Guyana National Shipping Corporation Limited

ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

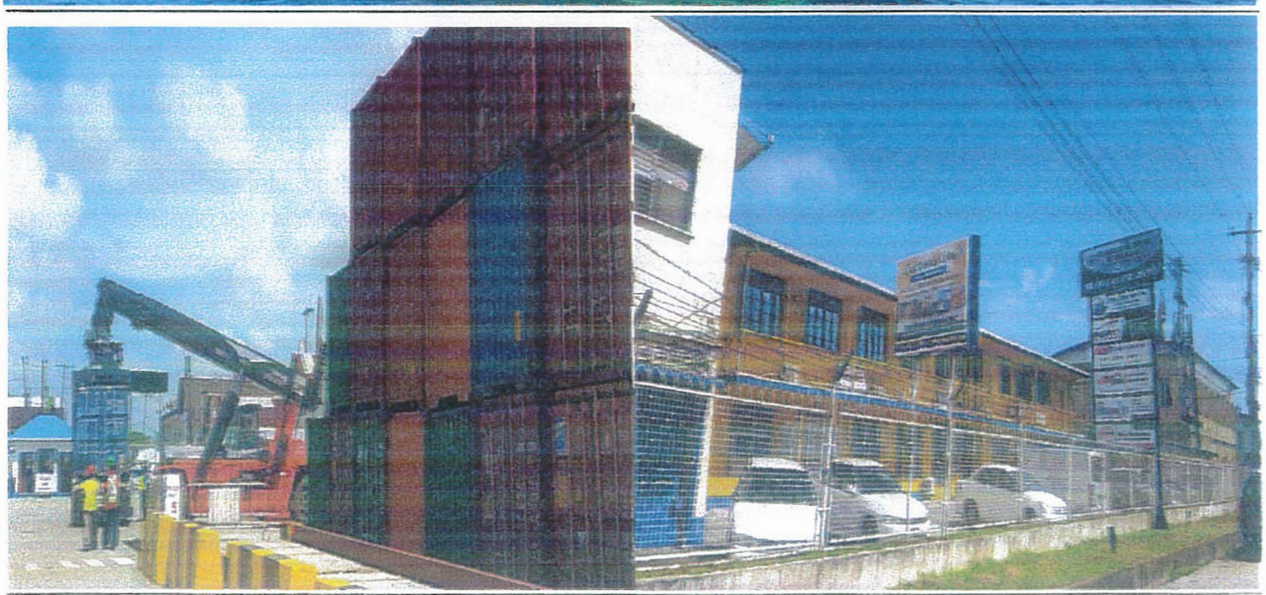

TABLE OF CONTENTS

NOTICE OF
ANNUAL GENERAL MEETING

The Thirty-Eight (38th) Annual General Meeting of the Shareholders of the **Guyana National Shipping Corporation Limited** will be held on **Wednesday, September 18, 2019 at 16:00 hours** at the Herdmanston Lodge, 65 Peter Rose and Anira Streets, Georgetown.

AGENDA

1. To receive and consider the Accounts for the year ended December 31, 2018.

2. To confirm the appointment of the Directors for the year ended December 31, 2018.

3. To consider any other business that may be conducted at an Annual General Meeting.

By Order of the Secretary

Registered Office
5-9 Lombard Street
La Penitence
Georgetown

M. Somaroo

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Mohini Somaroo

August 23, 2019

MISSION STATEMENT

To provide excellent; Port, Shipping and Transportation services to Customers and Principals through prudent management and the use of modern technology, equipment and facilities.

VISION STATEMENT

Our aim is to provide world class services to our customers.

CORE VALUES

A - Accountability
T - Teamwork
I - Integrity
D - Dedication
E - Excellence

Our Services are washed by A TIDE of Values.

ISO 9001:2015 QUALITY POLICY

Guyana National Shipping Corporation Limited is devoted to achieving and maintaining the highest standard of customer service in the provision of world class Maritime Transportation Services.
Management remains committed to establishing and improving a Quality Management System that would ensure effectiveness in all processes and integrity in all transactions.
Quality objectives are implemented, maintained and disseminated throughout the organization to all levels of staff in order that ultimate customer satisfaction is achieved.
The Company will ensure the training and development of staff at all levels in their related skill areas so as to maintain competence.
Opportunities for continual improvement and further effectiveness in service will be constantly pursued throughout the life of the organization by frequent reviews of the Quality Management System.
The Management and staff of the Corporation will at all times be committed to meeting the needs of customers and other stakeholders in a professional and safe manner, in accordance with industry norms and government's policies.

REPORT OF THE DIRECTORS

OVERVIEW

As at December 31, 2018, the GUYANA NATIONAL SHIPPING CORPORATION LIMITED is in existence for forty-two (42) years and is the only state-owned company in the shipping industry, and remains committed to enhancing the state's economy through its contribution. We are dedicated to understanding our Customers' needs and delivering excellent service, both internally and externally. We seek continuous improvement and the highest quality in the delivery of our services.

The Corporation renders supportive services to all sectors of the economy and its major role in the shipping industry is the provision of related quality services to Ship-owners, Operators, and other Customers, locally and internationally.

As terminal operators' the Corporation provides modern loading/unloading facilities for various cargoes to and from local, regional and international markets. The provision of covered and open storage space at competitive rates for imports, mainly for manufacturing, agricultural and other sectors of the economy, continues to be a leading role of the Corporation.

The Cargo Handling services along with the Rental of office, storage and wharf space, continues to be a significant aspect of the Corporation's operation.

We also render a reliable service in transporting over half of the country's sugar production from the Berbice estates to the point of export at the Demerara Sugar Terminal.

Marine Insurance and other related services as Lloyd's Agents are also provided at competitive rates.

In order to be successful in a competitive and rapidly changing global economy, we are committed to being proactive in our preparations for future challenges and managing our resources strategically in order to achieve our vision. We see our role and the demand for our various services growing in the long term as diversification of the economy continues.

REPORT OF THE DIRECTORS

REVIEW OF OPERATIONS – 2018

Total revenue for the year was $664.441M as against a budget of $742.408M. This shows an unfavourable variance of $77.967M and an eighty-nine percent (89%) achievement rate. There was growth in revenue by three percent (3%) over the year 2017.

Expenses for the year were $578.704M as against a budget of $633.681M. This reveals a favourable variance of $54.977M and a nine percent (9%) savings over the budget. Expenses would have seen a three percent (3%) decline over the year 2017.

The resultant actual Profit before taxation for the year 2018 was $85.737M, which was twenty-one percent (21%) below the budgeted target of $108.727M for the year 2018. The year 2018 Profit before taxation showed an increase of eighty-four percent (84%) over the year 2017 Profit before taxation of $46.625M.

The Corporation remains liquid with a current ratio of three point zero (3.0) for the year 2018 as against three point three (3.3) for the year 2017. This means that the Corporation has $3.0 in Current Assets to pay every $1.0 in Current Liabilities.

The Pre-tax Profit margin of twelve point nine percent (12.9%) for the year 2018 is an increase of five point seven percent (5.7%) over the year 2017. The Return on Equity of five point six percent (5.6%) and Return on Total Assets of five point zero percent (5.0%) for the year 2018, are significant increases over the year 2017. This means that the Equity invested and Assets employed in the Corporation were more efficiently and effectively utilized for the year 2018 over the year 2017.

These indicators resulted in Earnings per Share of sixteen dollars ($16) for the year 2018 as compared to eight dollars ($8) for the year 2017.

While it is evident that we would not have surpassed our budgetary targets for the year 2018, it should be highlighted that the Corporation did achieve growth by increasing its revenue for the year 2018 over the year 2017 while decreasing its expenses. The financial ratios highlighted are also positive indicators of the Corporation's progress.

During the year 2018, the Corporation had constant discussions with our main Principal Hapag-Lloyd to convince them to establish a feeder vessel of their own and to stop using slots on other feeder vessels calling at other wharves. However, we were not successful in this bid and Hapag-Lloyd continues to use a feeder vessel service calling at John Fernandes Limited (JFL) wharf. We maintain a sharing arrangement with JFL and therefore derive some revenue through this area. For the year 2018, the import and export of containers increased significantly, by forty-seven percent (47%) and sixty-two percent (62%), respectively, over the year 2017.

REVIEW OF OPERATIONS – 2018 Cont'd

This area of the business keeps growing and we intend to use this as leverage to solidify our position with Hapag-Lloyd for a feeder vessel calling at our wharf.

The Corporation's marketing strategy embodies a customer focused drive geared towards retaining current customers and engaging new potential customers, for all areas of the Corporation. The face-to-face interaction through visits to customers and participation in conferences would have materialised in business and revenue generation for the Corporation. During the year 2018, the focus was also on opportunities in the oil and gas industry and we engaged many businesses that were interested in forming partnerships/alliances with the Corporation.

The absence of Liner-vessel calls at the terminal keeps the performance of the Cargo Handling Department, the core business operation arm of the company, relatively below its capacity. The traditional areas of general cargoes, lumber and rice were severely below the budgeted tonnes by sixty-nine percent (69%), eighty-three percent (83%) and eighty-eight (88%), respectively. These shortfalls were somewhat offset by non-budgeted stone/aggregate that materialized during the year and the over achievement of fertilizer and cement. Cement and fertilizer recorded 31,845 and 22,864 tonnes, respectively, which were six percent (6%) and twenty-seven percent (27%) above the budgeted tonnes. Stone/aggregate recorded 27,200 tonnes for the year. While these break bulk cargoes are labour intensive and generate smaller surpluses, their contribution to the business is encouraging.

The Corporation's contract with the Guyana Sugar Corporation Inc. (Guysuco) to transport bulk sugar by ship from the Berbice Estates to the Demerara Sugar Terminals (DST), continued throughout the year. The first and second crops combined would have only achieved 72% or 61,064 tonnes as compared with the budget for the year 2018 of 84,708 tonnes. Guysuco's second crop came to an end in December, 2018. However, there was an overspill of 890 tonnes in January, 2019. The sugar industry was affected by the closure of the Skeldon estate at the end of year 2017 and this resulted in the tonnes achieved for the year 2018 being 24,901 below the year 2017.

A major loss for the Corporation in December, 2018 was the termination of the Contract with Kaizen Environmental Services (a Canadian Company). The contract was signed in January, 2017 to develop the northern section of the La Penitence Wharf to provide marine logistics and support services to the Oil and Gas Industry in Guyana. The developmental works that were expected to commence in the year 2017 did not materialize and the payment of rent was not being made, as such, the Corporation made a decision to end the contract.

REVIEW OF OPERATIONS – 2018 Cont'd

The Shipping Department was marginally below their budgeted target for the handling of vessels for the year 2018. They handled 246 vessels and the projected agency fees and related commissions from this area of the business were achieved. This Department also saw a 109% total increase in imports and exports of containers through Hapag-Lloyd and a likewise increase in freight earned from this revenue area.

The Corporation spent a total of $36.648M during the year on repairs and maintenance, inclusive of repairs to sections of the La Penitence terminal with a focus on providing safe berthing and storage for customers; rehabilitation of the fleet of Mechanical Handling Equipment and Service Vehicles to provide more efficient service to customers.

In December 2018, the Board of Directors approved an increase, in salary for employees, of between zero point five percent (0.5%) to five percent (5%), retroactive to January 01, 2018.

The Corporation successfully passed the Recertification Audit for the International Organisation for Standardisation (ISO) 9001:2015 standard in September, 2018. We continue to embrace all areas of ISO and ensure compliance with the Quality Management System. We also passed our yearly International Ship and Port Facility Security Code (ISPS) inspection conducted during the year 2018.

The Corporation maintained active internal Committees, such as, Health and Safety, Workers' Participation Council, Maintenance, International Ship and Port Facility Security Code, Marketing and Advertising, Credit and Internal Tender Committees, which all worked assiduously to accomplish their mandate.

During the last half of the year 2018, the Marketing and Advertising Committee was reconstituted to form the Business Development Committee whose mandate is to assess the performance of the Corporation, identify opportunities for improvement and evaluate new business opportunities and proposals that best meet the Corporation's mission, vision and strategic plan priorities.

Also, during the last half of the year 2018, the Corporation began the process of drafting a Procurement Manual aimed at guiding the procurement process of all goods and services, to ensure that they are procured in an efficient and transparent manner. The first draft of this Manual was sent to the Public Procurement Commission for review in the last quarter. Coming out of this process, the Internal Tender Committee was dissolved and the GNSCL Tender Committee was formed. This Committee included two (2) Directors of the Board as members. Expressions of Interest (EOI) for services/jobs needed by the Corporation were advertised in the local print media and on the GNSC's website and social media accounts.

REPORT OF THE DIRECTORS

REVIEW OF OPERATIONS - 2018 Cont'd

In the interim, the BOD has approved the continued use of the Corporation's approved List of Suppliers, for needed services/jobs until the end of the year 2018.

A new Board of Directors (BOD) was appointed by Cabinet for the year 2018 with a new Chairman and change in one (1) Director. Regrettably one (1) of the Directors passed away mid-year and a replacement was made for the last half of the year. The BOD was actively involved in providing policy guidelines and direction to the Corporation and continues to provide support to Management on the five-year Strategic Plan of the Corporation that is aimed at re-defining our business strategy to meet the demands of customers and principals. There were monthly meetings of the BOD as well as sub-committee meetings on Administration, Finance, Internal Audit and Operational areas within the Corporation.

DEPARTMENTAL REVIEW - 2018

The Corporation had budgeted for the main revenue earners to be the Coastal Shipping Department and La Penitence Wharf activities, which were expected to contribute twenty-seven percent (27%) and thirty percent (30%), respectively, to the total budgeted revenue for the year of $742.408M. Actual performance showed the departments' contributions were twenty-two percent (22%) and thirty-one percent (31%), respectively, of the total actual revenue of $664.441M. The shortfall by the Coastal Shipping Department was counteracted by the Shipping Department, whose actual revenue exceeded their budget by six percent (6%).

In absolute terms, the Coastal Shipping Department would have underperformed against their budgeted revenue by $57.547M and also against the actual revenue for the year 2017 by $58.470M. This Department achieved seventy-two percent (72%) of their budgeted revenue.

While the La Penitence Wharf exceeded its actual revenue for the year 2017 by $39.446M, the Department fell short of their budgeted revenue by $14.798M or a ninety-three percent (93%) achievement rate. It should be noted that the budgeted revenue for this Department for the year 2018 was set at thirty-two percent (32%) above the actual revenue for the year 2017.

The Shipping Department exceeded its budget by $29.900M and also exceeded the year 2017 revenue by $27.242M. There was an achievement rate of one hundred and twenty-nine percent (129%).

REPORT OF THE DIRECTORS

DEPARTMENTAL REVIEW – 2018 CONT'D

The Corporation continued with the rental of office, bond and wharf space at the Warehouse Complex and the Wharf No. 1 and 2. The proceeds from this area of the business represented eighteen percent (18%) or $119.607M of the actual total revenue. While this area fell short of their budgeted revenue by $2.022M, it surpassed the year 2017 revenue by $14.227M.

The Transportation Department, which is a section of the La Penitence Terminal, contributed $23.268M towards the actual total revenue. While the Department's revenue was below its budgeted target by $15.385M, it should be noted that revenue had increased by $2.535M over the year 2017.

The Insurance Department fell short of its budgeted revenue of $14.220M by $4.112M and also the year 2017 revenue by $2.472M.

CAPITAL EXPENDITURE

For the year 2018 the Corporation was granted approval of a significant Capital Expenditure Budget by the Ministry of Finance of $188.000M. The Corporation spent a total of $35.077M and the projects undertaken were: purchase of machinery and equipment $20.480M, acquisition of motor vehicle $6.300M, improvements to buildings $5.983M, acquisition of furniture and fixtures $2.208M and purchase of office equipment $0.106M. Also, there were a few work-in-progress jobs at the end of the year totaling $101.935M. This included construction of a new state-of-the-art warehouse at $99.180M and rehabilitation to mechanical handling equipment at $2.755M.

The most significant investment was obviously the new state-of-the-art Warehouse which was still in progress at the end of the year 2018. This is a project that was brought forward from the year 2016 at a total budgeted cost of $140.000M for the Civil Works and Steel Frame and Fabrication.

Other significant Capital Expenditures were the purchase of two (2) Doosan Forklift trucks for $9.500M each and a Toyota Hiace Minibus for $6.300M, which are expected to improve our cargo handling capabilities and service provision. The Corporation also invested $3.554M on the paving of the driveway at the Warehouse and Office Complex to enable tenants to conduct their business and traverse the area more comfortably.

An unaccomplished project for the year 2018 was the rehabilitation of the Wharf, which remains a priority in order to ensure the Corporation's ability to handle two (2) 'feeder size' vessels alongside, as well as conducting multiple operations at the terminal.

REPORT OF THE DIRECTORS

CAPITAL EXPENDITURE CONT'D

The need for a financing structure to facilitate this capital investment keeps engaging the attention of Management, since the Corporation is currently unable to 'self-finance' this project. The lack of timely Capital investment continues to have a negative impact on the Corporation's development plans, especially given the requirements of the Oil and Gas industry.

INDUSTRIAL RELATIONS

The Industrial relations climate existing between the Corporation and the unions representing the employees, namely the Clerical and Commercial Workers Union (CCWU) and the Guyana Labour Union (GLU), remained cordial throughout the year. The recruitment of skilled and qualified persons to fill vacant posts continues to be a challenge, especially for the Central Workshop, Cargo Handling and Security Departments.

HUMAN RESOURCES

In its pursuit to identify the key skills and knowledge required for all levels of staff, Management expanded the scope of the training and skills development programme for the workforce. The Training Plan was geared towards enhanced productivity and customer service levels and improved individual efficiency through competent performance management. Focus was also placed on training for the emerging area of Oil and Gas.

For the year 2018, $1.679M was spent to achieve sixty (60) training programmes, both internal and external. The areas covered were Customer Service, Communication, ISO 9001:2015 Standard, Work Ethics, Human Resources Management, Confined Spaces Entry, ASYCUDA (Manifest, Extensible Markup Language and E-Services). Employees also benefitted from Oil and Gas training in the areas of Procurement for Local Suppliers, Offshore Oil and Gas and Health, Safety, Security and Environment Module 1 and 2. Web Based training was done by our principal Hapag-Lloyd, with key staff of the operational and support departments.

The Corporation also maintained its "Employee of the Quarter" programme to motivate staff to increase their productivity and efficiency. Employees who embody the vision, mission and values of the Corporation were recognized through this initiative. Bursary Awards were presented to employees whose children were successful at the National Grade Six Assessment.

REPORT OF THE DIRECTORS

HUMAN RESOURCES CONT'D

A total of Eight (8) students of the Governmental Technical Institute, KuruKuru Training Centre and our adopted school Brickdam Secondary were accommodated for six (6) weeks Work Study attachments with the Corporation.

The Corporation received an award in recognition of its contribution to the promotion and maintenance of the Joint Workplace Safety and Health Committee for the year 2017. This award was presented at the National Advisory Council on Occupational Safety and Health's (NACOSH) Annual Award Ceremony in May, 2018.

The Corporation celebrated its forty second (42^{nd}) anniversary in May, 2018 and activities included a Thanksgiving service, Health Fair, a tour of the Corporation by the Brickdam Secondary School and a domino competition.

During the year, four (4) employees retired from the Corporation after over fifteen (15) years of service. Notably is former Project Administrator, Mr. Eion Oudkerk who retired in April, 2018 after serving the Corporation for fifty-one (51) years.

SUMMARY

The year 2018 was a challenging one for the Corporation as a result of a feeder vessel not calling at the La Penitence Wharf and the downsizing of the Guysuco Sugar Estates. However, we managed to successfully capitalize on other means of revenue generation through the traditionally non-core wharf activities as well as agency, freight and rental of premises. This was combined with rigid cost control/reduction methods and resulted in our performance exceeding the last two years. This is certainly continuous progression towards increasing our presence and regaining our market share in the industry.

The Company's five-year Strategic Plan continued to be a useful guide for its development path. Established strategic goals intended to set a new direction for the Company were pursued vigorously by Management during the year. Although there was not full achievement of all goals, the critical issues affecting our development will be reviewed and new priorities set as we prepare ourselves to remain competitive in a rapidly changing economy.

The Corporation also intends to capitalise on networking opportunities with international and regional companies and the local business community. Engagements during the year 2018 with companies, in the oil and gas industry, who are desirous of forming strategic alliances, will be vigorously pursued for the materialisation of business.

GNSCL
La Penitence
August, 2019

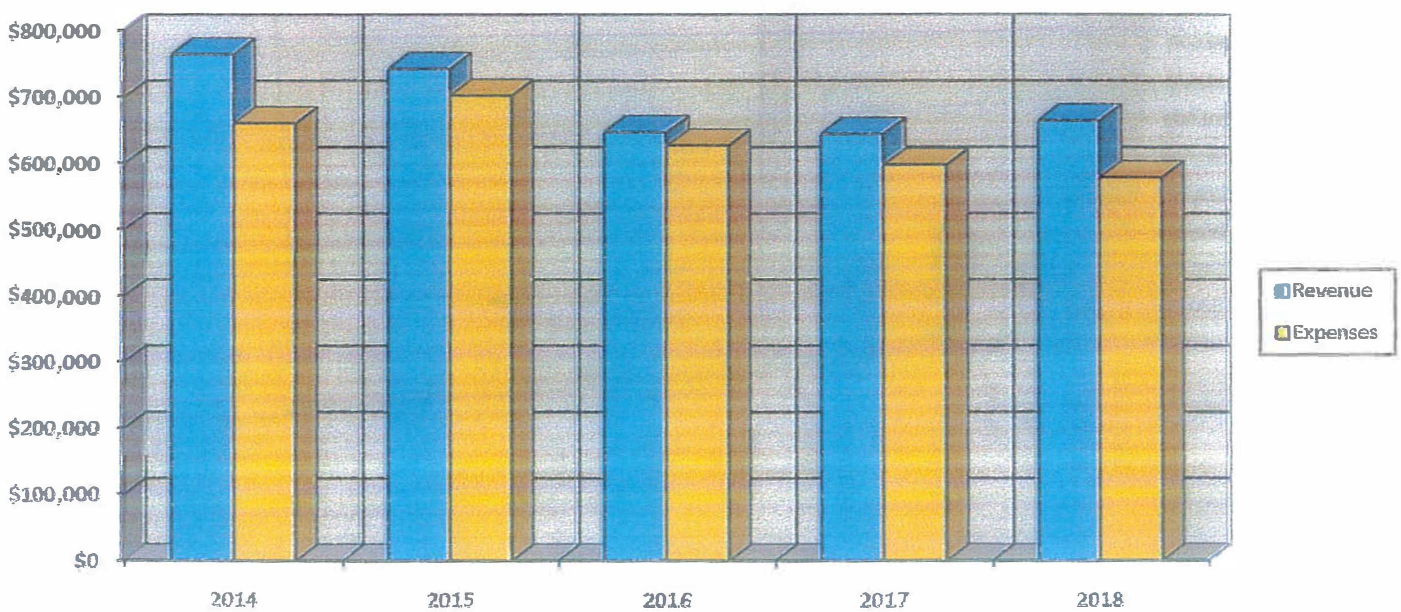
GUYANA NATIONAL SHIPPING CORPORATION LIMITED

FIVE (5) YEAR FINANCIAL STATEMENT INFORMATION AND ANALYSIS

DESCRIPTION	ACTUALS G$'000				
	2014	2015	2016	2017	2018
PROFIT BEFORE TAXATION	103,590	40,554	20,268	46,625	85,737
REVENUE	763,894	742,463	647,035	644,093	664,441
EXPENSES	660,304	701,909	626,767	597,468	578,704
TOTAL ASSETS	1,705,194	1,651,878	1,644,841	1,657,914	1,698,522
CAPITAL INVESTMENT	10,853	81,188	156,416	30,996	35,077
CAPITAL RESERVE	312,575	305,446	299,045	293,064	287,203

PROFIT GROWTH/(DECLINE) BY %		(61)	(50)	130	84
REVENUE GROWTH/(DECLINE) %		(3)	(13)	(0)	3
EXPENSES GROWTH/(DECLINE) %		6	(11)	(5)	(3)
CURRENT RATIO	3.0	4.0	3.0	3.3	3.0
PRE-TAX PROFIT MARGIN %	13.6	5.5	3.1	7.2	12.9
RETURN ON EQUITY %	7.1	2.7	1.4	3.1	5.6
RETURN ON TOTAL ASSETS %	6.1	2.5	1.2	2.8	5.0
BASIC EARNINGS PER SHARE $	20	13	0	8	16

Figure 1 showing Revenue & Expenses movement - Year 2014 to 2018 Actuals (G$'000)



GUYANA NATIONAL SHIPPING CORPORATION LIMITED

Figure 2 showing Profit Movement Year 2014 to 2018 Actuals (G$'000)

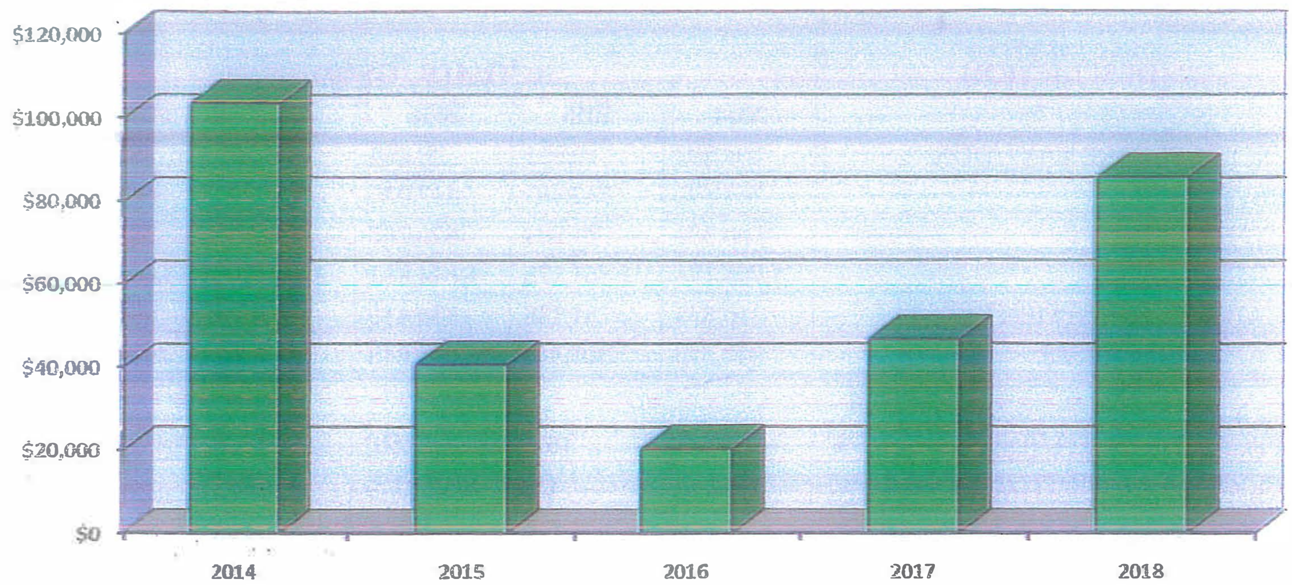
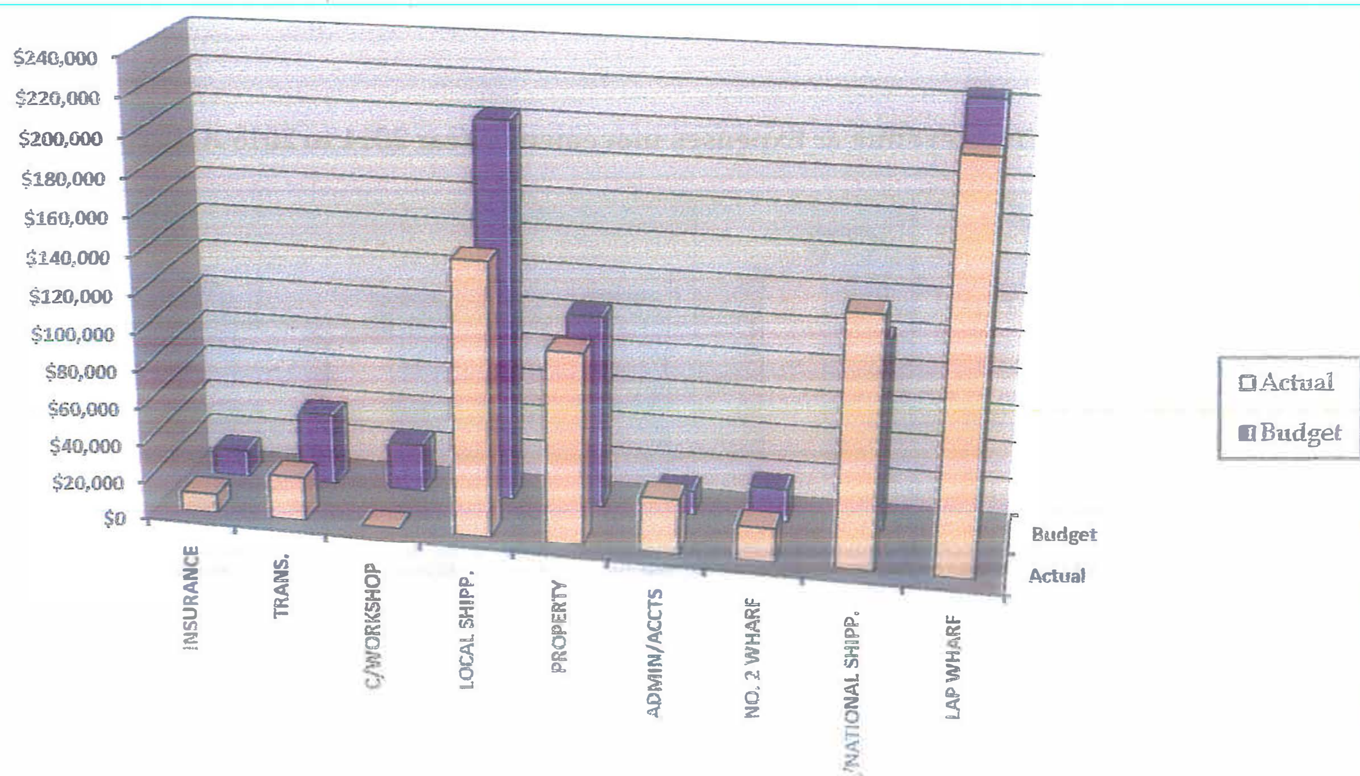


Figure 3 showing Departmental Revenue against Budget for 2018 (G$'000)



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AG: 80 /2019 15 August 2019

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE GUYANA NATIONAL SHIPPING CORPORATION 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 National Shipping Corporation 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 statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 3 to 28.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guyana National Shipping Corporation Limited as at 31 December 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

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 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

AUDIT OFFICE

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

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

Opinion

We have audited the financial statements of Guyana National Shipping Corporation 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 Guyana National Shipping Corporation 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 Guyana National Shipping Corporation 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 Guyana National Shipping Corporation 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 Guyana National Shipping Corporation Limited or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Guyana National Shipping Corporation Limited the financial reporting process.

.../..

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 Guyana National Shipping Corporation 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 Guyana National Shipping Corporation 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 Guyana National Shipping Corporation 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.

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

August 9, 2019

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Statement of Financial Position
As at December 31, 2018

ASSETS	Notes	2018 G$000	2017 G$000
Non-current assets:			
Property, Plant and Equipment	5	897,629	798,551
Investment Property	6	329,906	330,460
		1,227,535	1,129,011
Current assets			
Taxation Recoverable	7	5,291	-
Deferred Taxation	8	-	1,224
Inventories	9	36,859	39,694
Trades and Other Receivables	10	179,388	158,241
Deposit Accounts	11	177,366	198,171
Cash and Cash Equivalents	12	72,083	131,573
		470,987	528,903
TOTAL ASSETS		1,698,522	1,657,914
EQUITY AND LIABILITIES			
Equity			
Share Capital	13	2,797	2,797
Revaluation Reserve	14	287,203	293,064
Retained Earnings		1,251,684	1,201,523
Total Equity		1,541,684	1,497,384
Current Liabilities			
Deferred Taxation	8	4,561	-
Taxation Payable	15	27,000	40,723
Trade & Other Payables	16	125,277	119,807
Total current liabilities		156,838	160,530
TOTAL EQUITY AND LIABILITIES		1,698,522	1,657,914

These financial statements were approved by the Board of Directors on 26th July, 2019

On behalf of the Board of Directors:

Director

Director

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

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Statement of Comprehensive Income
For the year ended December 31, 2018

	Notes	2018 G$000	2017 G$000
Revenue	17	645,068	626,189
Less: Operating expenses	18	(355,898)	(372,129)
Gross Profit		289,170	254,060
Add:			
Other Income	19	23,927	21,814
		313,097	275,874
Less Expenses			
Administrative Expenses	20	222,806	225,339
Financial Charges		2,092	1,640
Directors' Fees		2,462	2,270
		227,360	229,249
Profit before Taxation	21	**85,737**	**46,625**
Taxation	22	(41,437)	(23,038)
Profit after taxation for the year		**44,300**	**23,587**
Other Comprehensive income net of income tax:			
Items that will not be reclassified subsequent to the profit or loss.			
Amortization of revaluation reserve		5,861	5,981
		5,861	5,981
Total Comprehensive income for the year		50,161	29,568
Basic earnings per share in dollars	23	16	8

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

Guyana National Shipping Corporation Limited
(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
At January 01, 2017	2,797	299,045	1,171,955	1,473,797
Profit for the year after taxation	-	-	23,587	23,587
Other Comprehensive Income				
Amortization of revaluation reserve	-	(5,981)	5,981	-
At December 31, 2017	2,797	293,064	1,201,523	1,497,384
Profit for the year after taxation	-		44,300	44,300
Other Comprehensive Income				
Amortisation of revaluation reserve	-	(5,861)	5,861	-
At December 31, 2018	2,797	287,203	1,251,684	1,541,684

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

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Statement of Cash Flows
For the year ended December 31, 2018

	2018 G$000	2017 G$000
Operating activities		
Profit before taxation	85,737	46,625
Adjustments for -		
Depreciation	37,827	39,428
Amortisaton	4,108	4,115
Gain on Disposals	(643)	(1,020)
Operating profit before working capital changes:	127,029	89,148
Working Capital Changes		
(Increase)/Decrease in inventories	2,835	(6,452)
(Increase)/Decrease in trade and other receivables	(21,147)	33,913
Increase in trade and other payables	5,470	42,641
Cash generated from operations	114,187	159,250
Taxes paid	(54,666)	(27,701)
Net cash provided by operating activities	59,521	131,549
Investing activities		
Increase/(Decrease) in Deposit Accounts	20,805	(6,553)
Sale Proceeds	750	1,175
Acquisition of property, plant and equipment	(140,566)	(47,735)
Net cash used in investing activities	(119,011)	(53,113)
Net increase/(decrease) in cash and cash equivalents	(59,490)	78,436
Cash and cash equivalents at beginning of period	131,573	53,137
Cash and cash equivalents as at December 31	72,083	131,573
Cash and Bank	72,083	131,573
	72,083	131,573

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

1 Incorporation and Principal Accounting Policies

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 5-9 Lombard Street, Georgetown.

The company's principal activities are the provision of shipping services, berthing, storage facilities and rental of wharf and office space.

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

2 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) as modified by the revaluation of tangible fixed assets and investment property 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.

2 **Accounting Policies Cont'd:**

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

New or Revised Standards	Effective Annual Periods Beginning:
IFRS 9 - Financial Instruments	January 1 2018
IFRS 15 - Revenue From Contracts with Customers	January 1 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1 2018
Clarification to IFRS 15 - Revenue from Contracts with Customers	January 1 2018
Amendments to IFRS 2 - Classification and Measurement of share based payment transactions	January 1 2018
Amendment to IFRS 4 - Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts'	January 1 2018
Amendment to IAS 40 - Transfers of Investment Property	January 1 2018
Annual Improvement to IFRS 2014-2016 Cycle	January 1 2018

(ii) The following standards or pronouncements have been issued but are not yet effective . However, they are available for early adoption

IFRS 16- Leases	January 1 2019
IFRIC 23 Uncertainty Over Income Tax Treatments	January 1 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1 2019
Long Term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1 2019
Annual Improvement to IFRS 2015-2016 Cycle	January 1 2019
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	January 1 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 1 2020
Definition of a Business (Amendments to IFRS 3)	January 1 2020
Definition of Material (Amendments to IAS 1 and IAS 8)	January 1 2020
IFRS 17 Insurance Contracts	January 1 2021

3 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.

4 Accounting Policies

(a) Property, Plant & Equipment

(i) Presentation and Disclosure

Property, Plant & Equipment held for trade and administrative purposes are stated in the statement of financial position at cost/valuation less any accumulated depreciation and impairment losses (if any).

(ii) Depreciation

No depreciation is charged on freehold land and work-in-progress. Depreciation on other Property, Plant & Equipment is computed on straight-line basis over their estimated useful lives as follows:

Assets are depreciated at the following rates:

Buildings	2%
Machinery & Equipment	7.5 - 25%
Motor Vehicles	25%
Furniture & Fixtures	10 - 12.5%
Office Equipment	10 - 25%

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.

4 Accounting Policies (cont'd)

(b) **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.

(c) **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.

(d) **Cash and Cash Equivalents**

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

4 Accounting Policies (cont'd)

(e) Investment Property

Investment Property represents land and buildings held to earn rentals and for capital appreciation. These are recognised at cost less accumulated amortisation.

(f) Income and Expenditure

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

(g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for any discounts or rebates.

(h) 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.

(i) 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.

4 Accounting Policies (cont'd)

(j) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or administrative decisions.

(k) Retirement benefit Cost

The Corporation participates in a defined benefit pension scheme for its employees. The contributions are held in a Trustee administered fund which is separate from the Corporation's assets.

The market value of the scheme's assets as at December 31, 2018 is G$16,802,776,891.

With regards to the Corporation's compliance with International Accounting Standards 19 Employee Benefits, management estimates that there would be insignificant (if any) net benefit obligations after taking into account the fair value of the plan's assets. Also, the current service cost is a fair reflection of the cost to the Corporation.

(l) 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.

4 Accounting Policies (cont'd)

(m) 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.

(n) 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.

4 Accounting Policies (cont'd)

(o) 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.

5 Property, Plant and Equipment

Cost/valuation	Land & Buildings G $000	Machinery & Equipment G $000	Motor Vehicles G $000	Furniture & Fixtures G $000	Office Equipment G $000	Work-in-Progress G $000	Total G $000
At January 01, 2018	690,242	527,341	33,905	20,281	16,903	15,896	1,304,568
Additions	5,983	20,480	6,300	2,208	106	-	35,077
Transfer of Work-in-Progress	-	6,622	-	-	-	(6,622)	-
Disposals	-	(2,084)	(2,400)	(933)	(333)	-	(5,750)
Work-in-Progress	-	-	-	-	-	101,935	101,935
At December 31, 2018	696,225	552,359	37,805	21,556	16,676	111,209	1,435,830
Accumulated Depreciation							
At January 01, 2018	82,266	374,810	28,305	11,551	9,085	-	506,017
Charged for the year	13,463	18,302	2,325	1,583	2,154	-	37,827
Write back on disposals	-	(2,073)	(2,400)	(854)	(316)	-	(5,643)
At December 31, 2018	95,729	391,039	28,230	12,280	10,923	-	538,201
Net Book Value							
At December 31, 2017	607,976	152,531	5,600	8,730	7,818	15,896	798,551
At December 31, 2018	600,496	161,320	9,575	9,276	5,753	111,209	897,629

Land and Building were revalued by the Directors on 26th May, 1976 to bring them in line with the value in the books of the previous owners. Subsequently, the Land and Buildings were revalued as 1st January, 1982 based on independent professional advice and on 1st January, 2011.

2017

Cost/valuation	Land & Buildings G $000	Machinery & Equipment G $000	Motor Vehicles G $000	Furniture & Fixtures G $000	Office Equipment G $000	Work-in-Progress G $000	Total G $000
At January 01, 2017	682,065	543,178	33,905	22,263	30,907	3,287	1,315,605
Additions	8,177	20,204	-	2,525	90	-	30,996
Transfer of Work-in-Progress	-	3,287	-	-	-	(3,287)	-
Disposals	-	(39,328)	-	(4,507)	(14,094)	-	(57,929)
Work-in Progress						15,896	15,896
At December 31, 2017	690,242	527,341	33,905	20,281	16,903	15,896	1,304,568
Accumulated Depreciation							
At January 01, 2017	68,976	395,192	24,730	14,540	20,925	-	524,363
Charged for the year	13,290	18,867	3,575	1,442	2,254		39,428
Write back on disposals	-	(39,249)	-	(4,431)	(14,094)		(57,774)
At December 31, 2017	82,266	374,810	28,305	11,551	9,085	-	506,017
Net Book Value							
At December 31, 2016	613,089	147,986	9,175	7,723	9,982	3,287	791,242
At December 31, 2017	607,976	152,531	5,600	8,730	7,818	15,896	798,551

6 Investment property

	2018 G$ 000	2017 G$ 000
Cost/Valuation	360,000	360,000
Opening balance as at January 01	29,540	26,268
Additions for the year	(3,554)	(843)
Amortisation for the year	4,108	4,115
Closing balance as at December 31	30,094	29,540
Net Book Value as at December 31	329,906	330,460

Income earned from this investment is recognised in the statement of comprehensive income as follows:

Rental of Premises	118,048	104,282

The property (includes land and buildings) located at area "X", area "E", portion of block "G" and area "F" all being portions of Plantation La Penitence, Georgetown is held solely for rental. The property is stated at fair value based on its last valuation by a professional valuator effective January 01, 2011. It is amortized based on the Corporation's depreciation policy for buildings.

7 **Taxation Recoverable**	5,291	-

Represents corporation tax overpaid

8 Deferred taxation

Component of deferred tax asset/(liability):

	2018		2017
	Fixed Assets G$ 000	Total G$ 000	G$ 000
As at January 01	1,224	1,224	3,206
Movement charged to statement of comprehensive income	(5,785)	(5,785)	(1,982)
At December 31	(4,561)	(4,561)	1,224

9 Inventories

Stores	36,859	39,694
	36,859	39,694

Includes spares, fuel and office sundries

10 Trade and others receivables

The balance shown as trade and other receivables represents monies owed by customers, advance payments made to suppliers and security deposits. The composition is as follows:

		2018 G$ 000	2017 G$ 000
Trade receivables	(a)	195,516	168,500
Other receivables	(b)	1,681	2,680
		197,197	171,180
Less: provision for impairment	(c)	(17,809)	(12,939)
		179,388	158,241

(a) Trade receivables are comprised as follow:

	2018	2017
Due from customers other than Government entities	125,360	85,544
Due from Government entities	70,156	82,956
	195,516	168,500

(b) Other receivables are comprised as follow:

	2018	2017
Security deposits	186	186
Prepayments	1,495	2,494
	1,681	2,680

(c) Provision for impairment-individually assessed

	2018	2017
Balance at January 1	12,939	7,980
Impairment allowance for the year	6,750	4,959
Recovered	(1,880)	-
Balance at December 31	17,809	12,939

11 Deposit Accounts

This balance is comprised as follows:

		2018 G$ 000	2017 G$ 000
Term Deposit account	(a)	166,125	186,984
Bail bonds account		11,241	11,187
		177,366	198,171

(a) Interest is earned at an average of 0.12% - 0.57% per annum

12 Cash and cash equivalents

This balance is comprised as follows:

		2018 G$ 000	2017 G$ 000
Foreign exchange account	(a)	22,796	78,741
Business Cash Management account	(a)	13,157	8,130
Chequing account		35,859	43,986
Other - CSAV		261	261
- Visa Travel Money Card		10	455
		72,083	131,573

(a) Interest is earned at a rate of 0.02% - 0.12% per annum.

13 Share Capital

	2018 G$ 000	2017 G$ 000
Authorised		
Ordinary Shares of 4,000,000 @ $1.00 each	4,000	4,000
Issued and fully paid		
2,796,644 Ordinary shares @ $1.00 each	2,797	2,797

Fully paid ordinary shares carry one vote per share and a right to dividends.

14 Revaluation reserve

	2018 G$ 000	2017 G$ 000
As at January 01	293,064	299,045
Amortization of reserve	(5,861)	(5,981)
As at December 31	287,203	293,064

This represents the difference between compensation price and the valuation of fixed assets at 26 May, 1976 and the surplus on revaluation of Land and Building at 01 January, 2011.

This reserve is non-distributable.

	2018 G$ 000	2017 G$ 000
15 **Taxation payable**	27,000	40,723

This balance represents corporation and property taxes payable at year end to the Guyana Revenue Authority.

16 Trade and other payables

The amount shown as trade and other payables represents monies to suppliers and advance payments received from customers. The balance is comprised as follows :

		2018 G$ 000	2017 G$ 000
Trade payables	(a)	94,123	77,878
Other payables	(b)	31,154	41,929
		125,277	119,807

	2018 G$ 000	2017 G$ 000
(a) Trade payables		
Due to non-Government entities	90,737	56,688
Due to Government entities	3,386	21,190
	94,123	77,878
(b) Other Payables		
VAT Payable	1,780	3,333
Accruals	17,572	18,398
Trade Receivables with credit balances	11,802	20,198
	31,154	41,929

The average credit period on purchases of certain goods range from 30 to 90 days. No interest is charged on trade payables.

The Corporation has financial risk management policies in place to ensure that all payables are paid within the credit period.

17 Revenue

Revenue represents the value of goods and services sold to third parties and related companies as shown below:

	2018 G$ 000	2017 G$ 000
Handling / Stevedoring	173,168	129,581
Rental Of Premises	118,048	104,282
Freight	168,308	210,589
Agencies	47,604	47,213
Hire-Cargo Handling equipment	44,592	44,972
Others	69,029	65,434
Storage	20,513	22,703
Rental Of Equipment	3,806	1,415
	645,068	626,189

18 Operating expenses

	2018 G$ 000	2017 G$ 000
Employment Costs	125,620	116,177
Hire of Vessels	102,009	148,298
Repairs & Maintenance	26,188	25,389
Mechanical Handling equipment	9,182	6,593
Hire of equipment	13,980	3,976
Customs fees	32,831	25,277
Fuel	6,621	4,818
Generator Costs	650	1,101
Tools	162	311
Other operational expense	457	342
Depreciation	34,090	35,732
Impairment of Assets	4,108	4,115
	355,898	372,129

19 Other Income

	2018	2017
Interest Income	9,017	7,893
Gain on Disposals	643	1,020
Foreign Currency exchange gains	14,103	12,901
Inventory adjustments	164	-
	23,927	21,814

20 Administrative Expenses

	2018	2017
Employment costs	116,055	117,810
Electricity	13,967	12,746
Rates & Taxes	13,297	12,800
Other administrative expense	6,766	8,763
Insurance	6,173	5,959
Stationery & Office expense	8,982	7,935
Pension & Gratuity	11,690	9,738
Advertising	5,966	4,770
Motor vehicle expense	5,721	6,046
Legal & Professional Fees	4,424	5,611
Entertainment & Social	5,073	3,336
Telephone and Internet	2,185	1,885
Training expense	1,679	1,431
Subscriptions	1,493	1,440
Audit Fees	1,674	1,736
Travelling Overseas	-	1,682
Water charges	1,235	1,498
R & M Furniture & Equipment	466	234
Security	4,763	4,634
Donation	214	803
Licence Fees	520	980
Bad Debts	6,726	9,631
Inventory adjustments	-	175
Depreciation	3,737	3,696
	222,806	225,339

	2018 G$ 000	2017 G$ 000
21 Profit before taxation	85,737	46,625
After crediting :		
Interest received	4,287	4,365
After charging :		
Depreciation	37,827	39,428
Amortisation	4,108	4,115
Directors' emoluments	2,462	2,270
Auditors' remuneration	1,674	1,736

22 Taxation

Reconciliation of tax expense and accounting profit

	2018 G$ 000	2017 G$ 000
Accounting profit	85,737	46.625
Corporation tax at 27.5%	23,578	12.822
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation of accounting purposes	10,402	10,843
Amortization of investment property	1,130	1,132
	35.110	24,797
Deduct:		
Other income tax @ 27.5%	(1,356)	(1,481)
Tax effect of depreciation and other allowances for tax purposes	(10,321)	(12,658)
Corporation tax	23,433	10,658
Property tax	12,149	10,398
Deferred tax	5,785	1,982
Capital Gains tax	70	-
Tax expense	41,437	23,038
Recognised in the profit or loss:		
Current	35,652	21,056
Deferred	5,785	1,982
	41,437	23,038

	2018 G$ 000	2017 G$ 000
23 Basic earnings per share		
Calculated as follows:		
Profit for the year after taxation	44,300	23,587
Ordinary shares issued and fully paid	2,797	2,797
Basic earnings per share in dollars	16	8

24 Pending Litigations

There are no legal and pending matters up to the time of approving these financial statements as confirmed by Management.

25 Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions. Listed below are transactions with related parties.

	2018 G$ 000	2017 G$ 000
(i) Related Government entities		
Amounts due from	70,156	82,956
Amounts due to	3,386	21,190

No interest is charged on balances with related parties

	2018 G$ 000	2017 G$ 000
(ii) Guarantees in favour of related companies		
Bank Guarantee in favour of Hapag Lloyd	5,250	5,250
Performance Bond /Bank Guarantee in favour of Guyana Sugar Corporation	4,000	4,000
Bail Bonds in favour of High Court of Supreme Judicature Admiralty	1,900	1,900
	11,150	11,150

(iii) Key Management Personnel

(a) Compensation paid
The Corporation's key Management personnel includes its Managing Director and Managers.

The remuneration paid to key Management personnel for the year was as follows:

	2018 G$ 000	2017 G$ 000
Short term employee benefits	44,865	48,058
(b) Directors' fees	2,462	2,270

26 Analysis of financial assets and liabilities by measurement basis

	Amortized Cost G$ 000	Fair Value through profit or loss G$ 000	Total G$ 000
31.12.2018			
Assets			
Taxation recoverable	5,291	-	5,291
Trades and Other Receivables	179,388	-	179,388
Deposit Accounts	-	177,366	177,366
Cash and cash equivalents	72,083	-	72,083
	256,762	177,366	434,128
Liabilities			
Taxation Payable	27,000	-	27,000
Trade & Other Payables	125,277	-	125,277
	152,277	-	152,277
31.12.2017			
Assets			
Trades and Other Receivables	158,241	-	158,241
Deposit Accounts	-	198,171	198,171
Cash and cash equivalents	131,573	-	131,573
	289,814	198,171	487,985
Liabilities			
Taxation Payable	40,723		40,723
Trade & Other Payables	119,807		119,807
	160,530	-	160,530

Financial Management Risk

Financial Risk Management objectives

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

The management seeks to minimize the effects of theses risks by the use of techniques that are governed by their policies on foreign exchange risk and credit risk which are approved by the Board of Directors.

The Corporation's management reports monthly to the Board of Directors on matters relating to risk and management of risk.

(a) Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Corporation's exposure to market risk arises from its financial assets and liabilities. Management continually identify, evaluate and diversify risk in order to minimize the total cost of carrying such risks.

Financial Management Risk continued

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Corporation is exposed to various risks that are associated with the changes in interest rates. This impacts directly on its cash flows. The Corporation is exposure to interest rate risk is immaterial as its financial instruments are substantially at fixed rates. The Corporation's exposure to interest rate risk on financial assets and liabilities are listed below:

Interest risk tables

	Maturing 31.12.2018			
	Average Interest Rate %	1 Year G$ 000	Non-interest Bearing G$ 000	Total G$ 000
Assets				
Taxation Recoverable		-	5,291	5,291
Trades and Other Receivables		-	179,388	179,388
Deposit Accounts		177,366	-	177,366
Cash and cash equivalents	0.02 to 0.12	72,083	-	72,083
		249,449	184,679	434,128
Liabilities				
Taxation Payable		-	27,000	27,000
Trade & Other Payables		-	125,277	125,277
		-	152,277	152,277
Interest sensitivity		249,449		

	Maturing 31.12.2017			
	Average Interest Rate %	1 Year G$ 000	Non-interest Bearing G$ 000	Total G$ 000
Assets				
Trades and Other Receivables		-	158,241	158,241
Deposit Accounts		198,171	-	198,171
Cash and cash equivalents	0.02 to 0.12	131,573	-	131,573
		329,744	158,241	487,985
Liabilities				
Taxation Payable		-	40,723	40,723
Trade & Other Payables		-	119,807	119,807
		0	160,530	160,530
Interest sensitivity		329,744		

Financial Management Risk continued

(ii) Currency risk

The Corporation's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from foreign payables and foreign currency bank balance. The currency which the Corporation is mainly exposed to is United States Dollar.

The aggregate amount of assets and liabilities denominated in currency other than Guyana dollars are as follows:

	2018 G$ 000	2017 G$ 000
Assets	46,914	102,073
Liabilities	28,529	24,277
Net Exposure	18,385	77,796

Foreign currency sensitivity analysis

The following table details the Corporation's sensitivity to a 2.5% increase and decrease in the Guyana dollar (GYD) against the United States dollar (USD)

Potential impact	460	1,945

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

(iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimize the risk.
The Corporation is not significantly exposed to other price risks.

(b) Liquidity risk

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

Financial Management Risk continued

The following table shows the distribution of assets and liabilities by maturity:

	Maturing 31.12.2018		
	Within one year		
	On demand G$ 000	Due 3 - 12 months G$ 000	Total G$ 000
Assets			
Taxation Recoverable	-	5,291	5,291
Trades and Other Receivables	-	179,388	179,388
Deposit Accounts	177,366	-	177,366
Cash and cash equivalents	72,083	-	72,083
	249,449	184,679	434,128
Liabilities			
Taxation Payable	-	27,000	27,000
Trade & Other Payables	-	125,277	125,277
	-	152,277	152,277
Net assets	249,449	32,402	281,851

	Maturing 31.12.2017		
	Within one year		
	On demand G$ 000	Due 3 - 12 months G$ 000	Total G$ 000
Assets			
Trades and Other Receivables	-	158,241	158,241
Deposit Accounts	198,171	-	198,171
Cash and cash equivalents	131,573	-	131,573
	329,744	158,241	487,985
Liabilities			
Taxation Payable	-	40,723	40,723
Trade & Other Payables	-	119,807	119,807
	-	160,530	160,530
Net assets	329,744	(2,289)	327,455

Financial Management Risk continued

(c) Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer to meet its obligations under a contract. it arises in the case of the Corporation, principally from cash resources and receivables.

Cash and bank includes balances held at financial institutions. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

For receivables, the Corporation has adopted a policy of only dealing with reputable customers as a means of mitigating the risk of financial loss from defaults.

The Corporation's exposure to credit risk is continuously monitored to ensure that amounts are recovered. Management implicitly monitors the analysis of credit risk portfolio. The Corporation does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

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

	2018	2017
Gross maximum exposure:	G$ 000	G$ 000
Receivables	195,516	168,500
Security deposits	186	186
Deposit Accounts	177,366	198,171
Cash and cash equivalents	72,083	131,573
Total credit risk exposure	445,151	498,430

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Concentration of risk is managed by geographical region as detailed in the following:

Geographical sectors

The Corporation's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held and other credit enhancements, can be analyzed by the following geographical sectors based on the Country of domicile of counterparties:

Guyana	171,398	145,168
International	24,118	23,332
	195,516	168,500

27 Capital Risk Management

The Corporation manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Corporation's overall strategy remains unchanged from 2017. The capital structure of the Corporation consists of cash equivalents and equity comprising issued capital, reserves and retained earnings.

Gearing ratio

The Corporation's management reviews the capital structure on an ongoing basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Corporation has not set a target gearing ratio.

The gearing ratio at the year end was as follows:

	2018 G$ 000	2017 G$ 000
Deposit Accounts	(177,366)	(198,171)
Cash and cash equivalents	(72,083)	(131,573)
Net balance	(249,449)	(329,744)
Equity (ii)	1,541,684	1,497,384

The Corporation has a negative debt structure due to higher level of cash and cash equivalents than borrowings.

(i) Debt is defined as interest bearing debts
(ii) Equity includes all capital and reserves of the Corporation