

**AUDITED ACCOUNTS OF THE GUYANA SECURITIES COUNCIL**

**FOR THE YEAR ENDED  
31 DECEMBER 2009**

**AUDITORS: NIZAM ALI AND COMPANY  
215 'C' CAMP STREET  
NORTH CUMMINGSBURG  
GEORGETOWN**

**GUYANA SECURITIES COUNCIL**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**



# Nizam Ali & Company

Chartered Accountants

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## AUDITORS' REPORT TO THE COUNCIL MEMBERS GUYANA SECURITIES COUNCIL

We have audited the accompanying financial statements of Guyana Securities Council; which comprise the statement of financial position as at December 31, 2009 and the statement of total comprehensive income, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; 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 conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

We believe that 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 present fairly, in all material respects, the financial position of the Council as of December 31, 2009 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Companies Act 1991.

*Nizam Ali & Company*  
Chartered Accountants  
Georgetown, Guyana  
March 16, 2010

Guyana Securities Council

Statement of Financial Position

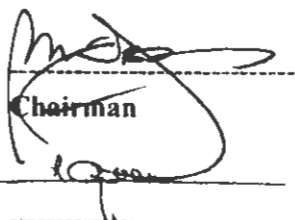
As at December 31, 2009

With comparatives figures for December 31, 2008

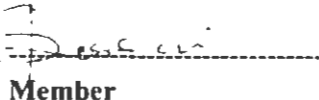
(Expressed in Guyana Dollars)

|                                | Notes | <u>2009</u><br>\$        | <u>2008</u><br>\$        |
|--------------------------------|-------|--------------------------|--------------------------|
| <b>Non - current assets</b>    |       |                          |                          |
| Furniture, equipment and books | 7     | <u>3,931,688</u>         | <u>4,830,156</u>         |
|                                |       | <u>3,931,688</u>         | <u>4,830,156</u>         |
| <b>Current assets</b>          |       |                          |                          |
| Cash and bank                  | 5     | 12,948,122               | 7,032,287                |
| Trade and other receivables    | 11    | <u>163,784</u>           | <u>164,144</u>           |
| <b>Total current assets</b>    |       | <u>13,111,906</u>        | <u>7,196,431</u>         |
| <b>Total assets</b>            |       | <u><u>17,043,593</u></u> | <u><u>12,026,587</u></u> |
| <b>Liabilities</b>             |       |                          |                          |
| Deferred revenue               | 10    | 16,536,918               | 11,368,319               |
| Payables                       | 9     | <u>506,675</u>           | <u>658,268</u>           |
| <b>Total liabilities</b>       |       | <u><u>17,043,593</u></u> | <u><u>12,026,587</u></u> |

The Members of the Council approved these financial statements for issue on MARCH 16, ....., 2010

  
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Chairman

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Member

  
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Member

The accompanying notes form an integral part of these financial statements

**Guyana Securities Council**

**Statement of total Comprehensive Income  
for the year ended December 31, 2009  
With comparatives figures for December 31, 2008  
(Expressed in Guyana Dollars)**

|                             | Notes | <u>2009</u><br>\$  | <u>2008</u><br>\$  |
|-----------------------------|-------|--------------------|--------------------|
| <b>Revenue</b>              |       |                    |                    |
| Subvention                  | 4     | 49,000,000         | 52,046,041         |
| Transfer to deferred income |       | <u>(5,168,599)</u> | <u>(6,290,716)</u> |
|                             |       | 43,831,401         | 45,755,325         |
| Fines & fees                |       | 979,476            |                    |
| CARTAC Refunds              |       | <u>806,793</u>     | -                  |
|                             |       | <u>45,617,670</u>  | <u>45,755,325</u>  |
| <b>Expenditure</b>          |       |                    |                    |
| Council members' fees       |       | 5,940,000          | 5,940,000          |
| Salaries                    |       | 30,448,180         | 24,472,302         |
| Professional fees           |       | 1,194,000          | 3,224,751          |
| Communication               |       | 535,199            | 703,282            |
| Stationery                  |       | 59,868             | 462,474            |
| Advertising & publication   |       | 105,328            | 158,688            |
| Depreciation                |       | 965,968            | 821,766            |
| Audit fees                  |       | 475,150            | 350,000            |
| Conference expenses         |       | 2,712,595          | 3,944,742          |
| Miscellaneous               |       | 376,793            | 654,894            |
| Staff training              |       | 2,728,453          | -                  |
| Entertainment               |       | 55,741             | -                  |
| Insurance                   |       | 20,395             | 19,424             |
| Subscription                |       | -                  | 5,003,002          |
|                             |       | <u>45,617,670</u>  | <u>45,755,325</u>  |

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

**Guyana Securities Council**

**Statement of Cash Flows**

**For the year ended December 31, 2009**

**With comparatives figures for December 31, 2008**

**(Expressed in Guyana Dollars)**

|  | <u>2009</u>              | <u>2008</u>             |
|--|--------------------------|-------------------------|
|  | \$                       | \$                      |
| <b>Cash flow from operating activities</b>               |                          |                         |
| Expenditure  | (45,617,670)             | (45,755,325)            |
| <b>Adjustments for:</b>                                  |                          |                         |
| Depreciation   | 965,968                  | 821,766                 |
| Decrease (Increase) in receivables and prepayments       | 360                      | (31,320)                |
| (Decrease) Increase in payables                          | (151,593)                | 1,655                   |
| <b>Net cash outflows from operating activities</b>       | <u>(44,802,935)</u>      | <u>(44,963,224)</u>     |
| <b>Cash flow from investing activities</b>               |                          |                         |
| Purchase of furniture and equipment                      | (67,500)                 | (2,374,197)             |
| <b>Net cash outflow from investing activities</b>        | <u>(67,500)</u>          | <u>(2,374,197)</u>      |
| <b>Cash flow from financing activities</b>               |                          |                         |
| Other income   | 1,786,269                | -                       |
| Subvention   | 49,000,000               | 52,046,041              |
| <b>Net cash inflow from financing activities</b>         | <u>50,786,269</u>        | <u>52,046,041</u>       |
| <b>Net increase in cash and cash equivalents</b>         | 5,915,835                | 4,708,620               |
| <b>Cash and cash equivalents as at beginning of year</b> | <u>7,032,287</u>         | <u>2,323,667</u>        |
| <b>Cash and cash equivalents as at end of year</b>       | <u><u>12,948,122</u></u> | <u><u>7,032,287</u></u> |

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

**1. Entity identification and principal function**

The Guyana Securities Council (the 'Council') is a statutory body created by the Securities Industry Act 1998 and brought into existence by Ministerial Order No 5 of 2000 by the Minister of Finance with effect from December 16, 2000. The Council commenced activities on September 24, 2001.

The members of the Council serving in the period January 1 to December 31, 2009 were:

Mr. B. James - Chairman  
Mr. L. Glen. - Member  
Mr. B. Pollard - Member  
Ms. L. Gossai - Member

The principal functions of the Council are to:

- (a) advise the Minister of Finance on all matters relating to securities,
- (b) maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities,
- (c) register, authorize or regulate, in accordance with the Securities Industry Act 1998, self regulatory organization, securities companies, securities intermediaries, brokers, dealers, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business,
- (d) protect the integrity of the securities market against abuse arising from the practice of insider trading,
- (e) create and promote such conditions in the securities market as it may seem necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.

**2. New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2009, and have not been applied in preparing these financial statements. None of these will have a significant impact on the financial statements of the Council.

**3. Significant accounting policies**

(a) *Accounting convention*

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) *Subvention*

Subvention that compensate the Council's costs are recognized in the statement of revenue and expenditure in the period that these costs are incurred.

Subvention relating to purchase of equipment is credited to the statement of revenue and expenditure on a straight line basis over the expected lives of the related assets.

(c) *Registration fees*

Registration fees are collected from reporting issuers upon submission of the registration statement to the Council as required under Sections 56 and 57 of the Securities Industry Act 1998. The registration fees are recognized in the statement of revenue and expenditure in the period that related registration statements are submitted to the Council.

(d) *Foreign currency transactions*

Foreign currency transactions are translated at the exchange rates prevailing at the dates of these transactions. At the balance sheet date, any monetary assets and liabilities denominated in foreign currencies are translated to Guyana Dollars at the prevailing rates at that date. Exchange differences on foreign currency transactions are recognized in the statement of revenue and expenditure.

(e) *Expense recognition*

Expenses are recognized on an accrual basis.



**3. Significant accounting policies, continued**

(f) *Furniture, equipment and books*

Furniture, equipment and books are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates estimated to write off the assets over their expected useful lives. The current annual rates of depreciation are:

|           |     |
|-----------|-----|
| Furniture | 10% |
| Equipment | 20% |
| Books     | 10% |

(g) *General funds*

General funds are unrestricted funds which are available for use at the discretion of the Council in furtherance of the principal functions of the Council and which have not been designated for other purposes.

**4. Grant funding and subvention**

The Council received a funding commitment from the British Department for International Development for the period January 1, 2002 to November 30, 2003. The sums committed were 88,500 United States Dollars for the period January 1, 2002 to December 31, 2002 and 83,500 United States

The Council received a subvention of G\$49,000,000 (2008 - G\$52,046,041) Guyana Dollars from the Government of Guyana during the year to cover operating costs.

Unused funds are carried forward to future periods.

**5. Cash resources**

|                              | <u>2009</u>       | <u>2008</u>      |
|------------------------------|-------------------|------------------|
|                              | \$                | \$               |
| Bank of Nova Scotia          | 10,618,503        | 5,541,468        |
| Republic Bank Guyana Limited | <u>2,329,619</u>  | <u>1,490,819</u> |
|                              | <u>12,948,122</u> | <u>7,032,287</u> |

Guyana Securities Council

Notes to financial statements

December 31, 2009

(Expressed in Guyana Dollars)

6. Council members' fees

|            | <u>2009</u>      | <u>2008</u>      |
|------------|------------------|------------------|
|            | \$               | \$               |
| B. James   | 2,160,000        | 2,160,000        |
| B. Pollard | 1,260,000        | 1,260,000        |
| L. Gossai  | 1,260,000        | 1,260,000        |
| L. Glen    | 1,260,000        | 1,260,000        |
|            | <u>5,940,000</u> | <u>5,940,000</u> |

7. Furniture, equipment & books

|                         | <u>Furniture</u>   | <u>Equipment</u>   | <u>Books</u>       | <u>Total</u>       |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
|                         | \$                 | \$                 | \$                 | \$                 |
| <b>Costs</b>            |                    |                    |                    |                    |
| As at beginning of year | 3,030,937          | 1,975,850          | 2,608,711          | 7,615,498          |
| Additions               | 65,000             | 2,500              |                    | 67,500             |
| As at end of year       | <u>3,095,937</u>   | <u>1,978,350</u>   | <u>2,608,711</u>   | <u>7,682,998</u>   |
| <b>Depreciation</b>     |                    |                    |                    |                    |
| As at beginning of year | (735,908)          | (1,274,043)        | (775,391)          | (2,785,342)        |
| Charges for the year    | (309,594)          | (395,503)          | (260,871)          | (965,968)          |
| As at end of year       | <u>(1,045,502)</u> | <u>(1,669,546)</u> | <u>(1,036,262)</u> | <u>(3,751,310)</u> |
| <b>Net book value</b>   |                    |                    |                    |                    |
| As at end of year       | <u>2,050,435</u>   | <u>308,804</u>     | <u>1,572,449</u>   | <u>3,931,688</u>   |
| As at beginning of year | <u>2,295,029</u>   | <u>701,807</u>     | <u>1,833,320</u>   | <u>4,830,156</u>   |

8. Key management compensation

|                                  | <u>2009</u>       | <u>2008</u>       |
|----------------------------------|-------------------|-------------------|
|                                  | \$                | \$                |
| Salaries and short term benefits | <u>30,448,180</u> | <u>24,472,302</u> |

9. Payables

|                   | <u>2009</u>    | <u>2008</u>    |
|-------------------|----------------|----------------|
|                   | \$             | \$             |
| Professional Fees | 475,150        | 620,150        |
| Telephone         | 21,545         | 38,118         |
| Internet          | 9,980          | -              |
|                   | <u>506,675</u> | <u>658,268</u> |

**Guyana Securities Council**

**Notes to financial statements**

**December 31, 2009**

**(Expressed in Guyana Dollars)**

**10. Deferred revenue**

|   | <u>2009</u>              | <u>2008</u>              |
|---|--------------------------|--------------------------|
|   | \$                       | \$                       |
| Balance at beginning of year                        | 11,368,319               | 5,077,603                |
| Transfers from Statement total comprehensive income | <u>5,168,599</u>         | <u>6,290,716</u>         |
| Balance at end of year                              | <u><u>16,536,918</u></u> | <u><u>11,368,319</u></u> |

**11. Trade and other receivables**

|                     | <u>2009</u>           | <u>2008</u>           |
|---------------------|-----------------------|-----------------------|
|                     | \$                    | \$                    |
| Deposits            | 105,800               | 105,800               |
| Overpayment of PAYE | 27,024                | 27,024                |
| Prepayments         | <u>30,960</u>         | <u>31,320</u>         |
|                     | <u><u>163,784</u></u> | <u><u>164,144</u></u> |

**12. Other Income**

|                | <u>2009</u>             | <u>2008</u>     |
|----------------|-------------------------|-----------------|
|                | \$                      | \$              |
| Fines & fees   | 979,476                 | -               |
| CARTAC Refunds | <u>806,793</u>          | <u>-</u>        |
|                | <u><u>1,786,269</u></u> | <u><u>-</u></u> |

**13. Pay As You Earn (PAYE) tax deduction**

The activities of the Council were initially financed by a grant received from the British Department for International Development. Upon exhaustion of the grant which occurred on December 31, 2004, the Government of Guyana (GOG) continued to fund the activities of the Council through annual subventions. The management of the Council represented to us that based on a Memorandum of Understanding between the Government of the United Kingdom and Northern Ireland and the Government of Guyana, funds received under the grant were not to be used to settle any taxes. Consequently the Council did not deduct applicable income tax from remuneration paid to employees of the Council prior to January 1, 2005 for remittance to the Guyana Revenue Authority. As of January 1, 2005 the salary of each employee of the Council and Council members fees were grossed up for income tax purposes and the resulting income tax paid by GOG subvention. Consequent to grossing up, the net salary of each employee and Council member fees remained the equivalent to what it was prior to January 1, 2005.