

Hinterland Thrust



Annual Report 2003

Hinterland Thrust



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Mission Statement



To promote the growth and development of economic activities designed to improve the social and economic welfare of the people of Guyana through the provision of business guidance, technical assistance and non-traditional credit facilities to micro, small and medium sized entrepreneurs.



Goals



To develop a national culture of entrepreneurship.



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



To provide timely financing to micro, small and medium sized businesses in all geographical areas to enhance their production potential to supply both local and foreign markets.



To network with organisations providing complementary support services to communities in order to effectively develop micro entrepreneurs throughout Guyana.

Notice of Meeting

The eighteenth Annual General Meeting of the Institute of Private Enterprise Development Limited will be held on Monday 26th July, 2004 at the Institute's Head Office at 253 South Road, Bourda, Georgetown, at 10:00am.

Agenda

1. Chairman's review of the Institute for the year 2003
2. To receive and consider the Institute's Accounts and Reports of the Directors and Auditors for the year 2003.
3. To elect Directors in the place of those retiring by rotation.
4. To appoint Auditors and authorise the Directors to fix their remuneration.
5. Feature Address.
6. Presentation of Client's Awards.
7. Presentation of Staff Awards.

BY ORDER OF THE BOARD

Hemant S. Indar Singh
Admin Manager/Company Secretary

Registered Office
253 South Road
Bourda, Georgetown.

1st July, 2004



CORPORATE PROFILE

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

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

Messrs, Yesu Persaud and W.G Stoll, two very able and concerned businessmen recognized the absolute necessity for the culture of Free Enterprise which has been under attack for a generation had to be re-created. One of the surest ways of re-creating this culture was by

stimulating the emergence of small businesses and self-employment

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

On 1st April, 1986, the Institute of Small Enterprise Development, as it was then called opened its doors for business at 240 Camp Street, Georgetown with a staff of one – Mr. Jeff Adiken, who performed the jobs of Manager, Accountant, Counsellor, Project Officer and Messenger all

rolled into one. Soon, however, further help was provided with staff numbering a total of five in its first year

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

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

Directors

Mr. Yesu Persaud - Chairman
 Mr. Komal Samaroo
 Dr. Ian Mc Donald
 Mrs. Amanda Richards
 Mr. Laurence Farley
 Dr. Leslie Chin
 Mr. James Morgan

Registered Office

IPED Building
 253 South Road,
 Bourda, Georgetown, Guyana
 Tel: 592-226-4675
 Fax: 592-223-7834
 Email: ipedgy@solutions2000.net
 Website: ipedgy.com

International Projects

GYBT, CTCS, CARTF,
 PRCSSP, SEBRAE

Bankers

Demerara Bank Limited

 National Bank of Industry and
 Commerce Limited

 Citizens Bank Guyana Limited

Auditors

Deloitte & Touche
 Chartered Accountants
 77 Brickdam, Stabroek
 Georgetown, Guyana.

Attorneys at Law

Mr. Vidyanand Persaud
 Georgetown

 Mr. Murseline Bacchus
 New Amsterdam

Branches

Berbice
 1 Port Mourant,
 Corentyne, Berbice
 Tel: 592-336-6171

 11 D'Edward Village,
 West Bank Berbice.
 Tel: 592-330-2592

Essequibo
 54 Access Road
 Cotton Field,
 Essequibo Coast
 Tel: 592-771-4298

 312 Parika,
 East Bank Essequibo.
 Tel: 592-260-4399

Lethem
 Rupununi
 Region 9

Board of Directors



Mr. Komal Samaroo- Director
AA., F.C.C.A., A.C.I.S.



Mr. Yesu Persaud - Chairman
C.C.H., F.C.C.A., F.R.S.A., F.B.I.M.



Dr. Leslie Chin- Executive Director
AA., B.Sc., Ph.D.



Dr. Ian McDonald - Director
AA., MA.(Cantab), F.R.S.L.



Mr. James Morgan - Director
FLM.I., C.S.



Mrs. Amanda Richards - Director
A.I.C.B.



Mr Laurence Farley-Director
FB.S.C., A.C.E.A.

IPED.... Everywhere in Guyana for Everyone in Guyana



Fishing



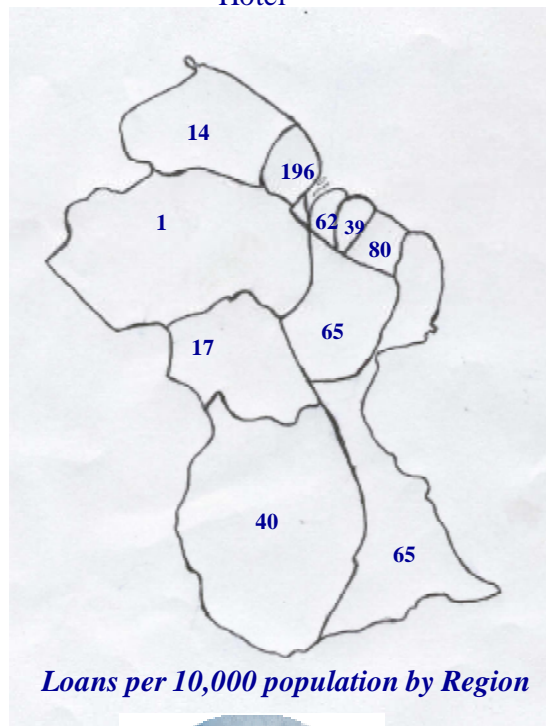
Hotel



Mosquito Nets



Poultry



Rice



Workshop



Manufacturing



Farine



Craft



Vending

CHAIRMAN’S REPORT



International terrorism, the War in Iraq and the upsurge in oil prices from US\$25 to US\$40 a barrel are major factors that will affect the growth in many countries especially countries like Guyana which are dependent on imported oil. Many countries however achieved growth of 2% to 3%, exceptions were China and India with growth rates of 10% and 8% respectively. It should be noted that Guyana’s growth rate in 2003 was a negative 0.6%, the lowest in Caricom. It’s quite apparent that the dependence on commodities is partially responsible for this. It’s imperative, as I have been preaching for years that the future lies in the production of value added products for niche markets and the development of the services sector. This does not mean the country will cease producing commodities, these must continue and even be enhanced to ensure a flow of Foreign Exchange and continuity of employment.

IPED

The continuous growth of the Economy is vital to create wealth and jobs thereby stimulating further growth and de-

velopment and sustainability of the Micro and Small business sectors.

This year IPED celebrates its 18th year since its establishment in April 1986. It started from humble beginnings with a small capital base and with a staff of one, who was Messenger, Counsellor, Credit Officer and Manager all rolled into one. Today IPED has Net Assets of over a Billion Guyana dollars, employs 69 persons, many of whom are graduates, with offices throughout the country – serving all ten (10) Regions of Guyana.

IPED has financed over the years 39,862 Loans valued at \$7,038 million and creating thousands of jobs throughout the country. It’s very gratifying to note that the Micro Sector caters for the poorest of the poor including single parents, many of whom have had no source of income but today are self supporting members of society.

It should be noted that IPED also provides training in the field as well as in-house training at its Entrepreneurial Development Centre at 253 South Road, Bourda. The USAID uses IPED as a success story in the other parts of the Caribbean and undoubtedly all Guyanese should be proud of this Guyanese Institution.

Year Under Review

Despite the many constraints, IPED continues to play a major role in the development process in addition to stimulating the Entrepreneurial spirit latent in the Guyanese population, thereby creating wealth and jobs for people.

During the year the Institute funded 5,170 loans to Entrepreneurs valued at G\$870 million compared with 4,784 loans valued at G\$720 million in 2002, an increase of 8% in numbers and 21% in value broken down as follows:

	No. of Loans		Value of Loans	
	2003	2002	2003	2002
Small	1769	1417	\$607M	\$525M
Micro	3401	3367	\$263M	\$195M
	5170	4784	\$870M	\$720M



CHAIRMAN'S REPORT

Surplus for the Year

Interest Income increased by 39%, whereas Investment Income declined by 9%. Total expenditure increased by 9% mainly due to increased salaries and out of town allowances paid to staff members. The Institute made a surplus of G\$47 million against G\$33 million in the preceding year, an increase of 41%.

Bad Debts Provision

The Directors of the Institute have continued to pursue a prudent policy of providing for bad debts since it is operating in areas that are subject to the vagaries of the weather and the shifts in the economy. Accordingly, the Institute's provision is now 22% of total debts. The Board is committed to continue this policy in the future.

Training

IPED continues to offer Managerial and Technical training to all of its Clients. The Institute sees these services as complementary to loans and in a way ensuring the business success of our Clients. IPED helps them to grow to another level where professional management and technology are essential to success.

The staff of IPED continues to receive in-house training in all aspects – Managerial, Technical and Marketing, to enable them to continue providing service of the highest standard.

Hinterland Thrust

During 2003, IPED adopted a conscious strategy of reaching out to the Hinterland Regions where the poor are the poorest and access to financial services are virtually non-existent. We have covered villages in North and Central Rupununi, Mahdia in Region 8 and Mabaruma, Port Kaituma and Moruca in Region 1. We have positively responded to the Government's invitation to make our loans and business skills training service available at Kwakwani, where there was significant retrenchment in the bauxite industry. For this first year of operation in the hinterland, 154 loans were disbursed valued \$96.6 million.

IFAD

In 2001, IPED signed an agreement with the Government of Guyana to operate the credit component of a Poor Rural Communities Support Services Project (PRCSSP) in Regions 2 and 3. This Project is funded by a United Nations Organisation, the International Fund for Agricultural Development (IFAD). By the end of 2003, IPED had disbursed a cumulative 2,902 loans valued \$205M.

SEBRAE

The Technical Co-operation Agreement signed between IPED and SEBRAE holds out lots of promises for residents of Region 9. SEBRAE is a Brazilian NGO with significant resources to promote small enterprise development. We are awaiting the establishment of instruments that would cover the costs of implementing this Agreement.

MIS

We have upgraded our Management Information System through a Project under the Multilateral Investment Fund (MIF) of the IDB. Counterpart funds were provided by USAID. The Project will improve considerably our capacity and effectiveness in loans management.

Future Prospects

IPED still relies on the growth of the economy to make the most of its resources and expertise and we hope the economy will grow in the future so markets could be created for the micro and small entrepreneurs. IPED will proactively identify critical areas for intervention through loans or technical assistance in order that businesses and the economy could bloom.

IPED will develop strategies to cost effectively penetrate the hinterland Regions and the riverain areas of the coast. IPED is working on a methodology to identify individuals with good ideas for new businesses and with the competencies required for success. IPED will work in close collaboration with these new entrepreneurs to counter poverty and create wealth.

Staff

The staff continues to perform creditably and is committed to greater efforts in the year 2003 and beyond. The staff is also conscious that they have to be extra conscientious and innovative in the present financial environment.

Board of Directors

My heartfelt thanks to our hardworking Board of Directors who have been giving so much of their time, free of any cost in directing the policies of the Institute and leading it into the new era of microfinance development.

On the technology front, IPED will create a Knowledge and Information Sharing Services Programme to use technology to access markets, to increase productivity and to develop novel businesses. The Institute will relaunch its website and provide information on our Clients businesses and access to the Internet as a marketing tool. The Institute will train its Clients on the use of the computer as an essential business skill.

Entrepreneurial Development



Entrepreneurship Training in St. Ignatius, Rupununi



First batch of Entrepreneurial Development Center Graduates



Pickled Meat Workshop in Essequibo Coast



Training in Marketing in Essequibo



EXECUTIVE DIRECTOR'S REPORT



Geographical Coverage

During 2003 IPED extended its reach to all Administrative Regions of Guyana. In Region 9, commonly known as the Rupununi 78 loans valued \$43.7 million were disbursed in the last half of the year. Total disbursements for the Hinterland Portfolio of Regions 1, 8, 9 and of the bauxite town of Kwakwani in the Upper Berbice River were \$96.6 million for 154 loans. This represented 11.1% by value of all loans disbursed by the Institute.

During 2003 IPED has continued to operate the credit scheme in Regions 2 and 3 under the agreement with the Government of Guyana for a Poor Rural Communities Support Services Project funded by IFAD. IPED disbursed 1,405 loans valued \$108.0 million compared with 831 loans and \$52.2 million in 2002.

Wealth Creation

The range of activities financed by IPED and the number of loans under each economic sector closely mirrors that of the economy. The exceptions are sugar, bauxite and gold mining, rental of dwellings, financial services and government services, which are not appropriate for IPED financing.

The net profits generated and wages paid out by Clients who accessed loans in 2003 totaled \$4,620 million. This is an estimated 4.0% of GDP.

Financial Performance

Net profit for 2003 was \$47 million, which is 4.8% of average equity and 2.4% of average assets, which were improvements over 2002.

Mission

IPED's Mission Statement can be paraphrased and disaggregated into three elements:

- i. Poverty Reduction through microenterprise development.
- ii. Wealth Creation through enterprise development
- iii. Financial Sustainability through planned surpluses

Poverty Reach

The number of Clients increased to 4,647 or by 9.4% during 2003. New Clients are 25% of total Clients. The number of hinterland Clients was 154, whilst the number of Amerindian Clients increased from 43 to 189 during the year and reflects our hinterland penetration.

	2002	2003
Total Number Loan Clients	4249	4647
Number New Clients	962	1183
Number Hinterland Clients in Kwakwani, Regions 1, 8 & 9	7	154
Number Amerindian Clients	43	189

	\$ million	2002	2003
Net Profits		33.4	47.1
Return on Average Equity		3.6%	4.8%
Return on Average Assets		1.8%	2.4%
Inflation Rate		6.1%	5.0%
Current Ratio		3.0	1.9
Non-performing loans		149.4	186.5
Bad Debts written off		0.0	1.1
Loan loss provision		47.7	41.1
Loan Loss Reserves		210.6	250.6

Business Development Services

IPED has created an Entrepreneurial Development Centre (EDC) that is intended to provide Business Development Services (BDS) that are complementary to our loan products. BDS represents a value to our Clients that would improve the performance of their businesses. BDS is presented in three (3) programme areas:

1. **Business Skills Training.** Modules include Entrepreneurship, Business Opportunities, Marketing, Costings, Simple Accounting and General Principles of Administration. IPED is developing a methodology for effective financing of youths in business. We have networked with the Ministry of Culture Youth and Sports through their skills training programme to establish pilot models. We have identified generic strategies to find profitable business opportunities. This focuses on identifying or creating competitive advantages. The first approach is to examine the production factors and look out for resources that are free or nearly so. Thereafter competitive advantages are created by differentiation of product or services.
2. **Market Facilitation.** IPED is very actively involved in facilitating client / industry relationships to benefit from the backward and forward linkages. IPED networks with larger companies that would purchase the outputs of its loan Clients.
3. **Knowledge and Information Sharing Services.** Having knowledge and access to information are the bases for new business ideas and for increasing productivity. Technology inputs can provide considerable cost and differentiation advantages to businesses. Small and micro entrepreneurs cannot easily access advice on appropriate technologies. IPED is attempting to conceptualise the modalities in which there could be effective transfers of such knowledge and information.
2. **Trained 464 Clients in business skills (252 Clients in 2002) with a total of 1820 participant hours (652 in 2002).** Immediate post training evaluation indicated that 92% participants had learnt something of value to their businesses. Subsequent evaluation elicited responses which indicated that 42% of those contacted had applied some of the things that they had learnt.
3. **During 2003 IPED was still researching the methodology for the identification of business opportunities.** The emphasis then was the introduction of novel technologies and the exploitation of natural resources, the by-products and waste products of agriculture and value-added production.
4. **A very successful example of Market Facilitation is TOPCO Juice buying cherries and passion fruit from farmers who access funding from IPED to improve and increase their cultivation.** TOPCO and the Clients agree to assignments of sale. In most instances TOPCO stands guarantee for the loans. At the end of 2003, twenty two farmers had signed on to this arrangement.
5. **IPED is the chair of the Coordinating Committee for the Caribbean Development Bank's Caribbean Technological Consultancy Services (CTCS).** Business consultancies are provided from a roster of Caribbean consultants at subsidized rates. We had consultancies for three Clients in use of coconut oil in baking, the building and use of moulds for balata craft and a visit of a small fruit juice manufacturer to an operation in St. Vincent. CTCS promises to be an important resource that Guyanese businesses can access to solve their technical and business problems and to exploit business opportunities.
6. **IPED and SEBRAE, a Brazilian NGO with a mandate to promote small and micro-enterprises signed a Technical Cooperation Agreement in 2002.** Reciprocal exchange visits were made and a number of areas of co-operation identified. These include aquaculture, bee keeping, cassava culture, sheep rearing, mineral salt supplementation for livestock, and cashew nut cultivation.

BDS Achievements

During 2003 the EDC achieved the following:

1. **Provided information to 2,471 Clients at pre-disbursement training sessions.** These are intended to tell the Clients about the obligations of IPED the lending agency and of the Clients.



Resources

1. Human resource development is usually recognized as the most crucial resource in the growth and development of an organization. A Human Resources Manual has reached its final draft and will be released to all staff members for feedback and comments. Staff training has not taken place at the desired level. A customer service training seminar was facilitated by an experienced external HR practitioner.

Both management and staff meetings were institutionalized. Relatively few meetings were missed during the year.

At the end of September we appointed a Branch Supervisor for Lethem to look after the entire Region 9.

The Entrepreneurial Development Centre has employed a new manager who brings in valuable experience to the Centre.

2. To cater for the increasing portfolio, we moved into larger offices at Parika and D'Edward Village. At Lethem in Region 9, we are part of a lease arrangement with the Regional Administration to occupy the former Guyana Stores Building.
3. We have fully equipped all our offices with up to date computer systems under the MIS upgrade project. These are being financed by the IDB-MIF. This project also has counterpart financing from USAID. The project is intended to place loan application and processing on the computer in real time, to generate relevant reports for users at all levels, i.e. credit staff and senior managers and to document the accounting and loan processing systems. The project is in its final completion stages.
4. We have also replaced our fleet of worn out vehicles and added a new one to better extend our reach countrywide.
5. We understand that under the Poverty Reduction Strategy Paper, the Government of Guyana plans to expand the capital base of IPED so that we can confidently grow our portfolio of loans all over Guyana. The Small Business Act was passed in Parliament late in 2003 and is awaiting the assent of the President. Under the Act, a Small Business Development Fund will be es-

tablished. One role of the Fund will be to guarantee loans, especially from IPED's point of view, for Clients in the hinterland, where poorer Clients do not have substantial collateral. The Guarantee Fund should be used for projects that have significant developmental impact due to demonstration effects or due to backward and forward linkages or with potential for export.

The Future

IPED will extend its reach to a larger number of rural and hinterland communities. In particular we will reach out to more villages in the Rupununi.

We have projected a growth of 20% in the number and value of loans approved in 2004. Marketing strategies have been developed to ensure the achievement of the budgeted number and value of loans.

IPED would develop a capacity to identify business opportunities that would contribute to the growth and development of respective economic sectors. We would proactively promote such businesses that can fulfill this role. We would network with partners that would make such interventions more effective. In Region 9 where we have a structured approach, we have identified some interesting opportunities e.g. an agricultural supplies center (Beacon Foundation), plant nursery, honey production, refrigerated transport for beef, mineral salt supplementation for livestock and a cassava processing factory to produce farine. On the coast the major opportunities identified are intensive aquaculture, which is very technical but very profitable, agroprocessing, orchard crops and duck production.

IPED proposes to identify the competitive strategies for those industries that are likely to earn foreign exchange. IPED would work collaboratively with those agencies that have a mandate of promoting exports.

Acknowledgements

I would like to welcome all those new Clients who are now accessing IPED's loans and services. We hope we are adding value to their enterprises. We must acknowledge the contribution of our 69 employees and managers who have made possible the services we render to our Clients. I thank them very much for their dedication and commitment. I would also like to express my grateful thanks to the Chairman and other members of the Board for their guidance and work in the various sub-committees of the Board. Their contributions have been much appreciated.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting this Report and audited Financial Statements, for the year ended 31st December, 2003.

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 Organisation 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 2003, the Institute financed a total of 5,170 loans valued at \$869.96 million. Small and Medium Businesses accounted for 1,769 loans valued \$607.08, million whilst 3,401 loans valued \$262.88 million were for the Micro Business Sector. The 5,170 loans created/sustained 8,706 jobs.

Income totalled \$240.49 million and Expenditure \$193.44 million resulting in a surplus of \$47.05 million for the year compared with \$33.44 million in the year 2002.

Application of Surplus

Net surplus for the year 2003 was \$47.05 million and this was transferred to the accumulated surplus which totalled \$760.34 million at the end of 2003.

Financial/Technical Assistance Received – For 2003

In the year 2003, a Project for Institutional Strengthening of IPED which began in 2002, continued with assistance from the following Agencies:

1. The Inter-American Development Bank – Multilateral Investment Fund
2. The United States Agency for International Development.

Administration Of Credit Facility Under PRCSSP

In the year 2003, the Institute continued to administer the Credit component of the PRCSSP (Poor Rural Communities Support Services Project). This component was funded by IFAD (International Fund for Agricultural Development) under a Loan Agreement signed between the Government of Guyana through the Ministry of Finance and the Institute of Private Enterprise Development Limited on the 9th February, 2001. In 2003, a total of 1,405 loans at a value of \$108.02 million, were disbursed to Small and Micro Business Entrepreneurs in Regions Two and Three.

Credit Programmes

In the year 2003, the Institute operated three Credit Windows:

1. Main credit window, which is geared to meet the needs of the Small and Medium Business Sectors.
2. Micro credit window, which is geared to meet the needs of the Micro Business Sector.
3. The PRCSSP Credit Facility which provides financing to Small and Micro Entrepreneurs in Regions Two and Three.

Entrepreneurial Development

In the year 2003, the Institute intensified the activities of its Entrepreneurial Development Centre, providing Business Development Services and Training to complement its Credit Programmes.

REPORT OF THE DIRECTORS

Board Of Directors

During the year 2003, there were seven (7) Directors on the Board:

1. Mr. Yesu Persaud
2. Mr. Komal Samaroo
3. Dr. Leslie Chin
4. Mr. Laurence Farley
5. Dr. Ian McDonald
6. Mr. James Morgan
7. Mrs. Amanda Richards

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

1. Dr. Ian Mc Donald
2. Mr. Komal Samaroo

Auditors

The retiring Auditors, Messrs Deloitte and Touche, have intimated their willingness to be re-appointed.



IPED's Chairman greeting two Founding Directors



REPORT OF THE AUDITORS

**TO THE MEMBERS OF
THE INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

We have audited the accompanying balance sheet of The Institute of Private Enterprise Development Limited as at 31 December 2003 and the related income statement, statements of changes in equity and cash flows for the year then ended as set out on pages 16 to 28. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view, in all material respects, the financial position of the Company at 31 December 2003 and of the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 1991.

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

77 Brickdam,
Stabroek, Georgetown,
Guyana.

20 April 2004



INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2003

	Notes	2003		2002	
		G\$	G\$	G\$	G\$
Income					
Interest			183,992,506		132,033,602
Investment income			50,145,652		53,567,708
Other income			6,353,396		24,966,467
			<u>240,491,554</u>		<u>210,567,777</u>
Expenditure					
Interest		22,608,000		22,608,700	
Salaries and allowances		62,468,518		48,456,328	
Provision for doubtful debts		41,119,050		47,736,440	
Depreciation		11,056,270		9,692,826	
Printing and stationery		3,392,228		4,865,747	
Repairs and maintenance		4,632,447		3,161,188	
Others		48,160,516		40,608,903	
			<u>193,437,029</u>		<u>177,130,132</u>
Net surplus of income over expenditure	3		<u>47,054,525</u>		<u>33,437,645</u>

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



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2003

	Members' subscriptions G\$	Capital donations G\$	Accumulated surplus G\$	Total G\$
Balance at 31 December 2001	32,500	242,094,526	679,850,201	921,977,227
Net surplus	-	-	33,437,645	33,437,645
Balance at 31 December 2002	32,500	242,094,526	713,287,846	955,414,872
Donation during the year	-	11,271,169	-	11,271,169
Net surplus	-	-	47,054,525	47,054,525
Balance at 31 December 2003	32,500	253,365,695	760,342,371	1,013,740,566

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



BALANCE SHEET
AT 31 DECEMBER 2003

	Notes	2003 G\$	2002 G\$
ASSETS			
Non current assets			
Fixed assets	4	121,498,336	109,854,657
Non-current loans receivable	5	238,658,307	152,299,350
		360,156,643	262,154,007
Current assets			
Loans receivable	5	632,700,222	577,700,534
Debtors		36,745,113	17,389,148
Prepayments		49,100	-
Stores		1,138,324	769,040
Fixed deposits		355,676,854	421,755,781
Short term investment	6	512,372,573	452,636,039
Cash on hand and at bank		175,832,653	143,064,871
		1,714,514,839	1,613,315,413
TOTAL ASSETS		2,074,671,482	1,875,469,420
EQUITY AND LIABILITIES			
Capital fund			
Members' subscriptions		32,500	32,500
Capital donations	7	253,365,695	242,094,526
Accumulated surplus		760,342,371	713,287,846
		1,013,740,566	955,414,872
Non-current liabilities			
Loans due after one year	8	433,847,482	376,740,066
Current liabilities			
Sundry creditors	9	323,734,126	283,342,454
Accruals		8,257,319	2,008,769
Loans due within one year	8	295,091,989	257,963,259
		627,083,434	543,314,482
TOTAL EQUITY AND LIABILITIES		2,074,671,482	1,875,469,420

These financial Statements were approved by the Board of Directors on 20th April, 2004.

On behalf of the Board:

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 G\$	2002 G\$	
Net surplus of income over expenditure	47,054,525	33,437,645	
Adjustments for:			
Depreciation	11,056,270	9,692,826	
Operating surplus before working capital changes	58,110,795	43,130,471	
(Increase)/decrease in non-current loans receivable	(86,358,957)	44,155,800	
Increase in current loans receivable	(54,999,688)	(30,332,913)	
Increase in debtors and prepayments	(19,405,065)	(5,286,034)	
(Increase)/decrease in stores	(369,284)	1,762,361	
Increase in creditors and accruals	46,640,222	28,843,565	
Net cash provided by(used in) operating activities	(56,381,977)	82,273,250	
Investing activities:			
Purchase and donations of fixed assets	(22,699,949)	(38,193,385)	
Net cash used in investing activities	(22,699,949)	(38,193,385)	
Financing activities			
Capital donations	11,271,169	-	
Loan drawdown	103,045,741	79,530,349	
Loan repayments	(8,809,595)	(8,811,392)	
Net cash provided by financing activities	105,507,315	70,718,957	
Net increase in cash and cash equivalents	26,425,389	114,798,822	
Cash and cash equivalents at beginning of period	1,017,456,691	902,657,869	
Cash and cash equivalents at end of period	1,043,882,080	1,017,456,691	
Analysis of changes in cash and cash equivalents			
	2003	2002	Movement for the year
	G\$	G\$	G\$
Cash in hand and at bank	175,832,653	143,064,871	32,767,782
Fixed deposits	355,676,854	421,755,781	(66,078,927)
Other investments	512,372,573	452,636,039	59,736,534
	1,043,882,080	1,017,456,691	26,425,389

NOTES ON THE ACCOUNTS

1. Significant accounting policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention and the accounting policies conform with International Financial Reporting Standards (including International Accounting Standards and Interpretations) adopted by the Institute of Chartered Accountants of Guyana.

(b) Depreciation

Depreciation of fixed assets is on the straight line method calculated at the rates specified below which are estimated to write off the assets over their expected useful lives, viz:-

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

(c) Translation of foreign currencies

Foreign currency transactions completed during the year are translated at the rates of exchange at the date of each transaction. At balance sheet date, all assets and liabilities denominated in foreign currencies are translated at the rates of exchange in effect on that date or as agreed by Bank of Guyana. Gains/losses are accounted for in the income and expenditure account.

(d) Loans receivable and interest

Loans are stated net of unearned and uncollected interest and of any provisions established to recognise anticipated losses.

NOTES ON THE ACCOUNTS

1. Significant accounting policies – Cont'd

(d) Loans receivable and interest – Cont'd

Provision for the loan losses which is specific and based on appraisals of the credit portfolio, represents the amount which in management's judgement is necessary to maintain the provision at an appropriate level. This judgement is based on current delinquencies, the nature and characteristics of the portfolio and general economic conditions and trends.

A non-performing loan is any loan where repayments have not been adequate to cover the interest for the year. In addition, other loans which are not yet in arrears may be classified by management as non-performing where in management's opinion there is doubt as to the ultimate collectibility of some portion of principal or interest.

(e) Pension funding

The Company participates in a defined benefit plan for its employees. The contributions are held in trustee administered funds which are separate from the Company's resources. Thirty-seven (2002 – twenty nine) employees participate in this plan.

During the year, the Company's contribution to the Scheme was \$3,264,679 (2002 - \$2,270,051).

The last actuarial valuation which was done at 31 December 2000, showed a past service surplus of \$90.6M with a funding level (i.e. ratio of assets to liabilities) of 123%.

The principal actuarial assumptions used were as follows:

Investment return	-	7% per annum
Salaries increases	-	7% per annum
Pension increases	-	3% per annum

NOTES ON THE ACCOUNTS

1. Significant accounting policies – cont'd

(e) Pension Funding – cont'd

In relation to the current status of the Plan, the company estimates that there would be insignificant (if any) net benefit obligations after taking into account the fair value of the plan assets. Also, the current service cost is a fair reflection of the cost to the company.

An actuarial valuation is in progress and when completed in 2004 would further reveal the funding status of the Plan.

2. Incorporation and activities

The Institute of Small Enterprise Development Limited was incorporated on 2 October 1985 as a company limited by guarantee. It is a non-profit and tax exempt organisation 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 10 September 1991 the entity's name was changed to Institute of Private Enterprise Development Limited.

3 Net surplus of income over expenditure

After charging:

Depreciation

Auditors' remuneration

2003	2002
G\$	G\$
47,054,525	33,437,645
11,056,270	9,692,826
320,000	315,000

NOTES ON THE ACCOUNTS

4 Fixed assets

	Land and building G\$	Motor vehicles G\$	Furniture, fixtures and fittings G\$	Office machinery G\$	Sundry training equipment G\$	Computer equipment G\$	Computer software G\$	Total G\$
Cost								
At 1 January 2003	93,357,414	13,261,839	9,301,933	13,469,011	6,083,842	20,524,298	7,755,415	163,753,752
Additions	426,000	7,535,820	102,862	2,595,650	3,663,636	5,686,981	2,689,000	22,699,949
At 31 December 2003	93,783,414	20,797,659	9,404,795	16,064,661	9,747,478	26,211,279	10,444,415	186,453,701
Depreciation								
At 1 January 2003	8,254,150	11,307,827	3,701,827	8,166,872	6,083,842	14,445,723	1,938,854	53,899,095
Charge for the year	1,875,669	1,424,063	979,092	1,128,229	839,586	2,198,527	2,611,104	11,056,270
At 31 December 2003	10,129,819	12,731,890	4,680,919	9,295,101	6,923,428	16,644,250	4,549,958	64,955,365
Net book values:								
At 31 December 2003	83,653,595	8,065,769	4,723,876	6,769,560	2,824,050	9,567,029	5,894,457	121,498,336
At 31 December 2002	85,103,264	1,954,012	5,600,106	5,302,139	-	6,078,575	5,816,561	109,854,657

NOTES ON THE ACCOUNTS

5	Loans receivable	2003	2002
		G\$	G\$
	Gross loans	1,122,006,606	940,633,423
	Less provision for bad debts	250,648,077	210,633,539
		871,358,529	729,999,884
	Non-current loans receivable	238,658,307	152,299,350
	Current loans receivable	632,700,222	577,700,534
		871,358,529	729,999,884
	Non-performing loans receivable	166,531,134	149,386,796
	Performing loans receivable	704,827,395	580,613,088
		871,358,529	729,999,884
	Provision for doubtful accounts		
	At 1 January	210,633,539	162,897,099
	Provision for the year	41,119,050	47,736,440
	Bad debts written off	(1,104,512)	-
	At 31 December	250,648,077	210,633,539
6	Short term investment	512,372,573	452,636,039

This represents interest and principal on the PL480 account being held in an investment account at various banks and other financial institutions.

7	Capital donations	2003	2002
		G\$	G\$
	At 1 January	242,094,526	242,094,526
	Donations received during the year	11,271,169	-
	At 31 December	253,365,695	242,094,526

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

NOTES ON THE ACCOUNTS

8 Loans

	2003 G\$	2002 G\$	Amount Committed
(i) PL 480 1986	2,800,000	2,800,000	G\$ 2,800,000
PL 480 1987	5,500,000	5,500,000	G\$ 5,500,000
PL 480 1988/89	27,000,000	27,000,000	G\$ 27,000,000
PL 480 1990	43,400,000	43,400,000	G\$ 43,400,000
PL 480 1991	103,500,000	103,500,000	G\$103,500,000
PL 480 1992	255,345,000	255,345,000	G\$255,345,000
(ii) IADB	20,593,290	21,432,935	SFR 375,000
(iii) EIB	63,169,653	71,139,603	ECU 500,000
(iv) IFAD	207,631,528	104,585,787	SDR 1,350,000
Total	728,939,471	634,703,325	

	2003 G\$	2002 G\$
Repayments due after five years	273,414,679	191,510,764
Repayments due within two to five years	160,432,803	185,229,302
	433,847,482	376,740,066
Repayments due within one year	295,091,989	257,963,259
	728,939,471	634,703,325

i) PL 480

Year	Repayment Period	Moratorium	Interest Rate
	Years	Years	%
1986	10	5	4
1987	10	5	4
1988/89	15	5	4
1990	15	5	4
1991	15	5	4
1992	10	5	6

Annual repayments become due at the end of the sixth year.

NOTES ON THE ACCOUNTS

8 Loans - cont'd

ii) IADB

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

Commission of 1% is payable semi annually on 16 January and 16 July each year beginning 6 months after the disbursements of the loan. The terms 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.

iii) EIB

European Investment Bank loan of 500,000 ECU was fully drawn down at 31 December 2000. The loan is repayable in 10 equal annual instalments commencing 31 March 2001.

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

iv) IFAD

The International Fund for Agricultural Development loan agreement was signed between the Government of Guyana through the Ministry of Finance and the Institute of Private Enterprise Development Limited on 9 February 2001.

This is an interest free loan which is repayable after six (6) years, after which IPED is entitled to repay the Government all undisbursed sums and within an agreed stipulated period recover the disbursed sums and pay them over to the Government of Guyana. The Government is entitled to 2% interest collected as government commission. The full commitment on this loan has not been received.

NOTES ON THE ACCOUNTS

9	Sundry creditors		<u>2002</u> G\$
	PL 480 loan interest		240,610,208
	Others		<u>42,732,246</u>
			<u>283,342,454</u>

10 Related party transactions

(a) The company shares a common Chairman with Trust Company (Guyana) Limited, and Demerara Bank Limited.

Balances were as follows:

	<u>2003</u> G\$	<u>2002</u> G\$
Trust Company (Guyana) Limited - fixed deposits	<u>841,808,349</u>	<u>793,485,109</u>
Demerara Bank Limited - current account	<u>(13,361,316)</u>	<u>12,367,629</u>
Demerara Bank Limited - savings account	<u>24,532,156</u>	<u>56,348,580</u>

Interest rates were same as for third parties

(b)	Macro and minor loans were taken by eleven (11) staff at the prescribed regular rates of interest	<u>4,590,440</u>	<u>2,566,440</u>
(c)	The Company's fixed assets are insured by Diamond Fire Insurance Company Limited, a company that has two common Directors with IPED. Insured value was G\$26,953,274 in 2003 (2002 - G\$26,953,274).	<u>107,813</u>	<u>107,813</u>
(d)	Balance due from Guyana Youth Business Trust which shares a common Chairman and Trustee with IPED.	<u>93,037</u>	<u>3,978,341</u>

NOTES ON THE ACCOUNTS

11 Loans receivable (by Industry)

	2003	2002
	G\$	G\$
Fishing	46,146,534	54,252,036
Rice	286,097,604	286,879,602
Dairy	5,794,839	5,082,899
Pigs	1,701,240	643,469
Poultry	51,163,248	39,230,755
Fish dehydration	615,234	1,972,033
Crops	65,574,619	65,735,063
Garment	18,523,580	5,595,341
Food processing	19,867,961	28,633,190
Workshop	17,167,486	22,539,095
Furniture	43,300,240	41,052,949
Craft	11,041,008	2,978,469
Shop, motor vehicles & vessels, vending and trading, etc.	354,037,200	386,038,522
Miscellaneous	200,975,809	-
	1,122,006,606	940,633,423
Less: Bad debts provision	250,648,077	210,633,539
	871,358,529	729,999,884
12 Capital commitments		
Approved and contracted for	-	11,000,000

13 Pending litigations

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

Credit Activities



Awards

Staff Awards

Employees who completed Ten and Five years of continuous employment in 2003

Name	Designations	Years of Service
Garrett Ward	Branch Supervisor	10
Orrin Minns	Snr. Business Counsellor/Field Officer	10
Neela Ramesh	Credit Administration Supervisor	10
Andrew Singh	Security Officer	5
Malika Harding	Charwoman	5

Clients' Awards 2003

1.	Best Managed Project Manickchand Samaroo Runner up Amorit Durga	Lot 23 Mon Repos, E.C.D Lot 126 Agriculture Road, Triumph, E.C.D	Trading/Commercial Broiler Production
2.	Best Agri Project Rahim Subrataly Runner up Gorhudatt Sambhu	Lot 137 Johanna North Black Bush Polder 233 Buzz-A-Bee Dam Craig, E.B.D	Rice Cultivation Egg Production
3.	Best Manufacturer Pramroop Prashad Runner up Bhagwandai Ram	Eccles, E.B.D Lot 11A Kersaint Park, L.B.I E.C.D.	Nibbi Furniture Garments
4.	Best Woman Entrepreneur Radhika Persaud Runner up Joylyn Moore	Lot 36 Johanna South, Black Bush Polder, Berbice Lot 44 Buxton, E.C.D	Rice Cultivation Commercial

Enterprising Micro Entrepreneurs

1.	Beverly Paton	- Onderneeming Sand Pit Road E/bo Coast	Broiler Production/ Grocery
2.	Patricia Campbell	- 19 Hodge Lane Wismar, Linden	Vending
3.	Georgia & Egerton Maxwell	- 103, 3 rd Street Meten-Meer-Zorg, W.C.D	Vending
4.	Rajneetee Ramsunahi	- Lot 7 # 4 Village, W.C.B	Broiler Production
5.	Marlene Osborne	- Lot 13 Stanleytown, W.B.D	Grocery
6.	Gloria Narayan	- Johanna Cecilia, E/bo Coast	Broiler Production

Credit Activities

Entrepreneurial Development



2002 Client Awards



Client receiving award from H.E. Steve Hiscock, British High Commissioner to Guyana



Client receiving award from Mr. Komal Samaroo, Director IPED.



Client receiving award from Mr. James Morgan, Director IPED.





ADS

