

**AUDITED FINANCIAL STATEMENTS OF THE
LINDEN ELECTRICITY COMPANY INC.**

**FOR THE YEAR ENDED
31 DECEMBER 2013**

**AUDITORS: AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**



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: 17/2015

25 March 2015

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
ON THE FINANCIAL STATEMENTS OF THE
LINDEN ELECTRICITY COMPANY INCORPORATED
FOR THE YEAR ENDED 31 DECEMBER 2013

I have audited the accompanying financial statements of Linden Electricity Company Inc. (LECI), which comprise the statement of financial position as at 31 December 2013, the statement of 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

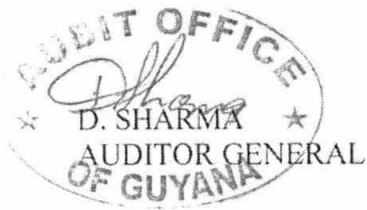
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (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 Linden Electricity Company Inc. (LECI) as at 31 December 2013, 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
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Linden Electricity Company Incorporated
(Wholly Owned Subsidiary of National Industrial And Commercial Investments Limited)
Statement Of Financial Position
As At December 31, 2013

	Notes	2013 G\$	2012 G\$
ASSETS			
Non - Current Assets			
Plant, Property and Equipment	3	89,508,505	99,749,950
Deferred Receivables	4	-	336,283,561
Total Non - Current Assets		<u>89,508,505</u>	<u>436,033,511</u>
Current Assets			
Inventory		23,720,851	21,916,077
Cash at Bank		17,444,323	19,365,567
Receivables	5	442,394,942	121,084,952
Total Current Assets		<u>483,560,116</u>	<u>162,366,596</u>
TOTAL ASSETS		<u><u>573,068,621</u></u>	<u><u>598,400,107</u></u>
EQUITY & LIABILITY			
Shareholders' Equity			
Accumulated (Deficit)/Surplus		(104,408,244)	(94,164,885)
Capital Transfers	6	146,153,599	146,153,599
Share Capital		7,300,000	7,300,000
Total Shareholders' Equity		<u>49,045,355</u>	<u>59,288,714</u>
Non - Current Liability			
Long - Term Payables	7	185,395,419	521,678,980
Total Non - Current Liability		<u>185,395,419</u>	<u>521,678,980</u>
Current Liabilities			
Payables	8	338,627,846	17,432,412
Total Current Liabilities		<u>338,627,846</u>	<u>17,432,412</u>
TOTAL EQUITY & LIABILITY		<u><u>573,068,621</u></u>	<u><u>598,400,107</u></u>

The Financial Statements were approved by the Board of Directors on the 24 March 2015


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Director


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Director

Linden Electricity Company Incorporated
(Wholly Owned Subsidiary of National Industrial And Commercial Investments Limited)
Statement of Income
For the Period January 1, 2013 - December 31, 2013

	Notes	2013 G\$	2012 G\$
Revenue	9	220,991,919	222,568,079
Subsidies	10	3,163,734,389	2,922,549,704
Total Revenue		3,384,726,308	3,145,117,783
<i>Less</i>			
Direct Expenses			
Administrative	11	83,332,303	82,889,405
Operating Supplies		16,454,929	17,559,925
Repairs & Maintenance		30,409,510	32,818,746
Contractors		10,732,452	13,646,925
Fuel		55,228,704	54,549,502
Community Power		3,152,946,595	2,662,281,016
Other Expenses		22,350,476	21,200,449
Loss on Disposal			13,094,461
Inventory Writeoff			29,627,477
Depreciation		23,514,698	23,872,117
Total Direct Expenses		3,394,969,667	2,951,540,023
Net Profit/(Loss) for the Year		(10,243,359)	193,577,760

Linden Electricity Company Incorporated
(Wholly Owned Subsidiary of National Industrial And Commercial Investments Limited)
Statement of Changes in Equity
For the Year ended 31 December 2013

	Share Capital G\$	Retained Earnings G\$	Total G\$
As at January 1, 2012	7,300,000	(287,742,645)	(280,442,645)
Profit for the Year		193,577,760	193,577,760
Balance at December 31, 2012	<u><u>7,300,000</u></u>	<u><u>(94,164,885)</u></u>	<u><u>(86,864,885)</u></u>
As at January 1, 2013	7,300,000	(94,164,885)	(86,864,885)
Loss for the Year		(10,243,359)	(10,243,359)
Balance at December 31 , 2013	<u><u>7,300,000</u></u>	<u><u>(104,408,244)</u></u>	<u><u>(97,108,244)</u></u>

Linden Electricity Company Incorporated
(Wholly Owned Subsidiary of National Industrial And Commercial Investments Limited)
Statement of Cash Flow
For the Year ended 31 December 2013

	2013 G\$	2012 G\$
Cash flows from Operating Activities		
Profit/(Loss) for the Year	(10,243,359)	193,577,760
<i>Adjustments For:</i>		
Depreciation	23,514,698	23,872,117
Loss on Disposal	-	13,094,461
Operating Profit before Changes in Working Capital	<u>13,271,339</u>	<u>230,544,338</u>
(Increase) / Decrease in Inventories	(1,804,774)	24,168,278
(Increase) / Decrease in Receivables	(321,309,990)	11,391,900
Increase / (Decrease) in Payables	321,195,434	(242,011,624)
Cash Generated / (Used) in Operations	<u>11,352,009</u>	<u>24,092,892</u>
Cash Flow from Investing Activities		
Purchase of Tangible Assets	(13,273,253)	(39,488,360)
Cash Generated / (Used) by Investments	<u>(13,273,253)</u>	<u>(39,488,360)</u>
Cash Flow from Financing Activities		
LINMINE Secretariat	336,283,561	383,136
Fuel Consumed for Generation - LINMINE	(336,283,561)	-
Cash Generated / (Used) in Financing	<u>-</u>	<u>383,136</u>
Increase / (Decrease) in Cash and Cash Equivalents	<u>(1,921,244)</u>	<u>(15,012,332)</u>
Cash and Cash Equivalents January 1	19,365,567	34,377,899
Cash and Cash Equivalents December 31	<u><u>17,444,323</u></u>	<u><u>19,365,567</u></u>

Linden Electricity Company Incorporated
(Wholly Owned Subsidiary of National Industrial And Commercial Investments Limited)
Notes to the Financial Statements
For the Period January 1, 2013 - December 31, 2013

1. Incorporation

The Company was incorporated by shares under Chapter 89:01 of the Companies Act 1991 on August 11, 2003. The principal activity of the company is the distribution and sale of electricity to the Linden Community on the eastern bank of the Demerara River.

2. Significant Accounting Policies

a) Accounting Convention

The accounts have been prepared under the historical cost convention and the accounting policies confirm to International Financial Reporting Standards (IFRSs) and the Companies Act.

b) Sales Revenue Represent:

Kilowatt Hours of electricity billed to customers on the eastern bank of Linden on the Demerara River For the Period January 1, 2013 - December 31, 2013.

Kilowatt Hours of Electricity billed to Linden Utilities Service Co - Operative Society Limited (LUSCSL) on the western bank of Linden on the Demerara River For the Period January 1, 2013 - December 31, 2013.

Connection and / or Reconnection Fees and other electrical service provided by Linden Electricity Company Inc. (LECI) For the Period January 1, 2013 - December 31, 2013.

c) Fixed Assets

Fixed Assets purchased after August 11, 2003 are shown on the Balance Sheet at cost less provision for depreciation.

Fixed Assets transferred from the Linden Mining Enterprise (LINMINE) at privatization on December 9, 2004 will be shown at a nominal value of G\$1.00 for each asset transferred.

Depreciation is provided on the straight line method calculated to write off each asset over its estimated useful life.

Linden Electricity Company Incorporated
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Notes to the Financial Statements
For the Period January 1, 2013 - December 31, 2013

3. Tangible Non - Current Assets

	<u>Land & Buildings</u> G\$	<u>Furniture & Equipment</u> G\$	<u>Motor Vehicles</u> G\$	<u>Distribution Systems</u> G\$	<u>Total</u> G\$
Cost					
At 1 January 2012	-	30,705,889	34,321,000	130,938,272	195,965,161
Additions		1,925,158		11,348,095	13,273,253
Disposals	-				-
At 31 December 2013	-	32,631,047	34,321,000	142,286,367	209,238,414
Depreciation					
At 1 January 2012	-	5,729,143	27,940,444	62,545,623	96,215,211
Charge for the Year		6,016,589	3,755,556	13,742,553	23,514,698
Write Back on Disposal					-
At 31 December 2013	-	11,745,732	31,696,000	76,288,176	119,729,909
Net Book Value:					
At 31 December 2012	-	24,976,746	6,380,556	68,392,649	99,749,950
At 31 December 2013	-	20,885,315	2,625,000	65,998,191	89,508,505

Linden Electricity Company Incorporated
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Notes to the Financial Statements
For the Period January 1, 2013 - December 31, 2013

	2013 G\$	2012 G\$
4. Deferred Receivables		
LINMINE Secretariat	-	336,283,561
Deffered Receivables represent funds transffered from LECI to the LINMINE Secretariat.		
5. Receivables		
Trade Receivables	437,600,281	112,781,433
Pre - Payments	4,794,661	8,303,519
Total Receivables	442,394,942	121,084,952
5. Capital Transfers		
Capital Transfers	146,153,599	146,153,599
<i>This amount represents:</i>		
Customer balance transferred from LINMINE at the end of July 31, 2003.		
Additional invoices processed for the months of December, June and July 2003.		
Funds transferred from LINMINE's Electricity Bank Account at the end of July 2003.		
7. Long - Term Payables		
Capacity Charges - Ministry of Finance	151,331,139	151,331,139
Fuel Consumed for Generation - LINMINE	34,064,280	370,347,841
Total Long - Term Payables	185,395,419	521,678,980
8. Payables		
Trade Payables	338,765,076	17,432,412
Accrued Payroll Charges	(137,230)	
Total Payables	338,627,846	17,432,412
9. Revenue		
Billings - Linden	197,213,019	200,742,360
Billings - Ituni	16,418,070	15,617,090
Electricity Services	7,110,261	5,649,405
Bank Interest	250,569	559,224
Revenue from Distribution	220,991,919	222,568,079

Linden Electricity Company Incorporated
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 Notes to the Financial Statements
 For the Period January 1, 2013 - December 31, 2013

	2013 G\$	2012 G\$
D. Subsidies		
Capacity Charge for Power - LINMINE Escrow Account	-	-
Cost of Community Power - Ministry of Finance	3,145,550,471	2,903,869,489
Cost of Generator for Ituni - NICIL		
Cost of Ituni Fuel purchased by KUI	18,183,918	18,680,215
Total Subsidies	<u><u>3,163,734,389</u></u>	<u><u>2,922,549,704</u></u>

Administrative

Administrative include \$ 7,091,342 for Pension Subsidy given to pensioners on the western bank of the Demerara River, and \$ 10,946,512 for Linmine Secretariat Service Charges.

Related Party

Key Personnel

Manager
 Finance Officer

Directors Remuneration

Directors Remuneration was \$ 323,000

Contingent Liabilities

There are no Contingent Liabilities.