

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

**FOR THE YEAR ENDED
31 DECEMBER 2014**

**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 2014

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Audit Office of Guyana

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312/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 2014**

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

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AG: 182/2024

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 2014**

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 2014, 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 \$2,215,732,592 is land and building with a net book value of \$1,206,190,875. 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 \$480,716,939 were amounts related to loans to employees, trade and staff receivables of \$402,961,420. I was not provided with any supporting documents in aid of these balances. 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 \$61,318,425. However, no market valuation was done for 2014. 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 \$20,643,438,448. However, variances amounting to \$1,870,492,312 were noted between the general ledger and bank reconciliations which I was unable to verify with adequate supporting documents.

Trade and Other Payables

Including in trade and other payables of \$2,031,519,670 were amounts totalling \$1,737,761,338 of which I was not provided with any supporting documents in aid of these balances. As such, I was unable to verify whether trade and other payables were 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 2014, 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 2014

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 2014 and 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\$2,215,732,592 is land and buildings with a net book value of G\$1,206,190,875. 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\$480,716,939 were amounts related to loans to employees, trade and staff receivables of G\$402,961,420. We were not provided with any supporting documents in aid of these balances. 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\$61,318,425. However, no market valuation was done for 2014. 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\$20,643,438,448. However, variances amounting to G\$1,870,492,312 were noted between the general ledger and bank reconciliations which we were unable to verify with adequate supporting documents.

Trade and other payables

Included in trade and other payables of G\$2,031,519,270 were amounts totaling G\$1,737,761,338 of which we were not provided with any supporting documents in aid of these balances. As such, we were unable to determine whether trade and other payables were 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, 2014 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, 2014

	Notes	<u>2014</u> G\$	<u>2013</u> G\$
<u>INCOME</u>			
Royalties	6	5,109,330,081	6,233,678,517
Licences	7	1,269,231,778	1,150,105,016
Fees & fines	8	185,263,224	102,312,539
Concessions	9	413,677,118	244,112,125
Other income	10	1,767,725,813	719,230,155
		<u>8,745,228,014</u>	<u>8,449,438,352</u>
<u>EXPENDITURE</u>			
Employment costs	11	1,483,479,538	1,359,365,087
Administration & operational	12	951,781,827	878,330,497
Transport & travelling	13	275,017,593	201,866,228
Depreciation		233,753,766	244,336,622
		<u>2,944,032,724</u>	<u>2,683,898,434</u>
Operating surplus		<u>5,801,195,290</u>	<u>5,765,539,918</u>
<u>NON-OPERATING EXPENDITURES</u>			
Assistance to mining communities		200,000	13,397,630
Maintainance of road		862,114,707	424,625,360
Subvention to governmental & other agencies	14	882,277,339	489,692,279
Maintainance of bridge		-	8,541,800
Sponsorship of school quiz		547,573	9,438,309
Loss on foreign exchange		2,015,219	17,030
Mining school		1,489,590	-
Net Surplus		<u>4,052,550,862</u>	<u>4,819,827,510</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, 2014

	Statutory Reserve Fund	Revaluation Reserve	Revaluation Reserve - Gold	Accumulated Surplus	Total
	G\$	G\$	G\$	G\$	G\$
Balance as at 31 December, 2012	<u>500,000,000</u>	<u>388,880,036</u>	<u>71,176,988</u>	<u>10,653,283,701</u>	<u>11,613,340,725</u>
Net Surplus for the year	-	-	-	4,819,827,510	5,877,868,269
Revaluation for Investments: Gold	-	-	(32,194,274)	-	(32,194,274)
Balance as at 31 December, 2013	<u>500,000,000</u>	<u>388,880,036</u>	<u>38,982,714</u>	<u>15,473,111,211</u>	<u>16,400,973,961</u>
Net Surplus for the year	-	-	-	4,052,550,862	4,052,550,862
Revaluation for Investments: Gold	-	-	(283,365)	-	(283,365)
Balance as at 31 December, 2014	<u>500,000,000</u>	<u>388,880,036</u>	<u>38,699,349</u>	<u>19,525,662,073</u>	<u>20,453,241,458</u>

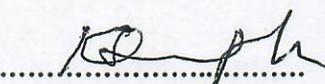
The accompanying notes form an integral part of these financial statements.

GUYANA GEOLOGY AND MINES COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2014

	Notes	<u>2014</u> G\$	<u>2013</u> G\$
ASSETS			
<u>Non-Current Assets</u>			
Property, Plant & Equipment	15	2,215,732,592	2,237,254,196
Investments	16	151,359,821	145,387,535
		<u>2,367,092,413</u>	<u>2,382,641,731</u>
<u>Current Assets</u>			
Inventories	17	57,265,516	54,924,900
Trade & Other Receivables	18	480,716,939	490,839,582
Cash & Cash Equivalents	19	20,643,438,448	16,170,544,607
		<u>21,181,420,903</u>	<u>16,716,309,089</u>
TOTAL ASSETS		<u><u>23,548,513,316</u></u>	<u><u>19,098,950,820</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	38,699,349	38,982,714
Accumulated Surplus		19,525,662,073	15,473,111,211
		<u>20,453,241,458</u>	<u>16,400,973,961</u>
<u>Current Liabilities</u>			
Trade & Other Payables	23	2,031,519,270	1,634,224,271
Deferred Income	24	1,063,752,588	1,063,752,588
		<u>3,095,271,858</u>	<u>2,697,976,859</u>
TOTAL EQUITY & LIABILITIES		<u><u>23,548,513,316</u></u>	<u><u>19,098,950,820</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.



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

13/9/24



 Mr. Azad Ibrahim
 Chairman of the Board

13/9/24

GUYANA GEOLOGY AND MINES COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER, 2014

	<u>2014</u>	<u>2013</u>
	G\$	G\$
Net Surplus for the year	4,052,550,862	4,819,827,510
Operating activities		
Adjustment for:		
Depreciation	233,753,766	244,336,622
(Gain)/loss on foreign exchange	(24,297,921)	17,030
Gain on sale of asset	(6,386,000)	(9,415,100)
Interest received	(141,518,224)	(178,844,149)
Operating profit before working capital changes	4,114,102,483	4,875,921,913
Increase in inventories	(2,340,616)	(43,477,947)
(Increase)/decrease in receivables	10,122,643	(61,473,011)
Increase in payables	397,294,999	168,276,571
Decrease in deferred income	-	153,065,502
Net cash flow generated from operations	4,519,179,509	5,092,313,028
Investing activities		
Acquisition of fixed assets	(212,232,162)	(616,682,459)
Increase in investments	(5,972,286)	31,647,683
Proceeds from sale of assets	6,386,000	9,415,100
Interest received	141,518,224	178,844,149
Gain on foreign currency	26,313,140	-
Loss on foreign currency	(2,015,219)	(17,030)
Net cash used in investing activities	(46,002,303)	(396,792,557)
Financing activities		
Increase in investments market value	(283,365)	(32,194,274)
Net cash flow from financing activities	(283,365)	(32,194,274)
Net increase in cash & cash equivalents	4,472,893,841	4,663,326,197
Cash and cash equivalents at beginning of year	16,170,544,607	11,507,218,410
Cash and cash equivalents at end of year	20,643,438,448	16,170,544,607
<u>Reconciliation of Cash & Cash Equivalents</u>		
Cash at Bank	20,642,865,581	16,170,032,980
Cash in Hand	572,867	511,627
Total	20,643,438,448	16,170,544,607

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, 2014

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 ammendments**

New revised standards, interpretations and ammendments 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, 2014

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 live 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, 2014

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, 2014

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, 2014

	<u>2014</u>	<u>2013</u>
	<u>G\$</u>	<u>G\$</u>
6) <u>ROYALTIES</u>		
Bauxite	184,272,202	160,810,040
Gold - GGB	4,821,250,828	5,995,267,695
Precious Stones	60,084,692	39,560,047
Sand	34,862,669	32,809,221
Stones	7,641,853	4,600,195
Others	10,000	-
Loam	1,207,837	631,319
	<u><u>5,109,330,081</u></u>	<u><u>6,233,678,517</u></u>
7) <u>LICENCES</u>		
Gold & Precious Stones	11,145,000	12,960,000
Prospecting Licences (Lg)	153,941,764	204,488,104
Claims Gold	3,452,000	1,352,000
Precious Stones	337,000	174,000
River Location Licences	13,427,000	12,598,000
Quarry Licences	3,787,678	2,023,964
Trading Licences	6,170,000	7,451,000
Goldsmith Licences	2,528,000	2,430,000
Dredge Licences	26,128,700	29,968,480
Mining Licences	72,290,723	61,844,113
Mining Privileges	7,393,000	10,186,500
Duplicate Licences	6,000	8,000
Geological/Geophysical Surveys	8,865,000	21,210,000
Prospecting Permit (Sml Scale)	693,500	687,468
Business Permissions	2,610,000	3,630,000
Prospecting Permit Med. Scale	795,476,607	653,178,352
Petroleum Prospecting Licences	159,478,306	124,423,035
Residential Permissions	206,000	147,000
Specified Machinery	1,295,500	1,345,000
	<u><u>1,269,231,778</u></u>	<u><u>1,150,105,016</u></u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2014

	<u>2014</u>	<u>2013</u>
	<u>G\$</u>	<u>G\$</u>
10) Other Income		
Registration Certificate	2,612,000	3,023,500
Interest From Investment	138,685,510	178,844,149
Sale Of Official Pub. - Carto.	8,881,300	10,978,360
Sale Of Official Pub. - Library	910,022	892,868
Drill Rental	24,000	24,000
Sale Of Lapidary Products	380,873	525,545
Disposal Of Assets	6,386,000	15,715,106
Surcharge	45,000	249,368
Verification Of Claims	9,500	1,000
Gain On Foreign Exchange	26,313,140	63,713,324
Miscellaneous	3,600,763	5,555,320
Photocopying	181,818	145,486
Printing Sales from duplication of Petroleum data	1,018,830,865	199,983,434
Auction Fees	521,344,800	-
Cost Recovery For Transportation	1,061,064	1,162,540
Jewelry Certificate	859,200	1,000
Interest From Staff Loans	2,832,714	6,186,448
Sale Of Retort	1,587,180	2,246,240
Miscellaneous - Mining Conference	150,000	6,715,182
Chicken Project	20,000	-
Deferred Income	5,047,064	438,500
Bullion Assay	14,058,000	19,335,500
Other rental	-	203,493,285
Other Rental	13,905,000	-
	<u>1,767,725,813</u>	<u>719,230,155</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

	<u>2014</u>	<u>2013</u>
	<u>G\$</u>	<u>G\$</u>
8) Fees and fines		
Fees	263,880	341,400
Fines	18,455,200	-
Tributes	(1,200)	-
Applications For Dredge Licences	843,500	1,405,342
Registration Fees	422,000	563,000
Transfer Of Dredges	14,110,500	3,359,060
Duty On Transfers (Claims)	276,000	988,000
Applications For Medium Scale Permits	7,449,579	7,600,567
Applications For Large Scale Licences	453,100	1,910,900
Application for Quarry Licenses	59,100	-
Application Fees - Work Permit	2,848,000	2,885,987
Training Fees (Petroleum Prospecting Licences)	53,589,173	16,926,580
Applications For Mining Permits	823,690	1,377,394
Endorsement Fee	6,275,500	7,670,250
Application Fee (River Claims)	1,882,000	2,468,000
Application Fee (Land Claims)	3,170,000	2,096,350
Applications Prospecting Permit (Sml) Scale	702,500	825,240
Out Of Court Settlement	1,155,000	720,000
Penalty - Late Rentals	72,083,702	51,174,469
Transfer Fee - Petroleum Licence	402,000	-
	<u>185,263,224</u>	<u>102,312,539</u>
9) Concessions		
Mining Permit	<u>413,677,118</u>	<u>244,112,125</u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2014

	<u>2014</u>	<u>2013</u>
	<u>G\$</u>	<u>G\$</u>
11) <u>Employment cost</u>		
Salaries	860,306,587	611,836,506
Wages	14,174,753	13,461,410
Salaries Overtime	56,412,960	43,534,630
Commuted Overtime	10,861,957	6,944,317
Wages Overtime	22,059,579	20,981,953
Station/Bush Allowance	20,560,019	16,616,322
Duty Allowance	3,141,983	2,110,461
Subsistence & Travelling	120,437,601	133,075,808
Risk Allowance	2,157,000	1,911,500
Cash-in-Lieu Of Leave	2,256,451	3,512,030
Travelling Allowance	36,813,966	35,346,860
Entertainment Allowance	1,859,614	1,529,073
Pension Scheme-Employer's Contribution	82,300,594	253,919,532
N.I.S. Employer's Contribution	47,336,687	41,220,754
Directors' Emolument	2,305,000	1,563,500
Leave Passage	68,183,805	51,258,178
Responsibility Allowance	985,027	741,357
Acting Allowance	5,738,826	8,395,514
Uniform & Safety Gears	29,725,726	25,062,250
Training And Education	32,055,308	30,717,915
Medical Scheme	4,342,102	3,809,677
Utility Allowance	5,988,748	5,298,820
Gratuity And Severance Pay	15,569,278	13,615,602
Purchase Of Meals	3,223,834	1,531,619
Seminars & Workshops	1,613,785	4,051,736
Memberships & Subscriptions	3,265,912	1,604,409
Lunch And Snack	25,290,500	22,531,200
Stipend-VSO Geologist	595,000	757,210
Group Life Insurance	1,512,040	1,468,000
Management fees	2,404,896	956,944
	<u>1,483,479,538</u>	<u>1,359,365,087</u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2014

	<u>2014</u>	<u>2013</u>
	<u>G\$</u>	<u>G\$</u>
12) Administration and operational expenses		
Fuel & Lubricants - Vehicles Etc	83,665,509	71,719,361
Maintenance of Radio & Comm. Equip.	108,680	301,845
Maintenance of Electrical Equip.	2,500,070	2,434,989
Maintenance of Vehicles Etc.	56,840,095	45,344,675
Maintenance of craft, equipment	1,300,274	-
Maintenance of Gym	37,800	-
Maintenance of Laboratory Equipment	25,379	-
Telephone, Telex, Cables & Sattelite Phones	15,415,600	6,034,393
Electricity	53,283,579	46,367,020
Maintenance Of Office Equipt. & Furniture	5,394,270	5,355,133
Maintenance of engine and accessories	72,043	-
Printing & Duplicating	3,178,849	3,183,140
Professional & Consultancy Services	35,739,822	87,606,335
Audit Fees	1,297,860	1,432,290
Office Stationery	52,725,715	27,549,611
Honorarium/Compensation	6,585,397	4,519,888
Postage	781,072	2,218,807
Maintenance & Repairs To Buildings	20,414,502	13,405,037
Maintenance Of Grounds	373,202	1,349,270
Mechanical supplies	2,039,899	-
Janitorial & Cleaning Services	3,466,775	2,375,671
Security Service (External)	28,012,879	29,875,419
Leases & Rentals	19,405,857	10,592,710
Sponsorship/Bursaries	1,612,760	1,942,745
Subscription/Gazettes/Journals	9,288,224	8,859,966
Tech. & Management Services	8,140,728	9,933,740
Drugs & Medical Supplies	8,984,049	6,986,345
Assay Laboratory Supplies	2,296,068	885,217
Electrical Supplies	9,712,046	11,443,529
Petrological Laboratory Supplies	-	363,478
Lapidary Laboratory Supplies	435,342	304,258
Insurance Of Assets/Licence	2,042,899	1,903,746
Bank Charges	2,480,740	918,039
Ration	44,475,273	36,919,074
Advertisement	47,277,435	24,068,918
Donations - Gifts, Wreaths, Etc.	4,986,756	6,128,196
Chemical Laboratory	168,324	597,415
Laboratory Supplies	(1,920,430)	-
Maintenance of Generator/Brush Cutter	815,209	971,319
Maintenance of Drill/Welding	5,736,753	1,034,625
Miscellaneous	351,965	970,792
Exhibitions	3,229,878	1,159,711
Entertainment Expense	6,311,392	1,010,669
Other supplies	830,646	-
Carpenter Supplies	1,836,022	1,418,949
Chemical Analysis	370,800	687,200
Welding	-	392,379
Balance C/F	552,128,007	480,565,904

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2014

	<u>2014</u>	<u>2013</u>
	<u>G\$</u>	<u>G\$</u>
12) Administration and operational expenses		
Balance B/F	552,128,007	480,565,904
Freight & Handling Charges	5,500,589	4,883,639
Legal Expenses	9,768,919	16,441,322
Welfare & Sundries	36,185,866	32,965,716
Revenue Stamps	2,518,209	1,513,468
Field Expendable	38,210,514	37,788,585
Field Maintenance	17,016,932	18,138,916
Personal Kit	6,479,028	9,982,691
Sport Club	200,475	28,172
Staff Party	5,354,293	6,779,622
Anniversary Celebration	13,418,720	13,047,372
Withholding Tax	28,658,510	34,524,145
Pest Control	1,989,463	117,145
Materials for Surveys	6,000	295,000
Boarding And Lodging	48,282,282	31,769,729
E-Mail And Home Page Service	28,711,492	26,687,872
Household Items And Kitchen Utensils	253,128	2,223,595
Other rental and services	1,717,508	-
Mining And Quarrying	47,690,264	63,695,430
Mineral Processing Lab.	320,528	1,996,682
Provision for Bad & Doubtful Debt	2,725,386	(3,008,084)
Rates And Taxes	9,125,678	7,017,720
Magisterial Fees	1,483,088	1,307,268
Directors Supplies	597,980	1,229,091
Licences/Firearms	-	5,854,640
Sanitary Facility	2,674,816	1,065,688
Revegetation Of Land - Reclamation Project	50,661,158	674,150
Scientific Equipment Maintenance	1,615,254	2,478,386
Loss on revaluation of assets	-	1,837,500
Computer Supplies	7,331,270	7,999,408
Value Added Tax (V.A.T)	40,753,922	40,156,285
Mining Information	1,035,500	28,273,440
Provision for Contingency Liabilities	(10,632,952)	-
	<u>951,781,827</u>	<u>878,330,497</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

	<u>2014</u>	<u>2013</u>
	<u>G\$</u>	<u>G\$</u>
13) <u>Transport and travelling</u>		
Transportation & Toll Fees	1,602,494	2,366,130
Overseas Conference & Visit	33,334,509	32,997,883
Road, Air & Other Charter	240,080,590	166,502,215
	<u>275,017,593</u>	<u>201,866,228</u>
14) <u>Subvention to government and other agencies</u>		
Subvention GGDMA/GPSU	4,622,136	1,945,460
Subvention EPA/Other Governmental Agencies	877,655,203	487,746,819
	<u>882,277,339</u>	<u>489,692,279</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

15) Property, plant and equipment

	Land & Buildings	Motor Vehicles	Office Fur., Fix & Fittings	Scientific, Field & Mining Equip.	Total
<i>Cost/Valuation</i>	G\$	G\$	G\$	G\$	G\$
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 01 January, 2014	1,229,608,172	655,509,975	419,531,057	774,650,386	3,079,299,590
Additions	44,244,180	-	78,058,871	89,929,111	212,232,162
as at 31 December, 2014	<u>1,273,852,352</u>	<u>655,509,975</u>	<u>497,589,928</u>	<u>864,579,497</u>	<u>3,291,531,752</u>
 <i>Accumulated Depreciation</i>					
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 01 January, 2014	55,417,390	378,766,235	152,937,277	254,924,492	842,045,394
Charges for the year	12,244,087	100,428,362	43,577,608	77,503,709	233,753,766
as at 31 December, 2014	<u>67,661,477</u>	<u>479,194,597</u>	<u>196,514,885</u>	<u>332,428,201</u>	<u>1,075,799,160</u>
 Net Book Value as at 31.12.2014	 <u>1,206,190,875</u>	 <u>176,315,378</u>	 <u>301,075,043</u>	 <u>532,151,296</u>	 <u>2,215,732,592</u>
 Net Book Value as at 31.12.2013	 <u>1,174,190,782</u>	 <u>276,743,740</u>	 <u>266,593,780</u>	 <u>519,725,894</u>	 <u>2,237,254,196</u>

16) Investments

	2014 G\$	2013 G\$
Stock Of Gold	89,486,300	89,769,665
Stock Of Diamonds	61,318,425	55,062,774
Loring Lab	8,505	8,505
Short term	546,591	546,591
	<u>151,359,821</u>	<u>145,387,535</u>

17) Inventories

Stores Control Account	<u>57,265,516</u>	<u>54,924,900</u>
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18) Trade and other receivables

	2014 G\$	2013 G\$
Advances - PU/NICIL & MPW&C	52,731,061	52,731,061
Staff Receivable	107,934,828	125,133,066
Accounts receivables	(18,000)	-
Pre-payments	1,738,035	2,244,624
Trade Receivable	224,715,253	210,291,285
Loans To Employees	70,311,339	62,970,477
Debtors: Sub-Advance	18,034,127	15,411,877
Revolving Fund	5,270,296	2,057,192
Deposit with Registry of the Courts	-	20,000,000
	<u>480,716,939</u>	<u>490,839,582</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

2014 2013
 G\$ G\$

19) Cash and cash equivalents

	2014	2013
Cash at bank:		
Sub-Imprest Account	14,467,966	3,817,630
G.B.T.I. Special Investment Account	8,526,605,170	7,587,085,093
G.B.T.I. Current Account	(7,345,974)	(159,805,505)
G.B.T.I. Foreign Currency A/C	(1,887,151,771)	1,880,835,407
G.B.T.I. Scholarship Fund	11,734,792	11,734,792
Republic Bank	3,781,515,507	2,646,365,563
Bank of Guyana Current Account	6,431,878,993	4,200,000,000
Bank of International Settlement	3,771,160,898	-
Sub-Total	20,642,865,581	16,170,032,980

	2014	2013
Cash on hand:		
Foreign Currency Cash In Hand	471,250	213,234
Petty Cash Imprest	99,617	296,393
Library Float	2,000	2,000
Sub-Total	572,867	511,627
Total	20,643,438,448	16,170,544,607

20) Statutory reserve fund

500,000,000	500,000,000
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(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 2014.

(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.

GUAYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2014

<u>2014</u> G\$	<u>2013</u> G\$
1,758,403,553	1,409,917,865
53,947,757	3,301,169
(32,627)	26,245
(214,400)	24,000
12,000	5,000
200	-
135,743,010	136,696,001
26,219,151	18,224,967
418,795	252,190
353,843	353,843
12,883,463	10,158,077
964,635	713,335
2,000,000	2,000,000
40,819,890	32,551,579
-	20,000,000
2,031,519,270	1,634,224,271
24) Deferred income	
1,063,752,588	1,063,752,588

Trade and other payables: (Cont'd)

Sub-total B/F

P.A.Y.E. Payable

Life Insurance

P.S.U - Union Dues

P.S.U. Credit Union

Dependants fund - contribution

Pension Fund Payable

Guyana Revenue Authority (W.H.T)

Medical Scheme

Liability State Dated Cheques

Provision for Bad & Doubtful Debt

Directors Fees Payable

Provision for Auditing

Accrued Expenses

Contingency Liability

Total

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

GYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2014

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 its 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.

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2014

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>2014</u>	<u>2013</u>
	<u>G\$</u>	<u>G\$</u>
Basic Salaries & Allowances	<u>111,113,630</u>	<u>105,316,053</u>

Key Management Personnel: The above amounts represents total emoluments paid to twelve (12) key management personnel for the current.

(i) Director's Remuneration:

The GGMC's board of directors comprises of twenty one (21) members. Director's remuneration for the year amounted to \$4,018,000. Details are as follows:-

<u>Name of Member</u>	<u>Designation</u>	<u>2014</u>	<u>2013</u>
		<u>G\$</u>	<u>G\$</u>
Eton Chester	Chairman	-	260,000
Clinton Williams	Chairman	312,000	-
Anantram Balram	Member	204,000	244,000
Terrence Adam	Member	220,000	240,000
Prema Ramanah Roopnarine	Member	224,000	228,000
William Thomas Dalgety	Member	240,000	216,000
Peter Ramotar	Member	204,000	208,000
Bruce Lovell	Member	-	204,000
Frederick McWilfred	Member	177,000	228,000
Evans Persaud	Member	236,000	216,000
Collin Sparman	Member	-	28,000
Tasreef Khan	Member	236,000	236,000
Patrick Harding	Member	220,000	204,000
Omkaramanda Lochan	Member	268,000	236,000
Dunstan Barrow	Member	-	303,000
John Applewhite-Hercules	Member	252,000	216,000
Derick John	Member	204,000	204,000
Courtney Ramsay	Member	216,000	204,000
Renee Duesbury	Member	204,000	204,000
Gerry Gouveia	Member	224,000	-
Kemraj Persaud	Member	216,000	-
Michael George	Member	161,000	-
Total		<u>4,018,000</u>	<u>3,879,000</u>

(ii) Income from Government agencies

Royalties from Guyana Gold Board	<u>4,821,250,828</u>	<u>5,995,267,695</u>
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**GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014**

27) Analysis of financial assets and liabilities by measurement basis

2014	Available for sale	Loans and receivables	Financial assets and liabilities at amortised cost	Total
ASSETS	G\$	G\$	G\$	G\$
Investments	151,359,821	-	-	151,359,821
Trade and other receivables	-	480,716,939	-	480,716,939
Cash and cash equivalents	-	-	20,643,438,448	20,643,438,448
	<u>151,359,821</u>	<u>480,716,939</u>	<u>20,643,438,448</u>	<u>21,275,515,208</u>
LIABILITIES				
Trade and other payables	-	-	2,031,519,270	2,031,519,270
Deferred income	-	-	1,063,752,588	1,063,752,588
	<u>-</u>	<u>-</u>	<u>3,095,271,858</u>	<u>3,095,271,858</u>
2013				
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>

28) Financial risk management

Objectives

The company's management monitors and manages the financial risks relating to the operations of the company 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 company 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 company'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 company's activities exposes it to financial risks of changes in foreign currency exchange rates and interest rates. The company 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 company's exposure to market risks or the manner in which it manages these risks.

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

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>2014</u> G\$	<u>2013</u> G\$
ASSETS		
US Dollar	<u>1,884,480,377</u>	<u>1,881,048,641</u>
Net asset	<u><u>1,884,480,377</u></u>	<u><u>1,881,048,641</u></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>2014</u> G\$	<u>2013</u> G\$
Profit/(loss)	<u><u>47,112,009</u></u>	<u><u>47,026,216</u></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 company's profit would have been:

	Increase/ decrease in basis point	<u>Impact on profit for the year</u>	
		<u>2014</u> G\$	<u>2013</u> G\$
Cash and cash equivalent			
Local currency	+/-50	9,379,479	7,144,748
Foreign currency	+/-50	<u>942,240</u>	<u>940,524</u>
		<u><u>10,321,719</u></u>	<u><u>8,085,272</u></u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2014

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 2014		
		Within one year	Non-interest bearing	Total
		G\$	G\$	G\$
ASSETS				
Investments	-	-	151,359,821	151,359,821
Trade and other receivables	-	-	480,716,939	480,716,939
Cash and cash equivalents	1.0-1.25	16,864,582,691	7,694,859	16,872,277,550
		<u>16,864,582,691</u>	<u>639,771,619</u>	<u>17,504,354,310</u>
LIABILITIES				
Trade and other payables	-	-	2,031,519,270	2,031,519,270
Deferred income	-	-	1,063,752,588	1,063,752,588
		-	<u>3,095,271,858</u>	<u>3,095,271,858</u>
Interest sensitivity gap		<u>16,864,582,691</u>	<u>(2,455,500,239)</u>	<u>14,409,082,452</u>
MATURING 2013				
	Interest rate range %	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>

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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 commission's maximum exposure to credit risk

	MAXIMUM EXPOSURE	
	2014	2013
	G\$	G\$
Trade and other receivables	480,716,939	490,839,582
Cash and cash equivalents	20,643,438,448	16,170,544,607
Total credit risk exposure	21,124,155,387	16,661,384,189

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

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 commission 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>2014</u>	<u>2013</u>
	G\$	G\$
Trade receivables	224,715,253	210,291,285
Staff receivables	178,246,167	188,103,543
Advances	70,765,188	68,142,938
Deposits	-	20,000,000
Others	5,270,296	2,057,192
	<u>478,996,904</u>	<u>488,594,958</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 2014</u>	
	Within 1 year	Total
	G\$	G\$
Trade and other payables	2,031,519,270	2,031,519,270
Deferred income	1,063,752,588	1,063,752,588
	<u>3,095,271,858</u>	<u>3,095,271,858</u>

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28) Financial risk management-cont'd

(c) Liquidity risk-cont'd

	MATURING 2013	
	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
	2,697,976,859	2,697,976,859

29) Approval of financial statements

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