

AUDITED FINANCIAL STATEMENTS OF THE  
LETHEM POWER COMPANY INCORPORATED

FOR THE PERIOD  
22 JANUARY 2003 TO 31 DECEMBER 2004

CONTRACTED  
AUDITORS: DELOITTE AND TOUCHE

AUDITORS: AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

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AUDITED FINANCIAL STATEMENTS OF THE  
LETHEM POWER COMPANY INC.  
FOR THE PERIOD 22 JANUARY 2003 TO 31 DECEMBER 2004

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## Audit Office of Guyana

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236/PC: 72/2/2009

23 December 2009

Mr. Winston Brassington  
Director  
Lethem Power Company Inc.  
Parade & Barrack Streets  
Kingston  
Georgetown.

Dear Mr. Brassington,

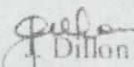
AUDIT OF THE BOOKS AND ACCOUNTS OF THE  
LETHEM POWER COMPANY  
FOR THE PERIOD 22 JANUARY 2003 TO 31 DECEMBER 2004

Please find attached seven copies of the audited financial statements, together with the report of the Auditor General, thereon.

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

With best regards,

Yours sincerely,

  
Dillon  
Audit Manager (ag.)  
for Auditor General(ag.)



## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

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AG: 95/2009

23 December 2009

**REPORT OF THE AUDITOR GENERAL**  
**ON THE FINANCIAL STATEMENTS OF**  
**THE LETHEM POWER COMPANY INCORPORATED**  
**FOR THE PERIOD 22 JANUARY 2003 TO 31 DECEMBER 2004**

Chartered Accountants Deloitte and Touché have audited on my behalf the financial statements of Lethem Power Company Inc. for the period 22 January 2003 to 31 December 2004, as set out on pages 2 to 10. 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. 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.

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 give a true and fair view, in all material respects of the financial position of the Lethem Power Company Incorporated as at 31 December 2004, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

  
D. SHARMA  
AUDITOR GENERAL (ag.)

AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

REPORT OF THE CHARTERED ACCOUNTANTS  
DELOITTE & TOUCHE  
TO THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
LETHEM POWER COMPANY INCORPORATED  
FOR THE PERIOD 22 JANUARY 2003 TO 31 DECEMBER 2004

**Report on the Financial Statements**

We have audited the accompanying financial statements of Lethem Power Company Incorporated which comprise the balance sheet as at 31 December 2004 and the income statement, statements of changes in equity and cash flows for the period 22 January 2003 to 31 December 2004, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 10.

**Directors'/Management's Responsibility for the Financial Statements**

The Directors/ Management are 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 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

LETHEM POWER COMPANY INCORPORATED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 22 JANUARY 2003 TO 31 DECEMBER 2004

	<u>Note</u>	22-Jan-03 to <u>31-Dec-04</u> G\$
Operating revenues		-
Generation and distribution cost		<u>3,205,229</u>
Net operating revenue		(3,205,229)
Administrative expenses		302,660
Depreciation		<u>20,075</u>
Loss for the period	3	<u><u>(3,527,964)</u></u>

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

-1(a)-


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 give a true and fair view, in all material respects of the financial position of Lethem Power Company Incorporated as at 31 December 2004 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

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

  
DELOITTE & TOUCHE  
CHARTERED ACCOUNTANTS

December 15, 2009

77 Brickdam,  
Stabroek, Georgetown,  
Guyana



LETHEM POWER COMPANY INCORPORATED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 22 JANUARY 2003 TO 31 DECEMBER 2004

	Accumulated <u>losses</u> G\$	<u>Total</u> G\$
Loss for the period	<u>(3,527,964)</u>	<u>(3,527,964)</u>
Balance at 31 December 2004	<u>(3,527,964)</u>	<u>(3,527,964)</u>

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

LETHEM POWER COMPANY INCORPORATED

BALANCE SHEET

AT 31 DECEMBER 2004

	<u>Notes</u>	<u>2004</u> G\$
<b>ASSETS</b>		
<b>Non current assets</b>		
Fixed assets	4	13,804,586
<b>TOTAL ASSETS</b>		<u>13,804,586</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Share capital	7	-
Retained losses		(3,527,964)
Shareholders' deficit		<u>(3,527,964)</u>
<b>Current liabilities</b>		
Deposit on shares	5	17,029,890
Accruals		302,660
		<u>17,332,550</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>13,804,586</u>

These financial statements were approved by the Board of Directors on

*15<sup>th</sup> December 2007*

On behalf of the Board

*Paul O'Leary* Director  
*14/12/07*  
*John ...* Director

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

LETHEM POWER COMPANY INCORPORATED

CASH FLOW STATEMENT

FOR THE PERIOD 22 JANUARY 2003 TO 31 DECEMBER 2004

	22.1.2003 to 31.12.2004 G\$
<b>Operating activities</b>	
Loss for the period	(3,527,964)
Adjustments for - Depreciation	<u>3,225,304</u>
<b>Operating loss before working capital changes</b>	(302,660)
Movements in:	
Deposit on shares	17,029,890
Accruals	<u>302,660</u>
<b>Net cash generated from operating activities</b>	<u>17,029,890</u>
<b>Investing activities</b>	
Acquisition of fixed assets	<u>(17,029,890)</u>
<b>Net cash used in operating activities</b>	<u>(17,029,890)</u>
Net increase in cash and cash equivalents	-
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	<u><u>-</u></u>

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

# LETHEM POWER COMPANY INCORPORATED

## NOTES ON THE ACCOUNTS

### 1. Incorporation and activities

Lethem Power Company Incorporated (L.M.P.C.I) was incorporated as a company under the Companies Act chapter 89:01 on the 22 January 2003. The objectives of the company are generation, transmission and distribution of electric power supply within the Lethem and continuous areas.

The company's operations commenced in July 2005. Prior to this, no activities were carried out by the company during the period as the responsibilities for the generation and distribution of electricity were carried out by the regional administration department of Region No.9

### 2. Summary of significant accounting policies

#### (a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and conform with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana. The principal accounting policies are set out below.

#### (b) Fixed assets and depreciation

Land and buildings held for use in the supply of services or for administrative purposes are stated in the balance sheet at their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is credited to revaluation reserve.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued land or buildings, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to equity.

Motor vehicles, furniture and equipment and distribution systems are stated at cost less accumulated depreciation and any accumulated impairment losses.

LETHEM POWER COMPANY INCORPORATED

NOTES ON THE ACCOUNTS

2. Summary of significant accounting policies-cont'd

(b) Fixed assets and depreciation-cont'd

Fixed assets are depreciated so as to write off the cost or valuation of assets, other than land, over their estimated useful lives using the straight line method as follows:-

Buildings	-	2%
Furniture and equipment	-	20%
Motor vehicles	-	25%

A full year depreciation is charged in the year of acquisition and none in the year of disposal.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(c) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted in Guyana at the balance sheet date.

Deferred Tax

Deferred tax is recognized on the differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

LE THEM POWER COMPANY INCORPORATED

NOTES ON THE ACCOUNTS

2. Summary of significant accounting policies-cont'd

(c) Taxation-cont'd

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis. At 31 December, 2004 deferred tax assets not taken up due to uncertainties with respect to recoverability, was approximately G\$1,234,787.

(d) Revenue and expense recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business to third parties, net of discounts, and sales related taxes. Sales of goods are recognised when goods are delivered and title has passed. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Expenses are recognized on an accrual basis.

(e) Creditors and other liabilities

Creditors and other liabilities are measured at fair value.

(f) Revaluation reserve

Surplus on revaluation of fixed assets by the Company is credited to this account. This reserve is not distributable.

LETHEM POWER COMPANY INCORPORATED

NOTES ON THE ACCOUNTS

		22.1.2003 to 31.12.2004
	G\$	G\$
3	Loss for the period	<u>3,527,964</u>

This amount has been arrived at after the following have been accounted for:

Audit remuneration (a)		274,000
Depreciation - generation and distribution	3,205,229	
- others	<u>20,725</u>	
		<u>3,225,954</u>

(a) Auditors' remuneration:

Audit services	<u>274,000</u>
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4 Fixed assets

	Land and buildings G\$	Furniture and equipment G\$	Total G\$
(a) Cost/valuation			
Additions and at 31 December 2004	<u>1,003,745</u>	<u>16,026,145</u>	<u>17,029,890</u>
Accumulated depreciation			
Charge for the period and at 31 December 2004	<u>20,075</u>	<u>3,205,229</u>	<u>3,225,304</u>
Net book values			
At 31 December 2004	<u>983,670</u>	<u>12,820,916</u>	<u>13,804,586</u>

5 Deposit on shares

17,029,890

This represents deposits on shares by National Industrial and Commercial Investments Limited

LETHEM POWER COMPANY INCORPORATED

NOTES ON THE ACCOUNTS

6 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

The following transactions were with related parties of the company:

	<u>2004</u> G\$
Parent company National Industrial and Commercial Investments Limited	
Deposit on shares	<u>17,029,890</u>

No emoluments were paid to the director during the year.

7 Share capital

On April 1, 2005 shares were issued to National Industrial and Commercial Investments Limited of 170,299 ordinary shares @ G\$100.00 each.