

**AUDITED FINANCIAL STATEMENTS OF THE
POWER PRODUCERS AND DISTRIBUTORS INC.**

**FOR THE YEAR ENDED
31 DECEMBER 2021**

**CONTRACTED AUDITORS: PKF BARCELLOS, NARINE
AND COMPANY
106/107 LAMAHA AND
CARMICHAEL STREETS
NORTH CUMMINGSBURG
GEORGETOWN**

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

AUDITED FINANCIAL STATEMENTS OF THE
POWER PRODUCERS AND DISTRIBUTORS INC
FOR THE YEAR ENDED 31 DECEMBER 2021

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Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

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161/SL: 66/1/2023

31 August 2023

Mr. Tyrone Shiwprasad
Divisional Director- Finance and Accounting
Power Producers and Distributors Incorporated
Mudlot, Water Street
Kingston, Georgetown.

Dear Mr. Shiwprasad,

AUDIT OF THE FINANCIAL STATEMENTS OF THE
POWER PRODUCERS AND DISTRIBUTORS INC
FOR THE YEAR ENDED 31 DECEMBER 2021

Please find attached five 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,





Audit Office of Guyana

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AG: 152/2023

31 August 2023

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF
THE POWER PRODUCERS AND DISTRIBUTORS INC
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

Chartered Accountants PKF Barcellos, Narine and company have audited on my behalf the financial statements of Power Producers and Distributors Incorporated, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 3 to 29.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Power Producers and Distributors Incorporated as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to the spares, which were left behind by the company that previously provided maintenance to the Guyana Power and Light, the principal customer of the corporation for which management was unable to provide sufficient and appropriate evidence to corroborate the existence of the liability recognized. Management has made a decision to recognize the spares utilized as other reserve and to treat the remaining spares as Inventory in the financial statements.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of my audit of the financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on my audit of the financial statements, I also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

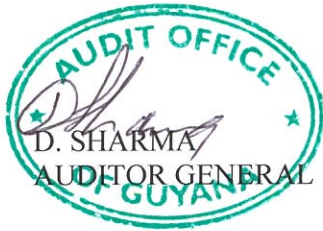
Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

HNN/cc

REPORT OF CHARTERED ACCOUNTANTS PKF, BARCELLOS, NARINE & CO.
TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
POWER PRODUCERS AND DISTRIBUTORS INC. (PPDI)
FOR THE YEAR ENDED DECEMBER 31, 2021

Opinion

We have audited the financial statements of Power Producers and Distributors Inc. which comprise the statement of financial position as at December 31, 2021 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Power Producer and Distributors Inc. as at December 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statement section of our report. We are independent of the company within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Emphasis of Matter

We draw attention to the spares, which were left behind by the company that previously provided maintenance to the Guyana Power & Light, the principal customer of the corporation for which management was unable to provide sufficient and appropriate evidence to corroborate the existence of the liability recognized. Management has made a decision to recognize the spares utilized as other reserve and to treat the remaining spares as Inventory in the financial statements.

Going Concern

The company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the company's ability to continue as a going concern.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), 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.

In preparing the financial statements, management is responsible for assessing Power Producer and Distributors Inc.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Power Producer and Distributors Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Power Producer and Distributors Inc. financial reporting

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Accountants &
business advisers

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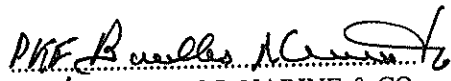
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Power Producer and Distributors Inc. internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Power Producer and Distributors Inc. ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Power Producer and Distributors Inc. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. The engagement partner is Vishwamint Ramnarine.


PKF/BARCELLOS, NARINE & CO.
CHARTERED ACCOUNTANTS
106 -107 Lamaha Street
North Cummingsburg
Georgetown

July 31, 2023


POWER PRODUCERS AND DISTRIBUTORS INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS	Notes	G \$	G \$	G \$ 2020
Non Current Assets				
Property, Plant and Equipment	2	48,641,250		30,692,111
Deferred Tax	3	<u>2,975,651</u>		<u>1,865,327</u>
			51,616,901	32,557,437
Current Assets				
Taxes Recoverable		169,478,423		85,751,940
Inventories	4	756,343,541		453,704,087
Receivables	5	472,476,674		603,802,659
Cash and Bank	6	<u>151,851,942</u>		<u>371,959,971</u>
			<u>1,550,150,580</u>	<u>1,515,218,656</u>
Total Assets			<u><u>1,601,767,481</u></u>	<u><u>1,547,776,094</u></u>
 EQUITY AND LIABILITIES				
Capital and Reserve				
Share Capital	7	10,000,000		10,000,000
Other Reserve	8	249,978,950		94,723,039
Retained Earnings		<u>778,646,477</u>		<u>773,632,956</u>
			1,038,625,427	878,355,995
 Current Liabilities				
Unrealised Revenue	9	215,523,873		227,358,051
Payables	10	257,724,563		344,181,759
Dividends Payable		-		5,000,000
Taxation		<u>89,893,618</u>		<u>92,880,290</u>
			<u>563,142,054</u>	<u>669,420,099</u>
Total Equity and Liabilities			<u><u>1,601,767,481</u></u>	<u><u>1,547,776,094</u></u>

On behalf of the Board:

.....

 Director

.....

 Company Secretary

The attached statements and notes on pages 7 to 29 form an integral part of these financial statements.

POWER PRODUCERS AND DISTRIBUTORS INC.
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	G \$	G \$ 2020
Revenue		2,672,882,899	2,753,711,525
Less:			
Operating Expenses	11	<u>2,238,029,419</u>	<u>1,906,858,887</u>
Gross Profit		434,853,480	846,852,638
Deduct:			
General and Administrative Expenses	12	<u>420,336,396</u>	<u>498,324,693</u>
Net Profit from Operations		14,517,084	348,527,945
Other Income	13	<u>2,677,213</u>	<u>5,071,485</u>
Net Comprehensive Income Before Taxation		17,194,297	353,599,430
Taxation	14	<u>12,180,776</u>	<u>91,014,963</u>
Net Comprehensive Income for the Year		<u><u>5,013,521</u></u>	<u><u>262,584,466</u></u>
Earnings Per Share in Dollars	15	50	2,626

POWER PRODUCERS AND DISTRIBUTORS INC.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Share Capital G \$	Other Reserve G \$	Retained Earnings G \$	Total G \$
Balance - January 1, 2020	10,000,000	-	511,048,490	521,048,490
Net Comprehensive Income for the Year	<u>-</u>	<u>-</u>	<u>262,584,466</u>	<u>262,584,466</u>
Balance - December 31, 2020	10,000,000	-	773,632,956	783,632,956
<u>Restatement</u>				
Value of Inventory Assumed	<u>-</u>	<u>94,723,039</u>	<u>-</u>	<u>94,723,039</u>
Balance - December 31, 2020 - Restated	<u>10,000,000</u>	<u>94,723,039</u>	<u>773,632,956</u>	<u>878,355,995</u>
Balance - January 1, 2021	10,000,000	94,723,039	773,632,956	878,355,995
Value of Inventory Assumed	-	155,255,911	-	155,255,911
Net Comprehensive Income for the Year	<u>-</u>	<u>-</u>	<u>5,013,521</u>	<u>5,013,521</u>
Balance - December 31, 2021	<u>10,000,000</u>	<u>249,978,950</u>	<u>778,646,477</u>	<u>1,038,625,427</u>

POWER PRODUCERS AND DISTRIBUTORS INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows from Operating Activities	G \$	G \$	G \$ 2020
Net Comprehensive Income Before Taxation		17,194,297	353,599,430
Adjustment for:			
Depreciation	14,397,865		10,146,370
Amortisation	-		804,365
Stock Written off	-		5,997,950
Loss on Disposal	<u>774,974</u>		<u>230,861</u>
		<u>15,172,839</u>	<u>17,179,545</u>
Operating Profit Before Working Capital Changes		32,367,136	370,778,975
Working Capital Changes			
Receivables	131,325,985		(229,509,159)
Inventories	(302,639,454)		132,833,277
Inventory Assumed	155,255,909		-
Unrealised Revenue	(11,834,178)		(15,908,952)
Related Company	-		25,916,424
Payables	<u>(86,457,192)</u>		<u>19,357,125</u>
		<u>(114,348,930)</u>	<u>(67,311,285)</u>
Cash Generated/(Used) from Operations		(81,981,794)	303,467,690
Taxes Paid		<u>(100,004,255)</u>	<u>(3,097,538)</u>
Net Cash Inflow/(Outflow) from Operations		(181,986,049)	300,370,152
Cash Flow from Investing Activities			
Acquisition of Property, Plant and Equipment		(33,281,228)	(14,008,373)
Proceeds from Disposal		<u>159,248</u>	<u>-</u>
Net Cash Inflow/(Outflow) before Financing Activity		(215,108,029)	286,361,779
Cash Flow from Financing Activity			
Dividends Paid		<u>(5,000,000)</u>	<u>(5,000,000)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		(220,108,029)	281,361,779
Cash and Cash Equivalents - January 1		<u>371,959,971</u>	<u>90,598,192</u>
Cash and Cash Equivalents - December 31		<u><u>151,851,942</u></u>	<u><u>371,959,971</u></u>
Analysis of Cash and Cash Equivalents - December 31			
Cash on Hand		564,173	289,303
Cash at Bank		<u>151,287,769</u>	<u>371,670,668</u>
		<u><u>151,851,942</u></u>	<u><u>371,959,971</u></u>

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies

(i) Incorporation and Principal Activity

The company was incorporated on December 14, 2016 to provide operating and maintenance services to the Guyana Power and Light Inc. (GPL)

The company currently operates sixteen (16) diesel engines located at Garden of Eden, East Bank Demerara; Kingston, Georgetown and Vreed En Hoop on the West Coast of Demerara, all owned by Guyana Power and Light Inc.

The company's revenue is primarily based on services provided under an Operating and Maintenance Agreement with the Guyana Power and Light Inc. During the year the company also signed a Memorandum of Understanding with the Hinterland Electrification Company Inc. (HECI) for the provision of maintenance services. No work has commenced on this contract.

These financial statements were approved by the Board on July 31, 2023.

(ii) Significant Accounting Policies

Basis of Preparation

These financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) and its presentation comply with the Companies Act 1991.

(a) Adoption of New and Revised International Financial Reporting Standards (IFRSs)

There were several pronouncements by the International Accounting Standards Board (IASB) which are effective for the current financial year. These were issued as a result of the Board's annual improvements to the standards in issue.

There were also several other pronouncements as a result of the ongoing improvements which are adopted when they become effective.

Management reviews all pronouncements and those that have an impact on the company's financial reporting are generally adopted where applicable. Management reviews and adopts any new or revised standards issued by the International Accounting Standards Board (IASB) on their effective dates. During the year, there were several standards which were adopted but had no significant impact on the company's accounting or presentation of its financial statements.

POWER PRODUCERS AND DISTRIBUTORS INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(i) **New and Revised International Financial Reporting Standards (IFRSs) Cont'd:**

The following standards or pronouncements if applicable are mandatorily effective for the current financial period:

New or Revised Standards	Effective Annual Periods Beginning:
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
Covid-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	April 1, 2021

The following standards or pronouncements have been issued but are not yet effective. However, are available for early adoption:

Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Standards - IFRS 1, 9, 16 and IAS 41	January 1, 2022
IFRS 17 Insurance Contracts	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2023
Classification of Liabilities as Current or Non-current - (Amendment to IAS 1)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(b) Information About Key Sources of Estimation of Uncertainty and Judgments

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future.

Key Sources of Estimation and Uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below:

(i) Statutory Taxes

Provision is made for taxes due at the tax rate effective at the statement of financial position date December 31, 2022. Any additional tax due is provided for as a current year tax expense.

(ii) Other Provisions

Provision is made for expenses relating to the current year for which there is no set amount to be incurred. These amounts are best estimates based on the closest comparable amount.

Judgements in Applying the Entity's Accounting Policies

The company exercised judgment in computing the following:

- Depreciation
- Provision for Doubtful Debts
- Provision for Stock Obsolescence
- Impairment of Property, Plant and Equipment
- Amortisation of Intangible Assets

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(c) Property, Plant and Equipment

(i) Presentation and Disclosure

The company's property, plant and equipment are recognised in the statement of financial position at cost less accumulated depreciation. The assets are subject to annual impairment review. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives using the straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at each financial year end and any changes in estimate is accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

(ii) Depreciation

Depreciation is pro-rated in the year of acquisition and disposal. Depreciated is calculated on the straight line basis at 20% per annum for all categories of assets.

Assets are effectively depreciated over 5 years.

Repairs and maintenance expenses are charged to the profit and loss account when incurred.

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(d) Impairment of Tangible Assets

At the end of each reporting period, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. Reversal of an impairment loss is recognised immediately in Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(e) Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at cost less any impairment.

(f) Cash and Cash Equivalents

Cash and cash equivalents are stated at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise balances which mature within 90 days of the date of acquisition and include primarily cash on deposit in the company's current account, USD denominated deposit account and Savings Account. The funds in the Savings account will be used for payment of employee benefits.

(g) Intangible Assets

These are stated at cost less accumulated amortisation. Amortisation of software is computed at 33.3% per annum on the straight line basis in order to write off the assets over their expected useful lives. This is pro-rated in the year of acquisition and disposal.

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(h) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(i) Foreign Currency Transactions

Functional and Presentation Currency

The company's financial statements are presented Guyana Dollars. This is the currency of the primary economic environment in which the entity operates (its functional currency).

Transactions and Balances

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

(j) Dividends

Dividends which are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity.

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(k) Revenue and Expenditure recognition

Revenue is measured at the fair value of consideration receivable. Revenue is charged based on the actual Megawatts of electricity produced and delivered. Expenses are recognised on the accrual basis.

(l) Unrealised Revenue

Advance for Electricity to be supplied in the succeeding month is recognised as Unrealised Revenue.

(m) Inventories

Inventories which comprise of consumable spares are valued at the lower of cost and net realisable value. Unit cost is determined using the Average Cost (AVCO) method. Cost comprises of the fair value of consideration payable, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(n) Gratuity

The company contributes 5% of its employees' basic salary, as a form of retirement saving for its employees. This is paid semi-annually to their personal savings account.

(o) Taxation

Taxation expense represents the sum of the statutory tax charged and deferred tax.

(i) Statutory Taxation

The tax payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax charge is calculated using tax rates that have been enacted at the date of the statement of financial position.

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(o) **Taxation Cont'd:**

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

(iii) Statutory and Deferred Tax for the Period

Current and deferred taxes are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside the Statement of Comprehensive Income (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the Statement of Comprehensive Income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

POWER PRODUCERS AND DISTRIBUTORS INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. Accounting Policies Cont'd:

(p) Financial Instruments

Financial Assets and Liabilities are recognised in the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments.

(i) Trade and Other Receivables

Trade and other receivables are measured at amortised cost.

Account receivables are stated at original invoice amount less provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the transaction. The amount of the provision is the difference between the carrying amount and the recoverable amount.

(ii) Trade and Other Payables

Loans, trade and other payables are measured at amortised cost.

(iii) Cash and Cash Equivalents

Cash and Cash Equivalents are held for the purpose of meeting short term cash commitments rather than investment or other purposes. These are readily convertible to a known amount of cash, with maturity dates of three months or less.

(q) De-recognition

Financial assets are derecognised when the right to receive cash flows from the assets has expired.

Financial liabilities are derecognised when they are extinguished, i.e. when obligation is discharged, cancelled or expired.

POWER PRODUCERS AND DISTRIBUTORS INC.
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2. Property, Plant and Equipment	Machinery and Equipment G \$	Motor Vehicle G \$	Tools G \$	Fixtures and Office Equipment G \$	Total G \$
Cost:					
January 1, 2020	9,651,805	-	2,227,729	33,362,861	45,242,395
Additions	-	-	2,561,495	7,791,878	10,353,373
Disposals	-	-	-	(826,794)	(826,794)
December 31, 2020	<u>9,651,805</u>	<u>-</u>	<u>4,789,224</u>	<u>40,327,945</u>	<u>54,768,974</u>
Additions	10,032,898	7,000,000	-	16,248,330	33,281,228
Disposals	-	-	-	(3,429,181)	(3,429,181)
December 31, 2021	<u>19,684,703</u>	<u>7,000,000</u>	<u>4,789,224</u>	<u>53,147,094</u>	<u>84,621,021</u>
Depreciation:					
January 1, 2020	2,480,274	-	779,125	11,194,975	14,454,374
Charged for the Year	1,930,361	-	924,252	7,291,757	10,146,370
Retired on disposal	-	-	-	(523,880)	(523,880)
December 31, 2020	<u>4,410,635</u>	<u>-</u>	<u>1,703,377</u>	<u>17,962,852</u>	<u>24,076,864</u>
Charged for the Year	2,903,415	586,849	957,845	9,949,756	14,397,865
Retired on Disposal	-	-	-	(2,494,958)	(2,494,958)
December 31, 2021	<u>7,314,050</u>	<u>586,849</u>	<u>2,661,222</u>	<u>25,417,650</u>	<u>35,979,771</u>
Net Book Values:					
December 31, 2020	<u>5,241,170</u>	<u>-</u>	<u>3,085,847</u>	<u>22,365,093</u>	<u>30,692,110</u>
December 31, 2021	<u>12,370,653</u>	<u>6,413,151</u>	<u>2,128,002</u>	<u>27,729,444</u>	<u>48,641,250</u>
				G \$	G \$ 2020
				<u>2,975,651</u>	<u>1,865,327</u>
3. Deferred Tax Asset					

This is as a result of the temporary taxable difference existing between the net book value and income tax value of property, plant and equipment resulting from differing rates charged for depreciation and rates allowed for wear and tear claims.

POWER PRODUCERS AND DISTRIBUTORS INC.
 NOTES TO THE FINANCIAL STATEMENTS
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	G \$	G \$ 2020
4. Inventory		
(a) Spares	618,818,515	453,704,087
(b) Spares Inherited	<u>137,525,026</u>	<u>-</u>
	<u>756,343,541</u>	<u>453,704,087</u>

(a) The company holds spares to conduct maintenance on power generating equipment under its operating and maintenance agreement with the Guyana Power and Light. These are expected to be utilised within the next 12 months.

(b) Spares inherited represents items that were left behind by Wartsila.

	G \$	G \$ 2020
5. Receivables		
Trade	313,999,977	400,632,656
Provision for Doubtful Debt	<u>(4,172,183)</u>	<u>(4,172,183)</u>
	309,827,794	396,460,473
* Advances	101,515,594	170,470,930
Deposits	771,605	771,605
Prepaid Expenses	19,658,374	-
Others	<u>40,703,307</u>	<u>36,099,650</u>
	<u>472,476,674</u>	<u>603,802,658</u>
<i>Split as Follows:</i>		
Guyana Power and Light Inc.	349,478,723	421,356,283
Others	<u>122,997,951</u>	<u>182,446,375</u>
	<u>472,476,674</u>	<u>603,802,658</u>

Trade receivables comprise amounts due from GPL for electricity to be supplied and Bonus earned under the Operation and Maintenance Agreement for 2019 and 2020. Balances are also outstanding for non contract services provided to GPL, HECI and other customers who would have contracted the company to provide specialist services.

* Being advance payment for spares and services. Most were received in the new year.

	G \$	G \$ 2020
Aged Analysis of Trade Receivables:		
Less than 30 days	211,680,229	270,082,861
More than 90 days	<u>102,319,749</u>	<u>130,549,795</u>
	<u>313,999,978</u>	<u>400,632,656</u>

POWER PRODUCERS AND DISTRIBUTORS INC.
 NOTES TO THE FINANCIAL STATEMENTS
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	G \$	G \$ 2020
6. Cash and Bank		
(a) Cash on Hand	564,173	371,606
(b) Demand deposit - GYD Current Account (BNS No. 115352)	13,247,213	138,024,303
(c) Demand deposit - USD Account (BNS No. 10040636)	135,522,621	224,278,960
(d) Demand deposit - GYD Savings Account (BNS No. 10041739)	2,685,312	9,285,102
(e) Credit Card - Bank of Nova Scotia	<u>(167,377)</u>	<u>-</u>
	<u>151,851,942</u>	<u>371,959,971</u>

- (a) This represents the sum of the petty cash floats operated by the company.
- (b) This is a non-interest bearing corporate chequing account held primarily for GYD transactions.
- (c) This is an interest bearing account primarily held to effect payments to overseas suppliers.
- (d) This is an interest bearing account used to pay accrued employees benefit.
- (e) This facility is maintained to effect small online payments.

The Bank of Nova Scotia has the Authority to Hold Funds to the sum of G\$ 2M.

	G \$	G \$ 2020
7. Share Capital		
Authorised and Issued		
100 000 Ordinary Shares	<u>10,000,000</u>	<u>10,000,000</u>

The company is wholly owned by the Government of Guyana. It is under direct control of the Ministry of Public Works.

	G \$	G \$ 2020
8. Other Reserve		
	<u>249,978,950</u>	<u>94,723,039</u>

The company provides Operation and Maintenance Services to power plants on behalf of the Guyana Power and Light Inc. This was previously done by another company. On commencement of the contract, the company inherited inventory amount to G\$ 249M. At the end of the financial year 2020, G\$ 94 M was utilised and reported as a payable to GPL. However, it has now been resolved that this amount is not payable to the power company, but inherited. As such the comparative had been restated to recognise the amount inherited as other reserve in equity.

POWER PRODUCERS AND DISTRIBUTORS INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	G \$	G \$ 2020
9. Unrealised Revenue	<u>215,523,873</u>	<u>227,358,051</u>

Unrealised revenue represents advance billing for electricity to be supplied in the subsequent month. Billing is done one month in advance as per the Operating and Maintenance Agreement with GPL. Revenue is recognised in the month in which the electricity is supplied.

	G \$	G \$ 2020
10. Payables		
Trade	60,382,731	175,257,685
Accruals	99,460,953	79,361,200
Value Added Tax	38,227,990	78,457,675
Others	199,268	-
* Operating and Maintenance Unearned Income	<u>59,453,621</u>	<u>11,105,199</u>
	<u>257,724,563</u>	<u>344,181,759</u>
Age Analysis of Trade Payables:		
Less than 30 days	41,136,751	119,397,246
More than 30 days but less than 90 days	18,823,305	54,633,647
More than 90 days	422,675	1,226,792
	<u>60,382,731</u>	<u>175,257,685</u>

* As stated in Note 9, billing for electricity to be supplied is done one month in advance. The difference between the estimated and actual quantity of electricity supplied (MWh) is adjusted for after 2 months. The above balance of G\$ 59.4M represents credit to GPL since advance billing for the month of December 2021 was in excess of electricity supplied.

POWER PRODUCERS AND DISTRIBUTORS INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	G \$	G \$ 2020
11. Operating Expenses		
Chemicals consumption	16,460,660	16,549,492
Depreciation - Machinery and Equipment	3,490,264	1,930,361
- Tools	957,845	924,252
Direct Employment Cost	782,919,647	636,766,783
Engineering and Consultants Fee	83,954,509	143,751,542
Freight and Custom charges	57,238,865	79,931,326
Fuel, Oil and Lubricants	1,157,580	224,128
Other Plant Expenses	24,108,354	19,725,796
Repairs and maintenance - Engine Spares and Auxiliary	1,120,895,379	893,014,558
- Plant	3,652,650	3,844,860
Safety Systems and Equipment	13,390,946	17,917,497
Security Renumeration	67,917,968	67,926,074
Technical Training	13,405,707	22,113,581
Small Tools and Equipment	2,420,685	2,238,637
Liquidated Damages	46,058,360	-
	<u>2,238,029,419</u>	<u>1,906,858,887</u>

POWER PRODUCERS AND DISTRIBUTORS INC.
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12. General and Administrative Expenses	G \$	G \$ 2020
Bank Charges	3,207,022	3,109,372
Bad Debt	30,707,536	4,172,183
Cleaning and Sanitation	9,653,620	6,676,663
Advertising	2,229,062	465,200
Depreciation - Office Fixtures and Furniture	9,949,756	7,293,069
Amortisation - Software	-	804,366
Boards Fee	7,260,000	4,956,501
Donations	1,716,055	3,487,510
Employment Costs	245,988,484	370,338,710
Other Administrative Expenses	13,965,941	4,877,074
Insurance	24,132,770	29,531,450
Legal and Professional fees	995,000	177,000
Loss on Disposal	774,974	230,861
Information Technology Expense	9,466,248	8,390,825
Stationery and Office Supplies	13,857,184	13,285,936
Repairs and Maintenance - Vehicles	1,251,376	1,198,552
- Office Equipment	2,365,784	386,730
Staff Welfare	13,227,161	12,098,036
Dues and Subscriptions	3,469,695	3,559,989
Telephone	6,438,445	5,868,766
Training and Seminars	5,745,303	9,477,249
Travel	207,566	694,523
Auditors Renumeration	2,650,970	1,246,178
Stock Written off	-	5,997,950
Loss on Exchange	11,076,444	-
	<u>420,336,396</u>	<u>498,324,693</u>

POWER PRODUCERS AND DISTRIBUTORS INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	G \$	G \$ 2020
13. Other Income		
Gain on Exchange	-	4,825,053
Other	<u>2,677,213</u>	<u>246,432</u>
	<u>2,677,213</u>	<u>5,071,485</u>
14. Taxation		
Corporation	6,383,590	87,257,610
Property	6,907,511	5,622,680
Deferred	<u>(1,110,325)</u>	<u>(1,865,327)</u>
	<u>12,180,776</u>	<u>91,014,963</u>

Activity

	Commercial G \$	Non Commercial G \$	Total G \$
(i) Reconciliation of Corporation Tax			
Net Comprehensive Income before Taxation	1,001,583	16,192,714	17,194,297
Add: Non Deductible Expenses	741	-	741
Excess Depreciation/Amortisation charge over Wear and Tear Allowance	-	5,247,638	5,247,638
Donations	-	1,715,314	1,715,314
Loss on Disposals	-	774,974	774,974
Chargeable Income	<u>1,002,324</u>	<u>23,930,640</u>	<u>24,932,964</u>
Corporation Tax @ 40% / 25%	<u>400,930</u>	<u>5,982,660</u>	<u>6,383,589</u>

POWER PRODUCERS AND DISTRIBUTORS INC.
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14. Taxation Cont'd:

(ii) Property Tax	2021		2020	
	G \$ As per Statement of Financial Position	G \$ Property Tax Value	G \$ As per Statement of Financial Position	G \$ Property Tax Value
Non Current Assets				
Property, Plant and Equipment	48,641,250	60,244,426	30,692,111	37,554,557
Deferred Tax Asset	2,975,651	-	1,865,327	-
Current Assets				
The Revenue Authority	169,478,423	-	85,751,940	-
Inventories	756,343,541	756,343,541	453,704,087	453,704,087
Receivables	472,476,674	472,476,674	603,802,659	603,802,659
Cash and Bank	151,851,942	151,851,942	371,959,971	371,959,971
Total Assets	<u>1,601,767,481</u>	<u>1,440,916,583</u>	<u>1,547,776,095</u>	<u>1,467,021,274</u>
Current Liabilities				
Unrealised Revenue	215,523,873	215,523,873	227,358,051	227,358,051
Payables	257,724,563	257,724,563	344,181,759	344,181,759
Dividends Payable	-	-	5,000,000	5,000,000
Taxation	89,893,618	-	92,880,290	-
	<u>563,142,054</u>	<u>473,248,436</u>	<u>669,420,100</u>	<u>576,539,810</u>
Net Property	<u>1,038,625,427</u>	<u>967,668,147</u>	<u>878,355,995</u>	<u>890,481,464</u>

Tax Scale

Year ending December 31, 2021 / Year of Assessment 2022

	G \$
First G\$ 40,000,000	Nil
Next G\$ 20,000,000 @ 0.5%	100,000
Remaining G\$ 907,668,147 @ 0.75%	6,807,511
	<u>6,907,511</u>

POWER PRODUCERS AND DISTRIBUTORS INC.
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	G \$	G \$ 2020
15. Earnings per Share in Dollars		
This is calculated as follows:		
Net Comprehensive Income for the Year	5,013,521	262,584,466
Divided By:		
Number of Shares Issued	<u>100,000</u>	<u>100,000</u>
Earnings Per Share in Dollars	<u>50</u>	<u>2,626</u>

16. Key Management Personnel

Remuneration paid to the key management personnel is as follows:

(i) Short-term employee benefits	<u>116,172,421</u>	<u>127,250,208</u>
(ii) Directors Remuneration		

Amounts represent fees paid to individuals in respect of their services as Directors (not included in key management personnel above).

	G \$	G \$ 2020
Chairman	1,680,000	739,333
Executive Directors	-	172,000
Non - Executive Directors	<u>5,580,000</u>	<u>3,037,167</u>
	<u>7,260,000</u>	<u>3,948,500</u>

Mr. Ravie Ramcharitar, Mr Ronald Burch-Smith and Ms. Verlyn Klass ceased to hold the office of Director as at October 1, 2021. The following persons were subsequently appointed:

Mr. Marcel Gaskin - Chairman	Mr. Sanjeev Datadin - Director
Mr. Ramdeo Kumar - Vice Chairman	Mr. Ilhaam Sugrim - Director
Ms. Shawn Hamlet - Director	Mr. Bhageshwer Muruli - Director
Mr. Wayne Watson - Director	

POWER PRODUCERS AND DISTRIBUTORS INC.
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17. Financial Instruments and Financial Risk Management

Categories of Financial Instruments

Financial Instruments as at the statement of financial position date include receivables, cash on hand and bank balances, payables and taxation.

The company classifies financial instruments as follows:

(i) Loans and Receivables

These comprise of non derivative instruments with fixed or determinable payments that are not quoted in an active market.

(ii) Financial Liabilities at Amortized Cost

Financial liabilities which are not classified as Fair Value through profit and loss are classified as financial liabilities measured at amortized cost.

Risks Arising from Financial Instruments

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and foreign exchange risk. These risks are inherent to the company's operation and management of these risks lies with the board whose objective is to identify, assess, monitor and control in an effort to minimize these risks.

The main financial risks affecting the company are:

(a) **Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company imposes a standard 30 days credit period on all credit transactions. After this period the company initiates its debt recovery methodology to minimise the risk of bad debts.

POWER PRODUCERS AND DISTRIBUTORS INC.
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17. Financial Instruments and Financial Risk Management Cont'd:

(a) **Credit Risk Cont'd:**

Credit exposure is controlled by counterparty limits which are reviewed and approved by the management.

Except as detailed in the following table, the carrying amount of financial assets recognized in the financial statements which is net of impairment losses, represents the company's maximum exposure to credit risk, without taking into account collateral or other credit enhancements held.

The following table shows the company's maximum exposure. It excludes those assets that are not deemed to give rise to credit risk.

Credit Risk Analysis

On Statement of Financial Position	2021 G \$	2020 G \$
Tax recoverable	169,478,423	85,751,940
Receivables	355,474,889	437,503,912
Cash at Bank	<u>151,287,769</u>	<u>371,588,365</u>
	<u>676,241,081</u>	<u>894,844,217</u>

Cash at bank does not have collateral given the nature of the banking industry.

POWER PRODUCERS AND DISTRIBUTORS INC.
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17. Financial Instruments and Financial Risk Management Cont'd:

(b) **Liquidity Risk**

Management of the company's liquidity position lies with the Board of Directors. This is managed using forecasted cash flows and negotiated credit from financial institutions.

	Up to One Year G \$	More Than One Year G \$	Total G \$
December 31, 2021			
Financial Assets			
Tax Recoverable	83,726,483	85,751,940	169,478,423
Receivables	283,118,904	72,355,985	355,474,889
Cash Resources	<u>151,851,942</u>	<u>-</u>	<u>151,851,942</u>
	<u>518,697,329</u>	<u>158,107,925</u>	<u>676,805,254</u>
Financial Liabilities			
Payables	198,071,674	-	198,071,674
Taxation	<u>89,893,618</u>	<u>-</u>	<u>89,893,618</u>
	<u>287,965,292</u>	<u>-</u>	<u>287,965,292</u>
Net Liquidity Gap	<u>230,732,037</u>	<u>158,107,925</u>	<u>388,839,962</u>
December 31, 2020			
Financial Assets			
Tax Recoverable	85,751,940	-	85,751,940
Receivables	437,503,912	-	437,503,912
Cash Resources	<u>371,959,971</u>	<u>-</u>	<u>371,959,971</u>
	<u>895,215,823</u>	<u>-</u>	<u>895,215,823</u>
Financial Liabilities			
Payables	333,076,559	-	333,076,559
Dividends Payable	5,000,000	-	5,000,000
Taxation	<u>92,880,290</u>	<u>-</u>	<u>92,880,290</u>
	<u>430,956,849</u>	<u>-</u>	<u>430,956,849</u>
Net Liquidity Gap	<u>464,258,974</u>	<u>-</u>	<u>464,258,974</u>

POWER PRODUCERS AND DISTRIBUTORS INC.
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17. Financial Instruments and Financial Risk Management Cont'd:

(c) **Foreign Exchange Risk**

Foreign currency risk management lies with the Board of Directors. The company is exposed to this risk primarily from operations. They have not entered into any contractual arrangement to mitigate this risk but they maintain an appropriate amount of liquid funds in the respective currencies to settle liabilities as the need arises.

The following table details the sensitivity to an increase or decrease in the Guyana Dollars against the United States Dollar. This shows an increase of profit amounting to G\$ 4,023,473 (2020 G\$ 4,261,361) if the exchange rate is to increase by 1%.

	Financial Assets G \$	Financial Liabilities G \$	Net Assets G \$	% Change G \$	Impact on Profit G \$
December 31, 2021					
G\$ Equivalent of US\$	<u>449,522,581</u>	<u>47,175,283</u>	<u>402,347,298</u>	<u>1</u>	<u>4,023,473</u>
December 31, 2020					
G\$ Equivalent of US\$	<u>590,800,172</u>	<u>164,664,077</u>	<u>426,136,095</u>	<u>1</u>	<u>4,261,361</u>

18. Capital Management

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.