

**2002**





*Office of the Auditor General*

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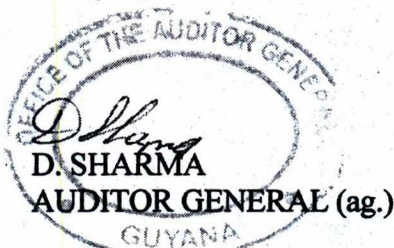
28 February 2005

**REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE  
BAUXITE INDUSTRY DEVELOPMENT COMPANY LIMITED  
ON THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2002**

Chartered Accountants, Bisheswar and Company, have audited on my behalf the consolidated financial statements of Bauxite Industry Development Company Limited for the year ended 31 December 2002 as set out on pages 1 to 20. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

As required by the Financial Administration and Audit (Amendment) Act 1993, 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. I concur with the disclaimer of opinion as attached hereto, of Chartered Accountants, Bisheswar and Company.



OFFICE OF THE AUDITOR GENERAL  
63 HIGH STREET  
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# Bisheswar, Seebarran & Co.

## Chartered Accountants

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*REPORT OF CHARTERED ACCOUNTANTS  
BISHESWAR, SEEBARRAN & CO  
TO THE AUDITOR GENERAL  
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF  
BAUXITE INDUSTRY DEVELOPMENT COMPANY LIMITED  
AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2002*

*We have audited the consolidated financial statements of Bauxite Industry Development Company Limited for the year ended December 31, 2002 as set out on pages 1 to 20. The consolidated financial statements include the subsidiaries of the Company and other related companies as explained in notes 2(b) and 5. These financial statements are the responsibility of the Company's and its Subsidiaries' management. Our responsibility is to express an opinion on these financial statements based on our audit.*

*We conducted our audit in accordance with the Office of the Auditor General's auditing standards and International Standards on Auditing except that the scope of the audit was limited as explained below. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.*

*1. The financial statements for subsidiary, Linden Mining Enterprise Limited (Linmine), were prepared from the books of accounts maintained in United States dollars and were translated to Guyana dollars using varying rates of exchange. In addition, an amount of \$22.434M, which represents translation differences, has been credited to Capital Reserves Account. We were therefore unable to quantify the effects on the consolidated profit and loss account and balance sheet items since the books of accounts have not been maintained in Guyana dollars.*

*2. Included in the consolidated inventories figure of \$1.736 billion are amounts totaling \$1.177 billion representing stocks, which were not physically counted for Linmine. In addition, the provision for obsolete stocks amounted to \$943.8M, which was arrived at by the use of fixed percentages instead of a physical count. As a result of this policy, we are uncertain as to the adequacy of the provision for obsolete inventories at December 31, 2002 and also as to the accuracy of the consolidated loss and inventories in the consolidated financial statements at December 31, 2002.*



3. Included in the consolidated current and long-term loans of \$13.314 billion are amounts totaling \$10.863 billion due to the Ministry of Finance that was not confirmed. Forming part of this amount is a balance of \$9.840 billion of which \$3.091 billion comprised principal and capitalized interests on disbursements, which were made by the Ministry of Finance for payments of loans to Nissho Iwai and Boskalis. The remaining balance of \$6.749 billion represents principal and capitalized interest of loans by the Ministry of Finance to the company for working capital and payment of community electricity. The terms and conditions of these loans were not made available for verification. We are therefore uncertain as to the accuracy, terms and conditions and classification of loans included in the consolidated financial statements.

4. In 1994, an extraordinary item of \$2.373 billion stated in the profit and loss account of Linmine resulted in the net loss for the year being reduced from \$3.027 billion to \$654M. This item arose as a result of an adjustment to fixed assets and stores brought forward from the preceding year to reflect the United States dollar value at the date of acquisition that was then translated to Guyana dollars. In our opinion, this in effect amounted to a revaluation of fixed assets and stores and therefore the classification of the surplus on revaluation, which has been treated as an extraordinary item, is incorrect. In addition, stores were incorrectly stated at a revalued amount as required by the Company's accounting policy. As a result, we are unable to express an opinion on the accumulated loss of \$17.040 billion as shown in the consolidated balance sheet.

5. As stated in note 2 (e) of the Linmine financial statements, the actuarial valuation as at December 31, 1998 revealed a balance of liability of \$234.2M. Of this amount, \$210.8M related to Linmine. The Actuaries recommended that the participating companies should pay special monthly contributions of \$4.587M per month for 60 months commencing from January 1999 to December 2003. Of this amount, Linmine was recommended to pay \$4.129M per month towards the deficit. In addition, the Actuaries recommended that the percentage to pensionable earnings that Linmine contributes be reduced from 9.7% to 6.4%. Instead, Linmine continued to comply with the actuaries' recommendations set out in the report as at June 30, 1993.

6. The financial statements of both Linmine and Bermine have been prepared assuming the going concern concept. However, in the case of Linmine, the company has been having cashflow problems and as a result has been unable to service its liabilities in a timely manner, which resulted in the reduction of its workforce. On August 1, 2003, the Government placed the operations and overall management of the company under the management of Omai Bauxite Company Limited. Similarly, Bermine has been experiencing cashflow problems and was unable to service its liabilities amounting in total to \$1.521 billion. In addition, it had a net loss of \$581M for the year ended December 31, 2002 and working capital deficit of \$802M. The Government has since intended to liquidate the company and has vested operational assets with Aroaima Mining Company Limited. The financial statements for Bermine did not include any adjustments that might result from the outcome of the liquidation.

*In view of the significance of foregoing matters, we are unable to express an opinion as to whether the financial statements presents fairly, in all material respects, the state of affairs of the Company and Group as at December 31, 2002 and the results of their operations and cash flows for the year then ended and comply with the Companies Act 1991.*

*Bisheswar Seebarran & Co*

*Bisheswar, Seebarran & Co*

*Chartered Accountants*

*198 Duncan Street*

*Lamaha Gardens*

*Georgetown*

*February 18, 2005*



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Consolidated Balance Sheet as at December 31, 2002**

	Notes	Company		Group	
		2002 G\$'000	2001 G\$'000	2002 G\$'000	2001 G\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3 (a) (b)	21,388	24,387	1,825,033	2,491,153
Deferred expenditure	4	-	-	29,376	53,425
Investments:					
Excluded Subsidiaries	5	-	-	23,348	23,348
Subsidiary Companies and Other	6	5,325,235	5,325,235	-	-
Trade and Others	7	-	-	315	315
		<u>5,346,623</u>	<u>5,349,622</u>	<u>1,878,072</u>	<u>2,568,241</u>
<b>Current assets</b>					
Inventories	8 (1)	483	631	1,736,653	2,073,423
Debtors and prepayments	8 (2)	150,888	198,015	854,114	1,018,242
Cash and cash equivalents		202,894	224,909	393,961	456,388
Due from subsidiaries	7 (1)	2,491	5,188	13,977	11,710
		<u>356,756</u>	<u>428,742</u>	<u>2,998,706</u>	<u>3,559,762</u>
<b>Total Assets</b>		<u><b>5,703,379</b></u>	<u><b>5,778,364</b></u>	<u><b>4,876,777</b></u>	<u><b>6,128,003</b></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	9	3,578,161	3,578,161	3,578,161	3,578,161
Capital reserve	10	-	-	2,479,234	2,260,712
Accumulated profit/ (loss)	11	(35,963)	(5,782)	(17,040,059)	(12,848,528)
		<u>3,542,198</u>	<u>3,572,379</u>	<u>(10,982,664)</u>	<u>(7,009,656)</u>
<b>Non-current Liabilities</b>					
Loan	12	1,788,828	1,788,828	12,970,133	10,353,890
<b>Current liabilities</b>					
Bank overdraft (unsecured)		-	-	364,444	527,430
Creditors and accruals	8 (3)	14,814	99,619	1,815,128	1,673,220
Due to Subsidiaries	7 (1)	-	-	8,118	8,118
Loans	12	-	-	344,080	257,463
Provision for taxation		357,539	317,539	357,539	317,539
		<u>372,353</u>	<u>417,157</u>	<u>2,889,309</u>	<u>2,783,769</u>
<b>Total Equity and Liabilities</b>		<u><b>5,703,379</b></u>	<u><b>5,778,364</b></u>	<u><b>4,876,777</b></u>	<u><b>6,128,003</b></u>

  
 Director

  
 Director

The notes on pages 5 to 20 form an  
 integral part of these financial statements

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Consolidated Profit and Loss Account**  
**For the year ended December 31, 2002**

	Notes	Company		Group	
		2002 G\$'000	2001 G\$'000	2002 G\$'000	2001 G\$'000
Sales		-	-	2,581,715	5,216,420
Cost of sales	13	-	-	4,007,022	6,414,094
Gross loss from operations		-	-	(1,425,307)	(1,197,674)
Add:					
Other revenues		82,162	109,191	211,626	339,851
		82,162	109,191	(1,213,681)	(857,823)
Less:					
Financial, Marketing and Administrative expenses		72,343	69,191	2,937,851	1,944,520
		72,343	69,191	2,937,851	1,944,520
Net profit/(loss) from operations before	14	9,819	40,000	(4,151,532)	(2,802,344)
Taxation	15	40,000	40,000	40,000	40,000
Net loss after taxation		(30,181)	-	(4,191,532)	(2,842,344)

The notes on pages 5 to 20 form an  
integral part of these financial statements

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2002**

	Company				Group			
	Share Capital G\$'000	Capital Reserve G\$'000	Accumulated Losses G\$'000	Total G\$'000	Share Capital G\$'000	Capital Reserve G\$'000	Accumulated Losses G\$'000	Total G\$'000
At January 01, 2001	3,578,161	-	(5,782)	3,572,379	3,578,161	2,464,126	(10,006,185)	(3,963,898)
Adjustment to capital reserves	-	-	-	-	-	(19,316)	-	(19,316)
Movement on revaluation reserve	-	-	-	-	-	(39,454)	-	(39,454)
Impairment Loss	-	-	-	-	-	(144,643)	-	(144,643)
Net loss for the year	-	-	-	-	-	-	(2,842,343)	(2,842,343)
<b>At December 31, 2001</b>	<b>3,578,161</b>	<b>-</b>	<b>(5,782)</b>	<b>3,572,379</b>	<b>3,578,161</b>	<b>2,260,713</b>	<b>(12,848,528)</b>	<b>(7,009,654)</b>
Adjustment to capital reserves	-	-	-	-	-	22,434	-	22,434
Gain on translation of net investment	-	-	-	-	-	-	-	-
Movement on revaluation reserve	-	-	-	-	-	(17,243)	-	(17,243)
Severance funded by Government-Berr	-	-	-	-	-	213,329	-	213,329
Net profit/ (loss) for the year	-	-	(30,181)	(30,181)	-	-	(4,191,532)	(4,191,532)
Restated loss	-	-	-	-	-	-	-	-
Prior year adjustment	-	-	-	-	-	-	-	-
<b>At December 31, 2002</b>	<b>3,578,161</b>	<b>-</b>	<b>(35,963)</b>	<b>3,542,198</b>	<b>3,578,161</b>	<b>2,479,233</b>	<b>(17,040,060)</b>	<b>(10,982,666)</b>

The notes on pages 5 to 20 form an integral part of these financial statements



**Bauxite Industry Development Company Limited and Subsidiaries****Cash Flow Statement****For the year ended December 31, 2002**

	<b>2002</b>	<b>2001</b>
	<b>G\$'000</b>	<b>G\$'000</b>
Cash flows from operating activities		
Net loss before taxation	(3,750,214)	(2,481,547)
Adjustments for:		
Depreciation	462,526	649,020
Fixed assets reclassification	2,099	179
(Gain)/ loss on disposal of fixed assets	(40,520)	18,911
Fixed assets written off	203,622	-
Deferred expenditure written off	53,425	-
Inventory written off	391,604	-
Adjustment to fixed asset	1,036	3,161
Movement in deferred expenditure	(29,376)	1,067
Capital reserve adjustment	22,434	(19,316)
Interest capitalised	367,056	290,183
Impairment Losses	-	68,353
Exchange loss on loans	213,456	15,183
Operating profit before working capital changes	(2,102,852)	(1,454,806)
(Increase)/Decrease in inventories	(54,775)	348,957
(Increase)/Decrease in receivables and prepayments	164,128	(371,773)
Increase in payables and accruals	141,908	127,021
Decrease in fellow subsidiaries	(2,268)	(704)
Increase/(Decrease) in related parties	-	2,831
Cash generated from operations	(1,853,859)	(1,348,474)
Interest paid	(410,065)	(332,998)
Net cash from operating activities	(2,263,924)	(1,681,472)
Cash flows from investing activities		
Redemption of debenture	-	4,315
Acquisition of fixed assets	(78,755)	(182,680)
Proceeds from sale of assets	98,811	37,027
Interest received	8,746	12,202
Net cash used in investing activities	28,802	(129,136)
Cash flows from financing activities		
Severance Payments funded by the Government	213,329	-
Proceeds from long term borrowings	157,000	295,720
Repayments of long term borrowings	(141,727)	(678,648)
Loans drawn down and transfer	2,107,077	1,881,885
Net cash used in financing activities	2,335,679	1,498,957
Net Increase/(Decrease) in cash and cash equivalents	100,560	(311,651)
Cash and cash equivalents at beginning of period	(71,042)	240,609
Cash and cash equivalents at end of period	<u>29,518</u>	<u>(71,042)</u>
Cash and Cash Equivalents as shown in the Balance Sheet		
Cash on hand and with banks	393,962	456,388
Bank Overdraft	(364,444)	(527,430)
Cash and Cash equivalents as restated	<u>29,518</u>	<u>(71,042)</u>

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

1. Incorporation and activities

Bauxite Industry Development Company Limited was incorporated on February 3, 1976. The company is involved in assisting Berbice Mining Enterprise Limited with the marketing of bauxite; acts as shipping agents for bauxite vessels and provides customs brokerage services for the Group. It also provides managerial and technical support to the subsidiaries.

2. Significant accounting policies

(a) The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the accounting policies conform with International Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of Bauxite Industry Development Company Limited and its wholly owned subsidiaries, Linden Mining Limited and Berbice Mining Enterprise Limited.

The financial statements of Guymine Engineering and Technical Services Limited and Surapana Agricultural and Allied Services Limited have been excluded from consolidation.

The directors have exercised their discretion to exclude these financial statements on the grounds that the businesses of these companies are so different that they cannot be reasonably treated as a single undertaking.

Companies

Status

(i) Guymine Engineering and  
Technical Services Limited

Ceased operations in 1992 and is in  
the process of being liquidated.

(ii) Surapana Agricultural and Allied  
Services Limited

Negotiations are in the process to  
privatize the company.



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

2. Significant accounting policies – cont'd

(c) Sales

This represents the value of bauxite sold to third parties.

(d) Fixed assets

Fixed assets other than freehold and construction work-in-progress are shown in the balance sheet at cost/valuation less provision for depreciation and depletion.

Construction work-in-progress, when brought into use, is capitalized and depreciated in the normal manner.

Mineral properties on other assets is provided on the straight-line method, calculated to write off each asset over its estimated useful life as follows:-

Buildings	-	Varying lives up to 35 years
Plant and Equipment	-	Varying lives up to 12 years
Office Equipment	-	Varying lives up to 10 years

Where management believes that items of property, plant and equipment have been impaired, an assessment is carried out to determine the extent of such impairment. Impairment losses are charged to income unless a previous revaluation gain exists on the individual asset, in which case, the loss is first charged against any revaluation surplus.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value using the weighted cost method. The cost of bauxite stocks includes direct labour, materials, expenses and production and other attributable overheads.

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

2. Significant accounting policies – cont'd

(f) Deferred expenditure

Exploration and drilling expenditure

Exploration and drilling expenditure are accumulated and either written off when the prospects of mining an area is abandoned or amortised, together with the development expenditure, when mining commences.

Development expenditure

This represents expenditure incurred in stripping an area of the mine before mining can commence. Absorption of this expenditure is based on the quantity of the ore mined during the year with the exception of the development expenditure incurred by the Berbice Operations, which is absorbed on a pre-determine time basis.

(g) Translation of foreign currencies

Foreign currency transactions completed during the year are translated at rates of exchange in effect at the date of each transaction.

Assets and liabilities denominated in foreign currencies at each balance sheet date are translated using the rates in effect on that date.

Gains and losses arising from the translation of foreign currencies are included in the profit and loss account for the period except adjustments relating to fixed assets, which are under construction. Such adjustments are reflected in the cost of the assets.

The Guyana dollar financial statements of Linden Mining Enterprise Limited are prepared from the books of that Company maintained in United States dollars.



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

2. Significant accounting policies – cont'd

(h) Pension Costs

The Company participates jointly with Berbice Mining Enterprise Limited and Linden Mining Enterprise Limited in a contributory pension scheme for its employees. The contributions are held in trustee-administered funds, which are separate from the Company's finances.

An actuarial valuation, as at December 31, 1998, and completed on August 26, 2002 revealed a balance of liability of G\$309M for the Plan. Of the amount, G\$1.0M relates to Bauxite Industry Development Company Limited. This amounted to a funding level (i.e. ratio of assets to past service liabilities) of 98% for the Bauxite Industry Development Company Limited portion of the Plan as at December 31, 1998. In this regard, the actuaries recommended that the participating companies should pay special monthly contributions of G\$6.053M per month for 60 months starting January 1, 1999. Of this, Bauxite Industry Development Company Limited was recommended to pay G\$18,000 per month towards the deficit related to Bauxite Industry Development Company Limited.

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes To The Financial Statements**  
**For the year ended December 31, 2002**

**3 Property, plant and equipment**

	Freehold Land and Buildings G\$'000	Mineral Properties and Mining Rights G\$'000	Plant, Machinery, Vehicles & Equipment G\$'000	Capital Work-In- Progress G\$'000	Total G\$'000
<b>(a) Group</b>					
<b>Cost/Valuation</b>					
At January 01	3,329,163	1,771	20,872,582	111,917	24,315,433
Additions	-	-	74,044	4,711	78,755
Transfers	-	-	13,247	(13,247)	-
Disposals	(261)	-	(4,269,357)	-	(4,269,618)
Reclassification	(8,070)	-	-	(2,099)	(10,169)
At December 31	3,320,832	1,771	16,690,516	101,282	20,114,401
<b>Accumulated Depreciation</b>					
At January 01	2,645,605	1,335	19,177,340	-	21,824,280
Charge for the year	9,187	-	520,011	-	529,198
Retired on Disposals	(5,927)	-	(4,058,183)	-	(4,064,110)
At December 31	2,648,865	1,335	15,639,168	-	18,289,368
<b>Net Book Values</b>					
At January 01	683,558	436	1,695,242	111,917	2,491,153
At December 31	671,967	436	1,051,348	101,282	1,825,033

**(ii) Linden Mining Enterprise Limited**

Fixed assets were acquired from Guyana Mining Enterprise Limited, based on valuations approved by the Board of Directors.

**(iii) Berbice Mining Enterprise Limited**

Plant, Machinery and Equipment includes lease purchases of G\$248.7M. Lease/ Purchase assets represent mining, river transportation and production equipment acquired under an agreement with Republic Merchant Bank Limited (FINCOR).



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes To The Financial Statements**  
**For the year ended December 31, 2002**

**3 Property, plant and equipment**

(b) <u>Company</u>	<u>Freehold Land G\$'000</u>	<u>Buildings, Machinery, Vehicles &amp; Equipment G\$'000</u>	<u>Total G\$'000</u>
<b>Cost</b>			
At January 01	22,101	27,517	49,618
Additions	-	231	231
Disposals	(261)	-	(261)
At December 31	21,840	27,748	49,588
<b>Accumulated Depreciation</b>			
At January 01	7,565	17,666	25,231
Charge for the year	934	2,226	3,160
Retired on Disposals	(191)	-	(191)
At December 31	8,308	19,892	28,200
<b>Net Book Values</b>			
At January 01	13,793	9,851	24,387
At December 31	13,532	7,856	21,388

	<u>Group</u>	
	<u>2002 G\$'000</u>	<u>2001 G\$'000</u>
<b>4 <u>Deferred Expenditure</u></b>		
<b>Development Expenditure</b>		
<b><u>BERMINE</u></b>		
Block 5	-	46,867
Bissaruni	-	1,222
20 Green Creek	-	4,590
Others	-	746
	-	53,425
<b><u>LINMINE</u></b>		
East Montgomery	29,376	-
	29,376	53,425

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes To The Financial Statements**  
**For the year ended December 31, 2002**

		Group	
		2002	2001
		G\$'000	G\$'000
<b>5 <u>Investment in excluded subsidiaries</u></b>			
Share of net assets			
(a)	Gymine Engineering and Technical Services Limited	20,602	20,602
(b)	Surapanna Agricultural and Allied Services Limited	2,746	2,746
		23,348	23,348

(a) **Gymine Engineering and Technical Services Limited**

The financial statements of Gymine Engineering and Technical Service Limited at December 31, 1992 in summary form is presented below:

Share Capital	1,000	1,000
Retained Earnings	19,602	19,602
Shareholders' funds	20,602	20,602
Total Assets	39,818	39,818
Current Liabilities	(19,216)	(19,216)
	20,602	20,602

The company owns 100% of the issued share capital of Guyana Engineering and Technical Services Limited.

(b) **The investment in Surapanna Agricultural and Allied Services Limited represents assets transferred from Guyana Mining Enterprise Limited.**



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes To The Financial Statements**  
**For the year ended December 31, 2002**

		Company 2002 G\$'000	2001 G\$'000
<b>6 Investment in Subsidiary companies and other</b>			
(a)	Guymine Engineering and Technical Services Limited	1,000	1,000
	Guymine Engineering and Technical Services Limited ceased operations in 1992 and is in the process of being liquidated.		
(b)	Surapana Agricultural and Allied Service Limited	2,746	2,746
	Surapana Agricultural and Allied Service Limited is still in operation but management intends to privatize it.		
(c)	Linden Mining Enterprise Limited	3,482,661	3,482,661
(d)	Berbice Mining Enterprise Limited	50,000	50,000
(e)	Government of Guyana - Sysmin Loan (Note)	1,788,828	1,788,828
		5,325,235	5,325,235

**Note**

This represents the balance on the Sysmin loan by the Government of Guyana to Bermine which was transferred to the Company (see note 12). The Ministry of Finance has advised that this amount be treated as an Investment.

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

**7 Trade and other Investments**

	Group 2002 G\$'000	2001 G\$'000
Trade:		
Livestock Development Company Limited		
300,000 shares of G\$1.00 each at cost (less write off)	245	245
	<u>245</u>	<u>245</u>
Others:		
3.5% 10 years National Defense Bonds at cost	70	70
	<u>70</u>	<u>70</u>
	<u>315</u>	<u>315</u>

**7 (1) Balance due from Subsidiaries**

Due from subsidiaries:		
Due from BERMINE to LINMINE	11,427	9,431
Due from LINMINE to BIDCO	2,551	2,279
	<u>13,977</u>	<u>11,710</u>
Less: Due to LINMINE		
Due to LINMINE from BERMINE	8,118	8,118
	<u>8,118</u>	<u>8,118</u>
	<u>5,859</u>	<u>3,592</u>



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

	Company		Group	
	2002 G\$'000	2001 G\$'000	2002 G\$'000	2001 G\$'000
<b>8 Current Assets and Liabilities</b>				
<b><u>Current Assets</u></b>				
(1) <u>Inventories:</u>				
Finished stock of bauxite	-	-	194,322	287,577
Semi processed stocks of bauxite	-	-	79,046	79,469
Crude bauxite	-	-	73,050	238,243
Raw Materials	-	-	95,343	13,418
Miscellaneous supplies	483	631	2,773,012	3,018,919
	<u>483</u>	<u>631</u>	<u>3,214,773</u>	<u>3,637,626</u>
Less: Provision for stock Obsolescence	-	-	(1,478,120)	(1,564,203)
	<u>483</u>	<u>631</u>	<u>1,736,653</u>	<u>2,073,423</u>
(2) <u>Debtors and Prepayments:</u>				
Trade	-	-	375,947	570,697
Other debtors & prepayments	150,888	198,015	663,243	616,118
	<u>150,888</u>	<u>198,015</u>	<u>1,039,190</u>	<u>1,186,815</u>
Less: provision for bad and and doubtful debts	-	-	(185,076)	(168,573)
	<u>150,888</u>	<u>198,015</u>	<u>854,114</u>	<u>1,018,242</u>
<b><u>Current Liabilities</u></b>				
(3) <u>Creditors and accruals:</u>				
Trade creditors	-	-	1,211,399	1,092,120
Other creditors and accruals	14,814	99,619	603,729	581,100
	<u>14,814</u>	<u>99,619</u>	<u>1,815,128</u>	<u>1,673,220</u>

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

	<u>2002</u>	<u>2001</u>
<b>9 <u>Share Capital</u></b>		
Authorized		
36,000,000 Ordinary shares	<u>36,000,000</u>	<u>36,000,000</u>
	<u>2002</u>	<u>2001</u>
	<u>G\$'000</u>	<u>G\$'000</u>
Issued and Fully Paid		
35,781,605 Ordinary Shares @ G\$100.00	<u>3,578,161</u>	<u>3,578,161</u>
<b>10 <u>Capital Reserve</u></b>		
(a) Group	<u>2,479,234</u>	<u>2,260,712</u>

This amount represents the net adjustment arising from the take over of assets and liabilities of Mining Enterprise Limited which was dissolved by Order No. 19 of 1992.

The value of assets and liabilities assumed by the company was approved by the Board of Directors. The current year's movement represents exchanged difference arising from the translation of account balances at varying rates of exchange from United States dollars to Guyana dollars.



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes To The Financial Statements**  
**For the year ended December 31, 2002**

	Company G\$'000	Subsidiary Companies G\$'000	Excluded Subsidiaries G\$'000	Group G\$'000
<b>11 <u>Accumulated Profits/ (Losses)</u></b>				
At January 01, 2002	(5,782)	(12,862,347)	19,602	(12,848,527)
Net loss for the year	(30,181)	(4,161,351)	-	(4,191,532)
At December 31, 2002	<u>(35,963)</u>	<u>(17,023,698)</u>	<u>19,602</u>	<u>(17,040,059)</u>

	Foreign Currency 000	2002 G\$'000	Foreign Currency 000	2001 G\$'000
<b>12 <u>Loans</u></b>				
<b>Company</b>		<u>1,788,828</u>		<u>1,788,828</u>
<b>Government of Guyana - Sysmin loan</b>				
Repayable within twenty (20) years with a grace period of ten (10) years. Interest is at the rate of 4% and is capitalized during the grace period.				
<b>Group</b>				
<b><u>LINMINE</u></b>				
(a) <b>Government of Guyana - Sysmin loan</b>	€ 5,095	1,022,630	€ 4,896	823,458
Repayable within twenty (20) years with a grace period of ten (10) years. Interest is at the rate of 4% and is capitalized during the grace period.				
(b) <b>Government of Guyana - Ministry of Finance</b>		9,840,101		7,351,685
The terms and conditions of this loan have not yet been determined. Interest is at a fixed rate of 4% per annum.				
Balance carried forward		<u>10,862,731</u>		<u>8,175,143</u>

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

	Foreign Currency '000	2002 G\$'000	Foreign Currency '000	2001 G\$'000
<b>13 Loans - Cont'd</b>				
Brought forward		10,862,731		8,175,143
<b>(b) BERMINE</b>				
Government of Guyana		162,281		158,066
<p>This loan was disbursed over the 4 year period 1995 to 1998. This stipulated repayment period is 15 years at an interest rate of 4% per annum. A moratorium was granted for a period of 5 years during which interest would be capitalized. The first payment was due during September 2000.</p>				
Lease/ Purchases (FINCOR)		-	US\$	7,708
<p>On May 21, 1997, Berbice Mining Enterprise Limited entered into an equipment lease/ purchase agreement with Republic Finance and Merchant Bank Limited of Trinidad &amp; Tobago (FINCOR).</p> <p>Under this agreement, FINCOR will supply equipment totalling US\$1,350,000. Repayment by Berbice Mining Enterprise Ltd. is for a period of 48 consecutive months at US\$34,376.19 per month inclusive of interest at 10.6% per annum. A shortfall in the financing required resulted in an additional facility of US\$126,634 during July 1999. This additional facility is repayable over 29 months at US\$4,758.21 per month inclusive of interest at 7.5 % per annum.</p>				
Lease/ Purchases (Citibank)	US\$	198,946	US\$	258,509
<p>On November 30, 2000, the company entered into an equipment lease/ purchase agreement with Citicorp Merchant Bank Limited, a company incorporated in Trinidad and Tobago, amounting to US\$1,754,678. The facility is repayable in 48 equal instalments of US\$45,471 and is secured by two Caterpillar trucks and a Komatsu backhoe.</p>				
Balance carried forward		11,223,958		8,599,426



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

12 Loans - Cont'd

	Foreign Currency '000	2002 G\$'000	Foreign Currency '000	2001 G\$'000
Balance brought forward		11,223,958		8,599,426
<b>Royal Bank of Trinidad and Tobago</b>	US\$	116,438	US\$	170,310
<p>The company received a loan of US\$ 1,237,000 to refinance purchases made from E.C. Viera and G.N.I.C. Interest is charged at a rate of 2% above the Royal Bank of Trinidad and Tobago Limited US Commercial Prime Lending Rate which was 9.25 % at December 31, 2001. The loan principal is repayable at the rate of US\$ 34361.12 per month for 36 months commencing February 28,2001 and is secured by Ship's mortgages on four barges, guarantee by E.C. Viera Investments Limited for US\$ 1,237,000 and letter of comfort from the Government of Guyana for US\$ 1,237,000.</p>				
<b>Ministry of Finance</b>		47,216		52,788
National Bank of Industry and Commerce Limited		137,772		-
(c) Bauxite Industry Development Company Limited Government of Guyana-Sysmin loan		1,788,828		1,788,828
		<u>13,314,213</u>		<u>10,611,352</u>
Not Loans secured by guarantees from the Government of Guyana.				
<u>Summary of loans</u>				
Medium and Long Term Portion		12,970,133		10,353,890
Due within one (1) year		344,080		257,463
		<u>13,314,213</u>		<u>10,611,353</u>

**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

	Company		Group	
	2002 G\$'000	2001 G\$'000	2002 G\$'000	2001 G\$'000
13 Cost of Sales	-	-	4,007,022	6,414,094
14 Net profit/(loss) before taxation	(9,819)	(40,000)	(4,151,532)	(2,802,344)
Net profit/(loss) before taxation is arrived at after charging the following items:-				
Directors' emoluments:				
Chairman	-	120	120	250
Directors	728	630	3,201	1,605
	<u>728</u>	<u>750</u>	<u>3,321</u>	<u>1,855</u>
Interest on loans	-	-	367,056	280,081
Interest on overdrafts	-	-	23,942	20,530
Depreciation	3,160	3,280	462,717	544,223
Town Utility	-	-	165,341	800,870
Auditors' Remuneration	<u>732</u>	<u>592</u>	<u>5,171</u>	<u>5,096</u>

Social costs represent expenditure incurred in providing basic and infrastructure services to residents of Bauxite Communities.



**Bauxite Industry Development Company Limited and Subsidiaries**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2002**

	Company		Group	
	2002	2001	2002	2001
	G\$'000	G\$'000	G\$'000	G\$'000
<b>14 <u>Net profit/(loss) before taxation - Cont'd</u></b>				
<u>After crediting:</u>				
Sale of electricity	-	-	25,205	28,588
Bank interest	-	-	8,746	12,202
Sale of capping	-	-	46,623	100,533
	<u>-</u>	<u>-</u>	<u>46,623</u>	<u>100,533</u>
<b>15 <u>Taxation</u></b>				
Taxation Charges	40,000	40,000	40,000	40,000
	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>

The Company has applied to the Minister of Finance for a waiver of taxes, and possible penalty and interest thereon. Approval has not been received to date.

**16 Pending Litigations**

There are certain pending litigations against the company and subsidiaries for which the exposure, if any, has not yet been determined.

**17 Capital expenditure**

Capital expenditure budgeted for	<u>-</u>	<u>-</u>	<u>613,130</u>	<u>367,710</u>
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**18 Post Balance Sheet Events**

The management of Linmine was contracted out to Omai Gold Mines Limited and the remaining employees severed effective from August 1, 2003.

In October 2003, the Government announced that BIDCO and Bermine would be liquidated. Operational assets of Bermine would be vested with Aroiama and other assets with NICIL. BIDCO's ownership of Bermine would be transferred to NICIL once it is liquidated.

Employees received their severance pay.

**19 Contingent Liability**

Civil appeal No. 69 of 2001 dated March 3, 2004 in the matter of the Insolvency Act, Chapter 12:21 Linden Mining Enterprise Limited and Bauxite Industry Development Company ( Respondents/Defendants) were ordered to pay to James Ramsahoye (Appellant/Plaintiff) the sum of G\$ 78,820,220.