

**INDEPENDENT AUDITORS' REPORT  
TO THE TRUSTEES OF  
PROTECTED AREAS TRUST  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

*Report on the Financial Statements*

We have audited the accompany financial statements of Protected Areas Trust which comprise the statement of financial position as at 31 December 2015, the statement income, the statement of change in equity and statement of cash flows for the period then ended, and summary of significant accounting policies and other explanatory notes as set out on pages 2 to 10.

*Director/Trustees' Responsibility for the Financial Statements*

The Directors/trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or errors; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We concluded our audit in accordance with international standards on auditing. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance whether the financial statement is 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 auditors' judgement, including the assessment of the risks of materials misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, 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 if accounting polices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Protected Areas Trust as at 31 December 2015 and of its financial performance and its cash flows for the year ended.

*Report on Other Legal and Regulatory Requirements*

The financial statements comply with the requirement of the Protected Areas Act.

TSD Lal & Co

TSD LAL & CO  
CHARTERED ACCOUNTANTS

Date: April 21, 2016

77 Brickdam,  
Stabroek, Georgetown  
Guyana

**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER, 2015**

	Notes	2015 G\$
<u>Income</u>		
Contributions - Conservation Trust Fund	4	1,792,335,646
Investment income	5	9,286,255
		1,801,621,901
Loss in value of investment		32,704,084
Administrative expenses	6 (i)	3,656,035
Employment expense	6 (ii)	5,758,472
Finance cost	6 (iii)	40,565
		1,759,462,745
Surplus for the year		

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER, 2015**

	<u>Accumulated Surplus G\$</u>	<u>Total G\$</u>
At 1 January 2015	-	-
Surplus for the year	<u>1,759,462,745</u>	<u>1,759,462,745</u>
At 31 December 2015	<u>1,759,462,745</u>	<u>1,759,462,745</u>

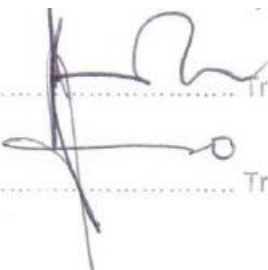

"The accompanying notes form an integral part of these financial statements"

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	<u>Note</u>	<u>2015</u> <u>G\$</u>
<b>Assets</b>		
<b>Non current assets</b>		
Fixed assets	7	<u>551,156</u>
<b>Current Assets</b>		
UBS Investment	8	1,752,421,171
Cash at Bank	9	<u>7,827,519</u>
		<u>1,760,248,690</u>
<b>Total Assets</b>		<u>1,760,799,846</u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Accumulated surplus		<u>1,759,462,745</u>
<b>Current Liabilities</b>		
Accruals	10	<u>1,337,101</u>
<b>Total equity and liabilities</b>		<u>1,760,799,846</u>

These financial statements were approved by the Trustees on **April 21<sup>st</sup>, 2016**

  
 ..... Trustee  
  
 ..... Trustee

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	<u>2015</u> <u>G\$</u>
<b>Operating activities</b>	
Surplus for the year	1,759,462,745
Depreciation	61,240
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<b>Net cash flow from operating activities before changes in working capital</b>	<b>1,759,523,985</b>
Changes in working capital	
Increase in UBS Investment	(1,752,421,171)
Increase in accruals	1,337,101
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<b>Net cash provided by operating activities</b>	<b>8,439,915</b>
<b>Investing activities</b>	
Purchase of fixed assets	(612,396)
Interest received	-
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<b>Net cash provided by investing activities</b>	<b>(612,396)</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,827,519</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>-</b>
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<b>Cash and cash equivalents at the end of the period</b>	<b>7,827,519</b>
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NOTES TO THE FINANCIAL STATEMENTS

**1. Incorporation and activities**

The Protected Areas Trust (PAT), established by the Protected Areas Act in 2011, is an independently governed Trust which was set up to provide financing for the National System of Protected Areas and to support projects that contribute to or promotes the conservation and preservation of the biological diversity and maintenance of the ecosystem services of the Protected Areas as defined in the PA Act. The system will comprise the existing and new State Protected Areas, Amerindian Protected Areas, Private Protected Areas and Urban Parks such as the Botanical Gardens and the Zoological Park. Funding will provide for monitoring and management plans, park rangers, scientific research community outreach and education about natural heritage for the citizens of Guyana.

The Protected Areas Trust was officially launched in September 01, 2014 at its first Board of Trustees meeting. The PAT is managed as a corporate body by a six-member Board of Trustees and by the Protected Areas Trust Secretariat based in the Botanical Gardens, Georgetown, Guyana and headed by an Executive Director.

The Protected Areas Trust Fund is functioning primarily as an endowment fund, where the funds are invested with the Union Bank of Switzerland (UBS) to ensure a rate of return competitive with similar trust funds. The revenue generated by these investments will then be used to; implement management plans, strengthen monitoring and enforcement in protected areas, support sustainable community enterprises, biodiversity conservation, and environmental education and awareness.

Grant funding for the PAT's operations has been provided by the Conservation Trust Fund (CTF), a private Trust established in December 2011 as an interim financing mechanism to secure the early financing (US\$5M from the Government of Germany, and US\$3.5M from Conservation International's (CI) Global Conservation Fund) which was available prior to PAT's establishment, and which was transferred to be managed by the PAT after the CTF dissolution on October 31, 2015. Grant funding for PAT's operations commenced in 2015 after the establishment of the Protected Areas Trust Secretariat.

**2. New and revised Standards and interpretations**

New Standards, interpretations and amendments to standards are not expected to have a significant impact on the Trust's accounting policies.

**3. Summary of significant accounting policies**

**(a) Accounting convention**

The financial statements have been prepared under the historical cost convention with compliance to IFRS - International Financial Reporting Standards.

**(b) Fixed Assets and depreciation**

Equipment and fixtures are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight line method as follows:

Computer	20%
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A full year's depreciation will be charged in the year of acquisition and none in the year of disposal.

**NOTES TO THE FINANCIAL STATEMENTS**

**3. Summary of significant accounting policies - cont'd**

**(c) Income and expenditure**

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

**(d) Taxation**

The Protected Areas Trust, by virtue of its charitable purpose, was deemed a charitable organization, and benefit from the grant of tax exemption by the Government of Guyana.

**(e) Financial Instruments**

Financial assets and liabilities are recognized on the trust fund's statement of financial position when the trust fund becomes a party to the contractual provisions of the instruments.

**(f) Cash and cash equivalents**

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than investment or other purposes.

These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

**(g) UBS Investments**

This investment is a financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes recorded through profit or loss.

**4. Contributions**

This represents grants and investment assets received from Conservation Trust Fund. Assets were transferred on October 31, 2015. Grants were provided throughout the year:

	<u>2015</u> G\$
Cash at Bank	16,496,646
UBS Investment (i)	1,775,839,000
Total	<u>1,792,335,646</u>

(i) This investment was taken up at fair value at the date of transfer.

**5. Investment income**

This represents income from UBS investment:	<u>9,286,255</u>
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NOTES TO THE FINANCIAL STATEMENTS

<b>6. Expenses</b>	<u>2015</u>
	<u>G\$</u>
<b>(i) Administrative expenses</b>	
Depreciation	61,240
Meetings	246,805
Office supplies	526,519
Other miscellaneous expenses	258,883
Telephone	161,079
Conservation Trust Fund Expenses	709,400
Travel	1,460,110
Audit fees	232,000

<b>Total</b>	<u>3,656,035</u>
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**(ii) Employment expense**

Employee cost	<u>5,758,472</u>
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This relates to the cost of employing contract staff.

**(iii) Finance costs**

Bank Charges	<u>40,565</u>
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This relates to charges with regards to the Trust's bank accounts.

**7. Fixed Assets**

<u>Cost</u>	<u>Computer Equipment G\$</u>	<u>Total G\$</u>
At 1 January, 2014	-	-
Additions	612,396	612,396
At 31 December, 2015	<u>612,396</u>	<u>612,396</u>
 <u>Accumulated Depreciation</u>		
At 1 January 2014	-	-
Charge for the year	61,240	61,240
At 31 December, 2015	<u>61,240</u>	<u>61,240</u>
 <u>Net book value</u>		
At 31 December, 2015	<u>551,156</u>	<u>551,156</u>



NOTES TO THE FINANCIAL STATEMENTS

	2015 G\$
<b>8. UBS Investment</b>	<u>752,421,171</u>

This relates to an investment portfolio managed by the UBS Financial Services Company. This consists of investments held on the international market. The portfolio contains a mixture of equities (45%), bonds (45%) and cash (10%). This was transferred from the Conservation Trust Fund (CTF) to Protected Areas Trust, after the dissolution of the CTF on October 31, 2015. The value of this investment was determined based on the portfolio value reported by UBS Financial Services Statement. The use of these assets and their income are for the sole purpose of carrying out activities related to the management of Guyana Protected Areas Systems.

**9. Cash at Bank**

Cash at Bank consists of:	<u>2015</u> G\$
Scotia Bank GY dollar account	470,868
Scotia Bank US dollar account	7,356,651
	<u>7,827,519</u>

**10. Accruals**

The accruals are made up of the following:	<u>2015</u> G\$
Telephone expenses for November and December 2015	45,701
Professional fees	350,000
Conservation Trust Fund Expenses	709,400
Audit Fees	232,000
Total Accruals	<u>1,337,101</u>

NOTES TO THE FINANCIAL STATEMENTS

11. Financial Risk management

Financial risk management objectives.

The Trust's Management monitors and manages the financial risks relating to their assets through daily reviews of the performance and change in value of these assets. These risks include market risk (foreign exchange risk and interest rate risk).

The Trust seeks to minimize the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk and interest rate risk which are approved by the board of trustees.

(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.

This risk is managed by the daily reviews of the performance of investments and liaising with the investment manager to ensure proper investment decisions are made.

(i) Foreign currency risk

Foreign currency risk is the form of risk that arises from an unfavourable change in price of one currency against another. Unless a position is hedged, foreign currency risk is present whenever organizations or investors hold assets across national borders. The Trust's exposure to the effects of fluctuations in foreign currency exchange rates arise from its investment portfolio and a US dollar bank account. The currency in which this investment is denominated is in United States dollars. No liabilities are held in foreign currencies. Total assets held in foreign currency total G\$1,752,421,171 (US\$ 8,508,879).

Foreign currency sensitivity analysis:

The following table details the Trust's sensitivity to a 2.5% increase or decrease in the Guyana dollar against the US dollar. Although a rate is not formally adopted and used as a measure, 2.5% gives prudent possibility of a change in rate.

The sensitivity analysis shows the impact on all assets and liabilities that are held in foreign currencies. A positive number below indicates an increase in reserves if the currency were to strengthen 2.5% against the Guyana dollar. If the currency were to weaken 2.5% against the Guyana dollar, there would be an equal and opposite impact on the revenue account and the balances would be negative.

	2015 G\$
Effect	<u>43,810,529</u>

**CONTACT INFORMATION**

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**KFW**



Government of the Cooperative Republic of Guyana  
**Ministry of Natural Resources**



**CONSERVATION  
INTERNATIONAL**  
CONSERVATION