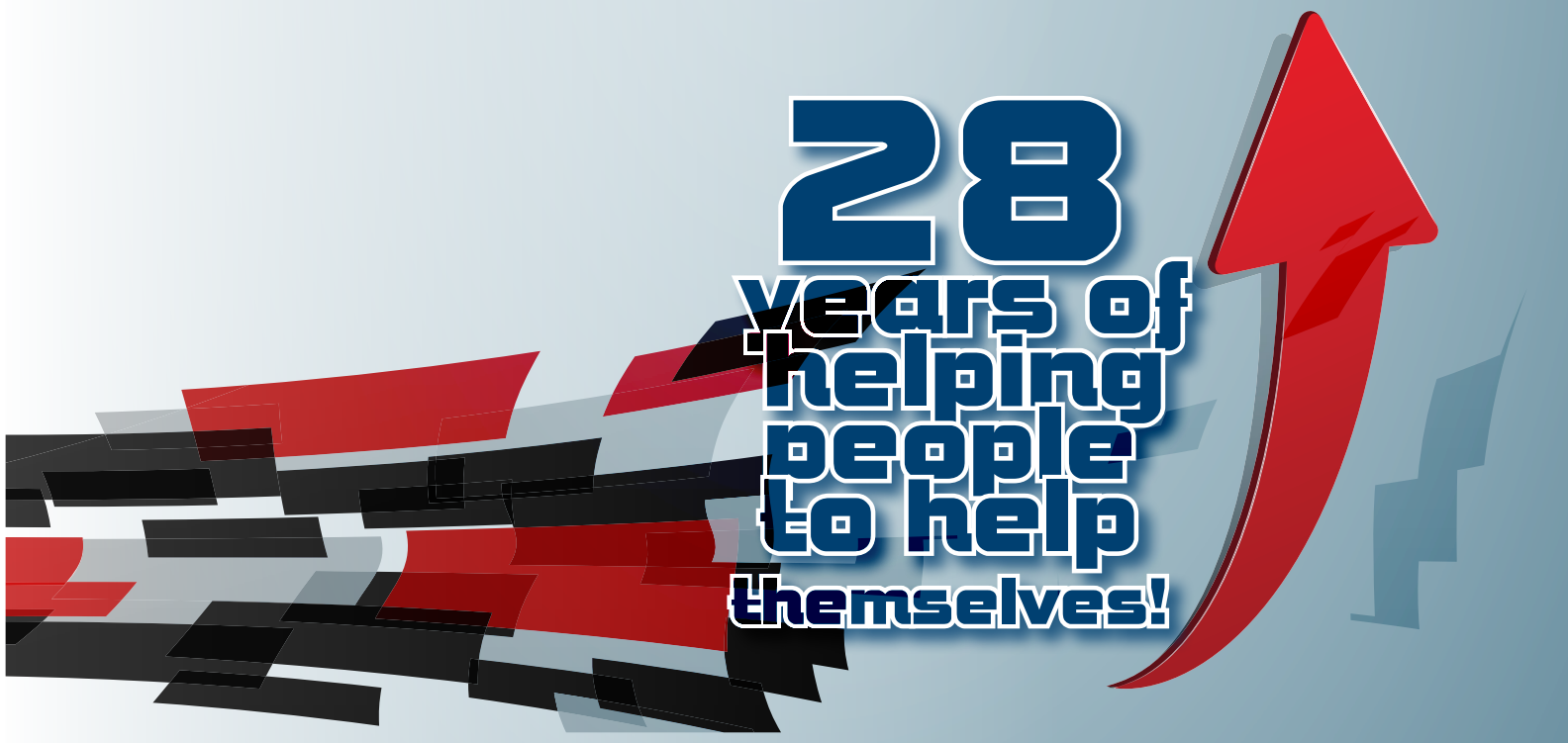
CONTENTS

FINANCIAL CONTENT



NOTICE OF MEETING

The twenty-eight Annual General Meeting of the Institute of Private Enterprise Development Limited will be held on Monday, 23rd June, 2014 at the Institute's Head Office, 253 South Road, Bourda, Georgetown, commencing 2.00 pm.

AGENDA

1. Chairman's review of the Institute for the year 2013.
2. Receive and consider the Institute's Accounts and Reports of the Directors and Auditors for the year 2013.
3. Elect Directors in the place of those retiring by rotation.
4. Appoint Auditors and authorize the Directors to fix their remuneration.
5. Presentation of Client's Awards.
6. Presentation of Staff Awards.
7. Any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

.....
Hemant S. Indar Singh
Admin Manager/Company Secretary

Registered Office
253 South Road
Bourda
Georgetown

8th February, 2014

CORPORATE INFORMATION

DIRECTORS
Dr. Yesu Persaud – Chairman
Mr. Komal Samaroo
Mr. James Morgan
Mr. Laurence Farley
Dr. Ian McDonald
Mrs. Amanda Richards
Dr. Gem Fletcher
Mr. Ramsay Ali
Dr. Leslie Chin

REGISTERED OFFICE
IPED Building
253 South Road,
Bourda, Georgetown, Guyana
Tel: 592-226-4675
Fax: 592-223-7834
Email: iped@ipedgy.com
Website: www.ipedgy.com

BANKERS
Demerara Bank Ltd.
Republic Bank Ltd.
Guyana Bank for Trade and Industry Ltd.
Citizens Bank Guyana Ltd.

AUDITORS
TSD LAL & CO
Chartered Accountants
77 Brickdam, Stabroek
Georgetown, Guyana

ATTORNEYS AT LAW
Mr. Vidyanand Persaud & Associates
Demerara
Mr. Murseline Bacchus
Berbice
Mr. Lachmi N. Dindyal
Essequibo

BRANCHES
Region 1
Mabaruma
Port Kaituma

Region 2
54 Cotton Field
Essequibo Coast
Tel: 592-771-4298

Charity
Essequibo Coast

Region 3
278 Pet Shop Street
Parika
East Bank Essequibo
Tel: 592-260-4399

Lot RF 1 Vreed-en-Hoop
West Coast Demerara
Tel: 592-264-3592

Region 4
IPED Building
253 South Road
Bourda,
Georgetown
Tel: 592-226-4675

Region 5
Lot 55 B Rosignol Village
West Bank Berbice
Tel: 592-327-5367

Region 6
1 Port Mourant
Corentyne
Tel: 592-336-6171

Corriverton
Corentyne, Berbice
Tel: 335-3928

Region 9
Lethem
Rupununi
Tel: 592-772-2229

Region 10
Hand-in-Hand Building
Republic Avenue
Linden
Tel: 592-444-3001

BOARD OF DIRECTORS




1ST ROW, LEFT TO RIGHT
Dr. Yesu Persaud CCH, FCCA, FRSA, FBIM
Mr. Komal Samaroo AA, FCCA, ACIS
Mr. James Morgan FLMI, ACS
Dr. Leslie Chin AA, Bsc, Ph.D

2ND ROW, LEFT TO RIGHT
Mrs. Amanda Richards AICB
Dr. Gem Fletcher Ph.D
Dr. Ian McDonald AA, MA (Cantab), FRSL
Mr. Laurence Farley FBSC, ACEA
Mr. Ramsay Ali BBA





CULTURE & VALUES

Dynamic Customer Service

Teamwork

Quality and Excellence

Innovation

Strong Governance

VISION To be of service to 7,500 active enterprises by 2015 and more than 15,000 active enterprises by 2020 using world class management systems and methodologies focused on full customer and employee satisfaction whilst being financially sustainable.

MISSION STATEMENT

We exist to facilitate enterprise development for wealth creation and poverty reduction whilst being financially viable.

GUIDING PRINCIPLE

We believe that a good loan takes a family out of poverty and creates wealth but a bad loan sinks them deeper into hopelessness. Therefore, we will do only good loans since we care about our clients.

GOALS

To develop a culture of entrepreneurship amongst our clients and to inspire and empower them to achieve excellence.

To provide timely financing to Micro, Small and Medium Enterprises to enhance their production potential and capacity to supply both local and foreign markets.

To provide technical and managerial support services through training and counseling to all loan beneficiaries.

To promote sustainable environmental practices and technologies and mitigation of any pollution of the environment by our clients.

To network with organizations providing complementary support services to communities in order to effectively develop entrepreneurs.

To provide a work environment where all employees are treated fairly, are adequately compensated, trained and highly motivated.

CORPORATE PROFILE

The Institute of Private Enterprise Development is a company limited by guarantee and registered as a not-for profit Company under the Companies Act.

In the 1970's and up to 1985, the State progressively involved itself in business with the intention of owning and controlling the economy. This process tended to exclude those who could not fit into entities or who desired to do their own business. As a result, unemployment and under-employment grew with grave social and economic consequences.

Dr. Yesu Persaud a very able and concerned businessman recognized the absolute necessity for the culture of Free Enterprise to be re-created after being under attack for a generation. One of the surest way of re-creating this culture was by stimulating the emergence of small businesses and self employment. The idea of the Institute then emerged.

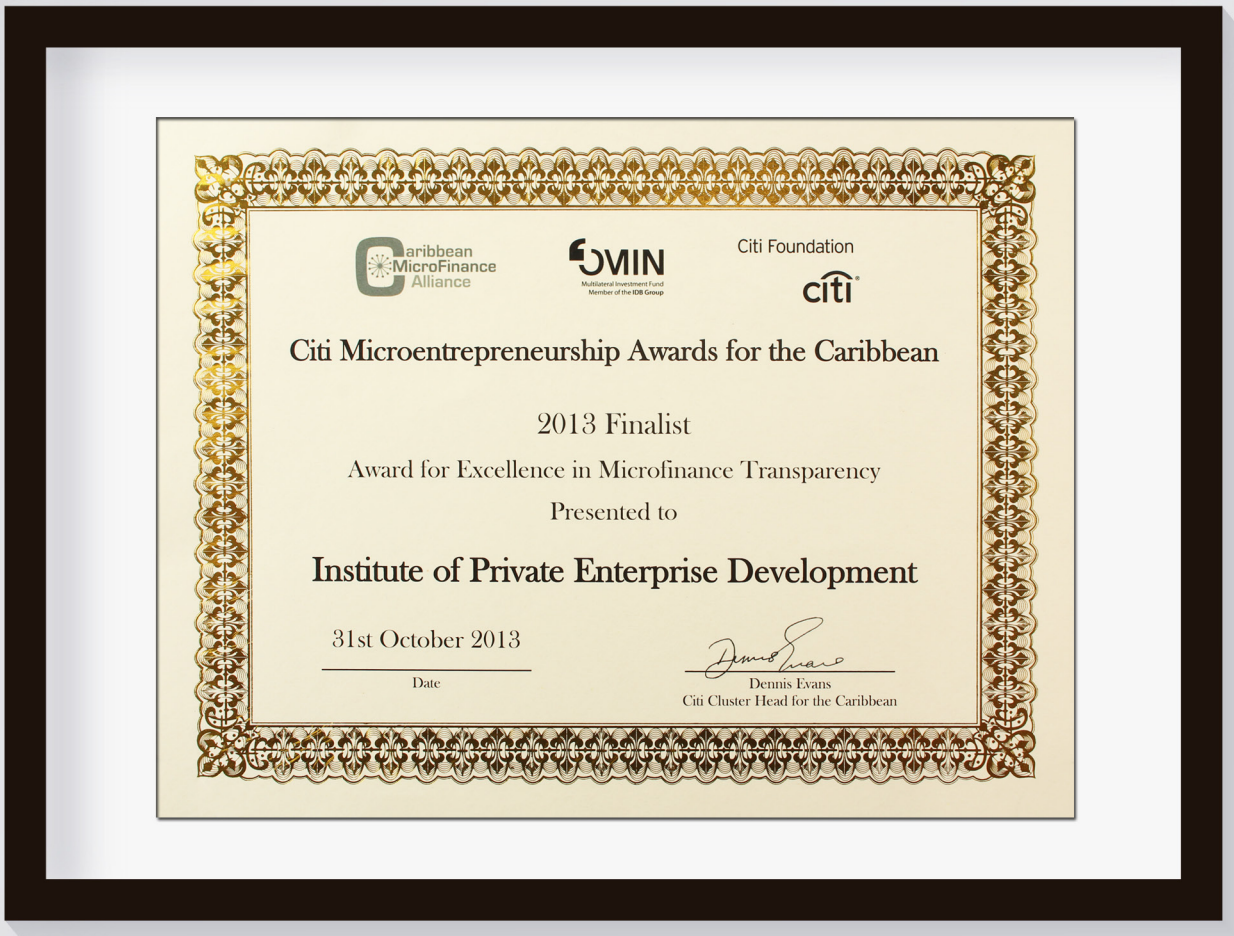
The Pan American Development Foundation (PADF) was approached for funding and they threw out the challenge that they would fund ½ Million Guyana Dollars if the Guyanese could match that sum. At the same time, also, Foundation for International Training (F.I.T) was approached and they offered to finance two Counsellors who were duly installed soon after the institution was established.

On 1st April, 1986, the Institute of Small Enterprise Development, as it was then called opened its doors for business at 240 Camp Street, Georgetown with a staff of one – Mr. Jeff Adiken, who performed the jobs of Manager, Accountant, Counsellor, Project Officer and Messenger all rolled into one. Soon, however, further help was provided with staff numbering a total of five in its first year.

With the help and support of the Government of Guyana, United States of America, Canada and the United Kingdom, the Institute expanded rapidly to be the principal provider of finance and technical assistance to the small and micro enterprise sector in Guyana today.

To reflect its expanded role, the name of the Institute was changed on 10th September, 1991 to Institute of Private Enterprise Development Limited. Since then, the Institute has been moving from strength to strength, increasing the ambit of its loans and providing training in Management, Accounting, Marketing and Technical Services to both staff and clients as attested to by its performance.

AWARDS



Caribbean MicroFinance Alliance

MIF Multilateral Investment Fund Member of the IDB Group

Citi Foundation

citi

Citi Microentrepreneurship Awards for the Caribbean

2013 Finalist

Award for Excellence in Microfinance Transparency

Presented to

Institute of Private Enterprise Development

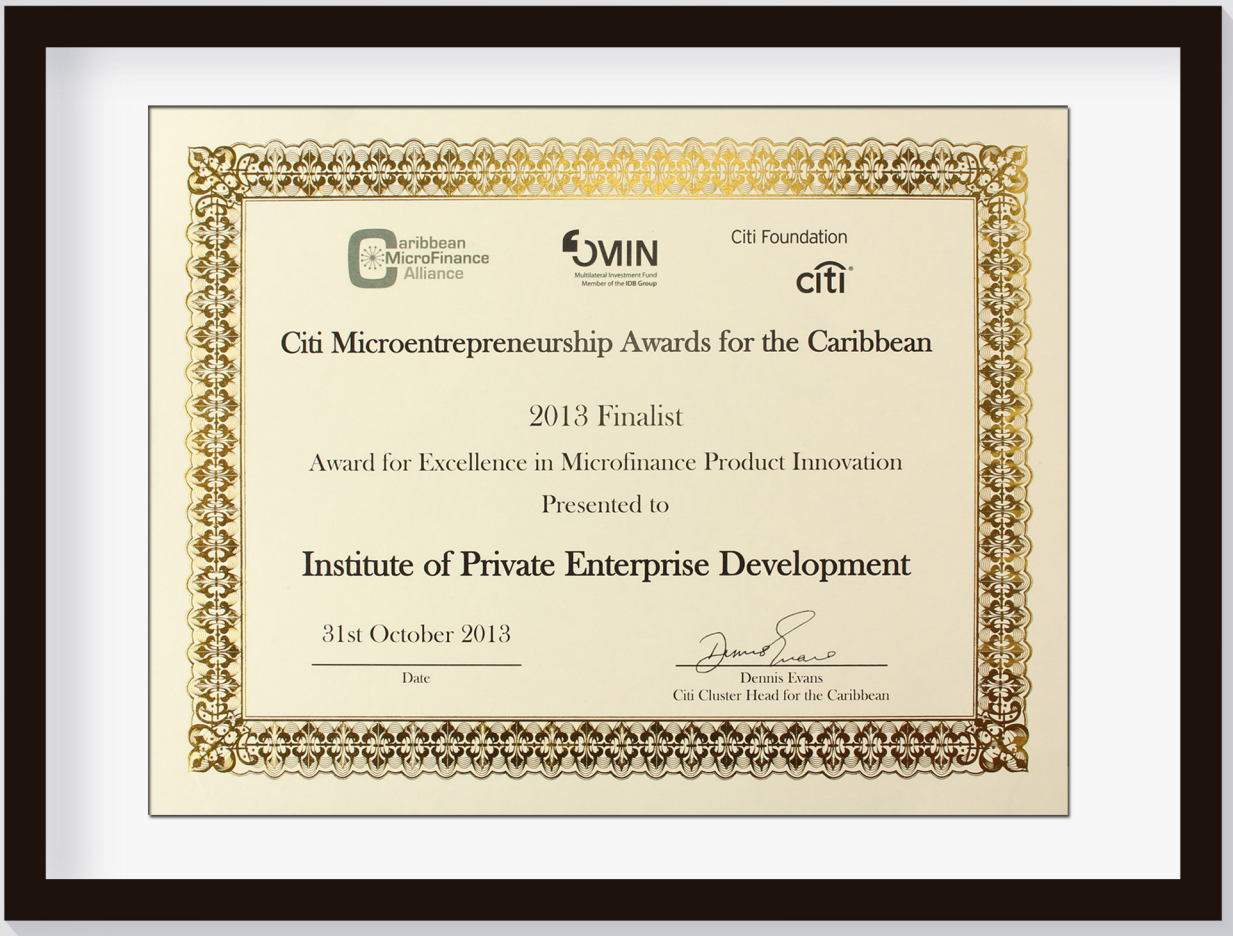
31st October 2013

Date

Dennis Evans

Citi Cluster Head for the Caribbean

AWARDS



Caribbean MicroFinance Alliance

FOMIN
Multilateral Investment Fund
Member of the IDB Group

Citi Foundation
citi

Citi Microentrepreneurship Awards for the Caribbean

2013 Finalist

Award for Excellence in Microfinance Product Innovation

Presented to

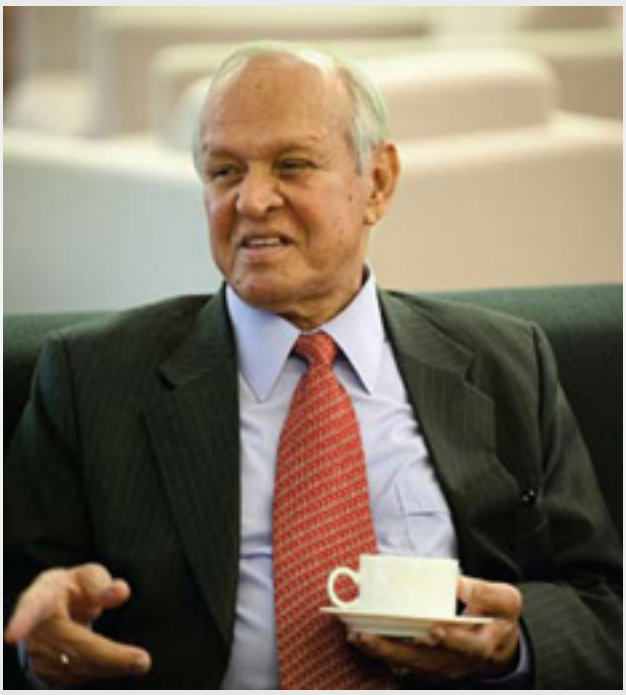
Institute of Private Enterprise Development

31st October 2013

Date

Dennis Evans
Citi Cluster Head for the Caribbean

CHAIRMANS' REPORT



INTRODUCTION

IPED is indeed a shining example of what can be done with limited resources. It is one of the success stories of the Caribbean and is heralded as such by the USAID. From a staff of one and a rented office, it now employs in excess of eighty five persons and has twelve offices spread across the country.

I am very happy to be able to present to you our stakeholders, clients, associates, friends and members of the public the achievement of IPED in its 28th year of operation. I am very pleased to see that the vision and idea of myself and founding members more than 28 years ago of providing an opportunity to small entrepreneurs to start and grow their businesses is being achieved with such marvelous results today. IPED is a very good example of how much can be achieved with very little once good governance and sound business ethos are followed.

Today IPED is serving more than 4,400 micro, small and medium entrepreneurs involved in economic activities that are sustaining more than 10,000 jobs. The jobs sustained by IPED's clients are approximately 4% of persons participating in the labour force of Guyana. Such an achievement and its impact on an economy as small as ours cannot be underrated. All of this is being done with only USD12.5M or 3% of the value all loans provided to the private sector as at Dec 2013.

SOCIAL PERFORMANCE

The Institute processed 5,107 loan applications for a value of $2.66B during the year 2013 compared to 4,814 with a value of $2.716B in 2012. This is an increase of 293 or 6% in number of applications and a reduction in value of $56M or 2% over the prior year.

CHAIRMANS' REPORT

The total number of borrowers on the portfolio at the end of December 2013 was 4,417, an increase of 529 or 13.6% from the prior year. Of the total borrowers approximately 1,453 borrowed for the first time in 2013. This means that 924 borrowers dropped off from the portfolio in 2013. This is mainly because many of their business ventures or economic activities were not successful , whilst some were successful to the extent of becoming independent of loans and few moved up to qualify for facilities at commercial banks.

Of the application processed in 2013, 63% were for principal borrowers that are males and 37% for females. Based on data provided by the borrowers at the application stage, male borrowers had an average net-worth of $9.5M while female borrowers had an average net-worth of $4.5M. In 2013, 54% of the applicants had net-worth of less than $5M whilst 22% of applicants had a net-worth of less $1M. In 2012 51.8% of applicants had a net worth of less than $5M whilst 9% had a net worth of less than $1M.

The average loan sizes accessed by males were $670K and females were $317K. The number of loans accessed by women in 2013 increased by 425 or 29% whilst the number of loans accessed by males declined by 132 or 4%. This is a positive sign towards the achievement of our goals of ensuring that our products are designed to provide equal opportunities for both males and females.

Of the applicants who accessed loans in 2013- 16% had un-secured or non-collateral facilities and 52% accessed loans with moveable or household assets as collateral. This means that 7 out of 10 applicants accessed a business loan without the use of real estate collateral. This is an indication of our commitment to serve those persons with minimal or no collateral.

In 2013, 37% of applicants were 40 years and less with 11% being less than 30 years and 4% being less than 25 years. In 2012 34% of applicants were 40 years and less. Youths are an important segment for us to continue to serve.

The clientele of IPED in 2013 based on applications processed are 17% urban and 83% rural. This was 16% and 84% in 2012. IPED's services are provided in all 10 administrative regions with 13 branch or sub branch locations countrywide.

In addition to our loan services, during 2013 IPED's Entrepreneurial Development Centre had (69) sixty nine staffers of small and medium business entities trained at Customer Service Workshops facilitated. We also provided training to (73) seventy three persons in Small Business Management & Entrepreneurship. About fifteen percent of the participants were already business owners whilst the remaining eighty five percent were coached into becoming entrepreneurs. More than 200 students were provided with tuition for Business Management, Marketing, Human Resource Management and Project Management Courses examined by the Institute of Commercial Management (ICM) UK. The pass rate for the exams written was 77% in 2013.

IPED has been contracted by the Ministry of Agriculture (MoA) to manage the Enterprise Development Fund (EDF) for the Rural Enterprise and Agricultural Development Project (READ). The Project has three components – Enterprise Development Grant Fund (EDGF) - G$120.6 M, Credit Fund (CF) G$37.9 M and Productive and Social Investment Fund (PSIF) G$83.2 M. The Project is jointly funded by the Government of Guyana (GOG) and the International Fund for Agricultural Development (IFAD). The main goal of this Project is to improve the living conditions of poor rural households, especially small scale

producers and vulnerable groups by increasing their human, social, organizational and financial assets. In 2013, G$77.9M or 85.9% EDGF was disbursed against budget target of G$90.7M. Of the five project proposals to the value of G$9M for the PSIF which were expected to be approved and disbursed in 2013; all five were approved and one to the value of G$1.8M or 20% was disbursed. The Credit Fund Portfolio was G$13M at December 31, 2013 against a budget target of G$21M. The number of persons benefited was 612; comprising of 527 for the EDGF and PSIF whilst 85 persons benefited from the Credit Fund.

The above social performance achievements highlight that the management of the Institute is well focused on fulfilling its mission of enterprises development for wealth creation and poverty reduction.

FINANCIAL PERFORMANCE AND POSITION

IPED is a not for profit, non-government, non-political organisation that is managed using all the principles of a private company in a market economy but without shareholders to satisfy, focusing on a social mission of enterprise development for wealth creation and poverty reduction of its clients whilst being financially viable.

To achieve our social goals, sound financial management and responsible practices are required to ensure that our institution is sustainable so that we can continue to serve society and achieve our mission. As such, IPED had another sterling performance in 2013 with the surplus for the year ended December 31, 2013 being $230.8M compared to $215.9M in 2012 an increase of $14.9M or 6.9%. All surpluses are retained within the Institute and used mainly to increase service to the borrowers.

The total asset of IPED at December 31, 2013 was $3.343B compared to $2.906B at the end of December 2012 an increase of $437M funded mainly from retained earnings of $230.8M, increase in bank loan by $88M and increase in Collateral Improvement Schme by $22M. The current operating cash is $101M. Of the total assets 79% are funded by equity and 21% by Liabilities compared to 83% and 17% respectively at the end of December 2012. The amount of $404M outstanding as borrowings represents 12% of total assets at December 31, 2013 and was 9% in December 2012.

It must be noted that IPED retained all its surpluses over the years since inception but such retention alone was not sufficient to meet the demands of our clients as can be seen in the growth of the net loans portfolio over the last four years from $1.292B at the end of 2009 to $2.527B at December 2013. This is an increase of $1.235B or 95%. As such, IPED was required to borrow over $450M on commercial terms to meet this demand. Such a growth would have been impossible if our clients were not satisfied with the products and services we offer.

Over the last financial year alone the gross loans portfolio increased by $335M or 15% to $2.573B at December 31, 2013 from the previous year balance of $2.238B. Of this, the portfolio at risk (PAR) more than 30 days at the end of the year was 12%. This deteriorated from the previous year position of 11%. This was 28% at the end of 2009.

The total principal balance of impaired loans, which are loans in arrears for more than 180 days was $155.5M at December 31, 2013 compared to $124.4M at December 2012. This represents 6% and 5.5% of gross portfolio for 2013 and 2012 respectively. The net exposure from these loans

CHAIRMANS' REPORT

after deducting the value of collateral held was $48.6M in 2013 and $46M in 2012. This resulted in the provision for loan losses of $46.1M and $45.9M respectively. The loan loss provision for 2013 represents 30% of the value of impaired loans as 70% are covered with substantial collateral.

We will continue to evolve a business model that will be reflective of responsible practices towards our clients and our future viability so that we maintain a strong financial position that will support our continued existence.

OTHER ACHIEVEMENTS

IPED as a member of the Caribbean Microfinance Alliance benefitted from support of the Caribbean Microfinance Capacity Building Project Phase 2 that contributed to us creating a new product and having significant improvements in the efficiency and effectiveness of our systems. We would like to thank the IDB/MIF, CDB, EU and Citi Foundation for funding this project.

IPED during 2013 reported for the first time its data for the year ended December 31, 2012 to the Microfinance Information Exchange known as the MIX Market (mixmarket.org). The MIX is the premier source for objective, qualified and relevant microfinance performance data and analysis. As a result of our participation we were awarded a Certificate of Transparency for achieving four diamonds out of a maximum of 5 diamonds on the MIX Market for improving the transparency, quality and reliability of microfinance information.

IPED was also a finalist in the Citi Foundation Caribbean Microfinance Awards in the areas of Microfinance Transparency and Product Innovation in Microfinance in 2013.

We have also endorsed the Principles of the SMART Campaign – "keeping clients first in microfinance". The Smart Campaign is a global campaign committed to embedding client protection practices into the institutional culture and operations of the microfinance industry. We are working towards achieving certification as a responsible practitioner. We have completed the assessment phase already and we are in the process of updating our policies and procedures to comply with these standards, then we will proceed with independent verification for the Certification.

IPED is also proud to be a subscriber and information provider to Credit Info (Guyana) Inc., Guyana's first licensed credit bureau. This is a welcome development in the financial ecosystem and will greatly enhance the services of providing access to finance.

IPED's Entrepreneurial Development Centre was also successful in maintaining its accreditation with the Institute of Commercial Management (ICM) as an Approved Teaching and Examining Centre due to its high quality of service.

CONCLUSION

The success of IPED over the years was made possible through the practice of good governance by the members of the Board, high quality leadership from the executive management team and committed and motivated human resources. We are all driven by the mission of the organization to serve our society and contribute to making it a better place for all to live.

I am extremely thankful to my fellow directors and the team at IPED for their achievements in 2013 and for their continued efforts to improve the quality of service we provide to meet the needs of the people we serve.

STAFF AWARDS

FOR 20YRS OF SERVICE

GARRETT WARD	BRANCH MANAGER
NEELA RAMESH	SENIOR LEGAL CLERK

FOR 15YRS OF SERVICE

ANDREW SINGH	SECURITY OFFICER

FOR 10YRS OF SERVICE

HAYLA HAYNES	SENIOR BUSINESS COUNSELLOR/FIELD OFFICER

FOR 5YRS OF SERVICE

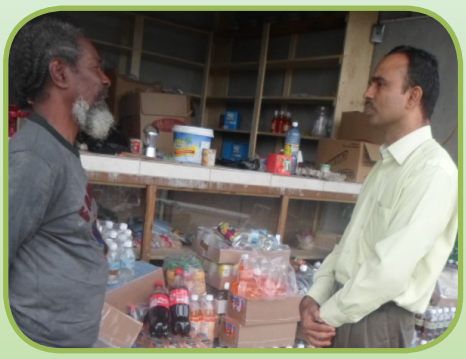
NIAIOL PAUL	OFFICER IN CHARGE – DEBT RECOVERY
PAULA KING	BUSINESS COUNSELLOR/FIELD OFFICER II
KEYSHAWN PHILANDER	SENIOR AUDIT CLERK
ANDREW MILTON	SECURITY OFFICER

Ramesh Persaud (L),
Chief Executive Officer

Helping people to help themselves!

Yogieraj Das (L), Credit Manager

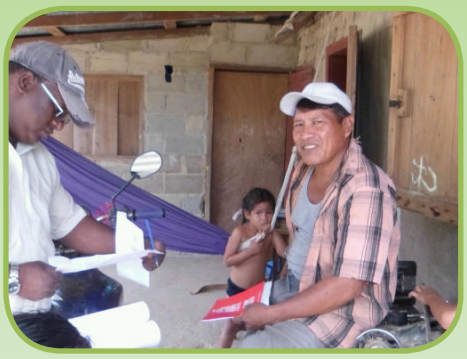
Hilton Lord (R), Snr. Business
Counsellor/Field Officer, Linden Branch



Prasanna Kumar Muthu (R),
Internal Auditor

Vishnu Harpaul (L),
Branch Manager, Essequibo

Gordon Trim (R), Branch Manager E.B.D.



Shaun Persaud (L), Officer in Charge - Region 9

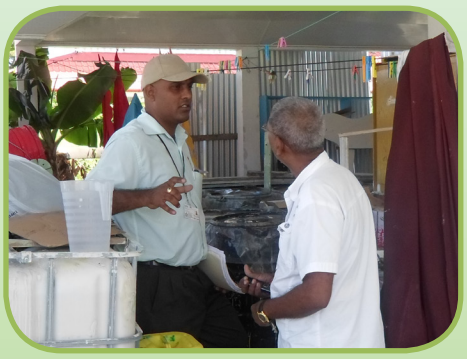
Elvis Rose (L), Branch Manager, Berbice

Garrett Ward (R), Branch Manager, E.C.D.

Robert Williams (L),
Officer in Charge - Rosignol

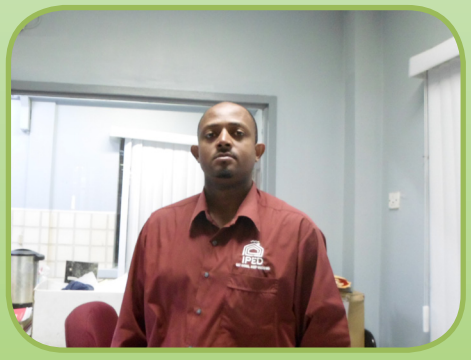
Jagdesh Haripershad (L),
Finance Manager

Hemant S. Indar Singh (L),
Admin Manager/Company Secretary



Dhanpal Birbal (L), Branch Manager,Parika

Henry Smith (L),
Snr. Business Counsellor/Field Officer,
Region 1



Niaiol Paul
Officer in Charge - Debt Recovery

The Best of 2013

BEST MICRO ENTERPRISE PROJECT

Ray Boyce - RICE CULTIVATION
12 Sand Pit Road, Onderneeming, Essequibo Coast

BEST SMALL ENTERPRISE PROJECT

Yamona - DISTRIBUTION SERVICES
Lot 22 Ruby, East Bank Essequibo

BEST MEDIUM ENTERPRISE PROJECT

Imran Mohamed - DISTRIBUTION SERVICES
No. 78 Village, Corentyne, Berbice

BEST MANAGED PROJECT

Brian Morrison - OTHER CROPS
Lot 3 Kuru Kururu, Soesdyke, Linden Highway

BEST AGRICULTURAL PROJECT

Veer Singh - RICE CULTIVATION
Cape Clair, Mahaicony, East Coast Demerara

BEST MANUFACTURING PROJECT

Mahendra Nauth Leildhari - MANUFACTURING (JEWELLERY)
Lot 127 Daisy Street, Springlands, Corentyne

BEST WOMAN ENTREPRENEUR

Bhagwandai Ram - MANUFACTURING (GARMENT)
11 Kersaint Park, LBI, East Coast Demerara

ENTERPRISING MICRO ENTREPRENEURS

Seerujnie Ramanand - POULTRY REARING
Lot 13 West Field, Queenstown, Essequibo Coast

Donnette Henry - VENDING
Tuschen North, East Bank Essequibo

Allison Duguid - DISTRIBUTION SERVICES
391 Self Help Square, East Ruimveldt, Georgetown

Clifford Fordyce - RICE CULTIVATION
6 Weldaad Village, West Coast Berbice

Yvette Dodds - CATERING
Lot 32 Tucber Park, New Amsterdam, Berbice

Mark Carlos Tacoordeen - VENDING
Lot 76 Windmill Road, Lethem, Rupununi

Diana Andries - DISTRIBUTION SERVICES
Lot 2084 Central Amelia's Ward, Linden

LOAN STATISTICS 2007-2013

ECONOMIC SECTOR	2013	2012	2011	2010	2009	2008	2007
Rice	1,353	1482	1,481	1,432	1,279	1,172	1,167
Sugarcane	6	5	8	11	17	11	15
Other Crops	434	361	381	383	339	371	424
Livestock	727	785	903	1,154	1,259	1,075	1,131
Fishing	53	70	76	91	82	84	84
Forestry	27	30	34	38	36	38	32
Mining	5	9	6	5	9	6	7
Manufacturing	165	164	212	204	226	202	226
Construction	31	26	29	2	8	11	9
Distribution Services	1456	1490	1,516	1889	2,106	1,839	2,202
Transportation Services	144	104	114	96	85	75	107
Rental of Buildings	3	3	6	1	2	1	5
Other Services	703	285	236	143	275	199	359
TOTAL	5,107	4,814	5,002	5,449	5,723	5,084	5,768

CLASSIFICATION OF LOAN RECIPIENTS 2001-2013

CUMMULATIVE	2013	2012	2011	2010	2009	2008	2007	2006	2001-2005
Men	1,872	1,876	1,807	1,704	1,545	1,349	1,758	1,653	8,787
Women	3,235	1,139	1,217	1,399	1,259	1,103	1,592	1,540	8,590
Joint - Men & Women	-	1,799	1,978	2,346	2,919	2,632	2,418	5,327	7,657
TOTAL	5,107	4,814	5,002	5,449	5,723	5,084	5,768	5,520	25,034

ADMINISTRATIVE ANALYSIS 2001-2013

SUMMARY RESULT OF ACTIVITIES	2013	2012	2011	2010	2009	2008	2007	2006	2001-2005
No. of Loans Granted	5,107	4,814	5,002	5,449	5,723	5,084	5,768	5,520	25,034
Value of Loans approved (G$000)	2,660,777	2,716,448	2,399,068	1,936,890	1,746,899	1,482,602	1,427,687	1,084,924	4,234,848
No. of Jobs Created/Sustained	9,489	9,628	9,974	10,140	10,127	8,984	9,926	9,636	39,912
Average Loan Size (G$000)	521.0	564.3	479.6	355	305.2	291.6	247.5	196.5	169.2
Administrative Cost Per Loan	69,303	63,725	58,051	48,675	43,960	41,278	35,206	32,523	25,289
Average No. of Jobs Per Loan	1.8	2.0	2.0	1.9	1.8	1.8	1.7	1.7	1.6
Loan Value Per Job (G$000)	280	282	240	191	173	165	144	113	106

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting this Report and Audited Financial Statements for the year ended 31st December, 2013.

PRINCIPAL ACTIVITIES

The Institute of Small Enterprise Development Limited was incorporated on 2nd October, 1985 as a Company limited by guarantee. It is a non-profit and tax exempt Organization formed to promote and to encourage the development and growth of industry through the provision of business guidance, technical assistance, non-traditional credit facilities to small entrepreneurs or to groups and generally to promote and encourage the development and growth of all other economic activities designed to improve the social and economic welfare of the people of Guyana.
With effect from 10th September, 1991 the entity's name was changed to Institute of Private Enterprise Development Limited.
The Institute was granted Certificate of Continuance as set out in the Articles of Continuance, under Section 339 of the Companies Act.
On the 14th August, 1986, the Institute of Private Enterprise Development Ltd. was prescribed as an Organisation of National Character in Guyana under Section 35(1) of the Income Tax Act Chapter 81:01.

PERFORMANCE FOR THE YEAR

In the year 2013, the Institute financed a total of 5,107 loans valued G$2,660.8 million. The 5,107 loans created/sustained 9,489 jobs. Income totaled $590.261 million and expenditure $359.419 million resulting in a surplus of $230.842 million for the year compared with $215.974 million in the year 2012.

APPLICATION OF SURPLUS

Net surplus for the year 2013 was $230.842 million and this was transferred to the accumulated surplus which totaled $2.387 billion at the end of 2013.

CREDIT PROGRAMMES

In the year 2013, the Institute operated two Credit Windows:-

1. Main Credit Window, which is geared to meet the needs of the small and medium business sectors.
2. Micro Credit Window, which is geared to meet the needs of the micro business sector.
   In April 2013, the Institute launched a new product called the Micro Boost Loans.

ENTREPRENEURIAL DEVELOPMENT

The Entrepreneurial Development Centre continued to pursue its mission of enhancing the chances of business success through training, education and development. Its partnership with the Institute of Commercial Management in the United Kingdom proved to be very critical to career and professional development. A total of two hundred and eleven students benefited from this level of training in Diploma programmes in Business Administration, Project Management, Introduction to Business Law, International Business Communication, Economics for Business and Marketing Principles.

BOARD OF DIRECTORS

During the year 2013, there were nine (9) Directors on the Board.

1. Dr. Yesu Persaud
2. Mr Komal Samaroo
3. Dr Ian Mc Donald
4. Mr Laurence Farley
5. Mr James Morgan
6. Mrs Amanda Richards
7. Dr. Gem Fletcher
8. Dr. Leslie Chin
9. Mr Ramsay Ali

Pursuant to the Company's Articles of Association, the following Directors retire by rotation and are eligible for re-election:

1. Dr. Yesu Persaud
2. Mr. Komal Samaroo
3. Dr. Leslie Chin

AUDITORS

The retiring Auditors, Messrs TSD LAL & CO. have intimated their willingness to be re-appointed.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED
ON THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Report on the Financial Statements

We have audited the accompanying financial statements of Institute of Private Enterprise Development Limited which comprise the statement of financial position as at 31 December 2013 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 18 to 56.

Directors'/Management's Responsibility for the Financial Statements

The Directors/ Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Institute of Private Enterprise Development Limited as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.

TSD Lal & Co

TSD LAL & CO.
CHARTERED ACCOUNTANTS

January 27, 2014

77 Brickdam
Stabroek, Georgetown
Guyana

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 G$	2012 G$ (Restated)
Interest income		545,696,833	474,393,463
Interest expense		17,751,682	7,461,771
Net interest income		527,945,151	466,931,692
Investment income	5	18,539,907	18,798,935
Other income	6	43,775,958	38,274,545
Net interest and other income		590,261,016	524,005,172
Employment cost	7 (a)	193,079,220	168,267,306
Loan impairment		5,486,077	-
Premises and equipment		35,884,620	29,830,589
Other operating costs		124,969,378	109,933,076
		359,419,295	308,030,971
Surplus of revenue over expenditure	7	230,841,721	215,974,201
Other comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of provision for employee benefits		(1,279,000)	53,883,000
Other comprehensive income / (loss)		(1,279,000)	53,883,000
Total comprehensive Income for the year		229,562,721	269,857,201

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Notes	Members' subscriptions G$	Capital donations G$	Accumulated surplus G$	Total G$
Balance at 1 January 2012 (as previously reported)		32,500	256,465,233	1,880,889,082	2,137,386,815
Adjustment	24	-	-	6,755,000	6,755,000
Balance at 1 January 2012 (restated)		32,500	256,465,233	1,887,644,082	2,144,141,815
Surplus for the year (restated)		-	-	215,974,201	215,974,201
Other comprehensive Income (restated)	24	-	-	53,883,000	53,883,000
Balance at 31 December 2012 (restated)		32,500	256,465,233	2,157,501,283	2,413,999,016
Surplus for the year		-	-	230,841,721	230,841,721
Other comprehensive loss		-	-	(1,279,000)	(1,279,000)
Total Recognised income for the year		-	-	229,562,721	229,562,721
Balance at 31 December 2013		32,500	256,465,233	2,387,064,004	2,643,561,737

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

ASSETS	Notes	2013 G$	2012 G$ (Restated)	2011 G$ (Restated)
Non Current assets				
Property, plant and equipment	9	145,978,728	126,366,379	126,838,688
Intangible asset	10	531,855	357,840	913,340
Investments	13	351,727,029	341,105,810	497,445,397
Defined benefit asset	8	74,721,000	71,970,000	16,873,000
Loans receivable	11	2,527,857,812	2,192,870,091	1,745,852,886
		3,100,816,424	2,732,670,120	2,387,923,311
Current assets				
Inventory		369,310	1,230,532	1,859,878
Other receivables and prepayments	12	54,268,471	23,808,603	18,730,726
Cash resources	14	187,919,947	147,975,566	23,879,117
		242,557,728	173,014,701	44,469,721
TOTAL ASSETS		3,343,374,152	2,905,684,821	2,432,393,032
EQUITY AND LIABILITIES				
EQUITY				
Members' subscriptions	15	32,500	32,500	32,500
Capital donations	16	256,465,233	256,465,233	256,465,233
Accumulated surplus		2,387,064,004	2,157,501,283	1,887,644,082
		2,643,561,737	2,413,999,016	2,144,141,815
Non Current liabilities				
Loans payable	17	290,245,363	203,715,726	35,570,530
Current liabilities				
Other payables and accruals	18	295,213,830	252,143,486	177,937,442
Loans payable	17	37,383,365	35,826,593	8,107,002
Bank Overdraft(Unsecured)		76,969,857	-	66,636,243
		409,567,052	287,970,079	252,680,687
TOTAL EQUITY AND LIABILITIES		3,343,374,152	2,905,684,821	2,432,393,032

These financial statements were approved by the Board of Directors on 27 January 2014.

On behalf of the Board:

Dr Yesu Persaud
Chairman

Mr James Morgan
Director

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

	2013 G$	2012 G$ (Restated)
OPERATING ACTIVITIES		
Surplus of revenue over expenditure	230,841,721	215,974,201
Adjustments for:		
Depreciation net of adjustment	19,502,958	16,331,031
Amortisation	393,297	555,500
Profit on sale of motor vehicles and office machinery	-	(2,550,000)
Operating surplus before working capital changes	250,737,976	230,310,732
Movements in:		
Loans receivable	(334,987,721)	(447,017,205)
Other receivables and prepayments	(30,459,868)	(5,077,877)
Inventory	861,222	629,346
Other payables and accruals	43,070,344	74,206,044
Defined benefit asset	(4,030,000)	(1,214,000)
Net cash used in operating activities	(74,808,047)	(148,162,960)
INVESTING ACTIVITIES		
(Increase) / decrease in investments	(10,621,219)	156,339,587
Purchase of property, plant and equipment net of adjustment	(39,115,307)	(15,858,722)
Purchase of intangible asset	(567,312)	-
Proceeds on sale of motor vehicles and office machinery	-	2,550,000
Net cash provided by / (used in) by investing activities	(50,303,838)	143,030,865
FINANCING ACTIVITIES		
Loan drawn down	125,000,000	210,000,000
Loan repayments	(36,913,591)	(14,135,213)
Net cash provided by financing activities	88,086,409	195,864,787
Net increase / (decrease) / in cash and cash equivalents	(37,025,476)	190,732,692
Cash and cash equivalents at beginning of period	147,975,566	(42,757,126)
Cash and cash equivalents at end of period	110,950,090	147,975,566
Comprising		
Bank overdraft	(76,969,857)	-
Cash resources	187,919,947	147,975,566
	110,950,090	147,975,566

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

NOTES TO THE FINANCIAL STATEMENTS

1. INCORPORATION AND ACTIVITIES

The Institute of Small Enterprise Development Limited was incorporated in Guyana on October 02, 1985 as a company limited by guarantee. It is a not-for-profit and tax exempt organization formed to promote and encourage the development and growth of industry through the provision of business guidance, technical assistance, non-traditional credit facilities to small entrepreneurs or to groups and generally to promote and encourage the development and growth of all other economic activities designed to improve the social and economic welfare of the people of Guyana.

With effect from September 10, 1991 the entity's name was changed to the Institute of Private Enterprise Development Limited.

2. NEW AND REVISED STANDARDS AND INTERPRETATIONS

Effective for the current year end

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 19 Amendments to IAS 19 – Employee Benefits	1 January 2013
IAS 27(2011) Separate Financial Statements	1 January 2013
IAS 28(2011) Investments in Associates and Joint Ventures	1 January 2013
IAS 1(2011) Amendments to IAS 1 – Presentation of Other Comprehensive Income	1 July 2012
IFRS 7 Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 1 First-time Adoption of International Financial Reporting Standards (Government loans)	1 January 2013
IFRS 1 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 1 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 16 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 32 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 34 Amendments as part of improvements to IFRSs 2011	1 January 2013
IFRS 10 Consolidated Financial Statements (Transitional arrangements)	1 January 2013
IFRS 11 Joint Arrangements (Transitional arrangements)	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities (Transitional arrangements)	1 January 2013

New Interpretation

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

2. NEW AND REVISED STANDARDS AND INTERPRETATIONS (CONT'D)

Available for early adoption for the current year end

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures	1 January 2017
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2017
IFRS 9 Additions for Financial Liability Accounting	1 January 2017
IFRS 10 Consolidated Financial Statements (Exemptions)	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities (Exemptions)	1 January 2014
IAS 19 Employee Benefits	1 July 2014
IAS 27 Separate Financial Statements (Exemptions)	1 January 2014
IAS 32 Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 Impairment of Assets	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement	1 January 2014
New interpretation	
IFRIC 21 Levies	1 January 2014

The Company has not opted for early adoption.

The standards and amendments that are expected to have a material impact on the Company's accounting policies when adopted are explained below.

IFRS 7

This standard is closely linked to IFRS 9. In December 2011, the IASB issued an amendment which modifies the relief from restating comparative periods and the associated disclosures.

IFRS 9

IFRS 9 was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in November 2010 and the revised date for adoption was set for 1 January 2015. However, in November 2013, consequential amendments were issued which removed the mandatory effective date. At a meeting the IASB tentatively decided that the mandatory effective date will be no earlier than annual periods beginning on or after 1 January 2017.

This standard specifies how an entity should classify and measure its financial assets.

The application of IFRS 9 may have significant impact on amounts reported in respect of the Company's financial assets and financial liabilities However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

When adopted, the standard will be applied retrospectively in accordance with IAS 8

IAS 19

The amendments to IAS 19 sets out that contributions from employees or third parties that are linked to service should be attributed to periods of service. It also permits a practical expedient if the amount of contributions is independent of the number of years of service.

The application of the amendments to IAS 19 may have impact on amounts reported in respect of the Company's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

NOTES TO THE FINANCIAL STATEMENTS

2. NEW AND REVISED STANDARDS AND INTERPRETATIONS (CONT'D)

New interpretation (cont'd)

IAS 32

Amends the disclosure requirements in IFRS 7 Financial Instruments, to require information about all recognised financial instruments that are set off.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.

The directors do not anticipate that the application of these amendments to IAS 32 and IFRS 7 will have a significant impact on the Company's financial statements as the Company does not have any financial assets and financial liabilities that qualify for offset.

IAS 36

This amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed. It clarifies the disclosures required and introduces an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique.

The directors anticipate that the application of this amendment may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

AS 39

This amendment relates to Hedge accounting.

The directors anticipate that this amendment will have no effect on the Company's financial statements as the Company does not engage in such activities.

IFRIC 21

This provides guidance on when to recognise a liability for a levy imposed by a government.

The directors anticipate that this interpretation will have no effect on the Company's financial statements as the Company is not subject to this.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1991.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair value, as explained in the accounting policies below.

(c) Revenue and expense recognition

Interest income on fixed return securities is recognized as it is earned. Income on loans is taken up on an accrual basis except for non-performing loans. Non-Performing loans are those loan accounts where both principal and interest are due and unpaid for three months or more and interest charge have been capitalized, refinanced or rolled over.

(d) Foreign currencies

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transactions.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated to Guyana dollars at the Cambio rates prevailing on that date or at rates agreed by the Bank of Guyana. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated at rates prevailing on the date when the fair value was determined. Gains or losses arising on retranslation are included in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where changes in fair value are recognized in the statement of comprehensive income.

(e) Borrowing costs

The Institute borrowings are for working capital purposes. For this purpose all borrowing costs are recognised in profit and loss in the period in which they are incurred.

(f) Defined benefits

The Institute participates in a multi employer defined benefit plan (Demerara Distillers Limited Pension Plan) for its employees. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period (stated in note 8). The future payments of employee benefits may differ from the estimated amounts due to deviations from the assumptions used.

(g) Taxation

The Institute being recognised as an organisation of national character in Guyana has been granted tax exempt status under the Income Tax Act. This was passed via regulation no 7 of 1986 of the Income Tax Act on August 14, 1986 by the Minister of Finance. As such taxation and deferred tax are not considered in the preparation of these financial statements.

(h) Property, plant and equipment

Freehold land and buildings are held for use in the supply of services and for administrative purposes and are stated in the statement of financial position at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Office furniture, fixtures and fittings, office machinery and equipment, motor vehicles and computer software are held for the use in the supply of services and for administrative purposes and are stated in the statement of financial position at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation of property, plant and equipment is calculated on the straight line method at rates sufficient to write off the cost or valuation of these assets to their residual values over their estimated useful lives as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, plant and equipment (cont'd)

Building	-	2%
Office furniture	-	15%
Fixtures and fittings	-	15%
Office machinery and equipment	-	20%
Motor vehicles	-	25%
Computers and Software	-	25%

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount. The excess of the carrying amount above the recoverable amount is written off to the profit or loss.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(i) Intangible asset

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised over a straight line basis over their useful lives. The estimated useful lives and amortization method are reviewed at the end of each annual reporting period.

(j) Inventories

Inventories are valued at the lower of cost and net realizable value based on the first-in-first-out method.

(k) Provisions

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

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

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

(l) Financial assets

Investments are recognized and derecognized on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets held by the Institute are classified into the following specified categories 'held to maturity investments; 'cash resources'; and 'loans and receivables' and are stated at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(m) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for 'held to maturity' investment only.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Investments

Investments are recognised in the financial statements to comply with International Accounting Standards.

The company investments have been classified as "Investments held to maturity"

"Investments held to maturity" are carried at amortised cost. Any gain or loss on these investments is recognised in the profit and loss when the asset is de-recognised or impaired.

(o) Loans receivable

Loans to customers that have fixed or determinable payments and which are not quoted in active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised when installments are paid.

Loans receivable are recognized when cash is advanced to borrowers and are derecognized when borrowers repay their obligations or when written off.

Classification

The Institute does not fall under the prescriptions of the Financial Institutions Act of 1995 but follows closely the principles as set out therein and as such has classified its loans into the following categories;

Grade 1 – Loans demonstrating financial condition, risk factors and capacity to repay that are good to excellent. This generally reflect accounts which are not impaired and are up to date in repayments or operating within approved limits as per the Institute's policy guidelines.

Grade 2 – Represents satisfactory risk and includes credit facilities which require closer monitoring or which operate outside product guidelines, or which require various degrees of special attention, where the collateral is not fully in place; where current market conditions are affecting a sector or industry; and that are progressively between 30 and 90 days past due.

Grade 3 – Represents loans for which principal and interest is due and unpaid between 90 and 179 days or, where interest charges for three to five months have been capitalized for reasons such as primary source of repayment has become insufficient, and where appropriate, mortgages in arrears by greater than 90 days where the value of the collateral is sufficient to repay both principal and interest in the event the account is identified for recovery action.

Grade 4 – Represents loans accounts which are considered uncollectible between 180-365 days or for which the collection of the full debt is improbable; accounts which have shown little or no improvement over the twelve months period prior to its present classification; principal or interest is due and unpaid for twelve months or more; or an account which may have some recovery value but is not considered practical nor desirable to defer write-off, for example: where litigation becomes protracted.

Non-performing loans

For individually assessed accounts, loans are required to be designated as non-performing as soon as there is objective evidence that an impairment loss has been incurred. Objective evidence of impairment includes observable data such as when contractual payments of principal or interest are 365 days overdue.

Loan amounts reported as past due are reclassified and reported as non performing when:

(i) Loans Principal or interest is due and unpaid for twelve months or more, or
(ii) Interest charges for twelve months or more have been capitalised, refinanced or rolled over.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Loans receivable (cont'd)

Loan Losses

A loan is classified as loss where one or more of the following conditions apply.

(i) An account is considered uncollectible
(ii) An account classified as doubtful with little or no improvement over the twelve month period.
(iii) The unsecured portion of a loan with fixed repayment dates when:-
  1) Principal or interest is due and unpaid for twelve months or more, or
  2) Interest charges for twelve months or more have been capitalized, refinanced or rolled over.

Collateral

It is the Institute's policy that all facilities are fully and tangibly secured. However, under the Micro Loan scheme, loans are issued against Bills of Sale over moveable assets, which are not considered as tangible collateral; hence these facilities can be considered as unsecured.

Loan Provisioning

It is the Institute's policy to provide for impaired loans in accordance with Institute's past experience with delinquent loans.

Appropriate allowances for estimated unrecoverable amounts are recognised in the profit and loss when there is objective evidence that the loan is impaired. The allowance is recognised based on management's evaluation of the collectability of each individual or collectively assessed loan.

Upon classification of a loan to a non-accrual status, interest is not taken up in income on an accrual basis. In subsequent periods, interest is only recognised to the extent payments are received.
Provisioning for each classification category is made based on the following minimum level:

Classification	Level of Provision
Grade 1	0%
Grade 2	0%
Grade 3	0-20%
Grade 4	50%
Non Performing	100%

Renegotiated loans

A renegotiated facility may be a facility which has been refinanced, rescheduled, hived off, rolled over, or otherwise modified because of weaknesses in the borrower's financial position or the non servicing of the debt as arranged, where it has been determined by the institute that the terms of the renegotiated loan are such as to remedy the specific difficulties faced by the borrower.

A credit facility may also be renegotiated upon the request by the client, followed by a subsequent analysis and approval by the Institute's approving committee; which may be due to the occurrence of one or both of the following conditions:

- The merging of total credit liabilities into one credit facility.

- The refinancing of a loan to facilitate the accessing of additional finance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Loans receivable (cont'd)

Renegotiated loans (cont'd)

Renegotiated credit facilities are permitted subject to the following condition:

- The existing financial position of the borrower can service the debt under the new conditions.
- An account classified as doubtful or loss shall not be renegotiated unless upfront cash payment is made to cover, at-least, unpaid interest or there is an improvement in the collateral taken which will make the renegotiated account, including unpaid interest, a well secured account.
- A commercial facility shall not be renegotiated more than twice over the life of the original facility and mortgage or personal loans not more than twice in a five year period.
- A renegotiated facility shall not be classified upward for a minimum of one year following the new arrangements.

(p) Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets, objective evidence of impairment could include:

- default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organisation.
- Cash flow difficulties experienced by the borrower.
- Breach of loan covenants or condition
- Deterioration of the borrower's competitive position
- Deterioration in the value of the collateral
- Downgrading of the asset

For certain categories of financial asset, such as loan receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Institute's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans receivables, where the carrying amount is reduced through the use of an allowance account. When a loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in statement of income.

In a subsequent period, if the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Impairment of tangible assets

At the end of each reporting period, the Institute reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Institute estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(r) Derecognition of Financial assets

The Institute derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Institute neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Institute recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Institute retains substantially all the risks and rewards of ownership of a transferred financial asset, the Institute continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(s) Financial liabilities

The Institute financial liabilities are classified as other financial liabilities.

(t) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

The Institute derecognizes financial liabilities when the Institute obligations are discharged, cancelled or they expire.

(u) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investments or other purposes. These are readily convertible to known amounts of cash, with maturity dates three (3) months or less.

(v) Business reporting divisions

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or a service within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Institute's operations are considered a single business unit with certain activities segmented.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Institute's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

i) Impairment losses on loan receivables
On a regular basis, management reviews receivables to assess impairment. Based on information available certain judgments are made that reflects the Institute's assessment of several critical factors that can influence future cash flows.

ii) Useful lives of property and equipment and intangible assets
Management reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each year to determine whether the useful lives of property, plant and equipment and intangible assets should remain the same.

iii) Defined benefit asset
The provisions for defined benefit asset are determined by the actuary based on data provided by management. The computation of the provisions by the actuary assumes that the data provided is not materially misstated.

	2013 G$	2012 G$
5. INVESTMENT INCOME		
Cash resources	1,453,351	4,768,712
Held to maturity investments	17,086,556	14,030,223
	18,539,907	18,798,935
6. OTHER INCOME		
Recoveries on loans previously written off	15,710,954	14,597,580
Fees- ICM courses	15,187,485	17,534,310
Others	12,877,519	6,142,655
	43,775,958	38,274,545

NOTES TO THE FINANCIAL STATEMENTS

	2013 G$	2012 G$
7. SURPLUS OF REVENUE OVER EXPENDITURE	230,841,721	215,974,201
After charging:		
Loan impairment	5,486,077	-
Depreciation and amortisation	19,896,255	16,886,531
Employment cost (a)	193,079,220	168,267,306
Auditors' remuneration (b)	745,500	710,000
(a) Employment cost:		
Salaries and wages	168,070,724	144,300,903
Other staff costs	13,754,262	14,384,835
Pension	11,254,234	9,581,568
	193,079,220	168,267,306
(b) Auditors' remuneration		
Audit services	745,500	710,000

No directors' emoluments were paid

8. DEFINED BENEFIT ASSET

The Institute participates in a defined benefit plan (Demerara Distillers Limited Pension Plan) for its employees. The contributions are held in trustee administered funds which are separate from the Institute's resources. Eighty three (2012- sixty seven) employees participate in the plan.

During the year, the Institute's contribution to the scheme was G$11,424,000 (2012 -G$9,825,000).

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2011 by Bacon Woodrow & de Souza Limited. The present valuation of the defined benefit obligation and the related current service cost were measured at 31 December 2013 using the Projected Unit Credit Method.

	2013 G$	2012 G$
Amounts in the statement of financial position:		
Defined benefit obligation	148,036,000	118,335,000
Fair value of plan assets	(222,757,000)	(190,305,000)
	(74,721,000)	(71,970,000)
Effect of asset ceiling	-	-
Net Defined benefit asset	(74,721,000)	(71,970,000)

NOTES TO THE FINANCIAL STATEMENTS

8. DEFINED BENEFIT ASSET (CONT'D)

	2013 G$	2012 G$
Reconciliation of amount recognised in the statement of financial position:		
Movement in Present Value of defined benefit obligation		
Defined benefit obligation at start	118,335,000	102,763,000
Service cost	11,378,000	9,786,000
Interest cost	5,915,000	5,117,000
Members' contributions	4,199,000	3,612,000
Re-measurements		
Experience adjustments	8,283,000	(2,074,000)
Benefits paid	(74,000)	(869,000)
	148,036,000	118,335,000
Change in Plan assets		
Plan assets at start of year	190,305,000	119,636,000
Expected return on plan assets	9,899,000	6,292,000
Return on Plan assets, excluding interest income	7,004,000	51,809,000
Company contributions	11,424,000	9,825,000
Members' contributions	4,199,000	3,612,000
Benefits paid	(74,000)	(869,000)
	222,757,000	190,305,000
Asset allocation as at 31 December:		
Guyanese and Regionally listed equities	101,274,000	85,401,000
Overseas equities (developed markets)	15,008,000	11,689,000
Regional bonds	21,318,000	26,360,000
Developed Market bonds	14,258,000	17,059,000
Emerging Market bonds	35,182,000	24,322,000
Cash and cash equivalents	25,039,000	25,474,000
Mortgage mutual fund	10,678,000	-
Total	222,757,000	190,305,000

NOTES TO THE FINANCIAL STATEMENTS

8. DEFINED BENEFIT ASSET (CONT'D)

	2013 G$	2012 G$
Expense Recognised in Statement of Income		
Current service cost	11,378,000	9,786,000
Net interest on net defined benefit liability/(asset)	(3,984,000)	(1,175,000)
Net Pension Cost	7,394,000	8,611,000
Re-measurements recognised in other comprehensive income		
Experience (gains/losses	1,279,000	(53,883,000)
Total amount recognised in other comprehensive income	1,279,000	(53,883,000)

Reconciliation of opening and closing Statement of Financial Position		
Defined benefit asset at prior year end	(71,970,000)	(10,118,000)
Unrecognised Gain charged to retained earnings	-	(6,755,000)
Opening defined benefit asset	(71,970,000)	(16,873,000)
Net Pension Cost	7,394,000	8,611,000
Re-measurements recognised in Other Comprehensive Income	1,279,000	(53,883,000)
Contributions Paid	(11,424,000)	(9,825,000)
Closing Defined Benefit Asset	(74,721,000)	(71,970,000)

Experience History	2013 G$	2012 G$	2011 G$	2010 G$	2009 G$
Defined benefit obligation	148,036,000	118,335,000	102,763,000	88,116,000	68,318,000
Fair value of plan asset	(222,757,000)	(190,305,000)	(119,636,000)	(99,597,000)	(83,194,000)
Surplus	(74,721,000)	(71,970,000)	(16,873,000)	(11,481,000)	(14,876,000)
Experience adjustment on plan liabilities	8,283,000	(2,074,000)	(1,674,000)	4,816,000	(1,393,000)
Experience adjustment on plan assets	7,004,000	51,809,000	2,569,000	91,000	2,353,000

NOTES TO THE FINANCIAL STATEMENTS

8. DEFINED BENEFIT ASSET (CONT'D)

	2013 Per annum	2012 Per annum
Principal actuarial assumptions used:	%	%
Discount rate	5	5
Rate of salary increases	5	5
Future pension increases	2	2

The pension scheme does not directly hold any of the assets of the company.

Life expentancy at age 60 for current pensioner in years		
Male	18	18
Female	22.5	22.5
Life expentancy at age 60 for current members age 40 in years		
Male	18.7	18.7
Female	23.4	23.4

Sensitivity Analysis	**1% pa increase**	**1% pa increase**
The impact on profit of changes in the assumptions used	**$ million**	**$ million**
Discount rate		
Future salary increases	37,978,000	(28,088,000)
	(13,083,000)	13,083,000

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 December 2013 by $2,947,000.

The pension scheme does not directly hold any of the assets of the company.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings G$	Motor vehicles G$	Furniture, fixtures and fittings G$	Office machinery G$	Computer equipment G$	Work in Progress G$	Total G$
Cost							
At 1 January 2013	119,257,224	50,905,721	18,289,469	48,697,882	52,950,268	-	290,100,564
Additions	-	791,002	4,752,345	3,072,930	28,124,720	2,614,590	39,355,587
Reclassification	-	-	644,138	(971,937)	327,799	-	-
Adjustment	-	-	(130,280)	(110,000)	-	-	(240,280)
At 31 December 2013	119,257,224	51,696,723	23,555,672	50,688,875	81,402,787	2,614,590	329,215,871
Depreciation							
At 1 January 2013	28,008,182	31,116,751	14,020,250	41,757,425	48,831,577	-	163,734,185
Charge for the year	2,157,736	7,383,801	1,415,308	3,259,585	5,338,278	-	19,554,708
Reclassification	-	-	644,138	(871,389)	227,251	-	-
Adjustment	-	-	(14,657)	(13,750)	(23,343)	-	(51,750)
At 31 December 2013	30,165,918	38,500,552	16,065,039	44,131,871	54,373,763	-	183,237,143
Net book values:							
At 31 December 2013	89,091,306	13,196,171	7,490,633	6,557,004	27,029,024	2,614,590	145,978,728
At 31 December 2012	91,249,042	19,788,970	4,269,219	6,940,457	4,118,691	-	126,366,379

Certain land and buildings are held as security for loan from Demerara Bank Limited.

10. INTANGIBLE ASSET

	2013 G$	2012 G$
Cost		
At 1 January	30,002,298	30,002,298
Additions	567,312	-
At 31 December	30,569,610	30,002,298
Amortisation		
At 1 January	29,644,458	29,088,958
Charge for the year	393,297	555,500
At 31 December	30,037,755	29,644,458
Net book value:		
At 31 December	531,855	357,840

The intangible asset represents a payment for the development and implementation of the Institute's MIS system and is being amortised over a period of four years.

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS RECEIVABLE

	2013 G$	2012 G$
Gross loans	2,573,975,299	2,238,847,997
Less impairment allowance (a)	(46,117,487)	(45,977,907)
	2,527,857,812	2,192,870,091
Non- current loans receivable	826,019,536	548,826,897
Current loans receivable	1,701,838,276	1,644,043,193
	2,527,857,812	2,192,870,091
Non-performing loans receivable	46,117,487	45,977,907
Performing loans receivable	2,481,740,325	2,146,892,184
	2,527,857,812	2,192,870,091
(a) Impairment allowances		
Individually assessed impairment		
At 1 January	45,977,907	48,874,851
Provision for the year	5,486,077	-
Bad debts written off	(5,346,497)	(2,896,945)
	46,117,487	45,977,907

Loans are carried at amortised cost subject to a test for impairment.
Interest rates ranged from 5% to 41.6% and terms of repayments from 3 months to 5 years.

The undiscounted fair value of collateral that the Institute holds relating to loans individually determined to be impaired at December 31, 2013 amounted to $46m (2012: $46m). The collateral consists of cash, securities and properties.

Collateral realised
During the year, the Institute realised collateral amounting to $5,151,528,000 (2012: $903,000)

12. OTHER RECEIVABLES AND PREPAYMENTS

	2013 G$	2012 G$
Debtors	34,025,866	5,035,104
Prepayments	7,928,638	11,757,658
Others	12,313,967	7,015,841
	54,268,471	23,808,603

13. INVESTMENTS

(a) Bonds	161,882,619	251,166,502

These are made up as follows:

Held to maturity investments

Government bonds	93,459,279	86,893,373
Private entity bonds (unsecured)	68,423,340	164,273,129
	161,882,619	251,166,502
(b) Cash resources	189,844,410	89,939,308
Total investments	351,727,029	341,105,810

The bonds are held as security for Demerara Bank Limited loan.

NOTES TO THE FINANCIAL STATEMENTS

14. CASH RESOURCES

	2013 G$	2012 G$
Cash	751,000	557,000
At banks	117,323,829	83,868,146
Government of Guyana IFAD project (i)	69,845,118	63,550,420
	187,919,947	147,975,566

(i) This represents money received from the Government of Guyana to be disbursed to poor rural households especially small- scale producers and vulnerable groups to improve their living conditions and their human, social and financial assets.

15. MEMBERS' SUBSCRIPTIONS

	2013 G$	2012 G$
At 1 January and 31 December	32,500	32,500

Members' subscriptions represent contributions by members towards the capital of the company. Only the original subscribers and trustees appointed on their behalf have voting rights. No dividend is paid to any member due to the non profit nature of the Institute.

16. CAPITAL DONATIONS

	2013 G$	2012 G$
At 1 January and 31 December	256,465,233	256,465,233

Capital donations received are used to extend credit to micro enterprises for the purpose of providing support to increase the productivity and employment generation of the micro enterprise sector. These donations are not repayable to the donor agencies.

17. LOANS PAYABLE

	2013 G$	2012 G$		Amount Committed
(i) IADB	12,186,556	13,027,098	SFR	375,000
(ii) EIB	15,695,841	23,348,555	ECU	698,090
(iii) DBL	299,746,331	203,166,666	GYD	335,000,000
	327,628,728	239,542,319		
Repayments due within one year	37,383,365	35,826,593		
Repayments due within two to five years	219,240,661	128,391,356		
Repayments due after five years	71,004,702	75,324,370		
	290,245,363	203,715,726		
	327,628,728	239,542,319		

17. LOANS PAYABLE (CONT'D)

(i) Inter-American Development Bank loan of 375,000 Swiss Francs was fully drawn down as at 31 December 1993. The loan is repayable not later than 16 January 2028 by 60 semi-annual consecutive, and as far as possible equal installments beginning on 16 July 1998.

Commission of 1% is payable semi annually on 16 January and 16 July each year beginning 6 months after the disbursements of the loan. The term of the IADB/IPED agreement require that this loan is repayable in Guyana dollars at the rate of exchange agreed by the Bank of Guyana at the date of disbursement.

(ii) European Investment Bank loan of 500,000 ECU was fully drawn down at 31 December 2000. The loan is repayable in 10 equal annual installments commencing 31 March 2001. A further loan was approved on November 22, 2000 for 500,000 Euro for which only 174,771 Euro was drawn down.

This loan is repayable in ten annual installments commencing December 2006.

Interest is payable annually in arrears at the rate of 2% per annum.

(iii) Demerara Bank Limited Term Loan of G$410,000,000 and to be disbursed in three phases, two in 2012 (September and December) for a total of GYD 210,000,000 and the balance of GYD 200,000,000 to be disbursed in the year 2013. This loan is repayable over fifteen (15) years in equal monthly installments of GYD 3,460,000.00, commencing 30th October, 2012 and 30th monthly thereafter, in full by 30th September, 2027.

This loan is secured by bonds, money market account and certain properties in the name of the Institute of Private Enterprise Development Limited.

18. OTHER PAYABLES AND ACCRUALS

	2013 G$	2012 G$
EIB loan interest	128,639	57,200
Accruals	21,512,006	19,489,402
Collateral Improvement scheme (i)	172,237,088	150,647,568
Internal Indemnity Fund (ii)	13,455,415	15,243,146
Miscellaneous	2,869,937	3,147,570
Government of Guyana IFAD project (iii)	85,010,746	63,558,600
	295,213,831	252,143,486

(i) This represents cash collateral held for loans issued and will be refunded when customers repay their loan. Interest rate of 2%.

At 1 January	150,647,568	144,479,919
Increase during the year	21,589,520	6,167,649
At 31 December	172,237,088	150,647,568

(ii) This represents provision for contingencies.

(iii) This represents monies received from the Government of Guyana for consultancy services for the management of the Enterprise Development Fund for the Rural Enterprise and Agricultural Development Project.

19. RELATED PARTY

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 operational decisions.

Listed below are transactions and balances with related parties:

(i) **Compensation for key management personnel**

The company's key management personnel is 5 (2012 - 6) and comprises its Chief Executive Officer, Credit Manager, Finance Manager, Administrative Manager/Company Secretary and the EDC Manager.

	2013 G$	2012 G$
The remuneration paid to key management personnel during the year were as follows:		
Short term employee benefits	40,020,452	38,822,649
Post-employment benefits	3,544,890	2,838,856
	43,565,342	41,661,505

No directors' emoluments were paid during the year.

(ii) The following balances were held with entities which share common chairmanship and some directors.

Trust Company Guyana Limited	Investment account	351,727,029	341,105,810
	Investments fees paid	1,081,893	15,400
Demerara Bank Limited	Deposit accounts	71,384,007	64,967,306
	Overdraft	76,969,857	-
	Loan	299,746,331	203,166,666
Guyana Youth Business Trust.	Receivables	34,025,866	5,035,104

NOTES TO THE FINANCIAL STATEMENTS

20. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

2013 ASSETS	Held to Maturity G$	Loans and Receivables G$	Other Financial Assets and Liabilities at Amortised cost G$	Total G$
Investment	161,882,619	-	189,844,410	351,727,029
Loan receivables	-	2,527,857,812	-	2,527,857,812
Other receivables and prepayments	-	54,268,471	-	54,268,471
Cash resources	-	-	187,919,947	187,919,947
Total Assets	161,882,619	2,582,126,283	377,764,357	3,121,773,259
LIABILITIES				
Loans payables	-	-	327,628,728	327,628,728
Other payables	-	-	273,701,824	273,701,824
Accruals	-	-	21,512,006	21,512,006
Bank overdraft	-	-	76,969,857	76,969,857
Total Liabilities	-	-	699,812,415	699,812,415
2012 ASSETS				
Investment	251,166,502	-	89,939,308	341,105,810
Loan receivables	-	2,192,870,091	-	2,192,870,091
Other receivables and prepayments	-	23,808,603	-	23,808,603
Cash resources	-	-	147,975,566	147,975,566
Total Assets	251,166,502	2,216,678,694	237,914,874	2,705,760,070
LIABILITIES				
Loans payables	-	-	239,542,319	239,542,319
Other payables	-	-	232,654,084	232,654,084
Accruals	-	-	19,489,402	19,489,402
Total Liabilities	-	-	491,685,805	491,685,805

21. FINANCIAL RISK MANAGEMENT

Objectives
Risk is inherent in the Institute's activities but is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls. The process of risk management is critical to the Institute's continued growth and performance. The Institute is exposed to liquidity risk, credit risk, operating risk and market risk.

Risk management structure
The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent bodies responsible for managing and monitoring risk.

Board credit and investment committee
This committee is comprised of six (6) Non Executive Directors. The committee is responsible for the approval of all credits and investments over limits delegated to management. The committee also reviews the amount, nature, risk characteristics and concentration of the Institute's credit and investment portfolio and ensures appropriate responses to changing conditions.

Internal audit
Risk management processes throughout the Institute are audited by the internal audit function that examines both the adequacy of the procedures and the Institute's compliance with the procedures. Internal Audit discusses the results of all Assessments with management, and reports its findings and recommendations to the Board Audit Committee.

Risk measurement and reporting systems
The Institute's risks are measured using methods which reflect the expected loss likely to arise in normal circumstances.

Monitoring and controlling risks is primarily performed based on limits established by the Board. These limits reflect the business strategy and market environment of the Institute as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries and geographies.

Information compiled from all the business units is examined and processed in order to analyze, control and identify risks early. This information which consists of several reports is presented and explained to the Board of Directors and Board Committees on a monthly basis.

(a) Market risk
The Institute's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Institute uses interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk.
There has been no change in the Institute's exposure to market risks or the manner in which it manages these risks.

(i) Interest rate sensitivity analysis.
The sensitivity analyses below have been determined based on the exposure to interest rates for all financial instruments at the end of the reporting period.The analysis is prepared assuming the amounts of the financial instruments at the end of the reporting period was in existence throughout the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Institute's profit for the year ended 31 December 2013 would increase/decrease by G$7,141,703 (2012: G$6,824,613). This is mainly attributable to the Institute's exposure to interest rates on its variable rate borrowings and balances at banks.

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Interest rate sensitivity analysis. (cont'd)
The Institute's sensitivity to interest rates has increased during the current period mainly due to the increase in cash at bank and reduction in variable debts instruments.

The institute's investments are not subject to interest rate sensitivity since they are held to maturity at a fixed rate of interest.

(ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Institute is exposed to various risks that are associated with the effects in interest rates. This impacts directly on its cash flows.

The Institute's management continually monitors and manages these risks through the use of appropriate tools and implements relevant strategies to hedge against any adverse effects.

		Maturing 31-12-2013						
		Within 1 year						
	Interest rate range %	On Demand G$	Due in 3 mths G$	Due 3 - 12 mths G$	2 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Assets								
Investments	3%-10%	189,844,410	-	-	51,287,340	110,595,279	-	351,727,029
Loans receivable	8%-40%	103,460,055	412,914,044	1,185,464,178	790,769,421	35,250,114	-	2,527,857,812
Other receivables and prepayments		-	-	-	-	-	54,268,471	54,268,471
Cash resources	0%-2%	187,919,947	-	-	-	-	-	187,919,947
		481,224,412	412,914,044	1,185,464,178	842,056,761	145,845,393	54,268,471	3,121,773,259
Liabilities								
Loans	1%-6%	8,493,258	-	28,890,107	219,240,661	71,004,702	-	327,628,728
Other payables and accruals		-	-	-	-	-	295,213,830	295,213,830
Bank overdraft	7.5%-18%	-	-	76,969,857	-	-	-	76,969,857
		8,493,258	-	105,859,964	219,240,661	71,004,702	295,213,830	699,812,415
Interest sensitivity gap		472,731,154	412,914,044	1,079,604,214	622,816,100	74,840,691	(240,945,359)	2,421,960,844

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

		Maturing 31-12-2012						
		Within 1 year						
	Interest rate range %	On Demand G$	Due in 3 mths G$	Due 3 - 12 mths G$	2 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Assets								
Investments	3%-10%	84,353,034	-	-	112,839,404	143,913,372	-	341,105,810
Loans receivable	8%-40%	74,265,239	392,749,699	1,177,028,256	511,874,512	36,952,385	-	2,192,870,091
Other receivables and prepayments	-	-	-	-	-	-	23,808,603	23,808,603
Cash resources	0%-2%	147,975,566	-	-	-	-	-	147,975,566
		306,593,839	392,749,699	1,177,028,256	624,713,916	180,865,757	23,808,603	2,705,760,070
Liabilities								
Loans	1%-6%	35,826,593	-	-	128,391,356	75,324,370	-	239,542,319
Other payables and accruals	-	-	-	-	-	-	252,143,486	252,143,486
		35,826,593	-	-	128,391,356	75,324,370	252,143,486	491,685,805
Interest sensitivity gap		270,767,246	392,749,699	1,177,028,256	496,322,560	105,541,387	(228,334,883)	2,214,074,265

(iii) Foreign currency risk

The Institute is exposed to foreign currency risk due to fluctuations in exchange rates on balances that are denominated in foreign currencies.

The financial statements at 31 December include the following assets and liabilities denominated in foreign currencies stated in the Guyana Dollar equivalent

2013	United States Dollars G$	Euro G$
Assets	285,668,109	-
Liabilities	-	15,695,841
Net assets / (liabilities)	285,668,109	(15,695,841)
2012		
Assets	211,432,473	61,552,064
Liabilities	-	23,348,555
Net assets	211,432,473	38,203,509

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(iii) Foreign currency risk (cont'd)

The following table details the company's sensitivity to a 2.5% increase and decrease in the Guyana dollar against balances denominated in foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number indicates an increase in profit where foreign currencies strengthens 2.5% against the G$ for a 2.5% weakening of the foreign currencies against G$ there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2013 G$	2012 G$
Profit/(loss):		
Euro	(392,396)	955,088
United States Dollars	7,141,703	5,285,812

(iv) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimize the risk.

Other price risks

The Institute is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than for trading purposes. The Institute does not actively trade these investments.

Equity price sensitivity analysis

The Institute is not exposed to price sensitivity anlaysis arising from its investments, since they are held to maturity investments at fixed rates of interest.

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk

Liquidity risk is the risk that the institute will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The Institute manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table shows the distribution of assets and liabilities by maturity:

	Maturing 31-12-2013					
	Within 1 year					
	On Demand G$	Due in 3 mths G$	Due 3 - 12 mths G$	2 to 5 years G$	Over 5 years G$	Total G$
Assets						
Investments	189,844,410	-	-	51,287,340	110,595,279	351,727,029
Loans receivable	103,460,055	412,914,044	1,185,464,178	790,769,421	35,250,114	2,527,857,812
Other receivables and prepayments	-	-	54,268,471	-	-	54,268,471
Cash resources	187,919,947	-	-	-	-	187,919,947
	481,224,412	412,914,044	1,239,732,649	842,056,761	145,845,393	3,121,773,259
Liabilities						
Loans	8,493,258	-	28,890,107	219,240,661	71,004,702	327,628,728
Other payables and accruals	-	-	295,213,830	-	-	295,213,830
Bank overdraft	-	-	76,969,857	-	-	76,969,857
	8,493,258	-	401,073,794	219,240,661	71,004,702	699,812,415
Net assets	472,731,154	412,914,044	838,658,855	622,816,100	74,840,691	2,421,960,844

	Maturing 31-12-2012					
	Within 1 year					
	On Demand G$	Due in 3 mths G$	Due 3 - 12 mths G$	2 to 5 years G$	Over 5 years G$	Total G$
Assets						
Investments	84,353,034	-	-	112,839,404	143,913,372	341,105,810
Loans receivable	74,265,239	392,749,699	1,177,028,256	511,874,512	36,952,385	2,192,870,091
Other receivables and prepayments	-	-	23,808,603	-	-	23,808,603
Cash resources	147,975,566	-	-	-	-	147,975,566
	306,593,840	392,749,699	1,200,836,859	624,713,916	180,865,757	2,705,760,070
Liabilities						
Loans	35,826,593	-	-	128,391,356	75,324,370	239,542,319
Other payables and accruals	-	-	252,143,486	-	-	252,143,486
	35,826,593	-	252,143,486	128,391,356	75,324,370	491,685,805
Net assets	270,767,247	392,749,699	948,693,373	496,322,560	105,541,387	2,214,074,265

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

Credit risk is the risk that financial loss arises from failure of customers or counter party to meet its obligations under a contract. It arises principally from lending, and lesser extent from investment and cash resources. Risk associated with investments are managed by a sub committee of the Board as mentioned above.

IPED is a financial institution that offers non traditional credit facilities such as Micro and Small loans to entrepreneurs. Its focus is mainly on the poor and disadvantage groups. These types of loans, have a greater risk of default than those offered in the formal banking sector, since the factors that contribute to defaults are much more.

The Board is responsible for identifying, measuring and managing credit risk. The Board and its Credit Sub Committee has approved standard policies and procedures necessary for adequate credit risk management. Since the core activity of the business is loans, credit risk management is always a top priority of Management and Staff. Compliance with credit policies and exposure limits is reviewed by the internal auditors on a continuous basis. These policies include but are not limited to:

Interviews are conducted for each client to obtain an overall impression of the applicant's ability to manage its finances and service the credit facility.

An appraisal or credit analysis is carried out for each client to assess the quality of the following charactertics:

Character - Willingness and determination to meet obligations, integrity, stability, honesty, quality of past dealings, background and community standing.

Capacity - Project cash generating capabilities, applicants education, experience and ability to manage cash /project.

Capital - Equity commitment by the borrower, leverage and use of total capital, emergency reserves of the owners.

Conditions - State of the economy, type of industry, political climate and prospects and social stability of the environment.

Collateral - Pledge by the borrower to complement the other characteristics. This is the secondary source of paying of the loan.
Collateral accepted are mortgages, bill of sales, guarantees, assignment of insurance policies, assignment of proceeds, cash and promissory notes.

Further, every project is appraised for its viability and success by examining factors such as Product, Price, Place and Promotion. It is believed that once a project meets sound business standards, the risk of default will be low.

Prior to the processing of the client's application a field visit is made to the site of every project to correlate information provided by the borrowers and other parties. During the visit, business counselors spend time in getting to know the client better and make assessments on the quality and value of the collateral being offered.

Once officers are satisfied that the business or project is viable the loan application will be prepared. All loans are approved at two levels of management, whilst those above certain levels are approved by the Credit Committee or the Board.

The functions of disbursement and approval of loans are adequately segregated.
Generally, funds are not disbursed unless mortgages and bill of sales are duly executed in the High Court.

Prior to the disbursement of the loan a training session is held for each client on the full policies of the Institute and to help them appreciate the full content of their loan agreements.

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Business counsellors are required to continually track loans recommended or approved by themselves to ensure projects are implemented as conceptualised, approved and scheduled; repayments are made in accordance with the loan agreements; potential problems are identified and appropriate actions are taken to avoid the performance of the loans being adversely affected; and generally to maintain and improve the healthiness of the institute's credit portfolio.

As part of our loan methodology, supervision visits are required monthly for each project. These visits are done to facilitate a process of development of the entrepreneur and to assess the status of the business and the state of the collateral. It is believed that if the institution is in constant contact with the client their risk of default will reduce and if potential problems arise, these can be dealt with at an early statge.

To facilitate prompt settlement of loans and to remove as much barriers as possible, IPED has appointed the Guyana Post Office Corporation and Bill Express as agents to receive installments countrywide at all their locations. Further, loan officers on thier visits to the clients home or business is also prepared to collect installments if the client wishes to settle. Making it easier to pay installments will help in the reduction of defaults.

Monthly credit meetings are conducted to review loans at varying degrees of default so that actions are taken in a timely manner.

Daily and monthly management reports are produced on the state of the portfolio and the loans that are delinquent.

Delinquent loans are followed up from the first day of arrears until they get back on stream.

For past due debts, a debt recovery unit has been set up to provide specialist assistance to recover these outstanding balances. Their work consist mainly of negotiating with clients, restructuring facilities and as a last resort follow the legal process to realise the collateral.

Credit exposure is controlled by lending limits that are reviewed and approved by the Credit Committee and the Board of Directors.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

The table below shows the Institute's maximum exposure to credit risk.

Gross maximum exposure:	**2013 G$**	**2012 G$**
Investments: Held to maturity	351,727,029	341,105,810
Loans receivable	2,527,857,812	2,192,870,091
Other receivables	54,268,471	23,808,603
Cash resources	187,919,947	147,975,566
Total credit risk exposure	3,121,773,259	2,705,760,070

Where financial instruments are recorded at fair value the amounts shown above represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Collateral and other enhancements
The Institute maintains credit risk exposure within acceptable parameters through the use of collateral as a risk- mitigation tool.
The amounts and type of collateral required depends on an assessment of the credit risk of the counterparty.
Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are cash or securities, charges over real estate properties, inventory and trade receivables and mortgages over residential properties.

Management monitors the market value of collateral, request additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

It is the Institute's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to repay the outstanding claim.
In general, the institute does not occupy repossessed properties for business use.

Concentration of risk is managed by client/counterparty, by geographical region and by industry sector as detailed in the following:

(a) Geographical sectors

The Institute's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held and other credit enhancements, can be analysed by the following geographical sectors based on the country of domicile of our counterparties:

	2013 G$	2012 G$
Guyana	2,836,105,149	2,383,943,955
Jamaica	-	66,563,452
Barbados	19,289,740	61,552,064
Trinidad and Tobago	56,579,918	53,207,156
Other countries	209,798,451	140,493,443
	3,121,773,259	2,705,760,070

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

(b) Industry sectors'

The following table breaks down the Institute's maximum credit exposure as categorised by the industry sectors of our counterparties:

	2013 G$	2012 G$
Government and government bodies	434,397,247	299,061,327
Financial sector	159,518,199	208,242,333
Fishing	41,152,996	48,812,312
Rice	822,572,658	759,812,900
Dairy	6,742,788	3,285,953
Pigs	21,108,106	15,259,836
Poultry	97,945,695	96,782,898
Fish dehydration	3,388,582	6,435,965
Crops	130,797,527	107,824,777
Garment	6,405,985	3,412,589
Food processing	17,360,197	16,695,195
Workshop	23,674,982	25,503,996
Furniture	27,654,109	31,076,988
Craft	8,757,509	5,097,282
Trading	764,560,813	719,127,701
Miscellaneous	601,853,354	405,305,924
	3,167,890,746	2,751,737,976
Less: Allowance for impairment	(46,117,487)	(45,977,907)
	3,121,773,259	2,705,760,070

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Credit quality per category of financial assets

The Institute has determined that credit risk exposure arises from the following statement of financial position lines:

Investments- Held to maturity
Loans receivable
Other receivables
Cash resources

Investments - Held to maturity

The debt securities within the Institute's investments security portfolio are exposed to credit risk. The credit quality of each individual security is internally assessed based on the financial strength, reputation and market position of the issuing company and the ability of that company to service the debt. The level of credit risk thus assessed and associated with the security is assigned to a risk premium.
These premiums are defined as follows:

Superior: Government and Government Guaranteed securities and securities secured by a letter of comfort from the Government.
These securities are considered risk free.

Desirable: Corporate securities that are current and being serviced in accordance with the terms and conditions of the underlying agreements.
Issuing company has good financial strength and reputation.

Acceptable: Corporate securities that are current and being serviced in accordance with the terms and conditions of the underlying agreements.
Issuing company has fair financial strength and reputation.

Sub-standard: These securities are either more than 90 days in arrears but are not considered impaired, or have been restructured in the past financial year.

The table below illustrates the credit quality of debt security investments as at December 31:

	Superior G$	Desirable G$	Acceptable G$	Sub-standard G$	Total G$
Financial Investments: Held to maturity					
2013	93,459,279	258,267,750	-	-	351,727,029
2012	66,563,452	274,542,358	-	-	341,105,810

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Loans receivable

The credit quality of loans receivable and advances is internally determined from an assessment of the counterparty based on a combination of factors. These include the level and strength of experience of management, the track record and level of supervision required for the existing facilities of the company, the financial and leverage position of the borrowing company, the estimated continued profitability of the company and the ability of that company to service its debts, the stability of the industry within which the company operates and the competitive advantage held by the company in the market. The overall level of risk thus assessed is assigned a credit score which indicates the overall quality of the Commercial/ Corporate borrowings account.

The related scores for commercial and corporate advances that are neither past due nor impaired are defined as follows:

Superior: These counterparties have strong financial position. Facilities are well secured, and business has proven track record.

Desirable: These counterparties have good financial position. Facilities are reasonably secured, and underlying business is performing well.

Acceptable: These counterparties are of average risk with a fair financial position. Business may be new or industry may be subject to more volatility, and facilities typically have lower levels of security.

Sub-standard: Past due or individually impaired.

The table below illustrates the credit quality of debt security investments as at December 31:

	Neither past due nor impaired			Impaired	
	Superior G$	Desirable G$	Acceptable G$	Sub-standard G$	Total G$
2013	2,073,469,518	356,328,591	51,942,216	46,117,487	2,527,857,812
2012	1,837,885,955	274,391,153	34,615,076	45,977,907	2,192,870,091

Loan receivables

	2013 G$	2012 G$
Current	2,027,352,031	1,628,367,633
Past due but not impaired	344,992,558	440,042,890
Impaired	155,513,223	124,459,568
	2,527,857,812	2,192,870,091

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Loans receivable (cont'd)

Ageing of receivables that are past due but not impaired

	2013 G$	2012 G$
1-30 days	188,445,311	153,090,136
31-90 days	81,792,556	104,789,680
91-180 days	74,754,691	182,163,074
Total	344,992,558	440,042,890

While the foregoing is past due they are still considered to be collectible in full.

Ageing of impaired receivables

2013	Principal G$	Exposure G$	Provision G$
180-365 days	57,453,519	9,766,808	9,076,254
over 365 days	98,059,704	38,864,474	37,041,233
	155,513,223	48,631,282	46,117,487
2012			
180-365 days	38,790,606	9,147,036	9,054,261
over 365 days	85,668,962	36,912,090	36,923,646
	124,459,568	46,059,126	45,977,907

21. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Cash resources

The credit quality of balances due from other banks is assessed by the bank according to the level of credit worthiness of the institution in relation to the other institutions in the region. The credit quality of these balances has been analysed into the following categories:

Superior: These institutions have been accorded the highest rating, indicating that the institution's capacity to meet its financial commitment on the obligation is extremely strong.

Desirable: These institutions have been accorded the second-highest rating, indicating that the institution's capacity to meet its financial commitment on the obligation is very strong.

Acceptable: These institutions have been accorded the third-highest rating, indicating that the institution's capacity to meet its financial commitment on the obligation is adequate.

The table below illustrates the credit quality of cash resources due from banks as at December 31:

	Superior G$	Desirable G$	Acceptable G$	Total G$
2013	-	187,919,947	-	187,919,947
2012	-	147,975,566	-	147,975,566

(d) Operational risk

The growing sophistication of the financial sector and the impact of the Global Financial Crisis has made the Institute's operational risk profile more complex. Operational risk is inherent to all business activities and is the potential for financial or reputational loss arising from inadequate or failed internal controls, operational processes or the systems that support them. It includes errors, omission, disasters and deliberate acts such as fraud.

The Institute recognises that such risk can never be entirely eliminated and manages the risk through a combination of systems and procedures to monitor and document transactions. The Institute's operational risk committee oversees this and where appropriate, risk is transferred by the placement of adequate insurance coverage.

The Institute has developed contingency arrangements and established facilities to support operations in the event of disasters. Independent checks on operational risk issues are also undertaken by the internal audit department and the audit committee.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values have been determined as follows:

	2013		2012	
	Carrying value G$	Market value G$	Carrying value G$	Market value G$
Assets				
Investments	351,727,029	358,807,267	341,105,810	361,245,242
Loans receivables	2,527,857,812	2,527,857,812	2,192,870,091	2,192,870,091
Other receivables (net of prepayments)	46,339,833	46,339,833	12,050,945	12,050,945
Cash resources	187,919,947	187,919,947	147,975,566	147,975,566
	3,113,844,621	3,120,924,859	2,694,002,412	2,714,141,844
Liabilities				
Loans	327,628,728	327,628,728	239,542,319	239,542,319
Other payables and accruals	295,213,830	295,213,830	252,143,486	252,143,486
Bank overdraft	76,969,857	76,969,857	-	-
	699,812,415	699,812,415	491,685,805	491,685,805

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

The fair value of financial assets and financial liabilities were determined as follows:

(a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets were determined with reference to quoted market prices. Quoted market prices were obtained from independent market valuators.

(b) The fair value of other financial assets and financial liabilities were determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions and the institute's past experience.

(c) The fair value of loans receivables were determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices from observable current market transactions and the Institute's past experience with delinquent loans and have taken into account probability of defaults.

Fair value measurements recognised in the statement of financial position

The following is an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for idential assets or liabilities.

	2013 G$	2012 G$
Investments- Held to maturity	161,882,619	251,166,502

23. PENDING LITIGATION

There are several litigations pending, the outcomes of which are uncertain at this stage.

24. RESTATEMENT

In the current year the company's accounting policies were changed in respect of the adoption of the revised IAS 19 - Employee benefits applicable to the provision for employee benefits. The financial statements were restated retrospectively to reflect these changes.

The effect of the restatement was as follows:

	2012 G$	2011 G$
Accumulated funds at 1 January 2012 increased by		6,755,000
Defined benefit asset increased by		6,755,000
Other comprehensive income increased by	53,883,000	
Defined benefit asset increased by	53,883,000	

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