

Published on the 7th day of January, 1961.

No. 2 of 1961.

BRITISH GUIANA

ORDER

MADE UNDER

THE ELECTRICITY ORDINANCE, 1957

(No. 34 of 1957)

UNDER PARAGRAPH 1 (1) OF PART 1 OF THE THIRD SCHEDULE TO THE ELECTRICITY ORDINANCE, 1957, AS AMENDED BY THE ELECTRICITY (AMENDMENT) ORDINANCE, 1960, IT IS HEREBY ORDERED BY THE GOVERNOR IN COUNCIL AS FOLLOWS:—

1. This Order may be cited as the Electricity (Agreement) Order, 1961.

2. The agreement made on the 31st December, 1960, between the International Power Company, Limited, and the Government for the purchase by the Government of the issued shares of the Demerara Electric Company, Limited, as set out in the schedule to this Order, is hereby inserted in the Electricity Ordinance, 1957, as amended by the Electricity (Amendment) Ordinance, 1960, as the fourth schedule thereof.

SCHEDULE

“CITY OF GEORGETOWN

COUNTY OF DEMERARA  
BRITISH GUIANA

THIS AGREEMENT is made in duplicate this 31st day of December, 1960,

Between:—

INTERNATIONAL POWER COMPANY LIMITED,

a Company incorporated under the Companies Act of Canada and having its head office at Montreal, Canada, (hereinafter called “the Vendor”)

OF THE ONE PART

and

THE GOVERNMENT OF BRITISH GUIANA,  
(hereinafter called “the Government”)

OF THE OTHER PART:

WHEREAS —

- (a) The Demerara Electric Company Limited, (hereinafter called “the Company”) is incorporated under The Demerara Electric Company Ordinance, Chapter 239, and is governed by By-Laws approved by the Governor on the 5th October, 1960, and by the Legislative Council on the 21st October, 1960;
- (b) The Company has been carrying on the business of manufacturers, distributors and suppliers of electrical energy in accordance with the powers conferred upon it by The Georgetown Electric Supply Order made under the provisions of the Georgetown Electric Supply Ordinance, Chapter 238, (hereinafter called “the Undertaking”);
- (c) The authorised capital of the Company consists of 4,250 shares of \$100.00 each all of which are issued and fully paid and of which the Vendor owns or controls 4,215 shares;
- (d) By Letter of Intent dated the 16th August, 1960, the Government has agreed with the Vendor to acquire the whole of the said share capital of the Company on the terms and conditions hereinafter set out and the Vendor has agreed to transfer or cause to be transferred all the shares in the Company to the Government;

- (e) The Vendor has been authorised by the holder of 22½ shares of the Company to sell and transfer the same to the Government;
- (f) The Vendor as the majority shareholder of the Company has pursuant to By-Law 31 of the said By-Laws requested the Directors of the Company to take the prescribed steps to have the remaining shares of the Company sold and transferred to the Government;
- (g) The Government has agreed with the Consortium of Associated Electrical Industries Export Limited, International Combustion (Export) Limited, and Taylor Woodrow (Overseas) Limited, for the installation of up to 3 (three) Megawatts of additional Diesel plant and 20 (twenty) Megawatts of Steam plant together with matching distribution facilities to meet the outstanding demand for electricity and to develop the Undertaking in the interest of British Guiana;
- (h) The Electricity (Amendment) Ordinance, 1960, has been enacted to amend The Electricity Ordinance, 1957, for the purpose of enabling effect to be given to the terms and conditions of this Agreement;

NOW THIS AGREEMENT WITNESSETH as follows:—

1. In this Agreement, unless the context otherwise requires —
  - “Completion Date” means the 28th February, 1961, or such later date as is one month after the delivery of the Auditors’ Certificate, pursuant to Clause 4 hereof;
  - “Contract Date” means the date on which this Agreement is executed;
  - “Corporation” means The British Guiana Electricity Corporation established by The Electricity Ordinance, 1957;
  - “gross revenue” means the gross revenue of the Undertaking after deduction of operating expenses;
  - “operating expenses” includes expenditure on repairs, maintenance and management and rates and taxes levied by a local authority on the property of the Undertaking but does not include any rates, taxes or duties of any other kind whatsoever.

2. The Vendor will sell and transfer or cause to be sold and transferred to the Government and the Government will purchase from the Vendor and the remaining shareholders of the Company and will accept the transfer of all of the said 4,250 shares at a purchase price to be determined as hereinafter provided payable in Canadian currency.

3. The total purchase price shall be:—

- (a) three million, one hundred and fifty thousand dollars (\$3,150,000) Canadian Currency being the agreed depreciated value on the Contract Date for the purposes of this Agreement of the physical assets of the Company as at the 15th March, 1957, and of the Undertaking as a going concern, together with
- (b) all additions to capital account of the Company between the 15th March, 1957, and the Contract Date less property retired from capital account during the same period all being at cost, and together also with
- (c) the current assets, other than the physical assets of the Company on the Contract Date including cash in hand, accounts receivable (including sums payable to the Contract Date on unread meters), materials, supplies and pre-paid insurance;

LESS

- (d) the current liabilities of the Company on the Contract Date including accounts payable, consumers’ deposits and accrued interest thereon and income tax assessed and assessable in respect of the income of the Company for the period prior to the Contract Date.

4. (1) The Vendor shall cause to be prepared a balance sheet and a profit and loss account of the Company as at the Contract Date and the same shall be audited by Auditors nominated by the Vendor and the Government respectively. Such Auditors shall be entitled to inspect all accounts, records and ledgers of the Company and shall jointly certify on the completion of their audit the final determination of the amounts and additions and subtractions referred to in paragraphs (b), (c) and (d) of Clause 3 hereof, and shall express the same in Canadian Currency calculated at the rate of exchange prevailing on the Contract Date.

(2) The Vendor shall cause to be delivered to the Auditors a certificate signed by a Director of the Company that no physical asset of the Company in existence on the 15th March, 1957, has been disposed of, removed or retired except in the ordinary course of business and that any such physical asset has been accounted for in the books of the Company.

(3) In the event of the Auditors being unable to agree on the value of any item or items in the accounts of the Company, such disagreement shall be referred to the President of the Institute of Chartered Accountants in England as Arbitrator, whose decision shall be final. The costs of any such reference shall be in the discretion of the Arbitrator. If the disagreement relates to any liability in respect of income tax and the parties cannot agree to a settlement thereof, the Vendor shall be entitled to have the liability settled on appeal to the appropriate appeal tribunal or court.

(4) The Auditors shall deliver their certificate as soon as practicable and if possible by the 15th February, 1961. Such certificate shall be final and binding on the parties hereto.

5. (1) On the execution of this Agreement the Government shall pay or cause to be paid to or to the order of the Vendor the sum of seven hundred and ten thousand dollars (\$710,000) Canadian Currency and the balance of the purchase price shall be paid as hereinafter provided.

(2) The Government shall pay or cause to be paid in Canadian Currency to or to the order of the Vendor the balance of the purchase price with interest at the rate of SEVEN per centum per annum on the outstanding balance from time to time from the Contract Date as follows:—

Two months after the Contract Date, the equivalent of the gross revenue of the Undertaking for the month immediately following the Contract Date, and thereafter at monthly intervals until any remaining balance of the purchase price with interest as aforesaid has been fully paid, the equivalent of the gross revenue of the Undertaking for each succeeding month:

PROVIDED that if in any year (1st January to 31st December) the actual gross revenue of the Undertaking does not amount to the equivalent of the estimated gross revenue for that year set out in the Schedule hereto, the Government shall pay in Canadian Currency to or to the order of the Vendor, the deficit between the equivalent of the said estimated gross revenue and the actual gross revenue on the first day of February in the year following that year:

PROVIDED FURTHER that the Government may at any time on giving at least three months notice in writing to the Vendor pay in Canadian Currency to or to the order of the Vendor the outstanding balance of the purchase price, or any part thereof, with interest accrued to the date of payment.

(3) The Vendor shall credit all sums received in pursuance of this Clause first to the payment of interest on the balance of the purchase price outstanding and secondly, to the said balance.

6. On the Completion Date the Vendor shall deliver or cause to be delivered to the Government certificates for all the shares of the Company accompanied by properly executed instruments of transfer of the said shares.

7. The Vendor shall be entitled to assign or transfer at any time any of the Vendor's rights or any amount owing to the Vendor or any security therefor under this Agreement. Notwithstanding any such assignment or transfer, or the assignment or transfer or the vesting of the Undertaking in the Corporation by the Government the Vendor and the Government shall remain liable for the due performance of their respective obligations hereunder and all such assignments transfers or vesting shall be subject to the provisions of this Agreement which shall remain in force until the purchase price and interest thereon have been paid in full. Except as aforesaid this Agreement shall not be assignable without the consent in writing of the other party thereto.

8. No stamp duty or registration fees shall be payable on any transfer of the shares of the Company under this Agreement.

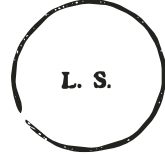
9. The Vendor and the Government shall pay their own costs relating to the negotiations, preparations and carrying into effect of this Agreement.

10. This Agreement shall be construed according to the Laws of British Guiana.

IN WITNESS WHEREOF the Common Seal of The International Power Company Limited has been affixed to each of the two counterparts of this Agreement, and the said two counterparts have both been signed by Dr. Cheddi Jagan, Minister of Trade and Industry, on behalf of the Government of British Guiana thereunto duly authorised on the day and year first above mentioned.

The COMMON SEAL of  
THE INTERNATIONAL POWER COMPANY LIMITED  
is hereto affixed in the presence of:—

P. W. RAYMER  
Vice President



and J. EDWARD De FREITAS

SIGNED by CHEDDI JAGAN on behalf of  
The Government of British Guiana.

CHEDDI JAGAN

WITNESSES:—

1. W. P. D'ANDRADE, Financial Secretary
2. J. A. E. YOUNG  
Permanent Secretary, Ministry of Communications and Works.

SCHEDULE

Clause 5 (2)

Estimated gross revenues of the Undertaking for the Years 1st January to 31st December, 1961 to 1965 inclusive.

	£ Sterling
1961	£ 337,000
1962	£ 365,000
1963	£ 401,000
1964	£ 444,000
1965	£ 484,000"

Made in Council this 4th day of January, 1961.

A. A. ABRAHAM,  
Clerk to the Executive Council

(M.P.C. 214 VI)