

NOTICE OF MEETING

The twenty second Annual General Meeting of The Institute of Private Enterprise Development Limited will be held on Tuesday, 16th December, 2008 at the Institute's Head Office at 253 South Road, Bourda, Georgetown, at 2.30 pm.

Agenda

1. Chairman's review of the Institute for the year 2007.
2. To receive and consider the Institute's Accounts and Reports of the Directors and Auditors for the year 2007.
3. To elect Directors in the place of those retiring by rotation.
4. To appoint Auditors and authorize the Directors to fix their remuneration.
5. Any other business of an Annual General Meeting.

BY ORDER OF THE BOARD


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Hemant S Indar Singh
Admin Manager/Company Secretary

Registered office
253 South Road
Bourda, Georgetown.

Dated: 25th November, 2008.

Board of Directors



CHIEF EXECUTIVE OFFICER
Dr. Leslie Chin A.A., B.Sc, Ph.D.



- 1 - **CHAIRMAN**
Yesu Persaud C.C.H., F.C.C.A., FR.S.A., FB.I.M.
- 2 - **DIRECTOR**
Ian Mc Donald A.A., M.A. (Cantab), FR.S.L.
- 3 - **DIRECTOR**
Amanda Richards A.I.C.B.
- 4 - **DIRECTOR**
Komal Samaroo A.A., F.C.C.A., A.C.I.S.
- 5 - **DIRECTOR**
James Morgan FL.M.I., A.C.S.
- 6 - **DIRECTOR**
Laurence Farley FB.S.C., A.C.E.A.
- 7 - **DIRECTOR**
Mr. John Bart A.A., Dip. Soc. Sc.
- 8 - **DIRECTOR**
Dr. Gem Fletcher Ph.D

CHAIRMAN'S REPORT – IPED 2007 Annual Report

IPED RESULTS FOR 2007

IPED continues to blaze the trail in helping people to help themselves. The surplus for 2007 was \$82.2M compared to \$74.4M in 2006, an increase of 10.5% due mainly to increases in the rice and livestock sectors. Undoubtedly IPED must be one of the major contributors to the agricultural sector.

LOANS

IPED continues to fund the small and micro business sectors helping people to help themselves thereby helping them to move out of poverty and become self-sustaining members of society. The loans in 2007 are almost evenly distributed 53% men and 47% women.

	No. of Loans 2007	2006	Value of Loans \$M 2007	2006
Small	2068	1672	1027	726
Micro	3700	3848	401	359
Total	5768	5520	1428	1085

There was an overall increase of 5% on the number of loans and 32% increase in the value of loans.

However in analysing the loans small business loans increased by 24% in number and 41% in value whereas micro loans decreased by 4% in number and increased by 12% in value.

IPED continues its loan disbursement throughout the rural communities reaching out to the Hinterland Regions where in many of these areas access to financial services is almost non-existent. Areas covered include North, Central and South Rupununi, Mahdia, Mabaruma, Port Kaituma and Moruca.

PROJECTIONS FOR 2008

The introduction of micro-financing by IPED in 1993 has proved successful over the years and its prominence has attracted many new players into the market place. IPED strives to develop itself and adapt to the market so as to offer innovative and better quality service to its small and micro entrepreneurs.

IPED will continue to focus on the rural areas and loans to the Agriculture sector and will work with its entrepreneurs to ensure that they benefit from the most up to date technologies and employ the most efficient processes.

In addition to its existing programme at the Entrepreneurial Development Centre, IPED is working towards ensuring that our programmes are internationally accredited and globally accepted.

IPED continues to work towards improving systems and internal controls and in 2007 upgraded to a modern MIS with core banking and customer service features.

ACKNOWLEDGEMENT

I would like to express my appreciation to the Board of Directors who continue to show leadership and support in our collective endeavours. On behalf of myself and the Board we would like to express our thanks to the untiring efforts of our hardworking staff.

CEO REPORT 2007

Mission

IPED is committed to the development of Micro Small and Medium Enterprises for poverty reduction and wealth creation through the provision of financial and business development services.

IPED has as its core value financial sustainability through planned surpluses.

Poverty Reach

An analysis of our performance for 2007 showed the value of loans being 31.6% above last year and the number of loans of 5,768 being above 2006 by 4.5%.

The number of Clients receiving loans in 2007 was 3,658 or 4% more than 2006 (3,514 in 2006). The number of new Clients was reduced by 9.1% to 954 in 2006. The number of loans per 10,000 of population averaged 77, which was 3 more than 2006.

The number of hinterland clients increased significantly from 240 in 2006 to 329 in 2007, whilst the number of Amerindian Clients increased from 234 to 277.

	2006	2007
Total number of Loan Clients	3514	3738
Number New Clients	1042	954
Number of Hinterland Clients in Kwakwani, Regions 1, 7, 8 & 9	240	329
Number Amerindian Clients	234	277

Geographical Coverage There were 5,576 clients in the loan portfolio at the end of the year.

During 2007 IPED disbursed loans to 667 villages, communities or wards. Coverage in the hinterland Regions 1, 7 and 9 improved significantly during 2007. Access to Mahdia in Region 10 was limited because of inadequacy of the IPED 4WD vehicle. The number of loans per 10,000 population in Region 9, the Rupununi increased from 83 to 89. IPED established a full-time presence in Region 1 by opening an office in Mabaruma. 220 loans were disbursed in the Region 1, a 201% increase over 2006. The reach of 91 loans per 10,000 population was more than the IPED average for the entire country.

The performance for Region 2 was particularly commendable at 264 loans per 10,000 population. In this Region, rice is the predominant economic activity.

The agreement with the Government of Guyana for management of the credit component of the Poor Rural Communities Services Support Project funded by IFAD and the Caribbean Development Bank came to a contractual end on 9th February 2007. IPED was able to disburse all funds before the target period and indeed had started to revolve the funds. During the period of the agreement, IPED disbursed 7,121 loans valued \$565.4 million. Beneficiaries were poor farmers with less than 10 acres of land.

After the end of the IFAD contract IPED continued to make loans available to Clients with no reduction in the number of loans disbursed except in Region 3, where there were reductions in disbursement of 6 loans for rice cultivation and 7 loans for Other Crops.

Wealth Creation

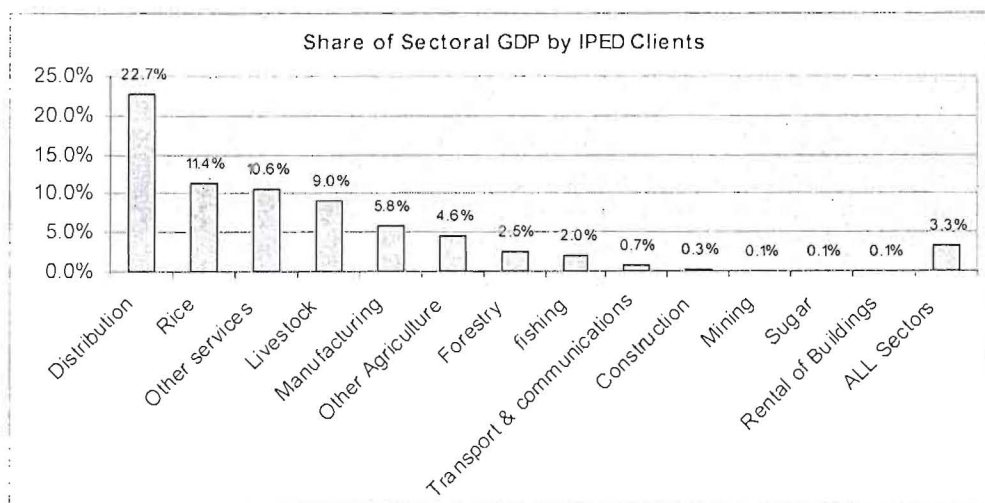
The net profits generated and wages paid out by Clients who accessed loans in 2007 totaled \$5,672 million. This is 3.3% GDP, not an inconsiderable figure and an indicator of the important contribution of Micro and Small Enterprises to the economy.

Sector Contribution

At the end of the year 2007 IPED's market share for all loan balances to the private business sector was 3.5%, with 21.2% for rice cultivation, 2.6% for sugar cane and 56.8% for other agriculture. The loan balances for other agriculture exceeds all the commercial banks combined. The commercial banks have seen this sector as very high risk especially in the context of the disastrous floods during 2004 and 2005.

Market shares were 16.8% for livestock, 6.5% for forestry, 4.3% for the distribution sector and 3.5% for fishing. It is the perception of many that IPED has an emphasis on Vending loans, but our market share is really small but reasonable for our size. Our impact is in the number of entrepreneurs who have accessed IPED loans to increase their sales and profits in order to sustain their livelihoods.

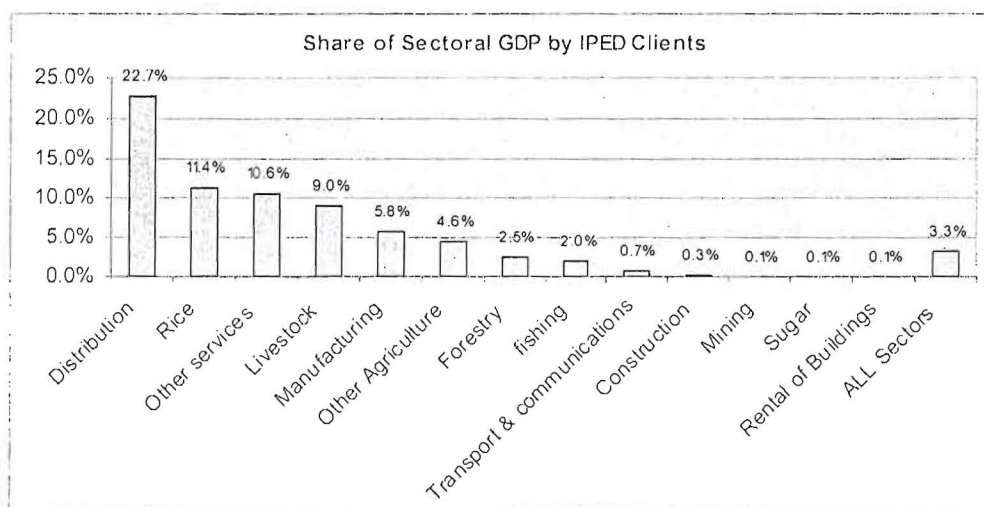
The loan balances of IPED Clients indicated that IPED had a 21.2% market share for paddy cultivation. IPED is particularly focused on farmers with less than 10 acres of cultivatable land.



The poultry sub-sector has been especially attractive to poor persons looking for economic opportunities. A typical participant borrows \$36,000 for growing 100 broilers and profits covers the interest twelve-fold. The opportunity cost of labour is almost zero involving 15 minutes in the morning to check the water and another 15 minutes in the evening to replenish the water and feed. It should be noted that the average interest cover for all loans was 24. The average profit for microloan borrowers was \$62,000 per month which represents the reward for the microentrepreneur's labour and entrepreneurship.

A survey in 2003 revealed 58,000 Micro and Small Enterprises in Guyana. In this context, IPED disbursed loans in 2007 to 3658 clients of which 325 were crop farmers, an increase of 3% on 2006, 545 poultry rearers, an increase of 4%, 702 rice farmers, an increase of 9% and 1509 in retail trading, a reduction of 5%. IPED's performance is partly a reflection of the performance of the respective sectors within the total economy, where the services sector grew by 7.3% and the natural resource-based sector by 6.0%.

The share of value added by IPED loan clients in respective economic sectors is of particular interest and is shown in the chart below.



A gender breakdown showed that women were involved alone or jointly in 64% crop farming, 73% poultry rearing, 47% rice production and 79% retail trading.

Financial Performance

Net profit for 2006 was \$51.8 million which represents a return of 4.4% on average equity and 2.1% on average assets.

	2006	2007
Net Profits \$ million	51.8	82.2
Return on Average Equity	4.4%	5.3%
Return on Average Assets	2.1%	3.4%
Inflation Rate	4.2%	14%

Current Ratio	1.8	3.3
Non-performing loans \$ million	113.9	40.8
Bad Debts written off \$ million	188.2	(11.0)
Loan Loss Provision \$ million	39.5	24.2
Loan loss Reserves \$ million	104.4	139.6
Administrative Cost \$ per Loan	\$33,669	
Administrative Efficiency Administrative Cost/ Portfolio	20.6%	

Entrepreneurial Development Centre (EDC)

IPED's mission is about poverty reduction through microenterprise development and wealth creation through enterprise development. IPED's core business is loans to entrepreneurs but our analysis and those of the major donors have indicated the need to provide business advisory and development services to complement loans in order to ensure the success of more businesses.

IPED established the Entrepreneurial Development Centre to provide these services. The EDC's purpose is *to equip entrepreneurs with the relevant skills to enhance their chances of business success through training, education and information*. During the year, the EDC ran 72 courses for 816 participants. The courses covered topics such as entrepreneurship, marketing, customer relations, simple accounting, costs and expenses, inventory management, leadership and principles of general administration. The EDC continued to offer the Certificate Course in Small Business Management and the Certificate Course in Supervisory Management for young persons ambitious enough to improve and broaden their business skills.

The EDC is contributing to the wealth creation mission of IPED by providing in-house training for larger corporate entities. Topics have included customer relations, telephone etiquette, team building, inventory management and improving competitiveness.

Guyana has embarked on the process of developing a strategy for "Enhancing Guyana's Competitiveness". A number of industries has been identified with favourable factors of production. The USAID-funded GTIS project and the IDB-funded competitiveness project have proposed the formation of clusters within chosen industries to stimulate the development of these industries. Access to financing at reasonable cost, access to markets, access to skills training and access to technical knowledge have been recognized to be of great importance for progress in these cluster industries. However, all of the cluster committees have also identified business skills as being a critical resource for successful businesses. IPED is poised to make a difference in the National Competitiveness Strategy

Focus on Young Entrepreneurs

1285 loans or 22.3% of all loans were taken up by young persons up to the age of 35 years. These are in addition to loans provided by our sister organization the Guyana

Youth Business Trust which focuses on start-up businesses and has its own Board of Trustees.

We continued our relationship with the Ministry of Culture Youth and Sports in the year under review. Sixty youths from the Kuru Kuru Training Centre were exposed to Entrepreneurship Training.

Wealth Creation

IPED's CEO is playing an active role in the National Aquaculture Association of Guyana, which has a vision where "Aquaculture is the leading economic sector by 2015 making major contributions to export earnings and to poverty alleviation". There were 3 loans for aquaculture during the year.

Acknowledgements

I pledge to continue to work with our partners in development, donors, government ministries and agencies and our Clients to contribute in a major way to poverty reduction and wealth creation. I thank all our staff for their continuing active and productive relationships with our entrepreneur-clients. I thank all of our Clients for partnering with us so that together we can make a dent on poverty. I thank the Chairman and members of the Board of Directors for their guidance and support throughout the year.

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting this Report and Audited Financial Statements, for the year ended 31st December, 2007.

Principal Activities

The Institute of Small Enterprise Development Limited was incorporated on the 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, 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 2007, the Institute financed a total of 5,768 loans valued \$1,427.68 million. Small and medium businesses accounted for 2,068 loans valued \$1,027 million whilst 3,700 loans valued \$401 million were for the micro business sector. The 5,768 loans created/sustained 9,926 jobs. Income totaled \$309.44 million and expenditure \$227.26 million resulting in a surplus of \$82.18 million for the year compared with \$74.42 million in the year 2006.

Application of surplus

Net surplus for the year 2007 was \$82.18 million and this was transferred to the accumulated surplus which totaled \$1.33 billion at the end of 2007.

Credit programmes

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.

Entrepreneurial Development

The Institute's Entrepreneurial Development Centre's (EDC) mission is to equip Entrepreneurs with the relevant skills to enhance their chances of business success through training, education and information. In 2007 a significant achievement of the EDC was its accreditation as an examining and testing Centre for the Institute of Commercial Management (ICM) in the United Kingdom. The EDC offered tuition for various ICM Certificate and Diploma programmes in various business disciplines.

The Centre also provided in-house training for larger corporate entities.

Board of Directors

During the year 2007, there were eight (8) Directors on the Board.

1. Dr. Yesu Persaud
2. Mr. Komal Samaroo
3. Mr. Laurence Farley
4. Mr. James Morgan
5. Mr. John Bart
6. Mrs. Amanda Richards
7. Dr. Ian Mc Donald
8. Dr. Gem Fletcher

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

1. Dr. Yesu Persaud
2. Mrs. Amanda Richards
3. Mr. Komal Samaroo

Auditors

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

TABLE 1

Loan Statistics 2004-2007

Economic Sector	2007	2006	2005	2004
Rice	1167	1071	1090	1054
Sugarcane	15	7	9	2
Other Crops	424	384	334	431
Livestock	1131	1000	933	970
Fishing	84	82	65	81
Forestry	32	29	21	21
Mining	7	9	8	5
Manufacturing	226	265	252	258
Construction	9	8	8	6
Distribution Services	2202	2174	2049	2179
Transportation Services	107	106	140	170
Rental of Buildings	5	1	3	0
Other Services	359	384	298	341
TOTAL	5768	5520	5210	5518

LOAN STATISTICS FOR 2002 - 2003

ECONOMIC ACTIVITIES	2003	2002
ARTISANAL FISHING	54	31
FOOD PROCESSING/AGRO PROCESSING	6	15
SOFT TOYS	-	0
WOODEN TOYS	-	0
GENERAL MANUFACTURING GARMENTS, FURNITURE CRAFT MISC. ETC.	203	77
MECHANICAL & OTHER WORKSHOPS	29	24
DAIRY FARMING	9	4
PIGS & POULTRY REARING	141	132
SHEEP & GOAT REARING		0
BEE KEEPING		0
LOGGING, SAWMILLING & CHARCOAL PRODUCTION	15	0
GROUND, PROVISIONS, MIXED CROPS & RICE CULTIVATION	802	694
MICRO ENTERPRISE LOAN MIXED ACTIVITIES	3,401	3,367
RURAL OUTREACH PROGRAMME (COMMERCIAL ACTIVITIES)	510	440
TOTAL	5,170	4,784

**TABLE 11
GENDER CLASSIFICATION OF LOAN RECIPIENTS**

CUMMULATIVE	TOTAL	2007	2006	2001- 2005	1996- 2000	1991- 1995	1986- 1990
MEN	19,055	1,758	1,653	8,787	3,867	2,270	720
WOMEN	23,531	1,592	1,540	8,590	9,893	1,831	85
JOINT - MEN & WOMEN	19,292	2,418	2,327	7,657	4,768	1,870	252
TOTAL	61,878	5,768	5,520	25,034	18,528	5,971	1,057

**TABLE 111
ADMINISTRATIVE ANALYSIS**

SUMMARY RESULT OF ACTIVITIES	TOTAL	2007	2006	2001- 2005	1996- 2000	1991- 1995	1986- 1990
NO. OF LOANS GRANTED	61,878	5,768	5,520	25,034	18,528	5,971	1,057
VALUE OF LOANS (G\$000)	11,526,431	1,427,687	1,084,924	4,234,848	3,133,550	1,582,754	62,667
NO. OF JOBS CREATED/ SUSTAINED	122,036	9,926	9,636	39,912	37,445	20,021	5,096
AVERAGE LOAN (G\$000)	186.3	247.5	196.5	169.2	169.1	265.1	59.3
ADMINISTRATIVE COST PER LOAN G\$	22,845	35,206	32,523	25,289	15,974	16,424	3,707
AVERAGE NO. OF JOBS PER LOAN	2.0	1.7	1.7	1.6	2.0	3.4	4.8
LOAN VALUE PER JOB (G\$000)	94.5	143.8	112.6	106.1	83.7	79.1	12.3

INDEPENDENT AUDITOR'S REPORT
INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

Report on the Financial Statements

We have audited the accompanying financial statements of Institute of Private Enterprise Development Limited which comprise the balance sheet as at 31 December 2007 and the income statement, statements of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 29.

Directors'/Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Auditor's Responsibility – cont'd


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

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Institute of Private Enterprise Development Limited as at 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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



DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

Date: November 25, 2008.

77 Brickdam,
Stabroek, Georgetown
Guyana

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 G\$	2006 G\$ Restated
Interest income		237,147,075	236,987,071
Interest expense		<u>3,073,271</u>	<u>182,778</u>
Net interest income		<u>234,073,804</u>	<u>236,804,293</u>
Investment income	4	56,370,283	48,518,836
Other income		<u>18,999,659</u>	<u>8,141,170</u>
Net interest and other income		309,443,746	293,464,299
Expenses			
Employee benefits	5	111,199,230	91,242,310
Bad and doubtful debts		24,191,931	39,517,715
Premises and equipment		21,287,738	21,731,465
Other operating costs		<u>70,583,013</u>	<u>66,552,450</u>
		<u>227,261,912</u>	<u>219,043,940</u>
Surplus of revenue over expenses	6	<u><u>82,181,834</u></u>	<u><u>74,420,359</u></u>

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Members' subscriptions G\$	Capital donations G\$	Accumulated surplus G\$	Total G\$
Balance at 31 December 2005		32,500	256,465,233	880,020,713	1,136,518,446
Prior year adjustment	19	-	-	295,981,308	295,981,308
Balance at 31 December 2005 as restated		32,500	256,465,233	1,176,002,021	1,432,499,754
Surplus for the year as restated	19	-	-	74,420,359	74,420,359
Balance at 31 December 2006 as restated		32,500	256,465,233	1,250,422,380	1,506,920,113
Surplus for the year		-	-	82,181,834	82,181,834
Balance at 31 December 2007		32,500	256,465,233	1,332,604,214	1,589,101,947

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2007


ASSETS	Notes	2007 G\$	2006 G\$ Restated
Non current assets			
Defined benefit asset	7	4,718,000	3,555,000
Property, plant and equipment	8(a)	117,207,761	110,818,020
Intangible asset	8(b)	26,742,422	-
Loans receivable	9	170,350,999	122,348,565
Investments	11(b)	<u>233,165,898</u>	<u>153,827,579</u>
		<u>552,185,080</u>	<u>390,549,164</u>
Current assets			
Inventory		778,059	1,646,429
Loans receivable	9	871,017,509	778,519,082
Other receivables	10	25,164,899	22,368,667
Prepayments		918,592	422,512
Term deposits	11 (a)	161,546,027	290,500,587
Short term investments	11 (b)	573,875,688	741,882,484
Cash on hand and at bank	12	<u>48,349,206</u>	<u>344,480,594</u>
		<u>1,681,649,980</u>	<u>2,179,820,355</u>
TOTAL ASSETS		<u><u>2,233,835,060</u></u>	<u><u>2,570,369,519</u></u>
EQUITY AND LIABILITIES			
Capital fund			
Members' subscriptions	13	32,500	32,500
Capital donations	14	256,465,233	256,465,233
Accumulated surplus		<u>1,332,604,214</u>	<u>1,250,422,380</u>
		<u>1,589,101,947</u>	<u>1,506,920,113</u>
Non-current liabilities			
Loans payable	15	<u>66,123,796</u>	<u>86,924,973</u>
Current liabilities			
Other payables	16	108,628,373	114,518,025
Accruals		13,750,024	11,828,316
Loans payable	15	<u>456,230,920</u>	<u>850,178,092</u>
		<u>578,609,317</u>	<u>976,524,433</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,233,835,060</u></u>	<u><u>2,570,369,519</u></u>

These financial statements were approved by the Board of Directors on November 25, 2008

On behalf of the Board:



 Mr. Yesu Persaud
 Chairman



 Mr. James Morgan
 Director

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	G\$	Restated G\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus of revenue over expenses	82,181,834	74,420,359
Adjustments for:		
Depreciation	12,577,504	14,191,529
Operating surplus before working capital changes	94,759,338	88,611,888
(Increase)/decrease in non-current loans receivable	(48,002,434)	48,707,565
Increase in current loans receivable	(92,498,427)	(87,360,721)
Increase in other receivables and prepayments	(3,292,312)	(5,288,928)
(Increase)/decrease in inventory	868,370	(171,412)
Increase /(decrease) in other payables and accruals	(3,967,944)	44,132,298
Increase in defined benefit asset	(1,163,000)	(1,187,000)
Net cash generated from/ (used in) operating activities	(53,296,409)	87,443,690
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	(233,165,898)	(153,827,579)
Intangible asset	(26,742,422)	-
Purchase of property, plant and equipment	(18,967,245)	(5,010,915)
Net cash used in investing activities	(278,875,565)	(158,838,494)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayments	(414,748,350)	(19,845,185)
Net cash used in financing activities	(414,748,350)	(19,845,185)
Net increase /(decrease) in cash and cash equivalents	(746,920,324)	(91,239,989)
Cash and cash equivalents at beginning of period	1,530,691,245	1,468,103,655
Cash and cash equivalents at end of period	783,770,921	1,376,863,665
Comprising		
Cash on hand and at bank	48,349,206	344,480,594
Term deposits	161,546,027	290,500,587
Short investments	573,875,688	741,882,484
	783,770,921	1,376,863,665

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

1. INCORPORATION AND ACTIVITIES

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

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

2. ADOPTION OF NEW AND REVISED STANDARDS

(a) Standards and Interpretations effective in the current periods

In the current year, the Institute has adopted IFRS 7 *Financial Instruments: Disclosures* which is effective for annual reporting periods beginning on or after January 01, 2007, and the consequential amendments to IAS 1 *Presentation of Financial Statements*.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Institute's financial instruments and capital (see note 18)

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 7 *Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies*; IFRIC 8 *Scope of IFRS 2*; IFRIC 9 *Reassessment of Embedded Derivatives*; and IFRIC 10 *Interim Financial Reporting and Impairment*. The adoption of the Interpretations has not led to any changes in the Institute's accounting policies.

(b) Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IAS 23 (Revised) *Borrowing Costs* (effective for accounting periods beginning on or after January 1, 2009)
- IFRS 8 *Operating Segments* (effective for accounting period beginning on or after January 1, 2009)
- IFRIC 11 *IFRS 2: Group and Treasury Share Transactions* (effective for accounting periods beginning on or after March 1, 2007)
- IFRIC 12 *Service Concession Arrangements* (effective for accounting periods beginning on or January 1, 2008)
- IFRIC 13 *Customer Loyalty Programmes* (effective for accounting periods beginning on or after July 1, 2008)
- IFRIC 14 *IAS 19 - the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective for accounting periods beginning on or after January 1, 2008)

The directors anticipate that all of the above standards and interpretations will be adopted when they become effective and that the adoption of these Standards and Interpretations will have no material impact on the financial statements of the Institute in the period of initial application.

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana and the requirements of the Company's Act.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. The principal accounting policies are set out below.

(c) Revenue and expense recognition

Income on fixed return securities is recognized as it is earned. Income on loans is taken up on a cash basis. Expenses are recognized on an accrual basis.

(d) Foreign currencies

Transactions in currencies other than Guyana Dollars are recorded at the official cambio rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the official or cambio rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the change in fair value are recognised directly in equity.

(e) Borrowing costs

Borrowings are currently done only for working capital purposes. For this purpose all borrowing costs are recognised in profit or loss in the period in which they are incurred.

(f) Retirement benefits

The Institute participates in a defined benefit plan (Demerara Distillers Limited Pension Plan) for its employees. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10% of the greater of the present value of the Institute's defined benefit obligation and the fair value of the plan assets as at the end of the prior year are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(g) Taxation

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) 1. Property, plant and equipment

Freehold land and buildings are held for use in the supply of services and for administrative purposes as stated in the statement of financial position.

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 and equipment	- 20%
Motor vehicles	- 25%
Computers and Software	- 25%

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 recognized in the profit or loss account.

(h) 2. Intangible asset

This cost will be amortised over the expected useful life of the asset.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

(j) 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

(k) Financial assets

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

Financial assets held by the Institute are classified into the following specified categories 'held to maturity investments', 'short term investments', 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.

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Effective interest method

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

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

(m) Investments

Investments are recognised in the financial statements to comply with International Accounting Standards No. 39 - Financial Instruments - Recognition and measurement

The company investments have been classified as "Investments held to maturity" "Investments held to maturity" are carried at amortised cost. Any gain or loss on these investments is recognised in the statement of income when the asset is de-recognised or impaired.

(n) Loans and receivables

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

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

(o) Impairment of financial assets

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

For financial assets, objective evidence of impairment could include:

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

For certain categories of financial asset, such as loan receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Institute's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Impairment of financial assets(cont'd)

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

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

Collateral

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

Classification

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

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

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

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

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

Past due

A loan is classified as past due when:

- Principal or interest is due and unpaid for one month to less than three months, or
- Interest charges for one to two months have been capitalized, refinanced or rolled over.

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3 (o) Impairment of financial assets(cont'd)

Classification (cont'd)

Non performing loans

For individually assessed accounts, loans are required to be designated as non-performing as soon as there is objective evidence that an impairment loss has been incurred. Objective evidence of impairment includes observable data such as when contractual payments of principal or interest are 90 days overdue.

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

Loans Principal or interest is due an unpaid for three months or more, or

Interest charges for three months or more have been capitalized, refinanced or rolled over.

Loan losses

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

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

Loans and advances under this category include accounts which are considered uncollectible or for which the collection of the debt is highly improbable; accounts which have shown little or no improvement over the twelve months period prior to its present classification; principal or interest is due and unpaid for twelve months or more; or an account which may have some recovery value but is not considered practical nor desirable to defer write off, for example, where litigation becomes protracted.

The Institute writes off such loans twelve months after being so classified unless it shows a definite and significant improvement which indicates recovery within the next six months.

Loan Provisioning

Provisioning for each classification category is made based on the following minimum level:

Classification	Level of Provision
Grade 1	0%
Grade 2	0%
Grade 3	0-20%
Past Due	20%
Non Performing	100%

Renegotiated loans

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Impairment of financial assets(cont'd)

Renegotiated loans(Cont'd)

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

- The merging of total credit liabilities into once credit facility.
- The refinancing of a loan to facilitate the accessing of additional finance

Renegotiated credit facilities are permitted subject to the following condition:
The existing financial position of the borrower can service the debt under the new conditions.

An account classified as doubtful or loss shall not be renegotiated unless upfront cash payment is made to cover, at-least, unpaid interest or there is an improvement in the collateral taken which will make the renegotiated account, including unpaid interest, a well secured account.

A commercial facility shall not be renegotiated more than twice over the life of the original facility and mortgage or personal loans not more than twice in a five year period.

A renegotiated facility shall not be classified upward for a minimum of one year following the new arrangements.

(p) Derecognition of Financial assets

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

(q) Financial liabilities

The Institute financial liabilities are classified as other financial liabilities.

(r) Classification as debt or equity

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

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

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

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

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimated.

Receivables and inventory

On a regular basis, management reviews receivables and inventory to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for bad and doubtful debts and obsolescence.

Useful lives of property and equipment

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

Retirement 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.

4. INVESTMENT INCOME

	2007 G\$	2006 G\$ Restated
Bank Deposits	8,151,760	3,238,424
Investment of cash resources	29,688,565	31,976,078
Held to maturity investments	18,529,958	13,304,334
	<u>56,370,283</u>	<u>48,518,836</u>

5. EMPLOYEE BENEFITS

Salaries and wages	101,443,396	84,082,950
Other staff costs	5,651,025	4,775,217
Pension	4,104,809	2,384,143
	<u>111,199,230</u>	<u>91,242,310</u>

6 SURPLUS OF REVENUE OVER EXPENDITURE

	<u>82,181,834</u>	<u>74,420,359</u>
After charging:		
Depreciation	12,577,504	14,191,529
Auditors' remuneration	480,240	484,880
	<u>12,857,744</u>	<u>14,676,409</u>
After crediting:		
Recoveries on loans previously written off	9,103,053	-
	<u>9,103,053</u>	<u>-</u>

No directors' emoluments were paid.

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

7. DEFINED BENEFIT ASSET

The Company 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 company's resources. Thirty five (2006- thirty seven) employees participate in this plan.

During the year, the Company's contribution to the scheme was G\$4,104,809 (2006 -G\$3,657,994)

The last actuarial valuation which was done at December 31, 2006, showed a past service surplus of G\$222.8M with a funding level (i.e. ratio of assets to liabilities) of 118%

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 2007 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 2007 using the Projected Unit Credit Method.

	2007 G\$000	2006 G\$000
Amounts in the balance sheet:		
	47,087	41,255
Defined benefit obligation	(64,452)	(49,690)
Fair value of plan assets	12,647	4,880
Unrecognised actuarial gain	<u>(4,718)</u>	<u>(3,555)</u>
Defined benefit asset		
<i>Amounts included in salaries and other staff costs in the statement of income</i>		
	4,026	3,258
Current service cost	2,062	1,714
Interest on defined benefit obligation	(3,146)	(2,501)
Expected return on plan assets	<u>2,942</u>	<u>2,471</u>
Net pension cost		
<i>Reconciliation of opening and closing defined benefit asset in balance sheet:</i>		
	(3,555)	(2,368)
Opening defined benefit asset	2,942	2,471
Plus net premium pension cost	(4,105)	(3,658)
Less contributions paid	<u>(4,718)</u>	<u>(3,555)</u>
Closing defined benefit asset		
Actual return on plan assets	3,146	2,501
Expected return on plan assets	6,040	3,006
Actuarial loss on plan assets	<u>9,186</u>	<u>5,507</u>

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

7. DEFINED BENEFIT ASSET (cont'd)

	2007 G\$ 000	2006 G\$ 000
Experience History		
Defined benefit obligation	47,087	41,255
Fair value of plan asset	<u>(64,452)</u>	<u>(49,690)</u>
Surplus	<u>(17,365)</u>	<u>(8,435)</u>
Experience adjustment on plan liabilities	1,727	686
Experience adjustment on plan assets	<u>6,040</u>	<u>3,006</u>
Expected Company contributions in 2008		<u>4,310</u>
	2007 %	2006 %
Asset allocation as at 31 December		
Equity securities	57.3%	50.3%
Debt securities	26.3%	24.4%
Property	-	-
Other	<u>16.4%</u>	<u>25.3%</u>
Total	<u>100.0%</u>	<u>100.0%</u>
Actuarial assumptions	Per annum %	Per annum %
Discount rate	5	5
Rate of salary increases	5	5
Rate of return on pension plan assets:		
- Deposit administration contract	2	2
- Annuities	<u>6</u>	<u>6</u>

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

8(a) PROPERTY, PLANT AND EQUIPMENT

	Land and buildings G\$	Motor vehicles G\$	Furniture, fixtures and fittings G\$	Office machinery G\$	Computer equipment & software G\$	Work-in progress G\$	Total G\$
Cost							
At 1 January 2007	107,365,481	18,873,520	10,735,881	30,778,266	42,434,391	3,098,567	213,286,106
Additions	1,180,482	3,825,680	1,176,025	896,747	11,227,500	660,811	18,967,245
At 31 December 2007	108,545,963	22,699,200	11,911,906	31,675,013	53,661,891	3,759,378	232,253,351
Depreciation							
At 1 January 2007	15,872,671	14,775,298	7,686,544	25,189,021	38,944,552	-	102,468,086
Charge for the year	1,917,310	3,043,973	1,126,991	2,706,780	3,782,450	-	12,577,504
At 31 December 2007	17,789,981	17,819,271	8,813,535	27,895,801	42,727,002	-	115,045,590
Net book values:							
At 31 December 2007	90,755,982	4,879,929	3,098,371	3,779,212	10,934,889	3,759,378	117,207,761
At 31 December 2006	91,492,810	4,098,222	3,049,337	5,589,245	3,489,839	3,098,567	110,818,020

8(b) Intangible assets

The intangible asset represents payments of G\$26,742,422 for the development and implementation of the Institute's MIS systems.

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

9. LOANS RECEIVABLES	2007 G\$	2006 G\$ Restated
Gross loans	1,180,947,904	1,005,222,334
Less provision for bad debts	<u>(139,579,396)</u>	<u>(104,354,687)</u>
	<u>1,041,368,508</u>	<u>900,867,647</u>
Non-current loans receivable	170,350,999	122,348,565
Current loans receivable	<u>871,017,509</u>	<u>778,519,082</u>
	<u>1,041,368,508</u>	<u>900,867,647</u>
Non-performing loans receivable	40,816,069	113,928,843
Performing loans receivable	<u>1,000,552,439</u>	<u>786,938,804</u>
	<u>1,041,368,508</u>	<u>900,867,647</u>
Provision for doubtful accounts (specific)		
At 1 January	104,354,687	252,994,056
Provision for the year	24,191,931	39,517,715
Bad debts written off	(3,409,393)	(188,157,084)
Bad debts written back	<u>14,442,171</u>	<u></u>
At 31 December	<u>139,579,396</u>	<u>104,354,687</u>
10. OTHER RECEIVABLES		
Debtors	20,435,835	20,261,256
Others	<u>4,729,064</u>	<u>2,107,411</u>
	<u>25,164,899</u>	<u>22,368,667</u>
11. INVESTMENTS		
(a) Term deposits	<u>161,546,027</u>	<u>290,500,587</u>
(b) Investments		
These are made up as follows:		
Non Current		
Held to maturity investment		
Government bonds	109,010,226	51,040,239
Private entity bonds (unsecured)	<u>124,155,672</u>	<u>102,787,340</u>
	<u>233,165,898</u>	<u>153,827,579</u>
Current		
Held to Maturity Investment		
Government bonds	40,840,239	-
Cash resources	<u>533,035,449</u>	<u>741,882,484</u>
	<u>573,875,688</u>	<u>741,882,484</u>
Total held to maturity investment	<u>274,006,137</u>	<u>153,827,579</u>

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

12. CASH ON HAND AND AT BANKS

	2007 G\$	2006 G\$ Restated
Cash	264,000	229,000
Balances at banks	48,085,206	344,251,594
	48,349,206	344,480,594

With respect to notes 11 and 12 the following balances were held with entities which share common chairmanship and directors.

Trust Company (Guyana) Limited - investment account	807,041,686	1,016,081,246
Demerara Bank Limited - current account	48,349,206	2,505,797
Demerara Bank Limited - savings account	161,546,027	170,129,406
Investment fees paid to Trust Company	1,012,828	1,361,722

13. MEMBERS' SUBSCRIPTION

At 1 January and 31 December	32,500	32,500
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Members' subscriptions represent contributions by members towards the capital of the company. Only the original subscribers and trustees appointed on their behalf have voting rights. No dividend is paid to any member due to the non profit nature of the Institute.

14. CAPITAL DONATIONS

	2007 G\$	2006 G\$ Restated
At 1 January and 31 December	256,465,233	256,465,233

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

15. LOANS

	2007 G\$	2006 G\$ Restated		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	17,231,124	18,071,660	SFR	375,000
(iii) EIB	67,578,592	59,225,000	ECU	541,000
(iv) IFAD	-	422,261,405	SDR	1,350,000
Total	522,354,716	937,103,065		

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

15. LOANS (cont'd)	<u>2007</u>	<u>2006</u> <u>Restated</u>
	G\$	G\$
Repayments due after five years	21,494,662	16,820,950
Repayments due within two to five years	<u>44,629,133</u>	<u>70,104,023</u>
	66,123,796	86,924,973
Repayments due within one year	<u>456,230,920</u>	<u>850,178,092</u>
	<u>522,354,716</u>	<u>937,103,065</u>

i) PL 480

	<u>Repayment Period</u>	<u>Moratorium</u>	<u>Interest Rate</u>
<u>Year</u>	<u>Years</u>	<u>Years</u>	<u>%</u>
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.

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

16. OTHER PAYABLES	2007 G\$	2006 G\$ Restated
PL 480 loan interest	12,794,555	12,455,000
Others	95,833,818	102,063,025
	108,628,373	114,518,025

17. RELATED PARTY

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

Listed below are transactions and balances with related parties:	2007 G\$	2006 G\$ Restated
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(i) Compensation of key management personnel

The company's key management personnel 7 (2006 - 6) comprises its Directors, Chief Executive Officer, Finance Controller, Administrative Manager/Company Secretary and four Managers.

The remuneration paid to key management personnel during the year were as follows:

Short term employee benefits	30,081,277	24,877,273
Post-employment benefits	1,333,909	730,736
	31,415,186	25,608,009

No directors' emoluments were paid during the year.

(ii) Refer to notes 11 and 12 for investment in companies where there is common chairmanship and directors.

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

18. FINANCIAL RISK MANAGEMENT

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

Risk management structure

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

Board credit and investment committee

This committee is comprised of five (5) Non Executive Directors. The committee is responsible for the approval of all credits and investments over limits delegated to management. The committee also reviews the amount, nature, risk characteristics and concentration of the Institute's credit and investment portfolio and ensures appropriate responses to changing conditions.

Internal audit

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

Risk measurement and reporting systems

The Institute's risk 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 analyse, 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.

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

18. FINANCIAL RISK MANAGEMENT (cont'd)

(a) ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

	Financial Assets			Total	2006 Total Restated
	Held to Maturity	Loans and Receivables	and Liabilities at Amortised cost		
ASSETS					
2007					
Cash on hand and at bank	-	-	48,349,206	48,349,206	344,480,594
Investments	233,165,898	-	-	233,165,898	153,827,579
Short term investments	-	-	573,875,688	573,875,688	741,882,484
Term deposits	-	-	161,546,027	161,546,027	290,500,587
Other receivables & prepayments	-	26,083,491	-	26,083,491	22,791,179
Loans receivable	-	1,041,368,508	-	1,041,368,508	900,867,647
Defined benefit asset	-	-	4,718,000	4,718,000	3,555,000
Total Assets	233,165,898	1,067,451,999	788,488,921	2,089,106,818	
2006	153,827,579	923,658,827	1,380,418,664		2,457,905,070
LIABILITIES					
2007					
Loans payable	-	-	522,354,716	522,354,716	937,103,065
Other payables	-	-	108,628,375	108,628,375	114,518,025
Accruals	-	-	13,750,025	13,750,025	11,828,316
Total Liabilities	-	-	644,733,116	644,733,116	
2006	-	-	1,063,449,406		1,063,449,406

b) Market Risk

The Institute's activities expose it primarily to the financial risk of interest rates and foreign currency exchange rates. The Institute uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest 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) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual security of its issuer or factors affecting all securities traded in the market. The Institute does not actively trade in equity investments and is therefore not exposed to such risks.

ii) Interest rate risk

The Institute is exposed to interest rate risk but the Institute's sensitivity to interest is immaterial as its financial instruments are substantially at fixed rates. The Institute's exposures to interest rate risk on financial assets and financial liabilities are listed below:

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FOR THE YEAR ENDED 31 DECEMBER 2007

2007

	Average Interest Rate	Maturing Within 1 year G\$	Maturing Within 2 to 5 years G\$	Maturing Over 5 years G\$	Non-interest bearing G\$	Total G\$
Assets						
Loans receivable (net)	25.58%	871,017,509	170,350,999	-	-	1,041,368,508
Other receivables and prepayments	-	-	-	-	26,083,491	26,083,491
Term deposits	5%	161,546,027	-	-	-	161,546,027
Investments	5%	807,041,586	-	-	-	807,041,586
Cash on hand and cash at bank	-	-	-	-	48,349,206	48,349,206
		<u>1,839,605,122</u>	<u>170,350,999</u>	<u>-</u>	<u>74,432,697</u>	<u>2,084,388,818</u>
Liabilities						
Other payables	-	-	-	-	108,628,373	108,628,373
Accruals	-	-	-	-	13,750,024	13,750,024
Loans payable	3%	456,230,920	44,629,133	21,494,662	-	522,354,715
		<u>456,230,920</u>	<u>44,629,133</u>	<u>21,494,662</u>	<u>122,378,397</u>	<u>644,733,113</u>
Interest sensitivity gap		<u>1,383,374,202</u>	<u>125,721,865</u>	<u>(21,494,662)</u>		

2006

	Average Interest Rate	Maturing Within 1 year G\$	Maturing Within 2 to 5 years G\$	Maturing Over 5 years G\$	Non-interest bearing G\$	Total G\$
Assets						
Loans receivable (net)	27.25%	778,519,082	122,348,565	-	-	900,867,647
Debtors and prepayments	-	-	-	-	22,791,179	22,791,179
Term deposits	4.75%	290,500,587	-	-	-	290,500,587
Investments	5.00%	895,710,064	-	-	-	895,710,064
Cash on hand and cash at bank	-	-	-	-	344,480,593	344,480,593
		<u>1,964,729,733</u>	<u>122,348,565</u>	<u>-</u>	<u>367,271,772</u>	<u>2,454,350,070</u>
Liabilities						
Other payables	-	-	-	-	453,811,231	453,811,231
Accruals	-	-	-	-	11,828,316	11,828,316
Loans payable	3%	829,474,895	70,104,023	16,820,950	-	916,399,868
		<u>829,474,895</u>	<u>70,104,023</u>	<u>16,820,950</u>	<u>465,639,547</u>	<u>1,382,039,415</u>
Interest sensitivity gap		<u>1,135,254,838</u>	<u>52,244,542</u>	<u>(16,820,950)</u>		

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

iii) Currency risk

The Institute's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from foreign bank balances. The currencies which the Institute is mainly exposed to are United States Dollars and Euro.

The aggregate amounts of assets denominated in currencies other than Guyana dollars are as shown below:

	Euro G\$	US dollars G\$	Total G\$
At 31 December 2007			
Assets	-	14,726,288	14,726,288
Liabilities	67,578,592	-	67,578,592
At 31 December 2006			
Assets	-	11,132,092	11,132,092
Liabilities	64,673,700	-	64,673,700

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 2.5% increase and decrease in the Guyana Dollar (GYD) against the relevant foreign currencies. 2.5% is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management assessment of the reasonably possible change in foreign exchange rates. 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 below indicates an increase in profit and other equity where the Guyana Dollar strengthens 2.5% against the foreign currency. For a 2.5% weakening of the Guyana Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Euro G\$ 2007	Euro G\$ 2006	US dollars G\$ 2007	US dollars G\$ 2006
Profit or loss	1,689,465	1,616,843	368,157	278,302

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

b) Liquidity risk

Liquidity risk is the risk that the Institute will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Institute manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Institute's remaining contractual maturity for its financial assets.

	Within 1 Year					Total G\$
	On Demand G\$	Due in 3 Mths G\$	Due 3- 12 Mths G\$	2 to 5 years G\$	Over 5 years G\$	
As at 31 December 2007						
Assets						
Cash	48,349,206	100,000,000	61,546,027	-	-	209,895,233
Investments	807,041,586	-	-	-	-	807,041,586
Loans receivables	871,017,509	-	-	170,350,999	-	1,041,368,508
Liabilities						
Loans payable	(456,230,920)	-	-	(44,629,133)	(21,494,662)	(522,354,715)
Other payables	(122,378,397)	-	-	-	-	(122,378,397)
	<u>1,147,798,984</u>	<u>100,000,000</u>	<u>61,546,027</u>	<u>125,721,866</u>	<u>(21,494,662)</u>	<u>1,413,572,215</u>
As at 31 December 2006						
Assets	1,887,673,339	-	290,500,587	122,348,565	-	2,300,522,491
Liabilities	(1,295,114,442)	-	-	(70,104,023)	(16,820,950)	(1,382,039,415)
	<u>592,558,897</u>	<u>-</u>	<u>290,500,587</u>	<u>52,244,542</u>	<u>(16,820,950)</u>	<u>918,483,076</u>

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(c) Credit Risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. It arises principally from lending, and to a lesser extent from investment. Risk associated with investments are managed by a Sub Committee of the Board as mentioned above.

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

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

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

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

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

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

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

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

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

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

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

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

The functions of disbursement and approval of loans are adequately segregated.

Generally, funds are not disbursed unless mortgages and bill of sales are duly executed in the High Court.

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

INSTITUTE OF PRIVATE ENTERPRISE DEVELOPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(c) Credit Risk (cont'd)

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

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

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

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

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

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

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

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

Below is a break down of our existing portfolio by classification:

	2007	2006
	G\$	G\$
Satisfactory - Current	613,040,326	508,274,834
Monitor List - Due from 1 to 180 days	417,412,576	246,766,207
Sub-standard - Due from 181 to 365 days	8,949,705	31,904,192
Doubtful and Loss due for over 365 days	177,437,441	218,277,101
	<u>1,216,840,048</u>	<u>1,005,222,334</u>
Un Earned Interest	(35,892,142)	-
Gross Loan Portfolio	1,180,947,906	1,005,222,334
Loan provisioning	(139,579,396)	(104,354,687)
Net loan portfolio	<u>1,041,368,510</u>	<u>900,867,647</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

(c) Credit Risk (cont'd)

Loan portfolio by activity

Fishing	42,421,879	36,120,066
Rice	252,827,003	232,374,975
Dairy	7,417,376	8,166,813
Pigs	8,930,201	5,802,086
Poultry	83,723,716	74,114,059
Fish dehydration	3,699,660	3,888,760
Crops	79,026,159	57,731,819
Garment	7,073,584	3,167,308
Food processing	7,372,982	3,214,452
Workshop	25,481,228	20,771,686
Furniture	18,741,820	41,643,195
Craft	3,734,342	2,961,548
Live stocks	14,542,585	
Shop, motor vehicles & vessels, vending and trading, etc.	519,370,185	461,553,420
Miscellaneous	106,585,186	53,712,147
	1,180,947,906	1,005,222,334
Less: Bad debts provision	(139,579,396)	104,354,687
	1,041,368,510	900,867,647

19(a) PRIOR YEAR ADJUSTMENT

The prior year adjustment represents interest accrued on the PL480 loans for the period 1986 to 2005 of G\$295,981,308 and interest accrued in 2006 of G\$22,608,700 that was written back as a result of a renegotiation of these obligations.

The effect of the changes is tabulated below:

Effect on year ended December 31, 2005

Accumulated surplus increased by (295,981,308)

Effect on year ended December 31, 2006

Surplus for the year increased by (22,608,700)
Interest accrued reduced by 22,608,700

There is no effect on the year ended 31, December 2007.

(b) Re-classification

Certain balances in prior year were re-classified to conform with 2007 presentation. In particular, balances of G\$153,827,579 in short investments were re-classified to Held-to-maturity investments.

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20. PENDING LITIGATION

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

21. SUBSEQUENT EVENT

The balances outstanding to the Government of Guyana for the PL480 loans of G\$450M have been repaid on 10 July 2008.

22. FAIR VALUE

Fair values were determined in accordance with the Institute's accounting policies.