

The Guyana Oil Company Limited

# ANNUAL REPORT

2018



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# THE GUYANA OIL COMPANY LIMITED

## NOTICE OF MEETING

NOTICE is hereby given that the forty-third (43<sup>rd</sup>) Annual General Meeting of **THE GUYANA OIL COMPANY LIMITED** will be held on **Friday June 28, 2019** at 16:00 hours (4:00p.m.) in the Company's Conference Room, Kitty Service Station, Queen Street, Kitty, Georgetown, for the following purposes:-

### AGENDA

1. To receive and consider the Audited Accounts for the year ended December 31, 2018 and the Reports of the Directors and Auditors thereon;
2. To authorise the Directors to fix the remuneration of the Auditors.
3. To confirm the payment of and declare a Final Dividend as recommended by the Directors.
4. Any Other Business.

*By Order of the Board*

*Registered Office:*  
191 Camp Street  
Georgetown

JUNE 1, 2019

  
.....  
Hissa McFaire-Jones  
Company Secretary

**THE GUYANA OIL COMPANY LIMITED**  
**CHAIRMAN'S REPORT**

**INTRODUCTION**

I am pleased to present the Chairman's Report for the year ended 31<sup>st</sup> December, 2018.

The Company's business involves the importation, storage, distribution and marketing of motor gasoline, gasoil, kerosene, fuel oil, Castrol lubricants and bituminous products. The products are distributed through the largest distribution network in the petroleum business in Guyana, comprising fifty-two Dealer (Owned) and eight Company Owned Service Stations, all serviced by its three Terminals located in Administrative Regions 2 (Adventure), 4 (Providence) and 6 (Heathburn).

Following the suspension of the Petro Caribe Agreement in August 2015 by the Venezuela Government, Guyoil signed a supply agreement with Petroleum Company of Trinidad and Tobago (Petrotrin) in 2016. In November 2018, Petrotrin ceased operations and all the assets relative to the Terminal, fuel trading and product supply operations were vested in a newly incorporated company – Paria Fuel Trading Limited (PARIA). Paria assumed the Terminal, fuel trading and product supply operations of Petrotrin. This transition created a lot of uncertainty, therefore Guyoil explored other opportunities for alternative Suppliers. West Indies Petroleum Limited (WIP), a private fuel trading company located in Jamaica was engaged as an additional Supplier and supplied products to Guyoil on a spot contract basis. The product supply complimented products supplied by Paria allowing the company to leverage on competitive prices.

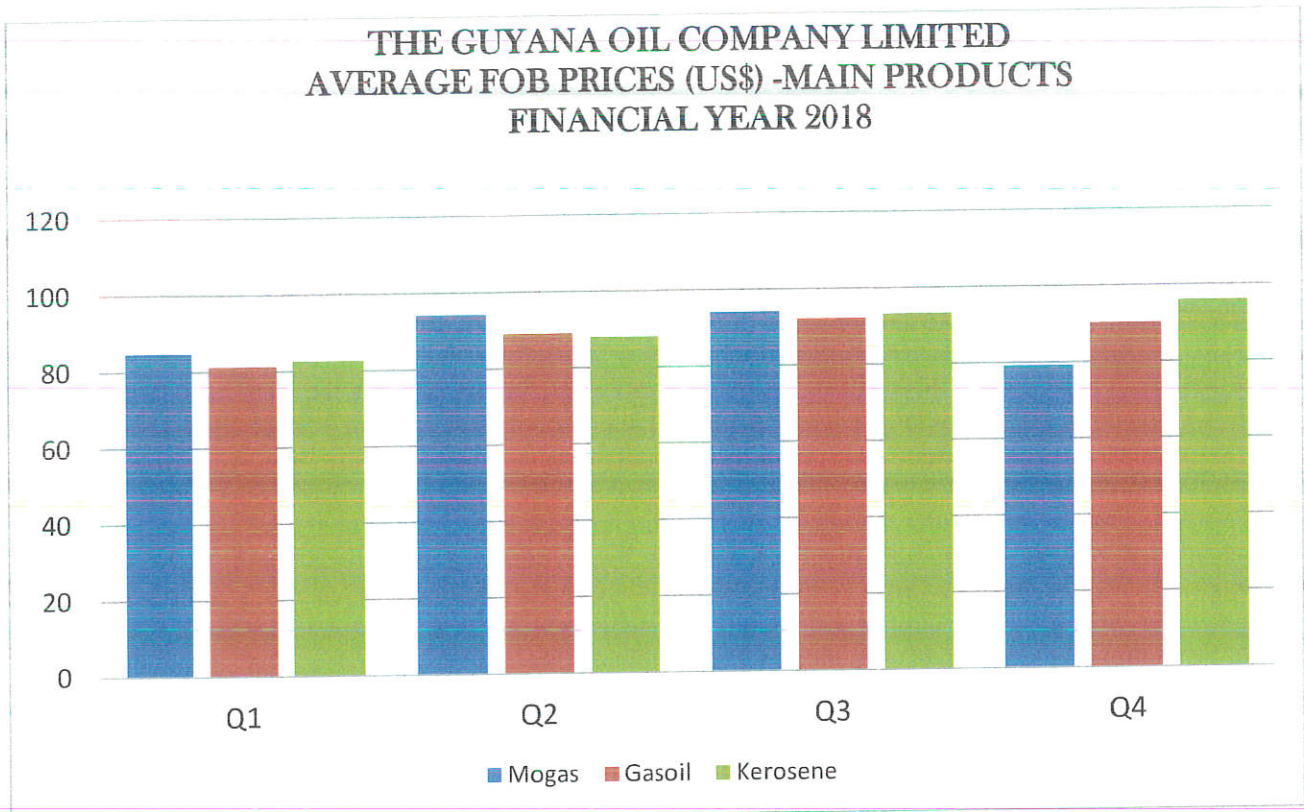
Despite the increased number of licensed private importers, Guyoil maintained its dominant position in the Guyana market and continued to be the leader in stabilizing fuel prices, to the benefit of the Guyanese consuming public and industries.

**CORPORATE GOVERNANCE**

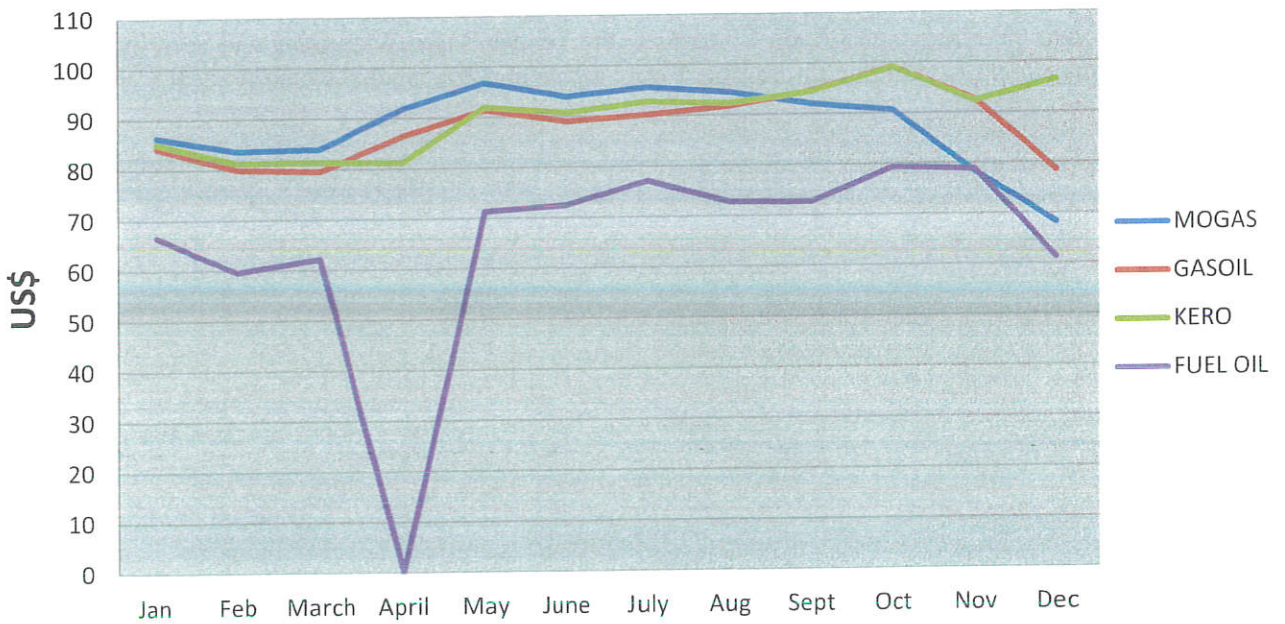
The Board of Directors is committed to good Corporate Governance. The Company's Corporate Governance Policies conform to internationally accepted standards and relevant legislation and are designed to ensure that the Company is managed in the best interest of its Shareholder, employees and customers.

During the year the Finance and Audit Committee, the Tender Board, Marketing and Security Committee and the Management Committee of the Board were active and contributed to the prudent management of the Company's affairs.

**ACQUISITION PRICES**



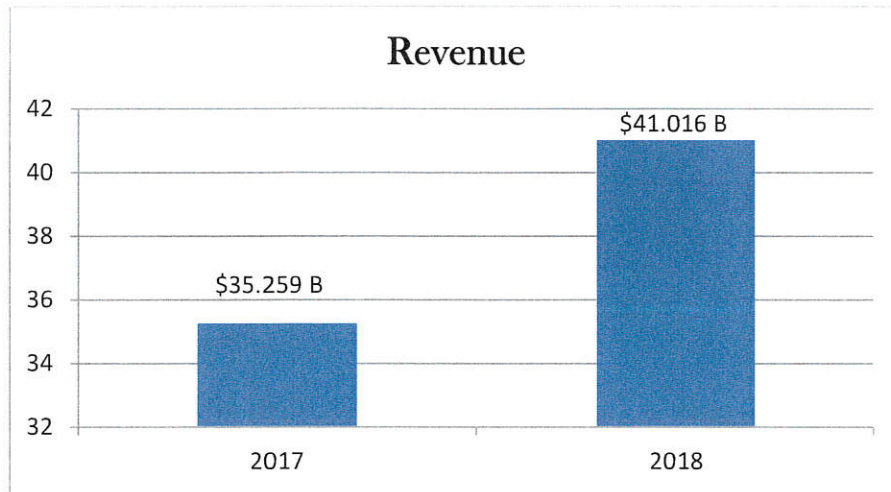
**AVERAGE FOB PRICES FOR MAIN PRODUCTS  
FOR THE YEAR 2018**



## 2018 PERFORMANCE HIGHLIGHTS

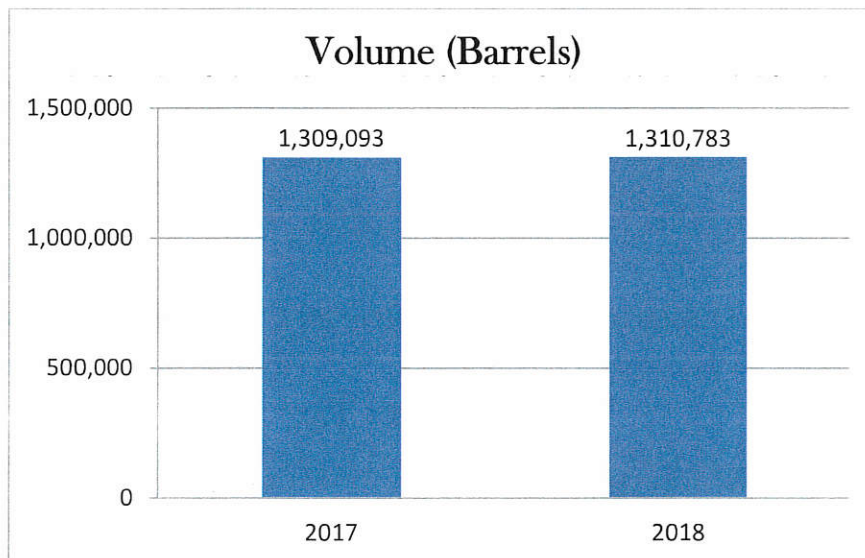
### *Sales Revenue*

In 2018 sales revenue totaled \$41.016B compared to \$35.259B in 2017, an increase of \$5.721B or 16.23%. Cost of sales was \$36.396B compared to \$30.465B in 2017, an increase of \$5.931B or 19.47%.



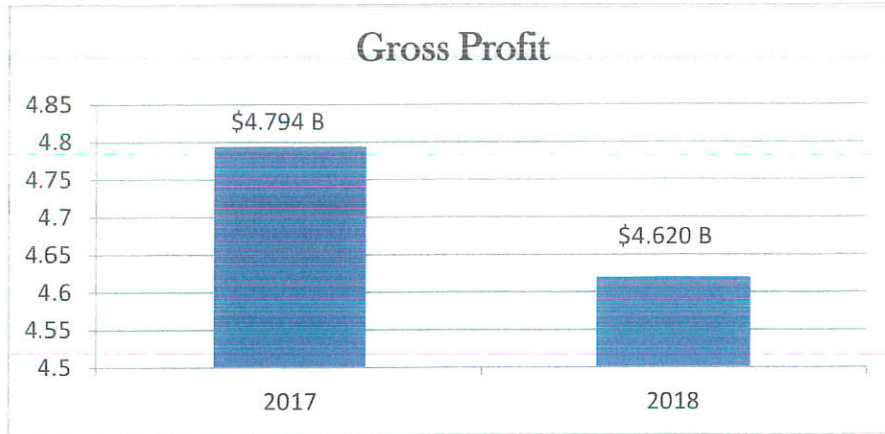
### *Sales Volume*

Volume sales totaled 1,310,783 barrels compared to 1,309,093 barrels in 2017, an increase of 1,690 barrels or 0.13%.



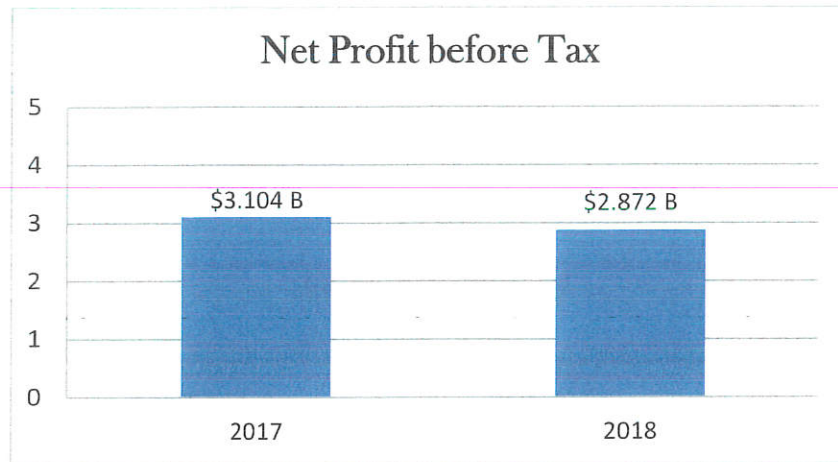
*Gross Profit*

Gross profit achieved in 2018 was \$4.620B compared to \$4.794B in 2017, a decrease of \$0.174B or 3.63%.



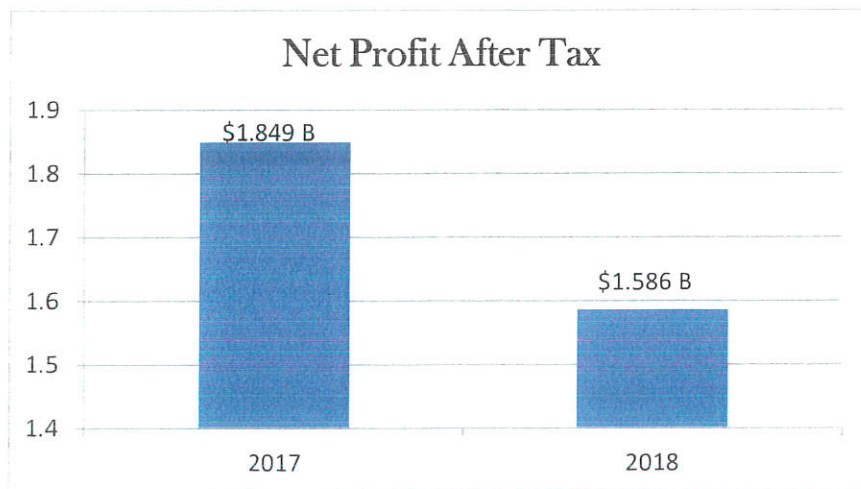
*Net Profit before Tax*

Net profit before taxation for 2018 was \$2.872B compared to \$3.104B in 2017, a decrease of \$0.232B or 7.47%.



*Net Profit after Tax*

Net profit after taxation was \$1.586B compared to \$1.849B in 2017, a decrease of \$0.263B or 14.22%.





## **FINANCIAL PERFORMANCE**

Guyoil's 2018 performance was affected by higher average acquisition costs for petroleum products, which resulted in reduced profitability.

## **CONTRIBUTION TO COMMUNITY**

Guyoil continued to honor its corporate responsibilities during the year by contributing \$2.1M to community based organizations, clubs and institutions involved in sports, education, culture and charitable work.

## **MANAGEMENT AND STAFF**

The management and staff were able to meet the strong competitive market challenges in 2018 by continuing to serve the company's customers in a consistent, reliable, efficient and cost effective manner.

## **PARTNERSHIP**

We continue to build and improve our business partnership with BP/Castrol, benefiting from training in marketing and product knowledge, thereby enabling the company to maintain its market share in the lubricant business.

The higher quality Castrol products are sold at higher prices than the competition. This challenged GuyOil to adopt creative strategies to maintain its market share.

## **MARKETING FOCUS**

The Company's drive to expand its market share for fuel and lubricants dictated an aggressive posture, with deliberate emphasis on the improvement of the delivery of customer services, aggressive pricing strategies and continuing staff training and development.

## **INDUSTRIAL RELATIONS**

Relations with the Union representing workers continued to be cordial. Employees received salary increases ranging from 3 - 10 % based on the employee's performance appraisal for the year 2018. This increase was retroactive to January 1<sup>st</sup> 2018. Additionally, an annual incentive bonus of four (4) weeks was paid to employees.

## **COMPANY DEBTORS**

Trade debtors continued to be vigorously pursued with the objective of collecting all debts. Legal action has been taken where necessary. The Company's credit policy was strictly enforced.

## **TRAINING**

Training continued to be an integral part of the Company's management strategy. Staff attended training seminars on Supervisory Management, Customer Service and Occupational Health and Safety/HIV.

Consumer Sales Representatives attended seminars on customer service, marketing and product knowledge. During the year, some 3,950 man hours of in-house and external training were conducted.

## EXPANSION AND FUTURE PROJECTS

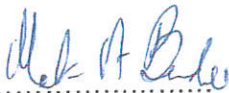
During the year the Company continued with its program to consolidate and strengthen our delivery capacity. Capital expenditure for the year was \$581.033 M.

## ACKNOWLEDGEMENTS

I wish to express sincere thanks and gratitude to my fellow Directors, Management and employees at all levels of the Company for their continued contributions and commitment towards the performance of The Guyana Oil Company Limited.

On behalf of the Board of Directors I would like to record our appreciation for the support received from our suppliers and customers. We are delighted to do business with you and look forward to your continued support in the future.

I also wish to express our appreciation for the guidance and support we continue to receive from our subject Minister, Hon. Winston Jordan, Minister of Finance, the staff of the Ministry of Finance and the Management and Directors of our parent company, NICIL.



.....  
Mr. Mark Bender  
Chairman of the  
Board of Directors

# REPORT OF THE DIRECTORS - 2018

The Directors take pleasure in submitting their Annual Report for **The Guyana Oil Company Limited**, together with the Audited Financial Statements for the year ended December 31, 2018.

## 1. SALES AND PROFITABILITY

Revenue for the year was \$41.016 Billion compared to \$35.259 Billion for the preceding year, an increase of \$5.757 Billion or 16.33%.

Gross Profit for the year was \$4.620 Billion compared to \$4.794 Billion for the previous year, a decrease of \$0.174 Billion or 3.63%.

Net Profit for the year after taxation amounted to \$1.568 Billion compared to \$1.849 Billion for 2017, a decrease of \$0.263 Billion or 14.224%.

## 2. DIVIDENDS

Confirmation of the Final Dividend of *One Billion, Two Hundred Million Dollars (\$1,200,000,000.)* for year 2018, declared by the Board of Directors.

## 3. CAPITAL EXPENDITURE

Capital Expenditure for the year amounted to \$581.033 Million categorized as follows:-

	<u>GS'000</u>
(a) Land and Buildings	10.392
(b) Plant, Machinery and Equipment	242.446
(c) Office Furniture and Fittings	21.968
(d) Motor Vehicles	10.000
(e) Construction Work-in-progress	<u>296.227</u>
	<u>581.033</u>

## 4. DIRECTORS

Members of the Board of Directors are appointed, and their remuneration fixed by the Minister of Finance.

Directors' Fees per annum were as follows:

		<u>\$'000</u>
(a) Mr. Mark Bender	-	432
(b) Mr. Oscar Phillips	-	732
(c) Mr. Harryram Parmesar	-	552
(d) Mr. Lawrence Paul	-	492
(e) Mr. Keith Cholmondeley	-	480
(f) Ms. Shondel Hope	-	564
(g) Ms. Kathleen Jason	-	<u>528</u>
		<u>3,780</u>

The following persons were appointed Directors of the Company for the year 2018:-

**From January 01 to December 31, 2018:**

(a) Mr. Mark Bender	-	Chairman
(b) Mr. Oscar Phillips	-	Member
(c) Mr. Harryram Parmesar	-	Member
(d) Mr. Lawrence Paul	-	Member
(e) Mr. Keith Cholmondeley	-	Member
(f) Ms. Kathleen Jason	-	Member
(g) Ms. Shondel Hope	-	Member

5. **DIRECTORS' INTEREST**

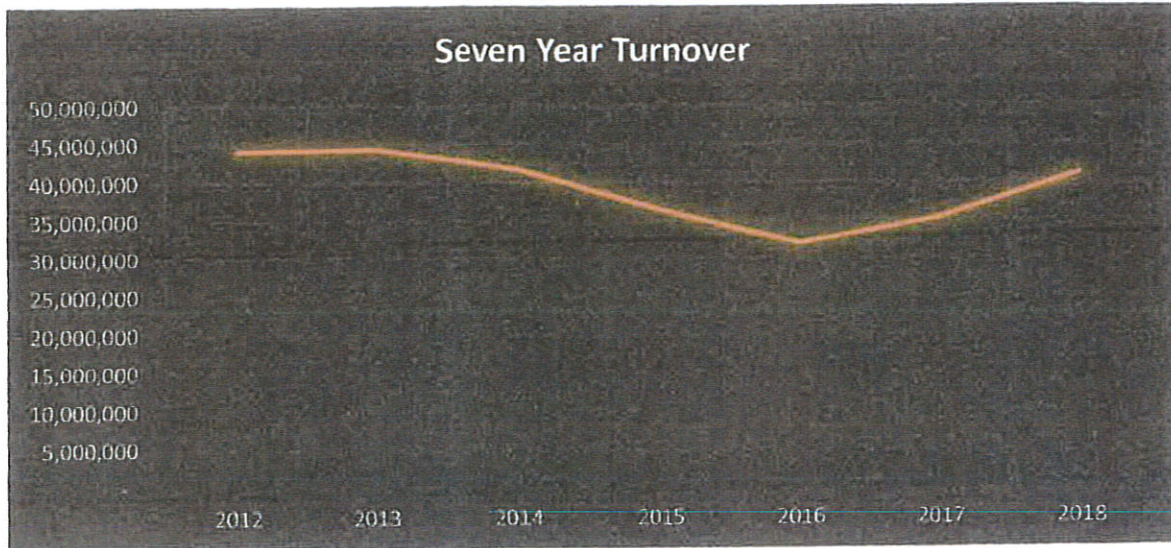
Members of the Board of Directors did not hold any Shares in the Company. No Director had any service contract with the Company.

6. **AUDITORS**

In accordance with the Audit Act 2001, the Auditor General of Guyana, Auditor of the Company, contracted PKF Barcellos Narine & Co, to conduct the Audit for 2018.

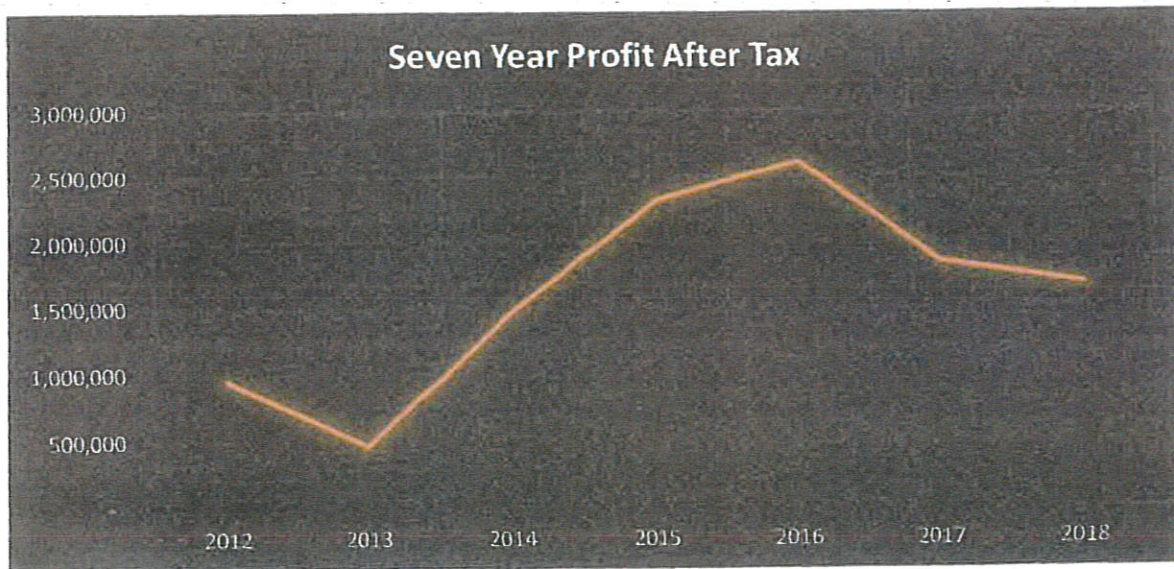
### TURNOVER (\$'000) 2012-2018

YEAR	2012	2013	2014	2015	2016	2017	2018
TURN OVER	44,130,409	44,340,055	41,708,266	36,406,699	31,939,612	35,258,988	41,016,421



### PROFIT AFTER TAX (\$'000) 2012-2018

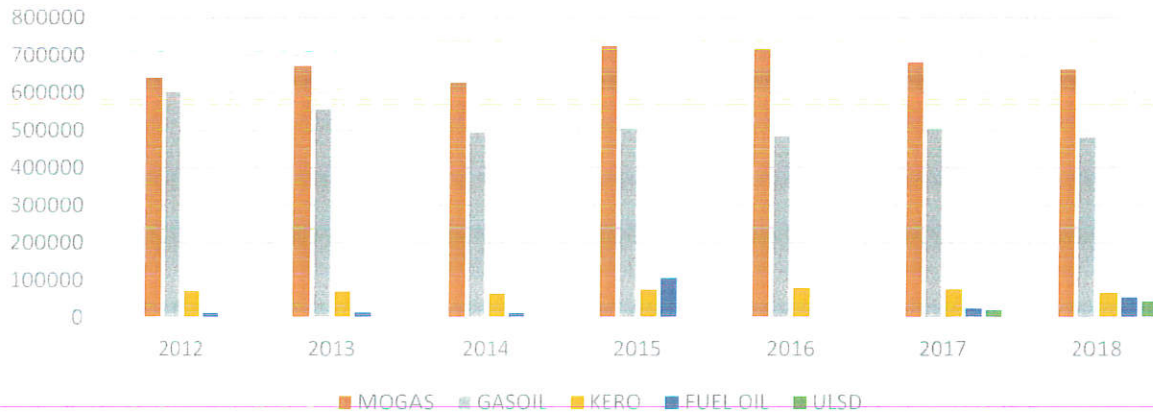
YEAR	2012	2013	2014	2015	2016	2017	2018
TURN OVER	950,676	463,705	1,469,810	2,314,414	2,609,116	1,846,168	1,676,600



## SALES VOLUMES (BBLs) 2012 – 2018

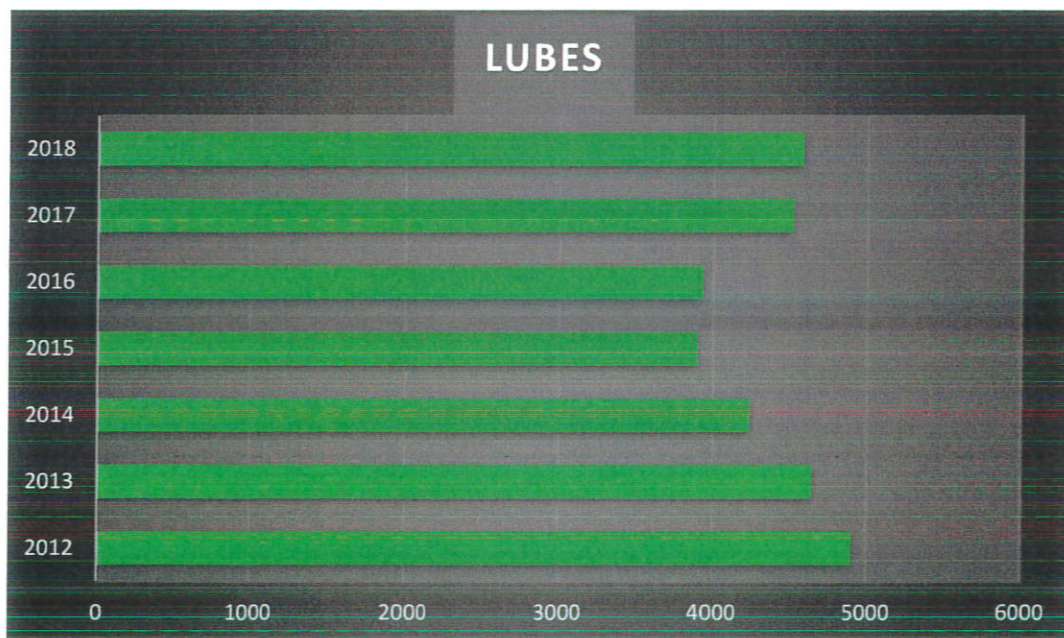
YEAR	MOGAS	GASOIL	KERO	FUEL OIL	ULSD
2012	639,539	601,794	71,632	13,019	
2013	670,921	555,907	69,592	13,836	
2014	626,669	494,024	63,976	12,450	
2015	723,669	504,001	74,473	105,613	
2016	716,298	483,439	78,862	3,613	
2017	680,759	504,248	75,788	23,740	19,758
2018	662,113	480,396	66,419	53,950	43,325

Seven Year Sales Volumes



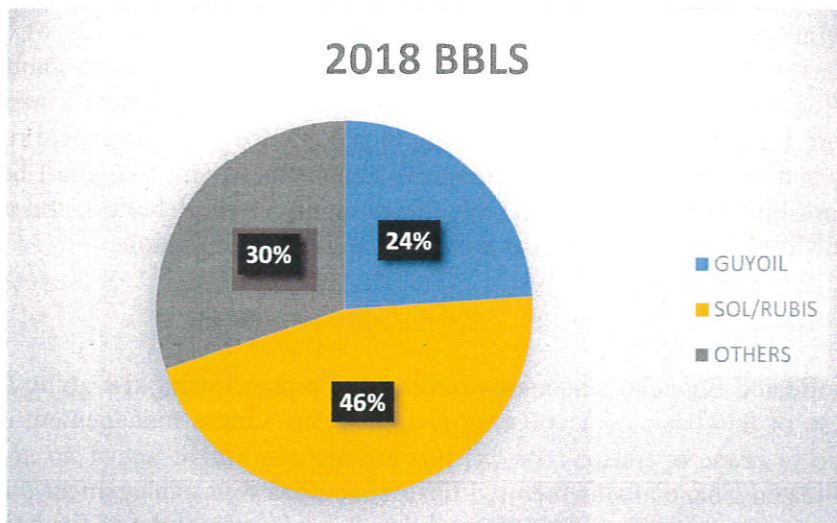
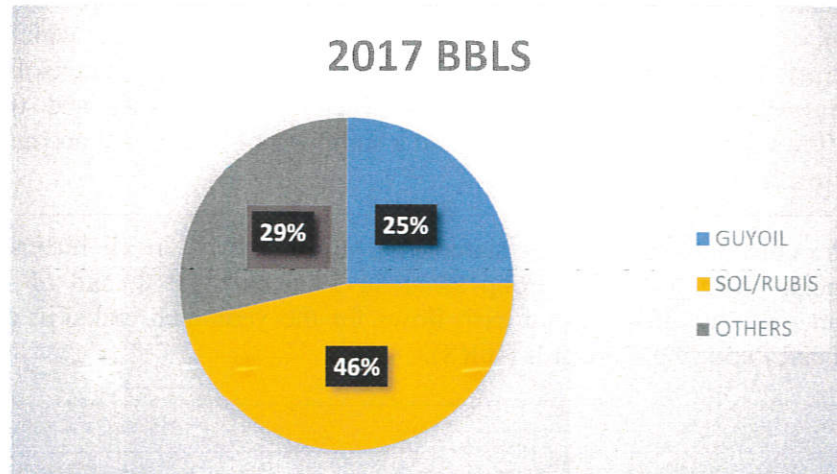
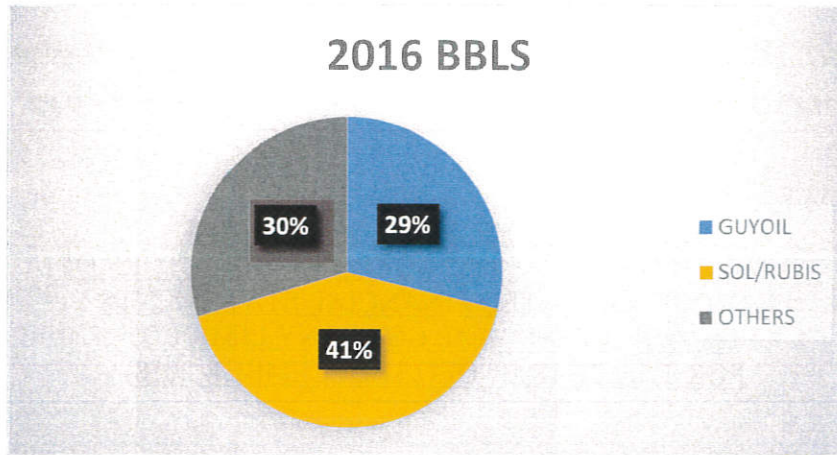
## LUBES VOLUMES

YEAR	2012	2013	2014	2015	2016	2017	2018
LUBES	4,900	4,642	4,238	3,903	3,930	4,517	4,580



# MARKET SHARE

2016			2017			2018		
COMP.	BBLs	SHARE	COMP.	BBLs	SHARE	COMP.	BBLs	SHARE
GUYOIL	1,281,725	29%	GUYOIL	1,385,513	25%	GUYOIL	1,295,925	24%
SOL/RUBIS	1,851,934	42%	SOL/RUBIS	2,588,346	47%	SOL/RUBIS	2,490,852	46%
OTHERS	1,320,000	30%	OTHERS	1,589,873	29%	OTHERS	1,638,033	30%





## *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>*

AG: 59/2019

10 June 2019

REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF  
THE CONSOLIDATED FINANCIAL STATEMENTS  
OF THE GUYANA OIL COMPANY LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2018

### *Opinion*

Chartered Accountants PKF Barcellos Narine and Company have audited on my behalf the consolidated financial statements of the Guyana Oil Company Limited, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies as set out on pages 3 to 22.

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### *Basis for Opinion*

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Going Concern*

The Group's consolidated financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Group or cease operations, or has no realistic alternative but to do so. As part of my audit of the consolidated financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the Group's consolidated financial statements is appropriate.



Management has not identified a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and accordingly none is disclosed in the consolidated financial statements. Based on my audit of the consolidated financial statements, I also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Group's ability to continue as a going concern.

*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

My objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

HNN/yp

REPORT OF CHARTERED ACCOUNTANTS PKF, BARCELLOS, NARINE & CO.  
TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF  
THE GUYANA OIL COMPANY LIMITED AND SUBSIDIARY  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Opinion**

We have audited the consolidated financial statements of The Guyana Oil Company Limited and its Subsidiary which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view, in all material respects of the financial position of the Group as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statements section of our report. We are independent of The Guyana Oil Company Limited and its Subsidiary in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Going Concern**

The group's consolidated financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. As part of our audit of the consolidated financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the group's consolidated financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern, and accordingly none is disclosed in the consolidated financial statements. Based on our audit of the consolidated financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the group's ability to continue as a going concern.

**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 consolidated financial statements, management is responsible for assessing The Guyana Oil Company Limited and its Subsidiary 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 Guyana Oil Company Limited and its Subsidiary or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Guyana Oil Company Limited and its Subsidiary financial reporting process.

.../..

Tel (592) 225 8915 | (592) 225 8917/8

Fax (592) 226 5340 | Email [bnpkf@networksgy.com](mailto:bnpkf@networksgy.com) | [www.pkfgy.com](http://www.pkfgy.com)

PKF Barcellos Narine &amp; Co. | 106-7 Lamaha Street | Georgetown | Guyana


**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 International Standards on Auditing (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 consolidated financial statements.

As a part of an audit in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Guyana Oil Company Limited and its Subsidiary 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 Guyana Oil Company Limited and its Subsidiary 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 consolidated 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 Guyana Oil Company Limited and its Subsidiary to cease to continue as a going concern.

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.

  
PKF, BARCELLOS, NARINE & CO.  
CHARTERED ACCOUNTANTS  
106 -107 Lamaha Street  
North Cummingsburg  
Georgetown

May 31, 2019

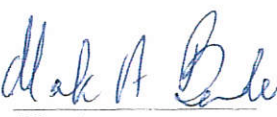
**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2018**

	Notes	Company		Group	
		2018	2017	2018	2017
		GS'000	GS'000	GS'000	GS'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant & equipment	4	2,864,289	2,600,062	3,242,340	3,018,740
Deferred tax assets	5	-	58,760	24,764	73,742
Related party	6	860,767	684,466	-	-
Investment in Subsidiary		100	100	-	-
		<b>3,725,156</b>	<b>3,343,388</b>	<b>3,267,104</b>	<b>3,092,482</b>
<b>Current Assets</b>					
Tax Recoverable		4,387	4,398	14,001	4,398
Inventories	7	1,970,800	1,982,071	2,190,555	2,112,277
Goods in transit		228,683	225,529	233,626	225,529
Receivables	8	922,561	1,116,830	1,127,018	1,250,501
Cash and Bank	9	7,062,941	6,578,010	7,202,362	6,648,609
		<b>10,189,372</b>	<b>9,906,838</b>	<b>10,767,562</b>	<b>10,241,314</b>
<b>TOTAL ASSETS</b>		<b>13,914,528</b>	<b>13,250,226</b>	<b>14,034,666</b>	<b>13,333,796</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated capital	10	575	575	575	575
Capital reserves	11	775	775	775	775
Retained earnings		11,022,355	10,545,755	11,106,634	10,568,333
		<b>11,023,705</b>	<b>10,547,105</b>	<b>11,107,984</b>	<b>10,569,683</b>
<b>Non-current liability</b>					
Deferred tax	5	6,486		6,486	
Defined benefit liability	12	70,592	161,114	70,592	161,114
<b>Current liabilities</b>					
Accounts payable	13	2,676,564	2,438,837	2,712,321	2,499,116
Taxes payable		137,181	103,170	137,283	103,883
		<b>2,813,745</b>	<b>2,542,007</b>	<b>2,849,604</b>	<b>2,602,999</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,914,528</b>	<b>13,250,226</b>	<b>14,034,666</b>	<b>13,333,796</b>

*The notes on pages 9 to 22 form an integral part of these financial statements.*

Approved and signed on behalf of the Board of Directors by:

  
 Director

  
 Director

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Consolidated Statement of Comprehensive Income**  
**For the year ended December 31, 2018**

	Notes	Company		Group	
		2018 G\$'000	2017 G\$'000	2018 G\$'000	2017 G\$'000
Revenue	14	41,016,421	35,258,988	42,943,847	37,166,736
Cost of sales		36,396,036	30,465,000	38,063,446	32,148,133
<b>Gross profit</b>		<b>4,620,385</b>	<b>4,793,988</b>	<b>4,880,401</b>	<b>5,018,603</b>
<b>Expenses</b>					
Employment		984,761	903,091	1,010,595	925,992
Operating		379,467	435,864	399,757	470,149
Administrative		293,497	275,659	338,976	320,154
Depreciation		303,715	250,624	391,526	337,670
<b>Total expenses</b>		<b>1,961,440</b>	<b>1,865,238</b>	<b>2,140,854</b>	<b>2,053,965</b>
<b>Operating profit</b>		<b>2,658,945</b>	<b>2,928,750</b>	<b>2,739,547</b>	<b>2,964,638</b>
Finance Cost		2,218	2,154	2,804	2,947
Other income	15	215,590	177,250	226,219	188,964
<b>Net Profit before Taxation</b>		<b>2,872,317</b>	<b>3,103,846</b>	<b>2,962,962</b>	<b>3,150,655</b>
Taxation	16	1,286,239	1,254,355	1,315,183	1,288,990
<b>Net Profit after Taxation</b>		<b>1,586,078</b>	<b>1,849,491</b>	<b>1,647,779</b>	<b>1,861,665</b>
Earnings per share (in dollars)	17	2,758	3,217	2,866	3,238
<b>Other Comprehensive Income for the year</b> (items that will not be reclassified subsequently to profit and loss:)					
Re-measurement of defined benefit plan		90,522	(3,323)	90,522	(3,323)
<b>Total Comprehensive Income for the year</b>		<b>1,676,600</b>	<b>1,846,168</b>	<b>1,738,301</b>	<b>1,858,342</b>

*The notes on pages 9 to 22 form an integral part of these financial statements.*

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Statement of Changes in Equity**  
**For the year ended December 31, 2018**

*Company*

	Notes	Stated Capital (Note 10) G\$ '000	Capital Reserves (Note 11) G\$ '000	Retained Earnings G\$ '000	Total G\$ '000
Balance at January 01, 2017:		575	775	9,899,587	9,900,937
Net profit for the year		-	-	1,849,491	1,849,491
Other Comprehensive Loss				(3,323)	(3,323)
Dividends		-	-	(1,200,000)	(1,200,000)
Balance at December 31, 2017		<u>575</u>	<u>775</u>	<u>10,545,755</u>	<u>10,547,105</u>
Balance as at January 1, 2018		575	775	10,545,755	10,547,105
Net profit for the year		-	-	1,586,078	1,586,078
Other Comprehensive Income				90,522	90,522
Dividends		-	-	(1,200,000)	(1,200,000)
Balance at December 31, 2018		<u>575</u>	<u>775</u>	<u>11,022,355</u>	<u>11,023,705</u>

*The notes on pages 9 to 22 form an integral part of these financial statements.*

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Consolidated Statement of Changes in Equity**  
**For the year ended December 31, 2018**

<i>Group</i>	Notes	Stated Capital (Note 10) G\$ '000	Capital Reserves (Note 11) G\$ '000	Retained Earnings G\$ '000	Total G\$ '000
Balance at January 01, 2017:		575	775	9,909,990	9,911,340
Net profit for the year		-	-	1,861,665	1,861,665
Dividends		-	-	(1,200,000)	(1,200,000)
Other Comprehensive Loss				(3,323)	(3,323)
Balance at December 31, 2017		<b>575</b>	<b>775</b>	<b>10,568,333</b>	<b>10,569,683</b>
Net profit for the year		-	-	1,647,779	1,647,779
Dividends		-	-	(1,200,000)	(1,200,000)
Other Comprehensive Income		-	-	90,522	90,522
Balance at December 31, 2018		<b>575</b>	<b>775</b>	<b>11,106,634</b>	<b>11,107,984</b>

*The notes on pages 9 to 22 form an integral part of these financial statements.*



**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Statement of Cash Flows**  
**For the year ended December 31, 2018**

<i>Company</i>	<b>2018</b> G\$'000	<b>2017</b> G\$'000
<b>Cash flows from operating activities</b>		
Net profit before taxation	2,872,317	3,103,846
<i>Adjustments for:</i>		
Interest Received	(36,691)	(37,045)
Depreciation	303,715	250,616
Property Tax Written Off	11	-
(Gain)/loss on disposal of property, plant & equipment	13,317	(3,415)
<b>Operating profit before changes in working capital</b>	<u>3,152,669</u>	<u>3,314,002</u>
Decrease/(Increase) in inventories	11,271	(321,405)
Decrease/(Increase) in trade and other receivables	194,272	(590,333)
Increase in trade and other payables	237,727	1,069,978
Decrease/(Increase) in related party	(176,530)	106,747
Increase goods in transit	(3,154)	(77,107)
<b>Cash generated from operations</b>	<u>3,416,255</u>	<u>3,501,882</u>
Taxes paid	(1,186,982)	(1,889,717)
<b>Net cash flows generated from operating activities</b>	<u>2,229,273</u>	<u>1,612,165</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(581,033)	(777,501)
Interest received	36,691	37,045
Proceeds from sale of property, plant and equipment	-	5,320
<b>Net cash used in investing activities</b>	<u>(544,342)</u>	<u>(735,136)</u>
<b>Cash flow from financing activity</b>		
Dividends paid	(1,200,000)	(1,200,000)
<b>Net cash used in financing activity</b>	<u>(1,200,000)</u>	<u>(1,200,000)</u>
<b>Net cash increase/(decrease) for the year</b>	<u>484,931</u>	<u>(322,971)</u>
Cash and cash equivalents at January 1	6,578,010	6,900,981
<b>Cash and cash equivalents at December 31</b>	<u>7,062,941</u>	<u>6,578,010</u>
<b>Analysis of cash and cash equivalents</b>		
Cash on Hand	3,850	4,055
Cash on Deposit	7,059,091	6,573,955
	<u>7,062,941</u>	<u>6,578,010</u>

*The notes on pages 9 to 22 form an integral part of these financial statements.*

**The Guyana Oil Company Limited**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

**Consolidated Statement of Cash Flows**  
**For the year ended December 31, 2018**

<i>Group</i>	2018	2017
	GS'000	GS'000
<b>Cash flows from operating activities</b>		
Net profit before taxation	2,962,962	3,150,655
<i>Adjustments for:</i>		
Interest receivable	(37,066)	(37,317)
Depreciation	391,526	337,663
Property Tax Written Off	11	-
(Gain)/loss on disposal of property, plant & equipment	13,557	(3,415)
<b>Operating profit before changes in working capital</b>	<u>3,330,990</u>	<u>3,447,586</u>
Decrease/(Increase) in inventories	(78,279)	(346,105)
Decrease/(Increase) in trade and other receivables	123,483	(613,725)
(Decrease)/Increase in trade and other payables	213,205	1,073,280
Decrease/(Increase) in goods and transit	(8,097)	(77,107)
<b>Cash generated from operations</b>	<u>3,581,302</u>	<u>3,483,929</u>
Taxes paid	(1,235,932)	(1,937,899)
<b>Net cash flows generated from operating activities</b>	<u>2,345,370</u>	<u>1,546,030</u>
<b>Cash flows from Investing activities</b>		
Purchase of property, plant and equipment	(583,936)	(785,436)
Interest received	37,066	37,317
Work in Progress	(44,747)	-
Proceeds from sale of property, plant and equipment	-	5,319
<b>Net cash used in investing activities</b>	<u>(591,617)</u>	<u>(742,800)</u>
<b>Cash flow from financing activity</b>		
Dividends Paid	(1,200,000)	(1,200,000)
<b>Net cash used in financing activity</b>	<u>(1,200,000)</u>	<u>(1,200,000)</u>
<b>Net Cash Increase/(Decrease) for the year</b>	<u>553,753</u>	<u>(396,770)</u>
Cash and cash equivalents at January 1	6,648,609	7,045,379
Cash and cash equivalents at December 31	<u>7,202,362</u>	<u>6,648,609</u>
<b>Analysis of cash and cash equivalents:</b>		
Cash on Hand	3,996	4,201
Cash on Deposit	7,198,366	6,644,408
	<u>7,202,362</u>	<u>6,648,609</u>

*The notes on pages 9 to 22 form an integral part of these financial statements.*

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**1. Incorporation and Principal Activities**

The Guyana Oil Company Limited was incorporated in the Co-operative Republic of Guyana under the Companies Act Cap. 89:01 on June 16, 1976 and continued under the Companies Act, 1991 on May 17, 1997. The Company's registered office is located at 191 Camp Street, Georgetown. The principal activities of the company consist of the purchase and sale of petroleum products.

Guyoil Aviation Services Inc's principal activity is the purchase and sale of Aviation Fuel.

These financial statements were approved by the Board on May 3, 2019.

**2. Summary of Significant Accounting Policies**

**(a) Basis of Preparation**

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and have been prepared under the historical cost convention except for the valuation of certain items of property, plant and equipment vested in the Company on 16 June 1976 as stated in note 4.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Those areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

In the current year, the Company adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB that are relevant.

At the date these financial statements were authorised, several Standards and Interpretations were in issue but not yet effective. These are not expected to have a significant impact on the financial statements of the Company.

**(b) Income and Expenditure**

Income and expenditure are dealt with in these financial statements on the accrual basis.

**(c) Revenue Recognition**

Revenue is recognised when the product has been delivered to the customer and the consideration becomes receivable. Turnover represents the value of goods sold to third parties.

**(d) Property, Plant and Equipment**

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses (if any). Depreciation is calculated on a straight-line basis at rates estimated to write off the assets over their expected useful lives. No depreciation is provided on freehold land and construction work-in-progress. The expected useful lives of the other property, plant and equipment

Building	5% over 20 years
Plant and Machinery	10% over 10 years
Motor vehicles	14.285 % over 7 years
Road Tank Wagons	10 % over 10 years
Office Equipment	25% over 4 years
Office furniture & fittings	10% Over 10 years
Computers/Accessories	33.333% over 3 years

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**2. Summary of significant accounting policies**

**(e) Inventories**

Inventories are stated at the lower at cost and net realisable value using primarily the average cost method.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(g) Retirement Benefit Costs**

The Company participates in a contributory multi-employer defined benefit pension scheme. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 percent of the greater of the present value of the company's defined benefit obligation and the fair value of plan assets are recognised immediately.

**(h) Taxation**

Tax shown charged against profits for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income and net property for the year, using tax rates in effect at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax liabilities are provided using the balance sheet liability method in respect of corporation taxes payable in future periods for taxable temporary differences. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits but only to the extent that it is probable that taxable profit will be available for offset.

**(i) Reporting and Foreign Currencies**

The financial statements are presented in Guyana dollars. Foreign currency transactions are recorded at the rates prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in a foreign currency at the balance sheet date are retranslated at the rates prevailing at that date. Gains and losses arising on retranslation are included in the profit and loss for the period.

**(j) Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past transaction and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(k) Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**

**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**(l) Trade and Other Receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Receivables'. Trade and other receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

**(m) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

**(n) Basis of Consolidation**

The consolidated financial information includes the accounts of The Guyana Oil Company Limited and its subsidiary Guyoil Aviation Services Inc. The subsidiary is 100 % owned and commenced trading January 01, 2015.

**3. Critical accounting judgments and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future.

**Key Sources of Estimation of Uncertainty.**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

**(i) Statutory Taxes**

Provision is made for expenses relating to the current period for which there is no set amount. Any additional tax due is provided for as a current period tax expense.

**(ii) Other Provisions**

Provision is made for expenses relating to the current period for which there is no set amount to be incurred. These amounts are best estimates based on the closest comparable amount.

**The Guyana Oil Company Limited**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2018**

**4. Property, plant and equipment**

*Company*

	Land and Buildings	Plant, Machinery & Equipment	Office Furniture & fittings	Motor Vehicles	Construction Work-in- Progress	Total
	GS'000	GS'000	GS'000	GS'000	GS'000	GS'000
<b>Cost/valuation</b>						
At January 01, 2017	1,734,630	1,218,350	252,323	519,780	165,295	3,890,378
Additions	19,930	13,108	30,518	256,185	457,761	777,502
Inter Company Transfer				(14,954)		(14,954)
Disposals	-	(25,431)	(37,598)	(48,802)	-	(111,831)
Transfers	3,123	307,991			(311,114)	-
At January 01, 2018	1,757,683	1,514,018	245,243	712,209	311,942	4,541,095
Additions	10,392	242,446	21,968	10,000	296,227	581,033
Inter Company Transfer			272			272
Disposals		(15,276)	(15,098)		(10,581)	(40,955)
Over/(Under) Classification	(151,587)	159,707	(8,121)	-	1	-
Transfers		143,236	6,784		(150,020)	-
<b>At December 31, 2018</b>	<b>1,616,488</b>	<b>2,044,131</b>	<b>251,048</b>	<b>722,209</b>	<b>447,569</b>	<b>5,081,445</b>
<b>Depreciation</b>						
At January 01, 2017	469,087	743,133	196,255	406,821	-	1,815,296
Charges	71,517	106,822	21,248	51,031	-	250,618
Inter Company Transfer				(14,954)		(14,954)
Disposals	-	(24,664)	(36,461)	(48,802)	-	(109,927)
At January 01, 2018	540,604	825,291	181,042	394,096	-	1,941,033
Charges	69,440	140,719	25,624	67,932		303,715
Inter Company Transfer			(44)			(44)
Over/(Under) Classification	(138,443)	143,819	(3,672)	(1,704)		-
Disposals		(14,323)	(13,225)			(27,548)
<b>At December 31, 2018</b>	<b>471,601</b>	<b>1,095,506</b>	<b>189,725</b>	<b>460,324</b>	<b>-</b>	<b>2,217,156</b>
<b>Net book values</b>						
<b>At December 31, 2018</b>	<b>1,144,887</b>	<b>948,625</b>	<b>61,323</b>	<b>261,885</b>	<b>447,569</b>	<b>2,864,289</b>
<b>At December 31, 2017</b>	<b>1,217,079</b>	<b>688,727</b>	<b>64,201</b>	<b>318,113</b>	<b>311,942</b>	<b>2,600,062</b>

Included in land and buildings is land costing \$1,320,000 (2017 - \$1,320,000). Fixed assets vested in the parent company upon incorporation were recorded at the net book value of the previous owner.

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**4. Property, plant and equipment**  
*Group*

	Land and Buildings	Plant, Machinery & Equipment	Office Furniture & fittings	Motor Vehicles	Construction Work-in- Progress	Total
	G\$'000	G\$'000	G\$'000	G\$'000	G\$'000	G\$'000
<b>Cost/valuation</b>						
At January 01, 2017	1,819,275	1,687,763	257,847	700,047	165,296	4,630,228
Additions	19,930	13,108	31,015	261,485	459,904	785,442
Disposals		(25,431)	(37,598)	(48,802)		(111,831)
Transfers	3,123	307,991			(311,114)	-
At January 1, 2018	1,842,328	1,983,431	251,264	912,730	314,086	5,303,839
Additions	10,392	244,708	22,609	10,000	340,974	628,683
Disposals		(15,423)	(15,614)		(10,581)	(41,618)
Over/(Under) Classification	(151,587)	159,707	(8,121)		(4)	(5)
Transfers		143,236	6,784		(150,020)	-
<b>At December 31, 2018</b>	<b>1,701,133</b>	<b>2,515,659</b>	<b>256,922</b>	<b>922,730</b>	<b>494,455</b>	<b>5,890,899</b>
<b>Depreciation</b>						
At January 01, 2017	475,435	874,775	198,096	509,050		2,057,356
Charges	75,748	149,010	22,601	90,311	-	337,670
Inter Co. Company Transfer						-
Disposals		(24,664)	(36,461)	(48,802)		(109,927)
At January 1, 2018	551,183	999,121	184,236	550,559	-	2,285,099
Charges	73,672	183,093	27,053	107,708		391,526
Inter Co. Company Transfer						-
Over/(Under) Classification	(138,443)	143,819	(3,672)	(1,704)	5	5
Disposals		(14,378)	(13,693)			(28,071)
<b>At December 31, 2018</b>	<b>486,412</b>	<b>1,311,655</b>	<b>193,924</b>	<b>656,563</b>	<b>5</b>	<b>2,648,559</b>
<b>Net book values</b>						
At December 31, 2018	1,214,721	1,204,004	62,998	266,167	494,450	3,242,340
At December 31, 2017	1,291,145	984,310	67,028	362,171	314,086	3,018,740

**The Guyana Oil Company Limited**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2018**

	Company		Group	
	2018 G\$'000	2017 G\$'000	2018 G\$'000	2017 G\$'000
<b>5. Deferred tax assets</b>				
Deferred tax assets are attributable to the following:				
Deferred tax on Minimum Tax			-	-
<i>Property, plant and equipment:</i>				
At January 1,	58,760	19,154	58,760	73,742
Movement during the year parent	(65,246)	39,606	(65,246)	
<b>At December 31,</b>	<b>(6,486)</b>	<b>58,760</b>	<b>(6,486)</b>	<b>73,742</b>
At January 1,			14,982	
Movement during the year subsidiary			-9,782	
<b>At December 31,</b>	<b>(6,486)</b>	<b>58,760</b>	<b>24,764</b>	-
<b>6. Related Party</b>				
Amount due from Guyoil Aviation Services Inc.:	860,767	684,466	-	-
Parties are considered related if (a) one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions, or (b) the party is a member of a key management personnel.				
<b>7. Inventories</b>				
Aviation Jet Fuel	-	-	217,267	127,381
Bulk petroleum	1,637,741	1,641,983	1,637,802	1,641,983
Lubricants	127,551	151,653	127,551	151,653
Spares, materials and supplies	201,503	184,698	203,930	187,523
Other	4,006	3,737	4,006	3,737
	<b>1,970,800</b>	<b>1,982,071</b>	<b>2,190,555</b>	<b>2,112,277</b>
<b>8. Trade and other receivables</b>				
Trade Receivables	428,445	750,247	566,527	833,529
Customer Advances	454,277	348,651	454,277	348,650
Prepayments	40,634	42,727	106,687	96,018
Deposit	7,113	7,113	7,113	7,113
Bank Interest	1,248	1,254	1,248	1,254
Value Added Tax	-	12,495	-	-
Other Receivables	38,099	-	38,099	-
Staff Advance	1,302	2,901	1,625	12,495
	<b>971,119</b>	<b>1,165,388</b>	<b>1,175,576</b>	<b>1,299,059</b>
Provision for bad and doubtful debts	(48,558)	(48,558)	(48,558)	(48,558)
	<b>922,561</b>	<b>1,116,830</b>	<b>1,127,018</b>	<b>1,250,501</b>



**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

	Company		Group	
	2018 G\$'000	2017 G\$'000	2018 G\$'000	2017 G\$'000
<b>9. Cash and cash equivalents</b>				
(a) Cash on hand - local currencies	3,850	4,055	3,996	4,201
(b) Current Accounts	2,356,274	3,114,138	2,436,724	3,150,118
(c) Savings deposits	3,911,569	1,810,655	3,911,569	1,810,655
(d) Term deposits	394,750	389,733	394,750	389,733
(e) Foreign currency balances	263,767	1,129,333	322,592	1,163,806
(f) Fixed Deposit	132,744	130,905	132,744	130,905
(g) Credit Card	(13)	(809)	(13)	(809)
<b>Total</b>	<b>7,062,941</b>	<b>6,578,010</b>	<b>7,202,362</b>	<b>6,648,609</b>

- (a) These are non-interest bearing cash balances with no dates for maturity.  
(b) This represents a non-interest bearing chequing account.  
(c) The weighted average rate of interest for the year was 0.825 % (2017 - 1.45%). There is no date of maturity.  
(d) This represents short term investments with interest at an average interest rate of 1.65 % with varying maturity dates.  
(e) These represent foreign currency accounts with no maturity dates.

	Company		Group	
	2018 G\$'000	2017 G\$'000	2018 G\$'000	2017 G\$'000
<b>10. Stated capital</b>				
Issued and fully paid: 575,000 ordinary shares	575	575	575	575

The company is authorised to issue a maximum of 5,000,000 ordinary shares at a minimum issue price of \$1 each. All issued shares are held by National Industrial and Commercial Investments Limited (NICIL).

**11. Capital reserve**

This represents the difference between the net book value of the assets acquired on June 16, 1976, the date of incorporation, and the purchase consideration.

**The Guyana Oil Company Limited**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**12. Defined benefit liability**

The Company participates in a contributory multi-employer pension scheme, Guyana Sugar and Trading Enterprises Pension Scheme (STEPS), a defined benefit scheme. The contributions are held in trustee administered funds, which are separate from the Company'

The plan covers all permanent employees. The average number of employees in the pension scheme was 286(2017 - 270). The last actuarial valuation was done at December 31, 2018.

	Company		Group	
	2018	2017	2018	2017
	GS'000	GS'000	GS'000	GS'000
<b>Net Liability in Statement of Financial Position</b>				
Present Value of Defined benefit obligations	1,107,763	854,454	1,107,763	854,454
Fair value of plan assets	(1,037,171)	(693,340)	(1,037,171)	(693,340)
<b>Net Defined benefit liability</b>	<b>70,592</b>	<b>161,114</b>	<b>70,592</b>	<b>161,114</b>

**Expense recognised in the Statement of Comprehensive Income**

Current service cost	74,905	69,082	74,905	69,082
Net Interest on Net defined benefit Liability	6,250	6,253	6,250	6,253
Net pension cost	<b>81,155</b>	<b>75,335</b>	<b>81,155</b>	<b>75,335</b>

**Movement in Present Value of Defined Benefit Obligation**

Defined benefit obligation at start of year	854,454	755,350	854,454	755,350
Current Service Cost	74,905	69,082	74,905	69,082
Interest Cost	41,957	36,982	41,957	36,982
Members Contribution	20,365	18,414	20,365	18,414
Re-measurements	16,995	-	16,995	-
- Experience adjustments	130,092	6,444	130,092	6,444
Benefits Paid	(31,005)	(31,818)	(31,005)	(31,818)
<b>Defined benefit obligation at end of year</b>	<b>1,107,763</b>	<b>854,454</b>	<b>1,107,763</b>	<b>854,454</b>

**Movement in Fair Value of Plan Assets**

Fair Value of Plan Assets at start of year	693,340	597,559	693,340	597,559
Interest Income	35,707	30,729	35,707	30,729
Return on Plan Assets, excluding interest Income	266,019	30,566	266,019	30,566
Company Contribution	52,745	47,890	52,745	47,890
Members Contribution	20,365	18,414	20,365	18,414
Benefits Paid	(31,005)	(31,818)	(31,005)	(31,818)
<b>Fair Value of Plan Assets at end of year</b>	<b>1,037,171</b>	<b>693,340</b>	<b>1,037,171</b>	<b>693,340</b>

**Summary of Principal Assumptions as at 31 December**

	% per annum	% per annum	% per annum	% per annum
Discount rate	5.0	5.0	5.0	5.0
Salary increases	5.0	5.0	5.0	5.0
Pension increases	2.0	2.0	2.0	2.0

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

	Company		Group	
	2018 G\$'000	2017 G\$'000	2018 G\$'000	2017 G\$'000
<b>13. Accounts payable</b>				
Trade payables	2,145,920	2,054,889	2,146,032	2,055,400
Accruals	27,709	23,013	41,384	25,507
Other payables	48,658	12,285	63,270	69,559
Customer Advances transferred from Receivables	454,277	348,650	461,635	348,650
<b>Total</b>	<b>2,676,564</b>	<b>2,438,837</b>	<b>2,712,321</b>	<b>2,499,116</b>
<b>14 Revenue</b>				
Gasolene	22,429,714	20,330,242	22,429,714	20,330,242
Gasoil	13,867,068	11,904,159	13,867,068	11,904,159
Kerosene	1,442,836	1,329,039	1,442,836	1,329,039
Avjet	-	-	1,927,426	1,907,748
ULSD	1,480,478	554,039	1,480,478	554,039
Fuel Oil	982,509	327,025	982,509	327,025
Lube Oil	722,118	730,084	722,118	730,084
Lube grease	26,645	24,833	26,645	24,833
Tyres, batteries & accessories	65,053	59,567	65,053	59,567
<b>Total</b>	<b>41,016,421</b>	<b>35,258,988</b>	<b>42,943,847</b>	<b>37,166,736</b>
<b>15 Other Income</b>				
Subletting of tanker Income	41,747	113,891	41,747	113,891
Cost associated with subletting tanker	33,778	109,093	33,778	109,093
	7,969	4,798	7,969	4,798
Interest Received	36,691	37,045	37,066	37,318
Other	170,930	135,407	181,184	146,848
<b>Total</b>	<b>215,590</b>	<b>177,250</b>	<b>226,219</b>	<b>188,964</b>
<b>16 Taxation</b>				
The tax charge is made up as follows:				
<b>Taxation</b>				
Corporation	1,130,164	1,213,532	1,168,713	1,251,688
Property	83,488	80,429	83,590	80,429
Deferred	65,246	(39,606)	55,464	(43,181)
Withholding	7,341	-	7,416	54
<b>Total</b>	<b>1,286,239</b>	<b>1,254,355</b>	<b>1,315,183</b>	<b>1,288,990</b>

**The Guyana Oil Company Limited**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

**Notes to the Consolidated Financial Statements**

**For the year ended December 31, 2018**

*Reconciliation of effective tax rate*

	Company		Group	
	2018	2017	2018	2017
	GS'000	GS'000	GS'000	GS'000
<b>Turnover</b>	<b>41,016,421</b>	<b>35,258,988</b>	<b>42,943,847</b>	<b>37,166,736</b>
Accounting Profit	2,872,317	3,103,846	2,962,962	3,150,655
Income not subject to Corporation taxes	(36,691)	(40,461)	(37,066)	(40,733)
Excess Wear and Tear Allowances over Depreciation	(26,691)	(43,936)	(2,942)	(38,201)
Other adjustments in arriving at taxable income	16,474	14,381	16,837	14,381
<b>Chargeable Income</b>	<b>2,825,409</b>	<b>3,033,830</b>	<b>2,939,792</b>	<b>3,086,102</b>
Corporation tax	1,130,164	1,213,532	1,175,917	1,234,441
Difference between between 2% and 40% tax			(7,204)	17,247
Corporation tax at the enacted rate	40% 1,130,164	1,213,532	1,168,713	1,251,688
<b>2% on Turnover</b>	<b>820,328</b>	<b>705,180</b>	<b>858,877</b>	<b>743,335</b>
	Company		Group	
	2018	2017	2018	2017
	GS'000	GS'000	GS'000	GS'000
<b>17 Earnings per share</b>				
Net profit after taxation	1,586,078	1,849,491	1,647,779	1,861,666
Number of shares	575,000	575,000	575,000	575,000
Earnings per share in dollars	2,758	3,217	2,866	3,238

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**18 Financial risk management**

The Group's activities expose it to a number of risks. These risks and the group's policies for managing them are as follows:

**(a) Market risks**

Market risk embodies not only the potential for loss but also the potential for gain.

**i) Currency risk**

This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The equivalent Guyana dollar values of assets and liabilities denominated in foreign currencies are as follows:

	Company		Group	
	2018 G\$'000	2017 G\$'000	2018 G\$'000	2017 G\$'000
Cash and Bank	263,767	1,129,333	322,592	1,163,806
Payables	(24,496)	(72,686)	(24,496)	-
<b>Net exposure to currency risk</b>	<b>239,271</b>	<b>1,056,647</b>	<b>298,096</b>	<b>1,163,806</b>

All foreign currency assets and liabilities are denominated in United States dollars. Management monitors its foreign currency requirements on a regular basis to minimise exposure.

**ii) Fair value interest rate risk**

This is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The group is not significantly exposed to interest rate risks.

**iii) Price risk**

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The group is not significantly exposed to price risks as its financial instruments are not traded in the market.

The group has significant exposure to price risk, including the risk of changes in related import tax rates, on future purchases of petroleum products for resale. A change in those prices may alter the gross margin of these products. The group monitors market prices and adjust selling prices accordingly. The group has not entered into commodity future, forward and option contracts to manage fluctuations in prices of anticipated purchases.

**The Guyana Oil Company Limited**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**18 Financial risk management continued**

**(b) Credit Risk**

This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The financial instruments exposed to credit risks are as follows:

	Company		Group	
	2018 G\$'000	2017 G\$'000	2018 G\$'000	2017 G\$'000
Tax Recoverable	4,387	4,398	14,001	4,398
Receivables	922,561	1,116,830	1,127,017	1,250,501
Related Party	860,767	684,466	-	-
Cash and Bank	7,062,941	6,578,010	7,202,362	6,648,609
	<b>8,850,656</b>	<b>8,383,704</b>	<b>8,343,380</b>	<b>7,903,508</b>
Defined benefit liability	70,592	161,114	70,592	161,114
Accounts payable	2,676,564	2,438,837	2,712,321	2,499,116
Taxes payable	137,181	103,170	137,283	103,883
<b>Net exposure to credit risk</b>	<b>5,966,319</b>	<b>5,680,583</b>	<b>5,423,184</b>	<b>5,139,395</b>

The primary source of credit risk is trade and other receivables. Management monitors this source of risk and ensures that appropriate action, such as legal action, is taken to protect the company. Impairment provisions are established for balances, other than that owed by Government or Government agencies and corporation, for which management believes there is insignificant risk of non-recovery. Cash and cash equivalents are not a major source of credit risk as the counter-parties are mainly regulated financial institutions with no known liquidity problems.

**(c) Liquidity risk**

This is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The group manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

All liquid assets and liabilities mature within one year of the balance sheet date.

**(d) Cash flow interest rate risk**

This is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The group is not significantly exposed to such risks.

	Non Interest Bearing Account		Total	
	2018 G\$'000	2017 G\$'000	2018 G\$'000	2017 G\$'000
<b>Financial Assets</b>				
Related Company	860,767	684,466	-	-
Receivables	881,927	1,116,830	1,020,330	1,250,501
Tax Recoverable	4,387	4,398	14,001	4,398
Cash Resources	2,623,891	4,247,525	2,763,312	4,318,124
	<b>4,370,972</b>	<b>6,053,219</b>	<b>3,797,643</b>	<b>5,573,023</b>

**The Guyana Oil Company Limited**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**Financial Liabilities**

Defined Benefit Liability	70,592	161,114	70,592	161,114
Tax Payable	137,181	103,170	137,283	103,883
Payables	2,676,564	2,438,837	2,712,321	2,499,116
	<u>2,884,337</u>	<u>2,703,121</u>	<u>2,920,196</u>	<u>2,764,113</u>
<b>Net Sensitivity Gap</b>	<u>1,486,635</u>	<u>3,350,098</u>	<u>877,447</u>	<u>2,808,910</u>

**19 Fair value of financial assets and liabilities**

The fair values of financial assets and liabilities not carried at fair value in the financial statements are estimated to approximate their carrying values.

**20 Related party transactions and balances**

	Transactions Company		Group	
	2018 GS'000	2017 GS'000	2018 GS'000	2017 GS'000
<i>Sale of goods - Transactions</i>				
Entities wholly or partly owned by the Government of Guyana	4,199,078	1,446,471	4,254,866	1,446,471
Government agencies	2,595,873	2,251,604	2,595,873	2,052,007
<hr/>				
<i>Due (to)/from</i>				
Company				
	2018 GS'000	2017 GS'000	Group 2018 GS'000	Group 2017 GS'000
<i>Sale of goods - Due(to)/from</i>				
Entities wholly or partly owned by the Government of Guyana	(103,851)	92,559	(97,518)	92,559
Government agencies	(18,765)	(210,923)	(18,765)	(210,923)
<hr/>				
<i>Other Income - Transactions</i>				
Company				
	2018 GS'000	2017 GS'000	Group 2018 GS'000	Group 2017 GS'000
Entities wholly or partly owned by the Government of Guyana	41,747	113,891	41,747	113,891
<hr/>				
<i>Due (to)/from</i>				
Company				
	2018 GS'000	2017 GS'000	Group 2018 GS'000	Group 2017 GS'000
<i>Other Income - Due (to) / from</i>				
Entities wholly or partly owned by the Government of Guyana	-	33,015	-	33,015
<hr/>				

**The Guyana Oil Company Limited**  
**(wholly owned subsidiary of National Industrial and Commercial Investments Limited)**  
**Notes to the Consolidated Financial Statements**  
**For the year ended December 31, 2018**

**21 Directors' emoluments**

		Company		Group	
		2018 GS'000	2017 GS'000	2018 GS'000	2017 GS'000
Lance Carberry	- Chairman	-	476	-	476
Mark Bender	- Chairman	432	-	432	-
Oscar Phillips	- Director	732	759	732	759
Harryram Parmesar	- Director	552	603	552	603
Lawrence Paul	- Director	492	564	492	564
Berkley Wickham	- Director	-	228	-	228
Shondel Hope	- Director	564	483	564	483
Keith Cholmondeley	- Director	480	-	480	-
S. T - Brotherson.	- Director	-	396	-	396
Katty Jason	- Director	528	171	528	171
		<b>3,780</b>	<b>3,680</b>	<b>3,780</b>	<b>3,680</b>

**22 Commitments and contingencies**

*Operating lease commitments*

At the balance sheet date, the company has outstanding commitments under non-cancellable operating leases, which fall due as

	Company		Group	
	2018 GS'000	2017 GS'000	2018 GS'000	2017 GS'000
Within one year	1,624,433	1,584,766	1,624,433	1,584,766
Total	<b>1,624,433</b>	<b>1,584,766</b>	<b>1,624,433</b>	<b>1,584,766</b>

Operating lease payments represent rentals of ocean vessels. Charges are negotiated every two (2) years.

*Contingent liabilities*

The group at present has no pending litigation matters.

**23 Key Management Personnel**

The company has 10 (2017 ten (10)) senior managers whose annual emoluments for the year 2018 was \$ 59,425,655 (2017 -\$ 49,379,658).





## *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>*

AG: 47/2019

30 April 2019

REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF  
THE GUYANA OIL COMPANY LIMITED  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

### *Opinion*

Chartered Accountants PKF Barcellos Narine and Company have audited on my behalf the financial statements of Guyana Oil Company Limited, which comprise the statement of financial position as at 31 December 2018 and the statement of comprehensive income, statement of changes in equity and the 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 28.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guyana Oil Company Limited as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### *Basis for Opinion*

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 of 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Going Concern*

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so. As part of my audit of the financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on my audit of the financial statements, I also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

#### *Auditor's Responsibilities 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.

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 comply with the requirements of the Companies Act 1991.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

HNN/yp

REPORT OF CHARTERED ACCOUNTANTS PKF, BARCELLOS, NARINE & CO.  
TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF  
THE GUYANA OIL COMPANY LIMITED  
FOR THE YEAR ENDED DECEMBER 31, 2018

**Opinion**

We have audited the financial statements of The Guyana Oil Company Limited which comprise the statement of financial position as at December 31, 2018, 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 and other explanatory notes.

In our opinion, the financial statements give a true and fair view, in all material respects, the financial position of The Guyana Oil Company Limited as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statements section of our report. We are independent of The Guyana Oil Company Limited in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Going Concern**

The company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the company's ability to continue as a going concern.

**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 Guyana Oil Company Limited 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 Guyana Oil Company Limited or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Guyana Oil Company Limited the financial reporting process.

Tel: (592) 225 8915 (592) 225 8917/8

Fax: (592) 226 5340 Email: [bnpkf@networksgy.com](mailto:bnpkf@networksgy.com) [www.pkfgy.com](http://www.pkfgy.com)

PKF Barcellos Narine &amp; Co. 106-7 Lamaha Street Georgetown Guyana


**Auditors' 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 International Standards on Auditing (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 a part of an audit in accordance with International Standards on Auditing (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 Guyana Oil Company Limited 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 Guyana Oil Company Limited 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 Guyana Oil Company Limited to cease to continue as a going concern.

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.



PKF/BARCELLOS, NARINE & CO.  
CHARTERED ACCOUNTANTS  
106 -107 Lamaha Street  
North Cummingsburg  
Georgetown

April 30, 2019

**THE GUYANA OIL COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
 DECEMBER 31, 2018

ASSETS	Notes	G\$ '000	G\$ '000	2017 G\$ '000
<b>Non Current Asset</b>				
Property, Plant and Equipment	2	2,864,289		2,600,062
Deferred Tax				58,760
Investment	4	100		100
Related Company	5	<u>860,767</u>		<u>684,466</u>
			3,725,156	<u>3,343,388</u>
<b>Current Assets</b>				
Taxation Recoverable		4,387		4,398
Inventories	6	1,970,800		1,982,071
Goods in Transit	7	228,683		225,529
Receivables	8	922,561		1,116,830
Cash and Bank	9	<u>7,062,941</u>		<u>6,578,010</u>
			<u>10,189,372</u>	<u>9,906,838</u>
<b>Total Assets</b>			<u><u>13,914,528</u></u>	<u><u>13,250,226</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserve</b>				
Share Capital	10	575		575
Capital Reserve	11	775		775
Retained Earnings		<u>11,022,355</u>		<u>10,545,755</u>
			11,023,705	<u>10,547,105</u>
<b>Non Current Liability</b>				
Deferred Tax	3		6,486	
Defined Benefit Liability	12		70,592	161,114
<b>Current Liabilities</b>				
Payables	13	2,676,564		2,438,837
Dividend Payable		-		-
Taxation		<u>137,181</u>		<u>103,170</u>
			<u>2,813,745</u>	<u>2,542,007</u>
<b>Total Equity and Liabilities</b>			<u><u>13,914,528</u></u>	<u><u>13,250,226</u></u>

On behalf of the Board:





The attached statement and notes on pages 7 to 28 forms an integral part of these financial statements.

THE GUYANA OIL COMPANY LIMITED  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2018

Amounts in Thousand Except for Earnings Per Share

	Notes	GS'000	GS'000	2017 GS'000
Revenue	14		41,016,421	35,258,988
Cost of Sales	15		<u>36,396,036</u>	<u>30,465,001</u>
Gross Profit			4,620,385	4,793,987
<b>Deduct</b>				
<i>Expenses:</i>				
Employment	16	984,761		903,090
Operation	17	379,467		435,863
Administrative	18	293,497		275,660
Depreciation		<u>303,715</u>		<u>250,624</u>
Profit From Operations			<u>1,961,440</u>	<u>1,865,237</u>
			2,658,945	2,928,750
Finance Cost	19		<u>2,218</u>	<u>2,154</u>
			2,656,727	2,926,596
Other Income	20		<u>215,590</u>	<u>177,250</u>
Total Comprehensive Income before Taxation			2,872,317	3,103,846
Taxation	21		<u>1,286,239</u>	<u>1,254,355</u>
Total Comprehensive Income for the year			<u>1,586,078</u>	<u>1,849,491</u>
<i>Other Comprehensive Income</i>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Re-measurement of defined benefit pension plan			<u>90,522</u>	<u>(3,323)</u>
Total Comprehensive Income for the year			<u>1,676,600</u>	<u>1,846,168</u>
Earnings per Share in Dollars	22		2,758	3,217

**THE GUYANA OIL COMPANY LIMITED**  
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Share Capital G \$'000	Capital Reserve G \$'000	Retained Earnings G \$'000	Total G \$'000
January 1, 2017	575	775	9,899,587	9,900,937
Net Comprehensive Income for the year	-	-	1,849,491	1,849,491
Other Comprehensive Income			(3,323)	(3,323)
Dividends	-	-	(1,200,000)	(1,200,000)
Balance - December 31, 2017	<u>575</u>	<u>775</u>	<u>10,545,755</u>	<u>10,547,105</u>
Balance - January 1, 2018	575	775	10,545,755	10,547,105
Net Comprehensive Income for the year	-	-	1,586,078	1,586,078
Other Comprehensive Income	-	-	90,522	90,522
Dividends	-	-	(1,200,000)	(1,200,000)
Balance - December 31, 2018	<u>575</u>	<u>775</u>	<u>11,022,355</u>	<u>11,023,705</u>



**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	G\$'000	2017 G\$'000
<b>Cash Flow from Operating Activities</b>		
Net Comprehensive Income Before Taxation	2,872,317	3,103,846
<b>Adjustments for:</b>		
Interest Received	(36,691)	(37,045)
Gain on Disposal of PPE	-	(3,415)
Loss on Disposal of PPE	13,317	-
Property Tax written-off	11	-
Depreciation	303,718	250,616
	<u>280,355</u>	<u>210,156</u>
<b>Operating Profit before Working Capital Changes</b>	3,152,672	3,314,002
<b>Working Capital Changes</b>		
Receivables	194,269	(590,334)
Related Company	(176,530)	106,747
Inventories	11,271	(321,405)
Goods in Transit	(3,154)	(77,107)
Payables	237,727	1,069,979
	<u>263,583</u>	<u>187,880</u>
<b>Cash Generated from Operations</b>	3,416,255	3,501,882
<b>Taxation</b>		
Taxes Paid	(1,186,982)	(1,889,717)
	<u>2,229,273</u>	<u>1,612,165</u>
<b>Cash Flow from Investing Activities</b>		
Interest Received	36,691	37,045
Sale Proceeds from Disposal of Tangible Fixed Assets	-	5,320
Purchase of Tangible Fixed Assets	(581,033)	(777,501)
	<u>(544,342)</u>	<u>(735,136)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,684,931	877,029
<b>Cash Flow from Financing Activities</b>		
Dividends Paid	(1,200,000)	(1,200,000)
	484,931	(322,971)
Cash and Cash Equivalents - January 1	<u>6,578,010</u>	<u>6,900,981</u>
Cash and Cash Equivalents - December 31	<u><u>7,062,941</u></u>	<u><u>6,578,010</u></u>
<b>Analysis of Cash and Cash Equivalents - December 31</b>		
Cash on Hand	3,850	4,055
Cash at Bank	7,059,091	6,573,955
	<u>7,062,941</u>	<u>6,578,010</u>

**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. Accounting Policies cont'd:**

**(a) Incorporation and Principal Accounting Policies**

**(i) Incorporation and Principle Activity**

The company was incorporated in the Co-operative Republic of Guyana under the Companies Act 89:01 on June 16, 1976 and continued under the Companies Act 1991 on May 17, 1997.

The Company's registered office is located at 191 Camp Street, South Cummingburg, Georgetown.

The company's principle activities consist of the purchase, storage and sale of petroleum products.

These financial statements were approved by the board on April 26, 2019

**(ii) Significant Accounting Policies**

**Basis of Preparation**

These financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) and its presentation comply with the Companies Act 1991.

There were several pronouncements by The International Accounting Standards Board (IASB) which are effective for the current financial year. These were issued as a result of the Board's annual improvements to the standards in issue.

There were also several other pronouncements as a result of the ongoing improvements which are adopted when they become effective.

Management reviews all pronouncements and those that have an impact on the company's financial reporting are generally early adopted.

THE GUYANA OIL COMPANY LIMITED  
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

1. Accounting Policies Cont'd:

(i) (i) The following pronouncements which became effective were adopted as applicable.

	Effective Annual Period Beginning
IFRS 9 Financial Instruments	1-Jan-18
IFRS 15 Revenue from Contracts with Customers	1-Jan-18
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1-Jan-18
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	1-Jan-18
Classification and Measurement of Share-based Payment Transactions (Amend)	1-Jan-18
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (A	1-Jan-18
Transfers of Investment Property (Amendments to IAS 40)	1-Jan-18
Annual Improvements to IFRS Standards 2014–2016 Cycle	1-Jan-18

(ii) The following pronouncements have been issued but are not yet effective; however, they are available for early adoption if applicable:

IFRS 16 Leases	1-Jan-19
IFRIC 23 Uncertainty over Income Tax Treatments	1-Jan-19
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1-Jan-19
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 2)	1-Jan-19
Annual Improvements to IFRS Standards 2015–2017 Cycle	1-Jan-19
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1-Jan-19
Amendments to References to the Conceptual Framework in IFRS Standards	1-Jan-20
Definition of a Business (Amendments to IFRS 3)	1-Jan-20
Definition of Material (Amendments to IAS 1 and IAS 8)	1-Jan-20
IFRS 17 Insurance Contracts	1-Jan-21

**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1 Accounting Policies**

**(b) Information about key sources of estimation of uncertainty and judgements**

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future.

**Key Sources of Estimation of Uncertainty.**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

**(i) Statutory Taxes**

Provision is made for expenses relating to the current period for which there is no set amount. Any additional tax due is provided for as a current period tax expense.

**(ii) Other Provisions**

Provision is made for expenses relating to the current period for which there is no set amount to be incurred. These amounts are best estimates based on the closest comparable amount.

**(c) Tangible Fixed Assets**

**(i) Presentation and Disclosure**

Tangible Fixed Assets held for trade and administrative purposes are stated in the statement of financial position at cost less any accumulated depreciation and impairment losses( if any).

**(ii) Depreciation**

No depreciation is charged on freehold land and construction work-in-progress. Depreciation on other tangible fixed assets is computed on straight-line basis over their estimated useful lives as follows:

Assets are depreciated at the following rates:

Buildings	5 % Over 20 years
Plant & Machinery	10 % Over 10 years
Service Vehicles	14.285 % Over 7 years
Road Tank Wagons	10 % Over 10 years
Office Furniture & Fittings	10% Over 10 years
Office Equipment/ Accessories	25% Over 4 years
Computers/ Accessories	33.333% Over 3 years

The gain or loss arising on the disposal or retirement of an item of equipment, furniture and motor vehicle is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.





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Head Office: 191 Camp Street,  
Georgetown, South Cummingsburg,  
Guyana, S.A.  
Tel: (592)225-1595-8  
Email: [admin@guyoil.gy](mailto:admin@guyoil.gy)

[www.guyoil.gy](http://www.guyoil.gy)



**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1 Accounting Policies (cont'd)**

**(d) Impairment of tangible assets**

At the end of each reporting period, the company reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units if a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(e) Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost method. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents comprise of cash in hand and bank balances that are not restricted.

**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1 Accounting Policies (cont'd)**

**(g) Income and Expenditure**

Income and expenditure are dealt with in these financial statements on the accrual basis.

**(h) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

**Sales of Goods**

Revenue from the sale of goods is recognised when the goods are delivered and titles passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of goods.
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of the revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

**(i) Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**(j) Trade and Other Receivables**

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Receivables". Trade and other receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.



**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1 Accounting Policies (cont'd)**

**(k) Related Company**

Related Company relationship exists between the company and its wholly owned subsidiary. The balance as at December 31, 2018 represent expenses paid by the company on its behalf. No Interest is charged on outstanding balances.

**(l) Retirement benefit Cost**

The company participates in a contributory mutli-employer defined benefit pension scheme. The cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 percent of the greater of the present value of the company's defined benefit obligation and the fair value of plan assets are recognised immediately.

**(m) Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past transaction and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1 Accounting Policies (cont'd)**

**(n) Foreign Currency**

**(i) Functional and Presentation Currency**

The company's financial statements are presented in Guyana Dollars. This is the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign Currency Transactions are translated to Guyana Dollars at the rates of exchange ruling at the dates of such transactions. At the statement of financial position date all amounts denominated in Foreign Currencies are converted to Guyana Dollars at the exchange rates ruling on that date. Any gain or loss arising from their conversion is written off to the statement of comprehensive income.

**(ii) Transactions and Balances**

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

**(o) Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1 Accounting Policies (cont'd)**

**(p) Taxation**

Taxation expense includes statutory and deferred taxation.

**(i) Statutory**

The tax payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax charge is calculated using tax rates that have been enacted at the date of the statement of financial position.

**(ii) Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

**(iii) Statutory and deferred tax for the period**

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside the statement of comprehensive income (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the statement of comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

**THE GUYANA OIL COMPANY LIMITED**  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER, 2018**

	<b>Land &amp; Building</b>	<b>Plant &amp; Machinery</b>	<b>Furniture &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Work-in- Progress</b>	<b>Total</b>
<b>2. Tangible Fixed Assets</b>	<b>GS'000</b>	<b>GS'000</b>	<b>GS'000</b>	<b>GS'000</b>	<b>GS'000</b>	<b>GS'000</b>
<b>Cost</b>						
January 1, 2017	1,585,529	1,375,631	244,147	519,777	165,295	3,890,379
Additions	19,930	13,108	30,518	256,185	457,761	777,502
Transfer Inter-Company	-	-	-	(14,954)	-	(14,954)
Transfers	3,123	307,989	-	-	(311,113)	(1)
Disposal	-	(25,431)	(37,598)	(48,802)	-	(111,831)
Over(Under) Classification	-	-	-	-	-	-
January 1, 2018	1,608,582	1,671,297	237,067	712,206	311,943	4,541,095
Additions	10,392	242,446	21,968	10,000	296,227	581,033
Transfer Inter-Company	-	-	272	-	-	272
Transfers	-	143,236	6,784	-	(150,020)	-
Disposal	-	(15,276)	(15,098)	-	(10,581)	(40,955)
Over/(Under) Classification	(2,486)	2,428	55	3	-	-
December 31, 2018	<u>1,616,488</u>	<u>2,044,131</u>	<u>251,048</u>	<u>722,209</u>	<u>447,569</u>	<u>5,081,445</u>
<b>Depreciation</b>						
January 1, 2017	330,645	886,953	192,583	405,116	-	1,815,297
Charged	71,516	106,821	21,248	51,039	-	250,624
Transfer Inter-Company	-	-	-	(14,961)	-	(14,961)
Disposal	-	(24,664)	(36,461)	(48,802)	-	(109,927)
January 1, 2018	402,161	969,110	177,370	392,392	-	1,941,033
Charged for the year	69,440	140,719	25,624	67,932	-	303,715
Transfer Inter-Company	-	-	(44)	-	-	(44)
Retired on Disposal	-	(14,323)	(13,225)	-	-	(27,548)
Over/(Under) Classification	-	-	-	-	-	-
December 31, 2018	<u>471,601</u>	<u>1,095,506</u>	<u>189,725</u>	<u>460,324</u>	<u>-</u>	<u>2,217,156</u>
<b>Net Book Values:</b>						
December 31, 2017	<u>1,206,421</u>	<u>702,187</u>	<u>59,697</u>	<u>319,814</u>	<u>311,943</u>	<u>2,600,062</u>
December 31, 2018	<u>1,144,887</u>	<u>948,625</u>	<u>61,323</u>	<u>261,885</u>	<u>447,569</u>	<u>2,864,289</u>

Lands at Victoria and Sheriff Street locations are currently being used by the company. They are in the process of having same transferred to the company.

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 NOTES TO FINANCIAL STATEMENTS  
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	G\$'000	2017 G\$'000
<b>3. Deferred Tax</b>		
Attributable to the following:		
<i>Property, Plant and Equipment :</i>		
At January 1	58,760	19,154
Movement during the year	(65,246)	39,606
At December 31	(6,486)	58,760

Timing differences arising from different rates used for depreciation and wear and tear allowances.

**4. Investment**

At Cost:

Guyoil Aviation Services Incorporated  
 100 000 Shares

	100	100
--	-----	-----

**5. Related Company**

Guyoil Aviation Services Incorporated :

Balance - January 1	684,466	791,214
<i>Add:</i>		
<i>Expenses Paid for the company</i>	1,145,390	823,300
	1,829,856	1,614,514
<i>Less:</i>		
<i>Repayments</i>	904,274	818,499
<i>Product Transfer</i>	64,815	111,549
	969,089	930,048
Balance-Dec 31	860,767	684,466

Represents working capital support.

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		2017
<b>6. Inventories</b>	<b>G\$ '000</b>	<b>G\$ '000</b>
Bulk Petroleum	1,637,741	1,641,983
Bitumen	-	-
Lubricants	127,551	151,653
Spares, materials and supplies	201,503	184,698
Others	4,006	3,737
	<u>1,970,800</u>	<u>1,982,071</u>

**Inventory expected to turnover within one (1) year.**

<b>7. Goods in Transit</b>	<u>228,683</u>	<u>225,529</u>
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Represents part deliver of fuel in January 2018.

**8. Trade and Other Receivables**

Trade Receivables	428,445	750,247
Prepayments	40,634	42,727
Deposits	7,113	7,113
Bank Interest Receivable	1,248	1,254
Value Added Tax	-	12,495
Staff Advance	1,302	2,901
Other Receivables	38,099	
Customers' Advances/ Overpayments	454,277	348,651
	<u>971,119</u>	<u>1,165,388</u>
	-	
Less: Provision for Bad Debts	<u>(48,558)</u>	<u>(48,558)</u>
	<u>922,561</u>	<u>1,116,830</u>

Prepayment represents advance payment on material and supplies, assets, insurance, rental of night bags and VHF licence.

Receivable Others represents recoverable on castrol payments and a provision for an incorrect wire transfer payments.

**Age Analysis is as follows:**

< than 30 Days	547,998	659,438
> than 30 days but less than 90 days	313,999	403,401
> than 90 days	109,122	102,549
	<u>971,119</u>	<u>1,165,388</u>

**THE GUYANA OIL COMPANY LIMITED**  
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<b>9(a) Cash and Bank</b>	<b>G\$'000</b>	<b>2017 G\$'000</b>
i Cash on Hand	3,850	4,055
ii Current Accounts	2,356,274	3,114,138
iii Savings Deposits	3,911,569	1,810,655
iv Foreign Currency Account	263,767	1,129,333
v Fixed Deposits	132,744	130,905
vi Term Deposits	394,750	389,733
vii Credit Card	(13.00)	(809)
	<u>7,062,941</u>	<u>6,578,010</u>

- i This is non-interest bearing cash balances with no maturity dates.
- ii Represents non-interest bearing chequing accounts.
- iii The weighted average rate of interest for the year was 0.825% (2016 - 1.45%). There is no date of maturity.
- iv This represents foreign currency account with no maturity dates.
- v&vi Represents short term investments with interest at an average interest rate of 1.65% with varying maturity dates.

<b>10. Share Capital</b>	<b>G\$'000</b>	<b>2017 G\$'000</b>
Authorised 5 000 000 Ordinary Shares	<u>5,000</u>	<u>5,000</u>
Issued and Fully Paid 575 000 Ordinary Shares	<u>575</u>	<u>575</u>

All issued shares are held by National Industrial and Commercial Investments Limited (NICIL).

<b>11. Capital Reserve</b>	<u>775</u>	<u>775</u>
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This arose due to the difference between the net book value of the assets acquired on the date of incorporation and the purchase consideration.

THE GUYANA OIL COMPANY LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	GS'000	2017 GS'000
<b>12. Defined Benefit Liability</b>		
The company participates in a contributory multi-employer pension scheme, Guyana Sugar and Trading Enterprises Pension Scheme (STEPS), a defined benefit scheme. The contributions are held in trustee administered funds, which are separate from the Company.		
The plan covers all permanent employees. The average number of employees in the pension scheme was 286 (2017-270 persons). The last actuarial valuation was done at December 31, 2018.		
<i>Net Liability in statement of financial position</i>		
Present value of defined benefit obligations	1,107,763	854,454
Fair value of plan assets	(1,037,171)	(693,340)
<b>Net Defined benefit liability /(Asset)</b>	<u>70,592</u>	<u>161,114</u>
<i>Expense recognised in the Statement of Comprehensive Income</i>		
Current service cost	74,905	69,082
Net Interest on Net defined benefit liability/(Asset)	6,250	6,253
<b>Net pension cost</b>	<u>81,155</u>	<u>75,335</u>
<i>Movement in Present Value of Defined Benefit Obligation</i>		
Defined benefit obligation at start of year	854,454	755,350
Current Service Cost	74,905	69,082
Interest Cost	41,957	36,982
Members Contributions	20,365	18,414
Re-measurements - Experience Adjustments	16,995	6,444
Actuarial (gains)/losses from changes in demographic assumptions	130,092	-
Benefits Paid	(31,005)	(31,818)
<b>Defined benefit obligation at end of year</b>	<u>1,107,763</u>	<u>854,454</u>
<i>Movement in Fair Value of Plan Assets</i>		
Fair Value of Plan Assets at start of year	693,340	597,559
Interest Income	35,707	30,729
Return on Plan Assets, excluding interest income	266,019	30,566
Company Contribution	52,745	47,890
Members Contribution	20,365	18,414
Benefits Paid	(31,005)	(31,818)
<b>Fair Value of Plan Assets at end of year</b>	<u>1,037,171</u>	<u>693,340</u>
<i>Summary of Principle Assumptions as at 31 December</i>		
	% Per annum	% Per annum
Discount rate	5.0	5.0
Average Salary increases	5.0	5.0
Pension increases	2.0	2.0



THE GUYANA OIL COMPANY LIMITED  
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 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER, 2018

13. Trade and Other Payables	GS'000	2017 GS'000
Trade Payables	2,145,920	2,054,888
Accruals	27,709	23,013
Value Added Tax	7,825	
Other Payables	40,833	12,285
Credit Balances transferred from Receivables	454,277	348,651
	2,676,564	2,438,837
Other Payables includes security deposits, VAT payable, withholding tax, professional fees, staled cheques and other inventory received for resale but invoices are outstanding.		
Age Analysis is as follows:		
< than 30 days	1,794,815	1,634,365
> than 30 Days but less than 90 days	313,290	261,952
> than 90 days	568,459	158,571
	2,676,564	2,054,888
<b>14. Revenue</b>		
Gasolene	22,429,714	20,330,243
Kerosene	1,442,836	1,329,039
Gasoil	13,867,068	11,904,159
ULSD	1,480,478	554,039
Fuel Oil	982,509	327,025
Lube Oil	722,118	730,083
Lube Grease	26,645	24,833
Tyres, Batteries and Accessories	65,053	59,567
	41,016,421	35,258,988
<b>15. Cost of Sales</b>		
Opening Stock	1,982,071	1,660,666
Add:		
Purchases	36,175,134	30,786,406
	38,157,205	32,447,072
Less:		
Closing Stock	1,761,169	1,982,071
Cost of Goods Sold	36,396,036	30,465,001

**THE GUYANA OIL COMPANY LIMITED**  
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER, 2018**

	G\$	2017 G\$'000
<b>16. Employment Cost</b>		
Salaries	574,391	528,595
Overtime	75,421	72,537
Retro Pay	35,220	32,475
Allowances	6,790	4,618
Telephone Allowance	1,016	1,345
Entertainment Allowance	2,208	1,732
Station Allowance	867	809
Meal Allowance	19,164	18,825
Travel Subsistence	3,233	3,565
Staff Welfare	60,029	53,686
Staff Uniform	25,963	22,159
Fuel Benefit	3,192	
National Contribution Scheme	49,904	46,268
Medical Scheme	13,550	12,421
Pension Contribution	51,371	52,565
Severance Pay	1,229	838
Bursary Awards	939	809
Vacation Pay	44,621	38,088
Stipend	5,080	5,101
Education and Training	10,573	6,654
	<u>984,761</u>	<u>903,090</u>
<b>17. Operating Cost</b>	<b>G\$</b>	<b>2017 G\$'000</b>
Freight and Other Handling Charges	98,720	77,690
Tolls	1,588	1,554
Transportation	7,470	12,864
Fuel Sampling	832	57
Damage Stock	96	4,351
Loss on Bulk Products	85,809	103,151
Product Donation	1,038	8,140
Sales Promotion	1,079	424
Vehicle Expenses	99,328	97,472
Repairs and Maintenance	83,507	130,160
	<u>379,467</u>	<u>435,863</u>

**THE GUYANA OIL COMPANY LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER, 2018**

18. Administrative Cost	GS'000	2017 GS'000
Bad Debts	233	303
Software Upgrade	5,931	8,612
Rental	8	1,181
Rates and Taxes	7,605	6,941
Advertising	21,675	42,180
Sponsorship	2,283	4,774
Electricity	49,550	48,986
Water Rates	2,464	865
Telephone and Internet	21,245	12,703
Insurance	18,592	20,325
Stationery	14,990	15,517
Office and Other Supplies	23,893	23,486
Stamp Duties	24,275	23,015
Business Travel	14,402	13,277
Lucheons and Events	22,606	8,488
Legal and Professional Fees	24,791	11,365
Audit Fees	6,123	5,216
Director Fees	3,780	3,680
Subscription and Publication	2,797	3,314
Communnity Contribution	2,119	6,240
ID Cards	326	166
Medical Exams	234	377
Loss on Asset Disposal of PPE	13,317	-
Others	545	-
Rental of Bags	9,713	14,649
	<u>293,497</u>	<u>275,660</u>

THE GUYANA OIL COMPANY LIMITED  
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER, 2018

	2018	2017
	G\$'000	G\$'000
<b>19. Finance Cost</b>		
Bank Charges	2,218	2,154
	<u>2,218</u>	<u>2,154</u>
<b>20. Other Income</b>		
Subletting of Tanker	7,969	4,798
Interest Earned on Bank Account	36,691	37,045
Rental - Convenient Store	9,981	9,316
Rental - ATM Facility	1,367	1,468
Services	23,439	27,555
Sale of Tex Gas	12,696	12,534
Guygas Commission	2,521	2,821
Gain on Disposal of PPE	-	3,415
Gain on Fuel Imports	71,728	
Overage	713	723
Foreign Exchange Gain	34,848	7,583
Delivery/Transportation Fee	74	
Refunds	-	23,053
Credit Written Back	-	33,883
Other	13,563	13,056
	<u>215,590</u>	<u>177,250</u>
Other includes sale of water, ice, phonecards, newspaper, spares, bid forms etc		
<b>21. Taxation</b>		
Corporation Taxes	1,130,164	1,213,532
Property Taxes	83,488	80,429
Deferred Taxes	65,246	(39,606)
Withholding Taxes	7,341	-
	<u>1,286,239</u>	<u>1,254,355</u>
<b>Reconciliation of Tax Expense</b>		
Accounting Profit	2,872,317	3,103,846
Excess wear and tear allowances over depreciation	(26,691)	(43,936)
Non Deductible Expense	16,474	14,380
Income not subject to corporation tax	(36,691)	(40,461)
Chargeable Income	<u>2,825,409</u>	<u>3,033,829</u>
Corporation Tax Calculated at the statutory rate of 40%	1,130,164	1,213,532
2% on Turnover	820,328	705,180

THE GUYANA OIL COMPANY LIMITED  
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 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	G\$	2017 G\$
<b>22. Earnings per share in dollars</b>		
This is computed as follows:		
Net Comprehensive Income For The Year	1,586,078,575	1,849,490,714
Divided by:		
Number of shares Issued	575	575
Earnings per share in Dollars	2,758	3,217

**23. Contingent Liabilities**

*Operating Lease Commitments*

At the Statement of Financial Position date, the company has outstanding commitments under non-cancelable operating leases, which fall due as follows:

Within one year	1,624,433	1,584,766
Total	1,624,433	1,584,766

Operating lease payment represents rental of ocean vessels. Charges are negotiated every two (2) years.

*Contingent Liabilities*

The company at present has no pending litigation matters.

**THE GUYANA OIL COMPANY LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**1 Accounting Policies (cont'd)**

**24. Financial Risk Management**

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and foreign exchange risk. These risks are inherent to the company's operation and management of these risks lies with the Board whose objective is to identify, assess, monitor and control in an effort to minimize these risks which would result in an increase in profitability.

The main financial risks affecting the company are:

**(i) Market Risks**

Market risk embodies not only the potential for loss but also the potential for gain.

**a) Currency Risk**

This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange currency requirements. The equivalent Guyana Dollar values of assets and liabilities denominated in foreign currencies are as follows:

2018:	GS'000
Cash and cash equivalents	263,767
Payables	24,496
Net exposure to currency risk	<u>239,271</u>
<b>2017:</b>	
Cash and cash equivalents	1,129,333
Payables	72,686
Net exposure to currency risk	<u>1,056,647</u>

All foreign currency assets and liabilities are denominated in United States Dollars. Management monitors its foreign currency requirements on a on a regular basis to minimise exposure.

THE GUYANA OIL COMPANY LIMITED  
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 NOTES TO THE FINANCIAL STATEMENTS  
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**1 Accounting Policies (cont'd)**

**24. Financial Risk Management**

**b) Fair Value interest rate risk**

This is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The company is not significantly exposed to interest rate risk.

**c) Price Risk**

This 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 instrument or its issuer or factors affecting all instruments traded in the market.

The company has significant exposure to price risk, including the risk of changes in related import tax rates, on future purchases of petroleum products for resale. A change in those prices may alter the margin of these products. The company monitors market prices and adjust selling prices accordingly. The company has not entered into commodity future, forward and option contracts to manage fluctuations in prices of anticipated purchases.

**(ii) Credit Risk**

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

The company's exposure and the credit ratings of its counterparties are continuously monitored by management and that appropriate action, such as legal action, is taken to protect the company. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Impairment provisions are established for balances, other than that owed by Government or Government agencies and corporation, for which management believes there is a insignificant risk of non-recovery. Cash and cash equivalents are not a major source of credit risk as the counter-parties are mainly regulated financial institutions with no known liquidity problems.

The following table shows the company's maximum exposure. It excludes those assets that are not deemed to give rise to credit risk.

Credit Risk Analysis	GS'000	2017 GS'000
Trade and Other Receivables	922,561	1,116,830
Related Company	860,767	684,467
Cash Resources	7,062,941	6,578,010
	<u>8,846,269</u>	<u>8,379,307</u>
Defined Benefit Liability	70,592	161,114
Accounts Payable	2,676,564	2,438,837
Taxes Payable	137,181	103,170
	<u>2,884,337</u>	<u>2,703,121</u>
Net Exposure to credit Risk	<u>5,961,932</u>	<u>5,676,186</u>

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**1 Accounting Policies (cont'd)**

**24. Financial Risk Management cont'd:**

**(iii) Liquidity Risk**

This is the risk an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Ultimate responsibility for liquidity risk management rests with the board of directors. The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

All liquid assets and liabilities mature within one year of the balance sheet date.

**(iv) Cash Flow interest rate Risk**

This is the risk that the future cash flows of a financial instrument will fluctuate because of change in market interest rates. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The company is not significantly exposed to such risk.

	Non Interest Bearing GS'000	Total GS'000
<b>December 31, 2018</b>		
<b>Financial Assets</b>		
Related Company	860,767	860,767
Receivables	922,561	922,561
Cash Resources	2,623,891	2,623,891
	4,407,219	4,407,219
<b>Financial Liabilities</b>		
Defined Benefit Liability	70,592	70,592
Dividend Payable	-	-
Payables	2,676,564	2,676,564
	2,747,156	2,747,156
<b>Net Sensitivity Gap</b>	1,660,063	1,660,063
<b>December 31, 2017</b>		
<b>Financial Assets</b>		
Related Company	684,466	684,466
Receivables	1,116,830	1,116,830
Cash Resources	4,247,526	4,247,526
	6,048,822	6,048,822
<b>Financial Liabilities</b>		
Defined Benefit Liability	161,114	161,114
Dividend Payable	-	-
Payables	2,438,837	2,438,837
	2,599,951	2,599,951
<b>Net Sensitivity Gap</b>	3,448,871	3,448,871



THE GUYANA OIL COMPANY LIMITED  
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**1 Accounting Policies (cont'd)**

**25. Fair value of financial assets and liabilities**

The fair values of financial assets and liabilities not carried at fair value in the financial statements are estimated to approximate their carrying values.

**26. Related Party Transactions and Balances**

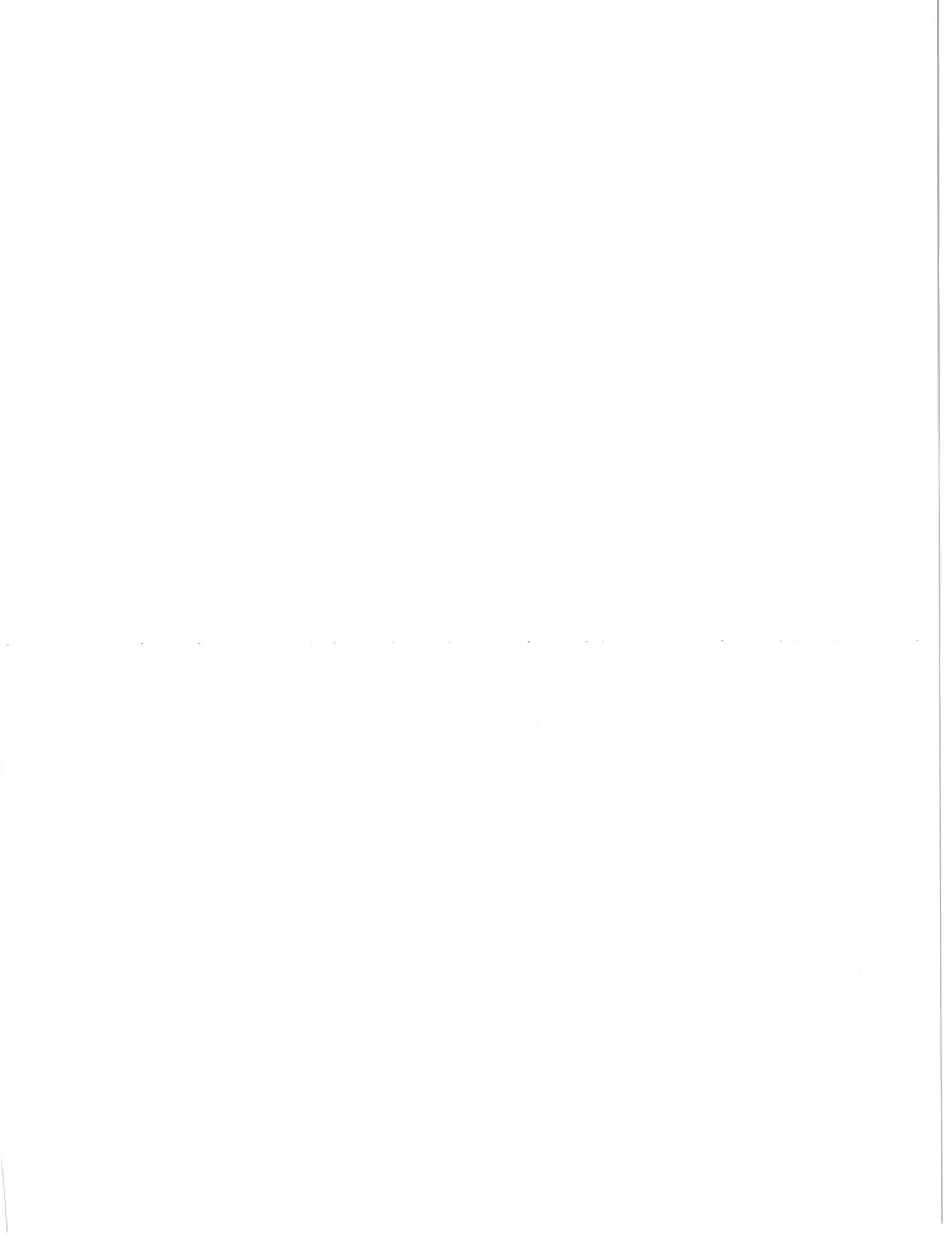
	Transactions		Due (to)/from	
	2018 GS'000	2017 GS'000	2018 GS'000	2017 GS'000
<i>Sale of goods</i>				
Entities wholly or partly owned by the Government of Guyana	4,199,078	1,446,471	(103,851)	92,559
Government Agencies	2,595,873	2,251,604	(18,765)	(210,923)
 <i>Other Income</i>				
Entities wholly or partly owned by the Government of Guyana	41,747	113,891	-	33,015

**27. Key Management Personnel**

The company had ten (10) (2017- ten 10)) senior managers whose annual emoluments for the year was \$59,425,655(2016-\$49,379,658). Two of the managers resigned and one was terminated during the year.

28. Directors' Emoluments	GS'000	2017 GS'000
Oscar Phillips	732	759
Mark Bender	432	-
Lance Carberry	-	476
Harryram Parmesar	552	603
Katty Jason	528	171
Lawerence Paul	492	564
Berkley Wickham	-	228
Keith Cholmondeley	480	-
Shondel Hope	564	483
Shaundel B. Taylor	-	396
	3,780	3,680











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HIGH MILEAGE  
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Head Office: 191 Camp Street,  
Georgetown, South Cummingsburg,  
Guyana, S.A.  
Tel: (592)225-1595-8  
Email: [admin@guyoil.gy](mailto:admin@guyoil.gy)

[www.guyoil.gy](http://www.guyoil.gy)

