than in 2010.

Strategic Objectives - Targets and Achievements

GPL remains committed to reporting annually on achievements of its Strategic Plan (originally launched in 2008). The Plan, prepared on a five-year horizon, outlines the strategic objectives of the Company and forms the basis of many of the key performance measurements of GPL. The Strategic Plan is included in the Company's Development and Expansion Programme and is updated annually to ensure that the strategic objectives and strategies remain relevant.

The following marks the third review of the summarized strategic plan and focuses on performance against defined benchmarks.

Strategic Objective 1 - Optimize Revenue Collection

Optimize Revenue Collection:	2010 Actual	2011 Target	2011 Actual	2012 Target
a. Maximize collection of billing (% of Billing collected)	104	99.5	101.7	99.5
b. Maximize level of power billed via loss reduction, new connections, and volume growth (GWH billed)	414	432.7	430.4	467.4
c. Expand customer base (# of new customers added in yr.)	5,795	6,000	10,108	6,900
d. Expand overall revenue based on billed volume (US$ M)	129	131	133.6	175

GPL's sales collections continue to be commendable. The Company achieved over 100% in collections, reflecting both current efficiencies and collection of arrears. However, collection rates from the Municipalities and NDCs remained significantly low. As at December 2011, the Georgetown Mayor and City Council owed $814,127,164.00 and the NDCs (in aggregate) owed $279,858,876.00. The Company continues to aggressively pursue collection of arrears from all debtors.

The level of billed power increased by 4% but was below target. GPL's customer base expanded to 161,396 in 2011 an increase of 6.68% over 2010. The development of new housing schemes, commercial units and steady uptake on infrastructure built under the UAEP and AUAEP accounts for the expansion. The Company expects the trend to intensify based on the ongoing housing developments. GPL recognizes the impact the expanding customer base would have on its infrastructure and ability to supply and continues to vigorously improve its level and quality of service.

Overall revenue growth increased from G$26,567M in 2010 to G$27,532M in 2011 (an increase of 3.63%). This increase was less than that experienced in 2010 and can be attributed to setbacks in progress made in reducing losses. Losses rose from an estimated 31.3% in 2010 to 31.6% in 2011.

Strategic Objective 2 - Minimise costs of operations

Minimize costs of operations	2010 Actual	2011 Target	2011 Actual	2012 Target
a. Reduce Employment Numbers (number at end of year)	1,006	985	992	985
b. Control Employment Costs (annual US$ M)	11,296	11,343	11,889	12,700
c. Reduce total technical and commercial losses (%)	31.3	29.9	31.6	28.65
• Reduce generation costs by reducing technical losses (total % remaining at end of period)	14.3	14.8	14.5	14.65
• Reduce generation cost by reducing commercial losses (total % remaining at end of period)	17	15.1	17.1	14.0
d. Maximize use of cheap HFO fuel (% HFO in fuel mix)	80	82	74	88

At the end of 2011 the total number of employees was 992 compared to 1,006 at the end of 2010. The reduction is minute and remains marginally below target. It is expected that with the installation of a further 15.6MW of Wartsila generation, employment levels would reduced in 2012 as more generation is outsourced.

Reduction of technical and commercial losses remains a significant challenge for the Company. Losses increased from 31.3% in 2010 to 31.6% in 2011. Technical losses increased from 14.3% in 2010 to 14.5% in 2011, largely on account of the transmission and distribution network, reflecting its age and limited capacity relative to demand. The reduction of technical losses requires significant capital investment. It is hoped that the US$39M infrastructure development project currently ongoing would greatly assist in improving the network and reduce the level of losses.

Unlike previous years, non-technical losses increased in 2011 to 17.1%. This is despite various initiatives implemented by the Company, including the introduction of the CIS billing system, replacement of defective meters and removal of illegal connections. Theft remains an enormous challenge and the intended benefits from the 2010 amendments to the legal framework to support GPL's loss reduction drive, have not materialised. Further, issues of corruption (both internally and externally) have affected gains on loss reduction. GPL continues to be plagued by high staff turnover in the Loss Reduction Division. In spite of the challenges, the Company will continue to pursue a menu of initiatives geared towards reducing losses. In 2012, it is expected that GPL would benefit from an IADB/GOG US$5.5M facility to assist in its loss reduction efforts.

Strategic Objective 3 -Improve Customer Services

Improve Customer Service (CS)	2011 Target	2011 Actual	2012 Target
a. Meet Customer Service Standards and OS&PT	reported on pages 12-16		
b. Implement ISO 9001:2000 Quality System	Partial Certification	At the end of 2011, GPL was audited for Partial certification.	Full Certification
c. Customer Satisfaction: Improve Image of GPL as first class utility via improving Customer Service, increase efficiency, and optimize tariffs	65%	65%	70%
d. % of calls answered at Call Center: Technical and Commercial	95%	85%	95%
e. Increase collection outlets	5	0	5

Improving Customer service is a key strategic objective. The Company is committed to enhancing its performance levels to respond to customers' needs. In 2011, new CSS and OS&PT took effect. The new standards are intended to drive continuous improvement in performance and impose monetary penalties where GPL fails to deliver proper quality of service. Various institutional and operational changes were implemented in 2011 to comply with the standards. However, performance has varied and penalties in excess of $17M were imposed on the Company. GPL's 2011 OS&PT and CSS performances are reported on pages 12 and 16.

The Company continues to strive for ISO 9001:2008 certification. In December 2011, GPL was audited for partial certification and will be certified in the first quarter of 2012. Full certification is targeted for the end of 2012.

Strategic Objective 4 - Achieve Sustainable Financial Position

Achieve Sustainable Financial Position	2011 Actual
a. Ensure that revenue collected is sufficient to cover all costs including CAPEX and debt service.	Whilst the cash collection rate was 101.7% of sales, GOG had to subsidize rising fuel costs in the sum of G$1.5B
b. Ensure that GPL is creditworthy to attract private investment in a 140 MW hydro electric project at a projected capital cost in excess of US$500 M without Government guarantees.	GPL remains creditworthy, with excellent cash collection rates (cash collected as a percentage of billed sales), no new private debts; most debts attract low interest rates that are substantially below market rates. Additionally, based on its Final Return Certificate, GPL has the ability to increase tariffs by approximately 20%. At the end of 2011 forgone revenue totaled $13.4B.
• Current ratio	2.43:1
• Debt to equity	75% : 25%
• Return on equity	-44.6%
c. Complete audited accounts and hold Annual Shareholders Meeting within 6 months of year end.	GPL audited financial statements for 2011 were completed March 31, 2012. The Auditor issued a clean audit opinion.
d. Manage GPL finances to justify concessional financing.	The Company continues to manage its finances prudently and secured financing from the China EXIM Bank (via GoG)to add new substations, rehabilitate existing substations', build new transmission lines and implement a new supervisory control and data acquisition system. Based on the Development and Expansion Plan GPL has a financing gap of $22.5B due to no increases in tariffs and GoG subsidies being limited. It is expected that investment primarily will be funded from either GoG or other third party lenders.

Like previous years GPL's revenue growth continued. The Company achieved a sales collection rate of 101.7%, 3.63% increase in overall revenue. However escalations in fuel costs increased overall expenses which necessitated a $1.5B equity injection by the shareholder. No new debts were added to the Company's Financial Statements and loans and debt service remained low.

Strategic Objective 5 - Achieve National Objectives

Achieve National Objectives	2011 Actual
a. Promote conservation of electricity by promoting/educating economic use and avoiding wastage	In 2011, GPL embarked on an Energy Conservation/Energy Efficiency/Demand Side Management Public Education/Public Awareness Programmes. Programmes varied from School Education, Community Outreach, Radio and Television Discussions, Newspaper Articles, to Expo Interaction with current and potential customers, and were geared to highlight the importance and benefits of energy conservation and demand side management.
b. Maximize use of renewable fuel to minimize generation costs and minimize fuel import bill	Progress made in the Amaila Falls Hydroelectric Project. Co-generation was 6.9GWH in 2011 in comparison to 3.3GWH in 2010.
c. Minimize tariffs and maximize efficiencies (low technical and commercial losses, high collections)	In 2011 no increases were implemented despite significant increases in fuel prices. Efficiencies were underachieved.
d. Ensure regulatory compliance with electricity laws and GPL's licence	GPL continues to comply with the ESRA and its Licence, as well as all other legal and regulatory requirements.
e. Expand national grid to other parts of country to allow economies of scale and lower average costs	New connections under UAEP as well as new housing developments continued to increase. It is expected that with Hydro, Linden will be connected to the national grid. The Demerara/Berbice interconnection should be a reality by the end of 2013 on completion of the infrastructure development project.

As the remainder of this report highlights the activities, challenges and performance of GPL in 2011 it is hoped that it provides valuable insight on the Company as it aims to provide a reliable supply of electricity services to its customers.

Winston Brassington
Chairman

GPL'S PERFORMANCE STANDARDS

A. Operating Standards & Performance Targets (OS&PT)

GPL's 36.3 MW Wartsila Power Plant, Kingston

In 2011, new Operating Standards and Performance Targets (OS&PT) were approved for the period 2011-2012. They constitute the standards and quality of service GPL is required to provide and are enforceable by the PUC. The law allows the PUC to impose penalties on the Company where it fails to meet the standards.

The OS&PT cover the following areas –

- Maximum number of customer interruptions
- Voltage Regulation
- Meter Reading & Issuance of Bills
- Accounts Receivable
- Accounts Payable
- Technical and Commercial Losses
- Average Availability

EXPLANATION OF TERMS

- **Maximum number of customer interruptions:** is measured in two ways (utilizing industry accepted formulae) -
  a. The frequency of interruptions (SAIFI); and
  b. The duration of interruptions (SAIDI)

  Formulae

  $$\text{SAIFI} = \frac{\text{Total Number of Customer Interruptions}}{\text{Total Customers Served}}$$

  $$\text{SAIDI} = \frac{\text{Total Customer Hours of Interruptions}}{\text{Total Customers Served}}$$

- **Voltage Regulation:** The nominal voltage and frequency levels are indicated in paragraph 3.6 of the Standard Terms & Conditions. GPL seeks to maintain, in stable conditions voltages, of ±5% of the nominal voltage and ± 10% following a system disturbance. Since it is difficult to monitor the voltage delivered to each customer the Standard is based on number of voltage complaints and the time taken to resolve them.
- **Accounts Receivable:** The status of GPL accounts receivable is stated in its audited annual financial statements. The quoted figures are net of provision for doubtful debts.
- **Accounts Payable:** While most of GPL's Creditors offer 30 days credit some of the largest ones actually offer up to sixty days. The determination of this target is from the invoice date.
- **Average Availability:**

  Formula - $$\frac{\text{Available capacity x Total Available Hours}}{\text{Installed capacity x Hours in the period}}$$

GPL's 2011 OS&PT Performance

I. Quality of Supply Standards

Category	Units	2010 Actual	2011 Target	2011 Actual
System Average Interruption Frequency Index	SAIDI	158.95	140	156.22
System Average Interruption Duration Index	SAIDI	184.86	195	140.55
Losses	%	31.3	29.9	31.6
Average Availability	%	70	70	62
Voltage (resolving customer complaints resulting for Voltage regulation)	%	<75	<75	<75
Frequency Regulation	Hz	Not available	+/- 0.2 Hz of nominal frequency	+/- 0.2 Hz of nominal frequency

Overall, GPL's performance on the quality of supply standards was not as desired. There were high levels of power outages due primarily to the aged transmission and distribution network. However the duration of outages was lower than experienced in previous years. Average availability was below target primarily as a result of many aged GPL owned and operated units being out of operation. Management has requested that a number of these units be retired/ written off. It is expected that the units would be retired in 2012.

II. Financial Standards

Category	Units	2010 Actual	2011 Target	2011 Actual
Accounts Receivable	Days	66.6	55	42
Accounts Payable	Days	43.2	32	37
Bad Debt Expense	%	1.5	1.5	1.5
Meter Reading & Issuance of Bills - Non MD	Days	12	12	9
Meter Reading & Issuance of Bills - MD	Days	7	7	9

GPL's financial standards performance continued to be satisfactory. The number of days between meter reading and issuance of bills for non-MD accounts/customers were in keeping with targets however the cycle of MD accounts was slightly above target. GPL continues to strive to ensure that customers are billed in keeping with the standard.

B. Customer Service Standards 2011 (CSS)

Customer Services- GPL's Head Office

New Customer Service Standards (CSS) became applicable to GPL in 2011. These standards require the Company to execute various customer related activities within specified time frames. Where the Company fails to meet the standards, it is required to credit monetary sums to customers' accounts.

GPL'S CUSTOMER SERVICE STANDARDS 2011-2012

Category	Definition of Standard			
Connection of a new service.	These standards deal with new supplies. Where primary or secondary networks are required, the standards are seventy (70) days for provision of commercial service and eighty-four (84) days for a new residential sub-division (mains network only). Where only a service line and meter are involved, fourteen (14) days is the standard for both commercial and residential cases. All these times assume that the requirements of the Standard Terms and Conditions are met by the customer prior to work commencing and that the customer is ready for supply.			
		2011	**2012**	**Penalty**
	Primary or secondary network required (period in days after ST&C conditions fulfilled)			
	Commercial service	70	70	$4,000 for each day that the Standard is breached and continuing to a maximum of $40,000.
	Residential subdivision	84	84	$2,000 for each day that the Standard is breached and continuing to a maximum of $20,000.
	Primary or secondary network NOT required (period in days after ST&C conditions fulfilled)			
	Commercial service	14	14	$2,000 for each day that Standard is breached and continuing to a maximum of $20,000.
	Residential services	14	14	$1,000 for each day that Standard is breached and continuing to a maximum of $10,000.
Category	**Definitions of Standard**			
Reconnection of service after a Customer has rectified the reasons for which the service was disconnected.	The standard is to reconnect no later than two (2) days in Georgetown and three (3) days elsewhere following the day on which the customer meets the requirements of the Standard Terms and Conditions (ST&C) - where the service line and meter are in place and only a simple connection is necessary. Where a service line and / or meter are required for re-connection, the standard is fifteen (15) days in both the commercial and residential case. This standard, in both cases, is based on the assumption that there is no requirement for additional capacity in which case it would be treated as a new supply.			
		2011	**2012**	**Penalty**
	Reconnection, service and meter in place (days after ST&C requirements met)			
	In Georgetown	2	2	Commercial - $2,000 for first day, $3,000 per day thereafter, to a maximum of $8,000. Residential - $1,000 first day, $2,000 per day thereafter, to a maximum of $5,000.
	Elsewhere	3	3	Commercial - $2,000 first day, $3,000 per day thereafter to a maximum of $8,000. Residential - $1,000 first day, $2,000 per day thereafter, to a maximum of $5,000.

Category	Definition of Standard
Billing, service complaints and inquiries	For clarity, the times mentioned in this standard to respond, provide or acknowledge refers to the maximum period by which the relevant correspondence is posted. The standard is ten (10) days to respond for queries received over the counter, via correspondence or by telephone. For inquiries received via telephone the Customer will be provided with a reference number which must be provided if a claim is being made under this Standard. The standard for acknowledgement of written inquiries / complaints would be five (5) days. If the complaint relates to a billing anomaly and does not require a site visit to resolve, the standard to provide an explanation would be seven (7) days of receipt of the original complaint. If the complaint relates to a legal dispute and/or involving the Public Utilities Commission, the standard is 90% will be responded to by twenty-one (21) days and 100% by forty (40) days of receipt of the original complaint where no site visit is required and fifty (50) days where a site visit is required.

	2011	2012	Penalty
Inquiries – written, OTC or telephone	10	10	$500 per day to a maximum of $3,000
Acknowledge only	5	5	$500 per day to a maximum of $3,000
Billing inquiries-No Site Visit	7	7	$500 per day to a maximum of $3,000
Legal inquiries-No Site Visit	90% - 21 100% - 40	90% - 21 100% - 40	$1,000 per day to a maximum of $5,000
All queries -Site Visit	50	50	$1,000 per day to a maximum of $5,000

Category	Definition of Standard
Response to a written notice from a Customer that a meter may be improperly registering.	The standard for responding to a written notice from a Customer that a meter may be improperly registering would necessitate a perusal of GPL's records and dispatching a written response to the Customer sharing pertinent details and advising the Customer of the provisions of the STC for meter testing. If Customer agrees to Section 6.3 of the STC then GPL will undertake the testing of the meter. Until June 30th 2012, GPL will complete the test by 30 days and thereafter, until December 31st, 2012, by 21 days.

	2011	2012	Penalty
Time to respond to written notification.	7	7	$500 per day to a maximum of $3,000.
Time to complete test.	30	30 – June 21 – July - December	$1,000 per day to a maximum of $5,000.

Category	Definition of Target
Replacement of an improperly registering meter after the improper registration has been confirmed.	The standard for replacing an individual Customer's meter, once the company has determined this to be necessary following a complaint and providing the Customer has rewired the meter interface, where necessary, to the current standard and has obtained an inspection certificate, is sixty (60) days in all cases.

	2011	2012	Penalty
Commercial	60	60	$1,000 per day to a maximum of $5,000.
Residential	60	60	$500 a day to a maximum of $2,500.

Customer Services- GPL's Head Office

Customer Services- GPL's Head Office

GPL's 2011 Customer Service Standards Performance

2011 marked the first year of application of the new Standards and the Company's performance was mixed.

<table>
<tr><th>Standard</th><th>Requirement (days)</th><th>Within Standard</th><th>Outside Standard</th><th>TOTAL</th><th>Performance %</th></tr>
<tr><td colspan="6">Connection of a new service where Primary or secondary network is NOT required</td></tr>
<tr><td>Residential</td><td>14</td><td>2880</td><td>2887</td><td>5768</td><td>49.93</td></tr>
<tr><td>Commercial</td><td>14</td><td>345</td><td>295</td><td>640</td><td>53.91</td></tr>
<tr><td colspan="6">Connection of a new service where Primary or secondary network required</td></tr>
<tr><td>Residential</td><td>84</td><td>94</td><td>1</td><td>95</td><td>98.95</td></tr>
<tr><td>Commercial</td><td>70</td><td>46</td><td>1</td><td>47</td><td>97.87</td></tr>
<tr><td colspan="6">Reconnection</td></tr>
<tr><td>Georgetown</td><td>2</td><td>3323</td><td>342</td><td>3662</td><td>90.74</td></tr>
<tr><td>Out of Georgetown</td><td>3</td><td>8165</td><td>663</td><td>8798</td><td>92.81</td></tr>
<tr><td colspan="6">Customer Inquires</td></tr>
<tr><td>General Inquires</td><td>10</td><td>78</td><td>30</td><td>108</td><td>72.22</td></tr>
<tr><td>Acknowledge only</td><td>5</td><td>630</td><td>24</td><td>654</td><td>96.33</td></tr>
<tr><td>Billing inquiries-No Site Visit</td><td>7</td><td>7</td><td>3</td><td>50</td><td>38.00</td></tr>
<tr><td rowspan="2">PUC/ Legal inquiries-No Site
Visit</td><td>90% within 21 days</td><td>68</td><td rowspan="2"></td><td rowspan="2">125</td><td>53.9</td></tr>
<tr><td>remainder within 40 days</td><td>57</td><td>99.21</td></tr>
<tr><td>All queries -Site Visit</td><td>50</td><td>199</td><td>66</td><td>265</td><td>75.09</td></tr>
</table>

The Company's CSS performances varied over the standards with its highest performance percentages recorded in the areas of Reconnections and Acknowledgement of Customer Inquiries. The Company's performance in New Service Connections and Billing Inquires were however less than stellar.

Unlike previous years, GPL experienced an exponential growth in the number of new service applications. GPL expanded its prepaid metered services, offering the service to new applicants for residential and small business below 200 amps. Greater awareness of the technology and resulting benefits increased demand for the service. This level of growth experienced was not projected and the Company experienced a rapid reduction in required hardware materials. Lengthy delivery lead times for materials further resulted in poor performance in new service connections.

The new Standards necessitate review and continuous monitoring and adjustment to GPL's operating procedures and practices.

2011 Credits to Customers /GPL Penalties

As prescribed in instances where GPL failed to meet the Standards, penalties (in the form of credits to customer's accounts) were applied. Overall, GPL credited $17.7M to customers' accounts.

Standard	Penalties $	Number of Customers
New Connections	17,115,000	1845
Reconnections	581,000	164
Customer Queries	56,500	27
Total Credits to Customers	17,752,500	2036

Note: Penalties are applied only in instances where breach of the standard is directly attributable to GPL.

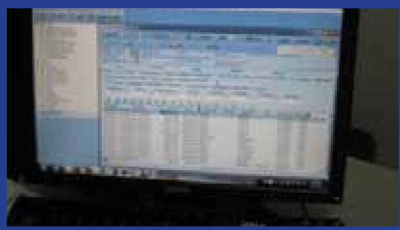
Measures to Improve Quality of Service

GPL is Improving Customer Services through the introduction of:

1. Call Centre Management Software, including Call Logging and Quality Control Software. GPL is able to assess and identify the number of calls received and answered; and the time taken to respond to calls.

2. Customer Information System which facilitates -

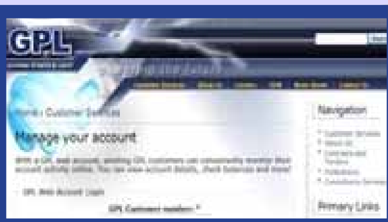
- Immediate creation of customer accounts at the time of applying for a supply of electricity,
- Immediate evidence of payments made at any of GPL's Commercial offices, and
- Provides a central repository of all customer information.



3. Integrated Voice Response (IVR) system: Customers can access account information by dialing telephone number 226-0783. Through the IVR System the following information can be accessed-

- Customer's current balance
- Customer's last payment
- Date of Customer's last Payment
- Date of current bill and Due date of current bill

4. On-line Account Enquiry system via www.gplinc.com, Customers can retrieve information on their accounts. The service is available 24 hours.



5. Pre paid metering Services. This service allows customers to be in full control of their electricity purchases. No security deposit or monthly fixed charges are required.

6. Electronic Billing: GPL will soon offer Customers the option of receiving their electricity bills electronically.

GPL QUALITY MANAGEMENT SYSTEM

In early 2008 the Company considered the benefits of implementation of the ISO 9001:2008 Quality Management System and the competitive advantages that would be achieved from obtaining certification. It was recognized that the ISO process would not only result in the establishment of a Quality policy and Quality goals for GPL and its employees but also a Quality Management System to control how processes are performed. These features, it was felt, would ultimately result in improved quality of service, work efficiencies and practices, of the Organization and customer satisfaction.

Concomitantly in 2008, the Company adopted the strategic planning process and identified "Improving Customer Service" as a one of its Strategic Objectives. Thus, the implementation of the ISO process would support the achievement of GPL's strategic objective and inform the Company's planning process. The ISO 9001:2008 process would establish a series of documents that define requirements for quality Management standard and place focus on customer requirements and continual improvement. As such, in mid-2008, the Board of Directors unanimously resolved to pursue ISO 9001:2008 certification.

The international Quality Assurance firm of Qual-Eco was engaged to facilitate the Company's ISO Certification process and the 12-phase process commenced in 2009. As a first step, GPL pursued partial certification in defined areas within the Company. In December 2011, GPL's Quality Management System was audited for certification and it is expected that the Company would achieve ISO certification in early 2012.

GPL
GUYANA POWER AND LIGHT INC.

QUALITY POLICY

The Management and Staff of Guyana Power and Light Inc. are committed to providing our Customers with a quality Electricity Supply and a level of Service that meet and exceed the expectations of our Customers.

We will strive to continually improve the Electricity Supply and Service and shall comply with all applicable Legal, Regulatory, Statutory and Industry requirements.

We will build and maintain mutually beneficial and rewarding relationships with our Customers, Suppliers and other Stakeholders.

Management shall ensure all employees are Trained and Competent to fulfil the Quality Objectives of Guyana Power and Light Inc.

Authorized by:

Date: 3rd March, 2010

Aeshhwar Deonarine
Deputy Chief Executive Officer

DIRECTORS' REPORT

The Directors take pleasure in submitting their Report together with the Audited Financial Statements for the year ended 31 December 2011.

Principal Activities

The principal activities of the Company are to generate, transmit, distribute and sell electricity to the public. The Company is the main provider of electricity in Guyana serving the majority of the population.

Guyana Power & Light, Inc. is a vertically integrated electric utility. The primary objective of GPL is to provide its customers with a safe and reliable supply of electricity at a sustainable price and to expand its service to new customers located within its grid area.

Major Capital Programmes

1. GPL Infrastructure Development Project (IDP)

In October 2009, GPL and the China National Machinery Import and Export Corporation (CMC) signed an agreement for the construction of seven (7) new 69/13.8kV Substations, the upgrade of three (3) existing substations and approximately 120 km of 69kV Transmission lines (including 1.8kM Submarine Cable across the Demerara River. The total project cost was slated at US$33,881,618.78 with a provisional sum of US$5,082,242.82 to be utilized to offset any additional cost that may be incurred during construction. Financing for this project was made available by the Government of Guyana by way of a concessional loan in the sum of US$38.963M.

The Project, known as GPL's Infrastructure Development Project, is expected to reduce the level of technical losses, improve quality of power supply and meet increasing demand. The project had an initial contract period of 912 days and was expected to be completed in March, 2013. However, in November, 2011, the parties agreed to extend the scope of work under the Agreement and extended the expected completion date of the project by a further 180 days. The change of scope of works also resulted in the full utilization of the provisional sum of $5,082,242.82

At the end of 2011, the overall project was approximately 13% completed with 20% of the Procurement Phase (including delivery to Guyana), and 65% of the design phase completed. Construction is expected to commence in 2012.

Summary of GPL Infrastructure Development Project

Project	Budgeted cost US$	Benefits
Construction of approximately 93.5 km of 69 kV Transmission Lines, linking all sub-stations in Demerara and Berbice • Kingston to Vreed-en-Hoop. • Vreed-en-Hoop to Edinburgh. • Extended Sophia to New Georgetown Substation. • Sophia to Onverwagt	15,172,722.11	• Ability to move bulk power efficiently from large, efficient, base load generating plantsto all load centers in Demerara and Berbice • Preparation for the advent of hydropower • Ability to consolidate reserve generating capacity • Improvement in system stability • Improvement in voltage regulation
Construction of seven (7) new 69/13.8 kV substations, including seventeen (17) new 13.8 kV feeder outlets/switchgear: New Substations - • New Georgetown • New Sophia • Golden Grove, EBD • Good Hope, ECD • Mahaicony, ECD • Vreed-en-Hoop WBD • Edinburgh, WCD Expansion/upgrading of - • Sophia substation • Kingston substation & • Onverwagt, WCB substation Installation of SCADA System.	23,791,139.49	• The modification to three (3) existing substations and the construction of the additional seven (7) would allow bulk power to be tapped off for distribution at all load centers in Demerara and Berbice • Reduction in technical losses and voltage regulation • Improvement in quality of supply and availability of bulk power • Reduction in energy not served, • Reduction in trips affecting large geographic areas • Better system management. • Increased capacity to meet growth for short to medium term • Ability to standardize frequency in Georgetown. SCADA will allow: • Ability to control the system automatically from a central location • Improved system stability • Ability to identify faults quickly and accurately and direct emergency response.
Revised Contract Amount	38,963,861.60	

2. 15.6MW Wartsila Generating Plant & (Kingston) Expansion Project

In November, 2010, a US$18,366,290.00 Turnkey Contract with Wartsila Finland Oy was signed to Engineer, Procure and Construct two 7.8MW (total 15.6MW), HFO fired, Wartsila generating sets at the existing Kingston Power Plant. It was initially proposed that these generators will go into commercial operation on August 31, 2011. In January 2011, the Caribbean Engineering and Management Consultants Incorporated (CEMCO) were retained to provide supervisory services for the Project. Construction of the Plant's foundation works commenced in the second quarter of the year. The new engines arrived in May 2011 and the Plant was substantially completed in September 2011, and after the prescribed on-load and performance testing was completed. The Expansion was commissioned September 27, 2011.

While there were no significant changes in the initial proposals during the life of the project, the project did suffer delays, which resulted in the actual commissioning /finalizing of the Plant being achieved in September 2011, instead of August, 2011. The actual cost incurred on the execution of the project was US$19.655M.

Summary of Expenditure for 15.6 MW Wartsila Project

<table>
<tr><th>Project</th><th>Expended by GPL as of end 2011 US$</th><th>Budgeted cost us$</th></tr>
<tr><td>Construction of 15.6MW Wartsila Generating Plant</td><td>14,661,032</td><td>18,366,290</td></tr>
<tr><td>Construction of Foundation Works</td><td>780,024</td><td rowspan="3">1,000,000</td></tr>
<tr><td>Procurement of Piles</td><td>27,109</td></tr>
<tr><td>Consultancy Services</td><td>26,092</td></tr>
<tr><td>Procurement of 69KV/13.8KV Transformer</td><td>487,500</td><td>700,000</td></tr>
<tr><td>Advance Payment</td><td>3,673,258</td><td></td></tr>
<tr><td>TOTAL</td><td>19,655,015</td><td>20,066,290</td></tr>
</table>

Financial Results

Net Loss after Taxation	(G$3,311,000,000)
Retained Earnings/ (Deficit)	(G$5,300,000,000)

Dividends

No dividends were declared in 2011.

Share Capital

The Company is authorized to issue an unlimited number of Common shares and one special share. As at December 31, 2011 the Company issued 85,262,653 common shares and 1 special share. All shares are owned by the Government of Guyana

Directors

At the Eleventh Annual General Meeting of the Company the following persons were appointed Directors of the Company:

Mr. Winston Brassington
Mr. Carvil Duncan
Mr. Narvon Persaud
Mr. Desmond Mohamed
Dr. Mahender Sharma
Mr. Komal Ramnauth

Directors' Interest

The Directors have no interest in any contracts with the Company and did not enter into any arrangements to acquire shares or debentures of the Company throughout the year

Auditors

In accordance with the Laws of Guyana, the Auditor General is the auditor of the Company. The firm of PKF Barcellos Narine & Co., Chartered Accountants was subcontracted to conduct the audit of the Company's financial statements.

By Order of the Board

Laurian Bancroft
Corporate Secretary

CORPORATE GOVERNANCE REPORT

Laurian Bancroft
Corporate Secretary

The Board of Directors continues to strive for excellence in good corporate governance and responsible management. In 2010, a Corporate Governance Code was approved by the Board which established corporate governance principles, and practices to assist it in fulfilling its responsibilities to the shareholder. While the Board has always practiced corporate governance, the adoption of the Code was viewed as essential to ensure that it has the necessary authority and procedures to adequately review and evaluate the Company's business operations and to make decisions that are independent of the internal management. Further good corporate governance is a key driver of sustainable corporate growth and long term value creation.

The Code requires the Board to report, on an annual basis, on the following governance principles:

Principle 1	-	The Company shall adopt a clear governance structure;
Principle 2	-	The Company shall have an effective and efficient Board with the capacity to take and which takes decisions in the corporate interest;
Principle 3	-	The Directors shall demonstrate integrity and commitment;
Principle 4	-	The Company shall have a transparent procedure for identifying its skills gaps and recommending to the shareholder, when appropriate, the appointment and evaluation of Board members;
Principle 5	-	The Board shall establish an Audit Committee and such other specialised committees as it may from time to time decide;
Principle 6	-	The Board shall define clear executive management structure;
Principle 7	-	The Company shall remunerate Directors and executive managers fairly and responsibly;
Principle 8	-	The Company shall ensure disclosure of its corporate governance through an effective communication strategy

Board of Directors

The Board retains overall responsibility for directing the business and affairs of the Company. It determines company policies and reviews on an annual basis, of its own performance and that of the Chief Executive Officer. The Code requires that the Board comprise of individuals with the skills and experience necessary to assist in managing the Company's business. Directors are expected to possess the highest level of personal and professional ethics and integrity and must be committed to representing the long-term interests of the shareholder.

Composition

The By-laws of the Company requires that the Board shall consist of no less than seven (7) and no more than ten (10) non-executive Directors. In 2011, the shareholder appointed the following persons to the Board of Directors of GPL:

1. Mr. Winston Brassington, Chairman
2. Mr. Carvil Duncan
3. Mr. Narvon Persaud
4. Mr. Desmond Mohamed
5. Mr. Mahender Sharma
6. Mr. Komal Ramnauth

Ethics, Transparency and Accountability

GPL is committed to conducting business in accordance with the highest standards of business ethics, transparency and accountability; and complying with applicable laws, rules and regulations. The Board exhibits transparency and accountability by reporting on an annual basis to the Shareholder on its performance and the financial and operational performance of the Company.

Committees of the Board of Directors

Development and monitoring of the implementation of Board policies are regulated through various committees of the Board. The Committees are:

1. Audit Committee
2. Finance Committee
3. Technical Committee
4. Human Resources Committee
5. Tender Board Committee
6. Commercial Committee

The Audit Committee is headed by Mr. Desmond Mohamed. This Committee monitors amongst other things, the Company's auditing and accounting processes, reviews the adequacy of the Company's internal controls and audit function and holds discussions with the statutory Auditors' on the nature and scope of audit report; financial reporting and other related matters. The committee also makes recommendations to the Board on the remuneration to be paid to GPL external auditors.

Mr. Desmond Mohamed also chairs the Finance Committee, which has oversight of the Company's financial reporting policies and processes, present and future capital requirements and opportunities pertaining to the Company's business and provides guidance with respect to major financial policies and risk assessment of the Company.

The Technical Committee, headed by Mr. Narvon Persaud, evaluates the Company's technical performance and identifies opportunities for improvements in efficiency. It also reviews proposals for investment in the operational infrastructure of the Company. The Committee strives to ensure that GPL's technical operations are optimal to deliver reliable electricity to customers.

The terms of reference of Human Resources Committee include consideration of all issues concerning Human Resource Management, HR policies and initiatives. Chaired by Mr. Winston Brassington, the Committee focuses on developing HR policies that are compliant with employment legislation and best practices, as well as providing general strategic direction to the Human Resources Division.

The Tender Board Committee, chaired by Mr. Carvil Duncan, focuses on ensuring that the Company develops and implements a transparent and sound annual procurement plan, which adheres not only to the Company's policies and procedures but also the Procurement Act and to those of International Donor Agencies, including IADB.

The Commercial Committee, chaired by Mr. Winston Brassington focuses on ensuring that the activities of the Commercial Services Division and Loss Reduction Division are in keeping with the Company's strategic plan, shareholder priorities and national objectives. It aims on developing policies on matters relating to improving the quality of customer services; reducing commercial losses; maximizing revenue collection and improving accuracy and timeliness of billings.

Remuneration

The appointment and terms and conditions of remuneration of the Directors of the Board are determined by the Shareholder. Directors of the Board do not receive remuneration.

Executive Management and Employment

The Board retains overall responsibility for directing the business and affairs of the Company. In order to discharge this responsibility in a manner which ensures compliance with the law and regulations, the Board, through the appointment of executive managers, has established an organizational structure with clear operating and reporting procedures, lines of responsibility and delegated authority. The Board establishes policies for the Company based on its Development and Expansion Programme, Strategic Plan and National objectives, and Management is tasked with ensuring the effective implementation of all Board policies.

Mr. Bharat Dindyal continued in his appointment as Chief Executive Officer and head of Management.
Mr. Dindyal continues to be supported by an executive management team comprising Deputy Chief Executive Officer - Aeshwar Deonarine, Senior Divisional Directors - Renford Homer (Information Technology and Commercial Services) and Colin Singh (Operations and Projects), Divisional Directors Mr. Elwyn Marshall (Operations), Mr. Kumar Sharma (Loss Reduction) and Ms. Sabrina Rampersaud (Finance). Effective April 1, 2011 the position of Divisional Human Resources became vacant due to the resignation of Mr. Ronald Herbert. The position remained vacant for the remainder of the year.

Remunerartion of GPL's management team remains competitive . Additionally, an incentive scheme for each executive manager seeks to enhance performance. The Board remains committed to recruiting and retaining key talent and expertise for the Company.

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Laurian Bancroft
Corporate Secretary

BOARD OF DIRECTORS

Winston Brassington
CHAIRMAN

Carvil Duncan
DIRECTOR

Narvon Persaud
DIRECTOR

Desmond Mohamed
DIRECTOR

Mahender Sharma
DIRECTOR

Komal Ramnauth
DIRECTOR

EXECUTIVE MANAGEMENT TEAM

Bharat Dindyal
Chief Executive Officer

Colin Singh
Senior Divisional Director - Operations & Projects

Aeshwar Deonarine
Deputy Chief Executive Officer

Renford Homer
Senior Divisional Director Information Technology & Commercial Services

Elwyn Marshall
Divisional Director - Operations

Sabrina Rampersaud
Divisional Director - Finance

Kumar Sharma
Divisional Director - Loss Reduction

Nigel Benfield
Regional Manager - Essequibo

Ronald Herbert
Divisional Director - Human Resources
(March 2011)

Ayube Bacchus
Regional Manager - Berbice

HIGHLIGHTS OF OPERATIONAL ACTIVITIES AND ACHIEVEMENTS

The following are highlights of the Company's performance not elsewhere covered in this report:-

Operating Statistics

	Units	2011	2010	2009	2008 (Restated)
Operating Revenue	G$'000	27,532,838	26,567,288	23,972,759	22,978,176
Profits/(Losses) Before Tax	G$'000	(4,535,137)	947,738	2,919,550	(2,897,781)
Fixed Assets	G$'000	20,080,553	16,754,103	17,134,535	11,699,189
Total Capital & Reserves	G$'000	10,167,190	11,978,386	11,425,027	6,251,435
Net Current Assets	G$'000	6,854,282	9,402,039	6,862,667	2,095,468
New Capital Investment	G$'000	9,849,821	4,419,636	12,598,175	3,838,379
Gross Generation	GWh	653	626	586	564
Billed Sales	GWh	430	415	370	356
Technical & Commercial Losses	%	31.60%	31.30%	34.30%	34%
Number of New Connections		6,993	5,795	6,868	5,292
Gross Capacity	MW	202.07	166.02	163.90	152.00
Available Capacity	MW	131.00	121.46	124.30	104.00
Peak Demand	MW	103.86	100.57	94.90	91.51
Employees (Number at year end -permanent and temporary)		1,104	1,006	912	983
Total Employment Cost (including capitalized amounts)	G$'000	2,487,076	2,403,232	2,365,881	2,401,187

Note 1: Gross/Installed Capacity

At the end of 2011, GPL's installed (nameplate) capacity totaled 202.07MW, with 134.77MW located in Demerara, 50.4 MW (including 10MW of GuySuCo owned Skeldon Wartsila units) located in Berbice, and 16.9 MW located in Essequibo. After accounting for derating (for age and condition) and the then unavailability of a 5.5 MW Wartsila unit at GOE, this figure was reduced to 131.0 MW. Of this number, 107.2 MW (including the 10 MW of Guysuco's Wartsila units) is considered reliable. Of the 107.2 MW, 93.6 MW (Wartsila Units and one 4.8 MW Mirrlees unit) operate with HFO. All other units are diesel-fired. GPL considers its remaining available capacity of 23.8 MW to be unreliable. These (nameplate capacity) consist of 32 MW of high speed, mobile and stationary Caterpillar units, 16.5 MW of mainly medium speed, base load type units that have exceeded their normal operational life expectancy and 25.8 MW of units that are inoperable and for which GPL has initiated the process for having the units "written off". A summary is provided in the matrix below:

	Installed Capacity	Derated Capacity	Reliable Capacity	Unreliable Capacity
Demerara	134.77	95.30	81.60	13.70
Berbice	50.40	25.30	19.2	6.1
Essequibo	16.90	10.40	6.40	4.00
Total	202.07	131.00	107.20	23.80

Key Customer & Sales Statistics

	Units	2011		2010		2009 (Restated)	
Customers – Total	No.	161,396	%	151,288	%	147,035	%
Residential	No.	146,620	90.84%	137,513	90.90%	133,397	90.72
Commercial	No.	14 ,241	7.79%	13,166	8.70%	13,041	8.87
Industrial	No.	561	0.347%	609	0.40%	597	0.41
Sales – Total	G$'000	27,532,838	%	26,567,288		23,972,759	%
Residential	G$'000	10,963,968	39.82%	10,442,944	39.31%	9,383,848	39.15
Commercial	G$'000	5,605,065	20.36%	5,661,059	21.31%	5,135,778	21.42
Industrial	G$'000	10,963,805	39.82%	10,463,284	39.38%	9,453,133	39.43
Sales – Total	MWh	430,457	%	413,545	%	370,310	%
Residential	MWh	195,085	45.32%	185,067	44.75%	166,335	44.92
Commercial	MWh	74,344	17.27%	75,083	18.16%	66,800	18.04
Industrial	MWh	161,028	37.41%	153,394	37.09%	137,175	37.04

Metering

A total of 650 ITRON meters were installed in 2011 bringing the total installed to 3,067.

6,437 defective minor meters were replaced and 2,497 meter interfaces were upgraded in accordance with the new wiring regulations.

In 2011, 10,286 prepaid meters were installed for residential and small business consumers. This technology, introduced by the Company in 2009, is expected to deliver the double benefit of reducing technical losses through energy conservation while at the same time improving customer service.

Billing and Collections

GPL continued its vigorous efforts to improve collections and effectively manage customer credit. Collections were 101.7 % of billings with 91 % of monthly bills for large consumers having actual meter readings and 83% of residential and small business consumers having actual readings.

Unserved Areas Electrification Programme (UAEP)/ Government of Guyana Additional Unserved Areas Electrification Programme

In 2011, 871 new connections were completed under the UAEP Phase I and II network expansion bringing the total number of new service connections completed at the end of the year to 10,416. This amount equated to 52.55% of the potential connections/lots funded under UAEP and through SIMAP. Under the GoG Additional Unserved Areas Electrification Programme, network expansion to supply 22,285 lots had been completed with 10,468 new service connections completed equating to 46.98% of the total lots. Overall the rate of uptake remained relatively low with 49.6% of total potential customers accessing electricity legally.

UEAP Statistics

Project	Total No. House Lots	Total No. new connections 2011	Total no. of new connections as at 2011	Uptake as a percentage of Total lots
UAEP	19,821*	871	10,416	52.55
GOG	22,285	987	10,468	46.97
Total	42,106	1,858	20884	49.5

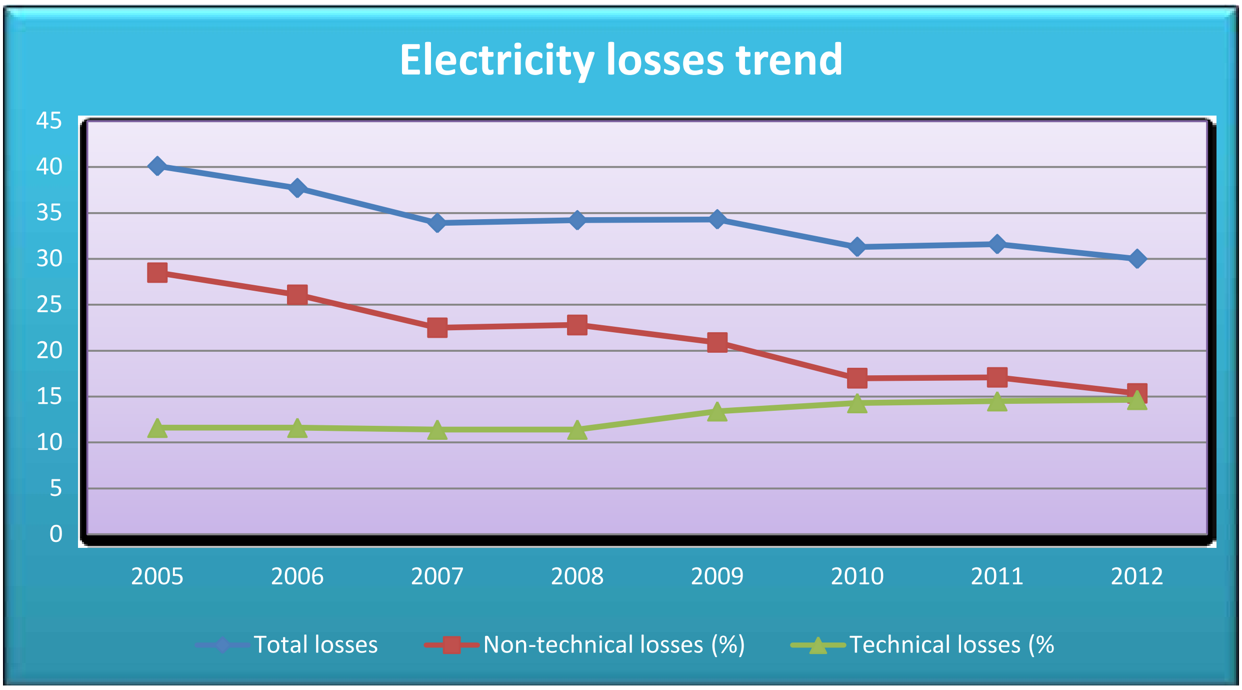
**While 22,461 lots can benefit under the UAEP Project, 2,640 lots are in Linden which is outside GPL's authorized area.. Thus, GPL has no data on service connections completed in 2011 in the Linden area.*

Technical and Commercial Losses

GPL continues to be plagued with significant challenges in reducing losses. At the end of 2011, losses increased to 31.6% compared to 31.3% in 2010. At the end of the year technical losses were estimated at 14.5% an increase of 0.2% over 2010 and commercial losses, 17.1%, an increase of 0.1% over 2010. Since 2006, the Company's primary focus has been the reduction of non-technical losses. Through the implementation of a Strategic Loss Reduction Plan formulated by international consultants, non-technical losses reduced by 11.69% moving from 28.79% at the end of December 2005 to 17.5% at the end of December 2011. However the reduction was non-linear during the period and tapered off between 2010 and 2011.

Electricity losses trend

Year	Technical losses (%)	Non-technical losses (%)	Overall losses (%)
2005	11.6	28.79	40.39
2006	11.6	26.1	37.7
2007	11.4	22.5	33.9
2008	11.4	22.8	34.2
2009	13.4	20.9	34.3
2010	14.3	17	31.3
2011	14.5	17.1	31.6



The focus on non-technical losses has been primarily driven by the fact that it is less capital intensive than technical losses. However, the sustainable benefits are not guaranteed, particularly given the ingrained culture of electricity theft. Tackling commercial loss reduction requires a menu of initiatives which must be constantly reviewed and modified in order to make meaningful reduction in losses. In 2011, in addition to the meter replacement programme, GPL continued its efforts to reduce the number of illegal connections.

Statistics on Raids

Activity	2008	2009	2010	2011	Total
Raids (Carried out)	188	142	192	162	684
Raids (Illegal Connections removed)	13,637	5,422	9,113	5,658	33,830
Illegal connection found &removed as a result of complaints/information received from third parties	1,915	1,326	1724	1145	6,110
TOTAL (Illegal Connections)	15,552	6748	10,837	6803	39, 940

Statistics on Prosecutions

Activity	2008	2009	2010	2011	Total
Arrest	382	411	575	420	1,788
Conviction	62	198	211	11	482
Pending	76	200	402	405	1,083
Struck out	102	48	33	6	189
Not charged	31	10	1	0	42
Withdrawn	1	3	0	0	4
Dismissal	61	26	47	8	142

Summary of Loss Reduction Activities

Activities	Achievement for 2011	Projections for 2012
Electricity Theft	420	430
Illegal Connections		
• Raids to be carried out	162	132
• Illegal Connections removed	6803	6300
Metering		
• ITRON Installation/ Metering (Replacement)	650	1500
• New Interface	2497	3800
• Defective Meter Replacement	6437	7500
• Meter testing using Portable Test Bench	13,926	12000
• Prepaid Meters	10286	12000
Billing		
• Zero Consumption Investigation	1605	3600
• Low Consumption Investigation	1798	4800

Human Resources

Industrial Relations

At the end of 2011, the total number of employees was 992 compared to 1006 at the end of 2010. The Company continued to maintain stable relations with the Unions throughout the year. GPL is cognizant that good labour management relations is important for stability of all aspects of operations within the Company. In 2011 the Company working in partnership with the Unions sought to resolve issues affecting labour relations and virtually all matters were resolved. The handful of unresolved matters were deferred for further consideration.

In 2011, NACCIE (which represents approximately 750 non-managerial staff), initiated arbitration for increases in wages and salaries in respect of the calendar years 2006-2010. The Arbitration Panel awarded an all inclusive increase of 6% for 2010 payable across-the-board, and a 2% increase (in addition to the 6% increase that was paid by GPL) for the calendar year 2008. The Panel also ruled that the awards concluded all monetary disputes as at the end of 2010.

Both NAACIE and GPSU (which represents managerial staff) accepted GPL's offer of an all inclusive 2011 salary increase of 8% payable across the board. NAACIE also enjoyed increases in allowances.

Employees' Welfare

GPL continued its focus on welfare of its employees and hosted seminars and other initiatives geared to works securing the health and wellness of its workforce. Annual medical examinations and sensitization sessions on managing healthy lifestyles were hosted. The Company also hosted its annual athletic sports and honoured 12 employees with 25 years of service.

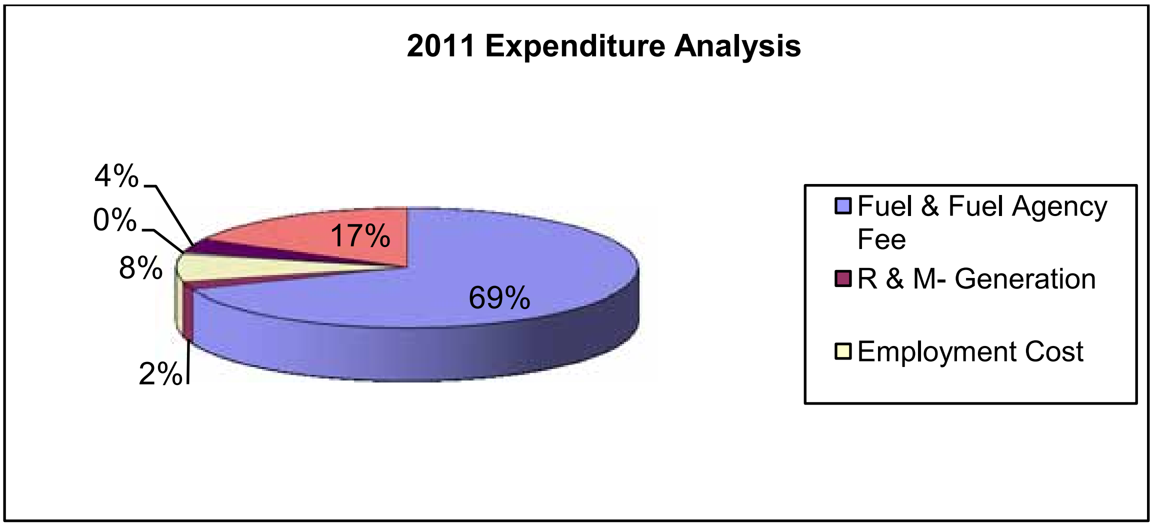
In recognition of the benefits of continual training and development of staff, GPL's dedicated Training and Development School trained over 400 staff in various disciplines. Staff are encouraged to pursue academic development and the Company facilitates by providing monetary and other support.

Financial Highlights

Operating Expenses

Total expenses, including finance charges, for 2011 were 22% above 2010 due primarily to a 36% increase in fuel expenses, 362% increase in Rentals of Generating Units, 10% increase in maintenance cost and 5% increase in employment cost.

The major categories of expense are illustrated in the following chart:-



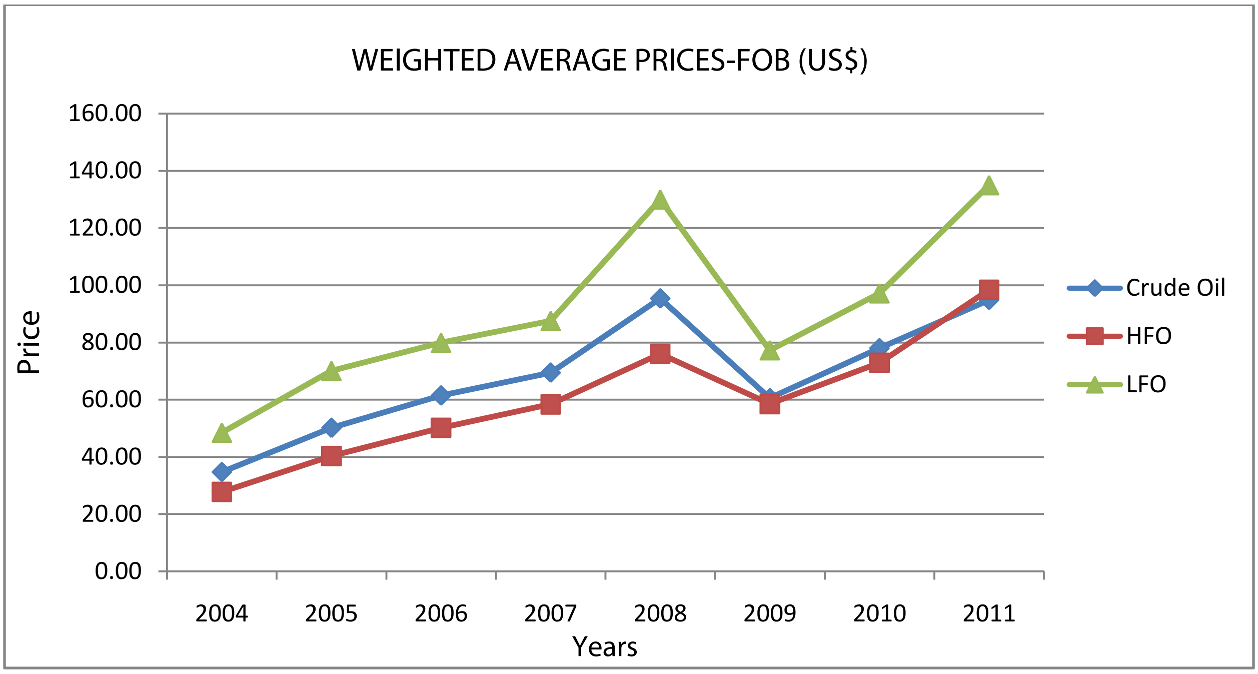
Fuel is GPL's largest expense accounting for 69% of the company total expenditure in 2011, a 6% increase from 2010 figures. Fuel costs accounted for G$22.5 billion in expenditure for the year compared to G$16.6 billion in 2010. The weighted average price of fuel increased from US$78 per barrel in 2010 to US$108 per barrel in 2011, an increase of $US30 per barrel, or 38% above 2010 prices.

GPL's Fuel Expenses, Total Expenses and Turnover for the years 2004 to 2011

Year	Total Expenses US$000	Fuel Expenses US$000	Fuel as % of total expenses	Turnover US$000	Fuel as % of total Turnover
2004	74,217	35,076	47	72,958	48
2005	80,626	48,252	60	80,287	60
2006	95,803	60,607	63	86,544	70
2007	109,970	70,613	64	96,881	73
2008	128,523	90,291	70	112,089	81
2009	105,379	63,912	61	116,940	55
2010	127,417	80,838	63	129,597	62
2011	159,070	109,674	69	134,307	82

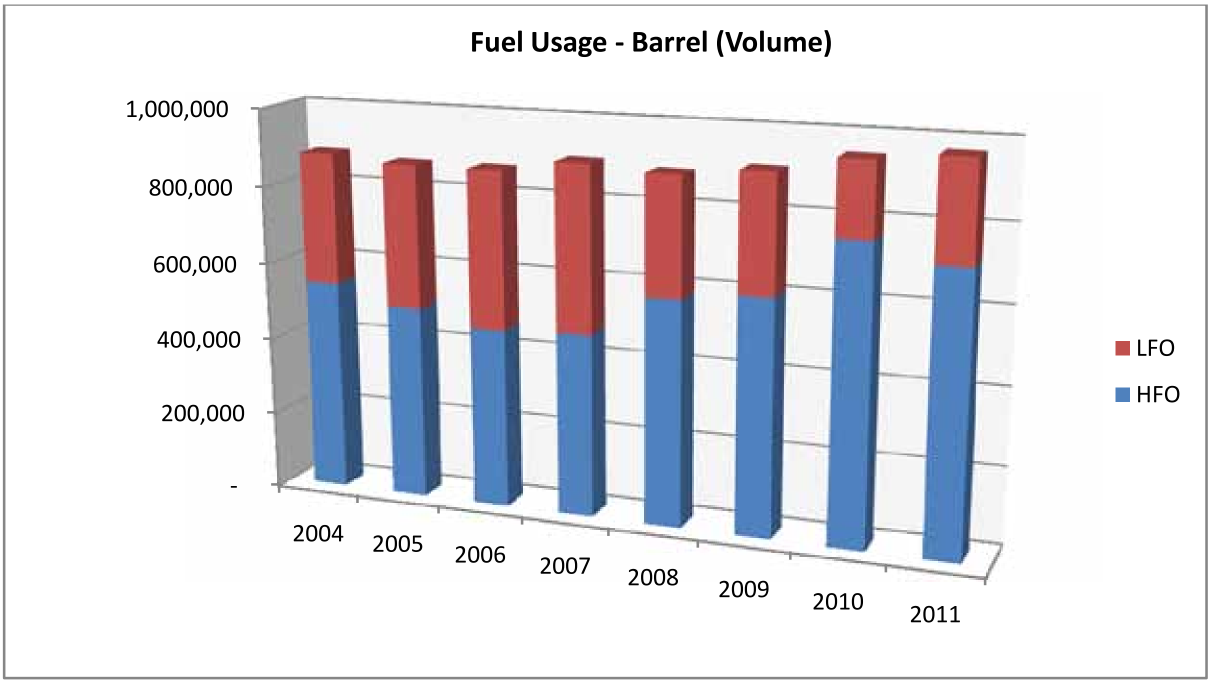
Fuel Prices 2004-2011, of HFO, Diesel and Crude Oil

Weighted Average Prices-Fob (US$)			
Year	**Crude Oil**	**HFO**	**LFO**
2004	34.70	27.75	48.50
2005	50.13	40.31	70.08
2006	61.47	50.13	79.93
2007	69.47	58.40	87.56
2008	95.41	76.05	130.03
2009	60.52	58.51	77.31
2010	78.01	72.91	97.21
2011	94.87	98.44	135.03



Average Fuel Mix 2004-2011 and Costs

	Barrels Volume		Total Barrels Volume	Mix %		Annual Cost US$'000		Total Annual Cost US$'000
Year	HFO	LFO		HFO	LFO	HFO	LFO	
2004	546,449	336,833	883,282	62	38	15,166	16,336	31,502
2005	499,274	370,302	869,576	57	43	20,124	25,951	46,075
2006	462,177	407,296	869,473	53	47	23,170	32,557	55,727
2007	471,955	428,983	900,938	52	48	27,561	37,563	65,124
2008	581,375	305,805	887,180	66	34	44,212	39,763	83,975
2009	607,584	301,057	908,641	67	33	35,552	23,276	58,828
2010	761,245	189,587	950,832	80	20	55,502	18,429	73,931
2011	716,978	252,663	969,641	74	26	70,576	34,116	104,692



STATEMENT OF RESPONSIBILITIES AND APPROVAL

Financial Statements

The Electricity Sector Reform Act 1999 requires that the Audited Financial Statements be prepared in accordance with the Companies Act 1991. The integrity and objectivity of the financial information presented in the Financial Statements are the primary responsibilities of the Management of GPL. The Statements are prepared in accordance with International Financial Reporting Standards and the Companies Act 1991. In preparing the Financial Statements, appropriate accounting policies have been used and consistently applied. Reasonable and prudent judgment and estimates have been made and all accounting standards considered applicable have been followed.

The Auditor General audited the financial statements as prepared by Management and upon completion of such examination has expressed his opinion in the following statements to shareholders. **Appendix 1.**

Going Concern

The Financial returns are prepared on a going concern basis and the Board, after making appropriate enquiries, is satisfied that GPL has adequate resources to continue its operations for the future.

On behalf of the Board

....

Winston Brassington

Chairman

APPENDIX 1

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

AG: 41/2012 14 May 2012

**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 2011**

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 2011, as set out on pages 2 to 30. 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 the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and 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 of 31 December 2011 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and compliance with the Companies Act 1991.

AUDIT OFFICE
OF GUYANA

D. SHARMA
AUDITOR GENERAL (ag.)

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

Nizam Ali & Company

Chartered Accountants

215 'C' Camp Street
North Cummingsburg
Georgetown

Tel: **(592)-227-8825**
Tele/Fax: **(592)-225-7085**
E-mail: **nizamali@gol.net.gy**

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, 2011

AUDITORS' REPORT

We have audited the accompanying financial statements of Guyana Power and Light Inc. which comprise the statement of financial position as at December 31, 2011 and the statement of comprehensive income, changes in shareholder 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, 2011 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 7, 2012

GUYANA POWER AND LIGHT, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

Guyana Power and Light, Inc.
Statement of Financial Position
As at December 31, 2011
With comparative figures for 2010
(Expressed in Guyana Dollars)

ASSETS	**Notes**	**2011 $'000**	**2010 $'000**
Non current assets			
Property, plant and equipment	5	20,080,553	16,754,103
Intangible fixed assets	6	643,291	604,204
Work-in-progress	7	5,993,192	2,688,030
Deferred tax	8	1,965,201	689,998
		28,682,237	**20,736,335**
Current assets			
Taxes recoverable		9,828	9,828
Inventories	9	4,382,268	4,008,640
Receivables	10	4,587,394	4,867,667
Deposit	11	145,637	218,495
Related parties	12 (a)	2,514,631	1,614,543
Cash resources		69,035	2,822,566
		11,708,793	**13,541,739**
Total Assets		**40,391,030**	**34,278,074**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	15,486,755	13,986,755
Accumulated deficit		(5,319,565)	(2,008,369)
		10,167,190	**11,978,386**
Non current liabilities			
Related parties	12 (c)	16,453,557	9,034,645
Advances customer financed projects	14	6,636,630	6,811,840
Provision for decommissioning	15	242,900	242,900
Customer deposits	16	1,422,654	1,302,862
Defined benefit pension	17	358,400	318,200
Loan	18	255,188	449,541
		25,369,329	**18,159,988**
Current liabilities			
Bank overdraft		190,320	-
Related parties	12 (b)	1,425,792	1,189,408
Loan	18	198,281	188,955
Deferred income	19	50,770	5,127
Payables	20	2,611,961	2,354,599
Taxation		377,387	401,611
		4,854,511	**4,139,700**
Total equity and liabilities		**40,391,030**	**34,278,074**

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, 2011
With comparative figures for 2010
(Expressed in Guyana Dollars)

	Notes	2011 $'000	2010 $'000
Revenue			
Turnover		27,532,838	26,567,288
Expenditure			
Generation costs	21	25,872,951	19,899,256
		1,659,887	**6,668,032**
Other expenses			
Employment costs	22	2,449,161	2,327,012
Repairs and maintenance - T & D		155,703	103,251
Depreciation	23	1,964,638	1,869,909
Administrative expenses	24	1,216,567	1,359,240
Rates and taxes		12,383	48,147
Loss on exchange		7,076	-
Bad debts		408,291	397,965
PUC assessment and license		51,000	25,000
		6,264,819	**6,130,524**
Net (loss) income from operations		**(4,604,932)**	**537,508**
Interest expenses		471,625	90,618
		(5,076,557)	446,890
Other income		541,420	500,848
Net comprehensive (loss) income before taxation		**(4,535,137)**	**947,738**
Taxation	25	1,223,941	(394,379)
Net comprehensive (loss) income for the year		**(3,311,196)**	**553,359**
(Loss) earnings per share	26	(39)	7

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

Guyana Power and Light, Inc.
Statement of Changes in Shareholders Equity
For the year ended December 31, 2011
With comparative figures for 2010
(Expressed in Guyana Dollars)

	Share capital *(Note 13)* $'000	Accumulated Surplus/ (Deficit) $'000	Total $'000
At January 1, 2010	13,986,755	(2,561,728)	11,425,027
Profit for the year	-	553,359	553,359
At December 31, 2010	**13,986,755**	**(2,008,369)**	**11,978,386**
At January 1, 2011	13,986,755	(2,008,369)	11,978,386
Capital contribution during the year	1,500,000	-	1,500,000
Net loss for the year	-	(3,311,196)	(3,311,196)
At December 31, 2011	**15,486,755**	**(5,319,565)**	**10,167,190**

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, 2011
With comparative figures for 2010
(Expressed in Guyana Dollars)

	2011 $'000	2010 $'000
Cash flows from operating activities		
Net comprehensive (loss) income before taxation	(4,535,137)	947,738
Adjustments for:		
Depreciation	1,964,638	1.869,909
Deferred Income	45,643	3,728
Defined pension benefit liability	40,200	41,800
Interest expense	471,625	90,618
Amortisation	(384,767)	(387,593)
	2,137,339	1,618,462
Operating profit before working capital changes	**(2,397,798)**	**2,566,200**
Working capital changes		
Receivables	280,273	(73,928)
Inventories	(373,628)	(1,679,469)
Payables	257,362	825,219
Related parties	(663,704)	(341,400)
	(499,697)	(1,269,578)
Cash (used)/ generated from Operations	**(2,897,495)**	**1,296,622**
Taxes paid	(75,486)	(77,162)
Net cash (outflow) inflow from operating activities	**(2,972,981)**	**1,219,460**
Cash flow from investing activities		
Purchase of intangible asset	(39,087)	(604,204)
Purchase of tangible fixed assets	(8,596,250)	(2,330,437)
Increase in deposit	72,858	229,365
Net cash outflow from investing activities	**(8,562,479)**	**(2,705,276)**
Cash flow from financing activities		
Non current related parties	7,418,913	1,451,183
Net movement in loans	(185,027)	(173,248)
Capital contribution during the year	1,500,000	-
Interest paid	(471,625)	(90,618)
Customer deposits	119,791	142,498
Customer financed projects	209,557	1,664,539
	8,591,609	**2,994,354**
Net (decrease) increase in cash and cash equivalents	**(2,943,851)**	**1,508,538**
Cash and cash equivalents - January 1	2,822,566	1,314,028
Cash and cash equivalents - December 31	**(121,285)**	**2,822,566**
Represented By:		
Cash on hand and at bank	69,035	2,822,566
Bank overdraft	(190,320)	-
	(121,285)	**2,822,566**

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

Current year

Revised standards and interpretations which became effective during the current year and were adopted did not have any impact on the accounting policies, financial performance or position of the company.

Not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these financial statements. Other than IFRS 9 which is discussed below none of these will have a significant impact on the financial statements of the company.

IFRS 9 is required to be applied for annual financial period beginning on or after January 1, 2013. This standard will ultimately replace IAS 39 *Financial Instruments: recognition and measurement.* The project to replace the IAS has been divided into three phases. As each phase is completed the relevant portions of IAS 39 will be deleted and new chapters will be created in IFRS 9.

Phase 1 which dealt with classification and measurement of financial assets and liabilities requires all financial assets to be classified on the basis of the entity's business model for managing financial assets and the contractual characteristics of the financial asset.

Phase 2 dealing with impairment methodology and Phase 3 dealing with hedge accounting is currently under consideration.

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 May 4, 2012.

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 are as follows:

	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 tangible 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 the Statement of Comprehensive Income as at December 31, 2011.

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).

Transaction 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, 2011 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 evaluate 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 exercise 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,	1,012,597	15,491,964	11,127,459	153,518	719,196	28,504,734
Additions	49,417	4,348,203	863,600	-	29,868	5,291,088
December 31,	**1,062,014**	**19,840,167**	**11,991,059**	**153,518**	**749,064**	**33,795,822**
Depreciation						
As at January 1,	220,042	6,375,969	4,384,760	117,505	652,355	11,750,631
Charged for the year	23,869	1,008,468	839,433	18,854	74,014	1,964,638
December 31,	**243,911**	**7,384,437**	**5,224,193**	**136,359**	**726,369**	**13,715,269**
Net Book Values:						
As at December 31, 2011	818,103	12,455,730	6,766,866	17,159	22,695	20,080,553
As at December 31, 2010	792,555	9,115,995	6,742,699	36,013	66,841	16,754,103

6. Intangible Asset

	2011 $ '000	2010 $ '000
Balance at beginning of year	604,204	604,204
Additions	39,087	-
Balance at end of year	643,291	604,204

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

	2011 $'000	2010 $'000
Balance - January 1	2,688,030	1,847,071
Additions	7,885,183	2,930,159
CWIP Expensed/Reversed from Contribution	-	(246,780)
Transfers to Stock	-	(632,277)
Transfers to Tangible Fixed Assets	(4,580,021)	(1,210,143)
Balance - December 31	**5,993,192**	**2,688,030**

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

	2011 $'000	2010 $'000
Deferred Tax		
Balance at beginning of year	689,998	1,008,890
Movement	1,275,205	(318,892)
Balance at end of year	**1,965,203**	**689,998**
Components of deferred tax		
Unused tax losses	2,515,607	1,347,578
Timing difference	(550,406)	(657,580)
	1,965,201	**689,998**

9. Inventories

	2011 $'000	2010 $'000
Fuel	635,695	1,070,588
Spares	2,325,615	2,392,857
Goods in Transit	1,420,958	545,195
	4,382,268	**4,008,640**

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

	2011 $'000	2010 $'000
Customer accounts	9,564,818	10,080,607
Others	1,430,786	786,979
	10,995,604	**10,867,586**
Less		
(i) Provision for bad debts (i)	(6,408,210)	(5,999,919)
	4,587,394	**4,867,667**

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

11. Deposit accounts

		2011 $'000	2010 $'000
	Letters of Credit	12	12
(i)	Republic Bank (Guyana) Ltd. - Cash Collateral A/cs	1,536	1,547
(ii)	Unserved Areas Electrification Programme Counterpart A/c	144,089	216,889
(iii)	Unserved Areas Electrification Programme IDB A/c	-	47
Total		**145,637**	**218,495**

(i) Represent 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

			2011 $'000	2010 $'000
(a)	**Current assets**			
	(i)	Agent - Bill Direct	184,264	-
	(ii)	Receivable- Guyana Sugar Corporation	2,330,367	1,614,543
			2,514,631	**1,614,543**
(b)	**Current liabilities**			
	(i)	Guyana Electricity Corporation - Customer Deposits	12	12
	(ii)	Related Party Payable-Guysuco	1,059,453	823,069
	(iii)	Government of Guyana - Petro Caribbean Loan	366,327	366,327
			1,425,792	**1,189,408**
(c)	**Non-current liabilities**			
	(i)	Government of Guyana - Infrastructural development	4,779,626	1,393,620
	(ii)	Government of Guyana - Petro Caribbean Loan	10,932,731	6,827,025
	(iii)	Government of Guyana - IDB Loan	741,200	814,000
			16,453,557	**9,034,645**

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 year (15) 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 $	2011 Value $'000	2010 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	-
		85,262,653		15,486,755	13,986,755

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 the year the company converted G$1.5B 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.

	2011 $'000	2010 $'000
Contributions:		
At January 1	8,273,468	6,608,929
Contributions during the year	209,557	1,664,539
At December 31	8,483,025	8,273,468
Amortisation:		
At January 1	(1,461,628)	(1,074,035)
Amortisation during the year	(384,767)	(387,593)
At December 31	(1,846,395)	(1,461,628)
Net deferred income at December 31	**6,636,630**	**6,811,840**

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, 2011.

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. 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 795 (2010 - 776).

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

	2011 $'000	2010 $'000
Defined benefit obligation	2,568,900	2,332,400
Fair value of assets as per actuarial valuation	(2,017,100)	(1,834,500)
	551,800	497,900
Unrecognised (loss)	(193,400)	(179,700)
Net IAS 19 defined benefit liability	358,400	318,200

17. Defined benefit pension scheme, continued

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

	2011 $'000	2010 $'000
Opening defined benefit liability	318,200	276,400
Plus net pension cost	113,700	115,600
Less:		
Company contributions paid	(73,500)	(73,800)
	358,400	318,200

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

	2011 $'000	2010 $'000
Current service cost	110,500	104,000
Interest on defined benefit obligation	114,100	107,700
Expected return on scheme assets	(110,900)	(99,800)
Amortised net gain	-	3,700
	113,700	115,600

(e) Actual return on scheme assets

	2011 $'000	2010 $'000
Expected return on scheme assets	110,900	99,800
Actuarial gain on scheme assets	43,500	61,000
Actual return on scheme assets	154,400	160,800

(f) Summary of main assumptions

	2011 % pa	2010 % pa
Discount rate	5	5
Salary increases	8	8
Expected return on assets	6	6

18. Loan

		2011 $'000	2010 $'000
(i)	Republic Bank (Guyana) Limited - US$	202,234	284,906
(ii)	Republic Bank (Guyana) Limited	251,235	353,590
		453,469	638,496
	Repayable within one year	198,281	188,955
	Repayable within two to five years	255,188	421,649
	Repayable after five years	-	27,892
		255,188	449,541
		453,469	638,496

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.

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	**2011 $'000**	**2010 $'000**
	50,770	5,127

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	**2011 $'000**	**2010 $'000**
Trade creditors	2,009,176	1,984,986
Employment costs	77,163	160,921
Other accruals	525,622	208,692
	2,611,961	**2,354,599**

21. Generation costs	**2011 $'000**	**2010 $'000**
Fuel	22,430,300	16,513,052
Fuel agency fee	52,922	58,806
Operations and maintenance contract	1,321,872	1,290,016
Purchased power	299,834	626,343
Repairs and maintenance - generation facilities	698,595	1,179,691
Rental of equipment - generation	1,069,428	231,348
	25,872,951	**19,899,256**

22. Employment costs	**2011 $'000**	**2010 $'000**
Gross salaries	2,293,080	2,173,459
Social security costs	88,642	85,558
Pension costs	67,439	67,995
	2,449,161	**2,327,012**

23. Depreciation	**2011 $'000**	**2010 $'000**
Buildings	23,869	22,001
Plant and machinery	1,008,468	973,098
Transmission and distribution networks	839,433	765,733
Motor vehicles	18,854	19,760
Equipment	34,185	58,251
Computer equipment	39,829	31,066
	1,964,638	**1,869,909**

24. Administrative expenses

		2011 $'000	2010 $'000
Administrative Expenses		1,216,567	1,359,240
The following expenses were charged in the above amounts:			
Repairs and maintenance	- Motor vehicles & tools	33,053	31,880
	- Buildings	28,066	86,222
	- Equipment	27,009	53,184
Audit Fees		7,428	6,661

25. Taxation

	2011 $'000	2010 $'000
Property tax	51,262	75,487
Total current taxes	**51,262**	**75,487**
Origination of timing differences - others	(1,275,203)	318,892
Total Deferred Taxes	**(1,275,203)**	**318,892**
	(1,223,941)	**394,379**

Reconciliation of effective tax rate	2011 $'000	2010 $'000
Net comprehensive (loss) income before tax	(4,535,137)	947,738
Corporation tax calculated at the enacted rate	(1,360,540)	331,709
Deferred Tax -Pension Liability	(12,060)	(14,630)
Tax rate adjustment - prior year	98,226	-
Expenses not deductible for tax purposes	(829)	1,813
Property taxes	51,262	75,487
Total tax included in statement of comprehensive income	**(1,223,941)**	**394,379**

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.

	2011 $'000	2010 $'000
Net (loss) profit after taxation	(3,311,196)	553,359
Divided by:		
Weighted average number of ordinary shares	85,262,653	77,020,895
(Loss) earnings per share in dollars	(39)	7

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 2011 amounted to G$19.782bn of which G$6.398bn was utilized as notional expenses in computing the Final Return Certificate for 2011.

28. Compensation to key management personnel

The remuneration paid to 32 (2010- 29) key management personnel during the year were as follows:

	2011 $'000	2010 $'000
(a) Short-term employee benefits	312,420	270,514
(b) Post-employment benefits	6,477	5,081
	318,897	275,595

29. Contingencies

(a) The company is a defendant or plantif 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	**Financial liabilities**	**Total**
	$'000	**$'000**	**$'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

30. Financial instruments and financial risk management, continued

	Loans and receivables $'000	Financial liabilities $'000	Total $'000
December 31, 2010			
Financial assets			
Receivables	4,867,667	-	4,867,667
Deposits	218,495	-	218,495
Related parties	1,614,543	-	1,614,543
Cash resources	2,822,566	-	2,822,566
	9,523,271	-	9,523,271
Financial liabilities			
Customers deposits	-	1,302,862	1,302,862
Related parties	-	10,224,053	10,224,053
Loans	-	638,496	638,496
Payables	-	2,354,599	2,354,599
	-	14,520,010	14,520,010

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

	2011 $'000	2010 $'000
Receivables	4,587,394	4,867,667
Deposits	145,637	218,495
Related parties	2,514,631	1,614,543
Cash resources	69,035	2,822,566
	7,316,697	9,523,271

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	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

(i) Credit risk, continued
Management of investment and cash resources, continued

	Guyana	North America	Others	Total
December 31, 2010				
Financial assets				
Receivables	4,867,667	-	-	4,867,667
Deposits	218,448	47	-	218,495
Related parties	1,614,543	-	-	1,614,543
Cash resources	2,822,566	-	-	2,822,566
	9,523,224	47	-	9,523,271
Financial Liabilities				
Customer deposits	1,302,862	-	-	1,302,862
Related parties	1,637,080	7,193,353	1,393,620	10,224,053
Loans	638,496	-	-	638,496
Payables	1,186,457	222,258	945,884	2,354,599
	4,764,895	7,415,611	2,339,504	14,520,010
Net liability gap	4,758,329	(7,415,564)	(2,339,504)	(4,996,739)

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, 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

(ii) Liquidity risk, continued

	Up to one year $'000	Two to five years $'000	Over five years $'000	Total $'000
December 31, 2010				
Assets				
Receivables	4,867,667	-	-	4,867,667
Deposits	218,495	-	-	218,495
Related parties	1,614,543	-	-	1,614,543
Cash and bank	2,822,566	-	-	2,822,566
Total assets	9,523,271		-	9,523,271
Liabilities				
Customers deposits	6,510	26,040	1,270,312	1,302,862
Related parties	1,189,408	2,288,377	6,746,268	10,224,053
Loans	188,955	449,541	-	638,496
Payables	2,354,599	-	-	2,354,599
Total liabilities	3,739,472	2,763,958	8,016,580	14,520,010
Net assets/ liabilities	5,783,799	(2,763,958)	(8,016,580)	(4,996,739)

30. Financial instruments and financial risk management, continued

(iii) Interest rate risk, continued

	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, 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
		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)

December 31, 2010

	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, 2010						
Assets						
Receivables		-	-	-	4,867,667	4,867,667
Deposits		218,495	-	-	-	218,495
Related parties		-	-	-	1,614,543	1,614,543
Cash and bank	1.5	166,775	-	-	2,655,791	2,822,566
		385,270	-	-	9,138,001	9,523,271
Liabilities						
Customers deposit	7	6,510	26,040	1,270,312	-	1,302,862
Related parties	3	1,189,408	1,465,305	6,746,270	823,070	10,224,053
Loans	12	188,955	449,541	-	-	638,496
Payables		-	-	-	2,354,599	2,354,599
		1,384,873	1,940,886	8,016,582	3,177,669	14,520,010
Interest sensitivity gap		(999,603)	(1,940,886)	(8,016,582)	5,960,332	(4,996,739)

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$164,468 (2010 G$74,088), if the exchange rate is to increase by 1%.

	Financial Assets $'000	Financial Liabilities $'000	Net Liability $'000	% Change $'000	Impact on profit $'000
December 31, 2011					
G$ equivalent of US Dollars	6,792	16,453,556	(16,446,764)	1	(164,468)
December 31, 2010					
G$ equivalent of US Dollars	6,851	7,415,610	(7,408,759)	1	(74,088)

(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.

GPL

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