IPED

GET GOING.
KEEP GROWING.

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

ANNUAL REPORT 2018

4,091

Improved livelihoods by building sustainable micro and small enterprises over the past three decades.

8,627

NUMBER OF JOBS CREATED/SUSTAINED

VISION

Improved livelihoods by building sustainable micro and small enterprises.

MISSION

IPED provides finance and advisory services to micro and small business entrepreneurs enabling them to build sustainable enterprises.

OBJECTIVES

To promote a culture of entrepreneurship and to inspire and empower micro and small business owners to build sustainable enterprises.

To provide timely and adequate financing, technical assistance and business guidance to Micro and Small business owners to enhance their production potential and capacity to meet their market demands.

To promote sustainable environmental practices and technologies to micro and small businesses that will mitigate the risks of harm to our environment.

To build effective partnerships with organizations providing complementary support services to micro and small businesses.

To provide a work environment where all employees are treated fairly, are adequately compensated, trained and highly motivated towards the achievement of our vision.

CONTENTS

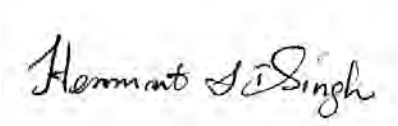
NOTICE OF MEETING

The thirty third Annual General Meeting of the Institute of Private Enterprise Development Ltd will be held on Tuesday, 19th March, 2019 at the Institute's Head Office, 253 South Road, Bourda, Georgetown, commencing 2:00pm.

AGENDA

1. Chairman's review of the Institute for the year 2018
2. Receive and consider the Institute's Accounts and Reports of the Directors and Auditors for the year 2018
3. Elect Directors in the place of those retiring by rotation
4. Appoint Auditors and authorise the Directors to fix their remuneration
5. Any other business of an Annual General Meeting

BY ORDER OF THE BOARD



…….....……..

Hemant S I Singh
Company Secretary

Registered Office:
253-254 South Road,
Bourda, Georgetown

25th February, 2019

BOARD OF DIRECTORS








- Mr. Komal Samaroo CCH, FCCA, ACIS-Chairman
  Mr. James Morgan FLMI, ACS
  Dr. Leslie Chin CCH, Bsc, Ph.D
  Dr. Gem Fletcher Ph.D
- Mrs. Amanda Richards MS, AICB
  Dr. Ian McDonald AA, MA (Cantab), FRSL
  Mr. Ramsay Ali AA, Bsc,.
  Major General Joseph G Singh MSS, Msc,FCMI, FRGS (Ret.)

CORPORATE INFORMATION

DIRECTORS
Mr. Komal Samaroo-Chairman
Mr. James Morgan
Dr. Ian McDonald
Mrs. Amanda Richards
Dr. Gem Fletcher
Mr. Ramsay Ali
Dr. Leslie Chin
Major General Joseph G Singh (Retired)

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
& 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
Lot 110 Charity Public Rd.
Essequibo Coast
Tel: 592-771-4800

Region 3
278 Pet Shop Street
Parika
East Bank Essequibo
Tel: 592-260-4399
Lot 29B Stelling Road
Vreed-en-Hoop
West Coast Demerara
Tel: 592-264-3592

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

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

Region 6
1 Port Mourant
Corentyne
Tel: 592-336-6171
Lot 25 Corriverton
Corentyne, Berbice
Tel: 592-335-3928
Lot 12 Main & Chapel Sts.
New Amsterdam
Tel: 592-333-5673
592-333-4360

Region 9
Lethem
Rupununi
Tel: 592-772-2229

Region 10
Hand-in-Hand Building
Lot 23 Republic Avenue
Linden
Tel: 592-444-3001

STAFF AWARDS 2018

05 YEARS

Ms. Tshanna Dainty	- Finance Manager (Ag)
Ms. Sabitree Mohamed	- Cleaner
Mr. Oswald Chandla	- Security Officer
Mr. Noel Carreiro	- Office Assistant

10 YEARS

Mr. Andrew Milton	- Security Officer
Mr. Jeffrey Walcott	- Lecturer, IPED's Entrepreneurial Development Centre

15 YEARS

Mr. Hayla Haynes	- Senior Business Counselor/Field Officer

20 YEARS

Mr. Andrew Singh	- Security Officer

25 YEARS

Mrs. Neela Ramesh	- Senior Legal Clerk

CHAIRMAN'S REPORT

IPED CONTINUES TO BE A

PILLAR

in the growth and development of the ordinary man and woman in their quest of owning their own businesses.

IT GIVES ME great pleasure to present to you the annual report for the Institute of Private Enterprise Development Limited for year ended December 31, 2018.

IT IS WITH honour and gratitude that I acknowledge our Founding Chairman Dr. Yesu Persaud who retired from the Board of IPED at the end of January 2018. His leadership and sterling contribution over 32 years to the development and growth of IPED, an institution focused on improving the livelihoods of micro and small business entrepreneurs will not be forgotten as IPED continues to be a pillar in the growth and development of the ordinary man and woman in their quest of owning their own businesses.

THE YEAR 2018 came with its fair share of challenges but vigilance, strategic decision making and innovation has allowed us to emerge with satisfactory results.

THE GROSS LOAN portfolio as at December 31, 2018 grew to $3.008B or by 7% from $2.806B in 2017. During 2018 IPED processed and disbursed 4,091 loans for a value of $2.663B compared to 4,218 loans for a value of $2.684B in 2017. This is a decline of 3% and 1% in number and value respectively. The total number of loans outstanding as at December 31, 2018 declined to 3,938 or 3% from 4,064 in 2017.

THE OVERALL QUALITY of the loans portfolio has recorded a marginal improvement with Portfolio at Risk (principal balance of loans in arrears for more than 30 days as percentage of gross loans) being 16.16% in 2018 compared to 18.35% in 2017. Non-performing loans as a percentage of gross loans improved from 10.2% in 2017 to 9.8% in 2018.

DATA OBTAINED FROM loan applications processed in 2018 indicates that micro and small businesses supported by IPED employed approximately 8,627 persons.

OF THE TOTAL applications processed in 2018, loans to female principal borrowers were 33% (2017: 35%), Rural borrowers were 93% (2017: 91%), Youth borrowers were 5% (2017: 6%) and 72% (2017: 76%) were for borrowers without real estate collateral.

THE FINANCIAL POSITION of IPED has strengthened over the year and continues to be stable. Total assets grew to $3.720B or by 8% from $3.498B at December 2017. This is financed by $3.267B (2017: $3.221B) of accumulated funds and surpluses. Total Liabilities increased to $454M or by 63% from $278M at December 2017. During 2018 a loan of $200M was drawn down from Demerara Bank Limited and $41M from the IDB. These were used to fund the growth of the loans portfolio.

THE FINANCIAL PERFORMANCE for the year has improved with a total surplus of $102.5M for the year compared to $85.7M for the year 2017. This is an increase of $16.8M or 19.6%. The total interest income for the year was $539M compared to $512M in 2017, an increase of $27M or 5%. Total investment and other income was $57M compared to $55M in 2017 an increase of $2M or 4%.

THE TOTAL EXPENSES for 2018 were $490M compared to $479M in 2017, an increase of $11M or 2.3%.

IPED IS A not for profit organization but manages its financial affairs to ensure that the institution is sustainable and self-sufficient. All surpluses will be used to enhance our outreach to micro and small businesses in 2019 and thereafter.

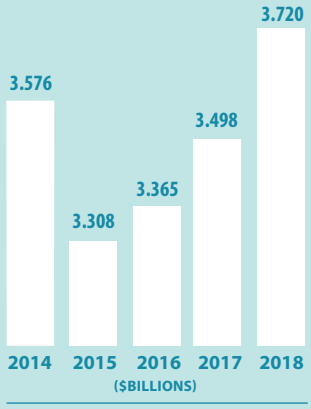
ON THIS NOTE, I wish to thank the Board of Directors, Management, Staff and our Stakeholders for their contributions in 2018 and for ensuring IPED continues to achieve its mandate of improving livelihoods by helping entrepreneurs to build sustainable enterprises.

KOMAL SAMAROO

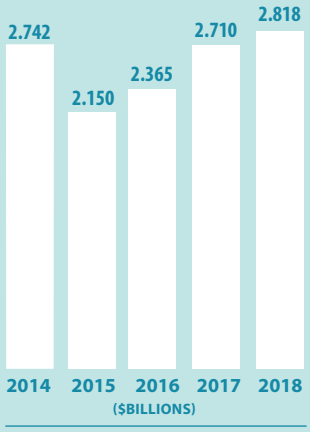
CHAIRMAN'S REPORT

FINANCIAL SUMMARY
SOCIAL PERFORMANCE

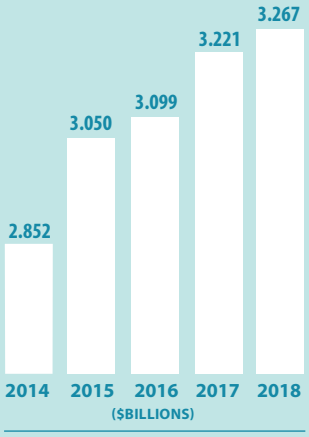
TOTAL ASSETS



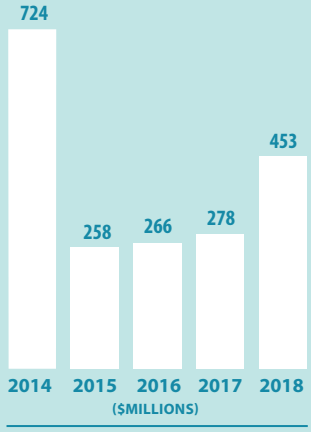
NET LOANS VALUE



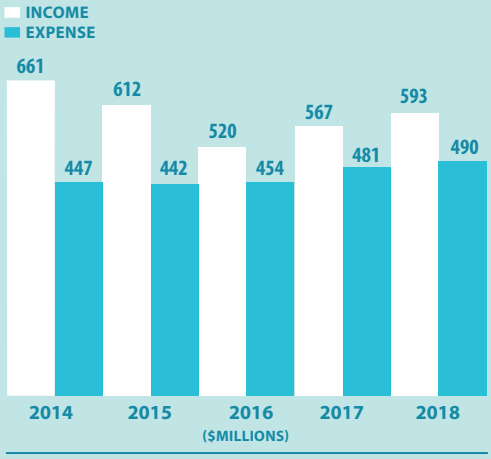
EQUITY



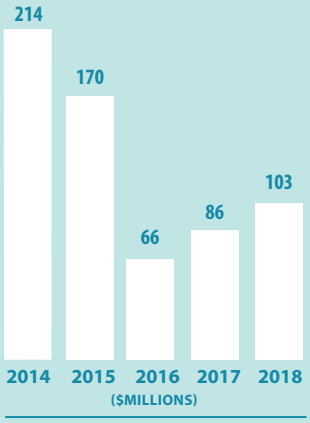
TOTAL LIABILITIES



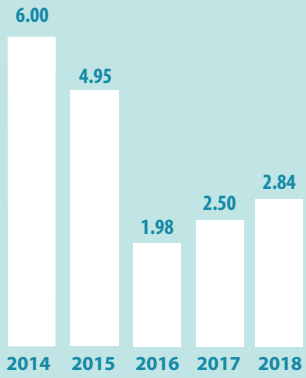
INCOME/EXPENSE



SURPLUS

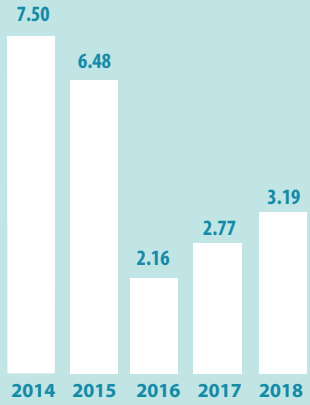


RETURN ON ASSETS (%)



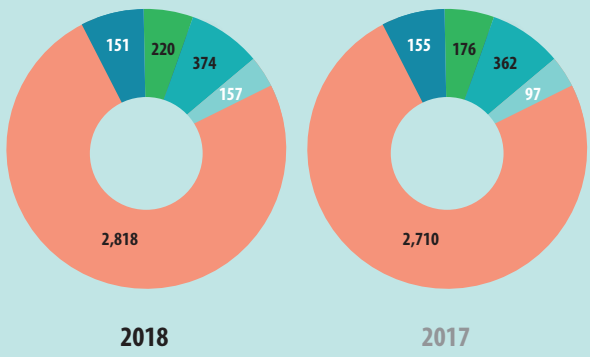
RETURN ON ASSETS = SURPLUS/TOTAL ASSETS

RETURN ON EQUITY (%)



RETURN ON EQUITY = SURPLUS/TOTAL EQUITY

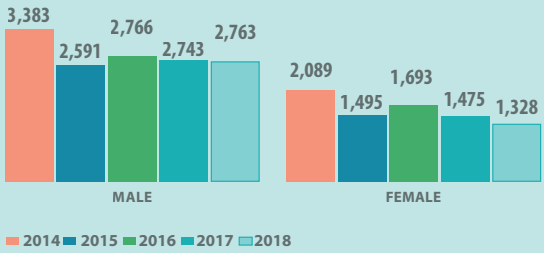
TOTAL ASSETS ($MILLIONS)

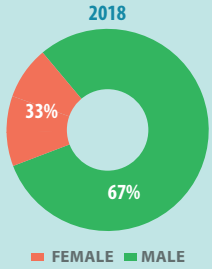


- LOANS RECEIVABLE
- OTHER
- PROPERTY, PLANT & EQUIPMENT
- SHORT TERM INVESTMENT
- CASH AT BANK

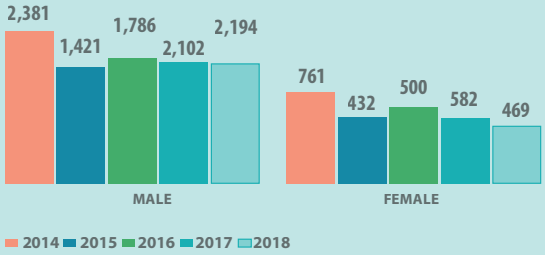
SOCIAL PERFORMANCE

NUMBER OF LOANS BY GENDER

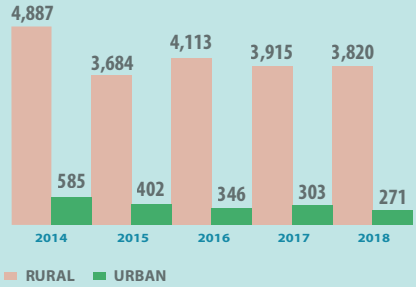


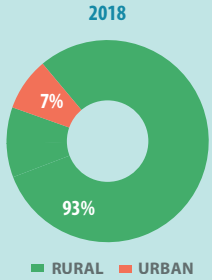


VALUE OF LOANS BY GENDER ($MILLIONS)

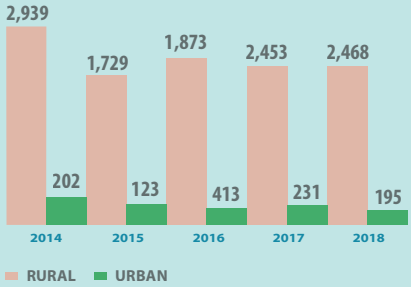


NUMBER OF LOANS BY GEOGRAPHICAL AREA ($MILLIONS)

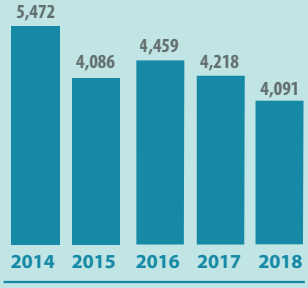




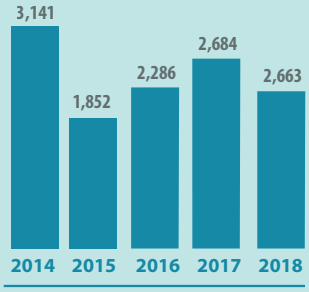
VALUE OF LOANS BY GEOGRAPHICAL AREA ($MILLIONS)



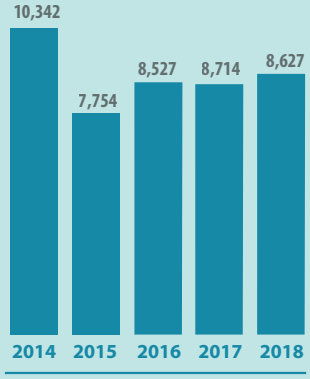
NUMBER OF LOANS GRANTED



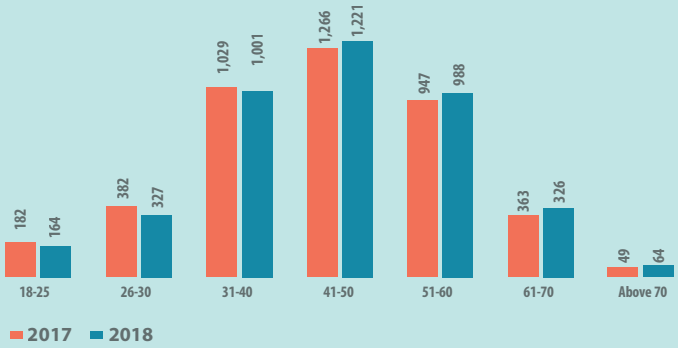
VALUE OF LOANS DISBURSED ($MILLIONS)



NUMBER OF JOBS CREATED/ SUSTAINED

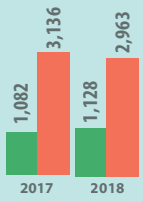


NUMBER OF LOANS BY AGE



VALUE OF LOANS BY COLLATERAL TYPE ($MILLIONS)

NUMBER OF LOANS BY COLLATERAL TYPE



REAL ESTATE NON-REAL ESTATE

By Ramesh Persaud - *CEO, IPED*

Dr. Yesu Persaud's Principles of Managing, Not For Profit Organisation - The IPED Model.

Be reminded that: IPED exist to help people who are willing to help themselves.
Dr. Yesu Persaud.

Get Going. Keep Growing. With IPED.

"To resuscitate private enterprise in Guyana and rejuvenate the culture of entrepreneurship we must start by supporting small enterprises" Dr. Yesu Persaud- 1985.

In 1965 it was estimated that 70% of Guyana's economy was controlled by Private Enterprises. In 1985 it was also estimated that 90% of the economy was controlled by the state. Government controlled the commanding heights of the economy. This was after Guyana's failed experiment with Co-operative Socialism that resulted in entrepreneurial and capital flight in the 1970/80s and the decimation of private enterprises.

After it was decided to reverse the policies of Co-operative socialism in 1985-1988 period the market was ripe with opportunities for up and coming entrepreneurs but they needed capital and technical advice. This is where someone with capital and access to powerful connections could have made lots of money on the business of providing capital to small businesses. However, Dr Persaud chose to create an entity to provide help to small enterprise entrepreneurs on a Not For Profit Basis. This opportunity give birth to the Institute of Small Enterprise Development that is today now known as the Institute of Private Enterprise Development Limited. (IPED).

Dr. Persaud's Influence and guidance over the last 32 years has significantly impacted the Guiding principles and culture of the Organisation and the lessons learnt from his philosophy of leading and building IPED as a not for profit Organisation is worthy of consideration.

Dr. Yesu Persaud's Principles of Managing a Not for Profit Organisation

1. Set a clear mission and do not deviate. IPED serves micro and small business entrepreneurs by providing Finance and Advisory Services enabling them to build sustainable enterprises. Finance is provided only for business purposes and IPED chose not to become a payday or consumer loan agency.

2. Select a Board of Directors that are apolitical and willing to serve for free. Directors in a not for profit should not expect to benefit from the Organisation financially, not even for their transportation cost. If they believe in the mission they will serve.

3. Appoint your team and its leader on merit only. Always hire the best. "Nothing gets done unless someone gets it done". Yesu Persaud

4. Apply Good Governance Standards of transparency and accountability.

5. Maintain good records and produce annual reports timely. IPED has 32 years audited accounts. For the last 10 years these accounts are audited by the third week of January the following year.

6. Be a good storyteller. Select a few successes and repeat them every opportunity you get.

7. Have zero tolerance on corruption and corrupt practices.

8. Treat Beneficiaries responsibly. Provide services that are needed and ensure that beneficiaries fully understand all terms and conditions before a contract is signed.

9. Use personal clout to leverage relationships for the benefit of the Organisation not yourself.

10. Focus on Sustainability always. IPED is a not for profit but not a charity. Market based principles are applied and strict financial management is balanced with strong social objectives. All of IPED's surpluses are reinvested to serve the beneficiaries. No profit is distributed to any member or director.

The above principles after being consistently applied for 32 years has resulted in an Organisation that started with 28,000 dollars having total assets today of USD 18M. To date IPED has served in excess of 50,000 unique borrowers with more than 110,000 loans for a value of USD170M and having a repayment rate of 97%. The 4000 clients we serve today employ approximately 10,000 persons including themselves. About 35% of clients served are women, 5% youth, 90% rural. 70% of all loans are done for clients without collateral. It is worthwhile to note that one out of every 5 acres of rice land in Guyana is cultivated by an IPED supported farmer.

Good governance and the Principles of Dr. Yesu Persaud laid out above certainly contributed to the remarkable results of IPED and we trust that other not for profit Organisations and NGOs can emulate the principles to achieve similar success.

MANAGEMENT TEAM

Ramesh Persaud, ***Chief Executive Officer***

From Left: Hemant S. Indar Singh, ***Company Secretary/Legal Manager,*** Tshanna Dainty, ***Finance Manager (Ag),*** Dhanpall Birbal, ***Divisional Credit Manager,*** Robert Williams, ***Divisional Credit Manager,*** Chavez Branche, ***Chief Internal Auditor,*** Ramesh Persaud, ***Chief Executive Officer***

Deborah Austin(L), ***Branch Manager East Bank Demerara***

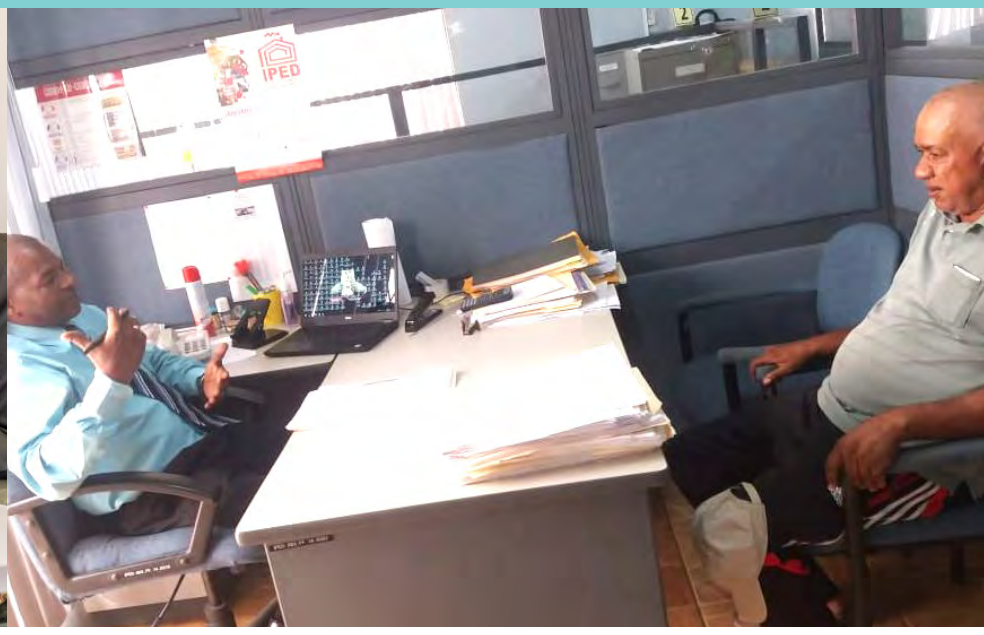
Kaimlall Chattergoon (R), ***Branch Manager, East Coast Demerara***

Dianne Wong, ***Officer in charge Entrepreneurial Development Centre***

Curtis Buckley, ***Snr. Credit Officer, Lethem***

Hayla Haynes, ***Snr Business Counsellor Charity***

Juanita Critchlow (R)*, **Legal Officer***



Elvis Rose (L), ***Branch Manager, Rosignol***

Michelle Henry, ***Human Resource Officer***

Shaun Persaud(R), ***Branch Manager, Berbice***

Karen Obermuller(R), ***Branch Manager, Parika***

Prasanna Kumar Muthu (R),
Branch Manager, Hinterland

Vishnu Harpaul(L), ***Snr. Branch Manager Essequibo***

Raghunandan Pancham (R), ***Officer in charge, Corriverton***

CLIENTS AWARDS

THE BEST OF 2018

MICRO ENTERPRISE PROJECT

Estella Francis

Distribution: Food & Household
Kamwatta, Moruca, Region One

SMALL ENTERPRISE PROJECT

Juliet Seeraj

Distribution: Clothing
Racecourse, Corriverton, Berbice.

MEDIUM ENTERPRISE PROJECT

Naresh Sawh

Distribution: Food & Household
Lot 84 Plantation Diamond
East Bank Demerara

MANAGED PROJECT

Arif Ullah

Health Services (Pharmacy)
Lot14 Reliance Essequibo Coast

AGRICULTURAL PROJECT

Ganesh Dowlatram

Rice cultivation
Lot 18 Johanna South
Black Bush Polder, Berbice

WOMAN ENTREPRENEUR

Chandroutie

Distribution: Food & Household
Abary River, West Coast Berbice

MANUFACTURING PROJECT

Treshan Ojha

Rice Milling
Lot 1-2 Robert Street, Blenheim
Leguan Island, Essequibo

LOAN STATISTICS 2012-2018

ECONOMIC SECTOR	2018	2017	2016	2015	2014	2013	2012
Rice	1,259	1,259	1,122	1,177	1,556	1,353	1,482
Sugarcane	-	-	-	2	9	6	5
Other Crops	274	315	292	320	410	434	361
Livestock	342	379	441	413	659	727	785
Fishing	57	59	61	43	50	53	70
Forestry	22	23	19	18	21	27	30
Mining	-	-	-	1	8	5	9
Manufacturing	154	143	169	94	206	165	164
Construction	-	-	-	5	-	31	26
Distribution Services	1341	1,402	1,727	1,491	1,623	1,456	1,490
Transportation Services	278	240	217	173	207	144	104
Rental of Buildings	-	-	-	-	-	3	3
Other Services	364	398	411	349	723	703	285
TOTAL	4,091	4,218	4,459	4,086	5,472	5,107	4,814

CLASSIFICATION OF LOAN RECIPIENTS 2010-2018

CUMMULATIVE	2018	2017	2016	2015	2014	2013	2012	2011	2010
Men	2,763	2,743	2,766	2,591	3,383	3,235	1,876	1,807	1,704
Women	1,328	1,475	1,693	1,495	2,089	1,872	1,139	1,217	1,399
Joint - Men & Women	-	-	-	-	-	1,799	1,978	2,346	2,919
TOTAL	4,091	4,218	4,459	4,086	5,472	5,107	4,814	5,002	5,449

ADMINISTRATIVE ANALYSIS 2010-2018

SUMMARY RESULT OF ACTIVITIES	2018	2017	2016	2015	2014	2013	2012	2011	2010
No. of Loans Granted	4,091	4,218	4,459	4,086	5,472	5,107	4,814	5,002	5,449
Value of Loans approved (G$000)	2,663,138	2,683,540	2,286,201	1,852,213	3,141,646	2,660,777	2,716,448	2,399,068	1,936,890
No. of Jobs Created/Sustained	8,627	8,714	8,527	7,754	10,342	9,489	9,628	9,974	10,140
Average Loan Size (G$000)	651.0	636.2	512.7	453.3	574.1	521.0	564.3	479.6	355
Administrative Cost Per Loan	109,144	101,240	94,917	100,250	70,565	69,303	63,725	58,051	48,675
Average No. of Jobs Per Loan	2.1	2.1	1.9	1.9	1.9	1.8	2.0	2.0	1.9
Loan Value Per Job (G$000)	309	308	268	239	304	280	282	240	191

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting this Report and Audited Financial Statements for the year ended 31st December, 2018.

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 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 2018, the Institute disbursed a total of 4,091 loans valued G$2.663 Billion compared to 4,218 valued G$2.684 Billion in 2017. The loans created/sustained 8,627 jobs.
Income totaled G$593.063 Million and expenditure G$490.477 Million resulting in a surplus of G$102.586 Million for the year compared with G$85.729 Million in the year 2017.

APPLICATION OF SURPLUS

Net surplus for the year 2018 was G$102.586 Million and this was transferred to the accumulated surplus which totaled G$3.01 Billion at the end of 2018.

CREDIT PROGRAMMES

In the year 2018, the Institute operated three Loan Windows:-

1. Micro Loan Window, to meet the needs of micro entrepreneurs
2. Small Loan Window, to meet the needs of small business entrepreneurs
3. Medium Loan Window, to meet the needs of medium business entrepreneurs.

The Institute continued its Micro Boost Loan Facility which was launched in April, 2013

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.
In 2018, the Centre provided training to 344 students for the Institute of Commercial Management, UK and Corporate Training to 16 persons.

BOARD OF DIRECTORS

At the beginning of the year, there were eight (8) Directors on the Board. However, on the 24th January, 2018 Founder and Chairman Dr. Yesu Persaud retired from the Board and Director Mr. Komal Samaroo was appointed Chairman. Dr. Yesu Persaud is now Chairman Emeritus.

1. Mr. Komal Samaroo
2. Dr. Ian Mc Donald
3. Mr. James Morgan
4. Mrs. Amanda Richards
5. Dr. Gem Fletcher
6. Dr. Leslie Chin
7. Mr. Ramsay Ali
8. Major General Joseph G Singh (Retired)
9. Dr. Steve Surujbally

Major General Joseph G Singh (Retired) and Dr. Steve Surujbally were appointed Directors on the Board of the Institute on October 24th 2018 and January 25th 2019 respectively.

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

1. Mrs. Amanda Richards
2. Dr. Ian McDonald
3. Major General Joseph G Singh (Retired)
4. Dr. Steve Surujbally

AUDITORS

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

INDEPENDENT AUDITOR'S REPORT

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

FOR THE YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Institute of Private Enterprise Development Ltd. (the Institute), which comprise the statement of financial position as at December 31, 2018, and the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 19 to 59.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

Management is responsible for the other information. The other information comprises all the information included in the Institute's 2018 annual report, but does not include the financial statements and our auditor's report thereon. The Institute's 2018 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists which related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

TSD LAL & CO.
77 Brickdam,
Stabroek,
Georgetown

February 12, 2019

STATEMENT OF INCOME

For the year ended 31 December 2018

	Notes	2018 G$	2017 G$
Interest income		538,688,341	511,961,815
Interest expense		2,448,562	1,733,894
Net interest income		**536,239,779**	**510,227,921**
Investment income	5	21,535,270	24,052,905
Other income	6	35,288,459	30,618,495
Net interest and other income		**593,063,508**	**564,899,321**
Employee cost	7a	232,725,839	219,108,472
Loan impairment		43,967,296	52,139,606
Premises and equipment		53,555,804	58,304,503
Other operating costs		160,228,514	149,617,782
		490,477,453	**479,170,363**
Surplus of revenue over expenditure	**7**	**102,586,055**	**85,728,958**

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 G$	2017 G$
Surplus of revenue over expenditure	7	102,586,055	85,728,958
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to surplus or deficit:			
Remeasurement of provision for employee benefits	8	(2,591,000)	36,255,000
Other comprehenive income/(loss)		(2,591,000)	36,255,000
Total Comprehensive Income for the year		**99,995,055**	**121,983,958**

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Capital donations G$	Accumulated surplus G$	Total G$
Balance at 1 January 2017	256,497,733	2,842,053,394	3,098,551,127
Surplus for the year	-	85,728,958	85,728,958
Remeasurement of provision for employee benefits	-	36,255,000	36,255,000
Total recognised income for the year	-	121,983,958	121,983,958
Balance at 31 December 2017	256,497,733	2,964,037,352	3,220,535,085
Net impact of adopting IFRS 9	-	(53,442,582)	(53,442,582)
Restated opening balance under IFRS 9	256,497,733	2,910,594,770	3,167,092,503
Surplus for the year	-	102,586,055	102,586,055
Remeasurement of provision for employee benefits	-	(2,591,000)	(2,591,000)
Total recognised income for the year	-	99,995,055	99,995,055
Balance at 31 December 2018	**256,497,733**	**3,010,589,825**	**3,267,087,558**

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

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2018

ASSETS	Notes	2018 G$	2017 G$
Cash resources	9	157,404,805	96,527,022
Investments	10	374,241,343	361,769,741
Loans receivable	11	2,818,408,934	2,709,539,207
Property, plant and equipment	12	216,432,641	170,729,839
Intangible asset	13	3,376,302	5,324,952
Defined benefit asset	8	131,367,000	128,784,000
Other assets	14	19,221,946	25,800,580
TOTAL ASSETS		**3,720,452,971**	**3,498,475,341**
EQUITY AND LIABILITIES			
EQUITY			
Capital donations	15	256,497,733	256,497,733
Accumulated surplus		3,010,589,825	2,964,037,352
		3,267,087,558	3,220,535,085
LIABILITIES			
Loans payable	16	248,785,149	8,825,691
Other liabilities	17	204,580,264	269,114,565
		453,365,413	277,940,256
TOTAL EQUITY AND LIABILITIES		**3,720,452,971**	**3,498,475,341**

These financial statements were approved by the Board of Directors on February 12, 2019.
On Behalf of the Board

....

Mr Komal Samaroo
Chairman

Mr Ramsay Ali
Director

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

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018 G$	2017 G$
OPERATING ACTIVITIES		
Surplus of revenue over expenditure	102,586,055	85,728,958
Adjustments for:		
Depreciation	32,714,863	30,724,440
Amortisation	2,431,690	2,789,142
Remeasurement of provision for employee benefits	(2,591,000)	36,255,000
IFRS 9 adjustment	(53,442,582)	-
Loss/(gain) on disposal of property, plant and equipment	513,230	(71,529)
Operating surplus before working capital changes	82,212,256	155,426,011
Movements in:		
Loans receivable	(108,869,727)	(344,331,284)
Other receivables and prepayments	6,245,677	(1,597,740)
Inventory	332,959	304,381
Other payables and accruals	(13,375,346)	(26,594,952)
Defined benefit asset	(2,583,000)	(40,446,000)
Net cash used in operating activities	(36,037,181)	(257,239,584)
INVESTING ACTIVITIES		
Increase in investment	(12,471,602)	(21,536,258)
Purchase of property, plant and equipment	(79,369,716)	(41,481,848)
Purchase of intangible asset	(483,040)	(1,017,368)
Decrease in lease payable	(346,000)	(629,501)
Proceeds on sale of property, plant and equipment	438,819	3,651,735
Net cash used in investing activities	(92,231,539)	(61,013,240)
FINANCING ACTIVITIES		
Loan drawn down	245,900,000	-
Loan repayments	(840,543)	(840,544)
Net cash provided by / (used) in financing activities	245,059,457	(840,544)
Net increase/(decrease) in cash resources	116,790,737	(319,093,368)
Cash resources at beginning of period	40,614,068	359,707,436
Cash resources at end of period	**157,404,805**	**40,614,068**
Comprising		
Bank overdraft (secured)	-	(55,912,954)
Cash resources	157,404,805	96,527,022
	157,404,805	**40,614,068**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. INCORPORATION AND ACTIVITIES

The Institute of Private Enterprise Development Ltd (IPED) was incorporated on October 2, 1985 as the Institute of Small Enterprise Development Ltd, a name that was subsequently changed on September 10, 1991 to reflect the current name. IPED commenced operations on April 1, 1986. The company is established as a not-for-profit organization and its objects are, but not limited to, enterprise development through the provision of business guidance, technical assistance, training and finance to micro and small business entrepreneurs enabling them to build sustainable enterprises.

2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

Effective for the current year end	Effective for annual periods beginning on or after
New and Amended Standards	
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue Contracts with Customers	1 January 2018
Annual Improvements 2014-2016 Cycle	1 January 2018
IFRS 2 Share based Payment: Classification and measurement of share based transactions	1 January 2018
IAS 40 Transfers of investment property	1 January 2018
IFRS 4 Insurance contracs: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"	1 January 2018
New and revised interpretations	
IFRIC 22 Foreign Currency Transactions and Advanced Consideration	1 January 2018

The following are the standards and amendments that are relevant to the Institute.

IFRS 15 - Revenue from Contracts With Customers
IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers as follows:

i) Identify the contract (s) with a customer.
ii) Identify the performance obligation(s) in the contract
iii) Determine the transaction price
iv) Allocate the transaction price to the performance obligations in the contract
v) Recognise revenue when (or as) the entity satisfies a performance obligation

Application of the new revenue recognition and disclosure requirements did not have a material impact on the financial statements.

IFRS 9 - Financial Instruments
IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. Further, this standard was applied using the transitional relief allowing the Institute not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings and are disclosed in the transition disclosures in Note (2)(i).

The following table below summarises the impact of transition to IFRS 9 on the opening balance of retained earnings (for a description of the transition method, see Note (2)(i)).

2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS - CONT'D
IFRS 9 - Financial Instruments - cont'd

	Impact of adopting IFRS 9 on opening balance
Retained Earnings	
Recognition of expected credit losses under IFRS 9 - Loans Receivable	(50,108,012)
Recognition of expected credit losses under IFRS 9 - Investments	(3,334,570)
Impact at January 1, 2018	(53,442,582)

(i) **Classification and measurement of financial assets and financial liabilities**

IFRS 9 contains three principal classification categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Management holds financial assets to collect the associated cash flows. Loans receivable and other investments previously classified as held-to-maturity investments under IAS 39 continue to be accounted for at amortised cost as they meet the held to collect business model and contractual cash flow characteristics test in IFRS 9.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Institute's accounting policies related to financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Institute's financial assets and liabilities as at January 1, 2018.

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Financial assets					
Investments - bonds	10(a)	Held to maturity	Amortised Cost	337,667,326	334,332,756
Investment - cash	10(b)	Amortised Cost	Amortised Cost	24,102,415	24,102,415
Loan receivables	11	Loans and receivables	Amortised Cost	2,709,539,207	2,659,431,195
Other receivables and prepayments	14	Loans and receivables	Amortised Cost	24,972,847	24,972,847
Cash resources	9	Amortised Cost	Amortised Cost	96,527,022	96,527,022
Total financial assets				3,192,808,817	3,139,366,235
Financial liabilities					
Loans payable	16	Amortised Cost	Amortised Cost	8,825,691	8,825,691
Lease payable	17(iv)	Amortised Cost	Amortised Cost	16,193,832	16,193,832
Other payables	17	Amortised Cost	Amortised Cost	169,863,973	169,863,973
Accruals	17	Amortised Cost	Amortised Cost	27,143,806	27,143,806
Bank overdraft	17	Amortised Cost	Amortised Cost	55,912,954	55,912,954
Total financial assets				277,940,256	277,940,256

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS - CONT'D

IFRS 9 - Financial Instruments - cont'd

(a) The impact of applying the expected credit loss model for financial assets affects the Institute's loans receivable and investments in debt-type assets measured at amortised cost. For other receivables, the Institute applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

The following table reconciles the carrying amounts of loans receivable and bond investments under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on January 1, 2018.

	IAS 39 carrying amount at December 31, 2017	Remeasurement	IFRS 9 carrying amount at January 1, 2018
Financial assets			
Loans receivable			
Brought forward	2,709,539,207		
Remeasurement		(50,108,012)	
Carried forward: Amortised cost			2,659,431,195
Investments - bonds			
Brought forward	337,667,326		
Remeasurement		(3,334,570)	
Carried forward: Amortised cost			334,332,756
Total amortised cost	3,047,206,533	(53,442,582)	2,993,763,951

(b) Impairment of financial assets under the expected credit loss model

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Recognition of credit losses is no longer dependent on the Institute first identifying a credit loss event. Instead the Institute considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1')
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- financial instruments that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for stage 1 and 2 whilst 'lifetime expected credit losses' are recognised for stage 3. Measurement of the expected credit losses are determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. See table below for rates.

2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS - CONT'D

IFRS 9 - Financial Instruments - cont'd

(b) Impairment of financial assets under the expected credit loss model - cont'd

Category	Delinquency	Range of Rates
Stage 1	Current	1%-3%
Stage 1	1-30 Days	2%-10%
Stage 2	31-60 Days	20%-30%
Stage 2	61-90 Days	50%-60%
Stage 3	Over 90 Days	100%

Determination of the specific rate is made based on loan type and sector since the probability varies by loan type and sector.

The following tables depict the impact of adopting IFRS 9 on the impairment calculations.

Ageing of receivables

	Principal G$	Exposure G$	Provision G$
2017 - IAS 39			
CURRENT	2,113,309,867	821,326,812	-
1-30 days	257,388,017	70,392,702	-
31-90 days	79,604,881	21,670,029	47,807
91-180 days	118,567,111	34,400,628	8,255,453
181-365 days	112,422,381	36,414,601	8,867,197
over 365 days	125,158,968	33,738,024	79,741,561
	2,806,451,225	1,017,942,796	96,912,018
2017 - IFRS 9			
CURRENT	2,113,309,867	821,326,812	26,526,215
1-30 days	257,388,017	70,392,702	5,152,711
31-90 days	79,604,881	21,670,029	10,787,858
91-180 days	118,567,111	34,400,628	34,400,627
181-365 days	112,422,381	36,414,601	36,414,598
over 365 days	125,158,968	33,738,024	33,738,021
	2,806,451,225	1,017,942,796	147,020,030

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

2. NEW AND AMENDED STANDARDS AND INTERPRETATIONS - CONT'D

IFRS 9 - Financial Instruments - cont'd

(b) Impairment of financial assets under the expected credit loss model - cont'd

IFRS 9 Impact on Provisioning

	IAS 39	IFRS 9	Net Impact
CURRENT	-	11,141,976	(11,141,976)
1-30 days	-	4,307,433	(4,307,433)
31-90 days	47,807	7,053,961	(7,006,154)
91-180 days	8,255,453	27,666,303	(19,410,850)
181-365 days	8,867,197	17,108,796	(8,241,599)
over 365 days	79,741,561	79,741,561	-
	96,912,018	147,020,030	(50,108,012)

Investments	IAS 39	IFRS 9	Net Impact (Provisioning)
Government bonds	38,489,240	35,154,670	(3,334,570)
Private entity bonds (unsecured)	299,178,086	299,178,086	-
Cash resources	24,102,415	24,102,415	-
	361,769,741	358,435,171	(3,334,570)

(c) There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

Pronouncements effective in future periods available for early adoption

New and Amended Standards	Effective for annual periods beginning on or after
IFRS 16 Leases	1 January 2019
Annual Improvements 2015-2017	1 January 2019
IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28 Investments in Associates: Long Term Interests in Associates and Joint Ventures	1 January 2019
IFRS Insurance Contracts	1 January 2021

The Institute has not opted for early adoption.

None of the foregoing new and amended standards are expected to have a material impact on the financial statements of the Institute.

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 of Guyana.

(b) Basis of preparation

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

(c) Revenue and expense recognition

The Institute has adopted a conservative approach and recognises interest income from loans on a cash basis, whilst expenses have been recognised on an accrual basis.

(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 and losses arising on retranslation are recognised as revenue or expenditure for the period, except for exchange differences arising on non-monetary assets and liabilities where changes in fair value are recognised in the statement of comprehensive income.

(e) Borrowing costs

The Institute's borrowings are for working capital purposes. For this purpose all borrowing costs are expensed in the period in which they are incurred.

(f) Defined benefit Plan

The Institute participates in a multi-employer defined benefit paln (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 carrried 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 assumptions used.

(g) Taxation

The Institute being recognised as an organization 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

(i) Property, plant and equipment 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

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

(i) 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:

Building	-	2%
Office furniture	-	15%
Fixtures and fittings	-	15%
Office machinery	-	20%
Motor vehicles	-	25%
Computers and Hardware	-	50%

(ii) Leasehold land held under finance leases are recognised as assets of the company at the lower of the present value of the minimum lease payment and the fair value.

Future lease rental is treated as a liability and included in the Statement of Financial Position.

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 expensed.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as revenue or expenditure in the period.

(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 amortisation 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 reimbursement will be received and the amount of the receivable can be measured reliably.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(l) Investments

Investments are recognised and derecognised on the 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.

"Investments held to maturity" are carried at amortised cost. Any gain or loss on these investments is recognised as income or expenditure when the asset is derecognised or impaired.

(m) Financial assets

(Policy applicable before 1 January, 2018)
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.

(Policy applicable after 1 January, 2018)
Financial assets held by the Institute are classified as financial assets at amortised cost.

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Institute's loan receivables, investments, other receivables and cash and cash equivalents fall into this category of financial instruments.

(n) 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 bond investments only.

(o) Loans receivable

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(p) Impairment of financial assets

(Policy applicable before 1 January, 2018)
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-organization.
- Cash flow difficulties experienced by the borrower.
- Breach of loan covenants or conditions
- Deterioration of the borrower's competitive position
- Deterioration in the value of the collateral
- Downgrading of the asset

For certain categories of financial assets, 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.

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 recognised in the statement of income.

In a subsequent period, if the amount of the 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 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.

(Policy applicable after 1 January, 2018)
The Institute will recognise a loss allowance for expected credit losses on the financial assets that are measured at amortised cost at each reporting date. At the reporting date, if the credit risk on a financial asset has not increased significantly since initial recognition, the Institute will measure the loss allowance at an amount equal to 12 month expected credit losses. However, the Institute will measure the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition.

The Institute will compare the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition and consider reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition. A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the expected future cash flows of the financial asset. It includes observable data that has come to the attention of the Institute about the following events:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(p) Impairment of financial assets - cont'd

(Policy applicable after 1 January, 2018) - cont'd

1. significant financial difficulty of the borrower;
2. a breach of contract, such as a default or past-due event;
3. the lenders for economic or contractual reasons relating to the borrower's financial difficulty granting the borrower a concession that would not otherwise be considered;
4. it becoming probable that the borrower will enter bankruptcy or other financial reorganization;
5. the disappearance of an active market for the financial asset because of financial difficulties; or
6. the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

For certain assets such as loans receivable, the credit risk would be considered as significantly increased since initial recognition when contractual payments are more than 30 days past due.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a financial asset is determined to be 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 recognised in the statement of income. In a subsequent period, if the amount of the 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 to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised**.**

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.

The 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 recognised immediately in the 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.

(q) 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 collateralized borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

(r) Financial liabilities

The Institute's financial liabilities are classified financial liabilities at amortised cost.

(s) Classification as a debt or equity instrument

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

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

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense is 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 derecognises financial liabilities when the Institute's obligations are discharged, cancelled or they expire.

(t) Cash resources

Cash resources 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 of three (3) months or less.

(u) 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.

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 judgements are made that reflect the Institute's assessment of several critical factors that can influence future cash flows.

ii) Useful lives of property, equipment and intangible assets
Management reviews the estimated useful lives of property, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

	2018 G$	2017 G$
5. INVESTMENT INCOME		
Cash resources	1,051,437	3,642,422
Investments - bonds	20,483,833	20,410,483
	21,535,270	24,052,905
6. OTHER INCOME		
Recoveries on loans previously written off	6,811,389	2,055,820
Fees- ICM courses	12,561,662	12,985,278
Others	15,915,408	15,577,397
	35,288,459	30,618,495
7. SURPLUS OF REVENUE OVER EXPENDITURE	102,586,055	85,728,958
After charging:		
Depreciation and amortization	35,146,553	33,513,582
Employment cost (a)	232,725,839	219,108,472
Auditors' remuneration (b)	875,500	850,000
Loan impairment	43,967,296	52,139,606
(a) Employment cost:		
Salaries and wages	136,467,374	127,743,103
Training, welfare and other cost	86,065,490	81,187,623
Pension	10,192,975	10,177,746
	232,725,839	219,108,472
(b) Auditors' remuneration		
Audit services	875,500	850,000

No remuneration is paid to directors as all of them serve voluntarily.

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 83 (2017 - 82) employees participate in the plan.
During the year, the Institute's contribution to the scheme was G$ 15,346,000 (2017 - G$14,635,000)

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 2018 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 2018 using the Projected Unit Credit Method.

8. DEFINED BENEFIT ASSET - CONT'D

	2018 G$	2017 G$
Amounts in the statement of financial position:		
Defined benefit obligation	303,566,000	284,886,000
Fair value of plan assets	(434,933,000)	(413,670,000)
Net defined benefit asset	(131,367,000)	(128,784,000)
Reconciliation of amount recognised in the statement of financial position:		
Movement in Present value of defined benefit obligation		
Defined benefit obligation at start	284,886,000	261,525,000
Service cost	17,130,000	15,355,000
Interest cost	14,102,000	12,963,000
Members' contributions	5,642,000	5,390,000
Re-measurements		
Experience adjustments	(37,613,000)	(5,756,000)
Actuarial losses from changes in demographic assumptions	25,175,000	-
Benefits paid	(5,756,000)	(4,591,000)
	303,566,000	284,886,000
Movement in fair value of plan assets		
Plan assets at start of year	413,670,000	349,863,000
Expected return on plan assets	21,060,000	17,874,000
Return on plan assets, excluding interest income	(15,029,000)	30,499,000
Company contributions	15,346,000	14,635,000
Members' contributions	5,642,000	5,390,000
Benefits paid	(5,756,000)	(4,591,000)
	434,933,000	413,670,000
Asset allocation as at 31 December:		
Guyanese and regionally listed equites	210,367,000	151,977,000
Overseas equities (developed markets)	32,957,000	32,124,000
Regional bonds	18,851,000	26,829,000
Developed market bonds	60,761,000	82,104,000
Emerging market bonds	37,956,000	52,894,000
Cash and cash equivalents	74,041,000	67,742,000
Total	**434,933,000**	**413,670,000**
Expense recognised in statement of income		
Current service cost	17,130,000	15,355,000
Net interest on net defined benefit liability/(asset)	(6,958,000)	(4,911,000)
Net pension cost	**10,172,000**	**10,444,000**
Re-measurements recognised in other comprehensive income		
Experience (gains)/losses	2,591,000	(36,255,000)
Total amount recognised in other comprehensive income	**2,591,000**	**(36,255,000)**
Reconciliation of opening and closing statement of financial position		
Defined benefit asset at prior year end	(128,784,000)	(88,338,000)
Net pension cost	10,172,000	10,444,000
Re-measurements recognised in other comprehensive income	2,591,000	(36,255,000)
Contributions paid	(15,346,000)	(14,635,000)
Closing defined benefit asset	**(131,367,000)**	**(128,784,000)**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

8. DEFINED BENEFIT ASSET - CONT'D

	2018 G$	2017 G$	2016 G$	2015 G$	2014 G$
Experience History					
Defined benefit obligation	303,566,000	284,886,000	261,525,000	230,074,000	182,802,000
Fair value of plan asset	(434,933,000)	(413,670,000)	(349,863,000)	(331,216,000)	(256,564,000)
Surplus	(131,367,000)	(128,784,000)	(88,338,000)	(101,142,000)	(73,762,000)
Experience adjustment on plan liabilities	(37,613,000)	(5,756,000)	9,893,000	15,572,000	10,067,000
Experience adjustment on plan assets	(15,029,000)	30,499,000	(7,498,000)	43,085,000	4,875,000

Summary of Principal assumptions:	2018 Per annum %	2017 Per annum %
Principal actuarial assumptions used:		
Discount rate	5	5
Rate of salary increases	5	5
Future pension increases	2	2
Life expentancy at age 60 for current pensioner in years		
Male	22.3	18
Female	27.1	22.5
Life expentancy at age 60 for current members age 40 in years		
Male	22.3	18.7
Female	27.1	23.4

Sensitivity Analysis

The impact on profit of changes in the assumptions used	1% pa increase $ million	1% pa increase $ million
Discount rate	81,468,000	70,499,000
Future salary increases	(21,752,000)	(18,105,000)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at 31 December 2018 by $5,288,000.

9. CASH RESOURCES

	2018 G$	2017 G$
Cash	2,159,960	2,120,000
At banks	110,019,031	90,644,118
Government of Guyana IFAD project	2,498,045	3,762,904
IADB	42,727,769	-
	157,404,805	96,527,022

10. INVESTMENTS

(a) Bonds	309,080,601	337,667,326
These are made up as follows		
Government bonds	30,685,678	38,489,240
Private entity bonds (unsecured)	278,394,923	299,178,086
	309,080,601	337,667,326
(b) Cash resources	65,160,742	24,102,415
Total investments	374,241,343	361,769,741

The bonds are assigned to Demerara Bank Limited as collateral for credit facilities. See note 16(iii) for details.

11. LOANS RECEIVABLE

	2018 G$	2017 G$
Gross loans	3,007,943,211	2,806,451,225
Less impairment allowance (a)	(189,534,277)	(96,912,018)
	2,818,408,934	2,709,539,207
Non- current loans receivable	993,000,999	930,720,651
Current loans receivable	2,014,942,212	1,875,730,574
	3,007,943,211	2,806,451,225
Non-performing loans receivable	295,649,072	285,455,717
Performing loans receivable	2,712,294,139	2,520,995,508
	3,007,943,211	2,806,451,225

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

11. LOANS RECEIVABLE - CONT'D

	2018 G$	2017 G$
(a) Impairment allowances		
Individually assessed impairment		
At 1 January	96,912,018	100,345,460
Remeasurement of 2017 provision under IFRS 9	50,108,012	-
Provision for the year	43,967,296	52,355,278
Rural Enterprise and Agricultural Development Project Provisioning	8,156,854	2,392,832
Bad debts written off	(9,609,903)	(58,181,552)
At December 31	189,534,277	96,912,018

The undiscounted fair value of collateral that the Institute holds relating to loans individually determined to be impaired at December 31, 2018 amounted to $679m (2017: $728m). The collateral consists of cash, securities and properties.

Collateral realised
During the year, the Institute realised collateral amounting to $13,651,745 (2017: $1,171,500).

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land and buildings (i) G$	Leasehold Land (ii) G$	Motor vehicles G$	Furniture, fixtures and fittings G$	Office machinery G$	Computer equipment G$	Work in Progress G$	Total 2018 G$
Cost								
At 1 January 2018	135,614,450	17,300,000	68,781,936	39,064,486	51,749,433	62,805,521	-	375,315,826
Additions	1,793,925	-	-	188,400	3,606,481	18,306,829	55,474,081	79,369,716
Disposals	-	-	(395,001)	(257,216)	(1,973,469)	(9,071,655)	-	(11,697,341)
At 31 December 2018	137,408,375	17,300,000	68,386,935	38,995,670	53,382,445	72,040,695	55,474,081	442,988,201
Depreciation								
At 1 January 2018	40,024,781	1,082,325	58,003,193	23,211,073	30,524,103	51,740,513	-	204,585,987
Charge for the year	2,730,228	345,996	7,354,226	4,122,121	6,199,252	11,963,040	-	32,714,863
Write back on disposals	-	-	(395,001)	(206,887)	(1,938,225)	(8,205,178)	-	(10,745,291)
At 31 December 2018	42,755,009	1,428,321	64,962,418	27,126,307	34,785,130	55,498,375	-	226,555,560
Net book values:								
At 31 December 2018	94,653,366	15,871,679	3,424,517	11,869,363	18,597,315	16,542,320	55,474,081	216,432,641

12. PROPERTY, PLANT AND EQUIPMENT - CONT'D

	Freehold Land and buildings G$	Leasehold Land (ii) G$	Motor vehicles G$	Furniture, fixtures and fittings G$	Office machinery G$	Computer equipment G$	Total 2017 G$
Cost							
At 1 January 2017	129,880,090	17,300,000	73,184,119	38,696,029	39,255,693	53,196,726	351,512,657
Additions	7,989,250		3,400,000	3,346,547	15,179,072	11,566,979	41,481,848
Disposals	(2,254,890)		(7,802,183)	(2,978,090)	(2,685,332)	(1,958,184)	(17,678,679)
At 31 December 2017	135,614,450	17,300,000	68,781,936	39,064,486	51,749,433	62,805,521	375,315,826
Depreciation							
At 1 January 2017	37,526,826	463,329	54,407,887	22,102,839	28,234,043	45,225,096	187,960,020
Charge for the year	2,625,640	618,996	10,590,835	3,861,415	4,898,840	8,128,714	30,724,440
Write back on disposals	(127,685)		(6,995,529)	(2,753,182)	(2,608,780)	(1,613,297)	(14,098,473)
At 31 December 2017	40,024,781	1,082,325	58,003,193	23,211,072	30,524,103	51,740,513	204,585,987
Net book values:							
At 31 December 2017	95,589,669	16,217,675	10,778,743	15,853,414	21,225,330	11,065,008	170,729,839

(i) Certain land and buildings are held as security for the loan from Demerara Bank Limited. See note 16 for details.

(ii) Refer to note 17(iv) for details of lease agreements.

13. INTANGIBLE ASSET

Cost	2018 G$	2017 G$
At 1 January and 31 December	42,015,053	40,997,685
Additions	483,040	1,017,368
As at 31 December	42,498,093	42,015,053
Amortisation		
At 1 January	36,690,101	33,900,959
Charge for the year	2,431,690	2,789,142
As at 31 December	39,121,791	36,690,101
Net book value:		
As at 31 December	3,376,302	5,324,952

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

For the year ended 31 December 2018

14. OTHER ASSETS

	2018 G$	2017 G$
Related party - GYBT	1,663,458	3,661,471
Prepayments	8,813,908	11,923,624
Inventory	494,774	827,733
Others	8,249,806	9,387,752
	19,221,946	25,800,580

15. CAPITAL DONATIONS

	2018 G$	2017 G$
Donations at 31 December	256,497,733	256,497,733

(i) 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.

(ii) The Institute currently has 10 Members all of whom have equal voting rights. Members are not entitled to any distribution of surpluses.

16. LOANS PAYABLE

		Amount Committed	2018 G$	2017 G$
(i) IADB	SFR	375,000	7,985,149	8,825,691
(ii) IADB	USD	800,000	40,800,000	-
(iii) Demerara Bank Limited	GYD	410,000,000	200,000,000	-
			248,785,149	8,825,691
Repayments due within one year			16,744,168	840,544
Repayments due within two to five years			124,741,873	3,362,171
Repayments due after five years			107,299,108	4,622,976
			232,040,981	7,985,147
			248,785,149	8,825,691

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

Commission of 1% is payable semi annually on January 16 and July 16 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) A loan of USD$800,000 was approved for the Institute by the Inter-American Development Bank, and as of December 31, 2018, USD200,000 was drawn down. The loan is repayable not later than September 5, 2023 by 7 semi-annual consecutive and, if possible, equal installments commencing on September 5, 2020.

16. LOANS PAYABLE - CONT'D

Interest shall accrue for each interest period on all outstanding disbursed amounts, at an interest rate equivalent to the sum of the appicable LIBOR/ and the applicable margin of five per cent (5%) per annum.

(iii) Demerara Bank Limited approved a loan of GYD$410,000,000 and as of December 31, 2018, GYD$200,000,000 was drawn down. This loan is repayable over 180 equal monthly installments of GYD$3,460,000 commencing February 7, 2019 and matures on January 7, 2033. Interest shall accrue at a rate of 6% per annum.

This loan is secured by Investment Bonds (US$1.55m), money market account (G$16.2m) and the following four (4) properties in the name of the Institute (G$346.8m):

Property at West Half of 253 South Road, Bourda, Georgetown.
Property at East Half of Lot 253 South Road, Bourda, Georgetown.
Property at Area "T" being a portion of Plantation Pourt Mourant, Corentyne, Berbice.
Property situated at Lot 54 part of front lands of Anna Regina, Cotton Field, Essequibo Coast.

17. OTHER LIABILITIES

	2018 G$	2017 G$
Bank overdraft	-	55,912,954
Accruals	28,703,597	27,143,806
Collateral improvement scheme (i)	97,347,709	101,841,405
Internal indemnity fund (ii)	12,019,834	13,227,932
Government of Guyana IFAD project (iii)	40,794,514	48,951,368
Lease payable (iv)	15,847,833	16,193,832
Grant payables (v)	1,756,000	-
Miscellaneous	8,110,777	5,843,268
	204,580,264	269,114,565

(i) This represents cash collateral held for loans issued and will be refunded when customers repay their loans.

At 1 January	101,841,405	116,217,165
Decrease during the year	(4,493,696)	(14,375,760)
At 31 December		
	97,347,709	101,841,405

(ii) The institute has life insurance coverage for all their clients; this coverage is divided into two parts as follows:

(a) Internal (Internal Indemnity Fund): most risk for clients with loan balances below $1,500,001 is absorbed by the Institute through this fund.

(b) External: all risk for indemnifying clients with loan balances above $1,500,000 is covered by an external Insurance Company.

(iii) This is a revolving fund managed on behalf of the Government of Guyana for the Rural Enterprise and Agricultural Development Project. Of this $16,408,017 (2017 - $18,330,617) is outstanding as loans receivable and the remainder of $24,386,497 (2017 - $30,620,751) is cash resources available for lending.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

17. OTHER LIABILITIES - CONT'D

(iv) LEASE PAYABLE

	2018 G$	2017 G$
Guyana Lands & Surveys Commission - Lease Payable	15,847,833	16,193,832
	15,847,833	16,193,832
Repayments due within one year	346,000	346,000
Repayments due within two to five years	1,384,000	1,384,000
Repayments due after five years	14,117,833	14,463,832
	15,501,833	15,847,832
	15,847,833	16,193,832

This includes three lease agreements between the Institute of Private Enterprise Development Limited and the Lands and Surveys Commission.

Lot 208, Lethem, Right Bank Takutu River In the Rupununi Savannahs. This lease is a finance lease for 50 years and was entered into on November 17, 2014 and has an annual rental of GYD 60,000 payable in advance. This rental is due for revision every 3 years. All other terms and conditions are included in the lease agreement No. A-25501.

Parcel 265, Port Kaituma, Right Bank of the Kaituma River. This lease is a finance lease for 50 years and was entered into on October 8, 2014 and has an annual rental of GYD 126,000 payable in advance. This rental is due for revision every 3 years. All other terms and conditions are included in the lease agreement No. A-25491.

Lot 97, Aranaputa Valley, Left Bank Rupununi River. This lease is a finance lease for 50 years and was entered into on November 17, 2015 and has an annual rental of GYD 160,000 payable in advance. This rental is due for revision every 3 years. At the end of the lease term, IPED has the option to renew the lease for a further term of 50 years. All other terms and conditions are included in the lease agreement No. A-25125.

Refer to note 12 for details of the carrying value of the leased assets.

(v) A grant of USD$150,000 was approved for the Institute by the Inter-American Development Bank, and as of December 31, 2018, US$25,000 was drawn down.

18. RELATED PARTIES

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

Listed below are transactions and balances with related parties:

(i) Compensation for key management personnel

The company's key management personnel 6 (2017 - 6)	2018 G$	2017 G$
The remuneration paid to key management personnel during the year was as follows:		
Short term employee benefits	46,049,292	40,212,181
Post-employment benefits	5,237,103	4,840,240
	51,286,395	45,052,421

(ii) Other information

The following balances were held with entities which share common chairmanship and directors.

Trust Company Guyana Limited	Investment account	374,240,043	361,766,440
	Investments fees paid	1,179,414	1,125,575
Demerara Bank Limited	Deposit accounts	124,717,018	62,047,834
	Overdraft	-	55,912,954
	Loan	200,000,000	-
Guyana Youth Business Trust.	Receivables	1,663,458	3,661,471

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

2018	Other Financial Assets and Liabilities at Amortised cost G$	Total G$
ASSETS		
Investments	374,241,343	374,241,343
Loans receivable	2,818,408,934	2,818,408,934
Other receivables and prepayments	18,727,172	18,727,172
Cash resources	157,404,805	157,404,805
Total Assets	3,368,782,254	3,368,782,254
LIABILITIES		
Loans payable	248,785,149	248,785,149
Lease payable	15,847,833	15,847,833
Other payables	160,028,834	160,028,834
Accruals	28,703,597	28,703,597
Total Liabilities	453,365,413	453,365,413

2017	Held to Maturity G$	Loans and Receivables G$	Other Financial Assets and Liabilities at Amortised cost G$	Total G$
Assets				
Investments	337,667,326	-	24,102,415	361,769,741
Loans receivable	-	2,709,539,207	-	2,709,539,207
Other receivables and prepayments	-	24,972,847	-	24,972,847
Cash resources	-	-	96,527,022	96,527,022
Total Assets	337,667,326	2,734,512,054	120,629,437	3,192,808,817
LIABILITIES				
Loans payable	-	-	8,825,691	8,825,691
Lease payable	-	-	16,193,832	16,193,832
Other payables	-	-	169,863,973	169,863,973
Accruals	-	-	27,143,806	27,143,806
Bank Overdraft (secured)	-	-	55,912,954	55,912,954
Total Liabilities	-	-	277,940,256	277,940,256

20. FINANCIAL RISK MANAGEMENT

20.1 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.

20.2 Risk Management Structure

The Board of Directors is ultimately responsible for identifying and controlling risks; however, there are separate independent Sub-Committees responsible for managing and monitoring risk.

20.3 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.

20.4 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.

20.5 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. FINANCIAL RISK MANAGEMENT - CONT'D

(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 analysis 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 2.5% 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 2.5% higher/lower and all other variables were held constant, the Institute's: surplus for the year ended 31 December 2018 would increase/decrease by G$10,174,950 (2017: G$4,031,642).

The Institute's sensitivity to interest rates has increased during the current period mainly due to the increase in cash at bank and borrowings.

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.

20. FINANCIAL RISK MANAGEMENT - CONT'D

(a) Market risk - cont'd

(ii) Interest rate - cont'd

		Maturing 31-12-2018						
		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	0%-10%	65,160,742	-	-	-	309,080,601	-	374,241,343
Loans receivable	8%-40%	263,928,082	423,745,181	1,188,229,635	842,169,888	100,336,148	-	2,818,408,934
Other receivables and prepayments		-	-	-	-	-	18,727,172	18,727,172
Cash resources	0%-2%	157,404,805	-	-	-	-	-	157,404,805
		486,493,629	423,745,181	1,188,229,635	842,169,888	409,416,749	18,727,172	3,368,782,254
Liabilities								
Loans payable	1%-6%	16,744,168	-	-	124,741,873	107,299,108	-	248,785,149
Lease payable		-	-	-	-	-	15,847,833	15,847,833
Other payables and accruals		-	-	-	-		188,732,431	188,732,431
		16,744,168	-	-	124,741,873	107,299,108	204,580,264	453,365,413
Interest Sensitivity Gap		469,749,461	423,745,181	1,188,229,635	717,428,015	302,117,641		

		Maturing 31-12-2017						
		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	0%-10%	24,102,415	-	-	-	337,667,326	-	361,769,741
Loans receivable	8%-40%	277,479,749	635,454,410	875,790,543	805,390,558	115,423,947	-	2,709,539,207
Other receivables and prepayments		-	-	-	-	-	24,972,847	24,972,847
Cash resources	0%-2%	96,527,022	-	-	-	-	-	96,527,022
		398,109,186	635,454,410	875,790,543	805,390,558	453,091,273	24,972,847	3,192,808,817
Liabilities								
Loans payable	1%-6%	840,544	-	-	3,362,171	4,622,976	-	8,825,691
Lease payable		-	-	-	-	-	16,193,832	16,193,832
Other payables and accruals		-	-	-	-	-	197,007,779	197,007,779
Bank overdraft (secured)	7.5%-18%	55,912,954	-	-	-	-	-	55,912,954
		56,753,498	-	-	3,362,171	4,622,976	213,201,611	277,940,256
Interest Sensitivity Gap		341,355,688	635,454,410	875,790,543	802,028,387	448,468,297		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. FINANCIAL RISK MANAGEMENT - CONT'D

(a) Market risk - cont'd

(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

2018	**United States dollars G$**	**Canadian dollars G$**
Assets	365,582,394	707,236
Liabilities	-	-
Net assets	365,582,394	707,236
2017		
Assets	381,891,617	588,281
Liabilities	-	-
Net assets	381,891,617	588,281

Foreign currency sensitivity analysis

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 surplus/deficit 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.

	2018 G$	**2017 G$**
Surplus		
Canadian Dollars	17,681	14,707
United States Dollars	9,157,241	9,547,290

20. 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 31-12-2018					
	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	65,160,742	-	-	-	309,080,601	374,241,343
Loans receivable	263,928,082	423,745,181	1,188,229,635	842,169,888	100,336,148	2,818,408,934
Other receivables and prepayments	18,727,172	-	-	-	-	18,727,172
Cash resources	157,404,805	-	-	-	-	157,404,805
	505,220,801	423,745,181	1,188,229,635	842,169,888	409,416,749	3,368,782,254
Liabilities						
Loans payable	16,744,168	-	-	124,741,873	107,299,108	248,785,149
Lease payable	346,000	-	-	1,384,000	14,117,833	15,847,833
Other payables and accruals	188,732,431	-	-	-	-	188,732,431
	205,822,599	-	-	126,125,873	121,416,941	453,365,413
Liquidity Excess	299,398,202	423,745,181	1,188,229,635	716,044,015	287,999,808	2,915,416,841

	Maturing 31-12-2017					
	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	24,102,415	-	-	-	337,667,326	361,769,741
Loans receivable	277,479,749	635,454,410	875,790,543	805,390,558	115,423,947	2,709,539,207
Other receivables and prepayments	24,972,847	-	-	-	-	24,972,847
Cash resources	96,527,022	-	-	-	-	96,527,022
	423,082,033	635,454,410	875,790,543	805,390,558	453,091,273	3,192,808,817
Liabilities						
Loans payable	840,544	-	-	3,362,171	4,622,976	8,825,691
Lease payable	346,000	-	-	1,384,000	14,463,832	16,193,832
Other payables and accruals	197,007,779	-	-	-	-	197,007,779
Bank overdraft (secured)	55,912,954	-	-	-	-	55,912,954
	254,107,277	-	-	4,746,171	19,086,808	277,940,256
Liquidity Excess	168,974,756	635,454,410	875,790,543	800,644,387	434,004,465	2,914,868,561

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. FINANCIAL RISK MANAGEMENT - CONT'D

(c) Credit risk

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

Gross maximum exposure:	**2018 G$**	**2017 G$**
Investments	374,241,343	361,769,741
Loans receivable	2,818,408,934	2,709,539,207
Other receivables	18,727,172	24,972,847
Cash resources	157,404,805	96,527,022
Total credit risk exposure	3,368,782,254	3,192,808,817

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.

Collateral and other enhancements

The Institute maintains credit risk exposure within acceptable parameters through the use of collateral as a risk-mitigation tool for certain types of loans. The amounts and type of collateral required depends on an assessment of the credit risk of the counterparty. Our small loan facility uses mortgages on real estate and Bill of sales on motor vehicles and field equipments while Micro loan facility uses Bill of sales on household assets.

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:

	2018 G$	**2017 G$**
Guyana	2,994,542,640	2,831,042,805
Regional	30,773,032	38,581,568
International	343,466,582	323,184,444
	3,368,782,254	3,192,808,817

20. 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:

	2018 G$	2017 Restated G$
Government and government bodies	30,685,678	38,489,240
Financial sector	519,687,643	444,780,370
	550,373,321	483,269,610
Loans Receivable		
Fishing	110,239,313	83,722,201
Hospitality - Food & Beverage	101,523,195	103,438,586
Livestocks	91,905,643	84,970,541
Logging & Lumber	110,757,143	111,982,723
Manufacturing	146,108,985	120,001,874
Other Crops	147,815,038	146,411,289
Others	105,695,337	116,915,336
Poultry	48,539,310	63,227,797
Retail Trade	874,697,281	823,111,434
Rice	854,496,025	758,523,420
Services	235,289,388	223,049,798
Transportation	180,876,553	171,096,226
Gross Loans Receivable	3,007,943,211	2,806,451,225
Less: Allowance for impairment	(189,534,277)	(96,912,018)
Net Loans Receivable	2,818,408,934	2,709,539,207
	3,368,782,255	3,192,808,817

Analysis of IFRS 9 expected credit losses by sector:

Facility	2018 G$	2017 G$
Fishing	3,794,380	4,175,353
Hospitality - Food & Beverage	8,499,236	6,481,441
Livestocks	9,232,706	7,690,369
Logging & Lumber	6,561,283	6,145,485
Manufacturing	4,235,975	1,877,311
Other Crops	13,577,010	10,811,613
Others	6,843,622	4,598,914
Poultry	8,064,971	9,044,489
Retail Trade	65,400,042	51,724,575
Rice	27,867,436	21,275,471
Services	23,677,407	19,848,107
Transportation	11,780,209	3,346,902
	189,534,277	147,020,030

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. FINANCIAL RISK MANAGEMENT - CONT'D

c) Credit risk - cont'd

Investments- Bonds

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.

20. FINANCIAL RISK MANAGEMENT - CONT'D

(c) Credit risk - cont'd

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					
2018	19,199,500	343,555,665	-	11,486,178	374,241,343
2017 - Restated	38,489,240	323,280,501	-	-	361,769,741

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 borrower, the estimated continued profitability of the borrower and the ability of that borrower to service its debts, the stability of the industry within which the company operates and the competitive advantage held by the borrower in the market. The overall level of risk thus assessed is assigned a credit score which indicates the overall quality of the borrower. The quality of the borrower 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				
	Superior G$	Desirable G$	Acceptable G$	Sub-standard G$	Total G$
2018	2,233,542,055	332,819,611	8,525,667	243,521,601	2,818,408,934
2017 - Restated	2,049,592,261	305,872,926	57,992,787	296,081,233	2,709,539,207

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. FINANCIAL RISK MANAGEMENT - CONT'D

(c) Credit risk - cont'd

Loans receivable	Principal G$	Exposure G$	Provision G$
2018			
Current - stage 1	2,233,542,055	887,288,692	13,260,568
Past due but not impaired - stage 2	341,345,278	175,505,579	18,673,397
Impaired - stage 3	243,521,601	157,977,895	157,600,312
	2,818,408,934	1,220,772,166	189,534,277

2017	Principal G$	Exposure G$	Provision G$
Current	2,049,592,261	801,412,224	-
Past due but not impaired	363,865,713	87,439,370	-
Impaired	296,081,233	124,612,283	96,912,018
	2,709,539,207	1,013,463,877	96,912,018

Ageing of receivables that are past due but not impaired

2018	Principal G$	Exposure G$	Provision G$
1-30 days	267,595,419	142,988,181	7,317,146
31-90 days	65,224,192	32,278,124	11,116,977
91-180 days	8,525,667	239,274	239,274
Total	341,345,278	175,505,579	18,673,397
2017			
1-30 days	240,542,340	69,638,141	-
31-90 days	65,330,586	17,801,229	-
91-180 days	57,992,787	-	-
Total	363,865,713	87,439,370	-

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

20. FINANCIAL RISK MANAGEMENT - CONT'D

(c) Credit risk - cont'd

Ageing of impaired receivables	Principal G$	Exposure G$	Provision G$
2018			
31-90 days	499,486	739,515	361,931
91-180 days	1,969,705	20,346,820	20,346,820
181-365 days	55,391,072	22,098,448	22,098,448
over 365 days	185,661,338	114,793,113	114,793,113
	243,521,601	157,977,896	157,600,312

2017	Principal G$	Exposure G$	Provision G$
31-90 days	122,173	95,614	47,807
91-180 days	44,526,087	27,666,304	8,255,453
181-365 days	45,718,817	17,108,802	8,867,197
over 365 days	205,714,156	79,741,563	79,741,561
	296,081,233	124,612,283	96,912,018

Cash resources

The credit quality of balances due from other banks is assessed by the bank according to the level of creditworthiness of the institution. 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$
2018	**157,404,805**		**-**	**157,404,805**
		-		
2017	**94,407,022**	**-**	**-**	**94,407,022**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

20. FINANCIAL RISK MANAGEMENT - CONT'D

(d) Operational risk

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.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13 requires fair value of assets and liabilities to be determined based on the following hierarchy:

Level 1- quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair values have been determined as follows:

		2018		2017	
	IFRS 13 Level	Carrying value G$	Market value G$	Carrying value G$	Market value G$
Assets					
Cash resources	1	157,404,805	157,404,805	96,527,022	96,527,022
Investments	2	374,241,343	366,289,630	361,769,741	382,516,861
Loans receivable	3	2,818,408,934	2,818,408,934	2,709,539,207	2,709,539,207
Property, plant and equipment	3	216,432,641	216,432,641	170,729,839	170,729,839
Intangible asset	3	3,376,302	3,376,302	5,324,952	5,324,952
Defined benefit asset	3	131,367,000	131,367,000	128,784,000	128,784,000
Other assets	3	19,221,946	19,221,946	25,800,580	25,800,580
		3,720,452,971	3,712,501,258	3,498,475,341	3,519,222,461
Liabilities					
Loans payable	3	248,785,149	248,785,149	8,825,691	8,825,691
Lease payable	3	15,847,833	15,847,833	16,193,832	16,193,832
Other payables and accruals	3	188,732,431	188,732,431	197,007,779	197,007,779
Bank Overdraft (secured)	1	-	-	55,912,954	55,912,954
		453,365,413	453,365,413	277,940,256	277,940,256

21. FAIR VALUE OF FINANCIAL INSTRUMENTS - CONT'D

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

The fair value of assets and 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.

(b) The fair value of loans receivables were determined in accordance with the Institute's past experience with delinquent loans and have taken into account probability of defaults.

(c) Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Management determines depreciation rates sufficient to write off the costs of assets over their estimated useful lives.

(d) Assets and liabilities where the carrying amounts are equal to fair value due to their short-term maturity, the carrying value of certain assets and liabilities approximates their fair value. These include cash resources, other assets, other payables and accruals and bank overdraft.

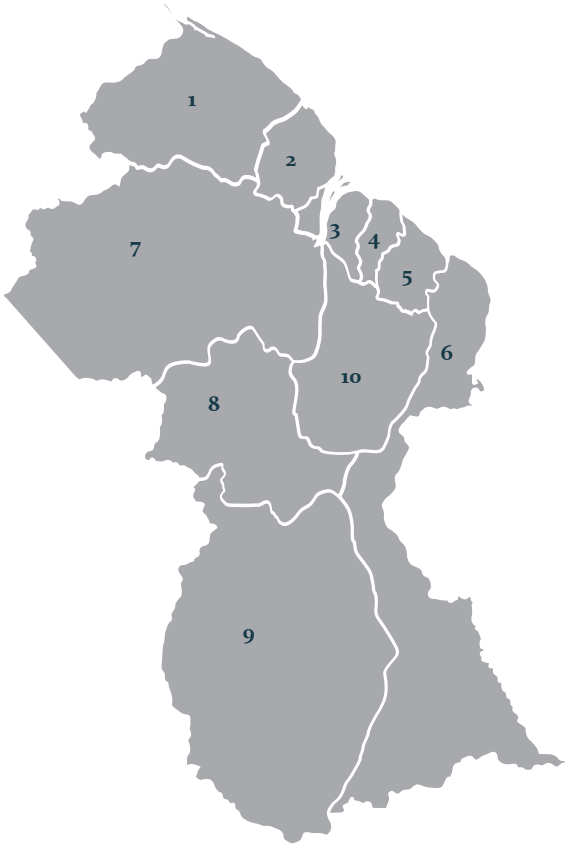
(e) Loans and lease payable are fixed by contract and directors estimate there is no difference between the carrying amount and fair value.

22. RECLASSIFICATION

The Institute corrected a misclassification of its investments in private entity bonds which were previously classified as government bonds.

IPED is a not for profit, tax exempt, non-governmental organization recognized as an Institution of national character providing finance and advisory services to micro and small business entrepreneurs in Guyana.

Map of Guyana: Number of Enterprises per Regions



207	1	BARIMA - WAINI
997	2	POMEROON - SUPENAAM
560	3	ESSEQUIBO ISLANDS - WEST DEMERARA
783	4	DEMERARA - MAHAICA
973	5	MAHAICA - BERBICE
341	6	EAST BERBICE - CORENTYNE
14	7	CUYUNI - MAZARUNI
11	8	POTARO - SIPARUNI
93	9	UPPER TAKUTU - ESSEQUIBO
112	10	UPPER DEMERARA - UPPER BERBICE

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