

Guyana Energy Agency

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**AUDITED FINANCIAL STATEMENTS OF
THE GUYANA ENERGY AGENCY**

**FOR THE YEAR ENDED
31 DECEMBER 2014**

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



Audit Office of Guyana

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

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389/SL: 47/2/2015

21 December 2015

Dr. Mahender Sharma
Chief Executive Officer
Guyana Energy Agency
295 Quamina Street
South Cummingsburg
Georgetown.

Dear Dr. Sharma,


AUDIT OF THE BOOKS AND ACCOUNTS OF THE
GUYANA ENERGY AGENCY
FOR THE YEAR ENDED 31 DECEMBER 2014

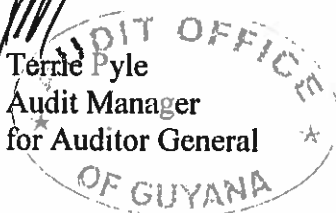
Please find attached three copies of the audited financial statements, together with the report of the Auditor General, thereon.

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

With best regards.

Yours sincerely,


Terrie Pyle
Audit Manager
for Auditor General





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AG: 50/2015

21 December 2015

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE GUYANA ENERGY AGENCY
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

I have audited the accompanying financial statements of the Guyana Energy Agency, which comprise the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

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

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion


In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Guyana Energy Agency as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



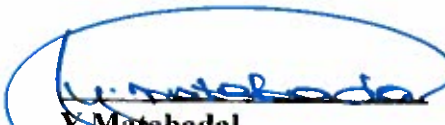
AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

GUYANA ENERGY AGENCY
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2014

ASSETS	Notes	2014	2013
		\$	\$
Non- Current Assets			
Plant, Property and Equipment	3	57,617,654	53,178,940
Current asset			
Debtors	4	257,201	224,296
Cash at Bank/Hand	5	278,073,501	31,130,671
		278,330,702	31,354,967
Total Assets		335,948,356	84,533,907
Equity			
Capital Contribution	6	45,588,131	35,588,131
Accumulated fund		7,842,399	(4,073,098)
Revaluation Reserve		37,350,000	37,350,000
Total Equity		90,780,530	68,865,033
Current Liabilities			
Creditors	7	238,478,786	481,432
Accruals	8	6,689,040	15,187,442
Total Equity and Liabilities		335,948,356	84,533,907



M. Sharma
Chief Executive Officer



Y. Matabadal
Head Finance Division

GUYANA ENERGY AGENCY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2014

	Notes	2014 \$	2013 \$
Income			
Other income	9 (A)	46,550,428	39,984,653
Government Subvention	10	73,500,000	63,114,657
GMS Receipts (Biocode Accruals)		13,348,192	-
Receipts from oil companies	9 (B)	37,471,465,418	40,503,311,180
		<u>37,604,864,038</u>	<u>40,606,410,490</u>
Expenses			
Employment Cost	11	70,824,458	64,284,780
Office and Administration	12 (A)	43,922,231	44,313,358
Repairs and Maintenance	13	2,910,953	2,713,742
Fuel and lubricant	14	1,951,948	1,871,712
Depreciation	3	3,478,778	3,078,029
		123,088,368	116,261,621
Net Profit/ (Loss) before PDVSA transfers		<u>37,481,775,670</u>	<u>40,490,148,869</u>
PDVSA (petro leos de Venezuela SA Agreement) transfers	12(B)	37,469,860,173	40,532,161,473
Net Profit/ (Loss) after PDVSA transfers		<u>11,915,497</u>	<u>(42,012,604)</u>
Other Comprehensive Income			
Revaluation of Fixed Assets		-	1,550,000
Total Comprehensive Income/ (Loss)		<u>11,915,497</u>	<u>(40,462,604)</u>

GUYANA ENERGY AGENCY
Statement of Changes in Equity
For Year ending 31 December 2014

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2014	37,350,000	(4,073,098)	35,588,131	68,865,033
Capital Supplementary			10,000,000	10,000,000
Net Profit/ (Loss)		11,915,497		11,915,497
Balance as at December 31,2014	37,350,000	7,842,399	45,588,131	90,780,530

GUYANA ENERGY AGENCY
Statement of Changes in Equity
For Year ending 31 December 2013

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2013	35,800,000	37,939,506	35,065,522	108,805,028
Capital Supplementary			522,609	522,609
Revalued fixed assets	1,550,000			
Net Profit/ (Loss)		(42,012,604)		(42,012,604)
Balance as at December 31,2013	37,350,000	(4,073,098)	35,588,131	68,865,033

GUYANA ENERGY AGENCY
STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Jan- Dec 2014	Jan- Dec 2013
Cash Flow from Operating Activities	\$	\$
Net Profit/(Loss) for the year	11,915,497	(42,012,604)
Adjustments for:		
Depreciation	3,478,778	3,078,029
Account Receivables	(251,041)	0
Other Receivables	218,136	123,455
Accounts Payable/ Accruals	(8,498,402)	14,170,680
Other Accounts Payable	237,997,354	(115,572)
Total Adjustment	232,944,825	17,256,592
Net Cash from Operating Activities	244,860,322	(24,756,012)
Cash Flow from Investing Activities		
Purchase of fixed assets:		
Furniture and fittings		(131,544)
Office Equipment	(6,960)	(638,509)
Other Equipment	(3,891,621)	(1,683,813)
Motor vehicle		
Buildings	(4,018,911)	(975,396)
Net cash used in investing activities	(7,917,492)	(3,429,262)
Cash Flow from Financing Activities		
Changes in:		
Capital Subvention	10,000,000	522,609
Net Cash used in financing activities	10,000,000	522,609
Net increase/ (decrease) in cash and Cash equivalents	246,942,830	27,662,665
Cash and cash equivalent at the		
Beginning of the period	31,130,671	58,793,336
Cash and Cash Equivalents at the		
End of the period	278,073,501	31,130,671

GUYANA ENERGY AGENCY

NOTES TO THE FINANCIAL STATEMENT 2014

1. Background

The Guyana Energy Agency is the successor of the Guyana National Energy Authority effective June 01, 1998. The mandate and functions of the Agency remain the same as that of the Guyana National Energy Authority. The Guyana Energy Agency (GEA) is governed by the following legislation: Guyana Energy Agency Act 1997, Energy Sector (Harmonisation of Laws) Act 2002, Guyana Energy Agency (Amendment) Act 2004, Guyana Energy Agency (Amendment) Act 2005 and the Petroleum and Petroleum Products Regulations 2004.

The general mandate of the Agency is embodied in its Mission Statement:

"To ensure the rational and efficient use of imported petroleum-based energy sources, while encouraging where economically feasible and environmentally acceptable, increased utilization of indigenous new and renewable sources of energy."

The Guyana Energy Organization structure comprises of a Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, Secretariat and five (5) Divisions: Finance Division, Energy & Energy Statistics Division, Fuel Marking Division, Legal & Licensing Division and Administration & Human Resource Division.

2. ACCOUNTING POLICIES

(A) Accounts have been prepared on an accrual basis and under the historical cost convention. Financial statements have been prepared in accordance with International Financial Reporting Standards.

(B) FIXED ASSETS

Fixed assets are recorded at cost. Depreciation is provided on a straight line basis over a period of one (1) year to five (5) years. Rates used are in accordance with the regulations of the Income Tax Act. Depreciation is charged in the year of acquisition and the rates are as follow:

- Office Equipment 20% per annum
- Other Equipment 10% per annum
- Motor Vehicles 20% per annum
- Furniture and Fixtures 10% per annum
- Building 2% per annum

GUYANA ENERGY AGENCY
NOTES TO THE FINANCIAL STATEMENTS 2014

Note 3

Property, Plant and Equipment

	Land	Building	Motor Vehicle	Office Equipment	Furniture and Fixtures	Other Equipment	Total
	\$	\$	\$	\$	\$	\$	
Balance b/f 1-1-2014	2,000,000	51,844,996	3,135,720	7,623,510	1,137,544	8,483,532	74,225,302
Additions for year	-	4,018,911	-	6,960	-	3,891,621	7,917,492
Cost at 31/12/2013	2,000,000	55,863,907	3,135,720	7,630,470	1,137,544	12,375,153	82,142,794
Depreciation b/f 2014		10,962,996	1,895,720	5,331,175	308,514	2,547,957	21,046,362
Depreciation 31/12/2014		787,278	310,000	1,070,203	73,782	1,237,515	3,478,778
Total Depreciation		11,750,274	2,205,720	6,401,378	382,296	3,785,472	24,525,140
Net Book Value 31 Dec 2014	2,000,000	44,113,633	930,000	1,229,092	755,248	8,589,681	57,617,654
Net Book Value 31 Dec 2013	2,000,000	40,882,000	1,240,000	2,292,335	829,030	5,935,575	53,178,940

GUYANA ENERGY AGENCY
NOTES TO THE FINANCIAL STATEMENTS 2014

<u>Note 4</u>	2014	2013
Debtors	\$	\$
Staff Debtors	-	5,058
GRA	-	(8)
Accounts receivable	251,041	-
Sundry Debtors	6,160	219,246
	<u>257,201</u>	<u>224,296</u>

<u>Note 5</u>		
Cash at Bank/ Hand		
Charcoal A/c <i>688 108 - 0</i>	250,805,792	10,730,261
General A/c <i>688 - 071 - 8</i>	12,208,263	9,560,828
Special A/c <i>68213</i>	15,059,446	10,839,582
	<u>278,073,501</u>	<u>31,130,671</u>

<u>Note 6</u>		
Capital Contribution		
Opening balance	35,588,131	35,065,522
Capital releases for 2013/ 2014	10,000,000	522,609
	<u>45,588,131</u>	<u>35,588,131</u>

<u>Note 7</u>		
Creditors		
Sundry creditor	238,478,786	479,934
Staff Creditor	-	1,498
	<u>238,478,786</u>	<u>481,432</u>

<u>Note 8</u>		
Accruals		
Biocode Accruals	6,105,813	-
Accruals	583,227	15,187,442
	<u>6,689,040</u>	<u>15,187,442</u>

<u>Note 9 (A)</u>		
Other Income		
Agency Fees	16,310,928	15,726,453
Miscellaneous Income	25,000	31,200
Fuel licensing	29,140,500	23,153,500
Licensing application form	545,000	191,000
Licensing decals	529,000	882,500
	<u>46,550,428</u>	<u>39,984,653</u>

<u>Note 9 (B)</u>		
Receipts from oil companies		
Guyoil	23,143,488,994	21,974,298,497
Chevron/ Rubis	13,211,605,773	7,873,886,558
Sol	1,116,370,651	10,655,126,125
	<u>37,471,465,418</u>	<u>40,503,311,180</u>

GUYANA ENERGY AGENCY
NOTES TO THE FINANCIAL STATEMENTS 2014

	<u>2014</u>	<u>2013</u>
Note 10		
Current Release		
These represent Government releases through the Office of the President and Ministry of Finance	73,500,000	63,114,657
Note 11		
Employment Cost		
House allowance	240,000	460,610
Vacation Allowance	3,982,516	3,689,490
Wages and Salaries	47,682,200	46,093,683
Pension	-	421,699
NIS	2,837,070	2,617,600
Hand in hand	1,293,432	1,249,701
Travel allowance	1,620,000	1,710,000
GNRA Hand in Hand Employers contribution	-	(14,441)
Gross Overtime stipend	138,454	88,012
Gratuity	50,000	130,000
Honorarium	10,749,979	5,402,539
Entertainment Allowance	(18,401)	-
Duty Allowance	240,000	420,000
Acting allowance	1,949,208	1,842,013
GTM Administrative Fee	-	29,895
Risk allowance	-	83,979
	60,000	60,000
	<u>70,824,458</u>	<u>64,284,780</u>
Board Member's fees		
Chairman- D.Persaud	15,000	30,000
Board Members		
-B. Persaud	5,000	20,000
-E.Carberry	10,000	
-C. Williams	10,000	20,000
-N. Rekha	10,000	15,000
-E.Marshall	-	20,000
-D. Yearwood	-	5,000
-L.Carberry	-	20,000
	<u>50,000</u>	<u>130,000</u>

Please note the above amounts were included in the amount for stipend in the employment note

Key Management Personnel

The Agency employed 5 key management personnel in year 2013 who received gross salary and benefits amounting to \$17,467,416 which is included in the employment figure in note 11 above.

The Agency employed 4 key management personnel in year 2014 who received gross salary and benefits amounting to \$16,966,742 which is included in the employment figure in note 11 above.

Note 12 (A)

Office & Administration Cost

Staff Welfare	903,692	917,741
Local Travel	1,692,716	1,983,630
Overseas Travel	-	192,744
Cleaning and Janitorial Supplies	485,774	527,279
Stationery and Office Supplies	2,816,330	2,878,189
Communication Expense	1,493,687	1,610,380
Electricity Expense	2,155,426	2,400,000
Periodicals News papers and Books	90,220	-
Security Expense	2,403,753	2,250,000
Bank Charges	171,447	(667,454)
Miscellaneous Expense	65,524	30,615
Bal C/d	<u>12,278,569</u>	<u>12,123,124</u>

GUYANA ENERGY AGENCY
NOTES TO THE FINANCIAL STATEMENTS 2014

	2014	2013
Bal B/f	12,278,569	12,123,124
Vehicle Insurance	5,175	-
Training	1,514,691	1,809,596
National Event	27,958	-
Advertisement	923,190	1,763,499
Conference and Seminars	362,605	240,695
Refreshments and meals	1,295,023	1,301,615
Drugs and medical Supplies	46,708	-
Other fees and Licence	27,314	-
Postage and revenue Stamps and rental	170,582	41,606
Jobs,works&task	50,500	62,040
Sub. Boarding & lodging	1,728,689	987,600
Pest Control	249,844	217,311
Water Rates	395,468	245,796
Audit & professional fees	3,100,000	506,000
Loose tools	27,280	-
Advance to purchase	869	(172,461)
Energy conservation	11,666,956	7,098,902
Print and Non print Materials	952,710	1,369,461
GEA Biocode (Accruals)	6,105,813	13,348,192
Loss on foreign currency	1,345	22,555
PLATTS Subscription	2,412,900	2,277,966
Uniform Expense	-	1,028,100
Protective clothing	578,042	41,761
	43,922,231	44,313,358

Note 12(B)

Other Non- Administrative Expenses

PDVSA- Petro'leos De Venezuela SA Agreement	15,535,043,596	18,446,986,456
Ministry of Finance	21,843,614,655	21,979,593,159
BOG Loan A/c	91,201,922	105,581,858
	37,469,860,173	40,532,161,473

Note 13

Repairs and Maintenance

Building	1,445,816	552,177
Office Equipment	582,041	483,236
Vehicle	654,712	880,924
Compound	57,136	186,281
Furniture and Fixture	77,900	122,580
Other Equipment	93,348	488,544
	2,910,953	2,713,742

Note 14

Fuel and lubricant	1,951,948	1,871,712
	1,951,948	1,871,712