

**KWAKWANI
UTILITIES
INCORPORATED**

ANNUAL REPORT 20



12

TABLE OF CONTENTS

Notice of Annual General Meeting	2
Corporate Information	3
Mission Statement & Licence	3
Board of Directors & Management	4
Report of the Chairman	5 – 9
Report of the Board of Directors	10 – 13
Financial Statements for the year ended December 31, 2012	15 – 25
Proxy Form	26

NOTICE OF MEETING

Notice is hereby given that the 8th (eighth) Annual General Meeting of Kwakwani Utilities Incorporated will be held at the National Industrial & Commercial Investments Ltd (NICIL) / Privatisation Unit (PU) on Wednesday July 2nd, 2014 at 10:00 am, for the following purposes:

- 1) To receive and consider the Report of the Directors and the Audited Accounts for the Year ended December 31, 2012.
- 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

REGISTERED OFFICE:	Kwakwani Park Berbice River Region 10 Guyana
AUDITORS:	Audit Office of Guyana 63 High Street Kingston Georgetown Guyana South America
BANKERS:	Republic Bank (Guyana) Ltd 38 Water Street Georgetown Guyana

Mission Statement

Kwakwani Utilities Inc 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.



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 Officer / Finance Officer
- **Leon Jathoo:** Foreman

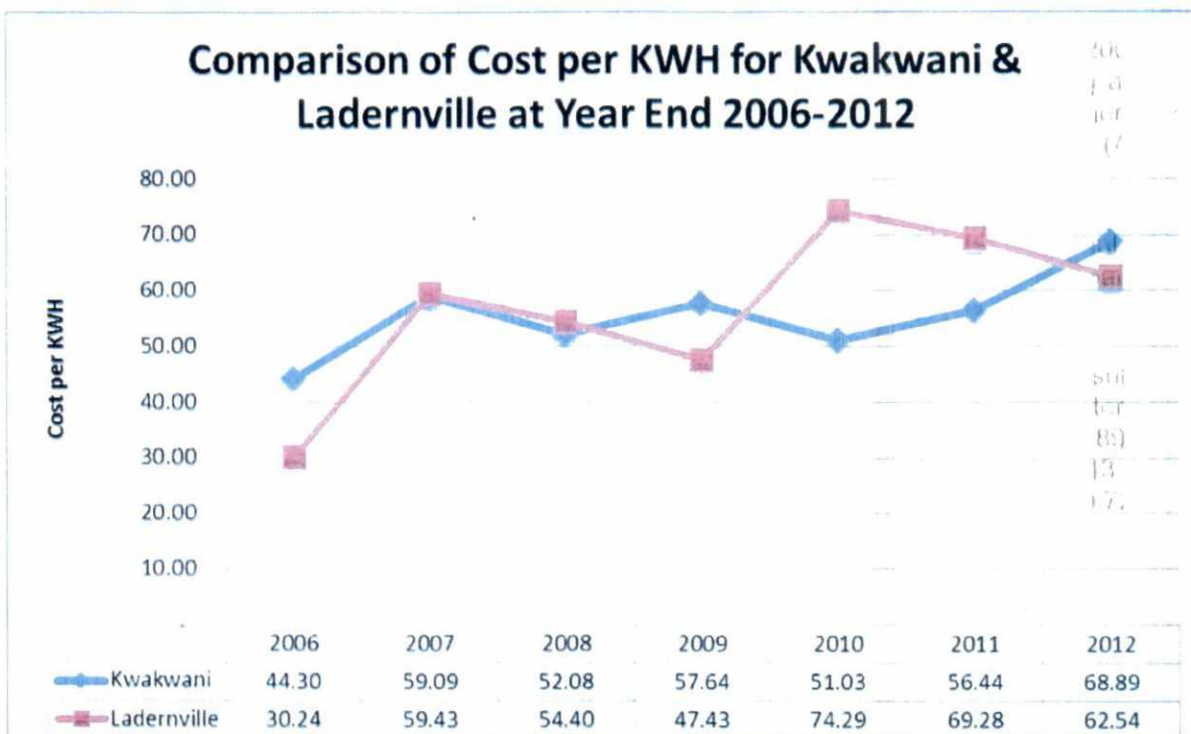
Report of the Chairman

This is the eighth annual report of Kwakwani Utilities Incorporated covering the period January 1, 2012 to December 31, 2012. In addition to all the requirements in law for an annual report, KUI has attempted to give full details of the Company's achievements, and constraints faced during the year.

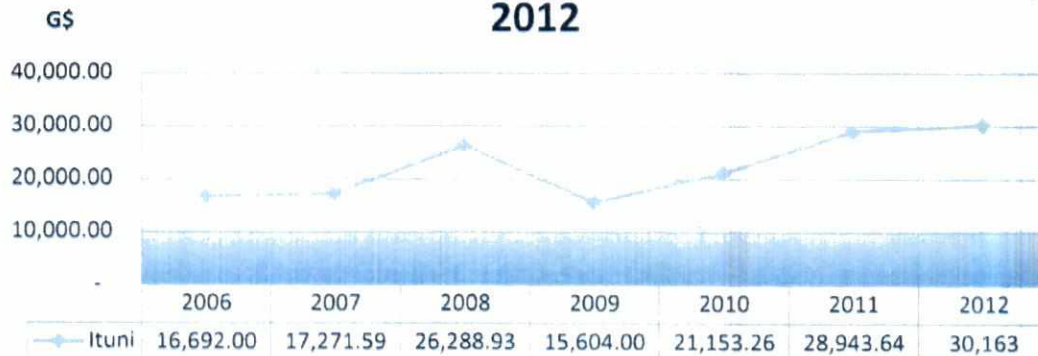
The Government of Guyana established Kwakwani Utilities Incorporated in January 2005 to provide a reliable and safe supply of electricity and water to Kwakwani and surrounding areas. KUI is also responsible for the management of the sewage system in Kwakwani. The generation and distribution of electricity were managed and controlled by Aroaima Mining Company (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 Government of Guyana provided G\$349.9M (2011 G\$325.2M) to the company as full subsidy towards the cost of sewerage management and the generating and distributing of water and electricity. The cost per kWh purchased from BCGI at the end of the year were G\$68.89 and G\$62.54 (2011 G\$56.44 and G\$69.28) for Kwakwani and Ladernville respectively. 96,543 litres were purchased for Ituni during 2012 (2011 100,425 litres) at an average cost of G\$189.72 per liter (2011 G\$182.05 per liter).



Cost per Barrel of Fuel Supplied to Ituni 2006-2012



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

The Company was billed for a total of 3,795,600 kWh (2011 3,739,103 kWh) of electricity for the year ended December 31, 2012

Performance Highlights

Highlights of the Company's performance for 2012 were:

- a) Stabilization of Electricity, potable water and sewage services;
- b) Satisfaction of a broadening consumer base;
- c) Installation of Meters and Socket

Operating Statistics

Operating Statistics	Restated	
	2012	2011
Net Operating Revenue	59,159,089	50,561,058
Profit/(Loss) before Tax	(10,753,417)	(12,718,331)
Total Capital and Reserves	130,891,787	61,427,895
Net Current Assets	29,491,692	10,529,309
Number of Consumers	915	896
Peak Demand	800 Kw	800 Kw
Number of Employees	29	29
Employment Cost	36,296,189	37,560,310
Cost of kWh Purchased (Kwakwani) at Year End	G\$68.89	G\$56.44
Cost of kWh Purchased (Ladernville) at Year End	G\$62.54	G\$69.29
Length of Transmission Line	496,307 ft	495,907 ft
# of Installed Transformers	43	42

Report of the Chairman (Cont'd)

Generation Statistics & acquisition

- a) 3,795,600 KWH's were purchased for the communities of Kwakwani and Ladernville during 2012; which represent an increase of 1.5% from 2011.
- b) 915 Consumer were on the grid as at December 31, 2012.

Transmission and Distribution

- a) The Company continues to replace poles and transmission lines to affected areas.
- b) Installed transformers remain at forty three in 2012.

Areas Serviced

The company continued to service the following areas during 2012

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

Consumers Service

Reports in relation to unsatisfactory services can be reported 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

Consumers - Total	2012	2011	Increase
Residential	747	739	1%
Commercial	168	157	7%
Total	915	896	2%

Report of the Chairman (Cont'd)

Human Resources

KUI had a total of 29 individuals under its employment as at December 31, 2012

Type of Employee	2012	2011	Increase
Electrical	5	5	-
Administration	9	9	-
Water Plant	4	4	-
Security	4	4	-
NCN	3	3	-
Plumbing	2	2	-
Sanitation	2	2	-
Total	29	29	-

Safety and Environment

The Company continued in its effort to develop a safe work culture and thus employed in – house training to promote occupational safety and health during 2012.

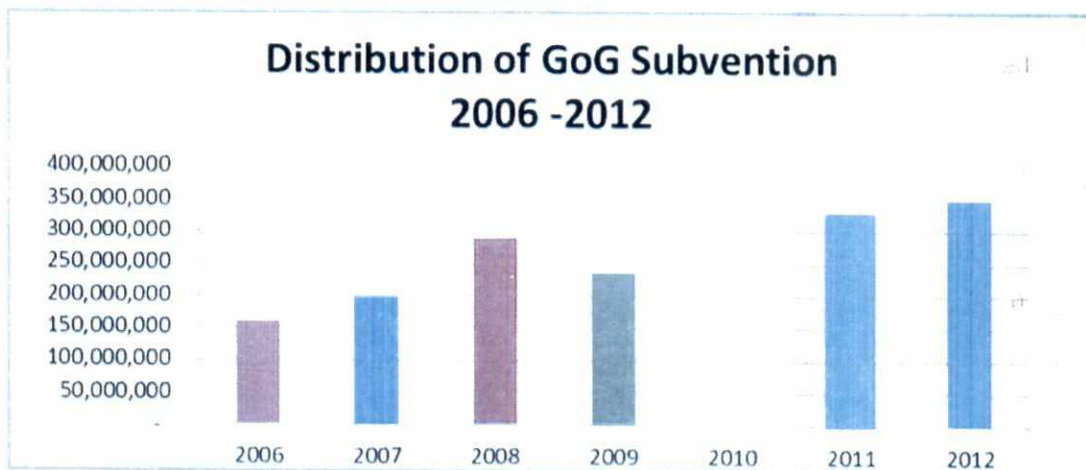
Financial Performance

Profitability

- a) The Company's recorded a Net loss of G\$10,753,417 during 2012 representing a decrease in loss of 15.45% from the previous year (2011 G\$12,718,331).
- b) No dividend was declared for 2011 and 2012.

Revenue Overview

99.7% or G\$349.9 of the Company's revenue for the year under review consisted of subvention received from the Government of Guyana.



Debt Financing

There were no borrowings for the year under review.

Metering / Billing and Tariff

A total of 149 Meters were installed during 2012 (17 commercial and 132 residential), (2011 329 – commercial 20, residential 309). Cabinet at a meeting held on October 27, 2009 approved a tariff structure for all categories of consumers as follows:

- a) Consumers utilizing 0 - 15KwH no. charge;
- b) Consumer utilizing in excess of 15 KwH per month would be charged at a rate of G\$30 per KwH.

The implementation of this tariff structure is on "Hold " subject to approval being granted by the minister responsible for electricity.

Capital Expenditure

The following significant Capital Expenditure(s) occurred during the year:

During the year the Company acquired a Caterpillar generating set model # 3512 to boost the generating capacity of the power station. The Generator was acquired at a cost of G\$40.036M from Machinery Corporation of Guyana Limited and was commissioned on the 26th September, 2012. Additionally, a contract was executed with Macorp for the refurbishment of one Caterpillar Power Module Container to accommodate the 3512 generating set at a cost of G\$4.807M.

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 the Government of Guyana, our Shareholder, members of the Board of Directors, the Management of BCGI, Management and Staff and our consumers for their contribution during 2012 and solicit their continued contribution and guidance in 2013.



.....
Ronald Webster
Chairman

Report of the Board of Directors'

The Directors take pleasure in submitting our eighth Annual Report and Audited Financial Statements for the year ended December 31, 2012.

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:

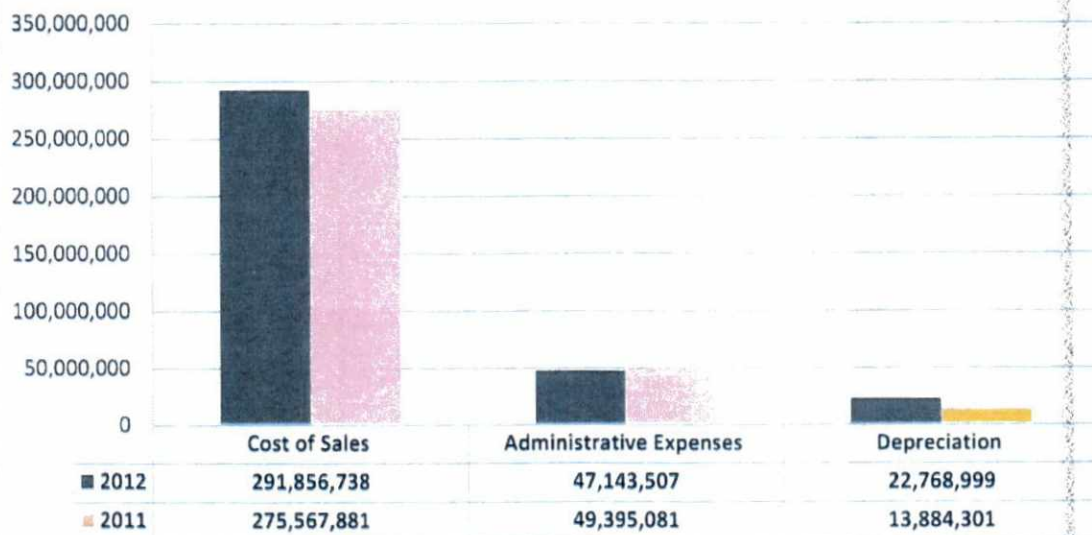
- a) Reduction in technical losses;
- b) Management of Government subvention to meet both the operational and capital needs of the Company;
- c) Lack of Capital Subvention from the Government of Guyana to proceed with Capital Expenditures needed to reduce technical losses.

Financial Results

Cost of Sales for 2012 represented 83% of the total subvention received from the Government of Guyana; with the company paying an average of G\$70.24 per kWh during 2012.

Item	2012 (G\$)	Restated		
		2011 (G\$)	Variance G\$	Variance
Subvention	349,922,825	325,164,189	24,758,636,	7.61%
Other Income	1,093,002	964,750	128,252	13.29%
Cost of Sales	291,856,738	275,567,881	16,288,857	5.91%
Net Operating Revenues	59,159,089	50,561,058	8,598,031	17%
Administrative Expenses	47,143,507	49,395,081	(2,251,574)	-4.561%
Depreciation	22,768,999	13,884,308	8,884,691	63.99%
Net Profit/(Loss) for the Year	(10,753,417)	(12,718,331)	(1,964,914)	-15.45%

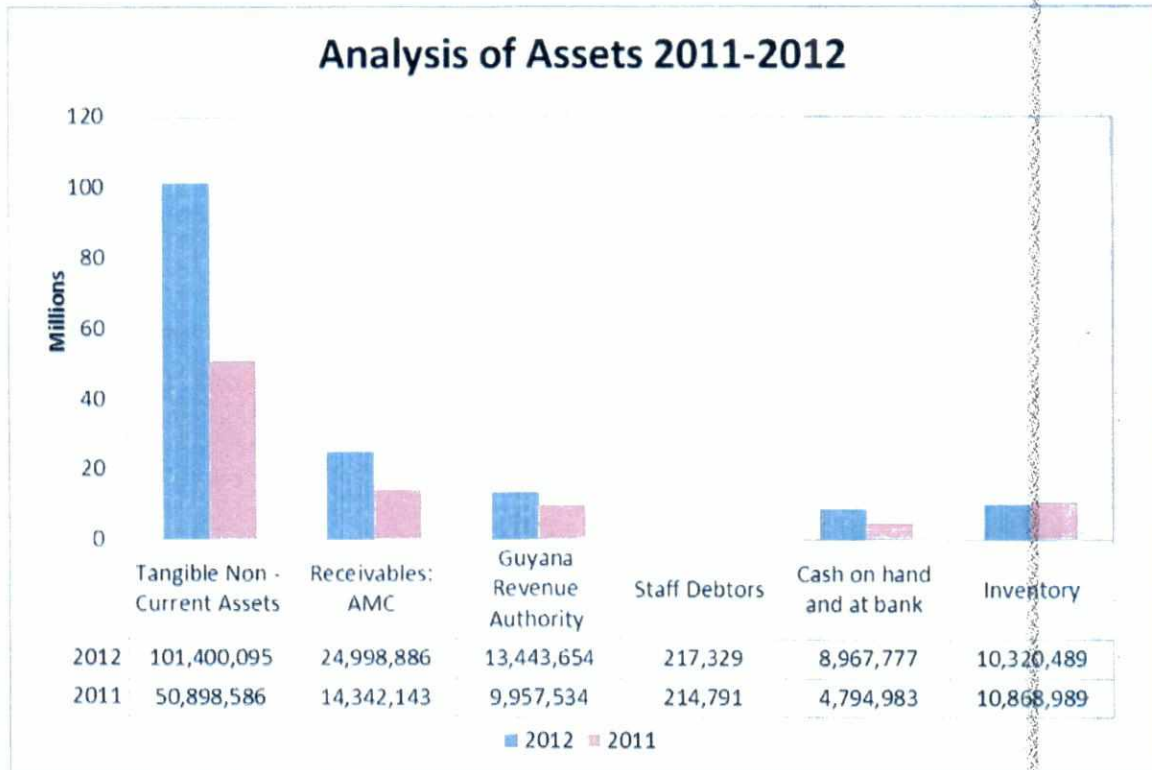
Analysis of Totals Expenditure 2011 - 2012



Distribution of Total Assets as at December 31, 2012

Item	Restated		Variance G\$	Variance %
	2012 (G\$)	2011 (G\$)		
Non - Current Assets				
Tangible Non - Current Assets	101,400,095	50,898,586	50,501,509	99%
Total Non - Current Assets	101,400,095	50,898,586	50,501,509	99%
			-	
Current Assets				
Receivables	24,998,886	14,342,143	10,656,743	74%
Guyana Revenue Authority	13,443,654	9,957,534	3,486,120	35%
Staff Debtors	217,329	214,791	2,538	1.18%
Cash on hand and at bank	8,967,777	4,794,983	4,172,794	87%
Inventory	10,320,489	10,868,989	(548,500)	(5%)
Total Current Assets	57,948,135	40,178,440	17,769,695	44%
Total Assets	159,348,230	91,077,026	68,271,204	75%

During 2012 the Company's Total Assets increased by G\$68.2 or 75% from 2011.



Distribution of Equity & Liabilities as at December 31, 2012

Item	Restated		Variance G\$	Variance
	2012 (G\$)	2011 (G\$)		
Capital & Reserves				
Share Capital	4,408,599	4,408,599	-	0.00%
Deposit on Shares	135,169,360	54,952,051	80,217,309	146%
Retained Earnings	(8,686,172)	2,067,245	(10,753,417)	(520%)
Total Capital & Reserves	130,891,787	61,427,895	69,463,892	113%
Current Liabilities				
Due to Related Companies	21,713,312	21,691,212	22,100	0.102%
Other Payables (BCGI)	6,743,131	7,957,919	(1,214,788)	(15.27%)
Total Current Liabilities	28,456,443	29,649,131	(1,192,688)	(4%)
Total Equity & Liabilities	159,348,230	91,077,026	68,271,204	75%

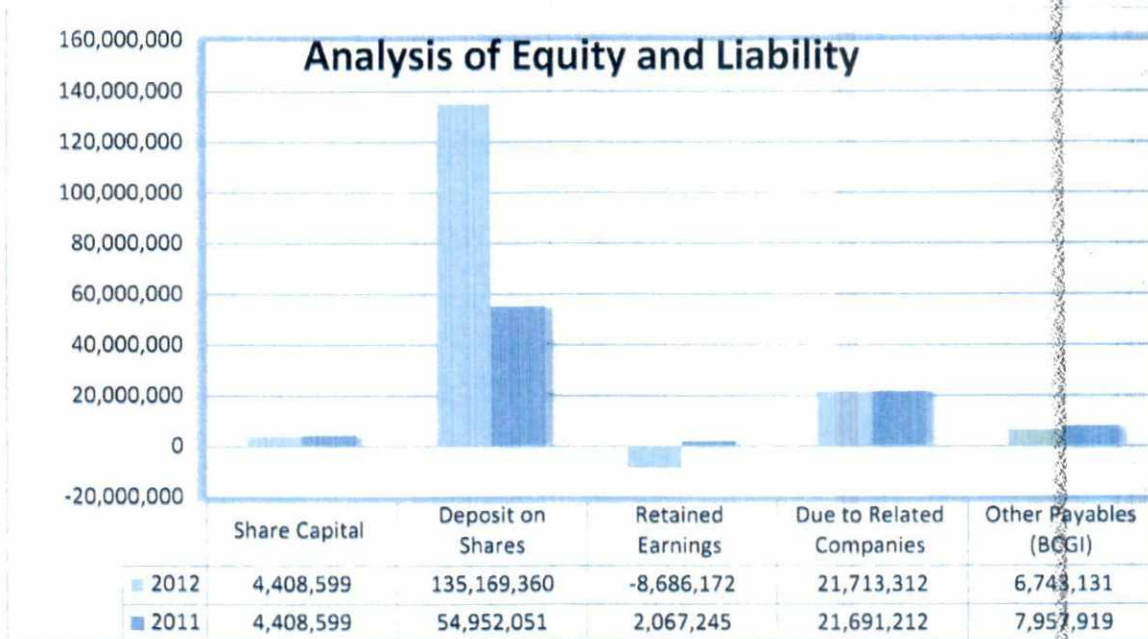
Total Equity & Liabilities

159,348,230

91,077,026

68,271,204

75%



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, 2012.

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
Company Secretary / Director

AUDITED FINANCIAL STATEMENT
OF THE
KWAKWANI UTILITIES INC.
FOR THE YEAR ENDED
31ST DECEMBER, 2012



Audit Office of Guyana

Public Accountants, High Street, Georgetown, Guyana
Tel: 592-226-7592, Fax: 592-226-7257, <http://www.audit.gov.gy>

AG: 2/2014

22 January 2014

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
ON THE FINANCIAL STATEMENTS OF THE
KWAKWANI UTILITIES INC.
FOR THE YEAR ENDED 31 DECEMBER 2012

I have audited the accompanying financial statements of Kwakwani Utilities Inc. (KUI) which comprise the statement of financial position as at 31 December 2012, statement of comprehensive income, 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 information. 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 International Financial Reporting Standards, and for such internal control as 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 about 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 Kwakwani Utilities Inc. as at 31 December 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

AUDIT OFFICE
D. SHARMA
AUDITOR GENERAL
OF GUYANA

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL
INVESTMENTS LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 G\$	Restated 2011 G\$
Revenue	3	351,015,827	326,128,939
Generation and Distribution Cost	4	<u>(291,856,738)</u>	<u>(275,567,881)</u>
Gross Profit		59,159,089	50,561,058
Administration	5	(47,143,507)	(49,395,081)
Depreciation		(22,768,999)	(13,884,308)
Loss for the Year		<u><u>(10,753,417)</u></u>	<u><u>(12,718,331)</u></u>

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

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL INVESTMENTS LIMITED)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Share Capital	Retained Earnings	Restated Deposit on Ordinary Shares	Total
		GS	GS	GS	GS
Balance as at January 1, 2011		4,408,599	15,311,933	54,952,051	74,672,583
Prior Period Adjustments - 2010	13		(526,357)		(526,357)
Balance as at January 1, 2011 as Restated		4,408,599	14,785,576	54,952,051	74,146,226
Loss for the Year as Restated			(12,246,562)	-	(12,246,562)
Prior Year Adjustments - 2011	13		(471,769)	-	(471,769)
Balance at December 31, 2011 as Restated		4,408,599	2,067,245	54,952,051	61,427,895
Balance as at January 1, 2011		4,408,599	14,785,576	54,952,051	74,146,226
Loss for the Year as Restated		-	(12,718,331)	-	(12,718,331)
Balance at December 31, 2011		4,408,599	2,067,245	54,952,051	61,427,895
Loss for the year			(10,753,417)		(10,753,417)
Deposit Made by Parent	11	-	-	80,217,309	80,217,309
Balance as at December 31, 2012		4,408,599	(8,686,172)	135,169,360	130,891,787

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

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NICIL)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	Note	2012 G\$	Restated 2011 G\$	Restated 2010 G\$
ASSETS				
<i>Non - Current Assets</i>				
Fixed Assets	6	101,400,095	50,898,586	38,182,594
<i>Total Non - Current Asset</i>		<u>101,400,095</u>	<u>50,898,586</u>	<u>38,182,594</u>
<i>Current Assets</i>				
Due from Related Company	7	24,998,886	14,342,143	9,884,456
Guyana Revenue Authority		13,443,654	9,957,534	6,162,054
Staff Debtors		217,329	214,791	152,329
Cash on hand and at bank	8	8,967,777	4,794,983	11,980,776
Inventory	9	10,320,489	10,868,989	16,604,636
<i>Total Current Assets</i>		<u>57,948,135</u>	<u>40,178,440</u>	<u>44,784,251</u>
TOTAL ASSETS		<u>159,348,230</u>	<u>91,077,026</u>	<u>82,966,845</u>
EQUITY & LIABILITY				
<i>Capital & Reserves</i>				
Share Capital	10	4,408,599	4,408,599	4,408,599
Deposit on Shares	11	135,169,360	54,952,051	54,952,051
Retained Earnings		(8,686,172)	2,067,245	14,785,576
<i>Total Capital & Reserves</i>		<u>130,891,787</u>	<u>61,427,895</u>	<u>74,146,226</u>
<i>Current Liabilities</i>				
Due to Related Companies	12	21,713,312	21,691,212	526,357
Due to Bauxite Company of Guyana		6,743,131	7,957,919	8,294,261
<i>Total Current Liabilities</i>		<u>28,456,443</u>	<u>29,649,131</u>	<u>8,820,618</u>
TOTAL EQUITY AND LIABILITIES		<u>159,348,230</u>	<u>91,077,026</u>	<u>82,966,845</u>

The Financial Statements were approved by the Board of Directors on the Jan 20, 2014


.....
Director


.....
Director

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

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL
INVESTMENTS LIMITED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 G\$	Restated 2011 G\$
Operating Activities		
Loss for the Year	(10,753,417)	(12,718,331)
Adjustments for:		
Depreciation	22,768,999	13,884,308
Increase in Receivables	(3,488,658)	(3,857,942)
Increase in Due from Related Companies	(10,656,743)	(4,457,687)
Decrease in Inventory	548,500	5,735,647
Increase in Due to Related Companies	22,100	21,164,855
Decrease in other Creditors	(1,214,788)	(336,342)
Cash Flow from (Used) / Generated from Operating Activities	(2,774,007)	19,414,508
Cash Flow from Investing Activities		
Acquisition of Property, Plant & Equipment	(73,270,508)	(26,600,301)
Net Cash (Used) in Investing Activities	(73,270,508)	(26,600,301)
Cash Flow from Financing Activities		
Deposit on Shares	80,217,309	-
Net Cash Generated from Financing Activities	80,217,309	-
Net Increase / (Decrease) in Cash & Cash Equivalents	4,172,794	(7,185,793)
Cash & Cash at the Beginning of the Period	4,794,983	11,980,776
Cash & Cash at the End of the Period	8,967,777	4,794,983

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

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL
INVESTMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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%

Depreciation for a full year is charged in the year of acquisition. However, no depreciation is charged in the year of disposal.

(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 of Subvention received from Government of Guyana.

(e) Expenditure

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

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL
INVESTMENTS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	Restated 2011
	G\$	G\$
3. Revenue		
Subvention Received from GOG	349,922,825	325,164,189
Revenue from Customers	378,900	281,550
Other Income	714,102	683,200
	<u>351,015,827</u>	<u>326,128,939</u>
4. Generation & Distribution Cost		
Community Electricity	252,283,226	236,961,473
Community Fuel	18,316,233	18,382,065
Community Rental Equip.	120,120	120,120
Distribution System Maintainance	19,362,204	18,202,728
Plant Maintainance	1,774,955	1,901,495
	<u>291,856,738</u>	<u>275,567,881</u>
5. Administrative Expenses		
Training	100,000	174,300
Wages And Salaries	36,296,189	37,560,310
Professional & Service Fees	181,019	332,298
Internet Charges	75,000	52,900
R&M: Building	326,552	1,645,626
Transport, Travelling & Postage	452,270	354,210
Telephone Charges	391,517	433,925
Bank Charges	23,760	22,320
Subsistence Allowance	732,120	753,011
R&M: Equipment & Motor Vehicles	2,688,260	2,356,823
Cleaning & Clearing	798,131	799,642
Operating Expense	1,962,001	1,608,210
Operating Expense - NCN	108,322	51,223
Entertainment	421,020	247,660
Photocopying / Printing	-	440,580
Insurance	50,970	52,990
Donation	203,790	241,862
Rental of Equipment	61,000	39,600
Fuel	2,271,586	2,227,591
	<u>47,143,507</u>	<u>49,395,081</u>

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL INVESTMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

6. Fixed Assets

	Furniture & Equipment G\$	Buildings G\$	Restated Metering G\$	Generation Equipment G\$	Total G\$
Cost					
As at December 31, 2011	5,021,200	-	13,763,505	52,668,057	71,452,762
Additions	200,472	711,939	680,856	71,677,241	73,270,508
As at December 31, 2012	<u>5,221,672</u>	<u>711,939</u>	<u>14,444,361</u>	<u>124,345,298</u>	<u>144,723,270</u>
Depreciation					
As at December 31, 2011	3,497,241	-	-	17,056,934	20,554,176
Charge for the year	783,771	14,239	-	21,970,989	22,768,999
As at December 31, 2012	<u>4,281,012</u>	<u>14,239</u>	<u>-</u>	<u>39,027,923</u>	<u>43,323,175</u>
Net Book Values					
As at December 31, 2011	<u>1,523,959</u>	<u>-</u>	<u>13,763,505</u>	<u>35,611,122</u>	<u>50,898,586</u>
As at December 31, 2012	<u>940,660</u>	<u>697,700</u>	<u>14,444,361</u>	<u>85,317,374</u>	<u>101,400,095</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. No depreciation of these meters will be charged until a tariff is finally implemented

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL
INVESTMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 G\$	Restated 2011 G\$
7. Due From Related Party		
Due From AMC	16,458,818	14,342,143
Due From NICIL	8,540,068	-
	<u>24,998,886</u>	<u>14,342,143</u>
8. Cash on Hand and at Bank	<u>8,967,777</u>	<u>4,794,983</u>
9. Inventory		
Balance as at January 1	10,868,989	16,604,636
<i>Deduct: Meters and Materials used during 2012</i>	<i>(548,500)</i>	<i>(5,735,647)</i>
Balance as at December 31	<u>10,320,489</u>	<u>10,868,989</u>

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

10. Share Capital		
Authorised, issued and fully paid		
Ordinary Shares 44,086 @ G\$100 each	<u>4,408,599</u>	<u>4,408,599</u>
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
	<u>4,408,599</u>	<u>4,408,599</u>

1. Deposit On Ordinary Shares

Balance as at January 1	54,952,051	54,952,051
Deposit Made by Parent	80,217,309	-
Balance as at December 31	<u>135,169,360</u>	<u>54,952,051</u>

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.

KWAKWANI UTILITIES INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL
INVESTMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	Restated
	G\$	2011
	<u>G\$</u>	<u>G\$</u>
12. Due to Related Company		
NICIL	21,713,312	21,691,212
	<u>21,713,312</u>	<u>21,691,212</u>
13. Prior Period Adjustment		
Related Party - 2010	-	526,357
Related Party - 2011	1,113,415	-
Cost of 3508 Caterpillar Genset	(3,208,230)	-
Related Party - 2011	(3,208,230)	-
Excess Depreciation - 2011	(641,646)	-
	<u>(5,944,692)</u>	<u>526,357</u>

- G\$1,639,772 represents charges from Related Parties incurred between 2010 - 2011 which relate to operating expenses of KUI settled by NICIL.

- Credits of G\$3,208,230 relates to a write back on the cost of spares acquired for the Caterpillar 3508 Generating Set.

- Credit of G\$641,646 relates additional depreciation charged on an spares acquired for the Caterpillar 3508 Generating Set initially charged in 2011.

14. Key Management Personnel

The Company's key management personnel comprise its Directors, Chief Executive Officer and its Managers. The remuneration paid to key management personnel during the year was as follows:

Short - term benefits	<u>11,885,459</u>	<u>14,846,996</u>
-----------------------	-------------------	-------------------

15. Directors Fees

No fees were paid to member of the Board of Directors in relation to services provided during the year ended December 31, 2012.

[Redacted header information]

**KWAKWANI UTILITIES INC.
ANNUAL GENERAL MEETING 2012**

FORM OF PROXY

**The Secretary
Kwakwani Utilities Inc.,
Kwakwani Park
Berbice River
Region No. 10
Guyana.**

I/ We.....

of.....

A Member / Member of Kwakwani Utilities Inc. hereby appoint.....

or in his/her absence

of.....as my/ our Proxy to vote in my/ our name (s) and my/ our behalf upon any matter proposed at the 8th Annual General Meeting of the Kwakwani Utilities Inc. to be held on Wednesday July 2, 2014 at 10:00 am in the Boardroom of National Industrial & Commercial Investments Ltd (NICIL) / Privatisation Unit (PU), 126 Barrack Street, Kingston, Georgetown or any adjournment thereof in such manner as such Proxy may think proper.

As witness my hand thisDay of.....2014

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 14 days before the time appointed for the meeting or adjourned meeting.

[Redacted header information]