

**AUDITED FINANCIAL STATEMENTS OF THE  
GUYANA WATER INCORPORATED**

**FOR THE YEAR ENDED  
31 DECEMBER 2015**

**CONTRACTED AUDITORS: MAURICE SOLOMON  
& COMPANY  
92 ORNONQUE ST.  
QUEENSTOWN  
GEORGETOWN**

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

AUDITED FINANCIAL STATEMENTS OF THE  
GUYANA WATER INCORPORATED  
FOR THE YEAR ENDED 31 DECEMBER 2015

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*Ministry of Finance*  
*Republic of Guyana*  
*Georgetown*

23/PC: 80/1/2017

3 February 2017

Ms. Patricia Chase Green  
Chairman (ag.) - Board of Directors  
Guyana Water Incorporated  
Vlissengen Road and Church Street,  
Bel Air Park  
Georgetown.

Dear Ms. Green.


AUDIT OF THE BOOKS AND ACCOUNTS OF THE  
GUYANA WATER INCORPORATED  
FOR THE YEAR ENDED 31 DECEMBER 2015

Please find attached four (4) copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,

  
Nichette Harcourt  
Audit Manager (ag.)  
for Auditor General



## *Audit Office of Guyana*

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AG: 4/2017

3 February 2017

**REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE  
GUYANA WATER INCORPORATED  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

Chartered Accountants Maurice Solomon & Company have audited on my behalf the financial statements of Guyana Water Incorporated which comprise the statement of financial position as at 31 December 2015, the statement of profit or 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 as set out on pages 8 to 33. 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 Organisation 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 judgment, 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

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 Guyana Water Incorporated as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

  
D. SHARMA  
AUDITOR GENERAL

AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA



**REPORT OF THE AUDITORS  
TO THE MEMBERS OF  
GUYANA WATER INC.**

We have audited the accompanying financial statements of Guyana Water Inc. which comprise the statement of financial position as at 31 December, 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year ended 31 December, 2015 and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 33.

***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***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we 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 judgment, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the financial statements give a true and fair view, in all material respects of the financial position of Guyana Water Inc. as of 31 December, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


*Maurice Solomon & Co.*

Maurice Solomon & Co  
Chartered Accountants  
January 10, 2017

**GUYANA WATER INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Note	2015	2014
ASSETS		G\$	G\$
<b>NON - CURRENT ASSETS:</b>			
Property, plant and equipment	3	23,990,314,540	20,764,126,106
Intangible assets	4	83,858,068	130,999,474
Capital work in progress	5	2,814,542,933	5,865,072,803
Fixed deposit investments	10	1,176,857,143	676,857,142
<b>Total Non-Current Assets:</b>		<b>28,065,572,684</b>	<b>27,437,055,525</b>
<b>CURRENT ASSETS</b>			
Inventories	6	1,211,101,347	1,018,296,994
Accounts receivables	7	4,850,516,896	2,902,212,548
VAT receivable	8	71,693,453	44,930,997
Other assets	9	-	352,981,980
Cash and cash equivalents	10	1,799,413,911	2,351,635,582
<b>Total Current Assets</b>		<b>7,932,725,607</b>	<b>6,670,058,101</b>
<b>TOTAL ASSETS</b>		<b>35,998,298,291</b>	<b>34,107,113,626</b>
<b>EXTERNAL FUNDINGS</b>			
External Funding -Government of Guyana Counterpart	11	14,253,440,896	14,212,308,578
External Funding -Department for International Development	11	462,083,631	527,937,565
External Funding - World Bank	11	2,379,009,207	2,676,691,666
External Funding -Inter- American Development Bank	11	6,233,191,217	5,675,938,456
External Funding -European Union	11	9,668,420	10,581,894
External Funding -Japan International Cooperation Agency	11	1,963,613,986	2,132,251,428
<b>TOTAL EXTERNAL FUNDING</b>		<b>25,301,007,357</b>	<b>25,235,709,587</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	8,825,300	8,825,300
Additional share capital	12	3,372,346,395	3,372,346,395
Revaluation reserve		1,892,206,079	1,892,206,079
Retained earnings		2,223,236,237	938,682,738
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,496,614,011</b>	<b>6,212,060,512</b>
<b>TOTAL EXTERNAL FUNDING AND SHAREHOLDERS' EQUITY</b>		<b>32,797,621,368</b>	<b>31,447,770,099</b>
<b>NON CURRENT LIABILITIES:</b>			
Deferred income from other funding sources	12	305,404,280	177,533,346
<b>CURRENT LIABILITIES:</b>			
Trade and other payables	13	1,144,010,371	1,051,132,208
Deferred billings		76,161,794	-
Taxation payable	15	1,675,100,478	1,430,677,973
<b>Total Current Liabilities</b>		<b>2,895,272,643</b>	<b>2,481,810,181</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35,998,298,291</b>	<b>34,107,113,626</b>

The notes on pages 8 to 33 form an integral part of these financial statements. The Board of Directors approved these financial statements for issue on 21st December 2016

  
 CHAIRMAN (o.g.)

  
 DIRECTOR

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 G\$	2014 G\$
<b>Operating Income</b>			
Measured water supply	16	2,360,859,441	2,277,320,835
Unmeasured water supply	16	1,256,667,204	1,354,229,064
<b>Total Operating Income</b>		<b>3,617,526,645</b>	<b>3,631,549,899</b>
<b>Operating Expenses</b>			
Employment cost	17	1,207,593,561	1,070,823,741
Depreciation and amortisation		1,739,544,821	1,577,208,173
Director's fees	18	1,082,000	1,164,000
Administrative expense	19	190,437,303	138,772,944
Audit fees		7,520,600	-
Premises cost	20	2,733,935,717	2,654,406,695
Rates and taxes		581,664	4,884,520
Bad debt write off		495,761,661	118,779,670
Adjustment to prior year income	21	453,134,596	516,048,473
Transport cost	22	63,036,261	56,714,928
Supplies and services cost	23	596,974,536	651,140,531
Provision for slow moving stock	6	81,038,384	-
<b>Total Operating Expenses</b>		<b>7,570,641,104</b>	<b>6,789,943,675</b>
<b>Operating Expenses For The Year</b>		<b>(3,953,114,459)</b>	<b>(3,158,393,776)</b>
Other Income	24	2,134,960,094	2,673,225,584
Gain on disposal of assets		389,725	-
Reduction in the provision for bad debts		2,223,702,492	645,666,191
Reduction in the provision for obsolete inventory		-	1,673,034
Interest Income		44,481,256	22,537,167
Withholding tax		(8,895,249)	(4,508,890)
Deferred income -amortisation of government grants	11	1,087,452,146	1,003,735,058
Foreign exchange gains		-	6,501,877
<b>Net Profit Before Taxation</b>		<b>1,528,976,005</b>	<b>1,190,436,245</b>
Taxation		(244,422,505)	(211,890,923)
<b>Net comprehensive income for the year attributable to shareholder's equity</b>		<b>1,284,553,500</b>	<b>978,545,322</b>
<b>Basic Earnings Per Share</b>		<b>146</b>	<b>111</b>

The notes on pages 8 to 33 form an integral part of these financial statements.



**GUYANA WATER INC.**

**STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

	<b>Share Capital G\$</b>	<b>Additional Paid -in-Capital G\$</b>	<b>Retained Earnings G\$</b>	<b>Revaluation Reserve G\$</b>	<b>Total G\$</b>
<b>For the year ended 31 December 2014</b>					
As at beginning of year	8,825,300	3,372,346,395	(39,862,585)	1,892,206,079	5,233,515,189
Total comprehensive loss	-	-	(25,189,736)	-	(25,189,736)
Deferred income -amortisation of government grants	-	-	1,003,735,058	-	1,003,735,058
Net profit for the year	-	-	978,545,322	-	978,545,322
<b>As at end of year</b>	<b>8,825,300</b>	<b>3,372,346,395</b>	<b>938,682,737</b>	<b>1,892,206,079</b>	<b>6,212,060,511</b>
<b>For the year ended 31 December 2015</b>					
As at beginning of year	8,825,300	3,372,346,395	938,682,737	1,892,206,079	6,212,060,511
Total comprehensive profit	-	-	197,101,354	-	197,101,354
Deferred income -amortisation of government grants	-	-	1,087,452,146	-	1,087,452,146
Net profit for the year	-	-	1,284,553,500	-	1,284,553,500
<b>As at end of year</b>	<b>8,825,300</b>	<b>3,372,346,395</b>	<b>2,223,236,237</b>	<b>1,892,206,079</b>	<b>7,496,614,011</b>

The notes on pages 8 to 33 form an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 G\$	2014 G\$
<b>OPERATING ACTIVITIES:</b>		
Profit for the year	1,284,553,500	978,545,322
<i>Adjustments to reconcile net profit to net cash provided by operating activities:</i>		
Depreciation and amortisation	1,739,544,821	1,577,208,173
Gain on disposal of property and equipment	(389,725)	-
Adjustment of receivables	948,896,257	516,048,473
Reduction in the provision for bad debts	(2,223,702,492)	(645,666,191)
Reduction in the provision for obsolete stock	-	(1,673,034)
Provision for slow moving stock	81,038,384	-
Government subsidy for electricity charges from the Guyana Power & Light Inc.	(1,738,615,541)	(2,470,133,090)
Amortisation of government grants	(1,087,452,146)	(1,003,735,058)
Interest income	(44,481,256)	(22,537,167)
<b>OPERATING LOSS BEFORE WORKING CAPITAL CHANGES</b>	<b>(1,040,608,199)</b>	<b>(1,071,942,572)</b>
(Increase) /Decrease in inventories	(273,842,737)	185,375,578
Increase in accounts receivables	(317,787,283)	(763,180,999)
Increase in trade and other payables	413,462,462	24,314,034
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(1,218,775,757)</b>	<b>(1,625,433,959)</b>
Taxes Paid	-	-
<b>NET CASH OUTFLOWS FROM OPERATING ACTIVITIES</b>	<b>(1,218,775,757)</b>	<b>(1,625,433,959)</b>
<b>INVESTING ACTIVITIES:</b>		
Interest income	14,989,949	9,731,668
Investment in non-current assets	(380,751,504)	(1,626,739,595)
Investment in capital work in progress	(1,492,687,063)	(1,438,421,947)
Investment in certificate of deposit	(500,000,000)	(228,000,000)
Proceeds from disposal of fixed assets	5,766,494	-
<b>NET CASH OUTFLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,352,682,124)</b>	<b>(3,283,429,875)</b>
<b>FINANCING ACTIVITIES:</b>		
Contribution from Government of Guyana	504,108,182	1,941,813,663
Contribution from Inter-American Development Bank	648,641,734	1,214,183,622
Government subsidy for electricity charges from the Guyana Power & Light Inc.	1,738,615,541	2,470,133,090
Other funding received	127,870,753	49,387,642
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>3,019,236,210</b>	<b>5,675,518,017</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(552,221,670)</b>	<b>766,654,184</b>
<b>NET CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	<b>2,351,635,582</b>	<b>1,584,981,398</b>
<b>NET CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>	<b>1,799,413,911</b>	<b>2,351,635,582</b>

The notes on pages 8 to 33 form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. INCORPORATION AND PRINCIPAL ACTIVITY**

The Guyana Water Incorporation was incorporated in Guyana on May 30, 2002 under the Companies Act, 1991 and is wholly owned by the Government of Guyana. The Company was formed out of a merger between the Guyana Water Authority (GUYWA) and the Georgetown Sewerage and Water Commissioners (GS & WC). The principal activities of the company are as follows:

- The supply of potable water to the citizens of Guyana.
- The provision of sewerage disposal services to the residents of Central Georgetown.
- Operation and maintenance of the water and underground sewerage system in Guyana.
- Customer billing and collection of tariffs for the services provided.

The Company's registered office is located at Vlissengen Road, Bel Air Park

**2. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

**2.1 Basis of Preparation**

The financial statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRS). The Financial Statements have been prepared under the historical cost convention except for the measurement at fair value revaluation of property, plant and equipment and financial instruments. Historic cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgment at the date of the financial statements.

**2.2 Foreign Currencies**

*Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Guyana Dollars, which is the Company's functional currency.

GUYANA WATER INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.2 Foreign Currencies (Cont'd)**

*Transactions and balances*

Transactions involving foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

**2.3 Property, Plant and Equipment**

Property, plant and equipment are stated at historic cost less accumulated depreciation and impairment losses. Freehold land is not depreciated. Expenditure on assets, which will benefit the company economically for a period greater than the current reporting period, is capitalised and written off over the useful life of the assets.

Individual assets or groups of items making up a single identifiable asset of value less than \$15,000 are not capitalised but are expensed in the accounting period which the costs are incurred.

The capitalized asset value of purchased assets are measured at the full cost of bringing the asset to working condition for the intended use. Self constructed assets are stated at the accumulated cost of purchased elements together with the element of internal cost incurred in constructing the asset. These elements include materials, labor, consultancy fees, overheads (direct and indirect) and other additional costs. Finance cost that are directly attributable to the construction of tangible assets are capitalized as part of the cost of those assets. Capitalisation of finance cost ceases when the asset is brought into use.

Subsequent expenditure on existing assets is capitalised where the expenditure provides an enhancement of the economics benefits of the asset in excess of the previously assessed standard of performance.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit or loss. Repairs and renewals are charged to income when incurred.

GUYANA WATER INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property and Equipment (Cont'd)

Depreciation on all property, plant and equipment is charged on a straight-line basis. The rates used are expected to write off the value of the assets over their useful economic lives. The annual depreciation rates are as follows:

	Estimated Life (years)	Depreciation rate %
Land	Unlimited	0
Buildings	25-60	2-10
Mechanical and electrical plant	10	10
Motor vehicles and mobile plant	5	20
Furniture and fixtures	7-15	6.5-14
Other office equipment	5	20
Infrastructure water	10-50	2-10
Infrastructure sewerage	10-40	2.5-10
Computer hardware	5	20

Depreciation is not charged on land and work in progress. The useful life of assets capitalised from work in progress commences when the assets have been completed and are put into use in the company. Depreciation is charged in the year of capitalisation.

2.4 Intangible Asset (Computer Software)

The costs of acquiring and installing computer software are capitalised and amortised over their estimated useful economic life of three years on a straight line basis. Costs associated with maintenance of computer software are expensed as incurred.

2.5 Income Recognition

Operating income is recognised to the extent that the economic benefit will flow to the Company and the revenue can be reliably measured.

**Measured and unmeasured water and sewer income**

Operating income comprise of sales of metered and unmetered water and sewerage services to customers. Income is measured at fair value of the consideration received or receivable. Measured and unmeasured water are recognised when the water has been delivered to the customers. Income is increased or reduced for estimated invoices by issuance of adjustments for the current year income as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.5 Income Recognition (Cont'd)**

**Current year billing adjustments**

Income is increased or reduced for estimated invoices by issuance of adjustments for the current year income as appropriate.

**Prior years billing adjustments**

Operating income discovered as being overstated as a result of billing anomalies for prior accounting period(s) are reconciled. The results of the reconciliation is adjusted by reducing or increasing the receivables as appropriate by a financial adjustment which is recognise an as expense in the current year income statement.

**Interest income**

Interest income is recognised when it is probable that the economic benefit will flow to the Company and the amount can be measured reliably. Interest is accrued on a timely basis by reference to the investment and at the effective rate applicable.

**Trade and other receivables**

Trade and other receivables are recognize when due and are measured on initial recognition at the fair value at the consideration received or receivables. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest rate method .The carrying value of accounts receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable with the impairment loss recorded in the income statement.

**2.6 Allowance for Doubtful Receivables**

Provision is made in these Financial statements for amounts included in the accounts receivable of which the eventual cash realisation is considered remote. Provision is based on the company's Financial Regulations and is disclosed in the income statement.

GUYANA WATER INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.7 Impairment of Non-Financial Assets**

Intangible assets with definite useful economic lives and property, plant and equipment are reviewed for impairment at each reporting date to determine whether there is any indication that those assets may have suffered from an impairment loss. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less cost to sell and value in use.

**2.8 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events; it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount that is shown as provision is the best estimate of the consideration required to settle the obligation at the Statement of Financial Position date

The Company does not recognise contingent liabilities but discloses their existence in the notes to the financial statements.

**2.9 Significant Accounting Policies**

***Adoption of Standard -International Financial Reporting Standard 19 (IFRS 19) (Amendments)***

The Company operates a Defined Contribution Plan with Assuria Life (Guyana ) since January 2015.

***New and revised standards published and effective in future years:***

***IAS 32 - Financial Instruments : Presentation (amendment)***

***IFRS 11 Joint Arrangements- Accounting for Acquisitions of Interests in Joint Operations (Amendments)***

Amendment to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 and;

Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendment is applicable to annual periods beginning on or after January 1, 2016. The amendment will not have an impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Significant Accounting Policies (Cont'd)

***IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets- clarification of Acceptable Methods of Depreciation and Amortisation(Amendments)***

Amends these standards to:

Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.

Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated

Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment is applicable to annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

***IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendments)***

Amends these standards to:

Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for as property, plant and equipment and measured after initial recognition on a cost or accounted for as property, plant and equipment and measured after initial revaluation basis in accordance with IAS 16 recognition on a cost or revaluation basis in accordance with IAS 16.

Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Clarify that produce growing on bearer plants remains within the scope of IAS 41.

The amendment is applicable to annual periods beginning on or after January 1, 2016. The amendment will not have an impact on the Company's financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Significant Accounting Policies (Cont'd)

*IAS 27 Separate Financial Statements- Equity Method in Separate Financial Statements (Amendments)*

Amendment to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The amendment is applicable for annual periods beginning on or after January 1, 2016. The amendment will have no impact on the financial statements.

*IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) - (Amendments)*

Amends to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)

Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The amendment is applicable on a prospective basis to a sale or contribution of assets occurring in annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

*IAS 1 Presentation of Financial Statements – Amendment*

Amends IAS 1 to address and clarify the following changes:

Clarifies that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

Clarifies that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of Other Comprehensive Income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Significant Accounting Policies (Cont'd)

*IAS 1 Presentation of Financial Statements – Amendment (Cont'd)*

Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes.

The amendment is effective for annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

*IFRS 10 Consolidated Financial Statements, IFRS 12 Investments in Associates and Joint Ventures (2011) - (Amendments)*

Amends to clarify issues that have arisen for application of the consolidation exception, as follows:

The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.

A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.

When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.

An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The amendment is effective for annual periods beginning on or after January 1, 2016. The impact on the Company's financial statements will be assessed when effective.

*Annual Improvements 2012-2014 Cycle*

The following improvements are effective for annual periods beginning on or after January 1, 2016.

The adoption of the below amendments are not expected to have any material impact on the Company's financial performance or financial position.

*IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Significant Accounting Policies (Cont'd)

*IFRS 7 Financial Instruments: Disclosures*

Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.

*IAS 9 Intangible Assets*

Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

*IAS 34 Interim Financial Reporting*

Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

These improvements are effective for annual periods beginning on or after July 1, 2016.

*IFRS 9 - Financial Instruments*

The standard will be effective for the financial reporting period beginning on 01st October, 2018. All recognized financial assets that are within the scope of IAS 39 Financial Instruments; Recognition and Measurement are required to be subsequently measured at amortized cost of fair value.

*IFRS 14 - Regulatory Deferral Accounts*

First annual IFRS financial statements beginning on or after January 1, 2016 with earlier application permitted. The objective is to specify the financial reporting requirements for 'regulatory deferral accounts balance' arising when an entity provides goods and services to customers at a price or a rate that is subject to rate regulation.

*IFRS 15 - Revenue from Contracts with Customers*

The standard will be effective for the financial reporting period beginning on 01st October, 2017. The core principle of the standard is that an entity should recognize revenue to depict the transfer of promised goods or service to customers to amounts that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**2.10 Inventories**

**Materials and Supplies**

Inventories consist of material and supplies and are stated at the lower of cost, as determined on a weighted average basis, and net realizable value. Provision is made for obsolete, slow moving and defective stock.

**2.11 Employee Benefits**

**Pension Plans**

Guyana Water Incorporated (GWI) operates a Defined Contribution Plan with Assuria Life (Guyana ) since since January 2015. The Pension Plan is funded by contribution from GWI (5% of gross salary ) and its eligible employees (5% of gross salaries) .The fund is paid into a separate (legal) entity and GWI will have no legal or constructive obligations to pay future contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service. The contributions are recognised as employee benefit expense when they are due monthly.

The Company also operates a Defined Benefit Plan whereby the cost of monthly pension and one off gratuities are paid to employees who would have attained pensionable age.The costs are are charged to the Income Statement monthly and ceases upon an employee death. There are no other cost that are borne by the Company. The employees benefitting are not members of the Company's Defined Benefit Plan.

**2.12 Government Subvention - IAS 20 Accounting for Government Grants and Disclosure of Government Assistance**

The company has adopted IAS 20 - Government Grants and Disclosure of Government Assistance which is recognised in profit and loss on a systematic basis over the periods in which the entity recognises expenses for the related cost for which the grants are intended to compensate, which in the case of grants related to assets requires setting up the grant as deferred income.

**Grants Related to Expense : Energy Cost supplied by the Guyana Power and Light (Inc.).**

Government grant is recognized only when received and is treated as other income to offset against the electricity liability of Guyana Power and Light (Inc.).

**Grants Related to Capital Works**

Government grants and other funding agencies are recognised when there are reasonable assurance that the company will comply with the conditions attached to the grants. The amounts received are recognised as other income corresponding with depreciation of assets capitalized.

**2.13 Cash and cash equivalents**

All investements that bears interest greater than three maturity months are classified as fixed deposit investment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**3 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**Financial instruments**

Financial instruments include cash and cash equivalents, fixed deposit investments, trade and other receivables including Value Added Tax (VAT), trade and other payables, provision and taxation payable .

**Recognition**

Financial instruments are measured initially at fair value ,directly attributable costs are added to or deducted from the carrying value of those financial instruments that are not subsequently measured at fair value through the income statement.

**Derecognition**

Financial liabilities are removed from the balance sheet when the related obligation is discarded, cancelled or expire and measured at fair value through the income statement.

Financial assets are removed from the balance sheet when the rights to the cash flows from the asset expire or when the risks and rewards of ownership transferred.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, available for sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial liabilities are classified as either financial liabilities held at "FVTPL" or held at amortized cost.

**Valuation techniques and assumptions applied for the purpose of measuring fair value:**

Trade receivables, Value Added Tax (VAT) and other assets are net of provision for impairment. The fair value of trade receivables is based on other expected realisation of outstanding balances taking into account the Company's history with respect to delinquencies.

**Categories of Financial Instruments**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets:</b>		
Cash and cash equivalents	1,799,413,911	3,028,492,724
Fixed deposit investments	1,176,857,143	676,857,142
Trade receivables	4,697,229,540	2,700,108,212
Other receivables	153,287,357	202,104,335
Vat receivable	71,693,453	44,930,997
<b>Total Financial Assets:</b>	<b>7,898,481,403</b>	<b>6,652,493,410</b>
<b>Financial Liabilities</b>		
Trade and other payables	1,144,010,371	1,051,132,208
Provision	58,224,363	66,824,363
Taxation payable	1,675,100,478	1,430,677,973
<b>Total Financial Liabilities</b>	<b>2,877,335,212</b>	<b>2,548,634,544</b>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**3 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**

**3.1 Financial Risk Management**

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchange rates, credit risk, liquidity risk and interest rate risk. Management sees to minimise potential adverse effects on the financial performance of the Company by applying procedures to appropriately identify, evaluate and manage these risks.

**3.2 Foreign Currency Risk**

Foreign currency risk is the risk that the value of a monetary asset or liability fluctuate because of changes in foreign exchange rates. Management accepts the risk and would take the gain or loss on the transaction to the Statement of Comprehensive Income.

**3.3 Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the Statement of Financial Position are net of allowances of impairment. High risk accounts are monitored and pursued to maximize collection.

**3.4 Liquidity Risk**

Liquidity risk, also referred to as funding risk, is the risk that the Company will encounter difficulty in raising funds to meet its commitment. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the management of the Company aims at maintaining flexibility in funding by keeping committed lines of credit available. All financial assets and liabilities as shown on the Statement of Financial Position. The Company also receives subvention funds from the Government to settle liabilities as they fall due.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 3 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

The table below analyses major financial assets and liabilities of the Company into relevant grouping based on the remaining period to the maturity dates.

## December 31 ,2015

	Up to One Year G\$	Two to Five Years G\$	Over Five Years G\$	Total G\$
<b>Assets</b>				
Fixed deposit investments	-	1,176,857,143	-	1,176,857,143
Cash and cash equivalents	1,799,413,911	-	-	1,799,413,911
Accounts receivables	2,626,814,404	-	-	2,626,814,404
Other receivables	-	-	-	-
Vat receivable	71,693,453	-	-	71,693,453
<b>Total Assets</b>	<b>4,497,921,768</b>	<b>1,176,857,143</b>	<b>-</b>	<b>5,674,778,911</b>
<b>Liabilities</b>				
Trade and other payables	1,144,010,371	-	-	1,144,010,371
Taxation payable	1,675,100,478	-	-	1,675,100,478
<b>Total Liabilities</b>	<b>2,819,110,849</b>	<b>-</b>	<b>-</b>	<b>2,819,110,849</b>
<b>Net Liquidity Gap</b>	<b>1,678,810,919</b>	<b>1,176,857,143</b>	<b>-</b>	<b>2,855,668,062</b>

## December 31 ,2014

<b>Assets</b>				
Fixed deposit investments	-	676,857,142	-	676,857,142
Cash and cash equivalents	3,028,492,724	-	-	3,028,492,724
Accounts receivables	-	-	-	-
Other receivables	202,104,335	-	-	202,104,335
Vat receivable	44,930,997	-	-	44,930,997
<b>Total Assets</b>	<b>3,275,528,056</b>			<b>3,275,528,056</b>
<b>Liabilities</b>				
Trade and other payables	1,051,132,208	-	-	1,051,132,208
Taxation payable	1,430,677,973	-	-	1,430,677,973
<b>Total Liabilities</b>	<b>2,481,810,181</b>	<b>-</b>	<b>-</b>	<b>2,481,810,181</b>
<b>Net Liquidity Gap</b>	<b>793,717,875</b>	<b>-</b>	<b>-</b>	<b>793,717,875</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 3 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Cont'd)

## Interest Rate Risk

## Interest Rate Sensitivity Analysis

The Company has no significant interest bearing assets. The Company's interest rate risk arises primarily from its interest bearing investments with commercial banks.

The sensitivity analysis below is based on the exposure of interest rates for financial instruments at the end of the reporting period. A positive number indicates an increase in profits where the interest rates appreciate by 1% and 0.5% for the Certificate of Deposits and Save and Prosper account. For a decrease in the interest rate, this would have an equal ad opposit effect on profit, and the balances below would be negative.

	<b>Increase / (Decrease) in interest rates</b>	<b>Increase / (Decrease) in profits 2015</b>	<b>Increase / (Decrease) in profits 2014</b>
Certificate of Deposits	+1% / -1%	+ / - 5,518,297	+ / -2,134,250
Save and Prosper Account	+0.5% / -0.5%	+ / - 1,015,550	+ / -870,180
		<hr/> <b>+ / - 6,533,847</b> <hr/>	<hr/> <b>+ / - 3,004,430</b> <hr/>



GUYANA WATER INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Mechanical & Electrical Plant	Motor Vehicles Mobile Plant	Furniture, Fixtures & Office Equipment	Infrastructure Water	Infrastructure Sewerage	Computer Hardware	Total
<b>Cost</b>	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	2015 G\$
As at 01 January 2015	820,007,897	1,426,901,776	4,717,396,746	292,849,078	146,507,870	27,967,853,469	375,863,489	284,423,972	36,031,804,297
Additions	-	30,745,042	90,509,995	37,570,000	14,323,344	177,501,871	-	26,134,175	376,784,427
Capitalisation of completed assets	-	601,665,726	804,733,951	-	-	2,265,782,522	871,034,914	-	4,543,217,112
Disposals	-	-	(10,708,277)	(13,121,975)	(547,013)	-	-	(15,461,948)	(39,839,213)
Transfer	-	-	-	-	-	(18,247,641)	-	-	(18,247,641)
<b>As at 31 December 2015</b>	<b>820,007,897</b>	<b>2,059,312,543</b>	<b>5,601,932,415</b>	<b>317,297,103</b>	<b>160,284,201</b>	<b>30,392,890,220</b>	<b>1,246,898,403</b>	<b>295,096,199</b>	<b>40,893,718,982</b>
<b>Accumulated Depreciation</b>									
As at 01 January 2015	-	434,248,918	3,388,451,611	197,814,597	113,723,601	10,792,810,823	106,751,403	233,877,238	15,267,678,191
Charges	-	81,621,360	563,011,691	33,007,445	9,834,380	930,346,224	15,503,211	36,864,382	1,670,188,692
Disposals	-	-	(9,507,785)	(9,496,975)	(477,760)	-	-	(14,979,920)	(34,462,440)
<b>As at 31 December 2015</b>	<b>-</b>	<b>515,870,278</b>	<b>3,941,955,517</b>	<b>221,325,067</b>	<b>123,080,220</b>	<b>11,723,157,047</b>	<b>122,254,614</b>	<b>255,761,700</b>	<b>16,903,404,442</b>
<b>Net Book Value</b>									
As at 31 December 2015	<b>820,007,897</b>	<b>1,543,442,266</b>	<b>1,659,976,898</b>	<b>95,972,036</b>	<b>37,203,980</b>	<b>18,669,733,174</b>	<b>1,124,643,789</b>	<b>39,334,499</b>	<b>23,990,314,540</b>
	Land	Buildings	Mechanical & Electrical Plant	Motor Vehicles Mobile Plant	Furniture, Fixtures & Office Equipment	Infrastructure Water	Infrastructure Sewerage	Computer Hardware	Total
<b>Cost</b>	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	2014 G\$
As at 01 January 2014	820,007,897	1,406,817,589	4,634,049,043	278,729,578	122,681,073	26,518,018,124	375,863,489	248,897,910	34,405,064,703
Additions	-	20,084,187	59,791,083	14,119,500	23,826,797	205,908,037	-	35,526,062	359,255,666
Capitalisation of completed assets	-	-	23,556,620	-	-	1,243,927,308	-	-	1,267,483,928
<b>As at 31 December 2014</b>	<b>820,007,897</b>	<b>1,426,901,776</b>	<b>4,717,396,746</b>	<b>292,849,078</b>	<b>146,507,870</b>	<b>27,967,853,469</b>	<b>375,863,489</b>	<b>284,423,972</b>	<b>36,031,804,297</b>
<b>Accumulated Depreciation</b>									
As at 01 January 2014	-	366,148,529	2,923,159,457	168,748,569	106,748,447	9,986,858,602	99,141,014	170,268,443	13,821,073,061
Charges	-	68,100,389	465,292,154	29,066,028	6,975,154	805,952,221	7,610,389	63,608,795	1,446,605,130
<b>As at 31 December 2014</b>	<b>-</b>	<b>434,248,918</b>	<b>3,388,451,611</b>	<b>197,814,597</b>	<b>113,723,601</b>	<b>10,792,810,823</b>	<b>106,751,403</b>	<b>233,877,238</b>	<b>15,267,678,191</b>
<b>Net Book Value</b>									
As at 31 December 2014	<b>820,007,897</b>	<b>992,652,858</b>	<b>1,328,945,135</b>	<b>95,034,481</b>	<b>32,784,269</b>	<b>17,175,042,646</b>	<b>269,112,086</b>	<b>50,546,734</b>	<b>20,764,126,106</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

4. INTANGIBLE ASSET			2015	2014	
			G\$	G\$	
<b>Computer Software</b>					
<i>Cost</i>					
As at 01 January			744,996,983	744,996,983	
Additions			22,214,718	-	
<b>As at 31 December</b>			<b>767,211,701</b>	<b>744,996,983</b>	
<i>Accumulated Amortisation</i>					
As at 01 January			613,997,509	483,394,463	
Charges			69,356,124	130,603,046	
<b>As at 31 December</b>			<b>683,353,633</b>	<b>613,997,509</b>	
<i>Net Book Value</i>					
<b>As at 31 December</b>			<b>83,858,068</b>	<b>130,999,474</b>	
<b>5. CAPITAL WORK IN PROGRESS (WIP)</b>					
	<b>Inter - American Development Bank</b>	<b>World Bank</b>	<b>Government of Guyana</b>	<b>Guyana Water Inc.</b>	<b>Total 2015</b>
<i>Cost</i>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>
As at 01 January 2015	3,332,388,468	54,237,139	1,856,437,467	622,009,728	5,865,072,803
Additions	723,213,443		479,640,120	289,840,780	1,492,694,343
Expensed	-	(7,100)	-	-	(7,100)
<b>As at 31 December 2015</b>	<b>4,097,073,911</b>	<b>54,230,039</b>	<b>2,339,670,174</b>	<b>911,557,178</b>	<b>7,357,760,046</b>
<i>Capitalisation</i>					
Buildings	574,569,521	-	2,222,483	24,873,722	601,665,726
Mechanical and Electrical Plant	804,733,951	-			804,733,951
Infrastructure Water	1,430,978,574	-	658,235,790	176,568,158	2,265,782,522
Infrastructure Sewerage	594,181,414	-	-	276,853,500	871,034,914
<b>Total Capitalisation</b>	<b>3,404,463,459</b>	<b>-</b>	<b>660,458,273</b>	<b>478,295,380</b>	<b>4,543,217,112</b>
<b>As at 31 December 2015</b>	<b>692,610,452</b>	<b>54,230,039</b>	<b>1,679,211,901</b>	<b>433,261,798</b>	<b>2,814,542,933</b>

GUYANA WATER INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

5. CAPITAL WORK IN PROGRESS (Cont'd)

	Inter -American Development Bank	World Bank	Japan Intl. Cooperation Agency	Government of Guyana	Guyana Water Inc.	Total
<i>Cost</i>	G\$	G\$	G\$	G\$	G\$	G\$
As at 01 January 2014	2,512,004,503	54,230,039	2,582,796	1,535,416,389	493,975,550	4,598,209,277
Additions	1,255,005,104	7,100	(2,582,796)	732,722,767	549,195,278	2,534,347,453
<b>As at 31 December 2014</b>	<b>3,767,009,607</b>	<b>54,237,139</b>		<b>2,268,139,156</b>	<b>1,043,170,828</b>	<b>7,132,556,730</b>
<b>Capitalisation</b>						
Mechanical and Electrical Plant	-	-	-	17,257,020		17,257,020
Office	-	-	-	-	6,299,600	6,299,600
Equipment						
Infrastructure Water	434,621,139	-	-	394,444,669	414,861,500	1,243,927,308
<b>Total Capitalisation</b>	<b>434,621,139</b>	<b>-</b>	<b>-</b>	<b>411,701,689</b>	<b>421,161,100</b>	<b>1,267,483,928</b>
<b>WIP as at 31 December 2014</b>	<b>3,332,388,468</b>	<b>54,237,139</b>	<b>-</b>	<b>1,856,437,467</b>	<b>622,009,728</b>	<b>5,865,072,802</b>

6. INVENTORIES

	2015	2014
	G\$	G\$
Chemicals	60,712,182	67,651,581
Equipment	572,310,389	283,254,578
Materials	419,744,255	436,124,853
Others	19,106,780	10,167,438
<b>Total</b>	<b>1,071,873,606</b>	<b>797,198,450</b>
<i>Provision for slow moving stock consists of the following:</i>		
Beginning provision	-	-
Charge for the year	81,038,384	-
Write-offs	-	-
Ending provision	<b>81,038,384</b>	<b>-</b>
<b>Net Inventories</b>	<b>990,835,222</b>	<b>797,198,450</b>
Good in Transit	219,717,071	220,549,490
Others	549,054	549,054
<b>Total Inventories</b>	<b>1,211,101,347</b>	<b>1,018,296,994</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

7. TRADE RECEIVABLES	2015 G\$	2014 G\$
Trade receivables	6,362,844,830	6,093,664,333
Less direct write-offs	495,761,661	-
Provision for doubtful debts	1,169,853,629	3,393,556,121
Net receivables	<u>4,697,229,540</u>	<u>2,700,108,212</u>
Other receivables	<u>153,287,357</u>	<u>202,104,335</u>
<b>Total</b>	<b><u>4,850,516,896</u></b>	<b><u>2,902,212,547</u></b>
<i>Provision for doubtful debts consists of:</i>		
Beginning provision	3,393,556,121	4,039,222,312
Charge for the year	-	-
Write-Offs	-	-
Reduction in provision	(2,223,702,492)	(645,666,191)
<b>End provision</b>	<b><u>1,169,853,629</u></b>	<b><u>3,393,556,121</u></b>

There is an ongoing exercise to examine customer database, which will result in a more accurate gross receivables and reduce the need for large provisioning for bad and doubtful accounts.

8. VALUE ADDED TAX (VAT) RECEIVABLE	2015 G\$	2014 G\$
Vat Recoverable	<u>71,693,453</u>	<u>44,930,997</u>
<b>9. OTHER ASSET</b>		
Other Asset	<u>-</u>	<u>352,981,980</u>

Other asset represents advance subvention received in 2014 for electricity charges. These subventions were subsequently utilised against charges incurred in 2015.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, balances with banks and investments. Cash and cash equivalents included in the Statement of Financial position comprise of the following:

	2015 G\$	2014 G\$
Cash on hand	2,771,520	1,768,322
Project funds	408,339,134	553,698,564
* Investment with New Building Society Ltd	258,425,879	264,444,294
Current and bill payment accounts	1,129,877,378	1,531,724,402
	<b>1,799,413,911</b>	<b>2,351,635,582</b>

\* Investment with New Building Society Ltd

This investment in the New Building Society represents a Saving and Prosper accounts and earns 3% quarterly compounded.

**Fixed deposit investments**

Investments represent two Certificate of Deposits held with Citizens Bank Guyana Inc. and earn 3% and 4% respectively.

Investments with maturity dates over three months	1,176,857,143	676,857,142
---	---------------	-------------

## 11 EXTERNAL FUNDINGS

The Company has fully adopted IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance in 2012. Non-refundable grants contributed by the Government of Guyana and loans from the Inter-American Development Bank which are repaid by the Government of Guyana in respect of capital works are under the Coastal, Linden, Hinterland, Urban and the Georgetown Sewerage are credited to income which is amortised over the same period that the related assets are depreciated.

In accordance with the accounting policy described in the note above, the following capital contributions received from the Government of Guyana and the Inter-American Development Bank are amortised over the period related assets are depreciated

**GOVERNMENT OF GUYANA COUNTERPART**

	2015 G\$	2014 G\$
<b>Balance as at beginning January 1</b>	14,212,308,578	12,781,119,950
<i>Payments made under the following program:</i>		
Coastal	250,506,243	1,135,000,000
Linnine	27,715,764	80,000,000
Hinterland	91,480,051	190,000,000
Urban	102,655,878	439,960,000
Linden Water Supply Rehabilitation Program	31,750,246	26,931,302
Warrant	-	71,400,000
	<b>14,716,416,760</b>	<b>14,724,411,252</b>
<b>Amortisation of deferred income</b>	(462,975,864)	(512,102,674)
<b>Balance at 31 December</b>	<b>14,253,440,896</b>	<b>14,212,308,578</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 11 EXTERNAL FUNDINGS (cont'd)

<b>INTER-AMERICAN DEVELOPMENT BANK</b>	<b>2015</b>	<b>2014</b>
	<b>G\$</b>	<b>G\$</b>
<b>Balance as at beginning January 1</b>	5,675,938,456	4,611,520,150
Georgetown Sanitation Improvement Program (GSIP)	-	418,603,573
Linden Water Supply Rehabilitation Program (LWSRP)	235,641,734	795,580,049
Water Supply and Sanitation Infrastructure Improvement Program (WSSIIP)	413,000,000	-
	<b>6,324,580,190</b>	<b>5,825,703,772</b>
Amortisation of deferred income	(91,388,973)	(149,765,318)
<b>Balance at 31 December</b>	<b>6,233,191,217</b>	<b>5,675,938,454</b>

<b>Georgetown Sanitation Improvement Program (GSIP)</b>	<b>2015</b>	<b>2014</b>
	<b>G\$</b>	<b>G\$</b>
Total disbursements received under the GSIP program	-	<b>418,603,573</b>

Contract No.2428/BL-GY between Inter-American Development Bank "Bank" and Government of Guyana "Borrower". Agreement constitutes a loan between the bank and borrower, where Guyana Water Inc. is the executing agency. The total cost of the program, US\$10M, was disbursed over a period of five (5) years from date of agreement December 8,2010. The project has been extended to December 2016.

<b>Linden Water Supply Rehabilitation Program (LWSRP)</b>	<b>2015</b>	<b>2014</b>
	<b>G\$</b>	<b>G\$</b>
Total disbursements received under the LWSRP program	<b>235,641,734</b>	<b>795,580,049</b>

Contract No.2535/BL-GY between Inter-American Development Bank "Bank" and Government of Guyana "Borrower". Agreement constitutes a loan between the bank and borrower, where Guyana Water Inc. is the executing agency. The total cost of the program, US\$12.3M, will be disbursed over a period of five (5) years from date on the agreement and shall be repaid by the borrower.

<b>Water Supply and Sanitation Infrastructure Improvement Program (WSSIIP)</b>	<b>2015</b>	<b>2014</b>
	<b>G\$</b>	<b>G\$</b>
Total disbursements received under the WSSIIP program	<b>413,000,000</b>	-

The program, executed by the Guyana Water Inc., is financed by an agreement between the Government of Guyana and the Inter-American Development Bank and the European Union under Loan Contract Nos. 3242/OC-GY and 3243/BL-GY respectively, and Non Reimbursable Financing Agreement No.GRT/EX-14520-GY.

The loan of US\$16,832,250 and the Non Reimbursable Financing Agreement (NRFA) of €10,675,000/US\$14,838,250 will be disbursed over a five year period.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

## 11 EXTERNAL FUNDINGS (cont'd)

**Water Supply and Sanitation Infrastructure Improvement Program  
(WSSIIP)**

The parties agree that the amount of the resources from the NRFA, up to the equivalent of US\$7,500,000, shall be distributed on a pari-passu basis.

	2015 G\$	2014 G\$
<b>DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)</b>		
Balance as at beginning January 1	527,937,565	593,764,453
Amortisation of deferred income	(65,853,934)	(65,826,888)
<b>Balance at 31 December</b>	<b>462,083,631</b>	<b>527,937,565</b>

**WORLD BANK (WB)  
WATER SECTOR CONSOLIDATION PROJECT GRANT #H180-0-GUA**

Balance as at beginning January 1	2,676,691,666	2,783,176,830
Amortisation of deferred income	(297,682,459)	(106,485,164)
<b>Balance at 31 December</b>	<b>2,379,009,207</b>	<b>2,676,691,666</b>

World Bank Grant H180-0-GUA. Water Consolidation Program Development Grant agreement for the construction and rehabilitation of water treatment facilities at Anna Regina, Parika and Rosignol equivalent to US\$11.3M

**EUROPEAN INVESTMENT BANK  
GUYANA ROSEHALL WATER SUPPLY PROJECT**

Balance as at beginning January 1	10,581,894	11,497,453
Amortisation of deferred income	(913,474)	(915,559)
<b>Balance at 31 December</b>	<b>9,668,420</b>	<b>10,581,894</b>

**JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)**

Balance as at beginning January 1	2,132,251,428	2,300,890,883
Amortisation of deferred income	(168,637,442)	(168,639,455)
<b>Balance at 31 December</b>	<b>1,963,613,986</b>	<b>2,132,251,428</b>

**Summary of Government Grant Amortised**

External Funding -Government of Guyana Counterpart	462,975,864	512,102,674
External Funding -Department for International Development	65,853,934	65,826,888
External Funding - World Bank	297,682,459	106,485,164
External Funding -Inter- American Development Bank	91,388,973	149,765,318
External Funding -European Investment Bank	913,474	915,559
External Funding -Japan International Cooperation Agency	168,637,442	168,639,455
<b>Total Amortised</b>	<b>1,087,452,146</b>	<b>1,003,735,058</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

**12 AUTHORISED & ISSUED CAPITAL**

<b>AUTHORISED</b>	<b>2015</b>	<b>2014</b>
	<b>G\$</b>	<b>G\$</b>
1,000,000 ordinary shares at an issue price of G\$100 each	100,000,000	100,000,000
<b>AUTHORISED</b>		
88,253 ordinary shares at G\$100 each	<b>8,825,300</b>	<b>8,825,300</b>
<b>STATED CAPITAL</b>		
Issued and fully paid shares	<b>8,825,300</b>	<b>8,825,300</b>

The Company is authorised to issue a maximum of 1,000,000 ordinary shares at a minimum issue price of G\$100 each. All issued shares are held by the Government of Guyana.

	<b>2015</b>	<b>2014</b>
	<b>G\$</b>	<b>G\$</b>
<b>Additional share capital</b>	3,372,346,395	3,372,346,395

Additional share capital represents the net assets as a result of the merger of Guyana Water Authority (GUYWA) and the Georgetown Sewerage and Water Commissioners.

**1 TRADE AND OTHER PAYABLES**

	<b>2015</b>	<b>2014</b>
	<b>G\$</b>	<b>G\$</b>
Trade payables	271,735,890	66,821,882
Payroll liabilities	194,091	42,604
Retention payables	227,090,256	313,609,203
Other accruals and payables	281,753,967	298,822,351
Rates and taxes payable	305,011,804	305,011,804
Provision for legal settlement	58,224,363	66,824,363
	<b>1,144,010,371</b>	<b>1,051,132,208</b>

**14 CONTINGENCIES**

As at 31 December 2015 claims against the Company which was insignificant to be taken up in the financial position amounted to G\$7.4M (2014- nil).

**1 TAXATION**

Taxation expense represents the sum of the statutory tax currently payable.

**Property Tax**

The Company has made a provision for Property Tax for the last eight years .

**Corporation Tax**

The Company has been making operating losses and therefore Corporation Tax has not been provided for in the financial

**Deferred Tax**

Deferred Tax has not been recognised as a result of the company has been making significant operating losses and it is not forecast that an operating profit would be made within the short term.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

16 INCOME	2015 G\$	2014 G\$
Measured water supply	2,360,859,441	2,277,320,835
Unmeasured water supply	1,256,667,204	1,354,229,064
	<b>3,617,526,645</b>	<b>3,631,549,899</b>
17 EMPLOYMENT COST		
Salaries	808,942,373	691,609,642
Overtime	71,837,584	69,635,752
Employers' NIS	60,594,185	52,669,443
Leave passage	52,901,748	53,388,777
Gratuity	92,126,675	79,146,391
Pension contribution	7,823,100	-
Allowances	98,921,884	89,491,861
Other employment cost	14,446,013	34,881,875
	<b>1,207,593,561</b>	<b>1,070,823,741</b>

Guyana Water Incorporated (GWI) operates a Defined Contribution Plan with Assuria Life (Guyana ) since since January 2015. The Pension Plan is funded by contribution from GWI (5% of gross salary ) and its eligible employees (5% of gross salaries) .The fund is paid into a separate (legal) entity and GWI will have no legal or constructive obligations to pay future contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service. The contributions are recognised as employee benefit expense when they are due monthly.

The number of staff contributed to the scheme as of December 31 ,2015 was 127 .During the year the total contribution to the Pension Scheme was \$15,656,160 which was equally contributed by the company and employees.

18 DIRECTORS' FEES	2015 G\$	2014 G\$
Total	<b>1,082,000</b>	<b>1,164,000</b>
<b>Details are as follows: January -September 2015</b>		
Ramesh Dookhoo *,Chairman	105,000	180,000
Dharamkumar Seeraj -Vice Chairman	108,000	144,000
Tarachand Balgobin	90,000	120,000
Donald Dyal*	70,000	120,000
Emil McGarrell	90,000	120,000
Denise Kind Tudor	90,000	120,000
Paulette Bynoe	90,000	120,000
Seepaul Narine	90,000	120,000
Sukrinshanall Pasha	90,000	120,000
<b>Sub total/total</b>	<b>823,000</b>	<b>1,164,000</b>

The above Board was dissolved in September 2015.

\* paid up to July 2015.

GUYANA WATER INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

<b>18 DIRECTORS' FEES (Cont'd)</b>	<b>2015</b>	<b>2014</b>
New Board of Directors:	<b>G\$</b>	<b>G\$</b>
Clifton Nigel Hinds-Chairman	45,000	nil
Patricia Chase- Green-Vice Chairman	34,000	nil
Emil Mc Garrell	30,000	nil
David Dewar	30,000	nil
Ryan Belgrave	30,000	nil
Christina Bissessar	nil	nil
Charles Ceres	30,000	nil
Sherie Samantha Fedee	30,000	nil
Savitree Singh- Sharma	30,000	nil
	<b>259,000</b>	<b>-</b>

The new Board was published in the Official Gazette of September 12,2015.The Board's life is effective September 1,2015 to June 30,2017.

<b>19 ADMINISTRATIVE EXPENSE</b>	<b>2015</b>	<b>2014</b>
	<b>G\$</b>	<b>G\$</b>
Stationery cost	25,415,022	23,481,033
Internet and telephone cost	36,674,945	31,307,115
Local and overseas travel	10,624,528	7,526,673
Training cost	26,429,814	2,426,912
Health and safety cost	15,010,201	8,324,495
Entertainment and accommodation	11,993,403	10,579,484
Agency fees	9,033,214	6,445,972
Insurance	7,052,505	6,952,765
Legal settlement	2,341,071	-
Freight and custom duty	3,620,499	3,800,180
Meals	11,612,098	13,053,106
Cleaning	12,193,586	8,621,065
Other administrative cost	18,436,417	16,254,144
	<b>190,437,303</b>	<b>138,772,944</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 G\$	2014 G\$
<b>20 PREMISES COST</b>		
Electricity cost	2,391,723,586	2,397,354,476
Repairs and maintenance	298,040,136	209,839,736
Fuel & Diesel cost	23,682,130	28,461,765
Rental	6,900,000	5,316,260
Weeding and cleaning	12,243,448	12,826,126
Other cost	1,346,417	608,331
	<b>2,733,935,717</b>	<b>2,654,406,695</b>
<b>21 ADJUSTMENTS PRIOR YEAR</b>		
Metered adjustments	391,270,028	392,541,724
Unmetered adjustments	61,864,568	123,506,749
	<b>453,134,596</b>	<b>516,048,473</b>
<b>22 TRANSPORT COST</b>		
Vehicle repairs	7,186,194	4,275,716
Fuel and diesel	16,648,496	16,422,227
Hired rental vehicles and mobile plant	32,512,159	33,869,960
Other transport cost	6,689,412	2,147,025
	<b>63,036,261</b>	<b>56,714,928</b>
<b>23 SUPPLIES AND SERVICES COST</b>		
Water quality - chemicals usage and filter media	159,552,488	256,353,418
Leak repairs	132,689,249	110,305,130
Disconnection & reconnection cost	24,188,224	72,410,348
Security	92,249,250	87,986,603
Professional fees	40,255,995	50,854,049
Hired outside services	88,577,055	38,164,971
Stock adjustment	2,199,820	(249,410)
Public relations and advertising	28,075,148	28,474,888
Other supplies and services cost	29,187,308	6,840,534
	<b>596,974,536</b>	<b>651,140,531</b>

**GUYANA WATER INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

<b>24 OTHER INCOME</b>	<b>G\$ 2015</b>	<b>G\$ 2014</b>
Government subsidy for electricity charges to the Guyana Power & Light Inc.	1,738,615,541	2,470,133,090
Other operating income	73,353,809	20,013,462
Other non-operating other income	322,990,744	183,079,032
	<b>2,134,960,094</b>	<b>2,673,225,584</b>

**25 EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit or after tax with the weighted average number of ordinary shares outstanding during the period.

	<b>G\$ 2015</b>	<b>G\$ 2014</b>
<b>Basic earnings per share</b>		
Net comprehensive income for the year attributable to shareholder's equity	1,284,553,500	978,545,322
Weighted average number of outstanding ordinary shares	8,825,300	8,825,300
<b>Basic earnings per share</b>	146	111
<b>Diluted earnings per share</b>		
Net comprehensive income for the year attributable to shareholder's equity	1,284,553,500	978,545,322
Weighted average number of outstanding ordinary shares	8,825,300	8,825,300
<b>Diluted earnings per share</b>	146	111

**26 RELATED PARTY TRANSACTIONS**

The following related party transactions occurred during the period.

The following information is presented only in respect of those employees of the Company who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). At December 31, 2015, the number of key management personnel was 12 (2014 - 11).

**Compensations of key management personnel**

The remuneration of key management during the year was as follows:

	<b>G\$ 2015</b>	<b>G\$ 2014</b>
Short-term benefits	94,412,586	96,460,502
Post-employment benefits	989,424	936,028
<b>Total</b>	<b>95,402,010</b>	<b>97,396,530</b>



10<sup>th</sup> January, 2017

Dr. Richard Van West-Charles  
Chief Executive Officer  
Guyana Water Inc.  
Vlissengen Road & Church Street,  
Bel Air Park,  
Georgetown.  
Guyana.

Dear Dr. Van West-Charles,

**AUDIT OF THE FINANCIAL STATEMENTS OF**  
**GUYANA WATER INC.**  
**FOR THE YEAR ENDED 31 DECEMBER, 2015**

The audit of the books and accounts of **Guyana Water Inc.** for the year ended 31 December, 2015, has resulted in the following report which is forwarded for your comments and such actions as considered necessary.

We have examined certain aspects of the company's system of internal accounting controls and made recommendations on possible ways in which the system might be improved to overcome the weaknesses which we observed during the examination.

It must be appreciated that the matter dealt with in this report came to our notice during conduct of our normal audit which was designed primarily to enable us to express an opinion on the company's financial statements. Our comments cannot, therefore, be expected to include all possible improvements in the internal control which a more extensive special examination may develop.

The audit was conducted in accordance with the International Standards on Auditing, issued by the International Federation of Accountants (IFAC). These standards required that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

## **Scope and Methodology**

In conducting financial and compliance audits our office examined in such manner as we deemed necessary the relevant financial statements and accounts to ascertain whether:

- The financial statements have been properly prepared in accordance with applicable accounting standards and properly present the operations and affairs of Guyana Water Inc.
- The accounts have been faithfully and properly kept.
- The rules, procedures and internal management controls are sufficient to secure effective control on the assessment, collection and proper allocation of revenues.
- All monies expended and charged to an account have been applied to the purpose or purposes for which they were intended.
- Essential records are maintained and the internal controls and the rules and procedures established and applied are sufficient to safeguard the control of stores and other properties of the company.

## Findings and Recommendations

### 1. Non-current Assets

#### a. Impairment review

**Condition:**

Audit examination revealed that the company did not carry out an impairment review of non-current assets during the year or if such a review was carried there was no documented report.

**Effect:**

It is of importance that the company carries out a physical verification of non-current assets so as to ascertain whether any of these assets are damaged or not in a working condition and subsequently impaired. As a result, non-current assets may be carried overstated as the asset register may not be updated to account for impaired assets.

**Recommendation:**

We recommended that the company carry a full scale non-current asset verification and impairment exercise.

**Management Response**

The Company has a Plant Property & Maintenance (PPM) program. All productive assets (wells, boreholes, treatment plants and other ancillary assets) are currently continually reviewed based on their performance and corrective actions are being taken to ensure that their capacity is not being impaired. During the years 2015 and 2016 a comprehensive audit verification exercise was undertake.

<b>Region</b>	<b>Status of Count</b>
Region 1 Anna Regina and Bartica	counts are ongoing; to complete at the end of December 2016
Region 3 Pouteroyen	Physical verification completed
Region 4 & 10 East Bank, Georgetown and East Coast	Physical verification completed
Region 5 Onverwagt	Physical verification completed
Region 5 & 6 Chesney, Springslands and New Amsterdam	Physical verification completed
Region 9 Hinterland	counts are ongoing; to complete at the end of December 2016

b. Non -Current Assets (Ownership)

**Condition:**

Audit examination revealed that there were non-current assets that were in possession of the company, which evidence of no ownership could be ascertained.

**Effect:**

The following observation identifies a potential risk which is considered to be of sufficient importance to deserve mention in this report to ensure that Board and senior management awareness to prevent and detect any breach in internal controls.

These assets were as follows:

- | Asset #           | Description                             |
|-------------------|---|
| • 120101A1012501- | Bartica Water Treatment Plant (Land)    |
| • 120101A1012001- | Raw Water Pump Station (Land)           |
| • 210101A1021016- | Goed-Fortune Pump Station (Land)        |
| • 210101A1021003- | La Parfaite Harmonie #1 Well (Land)     |
| • 210101A1021503- | Fellowship Water Treatment Plant (Land) |
| • 110101A1011013- | Noitgedacht Pump Station (Land)         |

**Recommendation:**

We recommend that Board and senior management should pursue this matter as soon as possible to effectively have ownership of non-current assets.

**Management Response**

Asset	Management Response
120101A1012501- Bartica Water Treatment Plant (Land)	Investigations are ongoing to determine ownership of land
120101A1012001- Raw Water Pump Station (Land)	Investigations are ongoing to determine ownership of land
210101A1021016- Goed-Fortune Pump Station (Land)	Owned by GWI - Transport #84/2006 –Best Klien Owned by GWI - Transport #1556/2006 -Klien Pond
210101A1021003- La Parfaite Harmonie #1 Well (Land)	Owned by GWI - Transport #2012/973 #2012/971 #2012/972
210101A1021503- Fellowship Water Treatment Plant (Land)	Original Plan No.15231 indicates that Area “A” is allocated to Guyana Water Inc. Transport to be transferred by Blankenburg Hauge Neighbourhood Democratic Council
110101A1011013- Noitgedacht Pump Station (Land)	Owned by GWI Transport #205/1976



## **2. Customer Database**

**Condition:**

The company's customers' database is not up-to-date.

**Effect:**

There are customers on the database whose information is not up-to-date. (See point)

**Recommendation:**

We recommend that the company carry out a full scale customer verification exercise in order to update its customer database.

**Management Response**

GWI inherited its database from two defunct agencies. The database to a large extent was not up to date with customer information. Since then, GWI has taken measures to accumulate this information. As customers visit the office this information is acquired. This is an ongoing exercise.

## **3. VAT**

**Condition:**

Audit examination revealed that the VAT payable and recoverable amounts in the general ledger differ from the amounts reported and submitted to the GRA on the monthly VAT forms.

**Effect:**

There is a difference between the VAT recoverable amounts reported in the Statement of Financial Position. This results in an unreconciled difference. The reason for the difference was explained as the VAT forms being incorrectly filled out.

**Recommendation:**

We recommend that the company urgently seek to reconcile the difference between the amounts stated on the VAT forms and the general ledger.

**Management Response**

Reconciliation of the VAT recoverable as per the general ledger against the claimed submitted to the Guyana Revenue Authority revealed a variance of \$11,908. Table 1 below shows this reconciliation

Table 1

<b>Reconciliation of VAT Claimed</b>	
	<b>\$</b>
Total Input VAT as per General Ledger	57,925,119
Input vat for 2014 claimed in 2015	1,573,987
<b>Input vat for 2015 subsequently claimed in 2016</b>	<b>(3,370,523)</b>
	<b>56,128,583</b>
<b>Total Input Vat claimed as per Form</b>	<b>56,140,491</b>
<b>Variance</b>	<b>(11,908)</b>

**4. Taxes****Condition:**

Audit examination revealed the company has never submitted Corporation and Property Tax Returns to the GRA.

**Effect:**

The company is not compliance with local tax legislation. In addition, interest charges for late submissions will continue to be incurred until the company fulfills its obligations.

**Recommendation:**

We recommend that the company brings itself in compliance with the local tax requirements by filing all outstanding returns and paying backdated taxes as applicable.

**Management Response**

We acknowledge your finding of property tax and this is currently under review. Corporation tax computations have been completed and will be filed by December 2016 .

## **5. Receivables Confirmation**

### **Condition:**

As part of our audit procedures, we conducted a receivables confirmation via telephone of eighty customers.

The results are as follows:

Number of customers selected	Customers successfully contacted	Customers who were unavailable	Customers with no contact information	Customers with incorrect contact information	Customers contact information not in service
85	49	20	7	3	6

### **Effect:**

This substantiates the fact that the Company's customers' database is not up-to-date with relevant customer information.

There are non-existent customers on the database and these customers are still being billed for water services. This results in an overstatement of revenue and the receivables. In addition, there is customer information that is not up-to-date.

### **Recommendation:**

We recommend that the company carry out a full scale customer verification exercise in order to update its customer database.

### **Management response**

GWJ inherited its database from two defunct agencies. Non-existent customers were a part of that database. The company has since carried out field investigations to correct this. While many were corrected over the years, GWJ agrees that such accounts still exist on its database. This also is an ongoing exercise to eradicate same.

## **6. Insurance**

### **Condition:**

During our audit it was discovered that the company does not maintain adequate insurance coverage to safeguard its assets from potential loss. See table below:

<b>Non-Current Assets</b>	<b>NBV/Value</b>	<b>Sum Insured</b>
Building	1,546,256,361	429,095,412
Inventories	1,211,101,347	739,000,000
Machinery, Equipment & Water Infrastructure	19,841,189,612	2,024,433,251
Computer & Accessories	39,561,996	44,735,517
Software	83,858,068	-
Mechanical Electrical Plant	1,666,789,642	-
	<b>24,388,757,026</b>	<b>3,237,264,180</b>

### **Effect:**

It is prudent to have insurance coverage for the company's assets so that in the event of loss and/or damage the company will be adequately covered.

### **Recommendation:**

It is recommended that the company consider the need for adequate insurance coverage for its assets.

### **Management Response**

We acknowledge your findings and this is currently under review by Management and the Board.

## **7. Deferred Income**

Audit examination revealed that the company could not provide documentations and evidence as to support the transaction recorded on the deferred income schedules for years 2010 and 2011 as shown below

a. Deferred Income for IDB Funding

NO.	DATE	REF NO.	DESCRIPTION	AMOUNT \$	LIFE OF FUNDING (YEARS)	AMORTIZATION CHARGE
1	3/6/10	DP 73	Gen Earth Move. -Val #22 CR & S iron removal plants	4,173,228	20	166,929
2	5/2/10	214	Gen Earth Move. -Val #19 C/Rldt & Sophia iron rem. treatment.	2,663,420	20	106,537
3	19/4/10	229	Gen Earth Move. -Val #21 C/Rldt & Sophia iron rem. treatment.	27,291,905	20	1,091,676
4	5/2/10	215	Nabi Construction - Val #5 Dem & Dis of asbestos Shelter Belt treatment plant.	5,263,191	20	210,528
5	16/2/10	218	Nabi Construction - Val #3 Procured PVC & DI pipe fittings lot.	151,860	20	6,074.40
6	5/2/10	216	Suresh Jagmohan - Val #3 Rehab of sewerage pump station.	16,828,484	20	673,139
7	22/3/10	219	Suresh Jagmohan - Val #4 Rehab of sewerage pump station.	41,145,661	20	1,645,826
8	29/3/10	225	Suresh Jagmohan - Val #5 Rehab of sewerage pump station.	55,704,693	20	2,228,188
9	23/4/10	231	Suresh Jagmohan - Val #6 Rehab of sewerage pump station.	2,667,119	20	106,684.75
10	10/6/10	248	Suresh Jagmohan - Val #7 Rehab of sewerage pump station.	91,499,727	20	3,659,989
11	10/7/10	137	Clifton Inniss - Val #1 Design of sewerage pump station	1,222,500	40	27,506.25
12	6/5/10	234	Nabi Construction - Val #2 Inst of water meters & meters box zone.	16,135,782	40	363,055.10
13	2/6/10	243	Nabi Construction - Val #3 Inst of water meters zone W1.	15,297,625	40	344,196.58
14	10/6/10	243	Nabi Construction - Val #4 Inst of water meters zone .	6,588,532	40	164,713

b. Deferred Income for European Union funding

NO.	REF NO.	DESCRIPTION	AMOUNT \$	LIFE OF FUNDING (YEARS)	AMORTIZATION CHARGE
1		Energy meters (Socomec Group)	3,206,550	40	80,164
2		Gate Valves (Gafsons)	355,488	40	8,887
3		Ameila's Ward - Refurbishment of Borehole AW3	1,170,250	40	29,256
4		Toolsie Persaud Ltd. - Wisroc Inst. of transmission lines Wisroc to B/Hill	4,774,025	20	238,701
5		Harry Persaud - Wisroc Inst of HDPE transmisson line	10,980,519	20	549,026
6		G Clarke - Replacing raw water suction line Wisroc	135,000	20	6,750
7		Kurt Cumberbatch - Refurbishment of distribution network	15,000	20	690

**Management Comments**

These were documents that were already reviewed in previous financial years. We however acknowledge the finding and have not been able to locate these documentations. We will still continue to try to locate.

## 8. Other Observation

### i) **Work In Progress**

During our examination of the work in progress, it was observed that projects funded by Government of Guyana (GOG), Government of Guyana Holding, Guyana Water Inc. (GWI) and Inter-America Development Bank (IDB) were terminated.

<b>Project #</b>	<b>Contract Title</b>	<b>Contractor</b>	<b>Total</b>	<b>Management Response</b>
2012/C022	Supply & Installation of 200mm Transmisssion-Bushlot to Eversham	S.Lorick Contracting Service	60,270,975	This contract was terminated and the bond liquidated. The remaining works were awarded to Global Hardware Inc. and subsequently completed. Court proceedings are currently pending for S. Lorick Contracting Service on the Advance & Performance Guarantees. Those matters are scheduled for court on December 16 <sup>th</sup> 2016.
2012/C023	Supply & Installation of 300mm Transmisssion-Bushlot to Eversham	Pioneer General Construction	88,476,141	This contract was terminated and the bond liquidated. The remaining works were completed by Global hardware Inc subsequently.
GWI 2010/C083	Installation of Distribution Mains at Crabwood Creek Rg#6	Joshi Construction & Transportation Services	5,828,918	This contract was terminated and the remaining works were completed by another contractor
GWI 2010/C042	Service connection Upgrade/Metering-Glasgow to Korthbradt East Berbice	Floyd Brown	1,161,914	The contract was terminated and the bond was liquidated. The remaining works were completed by the Region office.
GWI 2010/C026	Service connection Upgrade/Metering-No.1 Road Fyrish, East Coast Berbice, Region No.6	Floyd Browne	2,135,540	The contract was terminated and the bond was liquidated. The remaining works were completed by the Region office.
GWI 2010/C022	Rehabillation of Water Supply System @ Kurukabaru & Paramakatoi	G.Bovell Construction Services	7,660,960	This contract was terminated and the bond liquidated. The remaining works were completed subsequently under the capital Programme.
			<b>165,534,448</b>	

**ii) Bad Debt Recovery Department**

It was noted that a debt recovery department was introduced during the year and was effective in debt recovery during the course of 2015.

**iii) Register of Seal**

We noted that the company now maintains a register of the company's seal as was recommended last year.

**iv) Provision for Doubtful Debts**

The Company's approved 'debt write-off policy' requires that if "the debt is aged greater than a period of 3 years for which no payments were made on account", then that debt should be classified as a bad debt and written off according to prescribed rules. However, the Company has not written off such debts but has made a provision for these.

In addition, the company such seek to follow it's approved 'debt write-off policy'.

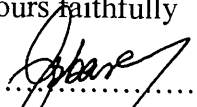
**GENERAL**

We would be pleased to discuss these comments and recommendations with you at your convenience. This report is intended for the information and use of Guyana Water Inc. management and is not intended to be and should not be used by anyone else.

We wish to express our gratitude for the cooperation given to our staff during the course of the audit.

**Best Regards.**

Yours faithfully

  
.....  
**Terrence Jaskaran**  
**Audit Partner**