

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

F01

**FOR THE YEAR ENDED
31 DECEMBER 2015**

**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 2015

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Audit Office of Guyana

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530/SL: 309/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 2015**

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,





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P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

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AG: 183/2024

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 2015**

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 2015, 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 \$2,269,576,137 is land and building with a net book value of \$1,142,725,618. 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 \$551,830,318 were amounts related to loans to employees, trade and staff receivables of \$465,272,370. 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 2015. 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 \$20,273,749,547. However, variances amounting to \$1,872,222,192 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 \$1,802,302,856 were amounts totaling \$1,543,203,449 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.

Expenditure

Included in expenditure of \$3,626,726,747 were amounts totalling \$203,282,541 for which no schedules were 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 2015, 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 2015

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 2015 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\$2,269,576,137 is land and buildings with a net book value of G\$1,142,725,618. 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\$551,830,318 were amounts related to loans to employees, trade and staff receivables of G\$465,272,370. 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 2015. 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\$20,273,749,547. However, variances amounting to G\$1,872,222,192 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\$1,802,302,856 were amounts totaling G\$1,543,203,449 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.

Expenditure

Included in expenditure of G\$3,626,726,747 were amounts totaling G\$203,282,541 for which no schedules were 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, 2015 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.

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, 2015

	Notes	<u>2015</u> G\$	<u>2014</u> G\$
<u>INCOME</u>			
Royalties	6	4,800,147,664	5,109,330,081
Licences	7	1,021,715,493	1,269,231,778
Fees & fines	8	198,481,463	185,263,224
Concessions	9	526,184,275	413,677,118
Other income	10	3,076,274,162	1,767,725,813
		<u>9,622,803,057</u>	<u>8,745,228,014</u>
<u>EXPENDITURE</u>			
Employment costs	11	1,947,853,392	1,483,479,538
Administration & operational	12	866,446,946	951,781,827
Transport & travelling	13	215,626,748	275,017,593
Depreciation		222,198,693	233,753,766
Stock adjustments		4,764,921	-
		<u>3,256,890,700</u>	<u>2,944,032,724</u>
Operating surplus		<u>6,365,912,357</u>	<u>5,801,195,290</u>
<u>NON-OPERATING EXPENDITURES</u>			
Assistance to mining communities		380,000	200,000
Maintainance of road		335,284,741	862,114,707
Subvention to governmental & other agencies	14	24,120,298	882,277,339
Sponsorship of school quiz		-	547,573
(Gain)/Loss on foreign exchange		(2,957)	2,015,219
Mining school		10,053,965	1,489,590
Net Surplus		<u>5,996,076,310</u>	<u>4,052,550,862</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, 2015

	Statutory Reserve Fund	Revaluation Reserve	Revaluation Reserve - Gold	Accumulated Surplus	Total
	G\$	G\$	G\$	G\$	G\$
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>
Net Surplus for the year	-	-	-	5,996,076,310	5,996,076,310
Transferred to the Consolidated Fund A/c	-	-	-	(6,000,000,000)	(6,000,000,000)
Revaluation for Investments: Gold	-	-	(10,566,456)	-	(10,566,456)
Balance as at 31 December, 2015	<u><u>500,000,000</u></u>	<u><u>388,880,036</u></u>	<u><u>28,132,893</u></u>	<u><u>19,521,738,383</u></u>	<u><u>20,438,751,312</u></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, 2015

	Notes	<u>2015</u> G\$	<u>2014</u> G\$
ASSETS			
<u>Non-Current Assets</u>			
Property, Plant & Equipment	15	2,269,576,137	2,215,732,592
Investments	16	140,793,365	151,359,821
		<u>2,410,369,502</u>	<u>2,367,092,413</u>
<u>Current Assets</u>			
Inventories	17	63,832,389	57,265,516
Trade & Other Receivables	18	551,830,318	480,716,939
Cash & Cash Equivalents	19	20,273,749,547	20,643,438,448
		<u>20,889,412,254</u>	<u>21,181,420,903</u>
TOTAL ASSETS		<u><u>23,299,781,756</u></u>	<u><u>23,548,513,316</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	28,132,893	38,699,349
Accumulated Surplus		19,521,738,383	19,525,662,073
		<u>20,438,751,312</u>	<u>20,453,241,458</u>
<u>Current Liabilities</u>			
Trade & Other Payables	23	1,802,302,856	2,031,519,270
Deferred Income	24	1,058,727,588	1,063,752,588
		<u>2,861,030,444</u>	<u>3,095,271,858</u>
TOTAL EQUITY & LIABILITIES		<u><u>23,299,781,756</u></u>	<u><u>23,548,513,316</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.

.....*Krishen Singh*..... 13/9/24
Mr. Krishen Singh

Board Member/Member of the Finance Committee

.....*Azad Ibrahim*..... 13/9/24
Mr. Azad Ibrahim

Chairman of the Board

GUYANA GEOLOGY AND MINES COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2015

	2015	2014
	G\$	G\$
Net Surplus for the year	5,996,076,310	4,052,550,862
Operating activities		
Adjustment for:		
Depreciation	222,198,693	233,753,766
(Gain)/loss on foreign exchange	(68,981,315)	(24,297,921)
Gain on sale of asset	(1,115,350)	(6,386,000)
Interest received	(227,523,198)	(141,518,224)
Operating profit before working capital changes	5,920,655,140	4,114,102,483
Increase in inventories	(6,566,873)	(2,340,616)
(Increase)/decrease in receivables	(71,113,379)	10,122,643
Increase/(decrease) in payables	(229,216,414)	397,295,999
Decrease in deferred income	(5,025,000)	-
Net cash flow generated from operations	5,608,733,474	4,519,180,509
Investing activities		
Acquisition of fixed assets	(283,957,822)	(212,232,162)
Prior year adjustments- property, plant and equipment	7,915,584	-
Increase in investments	10,566,456	(5,972,286)
Proceeds from sale of assets	1,115,350	6,386,000
Interest received	227,523,198	141,518,224
Gain on foreign currency	68,981,315	24,297,921
Net cash used in investing activities	32,144,081	(46,002,303)
Financing activities		
Transferred to the consolidated fund	(6,000,000,000)	-
Increase in investments market value	(10,566,456)	(283,365)
Net cash flow from financing activities	(6,010,566,456)	(283,365)
Net increase in cash & cash equivalents	(369,688,901)	4,472,894,841
Cash and cash equivalents at beginning of year	20,643,438,448	16,170,544,607
Cash and cash equivalents at end of year	20,273,749,547	20,643,439,448
<u>Reconciliation of Cash & Cash Equivalents</u>		
Cash at Bank	20,272,237,793	20,642,865,581
Cash in Hand	1,511,754	572,867
Total	20,273,749,547	20,643,438,448

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, 2015

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, 2015

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, 2015**

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, 2015**

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, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
6) <u>ROYALTIES</u>		
Bauxite	126,252,596	184,272,202
Gold - GGB	4,510,611,421	4,821,250,828
Precious Stones	68,585,644	60,084,692
Sand	64,529,802	34,862,669
Stones	19,617,009	7,641,853
Others	-	10,000
Loam	10,551,192	1,207,837
	<u>4,800,147,664</u>	<u>5,109,330,081</u>
7) <u>LICENCES</u>		
Gold & Precious Stones	12,472,120	11,145,000
Prospecting Licences (Lg)	59,218,950	153,941,764
Claims Gold	3,027,000	3,452,000
Precious Stones	398,000	337,000
River Location Licences	18,147,049	13,427,000
Quarry Licences	2,779,443	3,787,678
Trading Licences	6,065,000	6,170,000
Goldsmith Licences	1,560,000	2,528,000
Dredge Licences	25,073,661	26,128,700
Mining Licences	76,019,071	72,290,723
Mining Privileges	6,340,000	7,393,000
Duplicate Licences	25,500	6,000
Geological/Geophysical Surveys	10,835,000	8,865,000
Prospecting Permit (Sml Scale)	545,500	693,500
Business Permissions	3,594,608	2,610,000
Prospecting Permit Med. Scale	672,598,161	795,476,607
Petroleum Production Licences	5,017,965	159,478,306
Petroleum Prospecting Licences	116,572,965	-
Residential Permissions	100,000	206,000
Specified Machinery	1,325,500	1,295,500
	<u>1,021,715,493</u>	<u>1,269,231,778</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
8) Fees and fines		
Fees	123,050	263,880
Fines	-	18,455,200
Tributes	3,357,039	(1,200)
Applications For Dredge Licences	719,000	843,500
Registration Fees	264,000	422,000
Transfer Of Dredges	7,825,500	14,110,500
Duty On Transfers (Claims)	808,000	276,000
Applications For Medium Scale Permits	3,661,486	7,449,579
Applications For Large Scale Licences	236,400	453,100
Application for Quarry Licenses	98,500	59,100
Application Fees - Work Permit	-	2,848,000
Application for Petroleum Prospecting License	1,003,991	-
Training Fees (Petroleum Prospecting Licences)	72,350,955	53,589,173
Applications For Mining Permits	1,838,325	823,690
Endorsement Fee	6,191,850	6,275,500
Application Fee (River Claims)	1,014,000	1,882,000
Application Fee (Land Claims)	2,819,500	3,170,000
Applications Prospecting Permit (Sml) Scale	535,250	702,500
Out Of Court Settlement	3,810,539	1,155,000
Penalty - Late Rentals	90,228,098	72,083,702
Transfer Fee - Petroleum Licence	1,595,980	402,000
	<u>198,481,463</u>	<u>185,263,224</u>

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
9) Concessions		
Mining Properties	13,961,370	-
Mining Permit	512,222,905	413,677,118
	<u>526,184,275</u>	<u>413,677,118</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
10) Other Income		
Registration Certificate	2,615,100	2,612,000
Interest From Investment	227,523,198	138,685,510
Sale Of Official Pub. - Carto.	6,927,180	8,881,300
Sale Of Official Pub. - Library	657,766	910,022
Drill Rental	-	24,000
Sale Of Lapidary Products	359,770	380,873
Disposal Of Assets	1,115,350	6,386,000
Surcharge	4,500	45,000
Verification Of Claims	1,500	9,500
Gain On Foreign Exchange	68,978,358	26,313,140
Miscellaneous	3,452,960	3,600,763
Photocopying	222,613	181,818
Printing Sales from duplication of Petroleum data	2,737,553,133	1,018,830,865
Equipment Rental	12,000	-
Auction Fees	-	521,344,800
Cost Recovery For Transportation	853,236	1,061,064
Jewelry Certificate	12,800	859,200
Interest from Staff Loans	873,042	2,832,714
Sale Of Retort	586,960	1,587,180
Miscellaneous - Mining Conference	5,815,696	150,000
Chicken Project	33,000	20,000
Deferred Income	-	5,047,064
Bullion Assay	17,514,000	14,058,000
Other	2,000	-
Proceeds from Lottery	1,160,000	13,905,000
	<u>3,076,274,162</u>	<u>1,767,725,813</u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
11) <u>Employment cost</u>		
Salaries	1,205,313,769	860,306,587
Wages	23,895,887	14,174,753
Salaries Overtime	40,384,634	56,412,960
Commuted Overtime	5,059,548	10,861,957
Wages Overtime	36,547,162	22,059,579
Station/Bush Allowance	35,738,638	20,560,019
Duty Allowance	4,001,195	3,141,983
Subsistence & Travelling	103,511,573	120,437,601
Risk Allowance	2,075,392	2,157,000
Cash-in-Lieu Of Leave	4,244,277	2,256,451
Travelling Allowance	47,447,664	36,813,966
Entertainment Allowance	1,733,436	1,859,614
Pension Scheme-Employer's Contribution	163,209,554	82,300,594
N.I.S. Employer's Contribution	61,235,084	47,336,687
Directors' Emolument	1,792,000	2,305,000
Leave Passage	92,559,730	68,183,805
Responsibility Allowance	4,523,252	985,027
Acting Allowance	9,439,986	5,738,826
Uniform & Safety Gears	27,528,179	29,725,726
Training And Education	18,846,729	32,055,308
Medical Scheme	5,137,774	4,342,102
Utility Allowance	6,990,071	5,988,748
Gratuity And Severance Pay	15,134,834	15,569,278
Purchase Of Meals	4,663,734	3,223,834
Seminars & Workshops	2,511,712	1,613,785
Memberships & Subscriptions	3,972,782	3,265,912
Lunch And Snack	12,692,536	25,290,500
Stipend-VSO Geologist	1,010,000	595,000
Group Life Insurance	4,151,436	1,512,040
Management fees	2,500,824	2,404,896
	<u>1,947,853,392</u>	<u>1,483,479,538</u>

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
12) Administration and operational expenses		
Fuel & Lubricants - Vehicles Etc	67,581,935	83,665,509
Maintenance of Radio & Comm. Equip.	1,015,943	108,680
Maintenance of Electrical Equip.	756,346	2,500,070
Maintenance of Vehicles Etc.	58,956,711	56,840,095
Maintenance of craft, equipment	-	1,300,274
Maintenance of Gym	-	37,800
Maintenance of Laboratory Equipment	-	25,379
Telephone, Telex, Cables & Sattelite Phones	13,870,285	15,415,600
Electricity	47,387,378	53,283,579
Maintenance Of Office Equipt. & Furniture	4,673,411	5,394,270
Maintenance of engine and accessories	1,113,032	72,043
Printing & Duplicating	1,418,522	3,178,849
Professional & Consultancy Services	33,972,311	35,739,822
Audit Fees	3,706,880	1,297,860
Office Stationery	43,494,602	52,725,715
Honorarium/Compensation	18,388,259	6,585,397
Postage	663,822	781,072
Maintenance & Repairs To Buildings	15,404,206	20,414,502
Maintenance Of Grounds	14,140	373,202
Mechanical supplies	851,499	2,039,899
Janitorial & Cleaning Services	1,926,296	3,466,775
Security Service (External)	52,806,000	28,012,879
Leases & Rentals	8,523,538	19,405,857
Sponsorship/Bursaries	2,283,948	1,612,760
Subscription/Gazettes/Journals	6,186,915	9,288,224
Tech. & Management Services	8,928,324	8,140,728
Drugs & Medical Supplies	10,069,483	8,984,049
Assay Laboratory Supplies	-	2,296,068
Electrical Supplies	6,676,514	9,712,046
Lapidary Laboratory Supplies	4,333,908	435,342
Insurance Of Assets/Licence	3,881,185	2,042,899
Bank Charges	2,245,886	2,480,740
Ration	38,080,545	44,475,273
Environmental conference	261,600	-
Advertisement	17,385,825	47,277,435
Donations - Gifts, Wreaths, Etc.	9,394,720	4,986,756
Chemical Laboratory	292,662	168,324
Laboratory Supplies	-	(1,920,430)
Maintenance of Generator/Brush Cutter	-	815,209
Maintenance of Drill/Welding	414,650	5,736,753
Miscellaneous	59,097	351,965
Exhibitions	721,190	3,229,878
Entertainment Expense	1,372,094	6,311,392
Other supplies	887,972	830,646
Carpenter Supplies	1,901,817	1,836,022
Chemical Analysis	-	370,800
Maintenance/repairs to other equipment	603,913	-
Balance C/F	492,507,364	552,128,007

GUYANA GEOLOGY AND MINES COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
12) Administration and operational expenses		
Balance B/F	492,507,364	552,128,007
Freight & Handling Charges	3,560,160	5,500,589
Legal Expenses	8,887,516	9,768,919
Welfare & Sundries	40,850,050	36,185,866
Revenue Stamps	1,953,693	2,518,209
Field Expendable	51,221,603	38,210,514
Field Maintenance	8,772,053	17,016,932
Personal Kit	12,454,981	6,479,028
Hire charges/Equipment	10,503,037	-
Sport Club	127,638	200,475
Staff Party	5,520,962	5,354,293
Anniversary Celebration	-	13,418,720
Withholding Tax	43,327,791	28,658,510
Pest Control	26,624	1,989,463
Materials for Surveys	220,000	6,000
Boarding And Lodging	42,360,763	48,282,282
E-Mail And Home Page Service	36,804,551	28,711,492
Household Items And Kitchen Utensils	-	253,128
Other rental and services	1,167,500	1,717,508
Mining And Quarrying	32,045,791	47,690,264
Mineral Processing Lab.	-	320,528
Provision for Bad & Doubtful Debt	-	2,725,386
Rearing of chicken	549,058	-
Rates And Taxes	4,879,957	9,125,678
Magisterial Fees	1,294,194	1,483,088
Directors Supplies	119,000	597,980
Sanitary Facility	2,513,926	2,674,816
Revegetation Of Land - Reclamation Project	365,182	50,661,158
Scientific Equipment Maintenance	3,065,098	1,615,254
Computer Supplies	-	7,331,270
Value Added Tax (V.A.T)	33,467,454	40,753,922
Mining Information	27,881,000	1,035,500
Provision for Contingency Liabilities	-	(10,632,952)
	<u>866,446,946</u>	<u>951,781,827</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
13) <u>Transport and travelling</u>		
Transportation & Toll Fees	4,693,995	1,602,494
Overseas Conference & Visit	7,650,212	33,334,509
Road, Air & Other Charter	203,282,541	240,080,590
	<u>215,626,748</u>	<u>275,017,593</u>
14) <u>Subvention to government and other agencies</u>		
Subvention GGDMA/GPSU	24,120,298	4,622,136
Subvention EPA/Other Governmental Agencies	-	877,655,203
	<u>24,120,298</u>	<u>882,277,339</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015

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, 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 01 January, 2015	1,273,852,352	655,509,975	497,589,928	864,579,497	3,291,531,752
Additions	-	135,548,658	133,670,213	14,738,951	283,957,822
Disposals	(7,915,584)	(8,117,922)	-	-	(16,033,506)
as at 31 December, 2015	<u>1,265,936,768</u>	<u>782,940,711</u>	<u>631,260,141</u>	<u>879,318,448</u>	<u>3,559,456,068</u>
Accumulated Depreciation					
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 01 January, 2015	67,661,477	479,194,597	196,514,885	332,428,201	1,075,799,160
Charges for the year	55,549,673	55,549,673	55,549,673	55,549,674	222,198,693
Dep's written back on disposals	-	(8,117,922)	-	-	(8,117,922)
as at 31 December, 2015	<u>123,211,150</u>	<u>526,626,348</u>	<u>252,064,558</u>	<u>387,977,875</u>	<u>1,289,879,931</u>
Net Book Value as at 31.12.2015	<u>1,142,725,618</u>	<u>256,314,363</u>	<u>379,195,583</u>	<u>491,340,573</u>	<u>2,269,576,137</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>

16) Investments

	2015	2014
	G\$	G\$
Stock Of Gold	78,919,844	89,486,300
Stock Of Diamonds	61,318,425	61,318,425
Loring Lab	8,505	8,505
Short term	546,591	546,591
	<u>140,793,365</u>	<u>151,359,821</u>

17) Inventories

Stores Control Account	<u>63,832,389</u>	<u>57,265,516</u>
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18) Trade and other receivables

	2015	2014
	G\$	G\$
Advances - PU/NICIL & MPW&C	52,731,061	52,731,061
Staff Receivable	102,197,829	107,934,828
Accounts receivables	(18,000)	(18,000)
Pre-payments	10,291,498	1,738,035
Trade Receivable	289,392,426	224,715,253
Loans To Employees	73,684,115	70,311,339
Debtors: Sub-Advance	16,215,565	18,034,127
Revolving Fund	7,335,824	5,270,296
	<u>551,830,318</u>	<u>480,716,939</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
19) Cash and cash equivalents		
<u>Cash at bank:</u>		
Sub-Imprest Account	13,626,355	14,467,966
G.B.T.I. Special Investment Account	13,609,230,089	8,526,605,170
G.B.T.I. Current Account	(6,008,199,374)	(7,345,974)
G.B.T.I. Foreign Currency A/C	(1,887,151,771)	(1,887,151,771)
G.B.T.I. Scholarship Fund	15,966,253	11,734,792
Republic Bank	6,632,393,610	3,781,515,507
Bank of Guyana Current Account	4,123,717,928	6,431,878,993
Bank of International Settlement	3,772,654,703	3,771,160,898
Sub-Total	<u>20,272,237,793</u>	<u>20,642,865,581</u>
<u>Cash on hand:</u>		
Foreign Currency Cash In Hand	1,043,105	471,250
Petty Cash Imprest	466,649	99,617
Library Float	2,000	2,000
Sub-Total	<u>1,511,754</u>	<u>572,867</u>
Total	<u>20,273,749,547</u>	<u>20,643,438,448</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 2015.

(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, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
21) Revaluation reserve	<u>388,880,036</u>	<u>388,880,036</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>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
22) Revaluation reserve:- gold	<u>28,132,893</u>	<u>38,699,349</u>

The amount represents the Gold that was revalued using the fair value concept as at 31/12/2015.

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>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
23) Trade and other payables		
Refundable Deposit	989,607,495	886,578,966
Sundry Payables Control	510,002,948	715,439,362
Salaries & Wages Payable	(5,776,779)	130,980,964
Accrued Leave Passage	1,918,286	2,020,252
Subsistence & Travelling	9,887,849	9,643,307
Field Allowance Payable	5,788,834	3,306,638
National Insurance Scheme	10,058,179	10,434,064
<i>Sub-total C/F</i>	<u>1,521,486,812</u>	<u>1,758,403,553</u>

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2015

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
23) Trade and other payables: (Cont'd)		
<i>Sub-total B/F</i>	1,521,486,812	1,758,403,553
P.A.Y.E. Payable	10,910,585	53,947,757
Life Insurance	(32,627)	(32,627)
P.S.U - Union Dues	(193,300)	(214,400)
P.S.U. Credit Union	12,000	12,000
Dependants fund- contribution	-	200
Pension Fund Payable	190,326,508	135,743,010
Guyana Revenue Authority (W.H.T)	19,635,322	26,219,151
Medical Scheme	485,409	418,795
Liability Stale Dated Cheques	353,843	353,843
Provision for Bad & Doubtful Debt	12,883,463	12,883,463
Directors Fees Payable	841,835	964,635
Provision for Auditing	2,000,000	2,000,000
Accrued Expenses	43,593,006	40,819,890
Total	<u>1,802,302,856</u>	<u>2,031,519,270</u>

	<u>2015</u>	<u>2014</u>
	<u>G\$</u>	<u>G\$</u>
24) <u>Deferred income</u>	<u>1,058,727,588</u>	<u>1,063,752,588</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, 2015

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.

GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER, 2015

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>2015</u> <u>G\$</u>	<u>2014</u> <u>G\$</u>
Basic Salaries & Allowances	<u>134,798,594</u>	<u>111,113,630</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 three (23) members. Director's remuneration for the year amounted to \$3,937,000 Details are as follows:-

<u>Name of Member</u>	<u>Designation</u>	<u>2015</u> <u>G\$</u>	<u>2014</u> <u>G\$</u>
Clinton Williams	Chairman	252,000	312,000
Anantram Balram	Member	-	204,000
Terrence Adam	Member	208,000	220,000
Prema Ramanah Roopnarine	Member	204,000	224,000
William Thomas Dalgety	Member	204,000	240,000
Peter Ramotar	Member	204,000	204,000
Unata DeFreitas	Member	212,000	-
Frederick McWilfred	Member	208,000	177,000
Evans Persaud	Member	220,000	236,000
Lisaveta Ramotar	Member	212,000	-
Tasreef Khan	Member	212,000	236,000
Patrick Harding	Member	208,000	220,000
Omkaramanda Lochan	Member	157,000	268,000
Euliene Watson	Member	51,000	-
John Applewhite-Hercules	Member	4,000	252,000
Derick John	Member	204,000	204,000
Courtney Ramsay	Member	153,000	216,000
Renee Duesbury	Member	204,000	204,000
Gerry Gouveia	Member	204,000	224,000
Kemraj Persaud	Member	208,000	216,000
Michael George	Member	153,000	161,000
Yvonne Pearson	Member	204,000	-
Nageshwari Lochan Prasad	Member	51,000	-
Total		<u><u>3,937,000</u></u>	<u><u>4,018,000</u></u>

(ii) **Income from Government agencies**

Royalties from Guyana Gold Board	<u><u>4,510,611,421</u></u>	<u><u>4,821,250,828</u></u>
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GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015

27) Analysis of financial assets and liabilities by measurement basis

	Available for sale	Loans and receivables	Financial assets and liabilities at amortised cost	Total
2015	G\$	G\$	G\$	G\$
ASSETS				
Investments	140,793,365	-	-	140,793,365
Trade and other receivables	-	551,830,318	-	551,830,318
Cash and cash equivalents	-	-	20,273,749,547	20,273,749,547
	<u>140,793,365</u>	<u>551,830,318</u>	<u>20,273,749,547</u>	<u>20,966,373,230</u>
LIABILITIES				
Trade and other payables	-	-	1,802,302,856	1,802,302,856
Deferred income	-	-	1,058,727,588	1,058,727,588
	<u>-</u>	<u>-</u>	<u>2,861,030,444</u>	<u>2,861,030,444</u>
2014				
ASSETS				
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>

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 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 commission's exposure to market risks or the manner in which it manages these risks.

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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>2015</u> G\$	<u>2014</u> G\$
ASSETS		
US Dollar	<u>1,886,546,037</u>	<u>1,884,480,377</u>
Net asset	<u>1,886,546,037</u>	<u>1,884,480,377</u>

Foreign currency sensitivity analysis

The following table details the commission'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>2015</u> G\$	<u>2014</u> G\$
Profit/(loss)	<u>47,163,651</u>	<u>47,112,009</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>2015</u> G\$	<u>2014</u> G\$
Cash and cash equivalent			
Local currency	+/-50	9,193,602	9,379,479
Foreign currency	+/-50	<u>943,273</u>	<u>942,240</u>
		<u>10,136,875</u>	<u>10,321,719</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015

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 2015		
		Within one year	Non-interest bearing	Total
		G\$	G\$	G\$
ASSETS				
Investments	-	-	140,793,365	140,793,365
Trade and other receivables	-	-	551,830,318	551,830,318
Cash and cash equivalents	1.0-1.25	22,494,156,109	(5,993,061,265)	16,501,094,844
		<u>22,494,156,109</u>	<u>(5,300,437,582)</u>	<u>17,193,718,527</u>
LIABILITIES				
Trade and other payables	-	-	1,802,302,856	1,802,302,856
Deferred income	-	-	1,058,727,588	1,058,727,588
		-	<u>2,861,030,444</u>	<u>2,861,030,444</u>
Interest sensitivity gap		<u>22,494,156,109</u>	<u>(8,161,468,026)</u>	<u>14,332,688,083</u>

	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>

**GUYANA GEOLOGY AND MINES COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2015**

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	
	2015	2014
	G\$	G\$
Trade and other receivables	551,830,318	480,716,939
Cash and cash equivalents	<u>20,273,749,547</u>	<u>20,643,438,448</u>
Total credit risk exposure	<u>20,825,579,865</u>	<u>21,124,155,387</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 company 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>2015</u>	<u>2014</u>
	G\$	G\$
Trade receivables	289,392,426	224,715,253
Staff receivables	175,881,944	178,246,167
Advances	68,946,626	70,765,188
Others	7,335,824	5,270,296
	<u>541,556,820</u>	<u>478,996,904</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 2015</u>	
	<u>Within 1 year</u>	<u>Total</u>
	G\$	G\$
Trade and other payables	1,802,302,856	1,802,302,856
Deferred income	1,058,727,588	1,058,727,588
	<u>2,861,030,444</u>	<u>2,861,030,444</u>

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

	MATURING 2014	
	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
	3,095,271,858	3,095,271,858

29) Approval of financial statements

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