



Power Producers & Distributors
INCORPORATED



ANNUAL REPORT 2018



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NOTICE OF MEETING

Notice is hereby given that the 2nd Annual General Meeting of Power Producers and Distributors Inc. will be held at the Minister's Conference Room, Ministry of Public Infrastructure, Wight's Lane, Georgetown on Monday, 30th September 2019 at 10:00AM for the following purposes:

- A. To receive the Financial Statements for the year ended 31st December 2018
- B. To receive the Reports of the Directors and Auditors thereon.
- C. To consider and pass the following Resolution:
 - a. "That the Financial Statements for the year ended 31st December 2018 and the Reports of the Directors and Auditors thereon be and are hereby adopted."
- D. To consider the declaration of a Dividend for the year ended 31st December 2018
- E. To consider the appointment of the Auditor General or his nominee as auditors for the company and pass the following resolution:
 - a. "That the Auditor General or his nominee be appointed auditors of the company."
- F. To transact any other business of an Ordinary Meeting.

BY ORDER OF THE BOARD



Ronald Burch-Smith
Secretary

Dated 4th September 2019



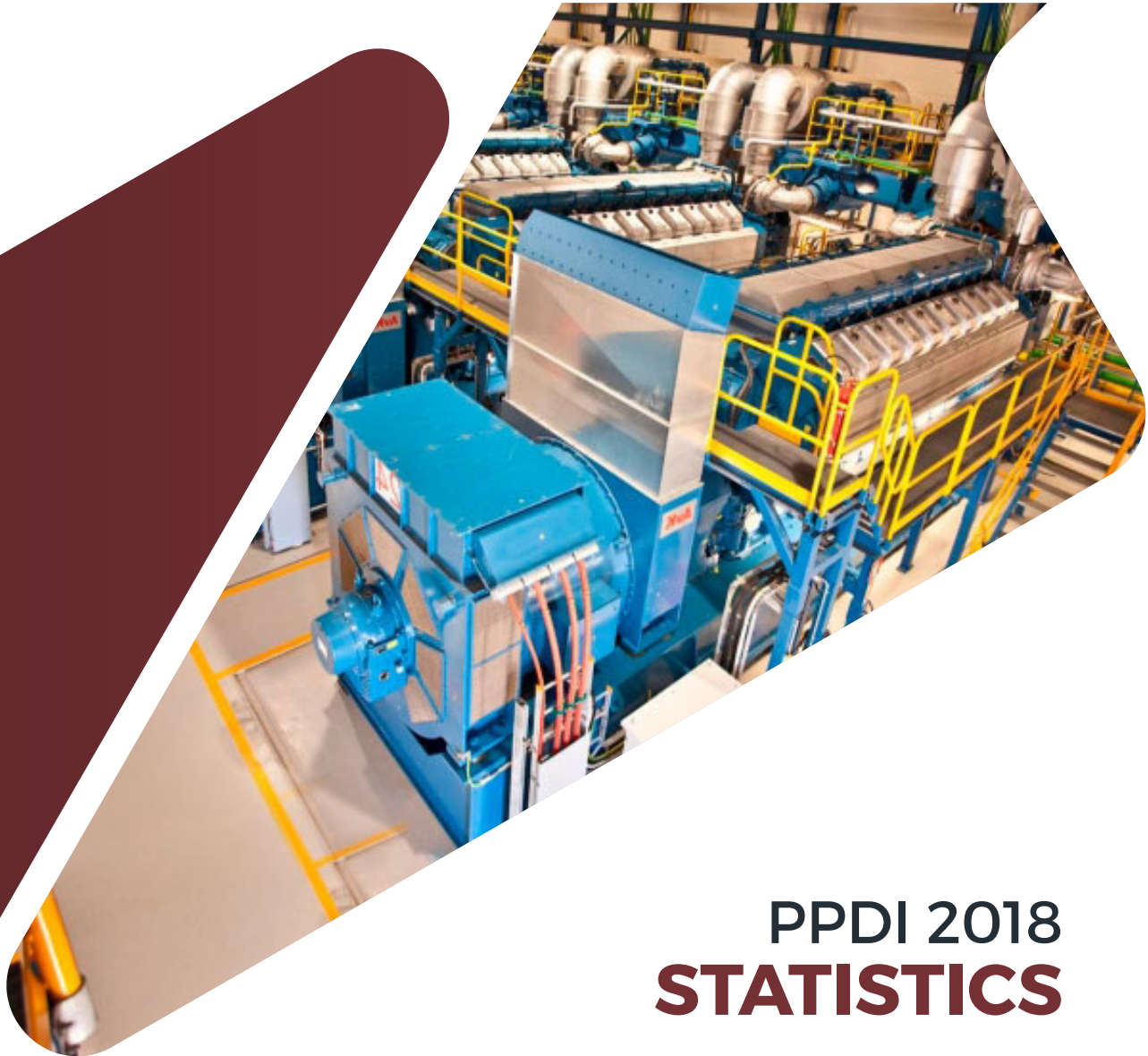
Company Profile

Established in December 2016, Power Producers and Distributors Incorporated (PPDI) is a state-owned enterprise contracted to operate and maintain four power plants on behalf of the Guyana Power & Light Inc. (GPL). These power plants were previously operated and maintained by Wartsila Operations Guyana Inc. (WOGI).

PPDI is responsible for a total electrical output of 106.7 megawatts of installed power generation capacity within the Demerara to Berbice Interconnected System. The four power plants under PPDI's management are Garden of Eden (22 MW), Kingston #1 (22MW), Kingston #2 (36.3 MW) and Vreed-en-Hoop (26.4 MW).

The technical boundary of our operations is limited to 13.8KV Switch Gear (outgoing feeder) of the power plants. Thereafter, the Guyana Power and Light (GPL) has the sole responsibility for the transmission and distribution of electricity throughout the Demerara to Berbice Interconnected System.

As part of the Operations and Maintenance Agreement, PPDI offers performance guarantees to GPL that are based on the industry's key performance indicators: availability, plant heat rate and lube oil consumption.



PPDI 2018 STATISTICS

Number of Employees - 145
 Gross Production (MWH) - 678,259.24
 Annual Revenue - GYD2,673,396,863
 Installed Capacity - 106.3 MW

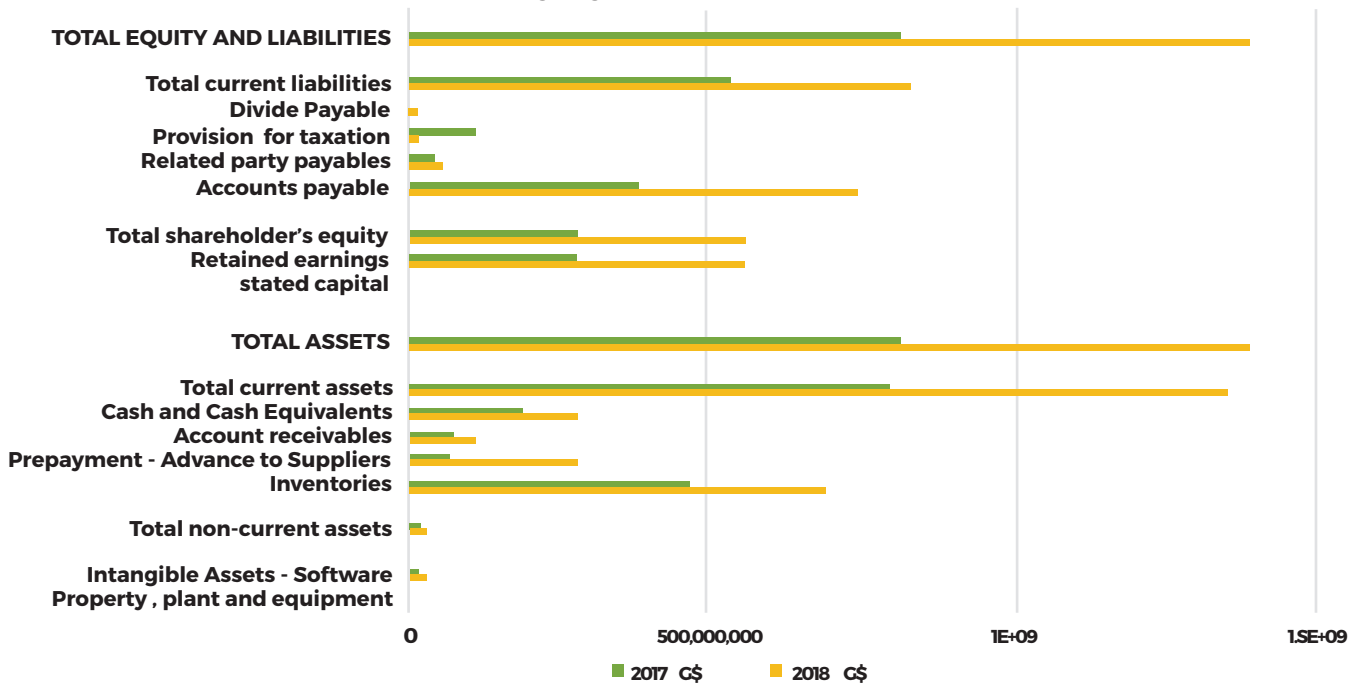
KEY PERFORMANCE INDICATORS

Strategic Objective	Measure of Success	Target
ISO 9001 certification	ISO Certification Nov 2018	Dec 2018
Training and Development	452.5 Man Hours per month	150 Man Hours per month
Maintenance Management	8 Major Overhauls Completed	Complete 8 Major Overhauls

ANNUAL FINANCIAL HIGHLIGHTS

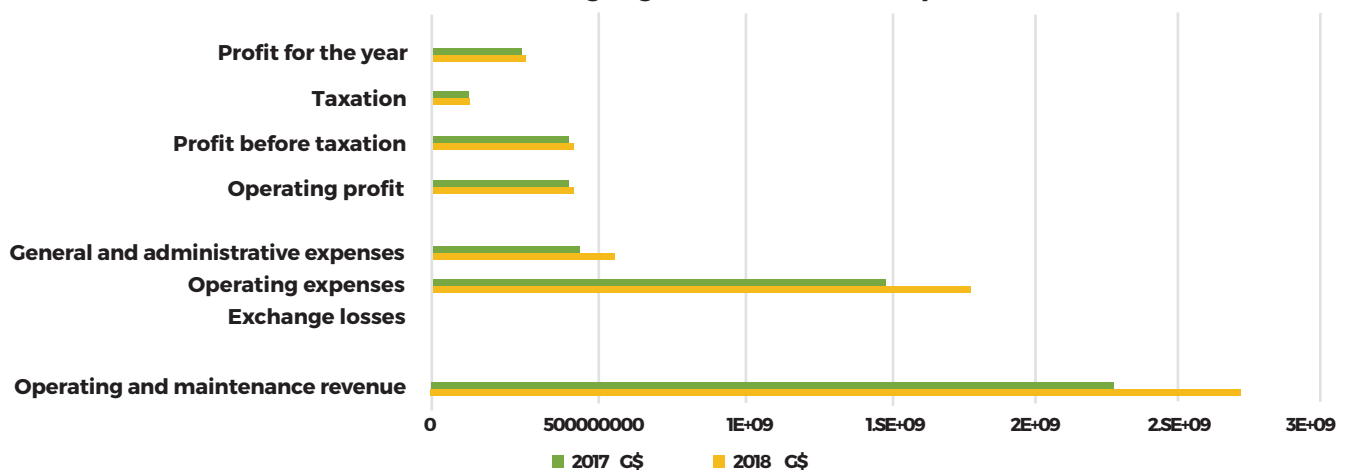
Assets and Liabilities

Financial Highlights - Assets and Liabilities 2017 - 2018



Income and Expenditure

Financial Highlights - Income and Expenditure 2017 to 2018

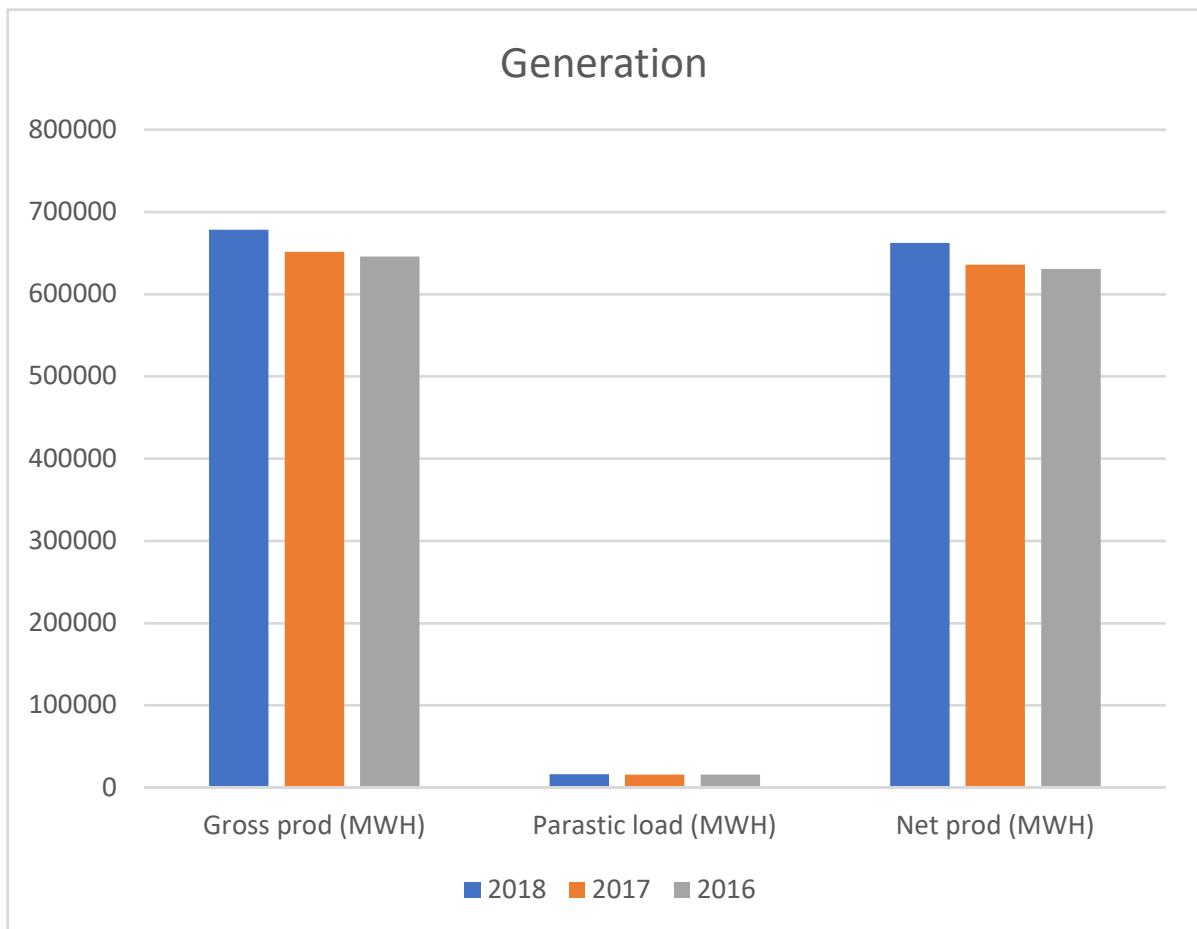


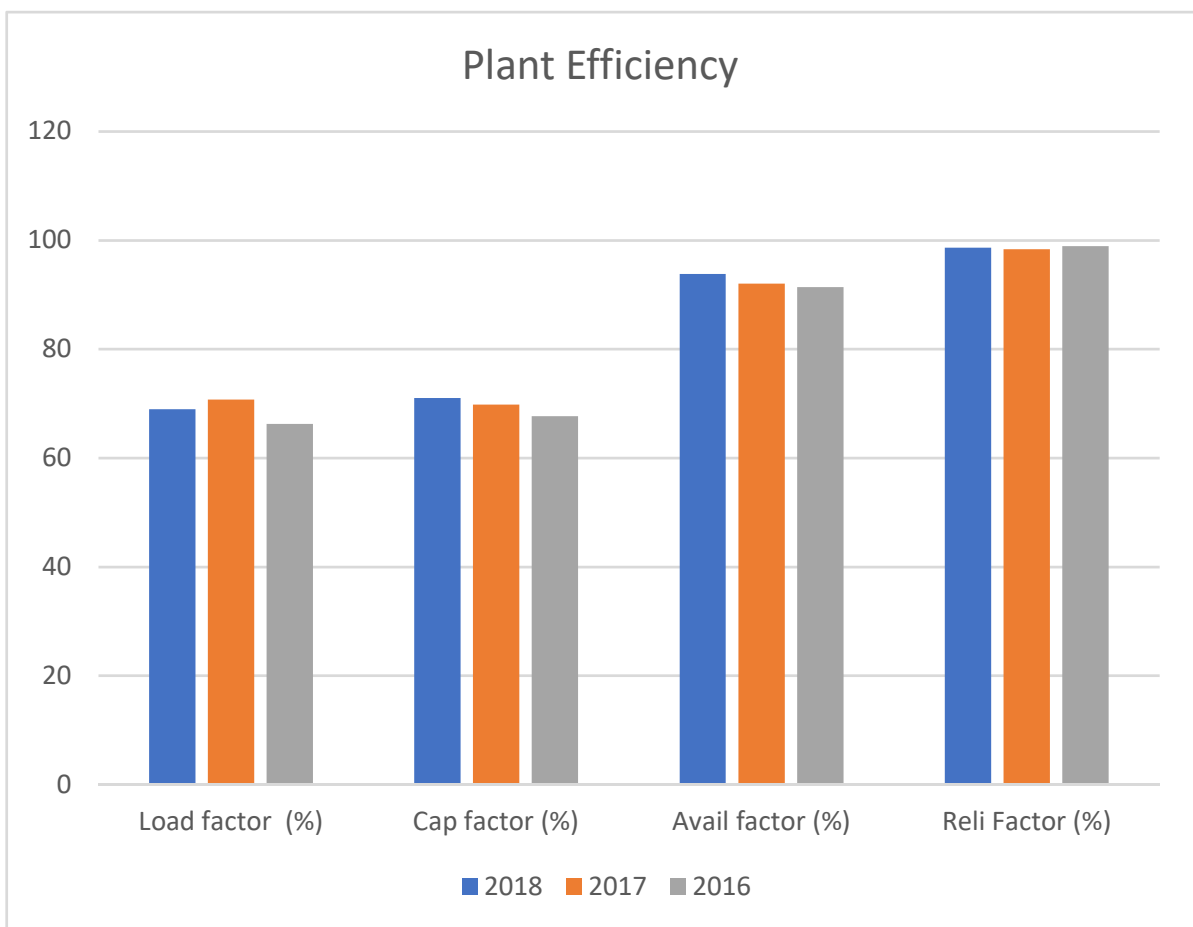
Full-year 2018 revenue was GYD2.67B, an increase of 16% compared with 2017 revenues of GYD2.31B and was primarily due to the contractual escalation of OMA fees to compensate for forward movements of the CPIs for USA and Europe, jurisdictions from where most of the major maintenance spares and ancillary services are sourced. EBIT for 2018 increased from GYD385.7M in 2017 to the 2018 figure of GYD415.4M, an increase of 7.7%. Overall, the Company's financial position remains robust with shareholders equity increasing from GYD277.2M to GYD554.3M, mostly due to the 2018 profit garnered, an overall increase of 100%. Other than supplier credit, the company primarily funds itself from working capital generated from trading operations conducted with its main customer, the Guyana Power and Light Inc.



KEY PERFORMANCE INDICATORS

Technical





Load Factor: The load factor in 2017 was greater than that of 2018. From Jan- Mar 2018 was higher

but from Apr to Dec, the load factor was lower than 2017.

Availability: Availability in 2018 is higher than 2017 by more than 1.5%

Reliability: Reliability factor was greater in 2018 by approx. 0.4%

Mean Time Between Failures: MTBF for 2018 is less than 2017 by approx. 20 hours



CHAIRMAN'S REPORT

2018 represented the second full year of operation of the Power Producers and Distributors Inc (PPDI). PPDI is a state-owned enterprise engaged to operate and maintain 106 megawatts out of the Guyana Power and Light Inc's (GPL) total capacity, making it a major player in Guyana's power sector.

The company's performance during 2018 was stellar and surpassed the benchmarks established in the previous year.

Company's Operating Performance

Income for 2018 was G\$2.67B. Profit before taxes was \$415M and profit after taxes was G\$297M.

The company was able to complete all maintenances – both engine and auxiliary – planned for the year. Most notably, eight (8) major overhauls were completed

The company surpassed all the performance guarantees given to its client, GPL, in the areas of plant availability, plant lube oil consumption and plant heat rate. Additionally, plant reliability was 98.82%.

As far as occupational health and safety and environmental (HSE) issues are concerned, there were zero loss time accidents and there were no environmental spills beyond the perimeter fence of the plants.

ISO 9001 Certification was received in November 2018 and it is indicative of a firm commitment to quality service and continuous improvement in our operations.

Corporate Governance

The four (4) sub-committees of the Board previously established by the Directors, namely Audit and Finance, Human Resources, Technical and Tenders and Procurement continued to execute their mandate dutifully. All the sub-committees continue to be chaired by Directors. These sub-committees were active and contributed meaningfully to the prudent management of the company.

The internal auditor continues to execute his functions as per the Audit Charter.

Management and Staff

The management and staff of PPD I continue to accomplish their mandate, overcoming all challenges presented in the course of operating and maintaining the power plants. The management and staff, by their performance, continue to vindicate the government's decision to replace Wartsila Operations Guyana Inc.

Future Outlook

The goal of becoming an independent power producer remains an important strategic objective of PPD I. In the interim, the company

remains focused on becoming the operations and maintenance service provider for all state-owned power generating facilities. The company will place emphasis on the development of solar power in accordance Green State Development Strategy.

Acknowledgements

I wish to express my sincere thanks to the members of the Board of Directors, Management and Staff who served PPD I during 2018, and for their contribution to the performance of the company. I would also like to express my appreciation to the management and staff of our client, GPL, for continuing to work in tandem with PPD I to improve the power sector in Guyana.

I also wish to express our appreciation for the guidance and support received and continue to receive from our subject Minister, Hon. David Patterson, MP, Minister of Public Infrastructure and the staff of the Ministry.



Mark A. Bender
Chairman
Board of Directors

Mark Bender

Chairman of the
Board of Directors

Dr. Arron M. Fraser

Chief Executive Officer

Amanza Walton-Desir

Director

Elwyn Marshall

Director



BOARD OF DIRECTORS

Kenneth Jordan

Director

Verlyn Klass

Director

Paul Chan-A-Sue

Director

Ronald Burch-Smith

Director

Stephen Fraser

Director



MANAGEMENT TEAM



Colin Roberts

Technical Advisor
Operations / Maintenance

Gary Hall

DCEO
Human Resource /
Administration

Brian Sukhai

DCEO
Finance / Accounting



Brian Goodridge

DCEO
Operations / Maintenance



Dr. Arron M. Fraser

Chief Executive Officer

HR REVIEW

Human Resources (HR) review for 2018, saw great emphasis placed on the development and enhancement of our human capital with investments in training – both local and overseas – for technical and non-technical team members. Training Hours amounted to 5,430.5 Man Hours or an average of 38 hours of training per team member for 2018. Other significant achievements included, the sitting of PPDI Technical Qualifications examinations for Plant Technicians Grades 1 to 4, launching of PPDI eLearning Platform, the reclassification of 17 Custodians to Plant

Attendants and the provision of basic engine and operations training for 13. Provision of scholarships to the University of Guyana for 7 employees as well a scholarship to the University of Aberdeen (online) in the study of Alternative energy and the signing of a MOU with the University of Guyana and the provision of GYD1.5M per year for the life of the MOU towards their programs. Efforts at improving employee engagement saw the implementation of an Employee Satisfaction Survey (ESS).





First Lady Mrs. Sandra Granger and Dr. Arron M. Fraser at the Domestic Violence Seminar. Inset: Part of the audience

CORPORATE SOCIAL RESPONSIBILITY

FIRST LADY FACILITATES CONVERSATION ON DOMESTIC VIOLENCE

Speaking to an audience of predominantly male participants, Mrs. Granger said that domestic violence remains a challenge in Guyana as she provided statistics and shared experiences in an effort to sensitize the audience on the severity of the issue in Guyana.

She noted that women deserve to be treated with respect and males, whether a spouse, brother, father or other relative or non-relative must become more conscious of how they approach the matter of domestic violence. The First Lady said that in many instances, many Guyanese maintain a traditional “don’t get involved” approach and this must be changed.

Chief Executive Officer, Dr. Arron Fraser,

explained that the organisation noted that the issue has become a topic of concern, particularly in the past few months and felt that action had to be taken. “We’ve recognized that it’s a prevalent ill in society so we thought that we should be proactive and deal with the issue head on instead of being reactive and waiting until one of our employees suffers from domestic abuse or perpetuates domestic abuse so that was the objective of having the First Lady speak on this topic today,” he shared.

Mrs. Granger also engaged the audience in a question and answer segment where staff members were afforded the opportunity to ask her questions and share comments related to the topic of discussion.



CORPORATE SOCIAL RESPONSIBILITY

Power company, UG sign partnership pact

THE University of Guyana (UG) and the Power Producers and Distributors Incorporated (PPDI) have formalized a partnership with the signing of an Academic Collaboration Agreement.

As part of the agreement, the power company among other things has committed to donate \$1.5M annually to assist final-year engineering students with their research and projects. The first cheque was handed over on Wednesday at the Vice-Chancellor's Office, Turkeyen Campus, by PPDI Chief Executive Officer (CEO), Dr Arron Fraser to

the university's Deputy Vice-Chancellor (Academic Engagement), Professor Michael Scott, following the signing of the agreement.

The Academic Collaboration Agreement provides for five baccalaureate engineering students to undergo 10 months of industrial training at the PPDI on a yearly basis. Additionally, under the agreement, UG will collaborate with the power company to design special engineering courses. PPDI will also make available its workshop facilities for use by the university.



NOTABLE ACHIEVEMENTS

ISO Certification

PPDI gained certification through the Professional Evaluation and Certification Board (PECB), which is an International Accreditation Service (IAS) accredited certification body for individuals, management systems and products on a wide range of international standards. As a global provider of audit and certification services, as well as training and examination services, PECB offers its expertise in multiple fields, including quality management systems, information security, business continuity, service management, risk management, health, safety and environment.

Chief Executive Officer of PPDI, Dr Arron Fraser, in his address, said the ISO 9001 certification was a milestone for PPDI, since the organisation had achieved much in a short period of time. He said that the process was “important and critical” for the company.

The ISO 9000 family of quality management systems standards is designed to help organisations ensure that they meet the needs of customers and other stakeholders, while meeting statutory and regulatory requirements, related to a product or service.

PPDI Honoured for exhibiting best OS&H practices in 2018



Organisations and individuals were awarded for satisfying the established criteria which included the Safety and Health Committee, individual/ worker, young worker and special awards.

Minister of Social Protection, Amna Ally in her feature address stressed that companies need to recognize that investment in workplace safety and health is good for both the workers and their businesses.

FUN EVENTS





Staff Funday



Kite Flying



Kite Flying



WE ARE PPD!

**Positively Shaping Guyana's Future
One Megawatt at a Time**



**Power Producers & Distributors
INCORPORATED**

APPENDIX





Audit Office of Guyana

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

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

356/SL: 66/1/2019

9 August 2019

Dr. Arron Fraser
Chief Executive Officer
Power Producers & Distributors Inc.
Mudlot, Water Street, Kingston
Georgetown.

Dear Dr. Fraser,


AUDIT OF THE FINANCIAL STATEMENTS OF THE
POWER PRODUCERS & DISTRIBUTORS INC.
FOR THE YEAR ENDED 31 DECEMBER 2018

We wish to inform you that the above-mentioned audit has been completed. Accordingly, we are pleased to forward three (3) copies of the audited financial statement, together with the Report of the Auditor General and the Management Letter, thereon.

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

With kind regards.

Yours sincerely,


Chandrawattie Samaroo
Audit Manager
For Auditor General



Audit Office of Guyana

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

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AG: 78/2019

9 August 2019

REPORT OF THE AUDITOR GENERAL
TO THE BOARD OF DIRECTORS
OF POWER PRODUCERS AND DISTRIBUTORS INC.
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

I have audited the financial statements of Power Producers and Distributors Inc. (PPDI), which comprise the statement of financial position as at 31 December 2018, the statement of profit and loss and other comprehensive income, statement of changes in shareholder's equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Power Producers and Distributors Inc. as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IRFSs).

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.

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 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 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 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

Power Producers & Distributors Inc

Statement of Financial Position As at December 31, 2018

	Notes	2018	2017
Property, plant and equipment	4 (a)	26,922,768	14,312,489
Intangible Assets - Software	4 (b)	2,843,336	5,780,308
Total non-current assets		29,766,105	20,092,797
Inventories		684,956,041	464,098,793
Prepayment - Advance to Suppliers		277,507,007	65,985,870
Account receivables	5	109,469,771	72,213,076
Cash and Cash Equivalents	6	277,078,196	186,703,550
Total current assets		1,349,011,015	789,001,289
TOTAL ASSETS		1,378,777,120	809,094,086
Stated capital	7	-	-
Retained earnings		554,305,400	277,170,107
Total shareholder's equity		554,305,400	277,170,107
Account payables	8	738,935,809	378,680,245
Related party payable	9	53,394,651	44,675,361
Provision for taxation		12,739,353	108,568,373
Dividends Payable	2 (h)	19,401,907	-
Total current liabilities		824,471,720	531,923,979
TOTAL EQUITY AND LIABILITIES		1,378,777,120	809,094,086

These financial statements have been approved by the Board of Directors on _____:



Director



Director

The notes on pages 9 to 14 form an integral part of these financial statements.

Power Producers & Distributors Inc

Statement of Profit or Loss and Other Comprehensive Income For the year ended December 31, 2018

	Notes	2018 C\$	2017 C\$
Operating and maintenance revenue		2,673,396,863	2,310,349,389
Exchange losses		7,875,846	2,661,596
Operating expenses	10	1,721,927,067	1,477,102,422
General and administrative expenses	11	528,239,314	444,846,891
Operating profit		415,354,636	385,738,480
Profit before taxation		415,354,636	385,738,480
Taxation	2 [(j) and (k)]	118,817,437	108,568,373
Profit for the year		296,537,200	277,170,107

The notes on pages 9 to 14 form an integral part of these financial statements.

Power Producers & Distributors Inc

Statement of Changes in Shareholder's Equity For the year ended December 31, 2018

	Stated capital C\$	Retained earnings C\$	Total C\$
Balance as at January 1, 2017		-	-
Net profit for the year 2017		277,170,107	277,170,107
Balance as at December 31, 2017	-	277,170,107	277,170,107
Net profit for the year 2018		296,537,200	296,537,200
Dividends		(19,401,907)	(19,401,907)
Balance as at December 31, 2018	-	554,305,400	554,305,400

The notes on pages 9 to 14 form an integral part of these financial statements.

Power Producers & Distributors Inc

Statement of Cash Flows

For the year ended December 31, 2018

	Notes	2018 C\$	2017 C\$
Cash flows from operating activities			
Profit before taxation		415,354,636	385,738,480
Adjustments for:			
Depreciation		4,774,949	2,305,597
Amortisation		2,038,972	1,234,604
Loss on Disposal		246,190	-
Operating profit before changes in working capital		422,414,747	389,278,681
Net changes in working capital	13	(100,660,226)	(178,942,133)
Net cash flows from operating activities		321,754,521	210,336,548
Taxes paid		(214,646,457)	-
Cash flows from investing activities			
Acquisition of property, plant and equipment		(16,793,417)	(16,618,086)
Acquisition of intangible asset		-	(7,014,912)
Proceeds from Disposal		60,000	-
Net cash flows from investing activities		(231,379,874)	(23,632,998)
Cash flows from financing activities			
Dividends paid		-	-
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents		90,374,646	186,703,550
Cash and cash equivalents at January 1		186,703,550	-
Cash and cash equivalents at December 31		277,078,196	186,703,550
Analysis of cash and cash equivalents as shown on balance sheet			
Cash in hand		615,000	200,000
Bank		276,463,196	186,503,550
Cash and cash equivalents		277,078,196	186,703,550

The notes on pages 9 to 14 form an integral part of these financial statements.

Power Producers & Distributors Inc

Notes to the Financial Statements

For the year ended December 31, 2018

1. Incorporation and business activities

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

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

The company's revenue is primarily based on services provided under an Operating and Maintenance Agreement dated December 01, 2017 which is scheduled to run up to December 31, 2019.

2. Summary of significant accounting policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are stated in Guyana Dollars. These financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions. Actual results could differ from those estimates. Significant accounting judgements and estimates in applying PPDI's accounting policies have been described.

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards, and have been prepared under the historical cost convention.

(b) Reporting currency

The Company's functional currency is Guyana Dollars. These financial statements are prepared and presented in the functional currency.

Foreign currency transactions during the year are translated to Guyana Dollars at the exchange rates ruling at the date of the transactions.

(c) 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 represent accumulated benefits for staff contract to date and contractually will be paid at the end of the current Operating and Maintenance Agreement with GPL. The company will in 2019 explore options for the roll out of a longer term pension plan arrangement.

(d) Account receivables

Account receivables are stated at original invoice amount less provision for impairment of these receivables. 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.

(e) Inventories

Inventories which comprise of consumable spares are valued at the lower of cost and net realisable value. Unit cost is determined using the First in First Out (FIFO) 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.

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is pro-rated in the year of acquisition and disposal. Depreciation is calculated using the straight line basis as below to write off the cost of the assets over their expected useful lives:

Machinery and Equipment	5 Years
Office Equipment and Furniture	5 Years
Tools	5 Years

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

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

Power Producers & Distributors Inc

Notes to the Financial Statements

For the year ended December 31, 2018

2. Summary of significant accounting policies (Cont'd)

(g) Intangible Assets

Intangible Assets comprise of the various software that the company utilises to support its core business activities. They are stated at historical cost less accumulated ammortisation. Amortisation is pro-rated in the year of acquisition and disposal. Amortisation is provided using the following principal rate on the straight line basis to write off the cost of the assets over

Software 3 Years

(h) Revenue recognition

Revenue is measured at the fair value of consideration receivable. Revenue is charged based on the actual Megawatts of electricity produced and is thus variable as it depends on the availability of electricity generation. No revenue is recognised until delivery to the customer.

(i) Dividends

Dividends that are proposed and declared during the period are accounted for as an appropriation of retained earnings in the statement of changes in equity. Dividends of CYD19,401,907 represent 7% of 2017 after tax profits.

(j) Pension Contribution

The company contributes 5% of the employees' basic salary, as a form or retirement saving for the employee.

(k) Taxation

	<u>2018 - C\$</u>	<u>2017 - C\$</u>
Net Accounting Profit	415,354,636	385,738,480
Add:		
<u>Expenses Not Allowed</u>		
Amortisation	-	1,234,604
Depreciation	4,774,948	2,305,597
Gains and Profits from Trade	<u>420,129,585</u>	<u>389,278,681</u>
Less: Wear and Tear Allowances	6,401,577	5,364,896
Net Chargeable Profit	<u>413,728,008</u>	<u>383,913,785</u>
Corporation Tax @ 27.5%	<u>113,775,202</u>	<u>105,576,291</u>
Corporation Tax Payable	<u>113,775,202</u>	<u>105,576,291</u>

Power Producers & Distributors Inc

Notes to the Financial Statements

For the year ended December 31, 2018

2. Summary of significant accounting policies (Cont'd)

(l) Taxation

	G\$	G\$	G\$	G\$
	<u>Net Asset Value</u>	<u>Property Tax Value</u>	<u>Net Asset Value</u>	<u>Property Tax Value</u>
Current Assets				
Cash and Cash Equivalents	277,078,196	277,078,196	186,703,550	186,703,550
Account Receivables	109,469,771	109,469,771	72,213,076	72,213,076
Inventories	962,463,049	962,463,049	530,084,663	530,084,663
Total Current Assets	1,349,011,016	1,349,011,016	789,001,289	789,001,289
Current Liabilities				
Accounts Payable	738,937,594	678,978,164	378,680,245	348,649,590
Related Party Payable	53,394,651	53,394,651	44,675,361	44,675,361
Provision for taxation	12,535,412	-	-	-
Dividends Payable	19,401,907	19,401,907	-	-
Total Current Liabilities	824,269,564	751,774,722	423,355,606	393,324,951
Non Current Assets				
Property, Plant and Equipment	29,563,493	28,194,800	20,092,797	18,267,902
Total Non Current Assets	29,563,493	28,194,800	20,092,797	18,267,902
Net Property Value	554,304,945	625,431,094	385,738,480	413,944,240
Property Tax Calculation				
First \$10,000,000- Nil	-	-	-	-
Next \$15,000,000- 0.5%	75,000	-	75,000	-
Remainder- 0.75%	4,503,233	-	2,917,082	-
Property Tax Assessed YA 2018	4,578,233	-	2,992,082	-

Power Producers & Distributors Inc

Notes to the Financial Statements

For the year ended December 31, 2018

3. Critical accounting judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenue and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events, actual results could differ from those estimates.

Critical Judgements in Applying the Entity's Accounting Policies

Management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

(a) Major maintenance

Major maintenance expenditure on plant managed by the Company are charged to income in the year when such expenditure is incurred since such plant is not owned by the Company.

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(a) Property, Plant and Equipment

	C\$	C\$	C\$	C\$
	Machinery and Equipment	Tools	Office Equipment and Furniture	Total
Cost				
Cost as at January 01, 2018	487,920	886,723	15,243,443	16,618,086
Additions	8,883,625	1,008,656	6,901,136	16,793,417
Reclassification	-	-	898,000	898,000
Disposals	-	-	(450,962)	(450,962)
As at December 31, 2018	9,371,545	1,895,379	22,591,617	33,858,542
Accumulated Depreciation				
As at January 01, 2018	37,383	76,768	2,191,445	2,305,597
Current year Depreciation	556,911	276,479	3,941,559	4,774,949
Written back on disposals	-	-	(144,772)	(144,772)
As at December 31, 2018	594,294	353,247	5,988,232	6,935,773
Net Book Values as at December 31, 2018	8,777,251	1,542,132	16,603,385	26,922,768
Net Book Values as at December 31, 2017	450,537	809,955	13,051,998	14,312,489

Power Producers & Distributors Inc

Notes to the Financial Statements

For the year ended December 31, 2018

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(b) Intangible Assets

Cost	C\$	C\$
	Intangible Assets	Total
Cost as at January 01, 2018	7,014,912	7,014,912
Additions	-	-
Reclassification	(898,000)	(898,000)
Disposals	-	-
As at December 31, 2018	6,116,912	6,116,912
Accumulated Amortisation		
As at January 01, 2018	1,234,604	1,234,604
Current year Amortisation	2,038,972	2,038,972
	-	-
As at December 31, 2018	3,273,576	3,273,576
Net Book Values as at December 31, 2018	2,843,336	2,843,336
Net Book Values as at December 31, 2017	5,780,308	5,780,308

5. Account receivables

	C\$	C\$
Current Receivables		
Trade receivables	105,157,243	71,018,348
Other receivables	4,312,527	1,194,728
Total	109,469,771	72,213,076

Trade receivable solely represents the net amounts receivable from GPL for services provided under the Operation & Maintenance Agreement, inclusive of interest.

Power Producers & Distributors Inc

Notes to the Financial Statements

For the year ended December 31, 2018

6 Cash and Cash Equivalents	2018	2017
(a) Cash on hand	615,000	200,000
(b) Demand deposit - GYD Current Account at Scotiabank (Bank Account # 115352)	96,664,632	186,283,712
(c) Demand deposit - USD Bank account at Scotiabank (Bank Account # 10040636)	105,418,379	219,838
(d) Demand deposit - GYD Savings Account at Scotiabank (Bank Account # 10041739)	74,380,185	-
Total	277,078,196	186,703,550

- (a) This represents the petty cash float operated by the company.
 (b) This represents a non-interest bearing corporate chequing account held primarily for GYD transactional purposes.
 (c) This represents an interest bearing account primarily held to effect payments to overseas suppliers.
 (d) This represents an interest bearing account used to park accrued employee benefits contract to date.

7 Stated Capital	2018	2017
No ordinary shares has been Authorized for Issue at time of reporting	-	-

The company is a state entity under direct control of the Ministry of Public Infrastructure.

8 Account Payables

(a) Current payables	2018	2017
Trade payables	310,903,461	231,413,003
Other payables	141,732,225	117,945,787
VAT payable	59,959,430	29,321,455
Total	512,595,116	378,680,245

(b) Unrealised Revenue	205,903,926	-
O&M Unearned Income	20,436,767	-
	226,340,693	-

Unrealised revenue represents advance income for January 2019 which was paid in December 2018 in keeping with the current Operating and Maintenance Agreement which allows for advance payments from GPL based on budgeted generation. Actual Generation for December 2018 was less than budgeted generation for December 2018, hence Unearned Income resulted from the

9 Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

(a) Related party balances (due by)/owed to	2018	2017
GPL	53,394,651	44,675,361
Total	53,394,651	44,675,361

Power Producers & Distributors Inc

Notes to the Financial Statements For the year ended December 31, 2018

9 Related Parties (Cont'd)

(b) Key Management Personnel

In 2017, key management personnel comprised of the Chief Executive Officer, three (3) Deputy Chief Executive Officers and two (2) Technical Advisors.

In 2018, key management personnel comprised of the Chief Executive Officer, three (3) Deputy Chief Executive Officers and one (1) Technical Advisor.

Remuneration paid to the key management personnel was as follows:

	2018	2017
(i) Short-term employee benefits	<u>124,480,122</u>	<u>127,875,481</u>

(ii) Directors Remuneration

Amounts represents fee paid to individuals in respect of their services as Directors (not included in key management personnel abc

	2018	2017
Chairman	360,000	300,000
Executive Director	258,000	215,000
Non-Executive Director	<u>1,290,000</u>	<u>1,268,500</u>
	<u>1,908,000</u>	<u>1,783,500</u>

Mr. Mark Bender - Chairman
Dr. Arron M. Fraser - CEO
Mr. Kenneth Jordan - Director
Mr Paul Chan a Sue - Director

Ms. Verlyn Klass - Director
Mrs. Amanza Walton - Desir- Director
Mr. Ronald Burch-Smith - Secretary

Mr. Stephen Fraser - Director
Mr. Harryram Parmesar - Director
Mr. Elwyn Marshall - Director

Mr Harryram Parmasar resigned from the Board effective on 17 January 2018. Mr. Paul Chan Sue and Mr. Elwyn Marshall were appointed to the Board effective 01 August 2018 and 03 September 2018 respectively

Power Producers & Distributors Inc

Notes to the Financial Statements For the year ended December 31, 2018

10 Operating expenses	2018	2017
Chemicals consumption	14,026,885	3,981,659
Depreciation - machinery and equipment	556,911	37,383
Depreciation - Tools	276,479	76,768
Direct labour	669,386,596	646,064,457
Engineering and consultants fees	101,789,180	51,436,692
Freight charges	56,053,598	54,797,183
Fuel & Lube Oil Analysis	8,895	172,518
Other plant expenses	33,369,078	27,291,873
Repairs and maintenance - spare parts for engine and auxiliary	762,849,870	617,049,058
Repairs and maintenance - plant	2,301,779	12,893,797
Safety systems and equipment	15,834,570	13,852,305
Security services	38,812,646	34,433,328
Technical training	24,821,627	10,329,419
Non Capital Tools	1,838,952	4,685,982
Total	1,721,927,067	1,477,102,422
11 General and administrative expenses	2018	2017
Bank charges	4,024,010	3,036,127
Cleaning and sanitation	6,474,460	8,757,154
Courier and postage	-	7,000
Marketing Expenses	3,500,337	5,404,973
Depreciation - office Fixtures & Furniture	3,941,560	2,191,445
Amortisation - Software	2,038,972	1,234,604
Directors Renummerations	2,460,000	1,783,500
Donations	8,205,952	3,250,206
Employment costs	375,824,245	336,662,545
Other Administrative Expenses	9,962,875	7,849,573
Insurance	14,178,525	13,414,639
Legal and professional fees	-	3,019,300
IT Expenses	7,012,947	4,635,336
Office supplies and stationery	14,954,140	15,293,875
Repairs and maintenance - vehicles	1,169,308	1,126,090
Repairs and maintenance - office equipment	3,007,301	2,402,845
Staff welfare	20,624,293	13,299,472
Subscriptions and dues	6,096,430	2,215,824
Telephone	8,924,098	8,168,293
Training and seminars	10,637,840	4,426,894
Travel	17,413,465	5,167,194
Auditors Fees	-	1,500,000
Stock Write-off	7,788,557	-
Total	528,239,314	444,846,891
12 Net Changes in Working Capital	2018	2017
Increase in inventories	(220,857,248)	(464,098,793)
Increase in Prepayment - Advance to Suppliers	(211,521,137)	(65,985,870)
Increase in account receivables	(37,256,695)	(72,213,076)
Increase in account payables	360,255,564	378,680,245
Increase in related party payables	8,719,290	44,675,361
Net cash inflows / (outflows)	(100,660,226)	(178,942,133)

Notes

Notes



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