

**AUDITED FINANCIAL STATEMENTS OF THE  
GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**FOR THE YEAR ENDED  
31 DECEMBER 2019**

**CONTRACTED AUDITORS: PKF BARCELLOS NARINE  
AND COMPANY  
106/107 LAMAHA &  
CARMICHAEL STREETS  
NORTH CUMMINGSBURG  
GEORGETOWN**

**AUDITORS: AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA**

AUDITED FINANCIAL STATEMENTS OF THE  
GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2019

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## *Audit Office of Guyana*

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

163/PC:28/2/2020

16 September 2020

Mr. A. Astwood  
Managing Director  
Guyana National Shipping Corporation Limited  
5-9 Lombard Street  
Georgetown.

Dear Mr. Astwood,

AUDIT OF THE FINANCIAL STATEMENTS  
GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
FOR THE YEAR 2019

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

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

With best regards.

Yours sincerely,

  
\* *Nichette Harcourt*  
Nichette Harcourt  
Audit Manager (ag.)



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AG: 89 /2020

16 September 2020

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 2019

### *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 2019, 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 2019, 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 Corporation 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 Corporation'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 Corporation 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 Corporation's financial statements is appropriate.



Management has not identified a material uncertainty that may cast significant doubt on the Corporation'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 Corporation'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.

Those charged with governance are responsible for overseeing the Corporation'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.

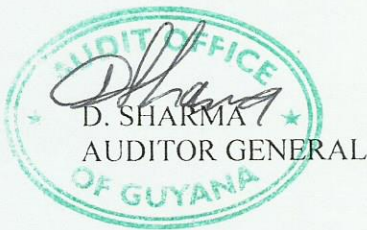
As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- 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 Corporation'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 Corporation'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 Corporation 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  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA



HNN/ar

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, 2019

**Opinion**

We have audited the financial statements of Guyana National Shipping Corporation Limited which comprise the statement of financial position as at December 31, 2019 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 present fairly, in all material respects, the financial position of Guyana National Shipping Corporation Limited as at December 31, 2019 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.

.../..

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PKF Barcellos Narine & Co. | 106 Lamaha Street | Georgetown | Guyana





Accountants &  
business advisers

/2

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

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

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

September 11, 2020

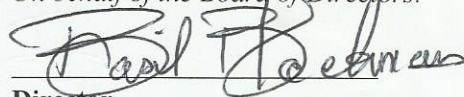


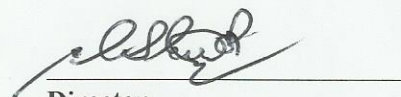
GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2019

ASSETS	Notes	2019 G\$ 000	2018 G\$ 000
<b>Non Current Assets</b>			
Property, Plant and Equipment	5	762,771	897,629
Investment Property	6	<u>449,845</u>	<u>329,906</u>
<b>Total Non Current Assets</b>		1,212,616	1,227,535
<b>Current Assets</b>			
Taxation Recoverable	7	5,292	5,291
Inventories	9	38,754	36,859
Trades and Other Receivables	10	157,345	179,388
Deposit Accounts	11	196,322	177,366
Cash and Cash Equivalents	12	<u>121,054</u>	<u>72,083</u>
<b>Total Current Assets</b>		<u>518,767</u>	<u>470,987</u>
<b>Total Assets</b>		<u><u>1,731,383</u></u>	<u><u>1,698,522</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	13	2,797	2,797
Revaluation Reserve	14	281,459	287,203
Retained Earnings		<u>1,308,024</u>	<u>1,251,684</u>
<b>Total Equity</b>		1,592,280	1,541,684
<b>Current Liabilities</b>			
Deferred Taxation	8	5,702	4,561
Taxation Payable	15	17,901	27,000
Trade & Other Payables	16	<u>115,500</u>	<u>125,277</u>
<b>Total Current Liabilities</b>		<u>139,103</u>	<u>156,838</u>
<b>Total Equity and Liabilities</b>		<u><u>1,731,383</u></u>	<u><u>1,698,522</u></u>

These financial statements were approved by the Board of Directors on August 31, 2020

On behalf of the Board of Directors:

  
Director

  
Director

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

GUYANA NATIONAL SHIPPING  
CORPORATION LTD.  
5-9 Lombard Street, La Penitence  
Phone: 226-1448, 226-3365

GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	2019 G\$ 000	2018 G\$ 000
Revenue	17	722,677	645,068
Less: Operating expenses	18	<u>(406,158)</u>	<u>(355,898)</u>
Gross Profit		316,519	289,170
Add:			
Other Income	19	<u>24,487</u>	<u>23,927</u>
		341,006	313,097
Less Expenses			
Administrative Expenses	20	248,558	222,806
Financial Charges		2,397	2,092
Directors' Fees		<u>2,355</u>	<u>2,462</u>
		<u>253,310</u>	<u>227,360</u>
Profit before Taxation	21	87,696	85,737
Taxation	22	<u>(37,100)</u>	<u>(41,437)</u>
Profit after taxation for the year		<u><u>50,596</u></u>	<u><u>44,300</u></u>
Other Comprehensive Income Net of Income Tax:			
Items that will not be reclassified subsequent to the profit or loss.			
Amortization of revaluation reserve		<u>5,744</u>	<u>5,861</u>
		<u>5,744</u>	<u>5,861</u>
Total Comprehensive income for the year		<u><u>56,340</u></u>	<u><u>50,161</u></u>
Basic earnings per share in dollars	23	<u>18</u>	<u>16</u>

"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, 2019

	Share Capital G\$ 000	Revaluation Reserve G\$ 000	Retained Earnings G\$ 000	Total G\$ 000
At January 01, 2018	2,797	293,064	1,201,523	1,497,384
Profit for the year after taxation	-		44,300	44,300
Other Comprehensive Income Amortization of revaluation reserve	-	(5,861)	5,861	-
At December 31, 2018	2,797	287,203	1,251,684	1,541,684
Profit for the year after taxation	-		50,596	50,596
Other Comprehensive Income Amortisation of revaluation reserve	-	(5,744)	5,744	-
At December 31, 2019	<u>2,797</u>	<u>281,459</u>	<u>1,308,024</u>	<u>1,592,280</u>

*"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, 2019

	2019	2018
	<u>G\$000</u>	<u>G\$000</u>
<b>Operating Activities</b>		
Profit before taxation	87,696	85,737
<b>Adjustments for:</b>		
Depreciation	40,051	37,827
Amortisation	4,833	4,108
Gain on Disposals	<u>-</u>	<u>(643)</u>
<b>Operating Profit before Working Capital Changes:</b>	132,580	127,029
<b>Working Capital Changes</b>		
(Increase)/Decrease in inventories	(1,895)	2,835
(Increase)/Decrease in trade and other receivables	22,043	(21,147)
Increase/(Decrease) in trade and other payables	<u>(9,777)</u>	<u>5,470</u>
<b>Cash generated from operations</b>	142,951	114,187
Taxes paid	<u>(45,058)</u>	<u>(54,666)</u>
<b>Net Cash Inflow from Operating Activities</b>	97,893	59,521
<b>Investing activities</b>		
Increase/(Decrease) in Deposit Accounts	(18,956)	20,805
Sales Proceeds	-	750
Acquisition of Property, Plant and Equipment	<u>(29,966)</u>	<u>(140,566)</u>
<b>Net Cash Used in Investing Activities</b>	(48,922)	(119,011)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	48,971	(59,490)
Cash and cash equivalents at beginning of year	<u>72,083</u>	<u>131,573</u>
<b>Cash and Cash Equivalents as at December 31</b>	<u>121,054</u>	<u>72,083</u>
Cash and Bank	<u>121,054</u>	<u>72,083</u>

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



GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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 August 31, 2020.

**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.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

2. **Accounting Policies Cont'd:**

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

<b>New or Revised Standards</b>	<b>Effective Annual Periods Beginning:</b>
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

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

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
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	January 1, 2020
IFRS 17 Insurance Contracts	January 1, 2021
Classification of Liabilities as Current and Non Current (Amendments to IAS 1)	January 1, 2022



GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

3. Accounting Policies Cont'd:

**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.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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.



GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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 valuation 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 time 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.



GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
(SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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 total assets as at December 31, 2019 is G\$ 17,753,748,447. It should be noted that G\$ 133,252,344 included in the scheme's assets was accrued for as Contribution and G\$ 45,235,953 as pension to be paid.

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.

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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.



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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.



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5 Property, Plant and Equipment

<u>Cost/valuation</u>	2019						<u>Total G \$000</u>
	<u>Land &amp; Buildings G \$000</u>	<u>Machinery &amp; Equipment G \$000</u>	<u>Motor Vehicles G \$000</u>	<u>Furniture &amp; Fixtures G \$000</u>	<u>Office Equipment G \$000</u>	<u>Work-in- Progress G \$000</u>	
At January 01, 2019	696,225	552,359	37,805	21,556	16,676	111,209	1,435,830
Additions	2,383	-	-	1,650	324	-	4,357
Transfer of Work-in-Progress	-	9,853	-	-	-	(9,853)	-
Transferred to Investment Property	-	-	-	-	-	(123,484)	(123,484)
Work-in-Progress	-	-	-	-	-	24,320	24,320
At December 31, 2019	698,608	562,212	37,805	23,206	17,000	2,192	1,341,023
<u>Accumulated Depreciation</u>							
At January 01, 2019	95,729	391,039	28,230	12,280	10,923	-	538,201
Charged for the year	13,560	18,821	3,900	1,602	2,168	-	40,051
At December 31, 2019	109,289	409,860	32,130	13,882	13,091	-	578,252
<u>Net Book Value</u>							
At December 31, 2018	600,496	161,320	9,575	9,276	5,753	111,209	897,629
At December 31, 2019	589,319	152,352	5,675	9,324	3,909	2,192	762,771

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.

<u>Cost/valuation</u>	2018						<u>Total G \$000</u>
	<u>Land &amp; Buildings G \$000</u>	<u>Machinery &amp; Equipment G \$000</u>	<u>Motor Vehicles G \$000</u>	<u>Furniture &amp; Fixtures G \$000</u>	<u>Office Equipment G \$000</u>	<u>Work-in- Progress G \$000</u>	
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)	0
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
<u>Accumulated Depreciation</u>							
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
<u>Net Book Value</u>							
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



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**6 Investment property**

	2019 G\$ 000	2018 G\$ 000
<b>Cost/Valuation</b>		
Opening balance as at January 01	364,397	360,843
Additions/Transfers during the year	124,772	3,554
Closing balance as at December 31	489,169	364,397
<b>Less: Accumulated Amortisation</b>		
Opening balance as at January 01	34,491	30,383
Amortisation for the year	4,833	4,108
Closing balance as at December 31	39,324	34,491
<b>Net Book Value as at December 31</b>	<b>449,845</b>	<b>329,906</b>

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

Rental of Premises	123,864	118,048
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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**

	5,292	5,291
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Represents corporation and capital gain taxes overpaid.

**8 Deferred taxation**

**Component of deferred tax asset:**

	2019		2018
	Fixed Assets G\$ 000	Total G\$ 000	G\$ 000
As at January 01	(4,561)	(4,561)	1,224
Movement charged to statement of comprehensive income	(1,141)	(1,141)	(5,785)
<b>At December 31</b>	<b>(5,702)</b>	<b>(5,702)</b>	<b>(4,561)</b>

**9 Inventories**

Stores	38,754	36,859
	<b>38,754</b>	<b>36,859</b>

Includes spares, fuel and office sundries.

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**10 Trade and others receivables**

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

	<u>2019</u> G\$ 000	<u>2018</u> G\$ 000
Trade receivables (a)	177,993	195,481
Other receivables (b)	3,213	1,716
	<u>181,206</u>	<u>197,197</u>
Less: provision for impairment (c)	(23,861)	(17,809)
	<u>157,345</u>	<u>179,388</u>

(a) Trade receivables are comprised as follow:

Due from customers other than Government entities	134,882	125,325
Due from Government entities	43,111	70,156
	<u>177,993</u>	<u>195,481</u>

(b) Other receivables are comprised as follow:

Security deposits	186	186
Staff Loans/Excess Medical Charges	672	35
Prepayments	2,355	1,495
	<u>3,213</u>	<u>1,716</u>

(c) Provision for impairment-individually assessed

Balance at January 1	17,809	12,939
Impairment allowance for the year	6,251	6,750
Recovered	(199)	(1,880)
Balance at December 31	<u>23,861</u>	<u>17,809</u>



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	2019 G\$ 000	2018 G\$ 000
<b>11 Deposit Accounts</b>		
This balance is comprised as follows:		
Term Deposit account	(a) 185,040	166,125
Bail bonds account	11,282	11,241
	196,322	177,366

(a) Interest is earned at a rate of 0.49% - 0.55% per annum

**12 Cash and cash equivalents**

This balance is comprised as follows:

Foreign exchange account	(a) 42,852	22,796
Business Cash Management account	(a) 13,194	13,157
Chequing account	64,530	35,859
Other-CSAV	260	261
-Visa Travel Money Card	218	10
	121,054	72,083

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

**13 Share Capital**

Authorised

Ordinary Shares of 4,000,000 @ \$1.00 each	4,000	4,000
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Issued and fully paid 2,796,644 Ordinary shares @ \$1.00 each	2,797	2,797
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Fully paid ordinary shares carry one vote per share and a right to dividends.

**14 Revaluation reserve**

As at January 01	287,203	293,064
Amortization of reserve	(5,744)	(5,861)
<b>As at December 31</b>	<b>281,459</b>	<b>287,203</b>

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.

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	2019 G\$ 000	2018 G\$ 000
<b>15 Taxation payable</b>	17,901	27,000

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 due to suppliers and advance payments received from customers. The balance is comprised as follows :

	2019 G\$ 000	2018 G\$ 000
Trade payables (a)	73,626	94,123
Other payables (b)	41,874	31,154
	115,500	125,277
(a) Trade payables		
Due to non-Government entities	62,571	90,737
Due to Government entities	11,055	3,386
	73,626	94,123
(b) Other Payables		
Value Added Tax	4,383	1,780
Accruals	28,556	17,572
Trade Receivables with credit balances	8,935	11,802
	41,874	31,154

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 services provided to third parties and related companies as shown below:

Handling / Stevedoring	209,646	173,168
Rental Of Premises	123,864	118,048
Freight	170,165	168,308
Agencies	53,277	47,604
Hire-Cargo Handling equipment	41,364	44,592
Others	96,085	69,029
Storage	26,127	20,513
Rental Of Equipment	2,149	3,806
	722,677	645,068



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	2019 G\$ 000	2018 G\$ 000
<b>18 Operating expenses</b>		
Employment Costs	153,069	125,620
Hire of Vessels	98,749	102,009
Repairs & Maintenance	28,004	26,188
Mechanical Handling equipment	15,392	9,182
Hire of equipment	11,752	13,980
Customs fees	41,024	32,831
Fuel	8,363	6,621
Generator Costs	570	650
Tools	228	162
Other operational expense	93	457
Depreciation	36,281	34,090
Impairment of Assets	4,833	4,108
Dredging	7,800	-
	<u>406,158</u>	<u>355,898</u>
<b>19 Other Income</b>		
Interest Income	5,020	9,017
Gain on Disposals	-	643
Foreign Currency exchange gain	19,467	14,103
Inventory adjustments	-	164
	<u>24,487</u>	<u>23,927</u>
<b>20 Administrative Expenses</b>		
Employment costs	134,301	116,055
Electricity	13,256	13,967
Rates and Taxes	13,214	13,297
Other administrative expense	11,645	6,766
Insurance	6,183	6,173
Stationery and Office expense	8,388	8,982
Pension and Gratuity	12,118	11,690
Advertising	5,949	5,966
Motor vehicle expense	6,839	5,721
Legal and Professional Fees	6,596	4,424
Entertainment and Social	3,788	5,073
Telephone and Internet	2,589	2,185
Training expense	1,668	1,679
Subscriptions	1,623	1,493
Audit Fees	1,775	1,674
Travelling Overseas	878	-
Water charges	1,786	1,235
Repairs and Maintenance - Furniture & Equipment	512	466
Security	4,366	4,763
Donation	412	214
Licence Fees	500	520
Bad Debts	6,246	6,726
Inventory Adjustment	156	-
Depreciation	3,770	3,737
	<u>248,558</u>	<u>222,806</u>

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	2019 G\$ 000	2018 G\$ 000
<b>21 Profit before taxation</b>	<u>87,696</u>	<u>85,737</u>
After crediting :		
Interest received	<u>4,036</u>	<u>4,287</u>
After charging :		
Depreciation	40,051	37,827
Amortisation	4,833	4,108
Directors' emoluments	2,355	2,462
Auditors' remuneration	<u>1,775</u>	<u>1,674</u>
<b>22 Taxation</b>		
Reconciliation of tax expense and accounting profit		
Accounting profit	<u>87,696</u>	<u>85,737</u>
Corporation tax at 25% / 27.5%	21,924	23,578
<b>Add:</b>		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation of accounting purposes	10,013	10,402
Amortization of investment property	<u>1,208</u>	<u>1,130</u>
	33,145	35,110
<b>Deduct:</b>		
Other income tax @ 25% / 27.5%	(1,009)	(1,356)
Tax effect of depreciation and other allowances for tax purposes	<u>(8,490)</u>	<u>(10,321)</u>
Corporation tax	23,646	23,433
Property tax	12,313	12,149
Deferred tax	1,141	5,785
	-	70
Tax expense	<u>37,100</u>	<u>41,437</u>
<b>Recognised in the profit or loss:</b>		
Current	35,959	35,652
Deferred	<u>1,141</u>	<u>5,785</u>
	<u>37,100</u>	<u>41,437</u>



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	<u>2019</u> <u>G\$ 000</u>	<u>2018</u> <u>G\$ 000</u>
<b>23 Basic earnings per share</b>		
Calculated as follows:		
Profit for the year after taxation	<u>50,596</u>	<u>44,300</u>
Ordinary shares issued and fully paid	<u>2,797</u>	<u>2,797</u>
Basic earnings per share in dollars	<u>18</u>	<u>16</u>
<b>24 Pending Litigations</b>		
(i) GNSC -v- M.V.Diego - Action No. SOC 409/2019		
This is a claim for damages to GNSC's wharf in the sum of G\$ 4,934,000. The claim has been settled but the action is still pending before the court as at 31st December, 2019.		
<b>25 Related party transactions and balances</b>		
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.		
<b>(i) Related Government entities</b>		
Amounts due from	<u>43,111</u>	<u>70,156</u>
Amounts due to	<u>11,055</u>	<u>3,386</u>
No interest is charged on balances with related parties		
<b>(ii) Guarantees in favour of related companies</b>		
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	<u>1,900</u>	<u>1,900</u>
	<u>11,150</u>	<u>11,150</u>
<b>(iii) Key Management Personnel</b>		
(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:		
Short term employee benefits	<u>54,044</u>	<u>44,865</u>
(b) Directors' fees	<u>2,355</u>	<u>2,462</u>

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**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
<b>31.12.2019</b>			
<b>Assets</b>			
Taxation recoverable	5,292	-	5,292
Trades and Other Receivables	154,990	-	154,990
Deposit Accounts	-	196,322	196,322
Cash and cash equivalents	121,054	-	121,054
	<u>281,336</u>	<u>196,322</u>	<u>477,658</u>
<b>Liabilities</b>			
Taxation Payable	17,901	-	17,901
Trade & Other Payables	115,500	-	115,500
	<u>133,401</u>	<u>-</u>	<u>133,401</u>
<b>31.12.2018</b>			
<b>Assets</b>			
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
	<u>256,762</u>	<u>177,366</u>	<u>434,128</u>
<b>Liabilities</b>			
Taxation Payable	27,000		27,000
Trade & Other Payables	125,277		125,277
	<u>152,277</u>	<u>-</u>	<u>152,277</u>

**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 these 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.



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**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 changes in interest rates. This directly impacts the company's cash flows. The Corporation's exposure to interest rate risk is immaterial as its financial instruments are substantially at fixed rates. Exposure to interest rate risk on financial assets and liabilities are listed below:

**Interest risk tables**

	Maturing 31.12.2019			
	Average Interest Rate %	1 Year G\$ 000	Non-interest Bearing G\$ 000	Total G\$ 000
<b>Assets</b>				
Taxation recoverable		-	5,292	5,292
Trades and Other Receivables		-	154,990	154,990
Deposit Accounts	0.49 to 0.55	196,322	-	196,322
Cash and cash equivalents	0.02 to 0.12	121,054	-	121,054
		<u>317,376</u>	<u>160,282</u>	<u>477,658</u>
<b>Liabilities</b>				
Taxation Payable		-	17,901	17,901
Trade & Other Payables		-	115,500	115,500
		<u>-</u>	<u>133,401</u>	<u>133,401</u>
Interest sensitive		<u>317,376</u>		

	Maturing 31.12.2018			
	Average Interest Rate %	1 Year G\$ 000	Non-interest Bearing G\$ 000	Total G\$ 000
<b>Assets</b>				
Taxation recoverable			5,291	5,291
Trades and Other Receivables		-	179,388	179,388
Deposit Accounts	0.12 to 0.57	177,366	-	177,366
Cash and cash equivalents	0.02 to 0.12	72,083	-	72,083
		<u>249,449</u>	<u>184,679</u>	<u>434,128</u>
<b>Liabilities</b>				
Taxation Payable		-	27,000	27,000
Trade & Other Payables		-	125,277	125,277
		<u>-</u>	<u>152,277</u>	<u>152,277</u>
Interest sensitive		<u>249,449</u>		

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**Financial Management Risk continued**

**(ii) Currency risk**

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:

	<u>2019</u> <u>G\$ 000</u>	<u>2018</u> <u>G\$ 000</u>
Assets	<u>70,839</u>	<u>46,914</u>
Liabilities	<u>24,980</u>	<u>28,529</u>
Net Exposure	<u>45,859</u>	<u>18,385</u>

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	<u>1,146</u>	<u>460</u>
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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 below 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.



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**Financial Management Risk continued**

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

	<b>Maturing</b>		
	<b>31.12.2019</b>		
	<b>Within one year</b>		<b>Total</b>
<b>On demand</b>	<b>Due 3 - 12 months</b>	<b>G\$ 000</b>	
	<b>G\$ 000</b>	<b>G\$ 000</b>	<b>G\$ 000</b>
<b>Assets</b>			
Taxation recoverable	-	5,292	5,292
Trades and Other Receivables	-	154,990	154,990
Deposit Accounts	196,322	-	196,322
Cash and cash equivalents	121,054	-	121,054
	<u>317,376</u>	<u>160,282</u>	<u>477,658</u>
<b>Liabilities</b>			
Taxation Payable	-	17,901	17,901
Trade & Other Payables	-	115,500	115,500
	<u>-</u>	<u>133,401</u>	<u>133,401</u>
Net assets	<u>317,376</u>	<u>26,881</u>	<u>344,257</u>

	<b>Maturing</b>		
	<b>31.12.2018</b>		
	<b>Within one year</b>		<b>Total</b>
<b>On demand</b>	<b>Due 3 - 12 months</b>	<b>G\$ 000</b>	
	<b>G\$ 000</b>	<b>G\$ 000</b>	<b>G\$ 000</b>
<b>Assets</b>			
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
	<u>249,449</u>	<u>184,679</u>	<u>434,128</u>
<b>Liabilities</b>			
Taxation Payable	-	27,000	27,000
Trade & Other Payables	-	125,277	125,277
	<u>-</u>	<u>152,277</u>	<u>152,277</u>
Net assets	<u>249,449</u>	<u>32,402</u>	<u>281,851</u>

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**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.

<b>Gross maximum exposure:</b>	<b>2019 G\$ 000</b>	<b>2018 G\$ 000</b>
Receivables	178,665	195,516
Security deposits	186	186
Deposit Accounts	196,322	177,366
Cash and cash equivalents	121,054	72,083
<b>Total credit risk exposure</b>	<b>496,227</b>	<b>445,151</b>

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	150,678	171,398
International	27,987	24,118
	<b>178,665</b>	<b>195,516</b>

**27 Restatement**

Note 6 to the Financial Statements was restated to present Cost/Valuation separately from Accumulated Amortisation.



August 28, 2020

HNN/ar

Mr. Andrew A. Astwood  
Managing Director  
Guyana National Shipping Corporation Limited  
Lot 5 Lombard Street  
Georgetown

Dear Mr. Astwood,

**Re:** Audit of Financial Statements  
For the Year Ended December 31, 2019

We wish to bring to your attention certain matters which arose during the audit of the financial statements of the above-named Corporation for the year ended December 31, 2019 and hereby offer our comments and recommendations. These comments relate solely to weaknesses we have found and not intended to encompass all weaknesses or to be relied upon to disclose all defalcations or other irregularities or to include all possible improvements at the company.

The primary purpose of our examination was to enable us to form an opinion on the financial statements for the year ended December 31, 2019. As such, we reviewed and tested the company's financial statements, internal controls and accounting records to the extent that we considered necessary and as required by International Auditing Standards.

Our comments have been discussed with the accountant. Should you require any further information or explanations please do not hesitate to contact us.

We would like to take this opportunity to thank your staff for their co-operation and assistance received during the course of the audit.

Yours faithfully,

*PKF, Barcellos, Narine & Co.*  
PKF, BARCELLOS, NARINE & CO.

cc: Mr. Deodat Sharma

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PKF Barcellos Narine & Co. | 106 Lamaha Street | Georgetown | Guyana

**WEAKNESSES****IMPLICATIONS****RECOMMENDATIONS****CLIENT COMMENT****Tangible Fixed Assets**

Tangible Fixed assets are underinsured

(See Appendix I).

No Impairment review was done.

A large percentage of the Company's assets from which economic benefits are still flowing are fully depreciated.

Assets with an opening NBV of G\$ 461,607 are impaired, however these assets are still being depreciated on the asset register.

Company will suffer loss in the event of damages to assets.

Net Book Value of Assets may be misstated.

The company has not been in compliance with IAS 16. Depreciation was overstated in the previous years.

The company's assets are overstated.

Assets insurance policies should be reviewed.

Impairment reviews should be done annually.

The depreciation method should be reviewed at least annually and if the pattern of consumption of benefits has changed, the depreciation method should be changed prospectively as a change in estimate under IAS 8. Assets value should never be nil.

These assets should be disposed.

This will be reviewed in the year 2020

This will be reviewed in the year 2020

This will be reviewed in the year 2020

A disposal list will be submitted for BOD's approval in the year 2020



WEAKNESSES	IMPLICATIONS	RECOMMENDATIONS	CLIENT COMMENT
<b>Taxation</b>			
Company did not adjust for disallowed expenses in its corporation tax computation.	The revenue authority may assess the company for additional taxes and interest.	Taxes should be computed in accordance with Tax laws.	The Company's Corporation tax returns were assessed by GRA and treating our Donations as tax deductible was not raised as an issue.
The company did not segment its operations for the computation of corporation Tax.	The company has underprovided for corporation tax. Penalties and Interest may be imposed.	Taxes should be computed in accordance with Tax laws.	Most of the rental income is related to office/bond space for tenants utilising our Wharf facilities. The Company's Corporation tax returns were assessed by GRA segmenting our operations in the Computation of Corporation Tax Returns, was not raised as an issue.
Vat Returns were incorrectly prepared for months of March - June 2019.	This may result in penalties with the revenue authority.	Amended Vat Returns should be prepared and thoroughly reviewed before submission.	The Input VAT figure was mistakenly also placed in the Standard Rated Purchases column. Amended Returns will be submitted once notified by GRA
The company claims all input vat incurred as a credit.	The company is overstating receivables and understating expenses.	Input Vat not directly relating to the provision of taxable supplies should be apportioned in the ratio of Exempt Sales to total sales and treated as an expensed.	In the year 2019, GRA had done an examination of the Company's 2017 and 2018 VAT Returns. Over claiming on Input VAT was not raised as an issue.

WEAKNESSES	IMPLICATIONS	RECOMMENDATIONS	CLIENT COMMENT
<b>Income</b>			
The company accounts for its Sports Club on the SOFP and not as an item of Income in the Statement of Comprehensive Income.	The company is overstating liability and understating Income.	Accounting should be done in accordance with underlying accounting principles.	The Sports Club is not intended to be profit making. Any profit made is reinvested for the development of the facility.
<b>Investment Properties</b>			
These are underinsured (See Appendix II).	Company will suffer loss in the event of loss or damage to these Properties.	Insurance Policies should be renewed.	This will be reviewed in the year 2020
<b>Inventory</b>			
The company's inventory records are not in agreement with actual quantities held.	Inventory may be over/under stated.	This should be reconciled.	There were immaterial differences on a few items from the time of the Stock Count on October 25-26, 2019 and the year end December 31, 2019. These will be rectified when the year 2020 Stock Count is done.



GUYANA NATIONAL SHIPPING CORPORATION LIMITED  
FOR THE YEAR ENDED DECEMBER 31, 2019

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**Appendix I**

Insurance Coverage	576,769,020
Net Book Value of Assets (Excluding Land, Motor Vehicle and WIP)	<u>736,305,484</u>
Underinsured	<u>(159,536,464)</u>

**Appendix II**

Insurance Coverage	382,860,000
Net Book Value of Property	<u>449,845,208</u>
Underinsured	<u>(66,985,208)</u>