

**AUDITED FINANCIAL STATEMENTS OF THE
NATIONAL AGRICULTURAL RESEARCH &
EXTENSION INSTITUTE**

**FOR THE YEAR ENDED
31 DECEMBER 2017**

**CONTRACTED AUDITORS: RAM & McRAE
157 'C' WATERLOO STREET,
GEORGETOWN**

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

AUDITED FINANCIAL STATEMENTS OF THE
NATIONAL AGRICULTURAL RESEARCH & EXTENSION INSTITUTE
FOR THE YEAR ENDED 31 DECEMBER 2017

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Audit Office of Guyana

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209/SI.:27/2/2020

21 December 2020

Dr. Oudho Homenauth
Chief Executive Officer
Agriculture Road
Mon Repos,
East Coast
Demerara.

Dear Dr. Homenauth,

AUDIT OF THE FINANCIAL STATEMENTS OF THE
NATIONAL AGRICULTURAL RESEARCH & EXTENSION INSTITUTE
FOR THE YEAR ENDED 31 DECEMBER 2017

Please find attached four 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 (and
for Auditor General



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AG/116/2020

21 December 2020

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF
THE NATIONAL AGRICULTURAL RESEARCH AND EXTENSION INSTITUTE
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Qualified Opinion

Chartered Accountants Ram and McRae have audited on my behalf the financial statements of the National Agricultural Research and Extension Institute, which comprise the statement of financial position as at 31 December 2017, 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 1 to 8.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Agricultural Research and Extension Institute as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

As required by International Accounting Standard 41 – Agriculture, biological assets (plants) held by the Board were quantified and the fair value of \$22,253,010 included in the financial statements. IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors requires that an entity correct a material prior period error retrospectively by restating comparative amounts for the prior period unless it is impracticable to do so. No retrospective correction has been made.

The Act creates two entities: the Board, a body corporate established under Section 3, and the Institute, which is not a body corporate. Separate budgets and records of transactions were not maintained by the Board, a body corporate, the Institute, and the Programme Advisory Committees as required by the Act. Further, the National Agricultural Research and Extension Institute Fund has not been established and vested in the Institute as required by section 24 of the Act.

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), the Audit Act 2004 and the National Agricultural Research and Extension Institute Act 2010. 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 Institute 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 that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

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 the National Agricultural Research and Extension Institute Act 2010, 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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute'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 Institute'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 Institute'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 Institute 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

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
NATIONAL AGRICULTURAL RESEARCH & EXTENSION INSTITUTE BOARD**

Opinion

We have audited the financial statements of National Agricultural Research & Extension Institute Board, which comprise the statement of financial position as at December 31, 2017, 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.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements on pages 1 to 8 present fairly, in all material respects, the financial position of National Agricultural Research & Extension Institute Board as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the National Agricultural Research and Extension Institute Act 2010.

Basis for Qualified Opinion

As required by *International Accounting Standard 41 – Agriculture*, biological assets (plants) held by the Board were quantified and the fair value of \$22,253,010 included in the financial statements. *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* requires that an entity correct a material prior period error retrospectively by restating comparative amounts for the prior period unless it is impracticable to do so. No retrospective correction has been made.

The Act creates two entities: the Board, a body corporate established under section 3, and the Institute, which is not a body corporate. Separate budgets and records of transactions were not maintained by the Board, a body corporate, the Institute, and the Programme Advisory Committees as required by the Act. Further, the National Agricultural Research and Extension Institute Fund has not been established and vested in the Institute as required by section 24 of the Act.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 International Financial Reporting Standards and the National Agricultural Research and Extension Institute Act 2010, 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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

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.

Ram & McRae

Ram & McRae
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

December 16, 2020

National Agricultural Research & Extension Institute Board

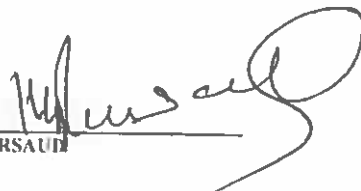
Statement of Financial Position

As at December 31, 2017

| ASSETS | Notes | 2017 GS '000 | 2016 GS '000 |
|---------------------------------------|-------|-----------------------|-----------------------|
| Non-current assets | | | |
| Property, plant and equipment | 3 | 444,244 | 400,010 |
| Current assets | | | |
| Cash and bank | | 198,962 | 178,742 |
| Accounts receivable | 4 | 5,969 | 9,438 |
| Inventories | 5 | 191,475 | 192,636 |
| Total current assets | | <u>396,406</u> | <u>380,816</u> |
| TOTAL ASSETS | | <u>840,650</u> | <u>780,826</u> |
| EQUITY & LIABILITIES | | | |
| Shareholders' equity | | | |
| Grant from foreign sources | | 51,897 | 51,897 |
| Government of Guyana contribution | | 883,413 | 958,595 |
| General Reserves | | 628 | - |
| Revaluation of stock | | 342 | 342 |
| Accumulated deficit | | (192,330) | (279,673) |
| Total shareholders' equity | | <u>743,950</u> | <u>731,161</u> |
| Non-current liabilities | | | |
| Ministry of Public Works | | 5,607 | 5,607 |
| Current liabilities | | | |
| Accounts payable | 6 | 91,093 | 44,058 |
| TOTAL EQUITY & LIABILITIES | | <u>840,650</u> | <u>780,826</u> |

On behalf of the Board of Directors:


 OUDHO HOMÉNAUTH
 CHIEF EXECUTIVE OFFICER


 MAHENDRA PERSAUD
 DIRECTOR

The notes on pages 5 to 8 form an integral part of these financial statements.

National Agricultural Research & Extension Institute Board

Statement of Comprehensive Income

For the year ended December 31, 2017

| REVENUE | 2017 | 2016 |
|---|------------------|------------------|
| | GS '000 | GS '000 |
| Government of Guyana current subvention | 885,928 | 818,078 |
| Income from operations | 23,721 | 22,234 |
| Rental of houses | 2,181 | 3,442 |
| Other income | 15,110 | 105,777 |
| Interest earned | 211 | 83 |
| Income adjustment under IAS 20 | 138,723 | - |
| TOTAL REVENUE | 1,065,874 | 949,614 |
| EXPENSES | | |
| Benefits & allowances | 29,742 | 28,539 |
| Capital Expenses | 4,710 | - |
| Cleaning & extermination | 89 | 348 |
| Depreciation | 63,125 | 75,598 |
| Drugs & medical supplies | 1,289 | 566 |
| Educational grants | - | (80) |
| Equipment maintenance | 4,598 | 5,028 |
| Field materials & supplies | 10,943 | (18,018) |
| Fuel & lubricants | 14,813 | 18,610 |
| Local travelling & subsistence | 10,203 | 8,999 |
| Loss on disposal of property, plant and equipment | - | - |
| Maintenance of other infrastructure | 1,760 | 7,143 |
| National Insurance Scheme (Employers) | 37,639 | - |
| Office materials & supplies | 10,132 | 7,354 |
| Old age pension | 1,024 | 1,036 |
| Other direct labour cost | 23,440 | 27,391 |
| Other expenses- projects | 5,222 | 52,698 |
| Other goods and services | 15,838 | 9,791 |
| Other operating expenses | 17,678 | 46,574 |
| Print & non print materials | 4,612 | 5,848 |
| Rental and maintenance of buildings | 10,350 | 12,986 |
| Security services | 15,766 | 14,985 |
| Training | 1,610 | 1,062 |
| Transport, travel and postages | 11,635 | 11,580 |
| Utility charges | 40,432 | 32,458 |
| Vehicle maintenance & service | 12,099 | 18,617 |
| Wages and salaries | 628,657 | 671,903 |
| Write off - bad debts | 2,199 | 16 |
| Write off - inventory | - | - |
| TOTAL EXPENSES | 979,605 | 1,041,032 |
| SURPLUS / (DEFICIT) | 86,269 | (91,418) |

The notes on pages 5 to 8 form an integral part of these financial statements.

National Agricultural Research & Extension Institute Board

Statement of Changes in Equity

For the year ended December 31, 2017

| | Revaluation of stock reserve GS '000 | Government of Guyana contribution GS '000 | Grants from foreign source GS '000 | General reserves GS '000 | Accumulated surplus/ (deficit) GS '000 | Total GS '000 |
|--------------------------------------|---|--|--|--------------------------------|---|------------------|
| At January 1, 2016 | 342 | 848,595 | 51,897 | - | (188,255) | 712,579 |
| Unrestricted net assets | - | - | - | - | - | - |
| Net deficit for the year | - | - | - | - | (91,418) | (91,418) |
| Capital Contribution | - | 110,000 | - | - | - | 110,000 |
| Capital Contribution adjustment | - | - | - | - | - | - |
| At December 31, 2016 | 342 | 958,595 | 51,897 | - | (279,673) | 731,161 |
| Net surplus for the year | - | - | - | - | 86,269 | 86,269 |
| Capital Contribution | - | 94,000 | - | - | - | 94,000 |
| Capital Contribution adjustment 2017 | - | (30,459) | - | - | 1,074 | (29,385) |
| IAS 20 2017 | - | (63,125) | - | - | - | (63,125) |
| IAS 20 2016 | - | (75,598) | - | - | - | (75,598) |
| General Reserves | - | - | - | 628 | - | 628 |
| At December 31, 2017 | 342 | 883,413 | 51,897 | 628 | (192,330) | 743,950 |

The notes on pages 5 to 8 form an integral part of these financial statements.

National Agricultural Research & Extension Institute Board

Statement of Cash Flows

For the year ended December 31, 2017

| | 2017 GS '000 | 2016 GS '000 |
|--|------------------|-----------------|
| Cash flows from operating activities | | |
| Surplus / (deficit) for the year | 86,269 | (91,417) |
| <i>Adjustments for:</i> | | |
| Depreciation | 63,125 | 75,597 |
| Gain on disposal of property, plant and equipment | 850 | - |
| Adjustment | (2) | - |
| IAS 20 | (138,723) | - |
| Operating loss before changes in working capital | <u>11,519</u> | <u>(15,820)</u> |
| Increase in inventories | 1,161 | (25,901) |
| Decrease in accounts receivable | 3,469 | 20,529 |
| Increase in accounts payable | 47,035 | 7,070 |
| Net cash flows from operating activities | <u>63,184</u> | <u>(14,122)</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant & equipment | (107,133) | (61,154) |
| Net cash flows from investing activities | <u>(107,133)</u> | <u>(61,154)</u> |
| Cash flows from financing activities | | |
| Government contribution | 63,541 | 110,000 |
| General Reserves | 628 | - |
| Net cash flows from financing activities | <u>64,169</u> | <u>110,000</u> |
| Net increase / (decrease) in cash and cash equivalents | 20,220 | 34,724 |
| Cash and cash equivalents at January 1, | 178,742 | 144,018 |
| Cash and cash equivalents at December 31, | <u>198,962</u> | <u>178,742</u> |
| Analysis of cash and cash equivalents as shown in the Statement of Financial Position | | |
| Cash and bank | 198,962 | 178,742 |
| Total | <u>198,962</u> | <u>178,742</u> |

The notes on pages 5 to 8 form an integral part of these financial statements.

National Agricultural Research & Extension Institute Board

Notes to the Financial Statements

For the year ended December 31, 2017

1. Incorporation and principal activity

The National Agricultural Research and Extension Institute Board and the National Agricultural Research and Extension Institute (hereinafter referred together as the "Entity") became operational on May 01, 2011. The Entity promotes greater efficiency in the crops and agricultural product industry; providing enhanced services in Agricultural Research and Extension and Crop Protection; and allowing effective administration and regulation of trade, commerce and export of crops and agricultural products.

The operations of the Entity are governed by a Board of Directors and the associated Advisory Committees to cover Research, Extension (CDSS) and Crop Protection (National Plant Protection Organisation).

These financial statements were approved for issue by the Board of Directors on December 16, 2020

2. Statement of significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards and National Agricultural Research and Extension Institute Act 2010 on the historical cost basis, as modified for the revaluation of certain non-current assets and the measurement at fair value of available for sale financial assets.

Application of new and revised Standards and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the prior year except for the adoption of new and amended standards and interpretations which became effective during the period. The adoption of these pronouncements had no impact on the financial position or performance of the Entity.

Standards and Interpretations not yet effective

At the date of authorisation of these financial statements, several new and amended standards and interpretations were in issue but not yet effective. The Entity has not early adopted any such pronouncements. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Entity.

(b) Accounts receivable

Trade receivables are carried at original invoice amount less provisions made for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Entity will be unable to collect the amounts due under the original terms. The amount of the provision is the difference between the carrying amounts and the estimated recoverable amounts.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value on a first-in first-out (FIFO) basis.

(e) Reporting currency

These financial statements are stated in Guyana Dollars. Foreign currency transactions during the year were translated at the exchange rates in effect at the date of each transaction. At the reporting date monetary assets and liabilities denominated in foreign currencies are translated at the rates in effect at that date.

National Agricultural Research & Extension Institute Board

Notes to the Financial Statements

For the year ended December 31, 2017

2. Statement of significant accounting policies continued

(f) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on the straight line basis at rates sufficient to write off the cost of the assets over their estimated useful lives. Depreciation is not charged on freehold land, capital work in progress and livestock. The rates used are as follows:

| | |
|----------------------------------|-----|
| Freehold land | Nil |
| Work in progress | Nil |
| Livestock | Nil |
| Building | 5% |
| Library Books | 15% |
| Laboratory equipment | 20% |
| Household furniture and fittings | 20% |
| Machinery and equipment | 20% |
| Motor vehicles | 20% |

(g) Income and expenditure

Income and expenses are dealt with in these financial statements on the accruals basis.

(h) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

3. Property, plant and equipment

| | Land & Buildings G\$ '000 | Machinery, Equipment & Motor Vehicle G\$ '000 | Furniture, Fittings & Office Equipment G\$ '000 | Laboratory Equipment G\$ '000 | Library Books G\$ '000 | Total G\$ '000 |
|---------------------------------|------------------------------|--|--|----------------------------------|---------------------------|-------------------|
| <i>Cost</i> | | | | | | |
| At December 31, 2016 | 524,625 | 355,871 | 93,577 | 80,159 | 2,262 | 1,056,494 |
| Prior year adjustment | - | 1,051 | 26 | - | - | 1,077 |
| Additions | 68,111 | 33,176 | 2,564 | 2,432 | - | 106,283 |
| Disposals | - | (3,722) | - | - | - | (3,722) |
| At December 31, 2017 | <u>592,736</u> | <u>386,376</u> | <u>96,167</u> | <u>82,591</u> | <u>2,262</u> | <u>1,160,132</u> |
| <i>Accumulated depreciation</i> | | | | | | |
| At December 31, 2016 | 248,711 | 247,473 | 78,372 | 79,667 | 2,262 | 656,485 |
| Charges for the year | 23,070 | 34,714 | 5,129 | 212 | - | 63,125 |
| Written back on disposals | - | (3,722) | - | - | - | (3,722) |
| At December 31, 2017 | <u>271,781</u> | <u>278,465</u> | <u>83,501</u> | <u>79,879</u> | <u>2,262</u> | <u>715,888</u> |
| <i>Net book values</i> | | | | | | |
| At December 31, 2017 | <u>320,955</u> | <u>107,911</u> | <u>12,666</u> | <u>2,712</u> | <u>-</u> | <u>444,244</u> |
| At January 1, 2017 | 275,914 | 108,398 | 15,206 | 492 | - | 400,010 |

National Agricultural Research & Extension Institute Board

Notes to the Financial Statements

For the year ended December 31, 2017

9. Financial instruments and risk management

a) Capital risk

The capital structure of the Entity consists of funding provided by the Government of Guyana and Foreign entities and accumulated loss as disclosed in the statement of comprehensive income.

b) Financial risk management

The Entity's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and credit risk. Management seeks to minimise potential adverse effects on the financial performance of the Entity by applying procedures to appropriately identify, evaluate and manage these risks.

c) Liquidity risk

The Entity ensures, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or harm to the Entity's reputation. The Entity utilises authorisation for expenditures to further manage capital expenditures and attempts to match its payment cycle with available cash resources.

d) Foreign currency risk

Currency risk is the risk that the value of a monetary asset or liability fluctuates because of changes in foreign exchange rates. The main item giving rise to this risk is the foreign currency bank account denominated in United States dollars.

The Entity manages this risk by monitoring exchange rates and ensuring that exposure is kept to a minimum. A linear relationship exists between changes in exchange rates and the net exposure as amounts in foreign currency assets and liabilities are subject to market rates of exchange.

At December 31, 2016, balance denominated in foreign currency was as follows:

| | 2017 GS '000 | 2016 GS '000 |
|--------------------------------------|-----------------|-----------------|
| Deposits with financial institutions | <u>14,816</u> | <u>14,835</u> |

e) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Entity's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables. Maximum exposure to credit risk is analysed as follows:

| | | |
|--------------------------------------|----------------|----------------|
| Trade and other receivables | 5,969 | 9,438 |
| Deposits with financial institutions | 198,157 | 169,797 |
| Total | <u>204,126</u> | <u>179,235</u> |

An aged analysis of trade and other receivables is as follows:

| | | |
|---|--------------|--------------|
| 0 to 30 days past due | 3,732 | 4,208 |
| Between 30 and 60 days past due | 228 | 904 |
| More than 60 days past due | 2,009 | 4,326 |
| Total | <u>5,969</u> | <u>9,438</u> |
| Amounts individually assessed as impaired | <u>-</u> | <u>-</u> |

An account is classified as impaired when there is objective evidence that the Entity will be unable to recover balances due in a timely manner or in full.

f) Cash flow risk

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount and timing. The Entity manages this risk by ensuring, as far as possible, that financial assets and liabilities are matched to mitigate any significant adverse cash flows.

g) Interest rate risk

This is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Entity is not exposed to significant fair value interest rate risks on its financial assets and liabilities.

National Agricultural Research & Extension Institute Board

Notes to the Financial Statements

For the year ended December 31, 2017

| | 2017 GS '000 | 2016 GS '000 |
|-----------------------------------|-----------------|-----------------|
| 4. Accounts receivable | | |
| Debtors | 4,047 | 6,547 |
| Prepayments | - | - |
| Staff loans and advances | 4,202 | 2,891 |
| Provision for bad debt | (2,280) | - |
| Total | <u>5,969</u> | <u>9,438</u> |
| 5. Inventories | | |
| Inventory - Stores | 169,222 | 164,329 |
| Inventory - Plants | 22,253 | 28,307 |
| Provision for inventory write off | - | - |
| Total | <u>191,475</u> | <u>192,636</u> |
| 6. Accounts payable | | |
| Payable | 4,487 | 9 |
| Creditors | 10,131 | 10,131 |
| Accrued expenses | 76,475 | 33,918 |
| Total | <u>91,093</u> | <u>44,058</u> |

7. Directors compensation

| Name | Designation | | |
|----------------------------|--|-----|----|
| Basudeo Dwarka | Board member | - | 84 |
| Brian Greenridge | Board member | 120 | 84 |
| Cecil Seepersaud | Board member | 120 | 84 |
| Gavin Ramnarain | Board member | 120 | 84 |
| George Jarvis | Board member | 120 | 84 |
| Holly Greaves | Board member | 120 | 84 |
| Joe Singh | Board Chairman from July - December 2016 | - | 60 |
| Joe Singh | Board Chairman from Jan - December 2017 | 150 | 42 |
| Mahendra Persaud | Board member | 120 | 84 |
| Manzoor Nadir | Board Chairman from January - June 2016 | - | 60 |
| Oudho Homenauth | Board member | 120 | 84 |
| Omadatt Chandan | Board member | 110 | - |
| Prema Ramanah- Roopnaraine | Board member | 10 | 84 |
| Ricky Roopchand | Board member | 120 | 84 |
| Subramanian Gomathinayagam | Board member from January - June 2016 | - | 42 |
| T. M. Velloza | Board member | 120 | 84 |

8. Capital management

The Entity considers its capital structure to consist of funding provided by the Government of Guyana and Foreign entities. The Entity manages its capital structure and makes adjustments to it, in order to have the funds available to support its development. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Entity's management to sustain future development of the business.

There were no changes in the Entities' approach to capital management during the year ended December 31, 2017. The Entity is not subject to externally imposed capital requirements.