

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

**FOR THE YEAR ENDED  
31 DECEMBER 2016**

**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 2016

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## *Audit Office of Guyana*

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

313/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 2016

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

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

With best regards.

Yours sincerely,





## *Audit Office of Guyana*

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

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AG: 184/2024

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 2016**

### *Qualified Opinion*

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 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 3 to 29.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements presents fairly, in all material respects, the financial position of the Commission as at 31 December, 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### *Basis for Qualified Opinion*

#### **Property, Plant and Equipment**

Included in property, plant and equipment of \$2,386,524,200 is land and building with a net book value of \$1,153,861,185. 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 \$610,272,023 were amounts related to loans to employees, trade and staff receivables of \$492,923,153. 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 2016. 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 \$15,821,739,782. However, variances amounting to \$1,884,413,209 were noted between the general ledger and bank reconciliations which I was unable to verify with adequate supporting documents.

## Trade and Other Payables

Included in trade and other payables of \$1,861,260,485 were amounts totalling \$1,715,933,036 of which I was not provided with any supporting documents in aid of these balances. As such, I was unable to determine whether trade and other payables were fairly stated.

## *Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

## *Auditor's Responsibility for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

*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 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 2016

**Report on the Financial Statements**

**Qualified opinion**

We have audited the accompanying financial statements of Guyana Geology and Mines Commission which comprise the statement of financial position as at 31 December 2016, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 2 to 29.

In our opinion, except for the effects of the matters described in the basis for qualified opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at 31 December 2016, and, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Qualified Opinion**

**Property, plant and equipment**

Included in property, plant and equipment of G\$2,386,524,200 is land and buildings with a net book value of G\$1,153,861,185. 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.

**Trade and other receivables**

Included in trade and other receivables of G\$610,272,023 were amounts related to loans to employees, trade and staff receivables of G\$492,923,153. 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 2016. 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\$15,821,739,782. However, variances amounting to G\$1,884,413,209 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\$1,861,260,485 were amounts totaling G\$1,715,933,036 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.

## **Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, Management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **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, 2016**

	Notes	<u>2016</u> G\$	<u>2015</u> G\$
<b><u>INCOME</u></b>			
Royalties	6	5,716,664,408	4,800,147,664
Licences	7	1,115,808,979	1,021,715,493
Fees & fines	8	192,230,285	198,481,463
Concessions	9	552,414,733	526,184,275
Other income	10	227,996,748	3,076,274,162
		<u>7,805,115,153</u>	<u>9,622,803,057</u>
 <b><u>EXPENDITURE</u></b>			
Employment costs	11	2,079,565,463	1,947,853,392
Administration & operational	12	925,174,074	866,446,946
Transport & travelling	13	267,971,808	215,626,748
Depreciation		245,027,940	222,198,693
Stock adjustments		1,184,060	4,764,921
		<u>3,518,923,345</u>	<u>3,256,890,700</u>
 <b>Operating surplus</b>		 <u>4,286,191,808</u>	 <u>6,365,912,357</u>
 <b><u>NON-OPERATING EXPENDITURES</u></b>			
Assistance to mining communities		606,000	380,000
Maintainance of road		425,301,380	335,284,741
Subvention to governmental & other agencies	14	138,822,910	24,120,298
UNDP Projects		5,147,065	-
Royalty paid to American Fund		2,193,560	-
Assistance to National Disaster		353,900	-
(Gain)/Loss on foreign exchange		654,853	(2,957)
Mining school		40,202,511	10,053,965
Loss on disposal of asset		40,000	-
<b>Net Surplus</b>		<u>3,672,869,629</u>	<u>5,996,076,310</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, 2016**

	Statutory Reserve Fund G\$	Revaluation Reserve G\$	Revaluation Reserve - Gold G\$	Accumulated Surplus G\$	Total G\$
<b>Balance as at 31 December, 2014</b>	<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)
<b>Balance as at 31 December, 2015</b>	<u>500,000,000</u>	<u>388,880,036</u>	<u>28,132,893</u>	<u>19,521,738,383</u>	<u>20,438,751,312</u>
Net Surplus for the year	-	-	-	3,672,869,629	3,672,869,629
Transferred to the Consolidated Fund A/c	-	-	-	(8,000,000,000)	(8,000,000,000)
Revaluation for Investments: Gold	-	-	6,699,094	-	6,699,094
<b>Balance as at 31 December, 2016</b>	<u><u>500,000,000</u></u>	<u><u>388,880,036</u></u>	<u><u>34,831,987</u></u>	<u><u>15,194,608,012</u></u>	<u><u>16,118,320,035</u></u>

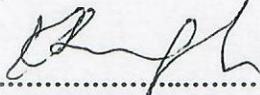
The accompanying notes form an integral part of these financial statements.

**GUYANA GEOLOGY AND MINES COMMISSION**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER, 2016**

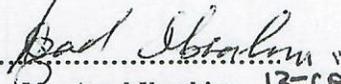
	Notes	<u>2016</u> G\$	<u>2015</u> G\$
<b>ASSETS</b>			
<b><u>Non-Current Assets</u></b>			
Property, Plant & Equipment	15	2,386,524,200	2,269,576,137
Investments	16	147,492,459	140,793,365
		<u>2,534,016,659</u>	<u>2,410,369,502</u>
<b><u>Current Assets</u></b>			
Inventories	17	72,279,644	63,832,389
Trade & Other Receivables	18	610,272,023	551,830,318
Cash & Cash Equivalents	19	15,821,739,782	20,273,749,547
		<u>16,504,291,449</u>	<u>20,889,412,254</u>
<b>TOTAL ASSETS</b>		<u><u>19,038,308,108</u></u>	<u><u>23,299,781,756</u></u>
<b>EQUITY &amp; LIABILITIES</b>			
<b><u>Equity</u></b>			
Statutory Reserve	20	500,000,000	500,000,000
Revaluation Reserve	21	388,880,036	388,880,036
Revaluation Reserve: Investments	22	34,831,987	28,132,893
Accumulated Surplus		15,194,608,012	19,521,738,383
		<u>16,118,320,035</u>	<u>20,438,751,312</u>
<b><u>Current Liabilities</u></b>			
Trade & Other Payables	23	1,861,260,485	1,802,302,856
Deferred Income	24	1,058,727,588	1,058,727,588
		<u>2,919,988,073</u>	<u>2,861,030,444</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><u>19,038,308,108</u></u>	<u><u>23,299,781,756</u></u>

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

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

  
 ..... 13-09-2016  
 Mr. Krishen Singh

Board Member/Member of the Finance Committee

  
 ..... 13-09-2016  
 Mr. Azad Ibrahim

Chairman of the Board

**GUYANA GEOLOGY AND MINES COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	2016	2015
	G\$	G\$
<b>Net Surplus for the year</b>	<b>3,672,869,629</b>	<b>5,996,076,310</b>
<b>Operating activities</b>		
Adjustment for:		
Depreciation	245,027,940	222,198,693
(Gain)/loss on foreign exchange	524,603	(68,981,315)
Gain on sale of asset	(137,873)	(1,115,350)
Interest received	(189,556,963)	(227,523,198)
<b>Operating profit before working capital changes</b>	<b>3,728,727,336</b>	<b>5,920,655,140</b>
Increase in inventories	(8,447,255)	(6,566,873)
Increase in receivables	(58,441,705)	(71,113,379)
Increase/(decrease) in payables	58,957,629	(229,216,414)
Decrease in deferred income	-	(5,025,000)
<b>Net cash flow generated from operations</b>	<b>3,720,796,005</b>	<b>5,608,733,474</b>
<b>Investing activities</b>		
Acquisition of fixed assets	(362,098,130)	(283,957,822)
Prior year adjustments- property, plant and equipment	-	7,915,584
Increase in investments	(6,699,094)	10,566,456
Proceeds from sale of assets	260,000	1,115,350
Interest received	189,556,963	227,523,198
Gain on foreign currency	(524,603)	68,981,315
<b>Net cash used in investing activities</b>	<b>(179,504,864)</b>	<b>32,144,081</b>
<b>Financing activities</b>		
Transferred to the consolidated fund	(8,000,000,000)	(6,000,000,000)
Increase in investments market value	6,699,094	(10,566,456)
<b>Net cash flow from financing activities</b>	<b>(7,993,300,906)</b>	<b>(6,010,566,456)</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>(4,452,009,765)</b>	<b>(369,688,901)</b>
Cash and cash equivalents at beginning of year	20,273,749,547	20,643,438,448
<b>Cash and cash equivalents at end of year</b>	<b>15,821,739,782</b>	<b>20,273,749,547</b>
<b><u>Reconciliation of Cash &amp; Cash Equivalents</u></b>		
Cash at Bank	15,821,349,311	20,272,237,793
Cash in Hand	390,471	1,511,754
<b>Total</b>	<b>15,821,739,782</b>	<b>20,273,749,547</b>

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, 2016

### 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, 2016

### 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, 2016

### 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, 2016

#### 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, 2016**

	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>G\$</u></b>	<b><u>G\$</u></b>
<b>6) <u>ROYALTIES</u></b>		
Bauxite	125,060,048	126,252,596
Gold - GGB	5,472,840,426	4,510,611,421
Precious Stones	82,227,842	68,585,644
Sand	24,640,175	64,529,802
Stones	6,240,240	19,617,009
Loam	5,655,677	10,551,192
	<b><u>5,716,664,408</u></b>	<b><u>4,800,147,664</u></b>
<b>7) <u>LICENCES</u></b>		
Gold & Precious Stones	12,557,000	12,472,120
Prospecting Licences (Lg)	53,826,170	59,218,950
Claims Gold	2,967,000	3,027,000
Precious Stones	414,000	398,000
River Location Licences	12,804,000	18,147,049
Quarry Licences	1,189,880	2,779,443
Trading Licences	5,055,000	6,065,000
Goldsmith Licences	3,930,000	1,560,000
Dredge Licences	24,280,300	25,073,661
Mining Licences	79,065,520	76,019,071
Mining Privileges	6,337,500	6,340,000
Duplicate Licences	8,500	25,500
Geological/Geophysical Surveys	3,940,000	10,835,000
Prospecting Permit (Sml Scale)	551,500	545,500
Business Permissions	2,570,000	3,594,608
Prospecting Permit Med. Scale	734,033,685	672,598,161
Petroleum Production Licences	-	5,017,965
Petroleum Prospecting Licences	170,874,924	116,572,965
Acreage under petroleum	16,000	-
Residential Permissions	76,000	100,000
Specified Machinery	1,312,000	1,325,500
	<b><u>1,115,808,979</u></b>	<b><u>1,021,715,493</u></b>

**GUYANA GEOLOGY AND MINES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
<b>8) Fees and fines</b>		
Fees	129,500	123,050
Tributes	6,874,030	3,357,039
Applications For Dredge Licences	727,000	719,000
Registration Fees	377,000	264,000
Transfer Of Dredges	10,638,500	7,825,500
Duty On Transfers (Claims)	484,000	808,000
Applications For Medium Scale Permits	1,594,000	3,661,486
Applications For Large Scale Licences	118,200	236,400
Application for Quarry Licenses	-	98,500
Application for Petroleum Prospecting License	1,576,000	1,003,991
Training Fees (Petroleum Prospecting Licences)	37,177,965	72,350,955
Applications For Mining Permits	736,000	1,838,325
Endorsement Fee	5,683,050	6,191,850
Application Fee (River Claims)	1,088,000	1,014,000
Application Fee (Land Claims)	2,318,000	2,819,500
Applications Prospecting Permit (Sml) Scale	551,500	535,250
Out Of Court Settlement	14,859,500	3,810,539
Penalty - Late Rentals	85,506,786	90,228,098
Transfer Fee - Petroleum Licence	21,791,254	1,595,980
	<u>192,230,285</u>	<u>198,481,463</u>
	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
<b>9) Concessions</b>		
Mining Properties	-	13,961,370
Mining Permit	552,414,733	512,222,905
	<u>552,414,733</u>	<u>526,184,275</u>

**GUYANA GEOLOGY AND MINES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>G\$</u></b>	<b><u>G\$</u></b>
<b>10) Other Income</b>		
Registration Certificate	2,622,000	2,615,100
Interest From Investment	189,556,963	227,523,198
Sale Of Official Pub. - Carto.	8,407,914	6,927,180
Sale Of Official Pub. - Library	673,560	657,766
Drill Rental	12,000	-
Sale Of Lapidary Products	444,500	359,770
Disposal Of Assets	1,263,927	1,115,350
Surcharge	-	4,500
Verification Of Claims	-	1,500
Gain On Foreign Exchange	130,250	68,978,358
Miscellaneous	3,481,100	3,452,960
Photocopying	321,891	222,613
Printing Sales from duplication of Petroleum data	2,002,965	2,737,553,133
Equipment Rental	-	12,000
Cost Recovery For Transportation	835,008	853,236
Jewelry Certificate	11,100	12,800
Interest from Staff Loans	2,187,890	873,042
Sale Of Retort	867,680	586,960
Miscellaneous - Mining Conference	-	5,815,696
Chicken Project	22,000	33,000
Bullion Assay	15,156,000	17,514,000
Other	-	2,000
Proceeds from Lottery	-	1,160,000
	<b><u>227,996,748</u></b>	<b><u>3,076,274,162</u></b>

**GUYANA GEOLOGY AND MINES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
<b>11) <u>Employment cost</u></b>		
Salaries	1,282,924,404	1,205,313,769
Wages	24,803,606	23,895,887
Salaries Overtime	63,822,605	40,384,634
Commuted Overtime	5,620,486	5,059,548
Wages Overtime	35,178,441	36,547,162
Station/Bush Allowance	31,284,003	35,738,638
House Allowance	325,505	-
Duty Allowance	5,259,226	4,001,195
Subsistence & Travelling	109,611,190	103,511,573
Risk Allowance	2,022,750	2,075,392
Cash-in-Lieu Of Leave	8,821,069	4,244,277
Travelling Allowance	47,295,387	47,447,664
Entertainment Allowance	1,185,440	1,733,436
Pension Scheme-Employer's Contribution	156,618,360	163,209,554
N.I.S. Employer's Contribution	71,458,314	61,235,084
Directors' Emolument	1,540,000	1,792,000
Leave Passage	96,408,598	92,559,730
Responsibility Allowance	6,006,841	4,523,252
Acting Allowance	13,126,510	9,439,986
Uniform & Safety Gears	21,804,736	27,528,179
Training And Education	30,534,093	18,846,729
Medical Scheme	6,128,468	5,137,774
Utility Allowance	6,139,515	6,990,071
Gratuity And Severance Pay	16,011,992	15,134,834
Purchase Of Meals	6,533,375	4,663,734
Seminars & Workshops	1,534,401	2,511,712
Memberships & Subscriptions	1,733,503	3,972,782
Lunch And Snack	15,947,000	12,692,536
Stipend-VSO Geologist	2,284,500	1,010,000
Group Life Insurance	5,100,321	4,151,436
Management fees	2,500,824	2,500,824
	<u>2,079,565,463</u>	<u>1,947,853,392</u>

**GUYANA GEOLOGY AND MINES COMMISSION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b><u>G\$</u></b>	<b><u>G\$</u></b>
<b>12) Administration and operational expenses</b>		
Fuel & Lubricants - Vehicles Etc	79,173,904	67,581,935
Maintenance of Radio & Comm. Equip.	21,170	1,015,943
Maintenance of Electrical Equip.	1,228,422	756,346
Maintenance of Vehicles Etc.	59,077,635	58,956,711
Maintenance of Laboratory Equipment	135,000	-
Telephone, Telex, Cables & Sattelite Phones	17,697,018	13,870,285
Electricity	31,619,088	47,387,378
Maintenance Of Office Equipt. & Furniture	2,621,273	4,673,411
Maintenance of engine and accessories	29,812	1,113,032
Printing & Duplicating	1,939,143	1,418,522
Professional & Consultancy Services	47,203,559	33,972,311
Audit Fees	-	3,706,880
Office Stationery	42,606,960	43,494,602
Honorarium/Compensation	41,514,200	18,388,259
Postage	705,310	663,822
Maintenance & Repairs To Buildings	19,567,116	15,404,206
Maintenance Of Grounds	144,197	14,140
Mechanical supplies	1,842,439	851,499
Janitorial & Cleaning Services	2,681,246	1,926,296
Security Service (External)	60,291,120	52,806,000
Leases & Rentals	16,378,546	8,523,538
Sponsorship/Bursaries	2,676,877	2,283,948
Subscription/Gazettes/Journals	5,782,214	6,186,915
Tech. & Management Services	4,745,063	8,928,324
Drugs & Medical Supplies	8,045,762	10,069,483
Electrical Supplies	3,141,522	6,676,514
Lapidary Laboratory Supplies	-	4,333,908
Insurance Of Assets/Licence	360,887	3,881,185
Bank Charges	1,631,999	2,245,886
Ration	52,279,157	38,080,545
Environmental conference	515,400	261,600
Advertisement	15,509,081	17,385,825
Donations - Gifts, Wreaths, Etc.	5,859,937	9,394,720
Chemical Laboratory	-	292,662
Laboratory Supplies	9,297,472	-
Maintenance of Generator/Brush Cutter	1,141,448	-
Maintenance of Drill/Welding	957,875	414,650
Miscellaneous	58,803	59,097
Exhibitions	714,130	721,190
Entertainment Expense	873,336	1,372,094
Other supplies	1,522,711	887,972
Carpenter Supplies	2,694,826	1,901,817
Maintenance/repairs to other equipment	-	603,913
<b>Balance C/F</b>	<b><u>544,285,658</u></b>	<b><u>492,507,364</u></b>

**GUYANA GEOLOGY AND MINES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
12) <b>Administration and operational expenses</b>	<b>544,285,658</b>	<b>492,507,364</b>
<b>Balance B/F</b>	4,943,729	3,560,160
Freight & Handling Charges	13,180,644	8,887,516
Legal Expenses	37,985,330	40,850,050
Welfare & Sundries	1,909,172	1,953,693
Revenue Stamps	43,017,207	51,221,603
Field Expendable	19,606,290	8,772,053
Field Maintenance	12,385,624	12,454,981
Personal Kit	-	10,503,037
Hire charges/Equipment	898,408	127,638
Sport Club	7,169,451	5,520,962
Staff Party	17,331,859	-
Anniversary Celebration	37,134,622	43,327,791
Withholding Tax	1,964,620	26,624
Pest Control	-	220,000
Materials for Surveys	53,616,533	42,360,763
Boarding And Lodging	36,238,181	36,804,551
E-Mail And Home Page Service	3,510,928	1,167,500
Other rental and services	39,973,699	32,045,791
Mining And Quarrying	120,000	549,058
Rearing of chicken	3,435,740	4,879,957
Rates And Taxes	1,411,848	1,294,194
Magisterial Fees	465,635	119,000
Directors Supplies	3,893,784	2,513,926
Sanitary Facility	1,412,894	-
Oil and gas regulation review	4,650,668	365,182
Revegetation Of Land - Reclamation Project	383,225	3,065,098
Scientific Equipment Maintenance	220,820	-
Other utilities insurance fiance charges	34,021,505	33,467,454
Value Added Tax (V.A.T)	6,000	27,881,000
Mining Information	<u>925,174,074</u>	<u>866,446,946</u>

**GUYANA GEOLOGY AND MINES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
<b>13) <u>Transport and travelling</u></b>		
Transportation & Toll Fees	3,647,940	4,693,995
Overseas Conference & Visit	41,050,431	7,650,212
Road, Air & Other Charter	<u>223,273,437</u>	<u>203,282,541</u>
	<u><b>267,971,808</b></u>	<u><b>215,626,748</b></u>
<b>14) <u>Subvention to government and other agencies</u></b>		
Subvention GGDMA/GPSU	3,292,518	24,120,298
Subvention EPA/Other Governmental Agencies	<u>135,530,392</u>	<u>-</u>
	<u><b>138,822,910</b></u>	<u><b>24,120,298</b></u>

**GUYANA GEOLOGY AND MINES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15) Property, plant and equipment**

	<u>Land &amp; Buildings</u>	<u>Motor Vehicles</u>	<u>Office Fur., Fix &amp; Fittings</u>	<u>Scientific, Field &amp; Mining Equip.</u>	<u>Total</u>
	G\$	G\$	G\$	G\$	G\$
<i>Cost/Valuation</i>					
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 01 January, 2016	1,265,936,768	782,940,711	631,260,141	879,318,448	3,559,456,068
Additions	22,264,744	80,345,063	114,167,398	145,320,925	362,098,130
Disposals	-	(589,354)	-	-	(589,354)
as at 31 December, 2016	<u>1,288,201,512</u>	<u>862,696,420</u>	<u>745,427,539</u>	<u>1,024,639,373</u>	<u>3,920,964,844</u>
<i>Accumulated Depreciation</i>					
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 01 January, 2016	123,211,150	526,626,348	252,064,558	387,977,875	1,289,879,931
Charges for the year	11,129,177	115,213,853	51,291,261	67,393,649	245,027,940
Dep's written back on disposals	-	(467,227)	-	-	(467,227)
as at 31 December, 2016	<u>134,340,327</u>	<u>641,372,974</u>	<u>303,355,819</u>	<u>455,371,524</u>	<u>1,534,440,644</u>
<b>Net Book Value as at 31.12.2016</b>	<u><b>1,153,861,185</b></u>	<u><b>221,323,446</b></u>	<u><b>442,071,720</b></u>	<u><b>569,267,849</b></u>	<u><b>2,386,524,200</b></u>
<b>Net Book Value as at 31.12.2015</b>	<u><b>1,142,725,618</b></u>	<u><b>256,314,363</b></u>	<u><b>379,195,583</b></u>	<u><b>491,340,573</b></u>	<u><b>2,269,576,137</b></u>

**16) Investments**

	<u>2016</u>	<u>2015</u>
	G\$	G\$
Stock Of Gold	85,618,938	78,919,844
Stock Of Diamonds	61,318,425	61,318,425
Loring Lab	8,505	8,505
Short term	546,591	546,591
	<u><b>147,492,459</b></u>	<u><b>140,793,365</b></u>

**17) Inventories**

Stores Control Account	<u><b>72,279,644</b></u>	<u><b>63,832,389</b></u>
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**18) Trade and other receivables**

	<u>2016</u>	<u>2015</u>
	G\$	G\$
Advances - PU/NICIL & MPW&C	52,731,061	52,731,061
Staff Receivable	110,719,607	102,197,829
Accounts receivables	(20,000)	(18,000)
Pre-payments	13,697,980	10,291,498
Trade Receivable	307,139,306	289,392,426
Loans To Employees	75,064,240	73,684,115
Debtors: Sub-Advance	20,184,906	16,215,565
Revolving Fund	30,754,923	7,335,824
	<u><b>610,272,023</b></u>	<u><b>551,830,318</b></u>

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	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
<b>19) Cash and cash equivalents</b>		
<b><u>Cash at bank:</u></b>		
Sub-Imprest Account	47,081,214	13,626,355
G.B.T.I. Special Investment Account	9,021,724,295	13,609,230,089
G.B.T.I. Current Account	(14,412,857,685)	(6,008,199,374)
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	15,966,253
Republic Bank	6,582,403,829	6,632,393,610
Bank of Guyana Current Account	12,674,166,517	4,123,717,928
Bank of International Settlement	3,780,016,659	3,772,654,703
<b>Sub-Total</b>	<u>15,821,349,311</u>	<u>20,272,237,793</u>
<b><u>Cash on hand:</u></b>		
Foreign Currency Cash In Hand	(78,072)	1,043,105
Petty Cash Imprest	466,543	466,649
Library Float	2,000	2,000
<b>Sub-Total</b>	<u>390,471</u>	<u>1,511,754</u>
<b>Total</b>	<u>15,821,739,782</u>	<u>20,273,749,547</u>
<b>20) <u>Statutory reserve fund</u></b>	<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 2016.

(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**  
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	<u>2016</u> <u>G\$</u>	<u>2015</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>2016</u> <u>G\$</u>	<u>2015</u> <u>G\$</u>
22) Revaluation reserve:- gold	<u>34,831,987</u>	<u>28,132,893</u>

The amount represents the Gold that was revalued using the fair value concept as at 31/12/2016.

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>2016</u> <u>G\$</u>	<u>2015</u> <u>G\$</u>
23) Trade and other payables		
Refundable Deposit	999,727,686	989,607,495
Sundry Payables Control	580,564,894	510,002,948
Salaries & Wages Payable	3,471,209	(5,776,779)
Accrued Salaries and Wages Payable	(1,298,986)	-
Accrued Leave Passage	2,791,549	1,918,286
Subsistence & Travelling	10,286,222	9,887,849
Field Allowance Payable	11,208,696	5,788,834
National Insurance Scheme	<u>9,340,595</u>	<u>10,058,179</u>
<b>Sub-total C/F</b>	<b>1,616,091,865</b>	<b>1,521,486,812</b>

**GUYANA GEOLOGY AND MINES COMMISSION**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 DECEMBER, 2016**

	<u>2016</u> <u>G\$</u>	<u>2015</u> <u>G\$</u>
<b>23) Trade and other payables: (Cont'd)</b>		
<i>Sub-total B/F</i>	<b>1,616,091,865</b>	<b>1,521,486,812</b>
P.A.Y.E. Payable	7,586,281	10,910,585
Life Insurance	(31,669)	(32,627)
P.S.U - Union Dues	(244,600)	(193,300)
P.S.U. Credit Union	12,003	12,000
Pension Fund Payable	135,640,456	190,326,508
Guyana Revenue Authority (W.H.T)	25,650,734	19,635,322
Medical Scheme	443,702	485,409
Liability Stale Dated Cheques	353,843	353,843
Provision for Bad & Doubtful Debt	12,883,463	12,883,463
Directors Fees Payable	1,243,635	841,835
Acting allowance	(497,789)	-
Responsibility allowance	(382,439)	-
Provision for Auditing	2,000,000	2,000,000
Interest payable	(24,430)	-
Accrued Expenses	60,535,430	43,593,006
<b>Total</b>	<b><u>1,861,260,485</u></b>	<b><u>1,802,302,856</u></b>

	<u>2016</u> <u>G\$</u>	<u>2015</u> <u>G\$</u>
<b>24) <u>Deferred income</u></b>	<b><u>1,058,727,588</u></b>	<b><u>1,058,727,588</u></b>

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, 2016**

**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**  
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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>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
Basic Salaries & Allowances	<u>143,632,964</u>	<u>134,798,594</u>

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

(i) **Director's Remuneration:**

The GGMC's board of directors comprises of twenty three (22) members. Director's remuneration for the year amounted to \$4,656,000 Details are as follows:-

<u>Name of Member</u>	<u>Designation</u>	<u>2016</u>	<u>2015</u>
		<u>G\$</u>	<u>G\$</u>
Clinton Williams	Chairman	-	252,000
Urica Primus	Member	220,000	-
Stanley Ming	Chairman	228,000	-
Terrence Adam	Member	204,000	208,000
Prema Ramanah Roopnarine	Member	-	204,000
William Thomas Dalgety	Member	204,000	204,000
Peter Ramotar	Member	-	204,000
Unata DeFreitas	Member	224,000	212,000
Frederick McWilfred	Member	-	208,000
Evans Persaud	Member	-	220,000
Lisaveta Ramotar	Member	212,000	212,000
Tasreef Khan	Member	-	212,000
Patrick Harding	Member	-	208,000
Omkaramanda Lochan	Member	-	157,000
Euliene Watson	Member	373,000	51,000
John Applewhite-Hercules	Member	-	4,000
Derick John	Member	-	204,000
Courtney Ramsay	Member	-	153,000
Renee Duesbury	Member	-	204,000
Gerry Gouveia	Member	-	204,000
Kemraj Persaud	Member	-	208,000
Michael George	Member	-	153,000
Yvonne Pearson	Member	-	204,000
Nageshwari Lochan Prasad	Member	204,000	51,000
Anthony Shields	Member	216,000	-
Keith Austin	Member	232,000	-
Mark Waldron	Member	204,000	-
Brian Tiwari	Member	204,000	-
Derrick Lawrence	Member	216,000	-
Vanda Radzik	Member	204,000	-
Wendell Blanhum	Member	204,000	-
Hilton Cheong	Member	208,000	-
George Lewis	Member	204,000	-
Dela Britton	Member	199,000	-
Abiola Henry	Member	153,000	-
Clayton Hall	Member	181,000	-
Eon Garnett	Member	181,000	-
Aseef Adams	Member	181,000	-
<b>Total</b>		<u><b>4,656,000</b></u>	<u><b>3,937,000</b></u>

(ii) **Income from Government agencies**

Royalties from Guyana Gold Board	<u>5,472,840,426</u>	<u>4,510,611,421</u>
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**GUYANA GEOLOGY AND MINES COMMISSION  
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**27) Analysis of financial assets and liabilities by measurement basis**

	Available for sale	Loans and receivables	Financial assets and liabilities at amortised cost	Total
<b>2016</b>	G\$	G\$	G\$	G\$
<b>ASSETS</b>				
Investments	147,492,459	-	-	147,492,459
Trade and other receivables	-	610,272,023	-	610,272,023
Cash and cash equivalents	-	-	15,821,739,782	15,821,739,782
	<u>147,492,459</u>	<u>610,272,023</u>	<u>15,821,739,782</u>	<u>16,579,504,264</u>
<b>LIABILITIES</b>				
Trade and other payables	-	-	1,861,260,485	1,861,260,485
Deferred income	-	-	1,058,727,588	1,058,727,588
	<u>-</u>	<u>-</u>	<u>2,919,988,073</u>	<u>2,919,988,073</u>
<b>2015</b>				
<b>ASSETS</b>				
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>
<b>LIABILITIES</b>				
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>

**28) Financial risk management**

**Objectives**

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

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

**(a) Market risk**

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

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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>2016</u> G\$	<u>2015</u> G\$
<b>ASSETS</b>		
US Dollar	<u>1,892,786,816</u>	<u>1,884,480,377</u>
<b>Net asset</b>	<u>1,892,786,816</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>2016</u> G\$	<u>2015</u> G\$
Profit/(loss)	<u>47,319,670</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 commission's profit would have been:

	Increase/ decrease in basis point	<u>Impact on profit for the year</u>	
		<u>2016</u> G\$	<u>2015</u> G\$
<b>Cash and cash equivalent</b>			
Local currency	+/-50	6,964,476	9,379,479
Foreign currency	+/-50	<u>946,393</u>	<u>942,240</u>
		<u>7,910,870</u>	<u>10,321,719</u>

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**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 2016		
		Within one year	Non-interest bearing	Total
		G\$	G\$	G\$
<b>ASSETS</b>				
Investments	-	-	147,492,459	147,492,459
Trade and other receivables	-	-	610,272,023	610,272,023
Cash and cash equivalents	1.0-1.25	26,407,109,123	(14,365,386,000)	12,041,723,123
		26,407,109,123	(13,607,621,518)	12,799,487,605
<b>LIABILITIES</b>				
Trade and other payables	-	-	1,861,260,485	1,861,260,485
Deferred income	-	-	1,058,727,588	1,058,727,588
		-	2,919,988,073	2,919,988,073
Interest sensitivity gap		26,407,109,123	(16,527,609,591)	9,879,499,532
<b>MATURING 2015</b>				
	Interest rate range %	Within one year	Non-interest bearing	Total
		G\$	G\$	G\$
<b>ASSETS</b>				
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
		22,494,156,109	(5,300,437,582)	17,193,718,527
<b>LIABILITIES</b>				
Trade and other payables	-	-	1,802,302,856	1,802,302,856
Deferred income	-	-	1,058,727,588	1,058,727,588
		-	2,861,030,444	2,861,030,444
Interest sensitivity gap		22,494,156,109	(8,161,468,026)	14,332,688,083

**GUYANA GEOLOGY AND MINES COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER, 2016**

**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

	<b>MAXIMUM EXPOSURE</b>	
	<b>2016</b>	<b>2015</b>
	G\$	G\$
Trade and other receivables	610,272,023	551,830,318
Cash and cash equivalents	15,821,739,782	20,273,749,547
<b>Total credit risk exposure</b>	<b>16,432,011,805</b>	<b>20,825,579,865</b>

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

The commission faces credit risk in respect of its cash and cash equivalent, trade and other receivables. However, this risk is controlled by close monitoring of these assets by the commission. The maximum credit risk faced by the 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>2016</u>	<u>2015</u>
	G\$	G\$
Trade receivables	307,139,306	289,392,426
Staff receivables	185,783,847	175,881,944
Advances	72,915,967	68,946,626
Others	30,754,923	7,335,824
	<u>596,594,043</u>	<u>541,556,820</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 2016</u>	
	<u>Within 1 year</u>	<u>Total</u>
	G\$	G\$
Trade and other payables	1,861,260,485	1,861,260,485
Deferred income	1,058,727,588	1,058,727,588
	<u>2,919,988,073</u>	<u>2,919,988,073</u>

**GUYANA GEOLOGY AND MINES COMMISSION  
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**28) Financial risk management-cont'd**  
**(c) Liquidity risk-cont'd**

	MATURING 2015	
	Within 1 year	Total
	G\$	G\$
Trade and other payables	1,802,302,856	1,802,302,856
Deferred income	1,058,727,588	1,058,727,588
	2,861,030,444	2,861,030,444

**29) Approval of financial statements**

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