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Notice is hereby given that the Sixth Annual General Meeting of Kwakwani Utilities Incorporated will be held at the National Industrial & Commercial Investments Ltd (NICIL)/Privatisation Unit (PU) on Friday May 10, 2013 at 11:00hrs for the following purposes:

- 1) To receive and consider the Report of the Directors and the Audited Accounts for the Years ended December 31, 2010.
- 2) To consider any other business that may be conducted at an Annual General Meeting.

Only shareholders or their duly appointed proxies may attend; please bring this notice to gain entry to the meeting.

Any member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him / her.

A proxy need not be a member of the Company. The instrument appointing a proxy must bear a \$10 revenue stamp and be deposited at the registered office of the Company not less than 14 days before the time for holding the meeting.

A proxy form is attached for use if desired.

Any Corporation, which is a member of the Company, may, by resolution of its Directors or other governing body, authorize such person as it thinks fit to act as its representative at the meeting.

By Order of the Board



.....  
Punaram Chanderban  
Company Secretary / Director

Registered Office:  
Kwakwani Utilities Inc  
Berbice River  
Region 10  
Guyana  
South America

## Corporate Information

<b>Registered Office:</b>	Kwakwani Park Berbice River Region 10 Guyana
<b>Auditors:</b>	Audit Office of Guyana 63 High Street Kingston Georgetown Guyana
<b>Bankers:</b>	Republic Bank (Guyana) Ltd 38 Water Street Georgetown Guyana

## Mission Statement

Kwakwani Utilities Incorporated is committed to providing electricity to domestic and commercial consumers in an efficient and cost effective manner, to ensure safe and adequate delivery of potable water and a safe sewerage system for better public health.

## Licence Granted to Kwakwani Utilities Inc.

A Licence was issued on February 8, 2008 with an effective date of July 31, 2007 by the Minister responsible for the electricity sector. The Licence was granted under section 4 of the Electricity Sector Reform Act 1999 (No. 11 of 1999) and granted Kwakwani Utilities Inc. the rights to generate, distribute and supply electricity for public purposes within the “area of supply” defined below:

“*Area of Supply*” means the area within the boundaries of the lower extremity of the Kwakwani Creek and extended to Kelly Canal on the right bank of the Kwakwani, Berbice River. From Kelly Canal it extends to Hendricks Creek on the right bank of the river and across on the left bank it extends one and one half (1 1/2) miles on the east to Jeep Landing.



Punaram Chanderban Director & Company Secretary	Horace James Director	Winston Rozario General Manager	Ann Gilkes Administrative Officer / Finance Officer	Ronald Webster Chairman	Needkumar Director	Elena Gorshova Director
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## Members of the Board of Directors

- Ronald Webster: Chairman
- Punaram Chanderban: Director & Company Secretary
- Needkumar: Director
- Horace James: Director
- Elena Gorshkova: Director

No members of the Board of Directors resigned or retired during the year under review.

## Management

- Winston Rozario: General Manager
- Ann Gilkes: Administrative / Finance Officer
- Derrick Anthony: Electrical Supervisor

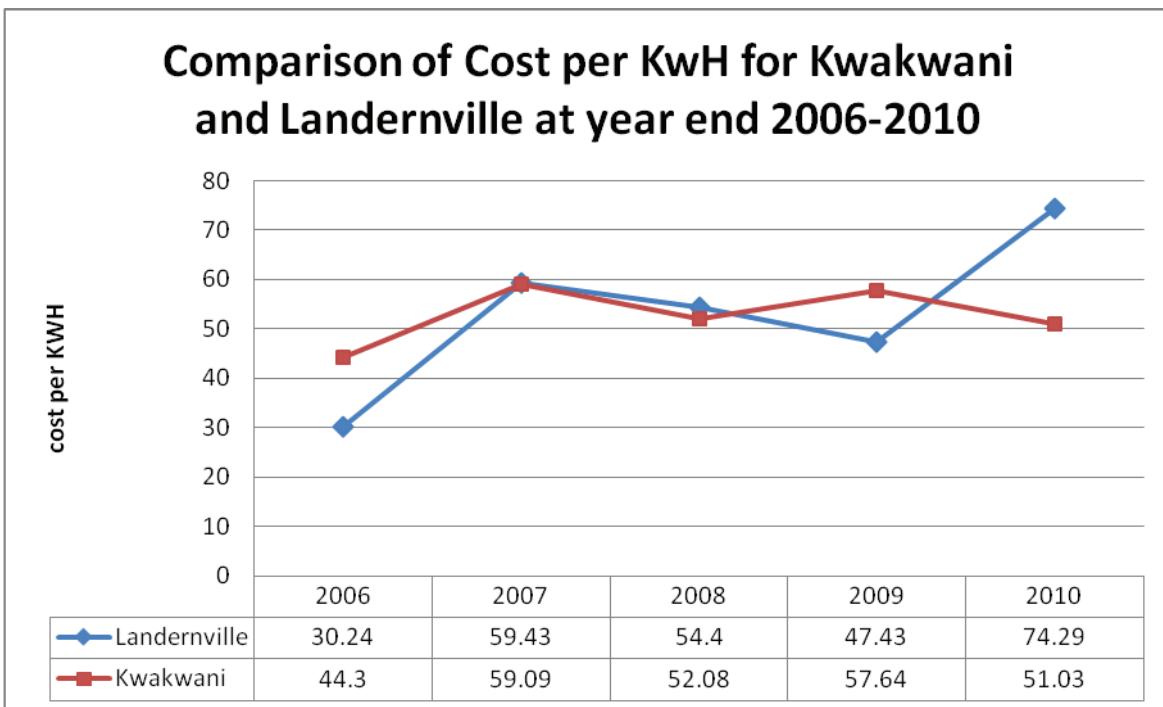
## Report of the Chairman

This is the sixth annual report of Kwakwani Utilities Incorporated covering the period January 1, 2010 to December 31, 2010. In addition to all the requirements in law for an annual report, KUI has attempted to give full details of its achievements and constrains for the year.

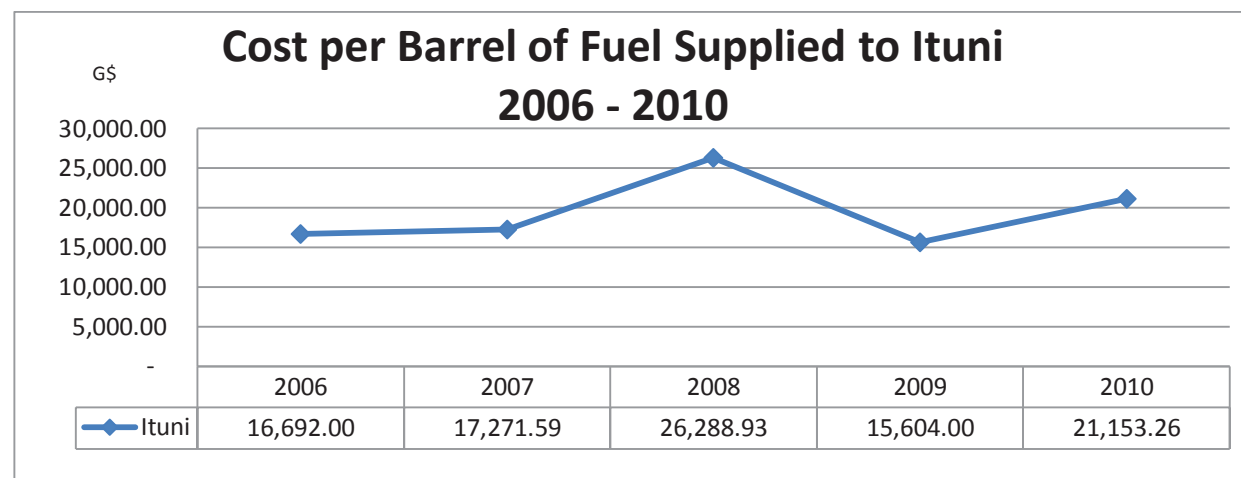
The Government of Guyana established Kwakwani Utilities Incorporated in January 2005 to provide a reliable and safe supply of electricity and water to Kwakwani and surrounding areas. KUI is also responsible for the management of the sewage system in Kwakwani. The generation and distribution of electricity were managed and controlled by Aroaima Mining Company Inc. (AMC) prior to its privatization in March 2006.

Kwakwani Utilities Incorporated is a wholly owned Subsidiary of National Industrial and Commercial Investments Limited having obtained 100% of the issued shares in the Company by Consideration. The Parent Company provided technical and financial advice to the Company at no cost during the period.

The Government of Guyana provided G\$253.9M (2009 G\$235.9M) to the company as full subsidy for the year towards the cost of sewage management and the generation and distribution of water and electricity. The cost per kWh purchased from BCGI at the end of 2010 were G\$51.03 and G\$74.29 (2009 G\$57.64 and G\$47.43) for Kwakwani and Landernville respectively. 94,961 liters of fuel (2009 104,290 liters of fuel) were also purchased for Ituni at an average cost of G\$133.05 per liter (2009 G\$ 98.16 per liters).



## Report of the Chairman (Cont'd)



The Company continues to work towards providing safe and reliable levels of electricity and water to the communities, and plans to expand to other areas in the forthcoming years as part of the Company's forward plan.

The Company was billed for a total of 3,510,449 kWh (2009 3,314,957 kWh) of electricity for the year ended December 31, 2010.

## Performance Highlights

Highlights of the Company's performance for 2010 were:

- a) Stabilization of Electricity, potable water and sewage services;
- b) Satisfaction of a broadening consumer base;
- c) Installation of a Reconditioned 1MW Caterpillar Generator to boost capacity;
- d) Installation of Meters and Socket.

### Operating Statistics

<b>Operating Statistics</b>	<b>2010</b>	<b>2009</b>
Net Operating Revenue	50,860,861	54,547,690
Profit/(Loss) before Tax	(10,551,225)	10,668,536
Total Capital and Reserves	74,672,583	30,271,758
Net Current Assets	36,489,990	14,220,094
Number of Consumers	873	854
Peak Demand	800 KW	800 KW
Number of Employees	28	24
Employment Cost	32,371,568	26,420,611
Cost of kWh Purchased (Kwakwani) at Year End	G\$51.03	G\$57.64
Cost of kWh Purchased (Ladernville) at Year End	G\$74.29	G\$47.43
Length of Transmission Line	492,571 ft	485,000 ft
# of Installed Transformers	42	40

## Report of the Chairman (Cont'd)

### Generation Statistics and Acquisitions

- a) 3,510,449 kWh's was purchased for the communities of Kwakwani and Ladernville during 2010; this represents an increase of 6% over 2009;
- b) The total number of consumers on the grid stood at 873 as at December 31, 2010.

### Transmission & Distribution

- a) The Company continued to replace poles and transmission lines in affected areas;
- b) Total number of transformers installed increased to 42 at the end of 2010 (40 in 2009).

### Areas Serviced

In 2010 the Company continued to service the following areas:

1. Kwakwani Park
2. Western & Eastern Banks of Berbice River, Kwakwani
3. Waterfront Road
4. First, Second & Third Phase Housing Scheme, Kwakwani
5. Roosery Avenue
6. Staff Hill
7. Potville
8. Hopetown
9. Jonestown
10. Airstrip
11. Lamp Island

### Consumer Service

Reports in relation to unsatisfactory services can be made to the Company's Office. All reports are dealt with efficiently by the Company's skilled and trained staff; all reports are dealt within 12 hours of the initial report.

### Key Consumer Statistics

<i>Consumers - Total</i>	<i>2010</i>	<i>2009</i>	<i>Increase (%)</i>
Residential	723	707	2.26
Commercial	150	147	2.04
<b>Total</b>	<b>873</b>	<b>854</b>	<b>2.22</b>

## Report of the Chairman (Cont'd)

### Human Resources

KUI had a total of 28 individuals on its establishment as at the December 31, 2010, an increase of 17% over 2009;

<i>Type of Employee</i>	<i>2010</i>	<i>2009</i>	<i>Increase</i>
Electrical	6	4	2
Administration	7	9	(2)
Water Plant	5	4	1
Security	4	-	4
NCN	3	3	-
Plumbing	2	2	-
Sanitation	1	2	-1
<b>Total</b>	<b>28</b>	<b>24</b>	<b>4</b>

### Safety and Environment

The Company continued in its effort to promote and develop a safe work culture, in – house training to improve occupational health and safety standards were undertaken during 2010.

### Financial Performance

#### Profitability:

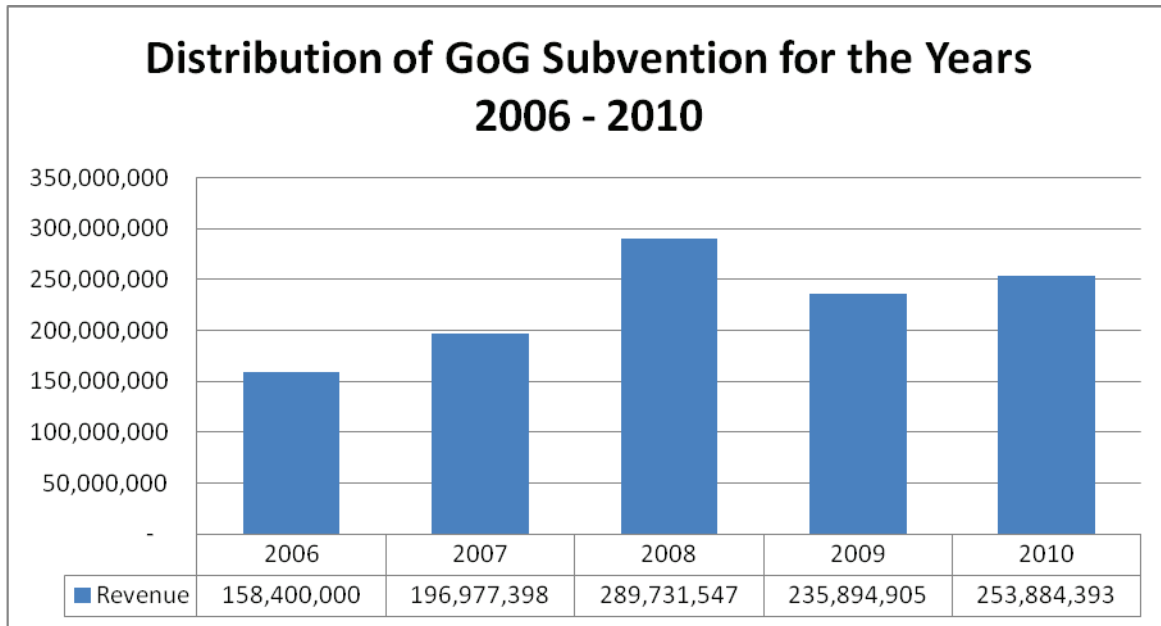
- a) The Company recorded a Net Loss of G\$10,551,225 during 2010 or a decrease in profitability of 198.9% from the previous year (2009 G\$10,668,536), which was primarily due to the rise in Operating Costs;
- b) No dividends were declared in respect of the year ended December 31, 2010.

#### Revenue Overview:

99.7% or G\$253.9M of the Company's revenue for year under review consisted of subvention received from the Government of Guyana.



## Report of the Chairman (Cont'd)

Debt Financing:

No long – term borrowings were taken up by the Company during the year under review.

Metering / Billing and Tariff

1,000 Itron Meters and 1,000 Meter Sockets were purchased by KUI during 2010. Metering of electricity to consumers in Kwakwani commenced in September 2010, with a total of 166 meters being installed as at December 31, 2010 (commercial 150 and residential 16). Cabinet at a meeting held on October 27, 2009 approved a tariff structure for all categories of consumers as follows:

- Consumers utilizing 0 – 15 KWh , no charge;
- Consumers utilizing in excess of 15Kwh would be charge at a rate of G\$30 per kWh.

The implementation of the tariff structure is on “Hold” subject to approval being granted by the Minister responsible for Electricity.

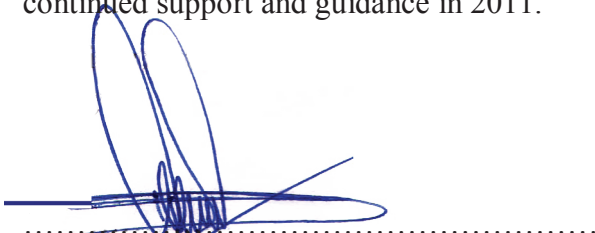
Capital Expenditure

A 3508 1MW Caterpillar Generator was acquired from Diesel Engine & Parts Co. Inc. to boost the generating capacity of the Kwakwani Power Station. This unit was commissioned in February 2010, and is recorded in the financial statements of NICIL as a Non – Current Asset.

## Report of the Chairman (Cont'd)

### Going Concern

The financial statements are prepared on a going concern basis and the Board, after making appropriate enquiries, is satisfied that KUI has adequate resources and support to continue its' operations for the foreseeable future. Finally, I take this opportunity to thank our Shareholder, the Government of Guyana, members of the Board of Directors, the Management of BCGI, Management and Staff and our consumers for their contribution during 2010 and solicit their continued support and guidance in 2011.



.....  
Ronald Webster  
Chairman

## Report of the Board of Directors

The Directors take pleasure in submitting our sixth Annual Report and Audited Financial Statements for the year ended December 31, 2010

### Principal Activities

Kwakwani Utilities Incorporated, license # 5301, was incorporated under the Companies Act 1991, of Guyana on January 6, 2005. The principal activities of the Company are the distribution of electricity, water and sewage management services to the residents of Kwakwani and surrounding areas. Electricity is supplied on a 24hr basis whilst sewage and water are managed when needed and supplied on a scheduled basis respectively via subventions received from the Government of Guyana.

### Regulatory Matters

In accordance with the Company's License and the Electricity Sector Reform Act (ESRA) 1999 KUI focuses on a Development and Expansion Programme. This Programme identifies measures to address the immediate and long term issues facing the Company. The immediate problems identified were as follows:

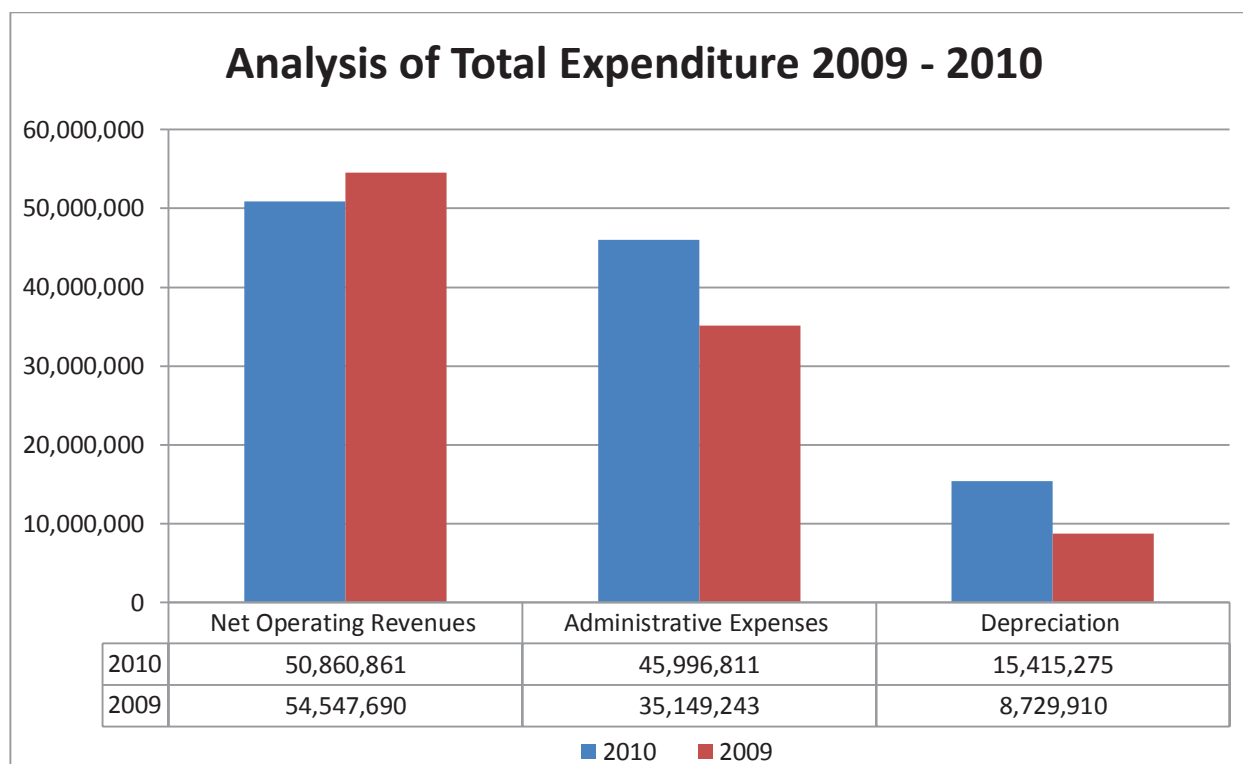
- a) Maintaining reasonable and uninterrupted supply of electricity and water to consumers;
- b) Reduction in technical losses;
- c) Management of Government subvention to meet both the operational and capital needs of the Company;
- d) Lack of Capital Subvention from the Government of Guyana to proceed with Capital Expenditures needed to reduce technical losses.

### Financial Results

Cost of Sales for 2010 represented 80% of the total subvention received from the Government of Guyana; with the company paying an average of G\$53.08 per kWh during 2010. A comparative summary of the company's financial performance is presented below:

<i>Item</i>	<i>2010 (G\$)</i>	<i>2009 (G\$)</i>	<i>Variance (G\$)</i>	<i>Variance (%)</i>
Subvention	253,884,393	235,894,905	17,989,488	7.63%
Other Income	800,800	847,000	(46,200)	(5.45%)
Cost of Sales	203,824,332	182,194,215	21,630,117	11.87%
<b><i>Net Operating Revenues</i></b>	<b>50,860,861</b>	<b>54,547,690</b>	<b>(3,686,829)</b>	<b>6.76%</b>
Administrative Expenses	45,996,811	35,149,243	10,847,568	30.86%
Depreciation	15,415,275	8,729,910	6,685,365	76.58%
<b><i>Net Profit/(Loss) for the Year</i></b>	<b>(10,551,225)</b>	<b>10,668,537</b>	<b>(21,219,762)</b>	<b>(198.90%)</b>

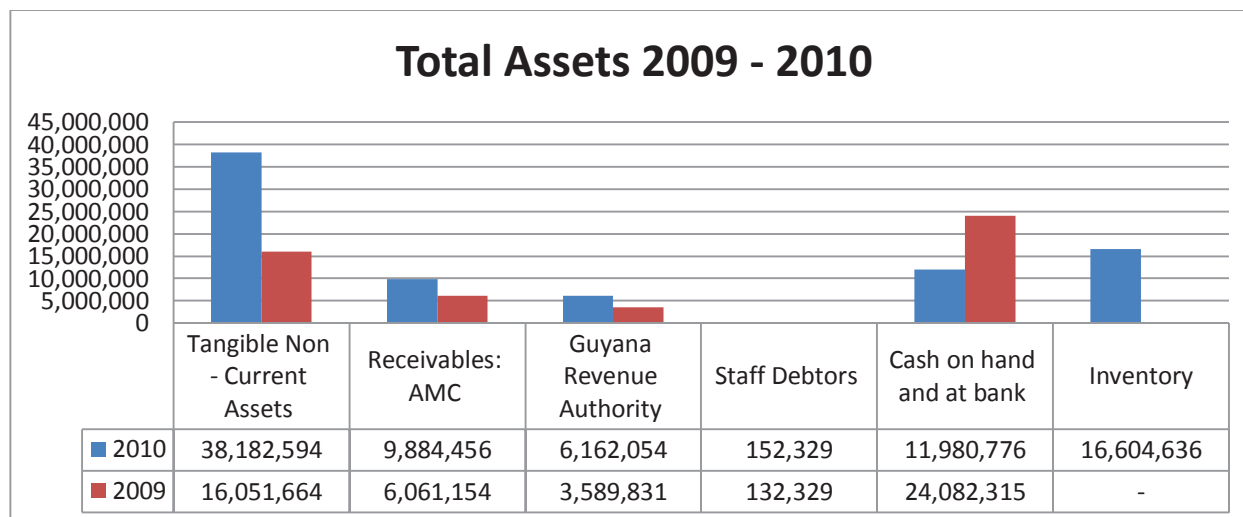
## Directors Report (Cont'd)

*Distribution of Total Assets as at December 31, 2010*

Item	2010 (G\$)	2009 (G\$)	Variance (G\$)	Variance (%)
<b>Non - Current Assets</b>				
Tangible Non - Current Assets	38,182,594	16,051,664	22,130,930	138%
<b>Total Non - Current Assets</b>	<b>38,182,594</b>	<b>16,051,664</b>	<b>22,130,930</b>	<b>138%</b>
<b>Current Assets</b>				
Receivables: AMC	9,884,456	6,061,154	3,823,302	63%
Guyana Revenue Authority	6,162,054	3,589,831	2,572,225	72%
Staff Debtors	152,329	132,329	20,000	15%
Cash on hand and at bank	11,980,776	24,082,315	(12,101,539)	(50%)
Inventory	16,604,636	-	16,604,636	100%
<b>Total Current Assets</b>	<b>44,784,251</b>	<b>33,865,629</b>	<b>10,918,624</b>	<b>32%</b>
<b>Total Assets</b>	<b>82,966,845</b>	<b>49,917,293</b>	<b>33,049,554</b>	<b>66%</b>

## Directors Report (Cont'd)

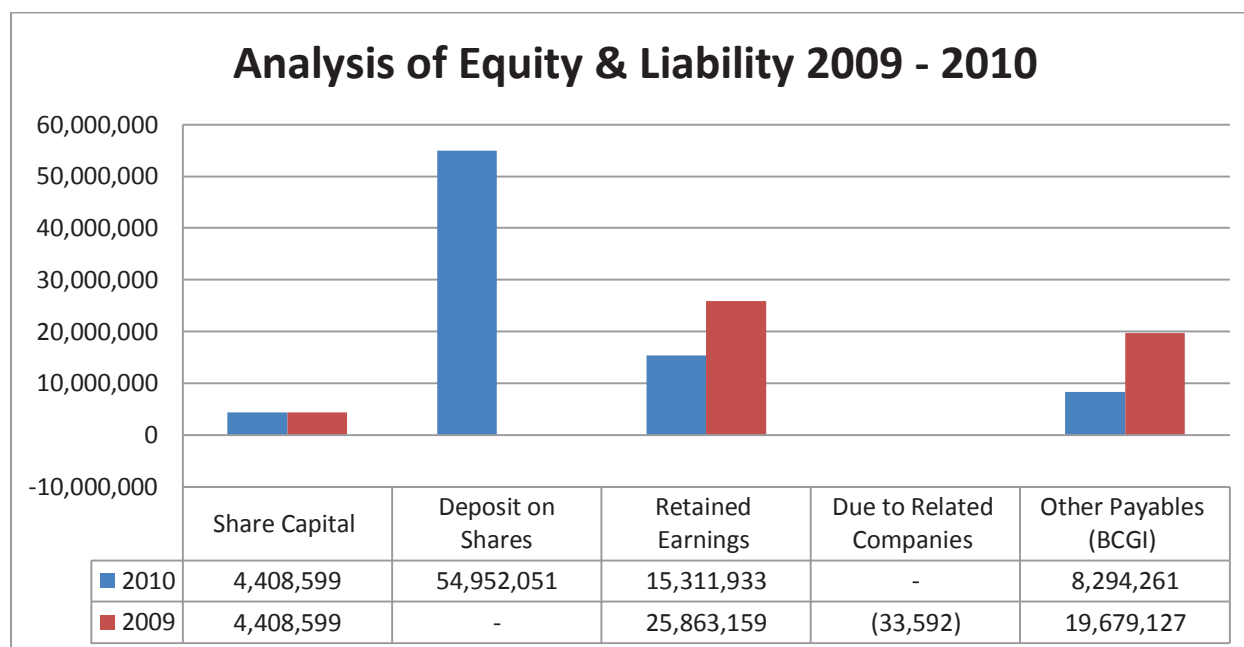
The Company's Total Assets increased by G\$33.05M or 66% from 2009.



### *Distribution of Equity & Liabilities as at December 31, 2010*

<i>Item</i>	<i>2010 (G\$)</i>	<i>2009 (G\$)</i>	<i>Variance G\$</i>	<i>Variance</i>
<b><i>Capital &amp; Reserves</i></b>				
Share Capital	4,408,599	4,408,599	-	0%
Deposit on Shares	54,952,051	-	54,952,051	100%
Retained Earnings	15,311,933	25,863,159	(10,551,226)	(41%)
<b><i>Total Capital &amp; Reserves</i></b>	<b><i>74,672,583</i></b>	<b><i>30,271,758</i></b>	<b><i>44,400,825</i></b>	<b><i>147%</i></b>
<b><i>Current Liabilities</i></b>				
Due to Related Companies	-	(33,592)	33,592	(100%)
Other Payables (BCGI)	8,294,261	19,679,127	(11,384,866)	(58%)
<b><i>Total Current Liabilities</i></b>	<b><i>8,294,261</i></b>	<b><i>19,645,535</i></b>	<b><i>(11,351,274)</i></b>	<b><i>(58%)</i></b>
<b><i>Total Equity &amp; Liabilities</i></b>	<b><i>82,966,844</i></b>	<b><i>49,917,293</i></b>	<b><i>33,049,551</i></b>	<b><i>66%</i></b>

## Directors Report (Cont'd)



### Share Structure

The Company is a wholly owned subsidiary of National Industrial and Commercial Investments Limited.

### Dividends


No dividend was declared in respect to the year ended December 31, 2010

### Auditors

Kwakwani Utilities Incorporated, being a company whose majority shareholder is state – owned, is required to have its financial statements audited by the Audit Office of Guyana

By Order of the Board


.....  
Punaram Chanderban  
Director / Company Secretary



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**AUDITED FINANCIAL STATEMENTS  
OF  
KWAKWANI UTILITIES INCORPORATED  
FOR THE YEAR ENDED  
DECEMBER 31, 2010**

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## *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: 111/2012

15 November 2012

REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS  
OF THE KWAKWANI UTILITIES INCORPORATED  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010

I have audited the accompanying financial statements of Kwakwani Utilities Incorporated which comprise the statement of financial position as at 31 December 2010, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the Audit Act of 2004.

### *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, and for such internal control<sup>as</sup> management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization 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 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.

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 give a true and fair view, in all material respects, of the financial position of the Kwakwani Utilities Incorporated as at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

**KWAKWANI UTILITIES INC**  
**INCOME STATEMENT**  
**FOR THE PERIOD 1 JANUARY 2010 TO 31 DECEMBER 2010**

	Note	2010 G\$	Restated 2009 G\$
		<u>                    </u>	<u>                    </u>
Revenue	3	254,685,193	236,741,905
Generation and Distribution Cost	4	<u>(203,824,332)</u>	<u>(182,194,215)</u>
<b>Gross Profit</b>		<b>50,860,861</b>	<b>54,547,690</b>
Administration	5	(45,996,811)	(35,149,244)
Depreciation		(15,415,275)	(8,729,910)
<b>Profit for the Year</b>		<u><u>(10,551,225)</u></u>	<u><u>10,668,536</u></u>

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

**KWAKWANI UTILITIES INC  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 JANUARY 2010 TO 31 DECEMBER 2010**

	Note	Share Capital GS	Retained Earnings GS	Deposit on Ordinary Shares GS	Total GS
<b>Balance at 31 December 2008</b>		4,408,599	15,194,622	-	19,603,221
Net Profit for the year			7,246,899	-	7,246,899
Prior year adjustment	12		3,421,638	-	3,421,638
<b>Balance at 31 December 2008 as restated</b>		<u>4,408,599</u>	<u>25,863,159</u>	<u>-</u>	<u>30,271,758</u>
<b>Balance at 31 December 2008</b>		4,408,599	15,194,622	-	19,603,221
Profit for the year as restated			10,668,536		10,668,536
<b>Balance at 31 December 2009</b>		<u>4,408,599</u>	<u>25,863,159</u>	<u>-</u>	<u>30,271,757</u>
Net loss for the year			(10,551,225)	-	(10,551,225)
Deposit on Shares - NICIL				54,952,051	54,952,051
<b>Balance at 31 December 2010</b>		<u><u>4,408,599</u></u>	<u><u>15,311,933</u></u>	<u><u>54,952,051</u></u>	<u><u>74,672,582</u></u>

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

**KWAKWANI UTILITIES INC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

<b>ASSETS</b>	<b>Note</b>	<b>2010</b> <b>G\$</b>	<b>Restated</b> <b>2009</b> <b>G\$</b>	<b>2008</b> <b>G\$</b>
<i>Non - Current Assets</i>				
Fixed Assets	6	38,182,594	16,051,664	20,058,062
<i>Total Non - Current Asset</i>		<u>38,182,594</u>	<u>16,051,664</u>	<u>20,058,062</u>
<i>Current Assets</i>				
AMC		9,884,456	6,061,154	3,875,088
Guyana Revenue Authority		6,162,054	3,589,831	1,450,621
Staff Debtors		152,329	132,329	177,329
Cash on hand and at bank	7	11,980,776	24,082,315	10,559,599
Inventory	8	16,604,636	-	-
<i>Total Current Assets</i>		<u>44,784,251</u>	<u>33,865,629</u>	<u>16,062,637</u>
<b>TOTAL ASSETS</b>		<b><u>82,966,845</u></b>	<b><u>49,917,293</u></b>	<b><u>36,120,699</u></b>
<b>EQUITY &amp; LIABILITY</b>				
<i>Capital &amp; Reserves</i>				
Share Capital	9	4,408,599	4,408,599	4,408,599
Deposit on Shares	10	54,952,051	-	-
Retained Earnings		15,311,933	25,863,159	15,194,622
		<u>74,672,583</u>	<u>30,271,758</u>	<u>19,603,221</u>
<i>Current Liabilities</i>				
Due to Related Companies	11	-	(33,592)	150,218
Due to Bauxite Company of Guyana		8,294,261	19,679,127	16,367,260
		<u>8,294,261</u>	<u>19,645,535</u>	<u>16,517,478</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>82,966,845</u></b>	<b><u>49,917,293</u></b>	<b><u>36,120,699</u></b>

The Financial Statements were approved by the Board of Directors on the October 23, 2012

  
 Director

  
 Director

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

**KWAKWANI UTILITIES INC**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD 1 JANUARY 2010 TO 31 DECEMBER 2010**

	<b>2010</b>	<b>Restated</b>
	<b>G\$</b>	<b>2009</b>
<b>Operating activities</b>	<b>G\$</b>	<b>G\$</b>
Net profit for the year	(10,551,225)	10,668,536
Adjustments for:		
Depreciation	15,415,275	8,729,910
(Increase) / Decrease in Receivables	(2,592,223)	(2,094,208)
(Increase) / Decrease in Dues from Related Companies	(3,823,302)	(2,186,066)
(Increase) / Decrease in Inventory	(16,604,636)	-
Increase / (Decrease) in Due to Related Companies	33,592	(183,810)
Decrease in other Creditors	(11,384,866)	3,311,867
<b>Cash Flow from (Used) / Generated from Operations</b>	<b>(29,507,385)</b>	<b>18,246,229</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(33,426,831)	(1,301,875)
Additions to Metering Project	(4,119,374)	(3,421,638)
<b>Net Cash (Used) / Generated from Investments</b>	<b>(37,546,205)</b>	<b>(4,723,513)</b>
<b>Cash Flow from Financing Activities</b>		
Deposit on Shares	54,952,051	-
<b>Net Cash (Used) / Generated from Financing</b>	<b>54,952,051</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(12,101,539)</b>	<b>13,522,716</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents at the Beginning of the Period</b>	<b>24,082,315</b>	<b>10,559,599</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash at the End of the Period</b>	<b>11,980,776</b>	<b>24,082,315</b>

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

**KWAKWANI UTILITIES INC**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. Incorporation**

Kwakwani Utilities Inc. (K.U.I) was incorporated as a Company under the Companies Act Chapter 89:01 on the 6 January 2005. The objectives of the company are the supply of Electricity, Water and Sewerage Management services in Kwakwani.

**2. Summary of significant of accounting policies**

**(a) Accounting convention**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and conform with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

**(b) Fixed assets**

Fixed assets are depreciated on the straight-line method over their estimated useful lives as follows:-

Buildings	2%
Furniture and equipment	20%
Motor vehicles	25%
Generation Equipment	20%
Distribution Systems	7.5%

**(c) Foreign currency**

Foreign currency transactions completed during the year are translated to Guyana dollars at the Republic Bank (Guyana) Limited Cambio rates of exchange ruling at the dates of such transactions. At Balance sheet date all amounts denominated in foreign currencies are translated to Guyana dollars at the Republic Bank (Guyana) Limited Cambio exchange rates ruling at that date or at rates agreed by Bank of Guyana. Gains and losses resulting from such transactions are included in the profit and loss account for the year.

**(d) Revenue**

Revenue consisted primarily of Subvention received from Government of Guyana.

**(e) Expenditure**

Expenditures are dealt with in these financial statements on the accrual basis.

**KWAKWANI UTILITIES INC**  
**NOTES TO THE FINANCIAL STATEMENTS**

	<b>2010</b>	<b>Restated</b>
	<b>G\$</b>	<b>2009</b>
	<b>G\$</b>	<b>G\$</b>
<b>3. Revenue</b>		
Subvention Received from GOG	253,884,393	235,894,905
Rental of Property	-	847,000
Income from TV Operations	373,200	-
Other	427,600	-
<b>Total Revenue Collected</b>	<b>254,685,193</b>	<b>236,741,905</b>
<b>4. Generation &amp; Distribution Cost</b>		
Community Electricity	173,745,240	154,594,700
Community Fuel	12,634,328	10,235,803
Community Rental Equip.	120,120	120,120
Distribution System Maintainance	13,737,083	15,405,793
Plant Maintainance	3,587,561	1,837,799
<b>Total Generation &amp; Distribution Cost</b>	<b>203,824,332</b>	<b>182,194,215</b>
<b>5. Administrative Expenses</b>		
Training	273,185	502,773
Wages And Salaries	32,371,568	26,420,611
Professional fees	479,500	96,000
Internet Charges	58,300	100,178
R&M of Building	1,657,366	62,638
T/port Travel & postage	409,790	700,080
Telephone Charges	335,489	201,748
Bank Charges	14,300	35,782
Subsistence Allowance	1,299,934	766,900
R&M Equipment & Motor Vehicles	1,826,803	1,369,287
Cleaning & Clearing	587,092	265,280
Operating Expense	2,348,195	2,801,778
Operating Expense NCN	111,925	-
Entertainment	789,403	128,060
Photocopying/printing	1,278,200	-
Insurance	42,510	36,900
Rates & Taxes	-	163,206
Donation	244,000	195,690
Rental of Equipment	20,000	-
Fuel	1,849,251	1,302,333
<b>Total Administration Expenses</b>	<b>45,996,811</b>	<b>35,149,244</b>

**KWAKWANI UTILITIES INC**  
**NOTES TO THE FINANCIAL STATEMENTS**

	Restated					Total GS
	Furniture & Equipment GS	Motor Vehicles GS	Distribution Systems GS	Metering GS	Generation Equipment GS	
<b>6. Fixed Assets</b>						
<b>Cost</b>						
As at December 31, 2009	3,884,618	9,792,768	27,523,974	3,421,638	-	44,622,998
Additions	810,214	-	-	4,119,374	32,616,617	37,546,205
Disposals						-
Transfers						-
As at 31 December 2010	<u>4,694,832</u>	<u>9,792,768</u>	<u>27,523,974</u>	<u>7,541,012</u>	<u>32,616,617</u>	<u>82,169,203</u>
<b>Depreciation</b>						
As at December 31, 2009	1,655,770	4,896,384	22,019,180	-	-	28,571,334
Charge for the year	938,966	2,448,192	5,504,794	-	6,523,323	15,415,275
Write back on disposal						
As at 31 December 2010	<u>2,594,736</u>	<u>7,344,576</u>	<u>27,523,974</u>	<u>-</u>	<u>6,523,323</u>	<u>43,986,609</u>
<b>Net Book Values</b>						
At 31 December 2009	<u>2,228,848</u>	<u>4,896,384</u>	<u>5,504,794</u>	<u>3,421,638</u>	<u>-</u>	<u>16,051,664</u>
As at 31 December 2010	<u>2,100,096</u>	<u>2,448,192</u>	<u>-</u>	<u>7,541,012</u>	<u>26,093,294</u>	<u>38,182,594</u>

Meters are transferred from Inventory to Fixed Assets when they are installed and becomes operational at a consumer's residence. These are subsequently depreciated at 7.5% per annum on a straight line basis over there expected useful life of thirteen (13) years.

	Restated	
	2010 GS	2009 GS
<b>7. Cash on hand and at Bank</b>		
Cash at bank	11,390,938	22,743,930
Cash on Hand	589,838	1,338,385
<b>Total Cash on Hand and at Bank</b>	<u>11,980,776</u>	<u>24,082,315</u>



**KWAKWANI UTILITIES INC  
NOTES TO THE FINANCIAL STATEMENTS**

	2010 G\$	Restated 2009 G\$
<b>8. Inventory</b>		
Opening Balance	-	-
Uninstalled Meters & Materials acquired during the period	16,604,636	-
<b>Balance as at December 31</b>	<b>16,604,636</b>	<b>-</b>

Total Inventory represents the value of uninstalled meters and surplus materials procured for the Metering Project at the end of the period.

**9. Share Capital**

Authorised, issued and fully paid Ordinary Shares @ G1 each	4,408,599	4,408,599
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**The above balance consists of the following:**

Registry fees for incorporation	33,550	33,550
Computers transferred from Linmine	251,075	251,075
Payment to service distribution systems	4,123,974	4,123,974
	4,408,599	4,408,599

**10. Deposit On Ordinary Shares**

Balance as at January 1	-	-
Deposit Made During the Year - NICIL	54,952,051	-
<b>Balance as at December 31</b>	<b>54,952,051</b>	<b>-</b>

Total Deposit held in advance by NICIL:

Deposit on Shares held for NICIL represents monies paid by NICIL to complete the metering of all consumers in Kwakwani. This deposit will be converted into Ordinary Share Capital upon the completion of the metering project.

**11. Due to Related Company**

LECI	-	(33,592)
NICIL	-	-
<b>Total Due to Related Companies</b>	<b>-</b>	<b>(33,592)</b>

**KWAKWANI UTILITIES INC  
NOTES TO THE FINANCIAL STATEMENTS**

**12. Prior Year Adjustment**

The cost of the Metering Project in the prior year was reclassified to adopt similar accounting treatments employed by the Guyana Power & Light Inc. The sum of G\$3.4M (representing the cost of the Metering Project) in Cost of Sales was reclassified as a Fixed Asset. Due to this project currently being in its installation stage, it is considered as an item of Work - in - Progress for presentation in these Financial Statements

	<b>G\$</b>
Cost Materials Acquired	3,421,638
<b>Total Value of Restatement</b>	<b>3,421,638</b>

**ANNUAL GENERAL MEETING 2010  
FORM OF PROXY**

The Secretary  
Kwakwani Utilities Inc  
Kwakwani Park  
Berbice River  
Region 10  
Guyana

I/ We .....  
of .....  
A Member / Members of Kwakwani Utilities Inc. hereby appoint.....  
or in his/her absence .....  
of .....

As my / our Proxy to vote in my / our names(s) and on my / our behalf upon any matter proposed at the Sixth Annual General Meeting of the Kwakwani Utilities Inc. to be held on Friday May 10, 2013 at 11:00hrs or thereof in such manner as such Proxy may think proper.

As witness my hand this ..... day of .....

Signed by the Said .....

(Name of Member/s)

.....  
(Signature of Member/s)

Note: To be valid, this form must be completed and deposited with the Secretary at least 48 hours before the time appointed for the meeting or adjourned meeting.