AUDITED FINANCIAL STATEMENTS OF THE GUYANA WATER INCORPORATED

FOR THE YEAR ENDED 31 DECEMBER 2016

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

AUDITORS: AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

AUDITED FINANCIAL STATEMENTS OF THE
GUYANA WATER INCORPORATED
FOR THE YEAR ENDED 31 DECEMBER 2016

TABLE OF CONTENTS

Audit Office of Guyana
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166/PC: 80/1/2018 9 April 2018

Mr. Clifton Nigel Hinds
Chairman - Board of Directors
Guyana Water Incorporated
Vlissengen Road and Church Street,
Bel Air Park
Georgetown.

Dear Mr. Hinds,

AUDIT OF THE BOOKS AND ACCOUNTS OF THE
GUYANA WATER INCORPORATED
FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

With best regards.

Yours sincerely,

AUDIT OFFICE OF GUYANA

Nichette Harcourt

Nichette Harcourt
Audit Manager (ag.)
for Auditor General

Audit Office of Guyana

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AG: 129/2018 9 April 2018

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE GUYANA WATER INCORPORATED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion

Chartered Accountants Maurice Solomon & Company have audited on my behalf the financial statements of Guyana Water Incorporated, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 29.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guyana Water Incorporated as at 31 December 2016, 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 Institution (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 the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 7 of the financial statements which shows the Company's Trade Receivables as $4,841,729,149 for the year ended 31 December 2016 and $4,850,516,896 in respect of the previous year.

For the year ended 31 December 2016, Trade Receivables represent 14% of total assets of the company and 13% for the previous year. Further, such Trade Receivables were 140% of the total operating income of the year 2016, and 134% of the total operating income of the year 2015.

Such recurring high levels of Trade Receivables indicate there is a degree of uncertainty to whether these debts may be collectible and may cast significant doubt about the policies and procedures used for the debt collection.

My opinion is not modified in respect of this matter.

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 International Financial Reporting Standards, and the Companies Act 1991 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
OF GUYANA

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

REPORT OF THE CHARTERED ACCOUNTANTS
MAURICE SOLOMON& CO.
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA WATER INCORPORATED
FOR THE YEAR ENDED 31 DECEMBER 2016

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Guyana Water Incorporated which comprise the statement of financial position as at 31 December, 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year ended 31 December, 2016 and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 29.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, 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 Statements section of our report. We are independent of the Guyana Water Incorporated in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these 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 Note 7 of the financial statements which shows the Company's Trade Receivables as $4,841,729,149 for the year ended 31 December 2016 and $4,850,516,896 in respect of the previous year.

For the year ended 31 December 2016, Trade Receivables represent 14% of total assets of the company and 13% for the previous year. Further, such Trade Receivables were 140% of the total operating income of the year 2016, and 134% of total operating income of the year 2015.

Such recurring high levels of Trade Receivables indicate there is a degree of uncertainty to whether these debts may be collectible and may cast significant doubt about the policies and procedures used for debt collection.

Our opinion is not modified in respect of this matter.

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 International Financial Reporting Standards, Companies Act 1991 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

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 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 International Standards on Auditing, 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 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 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 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.

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.

....

Maurice Solomon & Co.
Chartered Accountants
April 6, 2018

GUYANA WATER INC.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016	2015
ASSETS		**G$**	**G$**
NON - CURRENT ASSETS:			
Property, plant and equipment	3	23,492,494,021	23,990,314,540
Intangible assets	4	13,972,812	83,858,068
Capital work in progress	5	3,861,307,361	2,814,542,933
Fixed deposit investments	9	1,206,857,990	1,176,857,143
Total Non-Current Assets:		**28,574,632,184**	**28,065,572,684**
CURRENT ASSETS			
Inventories	6	1,118,833,405	1,211,101,347
Accounts receivables	7	4,841,729,149	4,850,516,896
VAT receivable	8	127,824,932	71,693,453
Cash and cash equivalents	9	657,868,903	1,799,413,911
Total Current Assets		**6,746,256,389**	**7,932,725,607**
TOTAL ASSETS		**35,320,888,573**	**35,998,298,291**
EXTERNAL FUNDINGS			
External Funding -Government of Guyana Counterpart	10	14,782,011,399	14,253,440,896
External Funding -Department for International Development	10	396,229,695	462,083,631
External Funding - World Bank	10	2,233,257,604	2,379,009,207
External Funding -Inter- American Development Bank	10	6,178,227,796	6,233,191,217
External Funding -European Union	10	8,754,884	9,668,420
External Funding -Japan International Cooperation Agency	10	1,794,976,546	1,963,613,986
TOTAL EXTERNAL FUNDING		**25,393,457,924**	**25,301,007,357**
SHAREHOLDERS' EQUITY			
Share capital	11	8,825,300	8,825,300
Additional share capital	11	3,372,346,395	3,372,346,395
Revaluation reserve		1,892,206,079	1,892,206,079
Retained earnings		1,055,887,843	2,223,236,237
TOTAL SHAREHOLDERS' EQUITY		**6,329,265,617**	**7,496,614,011**
TOTAL EXTERNAL FUNDING AND SHAREHOLDERS' EQUITY		**31,722,723,541**	**32,797,621,368**
NON CURRENT LIABILITIES:			
Deferred income from other funding sources		**307,468,582**	**305,404,280**
CURRENT LIABILITIES:			
Trade and other payables	12	1,308,573,284	1,144,010,371
Deferred billings	13	77,988,597	76,161,794
Taxation payable	14	1,904,134,569	1,675,100,478
Total Current Liabilities		**3,290,696,450**	**2,895,272,643**
TOTAL EQUITY AND LIABILITIES		**35,320,888,573**	**35,998,298,291**

The Board of Directors approved these financial statements for issue on April 6,2018

p/CHAIRMAN — DIRECTOR

The notes on pages 8 to 29 form an integral part of these financial statements.

GUYANA WATER INC.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 G$	2015 G$
Operating Income			
Measured water supply	15	2,123,067,191	2,360,859,441
Unmeasured water supply		1,315,471,419	1,256,667,204
Total Operating Income		**3,438,538,610**	**3,617,526,645**
Operating Expenses			
Employment costs	16	1,554,190,375	1,207,593,561
Depreciation and amortisation		1,351,747,300	1,739,544,821
Director's fees	17	1,056,000	1,082,000
Administrative expenses	18	294,318,926	190,437,303
Audit and professional fees		8,253,665	7,520,600
Premises costs	19	3,133,526,473	2,733,935,717
Rates and taxes		529,078	581,664
Bad debts write off		-	495,761,661
Adjustment to prior year income	20	336,960,471	453,134,596
Transport costs	21	112,128,564	63,036,261
Supplies and services costs	22	1,259,352,889	596,974,536
Provision for slow moving stock	6	-	81,038,384
Total Operating Expenses		**8,052,063,741**	**7,570,641,104**
Operating Expenses For The Year		**(4,613,525,131)**	**(3,953,114,459)**
Other Income	23	2,513,958,221	2,134,960,094
Gain/(Loss) on disposal of assets		(237,033)	389,725
Reduction/ (increase) in the provision for bad debts		(35,936,789)	2,223,702,492
Interest Income		49,044,571	44,481,256
Withholding tax		(9,809,064)	(8,895,249)
Deferred income -amortisation of government grants	10	1,158,190,921	1,087,452,146
Net Profit/ (Loss) Before Taxation		**(938,314,304)**	**1,528,976,006**
Taxation		(229,034,090)	(244,422,505)
Net comprehensive income / (loss) for the year attributable to shareholder's equity		**(1,167,348,394)**	**1,284,553,500**
Basic Earnings/(Loss) Per Share	25	(132)	146

The notes on pages 8 to 29 form an integral part of these financial statements.

GUYANA WATER INC.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

For the year ended 31 December 2016	Share Capital G$	Additional Paid -in-Capital G$	Retained Earnings G$	Revaluation Reserve G$	Total G$
As at beginning of year	**8,825,300**	**3,372,346,395**	**2,223,236,237**	**1,892,206,079**	**7,496,614,011**
Total comprehensive loss	-	-	(2,325,539,315)	-	(2,325,539,315)
Deferred income -amortisation of government grants	-	-	1,158,190,921	-	1,158,190,921
Net loss for the year	-	-	(1,167,348,394)	-	(1,167,348,394)
As at end of year	**8,825,300**	**3,372,346,395**	**1,055,887,843**	**1,892,206,079**	**6,329,265,617**
For the year ended 31 December 2015					
As at beginning of year	**8,825,300**	**3,372,346,395**	**938,682,737**	**1,892,206,079**	**6,212,060,511**
Total comprehensive profit	-	-	197,101,354	-	197,101,354
Deferred income -amortisation of government grants	-	-	1,087,452,146	-	1,087,452,146
Net profit for the year	-	-	1,284,553,500	-	1,284,553,500
As at end of year	**8,825,300**	**3,372,346,395**	**2,223,236,237**	**1,892,206,079**	**7,496,614,011**

The notes on pages 8 to 29 form an integral part of these financial statements.

GUYANA WATER INC.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 G$	2015 G$
OPERATING ACTIVITIES:		
Profit/ (Loss) for the year	**(1,167,348,394)**	**1,284,553,500**
Adjustments to reconcile net (loss) / profit to net cash provided by operating activities:		
Depreciation and amortisation	1,351,747,300	1,739,544,821
(Loss)/Gain on disposal of property and equipment	237,033	(389,725)
Adjustment of receivables	336,960,471	948,896,257
(Reduction)/Increase in the provision for bad debts	35,936,789	(2,223,702,492)
Provision for slow moving stock	-	81,038,384
Government subsidy for electricity charges from the Guyana Power & Light Inc.	(1,838,610,100)	(1,738,615,541)
Amortisation of government grants	(1,158,190,921)	(1,087,452,146)
Interest income	(49,044,571)	(44,481,256)
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	**(2,488,312,393)**	**(1,040,608,198)**
(Increase) /Decrease in inventories	92,267,942	(273,842,737)
(Increase) in accounts receivables	(420,240,992)	(317,787,283)
Increase in trade and other payables	395,423,807	413,462,462
CASH ABSORBED FROM OPERATIONS	**(2,420,861,636)**	**(1,218,775,756)**
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	**(2,420,861,636)**	**(1,218,775,756)**
INVESTING ACTIVITIES:		
Interest income	47,893,722	14,989,949
Investment in non-current assets	(509,552,346)	(380,751,504)
Investment in capital work in progress	(1,321,490,637)	(1,492,687,063)
Investment in certificate of deposit	(30,000,847)	(500,000,000)
Proceeds from disposal of non current assets	-	5,766,494
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	**(1,813,150,108)**	**(2,352,682,124)**
FINANCING ACTIVITIES:		
Contribution from Government of Guyana	1,157,623,000	504,108,182
Contribution from Inter-American Development Bank	94,169,334	648,641,734
Government subsidy for electricity charges from the Guyana Power & Light Inc.	1,838,610,100	1,738,615,541
Other funding received	2,064,302	127,870,753
NET CASH INFLOWS FROM FINANCING ACTIVITIES	**3,092,466,736**	**3,019,236,210**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,141,545,008)**	**(552,221,670)**
NET CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR	**1,799,413,911**	**2,351,635,582**
NET CASH AND CASH EQUIVALENTS AS AT END OF YEAR	**657,868,903**	**1,799,413,911**

The notes on pages 8 to 29 form an integral part of these financial statements.

1. INCORPORATION AND PRINCIPAL ACTIVITY

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation

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

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

2.2 Foreign Currencies

(i) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Foreign Currencies (Cont'd)

(ii) Transactions and balances

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

2.3 Property, Plant and Equipment

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

Individual assets or groups of items making up a single identifiable asset of value less than $50,000 are not capitalised but are expensed in the accounting period which the costs are incurred.

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property and Equipment (Cont'd)

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

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

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

2.4 Intangible Asset (Computer Software)

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

2.5 Income Recognition

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

(i) Measured and unmeasured water and sewer income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Income Recognition (Cont'd)

(ii) Current year billing adjustments
Income is increased or reduced for estimated billings by issuance of adjustments for the current year income as appropriate.

(iii) Prior years billing adjustments

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

(iv) Interest income

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

2.6 Trade and other receivables

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

Allowance for Doubtful Receivables

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment of Non-Financial Assets

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

2.8 Provisions

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

The amount that is shown as provision is the best estimate of the consideration required to settle the obligation at the end of the reporting period.

2.9 Significant Accounting Policies

Standards, amendments and interpretations that are not yet effective in current year and either not relevant or may have no or minimal impact on the Company's financial reporting when it becomes effective.

IAS 7 Statement of Cashflows

Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 & IAS 38)

IAS 39 Financial Instruments: Recognition and Measurement

IFRS 5 Non Current Assets Held for Sale and Discontinued Operations

IFRS 9 Financial Instruments

IFRS 12 Disclosure of Interest in Other Entities

IFRS 14 Regulatory Deferral Accounts

IFRS 15 - Revenue from Contracts with customers

IFIC 21 Levies

IFRS 41 -Agriculture : Bearer Plants (Amendments to IAS 16 & IAS 41)

Amendments to IAS 27 - Equity method in separate financial statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Inventories

Materials and Supplies

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

2.11 Employee Benefits

Pension Plans

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

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

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

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

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

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

(ii) Contributions/Grants Related to Capital Works

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and saving accounts.

2.14 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

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

Recognition

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

Derecognition

Financial liabilities are removed from the statement of financial position when the related obligation is discarded, cancelled or expired and measured at fair value through the income statement.

Financial assets are removed from the statement of financial position when the rights to the cash flows from the asset expired or when the risks and rewards of ownership transferred.

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

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

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

Categories of Financial Instruments

	2016	2015
	$	$
Financial Assets:		
Cash and cash equivalents	657,868,903	1,799,413,911
Fixed deposit investments	1,206,857,990	1,176,857,143
Trade receivables	4,841,729,149	4,697,229,540
Vat receivable	127,824,932	71,693,453
Total Financial Assets:	**6,834,280,974**	**7,745,194,047**
Financial Liabilities		
Trade and other payables	1,277,126,835	1,144,010,371
Provision	28,489,429	58,224,363
Taxation payable	1,904,134,569	1,675,100,478
Total Financial Liabilities	**3,209,750,833**	**2,877,335,212**

2.14 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial Risk Management

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

(b) Foreign Currency Risk

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

(c) Credit Risk

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

(d) Liquidity Risk

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

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

2.14 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

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

December 31 ,2016

	Up to One Year G$	Over 1- Five Years G$	Over Five Years G$	Total G$
Assets				
Fixed deposit investments	1,206,857,990	-	-	1,206,857,990
Cash and cash equivalents	157,868,902	500,000,001	-	657,868,903
Accounts receivables	4,841,729,149	-	-	4,841,729,149
Vat receivable	-	127,824,932	-	127,824,932
Total Assets	**6,206,456,041**	**627,824,933**	**-**	**6,834,280,974**
Liabilities				
Trade and other payables	1,308,573,284	-	-	1,308,573,284
Taxation payable	229,034,091	1,675,100,478	-	1,904,134,569
Total Liabilities	**1,537,607,375**	**1,675,100,478**	**-**	**3,212,707,853**
Net Liquidity Gap	**4,668,848,666**	**(1,047,275,545)**	**-**	**3,621,573,121**

December 31 ,2015

	Up to One Year G$	Over 1- Five Years G$	Over Five Years G$	Total G$
Assets				
Fixed deposit investments	-	1,176,857,143	-	1,176,857,143
Cash and cash equivalents	1,799,413,911	-	-	1,799,413,911
Accounts receivables	4,850,516,896	-	-	4,850,516,896
Vat receivable	71,693,453	-	-	71,693,453
Total Assets	**6,721,624,260**	**1,176,857,143**	**-**	**7,898,481,403**
Liabilities				
Trade and other payables	1,144,010,371	-	-	1,144,010,371
Taxation payable	1,675,100,478	-	-	1,675,100,478
Total Liabilities	**2,819,110,849**	**-**	**-**	**2,819,110,849**
Net Liquidity Gap	**3,902,513,411**	**1,176,857,143**	**-**	**5,079,370,554**

2.14 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Interest Rate Risk

Interest Rate Sensitivity Analysis

The Company's interest rate risk arises primarily from its interest bearing investments with commercial banks.

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

	Increase / (Decrease) in interest rates		Increase / (Decrease) in profits 2016	Increase / (Decrease) in profits 2015
Certificate of Deposits	+1% / -1%	+ / -	3,319,629	+ / - 5,518,297
Save and Prosper Account	+0.5% / -0.5%	+ / -	2,576,946	+ / - 1,015,550
		+ / -	**5,896,575**	**+ / - 6,533,847**

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Mechanical & Electrical Plant	Motor Vehicles Mobile Plant	Furniture Fixtures & Office Equipment	Infrastructure Water	Infrastructure Sewerage	Computer Hardware	Total G$ 2016
Cost	**G$**	**G$**	**G$**	**G$**	**G$**	**G$**	**G$**	**G$**	**G$**
As at 01 January 2016	820,007,897	2,059,312,543	5,601,932,415	317,297,103	160,284,201	30,392,890,220	1,246,898,403	295,096,199	40,893,718,982
Additions	-	1,592,760	120,073,179	39,887,904	42,362,642	252,541,934	-	53,095,359	509,553,778
Capitalisation of completed assets	-	17,268,020	5,934,500	-	-	251,523,689	-	-	274,726,209
Disposals	-	-	-	-	(6,925,559)	-	-	(1,302,430)	(8,227,989)
Transfer	-	-	(1,432)	-	-	-	-	-	(1,432)
As at 31 December 2016	820,007,897	2,078,173,323	5,727,938,662	357,185,007	195,721,284	30,896,955,843	1,246,898,403	346,889,128	41,669,769,548
Accumulated Depreciation									
As at 01 January 2016	-	515,870,278	3,941,955,517	221,325,067	123,080,220	11,723,157,047	122,254,614	255,761,700	16,903,404,442
Charges	-	99,523,736	251,617,105	32,149,824	13,578,589	831,685,234	29,386,260	23,921,293	1,281,862,041
Disposals	-	-	-	-	(6,733,393)	-	-	(1,257,563)	(7,990,956)
As at 31 December 2016	-	615,394,014	4,193,572,622	253,474,891	129,925,416	12,554,842,281	151,640,874	278,425,430	18,177,275,527
Net Book Value									
As at 31 December 2016	**820,007,897**	**1,462,779,309**	**1,534,366,040**	**103,710,116**	**65,795,868**	**18,342,113,562**	**1,095,257,529**	**68,463,698**	**23,492,494,021**

	Land	Buildings	Mechanical & Electrical Plant	Motor Vehicles & Mobile Plant	Furniture Fixtures & Office Equipment	Infrastructure Water	Infrastructure Sewerage	Computer Hardware	Total 2015
Cost	**G$**	**G$**	**G$**	**G$**	**G$**	**G$**	**G$**	**G$**	**G$**
As at 01 January 2015	820,007,897	1,426,901,776	4,717,396,746	292,849,078	146,507,870	27,967,853,469	375,863,489	284,423,972	36,031,804,297
Additions	-	30,745,042	90,509,995	37,570,000	14,323,344	177,501,871	-	26,134,175	376,784,427
Capitalisation	-	601,665,726	804,733,951	-	-	2,265,782,522	871,034,914	-	4,543,217,113
Disposals	-	-	(10,708,277)	(13,121,975)	(547,013)	-	-	(15,461,948)	(39,839,213)
Transfers	-	-	-	-	-	(18,247,641)	-	-	(18,247,641)
As at 31 December 2015	820,007,897	2,059,312,544	5,601,932,415	317,297,103	160,284,201	30,392,890,220	1,246,898,403	295,096,199	40,893,718,982
Accumulated Depreciation									
As at 01 January 2015	-	434,248,918	3,388,451,611	197,814,597	113,723,601	10,792,810,823	106,751,403	233,877,238	15,267,678,191
Charges	-	81,621,360	563,011,691	33,007,445	9,834,380	930,346,224	15,503,211	36,864,382	1,670,188,692
Disposals	-	-	(9,507,785)	(9,496,975)	(477,760)	-	-	(14,979,920)	(34,462,440)
As at 31 December 2015	-	515,870,278	3,941,955,517	221,325,067	123,080,220	11,723,157,047	122,254,614	255,761,700	16,903,404,442
Net Book Value									
As at 31 December 2015	**820,007,897**	**1,543,442,266**	**1,659,976,898**	**95,972,036**	**37,203,980**	**18,669,733,174**	**1,124,643,789**	**39,334,499**	**23,990,314,540**

4. INTANGIBLE ASSET

Computer Software

	2016 G$	2015 G$
Cost		
As at 01 January	767,211,701	744,996,983
Additions	-	22,214,718
As at 31 December	767,211,701	767,211,701
Accumulated Amortisation		
As at 01 January	683,353,633	613,997,509
Charges	69,885,256	69,356,124
As at 31 December	753,238,889	683,353,633
Net Book Value		
As at 31 December	**13,972,812**	**83,858,068**

5. CAPITAL WORK IN PROGRESS (WIP)

	Inter -American Development Bank	World Bank	Government of Guyana	Guyana Water Inc.	Total G$
Cost	G$	G$	G$	G$	G$
As at 01 January 2016	651,138,451	54,230,039	1,675,619,314	433,555,129	2,814,542,933
Additions	3,687,751	-	937,731,540	380,071,346	1,321,490,637
As at 31 December 2016	**654,826,202**	**54,230,039**	**2,613,350,854**	**813,626,475**	**4,136,033,570**
Capitalisation					
Buildings	-	-	12,858,630	4,409,390	17,268,020
Mechanical and Electrical Plant	-	-	5,934,500	-	5,934,500
Infrastructure Water	-	-	191,990,310	59,533,379	251,523,689
Total Capitalisation	-	-	210,783,440	63,942,769	274,726,209
As at 31 December 2016	**654,826,202**	**54,230,039**	**2,402,567,414**	**749,683,706**	**3,861,307,361**

5. CAPITAL WORK IN PROGRESS (Cont'd)

	Inter -American Development Bank	World Bank	Government of Guyana	Guyana Water Inc.	Total G$
Cost	G$	G$	G$	G$	G$
As at 01 January 2015	3,332,388,468	54,230,039	1,856,437,467	622,009,728	5,865,065,702
Additions	723,213,443	-	479,640,120	289,840,780	1,492,694,343
Expensed	-	(7,100)	-	-	(7,100)
As at 31 December 2015	**4,055,601,911**	**54,230,039**	**2,336,077,587**	**911,850,508**	**7,357,760,045**
Capitalization					
Buildings	574,569,521	-	2,222,483	24,873,722	601,665,726
Mechanical and Electrical Plant	804,733,951	-	-	-	804,733,951
Infrastructure Water	1,430,978,574	-	658,235,790	176,568,158	2,265,782,522
Infrastructure Sewerage	594,181,414	-	-	276,853,500	871,034,914
Total Capitalisation	**3,404,463,460**	**-**	**660,458,273**	**478,295,380**	**4,543,217,113**
As at 31 December 2015	**651,138,451**	**54,230,039**	**1,675,619,314**	**433,555,128**	**2,814,542,933**

6. INVENTORIES

	2016 G$	2015 G$
Chemicals	86,886,136	60,712,182
Equipment	553,873,127	572,310,389
Materials	503,564,177	419,744,255
Others	529,129	19,106,780
Total	**1,144,852,569**	**1,071,873,606**
Provision for slow moving stock consists of the folowing:		
Beginning provision	81,038,384	-
Ending provision	**81,038,384**	**81,038,384**
Net Inventories	**1,063,814,185**	**990,835,222**
Good in Transit	54,470,166	219,717,071
Others	549,054	549,054
Total Inventories	**1,118,833,405**	**1,211,101,347**

7. TRADE RECEIVABLES

	2016 G$	2015 G$
Trade receivables	6,010,126,740	6,362,844,830
Less direct write - offs	(69,067,807)	(495,761,661)
Provision for doubtful debts	(1,205,790,418)	(1,169,853,629)
Net receivables	4,735,268,515	4,697,229,540
Other receivables	106,460,634	153,287,356
Total	**4,841,729,149**	**4,850,516,896**
Provision for doubtful debts consists of:		
Beginning provision	1,169,853,629	3,393,556,121
Charge for the year	35,936,789	-
Reduction in provision	-	(2,223,702,492)
End provision	**1,205,790,418**	**1,169,853,629**

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

8. VALUE ADDED TAX (VAT) RECEIVABLE

	2016 G$	2015 G$
Vat Recoverable	**127,824,932**	**71,693,453**

9. CASH AND CASH EQUIVALENTS

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

	2016 G$	2015 G$
Cash on hand	2,883,126	2,771,520
Project funds	249,064,262	408,339,134
* Investment and Savings account	307,232,989	258,425,879
Current and bill payment accounts	98,688,526	1,129,877,378
	657,868,903	**1,799,413,911**

* Investment with New Building Society Ltd

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

Fixed deposit investments

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

Investments with maturity dates over three months	**1,206,857,990**	**1,176,857,143**

10. EXTERNAL FUNDINGS

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

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

GOVERNMENT OF GUYANA COUNTERPART	2016 G$	2015 G$
Balance as at beginning January 1	14,253,440,896	14,212,308,578
Payments made under the following program:		
Coastal	585,863,000	250,506,243
Linmine	103,253,938	27,715,764
Hinterland	195,400,000	91,480,051
Urban	226,100,000	102,655,878
Linden Water Supply Rehabilitation Program	47,006,062	31,750,246
	15,411,063,896	**14,716,416,760**
Amortisation of deferred income	(629,052,497)	(462,975,864)
Balance at 31 December	**14,782,011,399**	**14,253,440,896**

10. EXTERNAL FUNDINGS (cont'd)

INTER-AMERICAN DEVELOPMENT BANK	**2016**	**2015**
	G$	**G$**
Balance as at beginning January 1	6,233,191,217	5,675,938,456
Linden Water Supply Rehabilitation Program (LWSRP)	94,169,334	235,641,734
Water Supply and Sanitation Infrastructure Improvement Program (WSSIIP)	-	413,000,000
	6,327,360,551	**6,324,580,190**
Amortisation of deferred income	(149,132,755)	(91,388,973)
Balance at 31 December	**6,178,227,796**	**6,233,191,217**

Linden Water Supply Rehabilitation Program (LWSRP)	**2016**	**2015**
	G$	**G$**
Total disbursements received under the LWSRP program	**94,169,334**	**235,641,734**

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

Water Supply and Sanitation Infrastructure Improvement Program (WSSIIP)	**2016**	**2015**
	G$	**G$**
Total disbursements received under the WSSIIP program	-	**413,000,000**

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

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

10. **EXTERNAL FUNDINGS (cont'd)**

Water Supply and Sanitation Infrastructure Improvement Program (WSSIIP)

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

	2016 G$	2015 G$
DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)		
Balance as at beginning January 1	462,083,631	527,937,565
Amortisation of deferred income	(65,853,936)	(65,853,934)
Balance at 31 December	**396,229,695**	**462,083,631**
WORLD BANK (WB)		
WATER SECTOR CONSOLIDATION PROJECT GRANT #H180-0-GUA		
Balance as at beginning January 1	2,379,009,207	2,676,691,666
Amortisation of deferred income	(145,751,603)	(297,682,459)
Balance at 31 December	**2,233,257,604**	**2,379,009,207**

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

	2016 G$	2015 G$
EUROPEAN INVESTMENT BANK		
GUYANA ROSEHALL WATER SUPPLY PROJECT		
Balance as at beginning January 1	9,668,420	10,581,894
Amortisation of deferred income	(913,536)	(913,474)
Balance at 31 December	**8,754,884**	**9,668,420**
JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)		
Balance as at beginning January 1	1,963,613,986	2,132,251,428
Amortisation of deferred income	(168,637,440)	(168,637,442)
Balance at 31 December	**1,794,976,546**	**1,963,613,986**
Summary of Government Grant Amortised		
External Funding -Government of Guyana Counterpart	627,901,651	462,975,864
External Funding -Department for International Development	65,853,936	65,853,934
External Funding - World Bank	145,751,603	297,682,459
External Funding -Inter- American Development Bank	149,132,755	91,388,973
External Funding -European Investment Bank	913,536	913,474
External Funding -Japan International Cooperation Agency	168,637,440	168,637,442
Total Amortised	**1,158,190,921**	**1,087,452,146**

11. AUTHORISED & ISSUED CAPITAL

AUTHORISED	2016 G$	2015 G$
1,000,000 ordinary shares at an issue price of G$100 each	**100,000,000**	**100,000,000**
Issued and fully paid shares		
88,253 ordinary shares at G$100 each	**8,825,300**	**8,825,300**

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

	2016 G$	2015 G$
Additional share capital	3,372,346,395	3,372,346,395

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

12. TRADE AND OTHER PAYABLES

	2016 G$	2015 G$
Trade payables	201,473,342	271,735,890
Payroll liabilities	2,920,879	194,091
Retention payables	38,039,236	227,090,256
Other accruals and payables	782,638,594	281,753,967
Rates and taxes payable	255,011,804	305,011,804
Provision for legal settlement	28,489,429	58,224,363
	1,308,573,284	**1,144,010,371**

Contingencies

As at 31 December 2015 claims against the Company not taken up in the financial position amounted to G$7.4M (2015 - G$7.4M). No provision has been made under the guidance of its legal department that such proceedings are either without merit or will result in an insignificant loss to the Company.

13. DEFERRED BILLING

Unmetered billings are done in advance for which the service has not yet been provided is treated as Deferred Billings. After the service has been provided the amount is recognised as Unmetered Billings in the respective period.

14. TAXATION

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

Property Tax

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

Corporation Tax

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

Deferred Tax

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

15. INCOME

	2016	2015
	G$	G$
Measured water supply	2,123,067,191	2,360,859,441
Unmeasured water supply	1,315,471,419	1,256,667,204
	3,438,538,610	**3,617,526,645**

16. EMPLOYMENT COSTS

Salaries	1,009,335,734	808,942,373
Overtime	105,803,424	71,837,584
Employers' NIS	75,795,572	60,594,185
Leave passage	62,122,182	52,901,748
Pension & Gratuity	85,957,932	92,126,675
Pension contribution	11,108,533	7,823,100
Allowances	124,365,164	98,921,884
Other employment costs	79,701,834	14,446,013
	1,554,190,375	**1,207,593,561**

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

The number of staff contributed to the scheme as of December 31 ,2016 was 168 (2015 - 127) .During the year the total contribution to the Pension Scheme was $21,065,544 ($15,656,160 - 2015) which was equally contributed by the company and employees.

		2016	2015
		G$	G$
17. DIRECTORS' FEES		**1,056,000**	**1,082,000**
Details are as follows: January - September 2015			
Ramesh Dookhoo - Chairman	**note (i)**	-	105,000
Dharamkumar Seeraj- Vice Chairman		-	108,000
Tarachand Balgobin		-	90,000
Donald Dyal	**note (i)**	-	70,000
Emil McGarrell		-	90,000
Denise King Tudor		-	90,000
Paulette Bynoe		-	90,000
Seepaul Naraine		-	90,000
Sukrinshanall Pasha		-	90,000
Subtotal carried forward		**-**	**823,000**

The Members served as directors up to September 2015.

note (i); Members were paid up to July 2015 for their service as directors.

17. DIRECTORS' FEES (Cont'd)

	2016 G$	2015 G$
New Board of Directors:		
B/f	-	**823,000**
Clifton Nigel Hinds-Chairman	150,000	45,000
Patricia Chase- Green-Vice Chairman	144,000	34,000
Emil Mc Garrell	110,000	30,000
David Dewar	110,000	30,000
Ryan Belgrave	110,000	30,000
Charles Ceres (note iii)	70,000	30,000
Sherie Samantha Fedee	120,000	30,000
Savitree Singh- Sharma	120,000	30,000
Carol Smith Joseph (note iv)	122,000	-
Total	**1,056,000**	**1,082,000**

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

note iii: Charles Ceres donated his entire board stipend to a religious organisation.

note iv: Carol Smith Joseph was appointed on April 29,2016.

18. ADMINISTRATIVE EXPENSES

	2016 G$	2015 G$
Stationery	43,271,928	25,415,022
Internet and telephone	40,551,001	36,674,945
Local and overseas travel	32,299,184	10,624,528
Training	39,598,656	26,429,814
Health and safety	20,716,320	15,010,201
Entertainment and accommodation	12,441,278	11,993,403
Agency fees	14,404,122	9,033,214
Insurance	7,222,742	7,052,505
Legal settlement	1,575,000	2,341,071
Freight and custom duty	9,292,466	3,620,499
Meals	21,094,658	11,612,098
Cleaning	14,418,639	12,193,586
Other administrative costs	37,432,932	18,436,417
	294,318,926	**190,437,303**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
19. PREMISES COSTS	**G$**	**G$**
Electricity	2,660,585,045	2,391,723,586
Repairs and maintenance	404,268,026	298,040,136
Fuel & Diesel	30,127,030	23,682,130
Rental	16,000,000	6,900,000
Weeding and cleaning	14,799,406	12,243,448
Other costs	7,746,966	1,346,417
	3,133,526,473	**2,733,935,717**

20. ADJUSTMENTS PRIOR YEAR

Metered adjustments	168,120,029	391,270,028
Unmetered adjustments	168,840,442	61,864,568
	336,960,471	**453,134,596**

21. TRANSPORT COSTS

Vehicle repairs	11,974,781	7,186,194
Fuel and diesel	18,597,373	16,648,496
Hired rental vehicles and mobile plant	65,884,182	32,512,159
Other transport costs	15,672,228	6,689,412
	112,128,564	**63,036,261**

22. SUPPLIES AND SERVICES COSTS

Water quality - chemicals usage and filter media	479,962,488	159,552,488
Leak repairs	195,446,620	132,689,249
Disconnection & reconnection	77,780,500	24,188,224
Security	103,382,016	92,249,250
Professional fees	51,323,968	40,255,995
Hired outside services	176,960,945	88,577,055
Stock adjustment	1,504,756	2,199,820
Public relations and advertising	45,902,162	28,075,148
Other supplies and services cost	127,089,434	29,187,308
	1,259,352,889	**596,974,536**

23. OTHER INCOME

	2016 G$	2015 G$
Government subsidy for electricity charges from the Guyana Power & Light Inc.	1,838,610,100	1,738,615,541
Other operating income	128,633,299	73,353,809
Other non-operating other income	546,714,822	322,990,744
	2,513,958,221	**2,134,960,094**

24. EARNINGS/(LOSS) PER SHARE

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

	2016 G$	2015 G$
Basic earnings/(loss) per share		
Net comprehensive income / (loss) for the year attributable to shareholder's equity	(1,167,348,394)	1,284,553,500
Weighted average number of outstanding ordinary shares	8,825,300	8,825,300
Basic earnings /(loss) per share	(132)	146
Diluted earnings per share		
Net comprehensive income / (loss) for the year attributable to shareholder's equity	(1,167,348,394)	1,284,553,500
Weighted average number of outstanding ordinary shares	8,825,300	8,825,300
Diluted earnings /(loss) per share	(132)	146

25. RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the period.

The following information is presented only in respect of those employees of the Company who would be considered as key management personnel, as defined under IAS 24 (Related Party Disclosures). At December 31, 2016, the number of key management personnel was 14 (2015 - 12).

Compensations of key management personnel

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

	2016 G$	2015 G$
Short-term benefits	95,765,149	94,412,586
Post-employment benefits	1,177,106	989,424
Total	**96,942,255**	**95,402,010**