

**AUDITED FINANCIAL STATEMENTS OF THE
MAHDIA POWER AND LIGHT COMPANY INC.**

**FOR THE YEAR ENDED
31 DECEMBER 2012**

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



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AG: 25/2015

15 April 2015

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
ON THE FINANCIAL STATEMENTS
OF THE MAHDIA POWER AND LIGHT COMPANY INC.
FOR THE YEAR ENDED 31 DECEMBER 2012

I have audited the accompanying financial statements of Mahdia Power and Light Company Inc. (MPLCI) which comprise the statement of financial position as at 31 December 2012, the statement of profit and loss, 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.

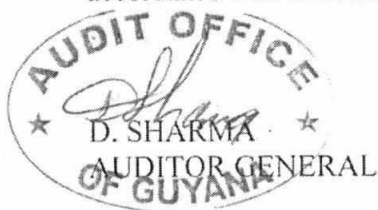
Basis of Qualified Opinion

The amount of \$106,889,479 was shown as expenditure for the year under review. A total of 198 payment vouchers totalling \$15,961,894 were not presented for audit scrutiny at the time of the audit. However, follow up audit checks revealed that 61 of these payment vouchers totalling \$9,207,068 were located and presented in March 2014. An examination of these vouchers revealed that pertinent information such as approving signatures, payee, amount, details, bills/receipts and other related information were not stated thereon. As a result, the completeness, accuracy and validity of the amounts expended could not be determined.

No records/log books were kept for the generator by the Company to record fuel amounting to \$89,663,736 which was purchased during the year under review. In the absence of records, I was unable to ascertain whether the Company received the full amount of fuel purchased and whether the amount received was utilized for the purposes intended

Opinion

Except for any adjustments which might have shown to be necessary as a result of the matters referred to in the preceding paragraphs, in my opinion, the financial statements give a true and fair view, in all material respects, the financial position of the Mahdia Power and Light Company 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.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

MAHDIA POWER & LIGHT COMPANY INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL &
COMMERCIAL INVESTMENTS LIMITED)
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Notes	2012 G\$	2011 G\$
Revenue	3	104,677,150	25,114,254
Generation & Distribution Cost	4	<u>96,140,549</u>	<u>21,513,036</u>
Net Operating Revenues		8,536,601	3,601,218
Administrative Expenses	5	10,537,656	759,559
Depreciation		211,274	-
Profit Before Taxation		<u>(2,212,329)</u>	<u>2,841,659</u>
Taxation		(859,206)	-
Profit After Taxation		<u><u>(3,071,535)</u></u>	<u><u>2,841,659</u></u>

There were no items of Other Comprehensive Income for the year.

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

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

	Share Capital G\$	Deposit On Shares G\$	Retained Earnings G\$	Total G\$
Balance at December 31, 2010	-	63,900	(63,900)	-
Net Profit for the year	-	-	2,841,659	2,841,659
Balance at December 31, 2011	-	63,900	2,777,759	2,841,659
Net Profit for the year	-	-	(3,071,535)	(3,071,535)
Balance at December 31, 2012	-	63,900	(293,776)	(229,876)

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

MAHDIA POWER & LIGHT COMPANY INCORPORATED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL & COMMERCIAL
INVESTMENTS LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	Notes	2012 G\$	2011 G\$	2010 G\$
ASSETS				
Non - Current Assets				
Tangible Non - Current Assets	6	695,098	-	-
Total Non - Current Assets		695,098	-	-
Current assets				
Receivables	7	7,190,500	-	-
Cash on Hand & at Bank		9,824,816	2,841,659	-
Total Current Assets		17,015,316	2,841,659	-
TOTAL ASSETS		17,710,414	2,841,659	-
EQUITY AND LIABILITIES				
Capital & Reserves				
Share Capital	8	-	-	-
Deposit on Shares	9	63,900	63,900	63,900
Retained Earnings		(293,776)	2,777,759	(63,900)
Total Capital & Reserves		(229,876)	2,841,659	-
Current Liabilities				
Payables		8,318,038	-	-
Due to Related Party		8,763,046	-	-
Taxation	10	859,206	-	-
Total Current Liabilities		17,940,290	-	-
TOTAL EQUITY AND LIABILITIES		17,710,414	2,841,659	-

These Financial Statements were approved by the Board of Directors on 6th Feb, 2015



Director



Director

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

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

	<u>2012</u> G\$	<u>2011</u> G\$
Operating Activities		
Net Profit / (Loss) for the year	(2,212,329)	2,841,659
Adjustments for:		
Depreciation	211,274	-
Increase in Receivables	(7,190,500)	-
Increase in Due To Related Companies	8,763,046	-
Increase in Payables	8,318,038	-
Cash Generated from Operating Activities	7,889,529	2,841,659
Investing Activities		
Purchase of Tangible Non - Current Asset	(906,372)	-
Net Cash Used in Investing Activities	(906,372)	-
Net Increase in Cash & Cash Equivalents	6,983,157	2,841,659
Cash & Cash Equivalents as at January 1	2,841,659	-
Cash & Cash Equivalents as at December 31	9,824,816	2,841,659

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

1. Incorporation

Madia Power & Light Company Incorporated (MPLCI) was incorporated as a company under the Companies Act Chapter 89:01 on the November 29, 2010. The objectives of the company are the Generation, Transmission and Distribution of electricity within Madia and its surrounding communities.

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 & Equipment	20%
Motor Vehicles	25%
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.

Gains and losses arising from the translation of foreign currencies are included in the profit and loss account for the year.

MAHDIA POWER & LIGHT COMPANY INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

2. Summary of significant of accounting policies continued

(d) Revenue

Revenue consists of the following:-

- (a) Sale of electricity to consumers
- (b) Subvention received from Government of Guyana.
- (c) Contract work for the set-up of electricity supply.

Income is reconigned on an accrual basis unless collectability is doubtful.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using primarily the weighted average cost basis. Inventories consists of fuel and oil held on hand.

(f) Expenditure

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

MAHDIA POWER & LIGHT COMPANY INCORPORATED
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INVESTMENTS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u>
	G\$	G\$
3. Revenue		
Subvention from GOG	15,000,000	15,000,000
Receipts from the Supply of Electricity	88,722,150	10,114,254
Meter Installation	955,000	-
	<u><u>104,677,150</u></u>	<u><u>25,114,254</u></u>
4. Generation & Distribution Cost		
Fuel, Oil & Lubricants - Power Station	88,720,736	14,518,195
R&M: Transmission & Distribution	3,088,300	2,316,801
R&M: Generators	2,039,413	-
Transportation	2,292,100	4,678,040
	<u><u>96,140,549</u></u>	<u><u>21,513,036</u></u>
5. Administrative Expenses		
Accommodation	147,000	-
Bank Charges	3,760	11,400
Donations	300,000	-
Meals & Entertainment	971,866	-
Office Supplies	669,120	24,085
Uniforms	11,400	-
R&M: Motor Vehicles	34,000	-
Sundry Tools	136,515	-
Fuel, Oil & Lubricants - Motor Vehicles	101,200	-
Travelling	473,000	-
Employment Cost	7,560,530	724,074
Utilities	23,500	-
Cleaning & Sanitation	28,800	-
Other expenses	76,965	-
	<u><u>10,537,656</u></u>	<u><u>759,559</u></u>

MAHDIA POWER & LIGHT COMPANY INCORPORATED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

6. Tangible Non - Current Assets

	Furniture & Equipment G\$	Motor Vehicles G\$	Total G\$
Cost			
At January 1, 2012	-	-	-
Additions	306,372	600,000	906,372
At December 31, 2012	<u>306,372</u>	<u>600,000</u>	<u>906,372</u>
Depreciation			
At January 1, 2012	-	-	-
Charge for the Year	61,274	150,000	211,274
At December 31, 2012	<u>61,274</u>	<u>150,000</u>	<u>211,274</u>
Net Book Value:			
At December 31, 2011	<u>-</u>	<u>-</u>	<u>-</u>
At December 31, 2012	<u>245,098</u>	<u>450,000</u>	<u>695,098</u>

2012 G\$	2011 G\$
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7. Receivables

Region #8 - Regional Accounts Unit	131,100	-
Region #8 - Regional Democratic Council	31,200	-
Other Receivables	358,000	-
Due from Customers	6,670,200	-
	<u>7,190,500</u>	<u>-</u>

**MAHDIA POWER & LIGHT COMPANY INCORPORATED
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INVESTMENTS LIMITED)**

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

	<u>2012</u> G\$	<u>2011</u> G\$
8. Share Capital		
Authorised Share Capital: 5,000 Ordinary Shares at G\$100 each	<u>500,000</u>	<u>500,000</u>
Issued and Fully Paid Ordinary Shares	<u>-</u>	<u>-</u>
9. Deposit on Shares		
Deposit on Shares	<u>63,900</u>	<u>63,900</u>
This amount represents a deposit made by NICIL for issued Share Capital of MPLCI.		
10. Taxation		
Corporation Tax	852,498	-
Property Tax	6,708	-
Total Taxation	<u>859,206</u>	<u>-</u>

11. 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>1,748,150</u>	<u>110,647</u>
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12. Directors Fees

No fees were paid to member of the Board of Directors in relation to services provided