

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA GEOLOGY AND MINES COMMISSION**

**FOR THE YEAR ENDED
31 DECEMBER 2013**

**CONTRACTED AUDITORS: TSD LAL & CO.
CHARTERED ACCOUNTANTS
77 BRICKDAM,
STABROEK,
GEORGETOWN
GUYANA**

**AUDITORS: AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**

AUDITED FINANCIAL STATEMENTS OF THE
GUYANA GEOLOGY AND MINES COMMISSION.
FOR THE YEAR ENDED 31 DECEMBER 2013

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Audit Office of Guyana

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

307/SL:38/2/2024

04 October 2024

Mr. Newell Dennison
Commissioner
Guyana Geology and Mines Commission
Upper Brickdam
Georgetown.

Dear Mr. Dennison,

AUDIT OF THE FINANCIAL STATEMENTS OF THE
GUYANA GEOLOGY AND MINES COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2013

Please find attached five copies of the audited financial statements, together with the report of the Auditor General, thereon.

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

With best regards.

Yours sincerely,





Audit Office of Guyana

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
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AG:181/2024

04 October 2024

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE GUYANA GEOLOGY AND MINES COMMISSION ON
THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Chartered Accountants TSD Lal & Company have audited on my behalf the financial statements of the Guyana Geology and Mines Commission which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 3 to 29.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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 judgment, 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit qualified opinion.

Basis for Qualified Opinion

Property, Plant and Equipment

Included in property, plant and equipment of \$2,237,254,196 is land and building with a net book value of \$1,174,190,782. Titles and transports in relation to these items of land and buildings were not presented for audit verification. As such I was unable to verify ownership of these lands and buildings. Further, no revaluation was done since 2005. This was not in compliance with the requirements of IAS 16.

Trade and Other Receivables

Included in trade and other receivables of \$490,839,582 were amounts related to loans to employees, trade and staff receivables of \$398,394,828. I was not provided with any supporting documents in aid of these balances. The trial balance was greater than the trade receivables schedule by \$10,492,386. No reconciliation of this difference was done. No provision for impairment was done. This was inconsistent with the Commission's accounting policy which states that provisions should be created based on the ageing of receivables. There were no satisfactory alternative audit procedures that could be applied to determine the accuracy and recoverability of this amount; as such, I was unable to determine whether trade and other receivables were fairly stated.

Investments

The Commission had investments in diamonds totalling \$55,062,774. However, no market valuation was done for 2013. As such I was unable to determine the accuracy for the valuation of this investment.

Cash and Bank

The Commission had cash and cash equivalents totalling \$16,170,544,607. However, variances amounting to \$4,390,960,087 were noted between the general ledger and bank reconciliations which I was unable to verify with adequate supporting documents.

Trade and Other Payables

The Commission had trade and other payables totalling \$1,634,224,271. Schedules totalling \$1,379,801,509 were not provided, as such, I was unable to determine whether trade and other payables were fairly stated.

Expenditure

The Commission has expenditure of \$3,629,610,842. Schedule totalling \$133,075,808 was not provided, as such, I was unable to determine whether such expenditure was fairly stated.

Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, of the financial position of the Guyana Geology and Mines Commission as at 31 December 2013, and 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 did not comply with the requirements of the Guyana Geology and Mines Commission Act 1979 Section 20(1) – refer to note 20 (a) and (b) of the financial statements.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.

INDEPENDENT AUDITOR'S REPORT
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS
OF THE GUYANA GEOLOGY AND MINES COMMISSION
FOR THE YEAR ENDED 31 DECEMBER 2013

Report on the Financial Statements

We have audited the accompanying financial statements of Guyana Geology and Mines Commission which comprise the statement of financial position as at 31 December 2013, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 29.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Basis for qualified opinion

Property, plant and equipment

Included in property, plant and equipment of G\$2,237,254,196 is land and buildings with a net book value of G\$1,174,190,782. Titles and transports in relation to these items of land and buildings were not presented for audit verification. As such we were unable to verify ownership of these land and buildings. Further, no revaluation was done since 2005. This was not in compliance with the requirements of IAS 16.

Basis for qualified opinion-Cont'd

Trade and other receivables

Included in trade and other receivables of G\$490,839,582 were amounts related to loans to employees, trade and staff receivables of G\$398,394,828. We were not provided with any supporting documents in aid of these balances. The trial balance was greater than the trade receivables schedule by G\$10,492,386. No reconciliation of this difference was also done. No provision for impairment was done. This was inconsistent with the Commission's accounting policy which states that provision should be created based on the ageing of receivables. There were no satisfactory alternative audit procedures that could be applied to determine the accuracy and recoverability of this amount; as such, we were unable to determine whether trade and other receivables were fairly stated.

Investments

The commission had investments in diamonds totaling G\$55,062,774. However, no market valuation was done for 2013. As such we were unable to determine the accuracy and valuation of this investment.

Cash and Bank

The commission had cash and cash equivalents totaling G\$16,170,544,607. However, variances amounting to G\$4,390,960,087 were noted between the general ledger and bank reconciliations which we were unable to verify with adequate supporting documents.

Trade and other payables

The commission had trade and other payables totaling G\$1,634,224,271. Schedules totaling G\$1,379,801,509 were not provided, as such, we were unable to determine whether trade and other payables were fairly stated.

Expenditure

The commission had expenditure of G\$3,629,610,842. Schedule totaling G\$133,075,808 was not provided, as such, we were unable to determine whether such expenditure was fairly stated.

Qualified opinion

In our opinion, except for the matters in the basis for qualified opinion paragraphs, the financial statements give a true and fair view, in all material respects of the financial position of Guyana Geology and Mines Commission as at 31 December, 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements did not comply with the requirements of the Guyana Geology and Mines Commission Act 1979— refer to note 20 (a) and (b) of the financial statements.


TSD LAL & CO.
Chartered Accountants

Date: September 13, 2024.

77 Brickdam,
Stabroek, Georgetown,
Guyana.

GUYANA GEOLOGY AND MINES COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2013

	Notes	<u>2013</u> G\$	<u>2012</u> G\$
<u>INCOME</u>			
Royalties	6	6,233,678,517	6,751,618,188
Licences	7	1,150,105,016	1,279,590,719
Fees & fines	8	102,312,539	177,311,278
Concessions	9	244,112,125	201,655,267
Other income	10	719,230,155	2,419,701,149
		<u>8,449,438,352</u>	<u>10,829,876,601</u>
<u>EXPENDITURE</u>			
Employment costs	11	1,359,365,087	1,032,393,711
Administration & operational	12	878,330,497	818,288,720
Transport & travelling	13	201,866,228	158,448,516
Depreciation		244,336,622	134,224,936
Stock adjustments		-	(3,681,939)
		<u>2,683,898,434</u>	<u>2,139,673,944</u>
Operating surplus		<u>5,765,539,918</u>	<u>8,690,202,657</u>
<u>NON-OPERATING EXPENDITURES</u>			
Assistance to mining communities		13,397,630	1,233,918,853
Maintainance of road		424,625,360	266,409,995
Subvention to governmental & other agencies	14	489,692,279	1,228,927,794
Maintainance of bridge		8,541,800	82,782,000
Sponsorship of school quiz		9,438,309	284,709
Loss on foreign exchange		17,030	11,037
Net Surplus		<u>4,819,827,510</u>	<u>5,877,868,269</u>

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

GUYANA GEOLOGY AND MINES COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2013

	Statutory Reserve Fund	Revaluation Reserve	Revaluation Reserve - Gold	Accumulated Surplus	Total
	G\$	G\$	G\$	G\$	G\$
Balance as at 31 December, 2011	500,000,000	388,880,036	65,075,283	6,768,077,077	7,722,032,396
Net Surplus for the year	-	-	-	5,877,868,269	5,877,868,269
Transferred to Consolidated Fund A/C	-	-	-	(2,000,000,000)	(2,000,000,000)
Net Prior Year Adjustments	-	-	-	7,338,355	7,338,355
Revaluation for Investments: Gold	-	-	6,101,705	-	6,101,705
Balance as at 31 December, 2012	500,000,000	388,880,036	71,176,988	10,653,283,701	11,613,340,725
Net Surplus for the year	-	-	-	4,819,827,510	4,819,827,510
Revaluation for Investments: Gold	-	-	(32,194,274)	-	(32,194,274)
Balance as at 31 December, 2013	500,000,000	388,880,036	38,982,714	15,473,111,211	16,400,973,961

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

GUYANA GEOLOGY AND MINES COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2013

	Notes	<u>2013</u> G\$	<u>2012</u> G\$
ASSETS			
<u>Non-Current Assets</u>			
Property, Plant & Equipment	15	2,237,254,196	1,864,908,359
Investments	16	145,387,535	177,035,218
		<u>2,382,641,731</u>	<u>2,041,943,577</u>
<u>Current Assets</u>			
Inventories	17	54,924,900	11,446,953
Trade & Other Receivables	18	490,839,582	429,366,571
Cash & Cash Equivalents	19	16,170,544,607	11,507,218,410
		<u>16,716,309,089</u>	<u>11,948,031,934</u>
TOTAL ASSETS		<u><u>19,098,950,820</u></u>	<u><u>13,989,975,511</u></u>
EQUITY & LIABILITIES			
<u>Equity</u>			
Statutory Reserve	20	500,000,000	500,000,000
Revaluation Reserve	21	388,880,036	388,880,036
Revaluation Reserve: Investments	22	38,982,714	71,176,988
Accumulated Surplus		15,473,111,211	10,653,283,701
		<u>16,400,973,961</u>	<u>11,613,340,725</u>
<u>Current Liabilities</u>			
Trade & Other Payables	23	1,634,224,271	1,465,947,700
Deferred Income	24	1,063,752,588	910,687,086
		<u>2,697,976,859</u>	<u>2,376,634,786</u>
TOTAL EQUITY & LIABILITIES		<u><u>19,098,950,820</u></u>	<u><u>13,989,975,511</u></u>

These Financial Statements were approved by the Board of Directors for issuance on

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


 13-09-2014

Mr. Krishen Singh
 Board Member/Member of the Finance Committee


 13-09-2014

Mr. Azad Ibrahim
 Chairman of the Board

GUYANA GEOLOGY AND MINES COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	G\$	G\$
Net Surplus for the year	4,819,827,510	5,877,868,269
Operating activities		
Adjustment for:		
Depreciation	244,336,622	134,224,936
Loss on foreign exchange	17,030	11,037
Gain on foreign exchange	-	(42,234,740)
Gain on sale of asset	(9,415,100)	(1,350,000)
Interest received	(178,844,149)	(103,733,736)
Operating profit before working capital changes	4,875,921,913	5,864,785,766
Increase in inventories	(43,477,947)	(3,681,939)
(Increase)/decrease in receivables	(61,473,011)	348,317,256
Increase in payables	168,276,571	439,336,967
Increase in deferred income	153,065,502	168,698,762
Prior year adjustments	-	7,338,355
Net cash flow generated from operations	5,092,313,028	6,824,795,167
Investing activities		
Acquisition of fixed assets	(616,682,459)	(591,428,449)
Increase in investments	31,647,683	(6,015,064)
Proceeds from sale of assets	9,415,100	1,350,000
Interest received	178,844,149	103,733,736
Gain on foreign currency	-	42,234,740
Loss on foreign currency	(17,030)	(11,037)
Net cash used in investing activities	(396,792,557)	(450,136,074)
Financing activities		
Transfer to consolidated fund	-	(2,000,000,000)
Increase in investments market value	(32,194,274)	6,101,705
Net cash flow from financing activities	(32,194,274)	(1,993,898,295)
Net increase in cash & cash equivalents	4,663,326,197	4,380,760,798
Cash and cash equivalents at beginning of year	11,507,218,410	7,126,457,612
Cash and cash equivalents at end of year	16,170,544,607	11,507,218,410
<u>Reconciliation of Cash & Cash Equivalents</u>		
Cash at Bank	16,170,032,980	11,506,714,447
Cash in Hand	511,627	503,963
Total	16,170,544,607	11,507,218,410

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

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2013

1) **Identification**

The Guyana Geology and Mines Commission (GGMC) was established on the 31st July, 1979 under Act No. 09 of 1979. from the Department of Geological Surveys and Mines which itself was the successor to the Geological Survey of British Guiana. The registered office is located at Upper Brickdam, Georgetown.

The principal functions of the Commission, as set out in the Act, are as follows:-

- (a) to promote interest in mining and mineral exploration, the development of the mineral potential of Guyana, and the production, supply and sale of minerals and mineral products;
- (b) to participate in and advise on the economical exploitation, beneficiation, utilisation and marketing of the mineral resources of Guyana;
- (c) to explore for mineral resources on lands using available techniques, including geology, geochemistry, geophysics and other remote sensing methods;
- (d) to exploit the said mineral resources, when discovered, using all available mining techniques, including surface mining and underground mining;
- (e) to undertake research into optimum methods of exploring for, exploiting and utilising minerals and mineral products of Guyana; and
- (f) to carry on all activities, the carrying on of which appears to the Commission to be requisite, advantageous or convenient for, or in connection with, the exercise of its functions.

2) **Basis of preparation**

The financial statements are presented in Guyana Dollars and are prepared in accordance with the financial provisions of section (6) through (25) of the Guyana Geology and Mines Commission Act No. 09 of 1979 and International Financial Reporting Standards (IFRS).

3) **New revised standards, interpretations and amendments**

New revised standards, interpretations and amendments are not expected to have a significant impact on the financial statements.

4) **Significant accounting policies**

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

(a) **Basis of Accounting**

The accounts are prepared under the historical cost convention and modified to include the revaluation of investments and other assets where necessary.

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

4) Significant accounting policies-cont'd

(b) Foreign currency transactions

Foreign Currency Assets held in United States dollars are reported in the Statement of Financial Position in Guyana dollars at spot rates of US\$1. = GY\$202, which closely approximate to those ruling at the financial statements date. Income and expenditure account items are recorded in the accounts at the rate prevailing on transaction dates. Exchange gains and losses are recognised in the profit or loss account in the year they arise.

(c) Property, plant and equipment

Property, Plant and Equipment held for carrying on operations or for administrative purposes are stated in the statement of financial position at cost or revalued amounts less accumulated depreciation. Revalued amounts are taken as the fair value at the date of revaluation from market-based evidence in the form of appraisals undertaken by professional valuers. An increase in value arising on the revaluation is credited to the revaluation reserve while a decrease is recognised in other comprehensive income.

Freehold land and leasehold land are not depreciated. Depreciation of items of plant and equipment is calculated to write off the cost of the asset using the straight line basis over the expected useful life of the assets concerned. The principal annual rates are:

Buildings	2%
Motor Vehicles	25%
Office Furnishing	5% - 10%
Scientific & Field	10% - 20%
Boats & River	25%
Laboratory	10%

(d) Investments

Investments are stated at fair value at the year end.

(e) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is arrived at using the first in first out cost method.

GUYANA GEOLOGY AND MINES COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013**

4) Significant accounting policies-cont'd

(f) Trade and other receivables

Receivables are recognised initially at cost less any impairment. Specific provisions are made for accounts that have been individually reviewed and identified as uncollectable. A general provision is also made to cover possible losses which are not specifically identified as bad and/or doubtful. This provision is based on the following percentages of the sundry receivables portfolio.

<u>Age of receivables</u>	<u>Percentage</u>
Under 3 months	0%
3 - 6 months	2%
6 - 9 months	3.5%
Over 12 months	5.0%

Trade receivables do not bear interest.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short term highly liquid investments that are both readily convertible into known amounts of cash with maturity dates of three (3) months and less.

(h) Trade and other payables

Trade and other payables are measured at amortized cost.

(i) Income and expenditure recognition

Income and expenditure are recognised on an accrual basis.

(j) Income: land rent

Properties held under medium scale or large scale tenure have an allowance in the law for late payment of rental with an attendant specified monetary penalty. Properties held under small scale tenure have a specified date for payment of rental, failing which the property is automatically deemed abandoned.

(k) Taxation

With the exception of value added tax and withholding tax, no other taxes are being paid by the Commission.

(l) Deferred income

Deferred income relates to monies received in advance for mining permits and for prospecting permits. This is written back to the statement of comprehensive income over the life of the permit.

GUYANA GEOLOGY AND MINES COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013**

5) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Commission's accounting policies which are described in note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

(i) Trade and other receivables

On a regular basis, management reviews trade and other receivables 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 impairment.

(ii) Useful lives of property, plant 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 should remain the same.

(iii) Other financial assets

In determining the fair value of investments in the absence of a market, the Directors estimate the likelihood of impairment by using discounted cash flows.

(iv) Financial Instruments

The estimated fair values of financial instruments have been determined using considerable judgement in interpreting market data and developing estimates. The estimates presented herein are not necessarily indicative of the amounts the company could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
6) <u>ROYALTIES</u>		
Bauxite	160,810,040	172,241,533
Gold - GGB	5,995,267,695	6,499,182,676
Precious Stones	39,560,047	30,914,371
Sand	32,809,221	39,564,900
Stones	4,600,195	7,931,807
Others	-	25,000
Loam	631,319	1,757,901
	<u>6,233,678,517</u>	<u>6,751,618,188</u>
7) <u>LICENCES</u>		
Gold & Precious Stones	12,960,000	8,614,000
Prospecting Licences (Lg)	204,488,104	299,361,059
Claims Gold	1,352,000	4,116,000
Precious Stones	174,000	617,000
River Location Licences	12,598,000	11,011,000
Quarry Licences	2,023,964	2,907,677
Trading Licences	7,451,000	6,560,000
Goldsmith Licences	2,430,000	3,027,517
Dredge Licences	29,968,480	31,034,600
Mining Licences	61,844,113	68,430,593
Mining Privileges	10,186,500	9,453,500
Duplicate Licences	8,000	4,000
Geological/Geophysical Surveys	21,210,000	58,888,130
Prospecting Permit (Sml Scale)	687,468	660,965
Business Permissions	3,630,000	2,954,000
Prospecting Permit Med. Scale	653,178,352	671,156,743
Petroleum Prospecting Licences	124,423,035	99,557,935
Residential Permissions	147,000	170,000
Specified Machinery	1,345,000	1,066,000
	<u>1,150,105,016</u>	<u>1,279,590,719</u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
8) Fees and fines		
Fees	341,400	264,500
Tributes	-	3,920,082
Applications For Dredge Licences	1,405,342	1,785,500
Registration Fees	563,000	578,000
Transfer Of Dredges	3,359,060	843,700
Duty On Transfers (Claims)	988,000	244,878
Applications For Medium Scale Permits	7,600,567	16,191,866
Applications For Large Scale Licences	1,910,900	9,491,086
Forfeitures	-	105,000
Application Fees - Work Permit	2,885,987	2,308,414
Training Fees (Petroleum Prospecting Licences)	16,926,580	16,921,580
Applications For Mining Permits	1,377,394	1,180,110
Endorsement Fee	7,670,250	27,812,150
Application Fee (River Claims)	2,468,000	1,556,000
Application Fee (Land Claims)	2,096,350	1,609,000
Applications Prospecting Permit (Sml) Scale	825,240	824,000
Out Of Court Settlement	720,000	465,000
Penalty - Late Rentals	51,174,469	87,274,412
Transfer Fee - Petroleum Licence	-	3,325,500
Application for Petroleum Production Licence	-	610,500
	<u>102,312,539</u>	<u>177,311,278</u>
9) Concessions		
Mining Permit	<u>244,112,125</u>	<u>201,655,267</u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
10) Other Income		
Registration Certificate	3,023,500	3,188,000
Interest From Investment	178,844,149	103,733,736
Sale Of Official Pub. - Carto.	10,978,360	13,665,000
Sale Of Official Pub. - Library	892,868	576,418
Drill Rental	24,000	20,000
Sale Of Lapidary Products	525,545	527,650
Disposal Of Assets	15,715,106	1,350,000
Banka Drilling	-	610,000
Surcharge	249,368	320,000
Verification Of Claims	1,000.00	-
Gain On Foreign Exchange	63,713,324	42,234,740
Miscellaneous	5,555,320	9,610,100
Photocopying	145,486	166,027
Printing Sales from duplication of Petroleum data	199,983,434	2,208,724,484
Cost Recovery For Transportation	1,162,540	875,865
Jewelry Certificate	1,000	1,600
Interest From Staff Loans	6,186,448	2,533,975
Sale Of Retort	2,246,240	3,470,320
Miscellaneous - Mining Conference	6,715,182	-
Chicken Project	-	248,100
Deferred Income	438,500	11,865,634
Bullion Assay	19,335,500	15,979,500
Other rental	203,493,285	-
	<u>719,230,155</u>	<u>2,419,701,149</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
11) <u>Employment cost</u>		
Salaries	611,836,506	562,907,890
Wages	13,461,410	12,383,005
Salaries Overtime	43,534,630	47,240,857
Commuted Overtime	6,944,317	3,583,485
Wages Overtime	20,981,953	17,580,377
Station/Bush Allowance	16,616,322	14,285,196
House Allowance	-	300,000
Duty Allowance	2,110,461	3,930,973
Subsistence & Travelling	133,075,808	77,413,369
Risk Allowance	1,911,500	1,953,250
Cash-in-Lieu Of Leave	3,512,030	7,139,599
Travelling Allowance	35,346,860	24,893,271
Entertainment Allowance	1,529,073	2,506,596
Pension Scheme-Employer's Contribution	253,919,532	58,270,692
N.I.S. Employer's Contribution	41,220,754	36,449,853
Directors' Emolument	1,563,500	1,677,000
Leave Passage	51,258,178	41,878,912
Responsibility Allowance	741,357	2,523,991
Acting Allowance	8,395,514	7,937,551
Uniform & Safety Gears	25,062,250	23,195,517
Training And Education	30,717,915	31,613,339
Medical Scheme	3,809,677	3,320,273
Utility Allowance	5,298,820	7,288,419
Gratuity And Severance Pay	13,615,602	12,858,679
Purchase Of Meals	1,531,619	1,363,700
Seminars & Workshops	4,051,736	3,247,794
Memberships & Subscriptions	1,604,409	2,683,303
Lunch And Snack	22,531,200	20,812,000
Stipend-VSO Geologist	757,210	615,000
Group Life Insurance	1,468,000	539,820
Management fees	956,944	-
	<u>1,359,365,087</u>	<u>1,032,393,711</u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
12) Administration and operational expenses		
Fuel & Lubricants - Vehicles Etc	71,719,361	106,825,315
Maintenance Of Radio & Comm. Equip.	301,845	681,885
Maintenance Of Electrical Equip.	2,434,989	2,448,259
Maintenance Of Vehicles Etc.	45,344,675	48,664,661
Telephone, Telex, Cables & Sattelite Phones	6,034,393	20,769,336
Electricity	46,367,020	37,677,081
Maintenance Of Office Equip. & Furniture	5,355,133	8,342,270
Printing & Duplicating	3,183,140	3,598,019
Professional & Consultancy Services	87,606,335	121,568,326
Audit Fees	1,432,290	1,000,000
Office Stationery	27,549,611	28,586,271
Honorarium/Compensation	4,519,888	904,589
Postage	2,218,807	282,214
Maintenance & Repairs To Buildings	13,405,037	6,941,761
Maintenance Of Grounds	1,349,270	214,231
Janitorial & Cleaning Services	2,375,671	5,370,873
Security Service (External)	29,875,419	14,707,445
Leases & Rentals	10,592,710	16,590,678
Sponsorship/Bursaries	1,942,745	890,250
Subscription/Gazettes/Journals	8,859,966	5,586,850
Tech. & Management Services	9,933,740	6,464,514
Drugs & Medical Supplies	6,986,345	10,553,373
Assay Laboratory Supplies	885,217	5,686,520
Electrical Supplies	11,443,529	6,438,558
Petrological Laboratory Supplies	363,478	-
Lapidary Laboratory Supplies	304,258	3,103
Insurance Of Assets/Licence	1,903,746	2,447,475
Bank Charges	918,039	1,142,096
Ration	36,919,074	50,250,332
Advertisement	24,068,918	23,021,949
Donations - Gifts, Wreaths, Etc.	6,128,196	9,869,133
Chemical Laboratory	597,415	144,328
Maintenance of Generator/Brush Cutter	971,319	454,140
Maintenance of Drill/Welding	1,034,625	8,102,341
Miscellaneous	970,792	670,188
Exhibitions	1,159,711	2,556,857
Entertainment Expense	1,010,669	3,607,175
Carpenter Supplies	1,418,949	2,645,652
Chemical Analysis	687,200	1,869,494
Welding	392,379	-
Balance C/F	480,565,904	567,577,542

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
12) Administration and operational expenses		
Balance B/F	480,565,904	567,577,542
Freight & Handling Charges	4,883,639	6,624,354
Legal Expenses	16,441,322	2,568,730
Welfare & Sundries	32,965,716	23,729,783
Revenue Stamps	1,513,468	1,698,783
Field Expendable	37,788,585	21,278,647
Field Maintenance	18,138,916	11,993,380
Personal Kit	9,982,691	6,597,146
Hire Charges/Equipment	-	315,000
Sport Club	28,172	-
Staff Party	6,779,622	5,587,866
Anniversary Celebration	13,047,372	13,125,192
Withholding Tax	34,524,145	20,925,964
Pest Control	117,145	2,254,153
Materials for Surveys	295,000	891,057
Boarding And Lodging	31,769,729	21,181,889
E-Mail And Home Page Service	26,687,872	12,985,866
Household Items And Kitchen Utensils	2,223,595	1,848,555
Mining And Quarrying	63,695,430	22,941,681
Mineral Processing Lab.	1,996,682	4,040,089
Provision for Bad & Doubtful Debt	(3,008,084)	5,627,347
Rearing Of Chicken	-	466,650
Data Storage Facility Maintenance (Petroleum)	-	812,923
Rates And Taxes	7,017,720	1,525,084
Magisterial Fees	1,307,268	1,245,012
Directors Supplies	1,229,091	815,500
Licences/Firearms	5,854,640	20,000
Sanitary Facility	1,065,688	635,706
Museum	-	92,950
Revegetation Of Land - Reclamation Project	674,150	8,466,345
Scientific Equipment Maintenance	2,478,386	1,923,541
Loss on revaluation of assets	1,837,500	-
Computer Supplies	7,999,408	9,872,497
Clothing Canister	-	14,125
Value Added Tax (V.A.T)	40,156,285	37,770,353
Mining Information	28,273,440	835,010
	<u>878,330,497</u>	<u>818,288,720</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
13) <u>Transport and travelling</u>		
Transportation & Toll Fees	2,366,130	1,444,615
Overseas Conference & Visit	32,997,883	24,332,010
Road, Air & Other Charter	<u>166,502,215</u>	<u>132,671,891</u>
	<u>201,866,228</u>	<u>158,448,516</u>
14) <u>Subvention to government and other agencies</u>		
Subvention GGDMA/GPSU	1,945,460	1,503,607
Subvention EPA/Other Governmental Agencies	<u>487,746,819</u>	<u>1,227,424,187</u>
	<u>489,692,279</u>	<u>1,228,927,794</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013

15) Property, plant and equipment

	<u>Land & Buildings</u>	<u>Motor Vehicles</u>	<u>Office Fur., Fix & Fittings</u>	<u>Scientific, Field & Mining Equip.</u>	<u>Total</u>
<i>Cost/Valuation</i>	G\$	G\$	G\$	G\$	G\$
as at 01 January, 2012	575,908,022	452,071,627	305,102,886	588,042,580	1,921,125,115
Additions	176,054,945	225,369,040	59,143,072	105,043,031	565,610,088
as at 01 January, 2013	751,962,967	677,440,667	364,245,958	693,085,611	2,486,735,203
Additions	477,645,205	-	57,472,479	81,564,775	616,682,459
Disposals	-	(21,930,692)	(2,187,380)	-	(24,118,072)
as at 31 December, 2013	<u>1,229,608,172</u>	<u>655,509,975</u>	<u>419,531,057</u>	<u>774,650,386</u>	<u>3,079,299,590</u>
 <i>Accumulated Depreciation</i>					
as at 01 January, 2012	36,399,213	250,708,191	88,840,396	137,472,469	513,420,269
Charges for the year	6,778,918	52,808,906	27,948,816	46,688,296	134,224,936
Dep'n written back on disposals	-	(25,818,361)	-	-	(25,818,361)
as at 01 January, 2013	43,178,131	277,698,736	116,789,212	184,160,765	621,826,844
Charges for the year	12,239,259	122,998,191	38,335,445	70,763,727	244,336,622
Dep'n written back on disposals	-	(21,930,692)	(2,187,380)	-	(24,118,072)
as at 31 December, 2013	<u>55,417,390</u>	<u>378,766,235</u>	<u>152,937,277</u>	<u>254,924,492</u>	<u>842,045,394</u>
 Net Book Value as at 31.12.2013	 <u><u>1,174,190,782</u></u>	 <u><u>276,743,740</u></u>	 <u><u>266,593,780</u></u>	 <u><u>519,725,894</u></u>	 <u><u>2,237,254,196</u></u>
 Net Book Value as at 31.12.2012	 <u><u>708,784,836</u></u>	 <u><u>399,741,931</u></u>	 <u><u>247,456,746</u></u>	 <u><u>508,924,846</u></u>	 <u><u>1,864,908,359</u></u>

16) Investments

	<u>2013</u>	<u>2012</u>
	G\$	G\$
Stock Of Gold	89,769,665	121,963,939
Stock Of Diamonds	55,062,774	55,062,774
Loring Lab	8,505	8,505
Short term	546,591	-
	<u><u>145,387,535</u></u>	<u><u>177,035,218</u></u>

17) Inventories

Stores Control Account	<u><u>54,924,900</u></u>	<u><u>11,446,953</u></u>
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18) Trade and other receivables

	<u>2013</u>	<u>2012</u>
	G\$	G\$
Advances - PU/NICIL & MPW&C	52,731,061	52,731,061
Staff Receivable	125,133,066	104,430,485
Pre-payments	2,244,624	3,229,376
Trade Receivable	210,291,285	193,109,142
Loans To Employees	62,970,477	41,903,442
Debtors: Sub-Advance	15,411,877	11,101,680
Revolving Fund	2,057,192	2,861,385
Deposit with Registry of the Courts	20,000,000	20,000,000
	<u><u>490,839,582</u></u>	<u><u>429,366,571</u></u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
19) Cash and cash equivalents		
<u>Cash at bank:</u>		
Sub-Imprest Account	3,817,630	8,576,949
G.B.T.I. Special Investment Account	7,587,085,093	10,520,686,531
G.B.T.I. Current Account	(159,805,505)	(3,081,146,128)
G.B.T.I. Foreign Currency A/C	1,880,835,407	1,791,247,431
G.B.T.I. Scholarship Fund	11,734,792	7,041,167
Republic Bank	2,646,365,563	2,260,308,497
Bank of Guyana Current Account	4,200,000,000	-
Sub-Total	<u>16,170,032,980</u>	<u>11,506,714,447</u>
<u>Cash on hand:</u>		
Foreign Currency Cash In Hand	213,234	165,356
Petty Cash Imprest	296,393	336,607
Library Float	2,000	2,000
Sub-Total	<u>511,627</u>	<u>503,963</u>
Total	<u>16,170,544,607</u>	<u>11,507,218,410</u>
20) <u>Statutory reserve fund</u>	<u>500,000,000</u>	<u>500,000,000</u>

(a) The Guyana Geology and Mines Commission Act 1979 Section 20 (1) states "that the Commission shall maintain a reserve fund and shall, out of the net surplus for each year, transfer to that fund, a sum equal to not less than such sum as may be fixed by the Minister." No sum was approved by the Minister in 2013.

(b) The Guyana Geology and Mines Commission Act 1979 Section 21 states "that the Commission shall submit to the Minister an account of transactions throughout the preceding calendar year in such details and a statement of account of the commission audited no later than six months after the preceding calendar year.

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u> <u>G\$</u>	<u>2012</u> <u>G\$</u>
21) Revaluation reserve	<u><u>388,880,036</u></u>	<u><u>388,880,036</u></u>

This amount represents the surplus arising out of the revaluation of the Property, Plant and Equipment of the Commission in the year 2005.

	<u>2013</u> <u>G\$</u>	<u>2012</u> <u>G\$</u>
22) Revaluation reserve:- gold	<u><u>38,982,714</u></u>	<u><u>71,176,988</u></u>

The amount represents the Gold that was revalued using the fair value concept as at 31/12/2013.

The value of diamonds remains at cost due to the non availability of an independent competent valuator at the time of preparing the financial statements.

	<u>2013</u> <u>G\$</u>	<u>2012</u> <u>G\$</u>
23) Trade and other payables		
Refundable Deposit	758,155,722	609,694,697
Sundry Payables Control	621,645,787	437,224,094
Salaries & Wages Payable	4,580,850	8,155,445
Accrued Leave Passage	1,975,014	4,875,670
Subsistence & Travelling	15,076,923	7,082,072
Field Allowance Payable	4,450,488	3,694,180
National Insurance Scheme	<u>4,033,081</u>	<u>3,342,740</u>
Sub-total C/F	<u><u>1,409,917,865</u></u>	<u><u>1,074,068,898</u></u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2013

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
23) Trade and other payables: (Cont'd)		
<i>Sub-total B/F</i>	1,409,917,865	1,074,068,898
P.A.Y.E. Payable	3,301,169	3,834,820
Life Insurance	26,245	9,481
P.S.U - Union Dues	24,000	16,800
P.S.U. Credit Union	5,000	-
Pension Fund Payable	136,696,001	140,244,482
Guyana Revenue Authority (W.H.T)	18,224,967	7,560,295
Medical Scheme	252,190	196,554
Liability Stale Dated Cheques	353,843	353,843
Provision for Bad & Doubtful Debt	10,158,077	13,166,161
Directors Fees Payable	713,335	602,671
Provision for Auditing	2,000,000	2,000,000
Accrued Expenses	32,551,579	203,893,695
Contingency Liability	20,000,000	20,000,000
Total	<u>1,634,224,271</u>	<u>1,465,947,700</u>

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
24) <u>Deferred income</u>	<u>1,063,752,588</u>	<u>910,687,086</u>

This amount represents monies received in advance for Mining Permits and for Prospecting Permits - Small, Medium and/or Large Scale.

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2013

25) Pension Plan

This plan was established with effect from September 1, 1980 by an Interim Deed dated January 13, 1981 which was superseded by a Definitive Trust Deed and Rules dated June 20, 1985 and covers all the employees of the Commission.

The pension plan is a final salary defined contribution plan and employees are required to contribute 5% of their gross salaries while the employer contributes 15.1% of employees gross salaries. All full time permanent employees who have completed one (1) year of continuous service and are between the ages of 18 and 50, are eligible for entry into the Plan. As at 31 December, 2010 there were 248 active members and 30 were receiving benefits.

The Commission carries out an actuarial valuation of the financial position of the Plan every three years. Rule 49 of the Plan's rules states "that if an actuarial valuation discloses a past service deficit then the Actuary directs the amount of contribution the Commission should pay to the Plan to restore it's solvency".

A valuation as at 31 December, 2010 revealed a past service deficit of \$137.4M. This represents a funding level of 85.5%. A liability was created for the past service deficit in the year 2010 and transferred to the plan on the 01 January, 2013.

The Actuaries recommended that the Commission's contributions to the Plan remain at 15.1% of the members salaries. The Commission's contributions at the proposed level would remove all past service deficits by February, 2022.

A valuation as at 31 December, 2013 revealed a past service deficit of \$132.4M. This represents a funding level of 90.6%

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2013

26) Related party transactions

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 operating decisions.

Listed below are transaction with related parties:-

Key management personnel and directors remuneration

	<u>2013</u>	<u>2012</u>
	<u>G\$</u>	<u>G\$</u>
Basic Salaries & Allowances	<u>105,316,053</u>	<u>112,975,806</u>

Key Management Personnel: The above amounts represents total emoluments paid to ten (10) key management personnel for the current and prior year.

(i) Director's Remuneration:

The GGMC's board of directors comprises of fifteen (15) members. Director's remuneration for the year amounted to \$3,879,000. Details are as follows:-

<u>Name of Member</u>	<u>Designation</u>	<u>2013</u>	<u>2012</u>
		<u>G\$</u>	<u>G\$</u>
Eton Chester	Chairman	260,000	242,000
Joseph Singh	Member	-	161,000
Anantram Balram	Member	244,000	240,000
Terrence Adam	Member	240,000	97,000
Prema Ramanah Roopnarine	Member	228,000	244,000
William Thomas Dalgety	Member	216,000	256,000
Peter Ramotar	Member	208,000	59,000
Bruce Lovell	Member	204,000	220,000
Doorga Persaud	Member	-	228,000
Frederick McWilfred	Member	228,000	268,000
Seelall Persaud	Member	-	110,000
Evans Persaud	Member	216,000	224,000
Gordon Nestor	Member	-	193,000
Collin Sparman	Member	28,000	24,000
Tasreef Khan	Member	236,000	256,000
Ashton Simon	Member	-	252,000
Patrick Harding	Member	204,000	248,000
Omkaramanda Lochan	Member	236,000	268,000
Dunstan Barrow	Member	303,000	16,000
Jacques Foster	Member	-	166,000
John Applewhite-Hercules	Member	216,000	-
Derick John	Member	204,000	-
Courtney Ramsay	Member	204,000	-
Renee Duesbury	Member	204,000	-
Total		<u>3,879,000</u>	<u>3,772,000</u>

(ii) Income from Government agencies

Royalties from Guyana Gold Board	<u>5,995,267,695</u>	<u>6,499,182,676</u>
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GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013

27) Analysis of financial assets and liabilities by measurement basis

	Available for sale	Loans and receivables	Financial assets and liabilities at amortised cost	Total
2013	G\$	G\$	G\$	G\$
ASSETS				
Investments	145,387,535	-	-	145,387,535
Trade and other receivables	-	490,839,582	-	490,839,582
Cash and cash equivalents	-	-	16,170,544,607	16,170,544,607
	<u>145,387,535</u>	<u>490,839,582</u>	<u>16,170,544,607</u>	<u>16,806,771,724</u>
LIABILITIES				
Trade and other payables	-	-	1,634,224,271	1,634,224,271
Deferred income	-	-	1,063,752,588	1,063,752,588
	<u>-</u>	<u>-</u>	<u>2,697,976,859</u>	<u>2,697,976,859</u>
2012				
ASSETS				
Investments	177,035,218	-	-	177,035,218
Trade and other receivables	-	429,366,571	-	429,366,571
Cash and cash equivalents	-	-	11,507,218,410	11,507,218,410
	<u>177,035,218</u>	<u>429,366,571</u>	<u>11,507,218,410</u>	<u>12,113,620,199</u>
LIABILITIES				
Trade and other payables	-	-	1,465,947,700	1,465,947,700
Deferred income	-	-	910,687,086	910,687,086
	<u>-</u>	<u>-</u>	<u>2,376,634,786</u>	<u>2,376,634,786</u>

28) Financial risk management

Objectives

The commission's management monitors and manages the financial risks relating to the operations of the commission through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk(currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The commission seek to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

The commission's management reports on a periodic basis to the board of directors on matters relating to risk and management of risk.

(a) Market risk

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

GUYANA GEOLOGY AND MINES COMMISSION
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28) Financial risk management-cont'd

(a) Market risk-cont'd

(i) Foreign currency risk

The financial statement at December 31, include the following assets denominated in foreign currencies stated in the Guyana Dollar equivalent.

	<u>2013</u> G\$	<u>2012</u> G\$
ASSETS		
US Dollar	<u>1,881,048,641</u>	<u>1,791,412,787</u>
Net asset	<u>1,881,048,641</u>	<u>1,791,412,787</u>

Foreign currency sensitivity analysis

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

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

	<u>2013</u> G\$	<u>2012</u> G\$
Profit/(loss)	<u>47,026,216</u>	<u>44,785,320</u>

(ii) Interest sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate at the end of the reporting period.

The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

A positive number indicates an increase in profits where the interest rate appreciated by 50 basis points. For a decrease of 50 basis points in the interest rate, this would have an equal and opposite impact on profit and the balance below would be negative. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the commission's profit would have been:

	Increase/ decrease in basis point	<u>Impact on profit for the year</u>	
		<u>2013</u> G\$	<u>2012</u> G\$
Cash and cash equivalent			
Local currency	+/-50	7,144,748	4,857,903
Foreign currency	+/-50	<u>940,524</u>	<u>895,706</u>
		<u>8,085,272</u>	<u>5,753,609</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2013**

28) Financial risk management-cont'd

(a) Market risk-cont'd

(ii) Interest sensitivity analysis-cont'd

Apart from the foregoing with respect to the other financial asset and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on profit or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of assets and liabilities.

(iii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

The commission is exposed to various risks that are associated with the effects of variations in interest rates. This impacts directly on its cash flows.

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

	Interest rate range %	MATURING 2013		
		Within one year	Non-interest bearing	Total
		G\$	G\$	G\$
ASSETS				
Investments	-	-	145,387,535	145,387,535
Trade and other receivables	-	-	490,839,582	490,839,582
Cash and cash equivalents	1.0-1.25	16,326,020,855	(155,476,248)	16,170,544,607
		<u>16,326,020,855</u>	<u>480,750,869</u>	<u>16,806,771,724</u>
LIABILITIES				
Trade and other payables	-	-	1,634,224,271	1,634,224,271
Deferred income	-	-	1,063,752,588	1,063,752,588
		-	<u>2,697,976,859</u>	<u>2,697,976,859</u>
Interest sensitivity gap		<u>16,326,020,855</u>	<u>(2,217,225,990)</u>	<u>14,108,794,865</u>
MATURING 2012				
	Interest rate range %	Within one year	Non-interest bearing	Total
		G\$	G\$	G\$
		ASSETS		
Investments	-	-	177,035,218	177,035,218
Trade and other receivables	-	-	429,366,571	429,366,571
Cash and cash equivalents	1.0-1.25	14,579,283,626	(3,072,065,216)	11,507,218,410
		<u>14,579,283,626</u>	<u>(2,465,663,427)</u>	<u>12,113,620,199</u>
LIABILITIES				
Trade and other payables	-	-	1,465,947,700	1,465,947,700
Deferred income	-	-	910,687,086	910,687,086
		-	<u>2,376,634,786</u>	<u>2,376,634,786</u>
Interest sensitivity gap		<u>14,579,283,626</u>	<u>(4,842,298,213)</u>	<u>9,736,985,413</u>

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NOTES TO THE FINANCIAL STATEMENTS
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28) Financial risk management-cont'd

(a) Market risk-cont'd

(iv) Price risk

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

(b) Credit risk

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

	MAXIMUM EXPOSURE	
	<u>2013</u>	<u>2012</u>
	G\$	G\$
Trade and other receivables	490,839,582	429,366,571
Cash and cash equivalents	16,170,544,607	11,507,218,410
Total credit risk exposure	<u>16,661,384,189</u>	<u>11,936,584,981</u>

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the commission.

The commission faces credit risk in respect of its cash and cash equivalent, trade and other receivables. However, this risk is controlled by close monitoring of these assets by the commission. The maximum credit risk faced by the company is the balance reflected in the financial statements.

Cash and cash equivalents are held by commercial banks. These banks have been assessed by the directors as being credit worthy, with very strong capacity to meet their obligation as they fall due. The related risk is therefore considered very low.

Trade and other receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivable on a regular basis.

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28) Financial risk management-cont'd

(b) Credit risk-cont'd

Trade and other receivables comprised of the following

	<u>2013</u>	<u>2012</u>
	G\$	G\$
Trade receivables	210,291,285	193,109,142
Staff receivables	188,103,543	146,333,927
Advances	68,142,938	63,832,741
Deposits	20,000,000	20,000,000
Others	2,057,192	2,861,385
	<u>488,594,958</u>	<u>426,137,195</u>

(c) Liquidity risk

Liquidity risk is the risk that the commission will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The commission manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table shows the distribution of liabilities by maturity.

	<u>MATURING 2013</u>	
	Within 1 year	Total
	G\$	G\$
Trade and other payables	1,634,224,271	1,634,224,271
Deferred income	1,063,752,588	1,063,752,588
	<u>2,697,976,859</u>	<u>2,697,976,859</u>

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28) Financial risk management-cont'd
(c) **Liquidity risk-cont'd**

	MATURING 2012	
	Within 1 year	Total
	G\$	G\$
Trade and other payables	1,465,947,700	1,465,947,700
Deferred income	910,687,086	910,687,086
	2,376,634,786	2,376,634,786

29) Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on September 13, 2024.