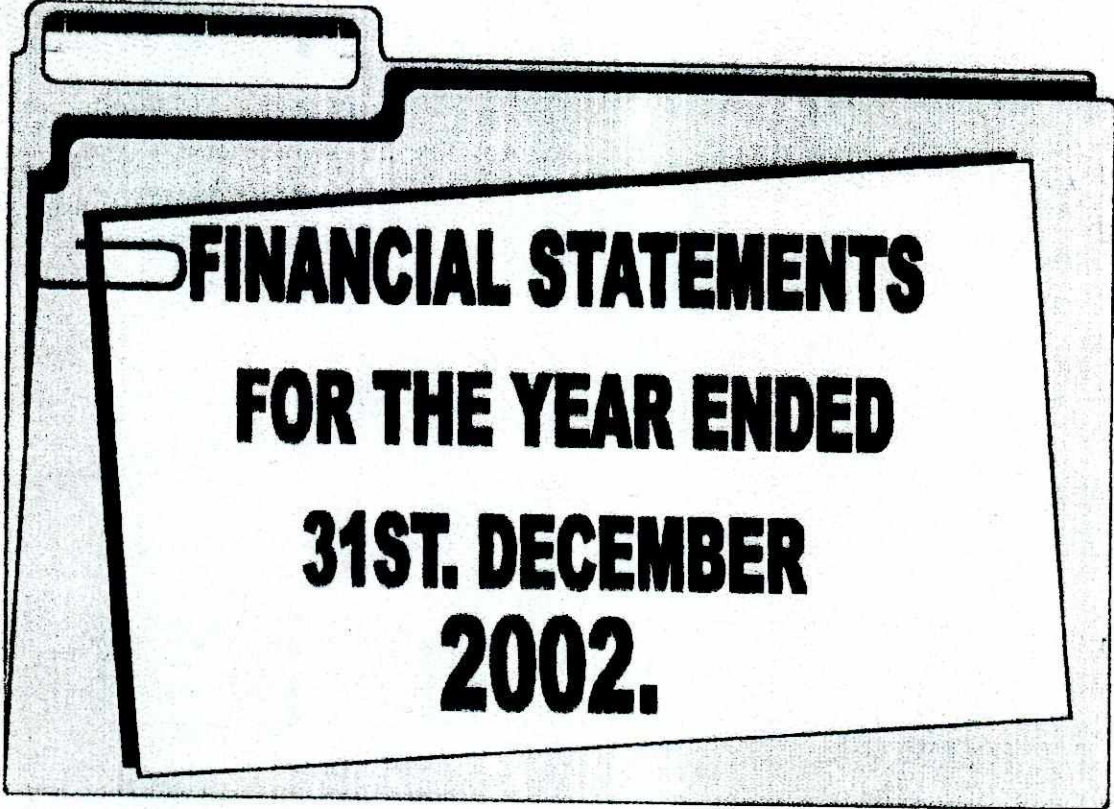


s of the Guyana National Shipping



GUYANA NATIONAL SHIPPING CORPORATION LIMITED.



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST. DECEMBER
2002.**

The text is presented as if it were a document placed inside a folder. The folder is depicted with a tab on the left side and a shadow underneath, suggesting it is part of a collection of documents.

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

**FOR THE YEAR ENDED
31 DECEMBER 2002**

OPINION NO: 81/2003

**AUDIT OF FINANCIAL STATEMENTS OF THE
GUYANA NATIONAL SHIPPING CORPORATION LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2002**

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Office of the Auditor General

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

AG:81/2003

8 May 2003

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
GUYANA NATIONAL SHIPPING CORPORATION LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

Chartered Accountants, Deloitte and Touche, have audited on my behalf the financial statements of Guyana National Shipping Corporation Limited for the year ended 31 December 2002, as set out on pages 2 to 15. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.

As required by the Financial Administration and Audit (Amendment) Act 1993, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the opinion, as set out on page 1, of Chartered Accountants, Deloitte and Touche.



**OFFICE OF THE AUDITOR GENERAL
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**

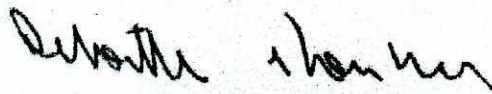
REPORT OF THE CHARTERED ACCOUNTANTS
DELOITTE & TOUCHE
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA NATIONAL SHIPPING CORPORATION LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2002

We have audited the financial statements set out on pages 2 to 15. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the Office of the Auditor General's auditing standards and other generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view, in all material respects, of the state of affairs of the Company as at 31 December 2002 and of its results of operations and cash flows for the year then ended and comply with the Companies Act 1991.

Without qualifying our opinion we draw attention to Note 1 (e) to the financial statements. While the company estimated an insignificant (if any) effect on the financial statements had it complied with International Accounting Standards 19 (Revised 2000), any adjustment will be made after the actuarial valuation is completed.



DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

77 Brickdam,
Stabrock, Georgetown,
Guyana

14 March 2003

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Notes</u>	<u>2002</u>	<u>2001</u>
		G\$ 000	G\$ 000
Revenue		<u>436,854</u>	<u>401,638</u>
Operating expenses:			
Staff cost		98,977	103,047
Repairs		50,233	63,318
Hire of vessel		94,399	92,887
Other operating expenses		<u>142,213</u>	<u>131,383</u>
		<u>385,822</u>	<u>390,635</u>
Operating income		51,032	11,003
Other income		27,108	34,564
Finance costs		<u>(210)</u>	<u>(388)</u>
Profit before taxation	3	77,930	45,179
Taxation	4	<u>37,616</u>	<u>7,293</u>
Net profit for the year after taxation		<u><u>40,314</u></u>	<u><u>37,886</u></u>
Earnings per share in dollars	5	<u><u>14.42</u></u>	<u><u>13.55</u></u>

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

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

	<u>Note</u>	Share Capital G\$ 000	Accumulated Profit G\$ 000	Capital Reserve G\$ 000	Total G\$ 000
At 31 December 2000		2,797	508,884	12,879	524,560
Net profit for the year after taxation			37,886	-	37,886
Dividends	6	-	(3,250)	-	(3,250)
At 31 December 2001		2,797	543,520	12,879	559,196
Net profit for the year after taxation			40,314	-	40,314
At 31 December 2002		<u>2,797</u>	<u>583,834</u>	<u>12,879</u>	<u>599,510</u>

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


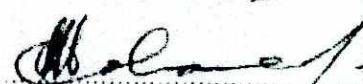
GUYANA NATIONAL SHIPPING CORPORATION LIMITED

BALANCE SHEET

AT 31 DECEMBER 2002

	Notes	2002		2001	
		G\$ 000	G\$ 000	G\$ 000	G\$ 000
Fixed assets	7				
Deferred tax	4		495,315		513,770
			5,715		2,918
Current assets					
Stores		43,280		42,147	
Trade debtors		26,281		19,909	
Other debtors and prepayments		5,988		6,590	
Due from Government Organisations		11,027		20,122	
Taxes recoverable		182		182	
External payment deposits		59		59	
Save and Prosper account	8	185,746		133,846	
Cash on deposit	9	-		46,558	
Cash and bank	10	73,276		26,447	
		<u>345,839</u>		<u>295,860</u>	
Current liabilities					
Trade creditors		40,058		24,387	
Other creditors and accruals		18,860		16,534	
Due to Privatisation Unit	11	36,556		36,556	
Due to Government Organisations		-		436	
Dividends payable		10,667		10,667	
Taxes payable		19,164		6,162	
		<u>125,305</u>		<u>94,742</u>	
Net current assets			<u>220,534</u>		<u>201,118</u>
			721,564		717,806
Non-current liabilities					
Due to Privatisation Unit	11		<u>(122,054)</u>		<u>(158,610)</u>
			<u>599,510</u>		<u>559,196</u>
Financed by:					
Share capital	12		2,797		2,797
Accumulated profit			583,834		543,520
Capital reserve	13		12,879		12,879
Shareholders' funds			<u>599,510</u>		<u>559,196</u>

On behalf of the Board:


 Director

 Director

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

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 G\$ 000	2001 G\$ 000
Reconciliation of operating income to net cash inflow from operating activities		
Operating income	50,822	10,615
Other income	15,127	20,295
Interest received	11,981	14,269
Depreciation	42,273	43,322
Deposit on property	-	59,139
Loss on disposal	339	-
Adjustment to fixed assets	59	-
	<u>120,601</u>	<u>147,640</u>
Operating profit before working capital changes	120,601	147,640
Increase in stores	(1,133)	(2,831)
(Increase)/decrease in trade debtors	(6,372)	11,061
Decrease in other debtors and prepayments	601	914
(Increase)/decrease in amount due from Government organisations	9,095	(15,315)
Increase/(decrease) in trade creditors	15,671	(8,149)
Increase/(decrease) in other creditors and accruals	2,326	(5,106)
Increase/(decrease) in amount due to Privatisation Unit	(36,556)	195,166
Decrease in amount due to Government organisations	(436)	(176)
	<u>103,797</u>	<u>323,204</u>
Cash generated from operations	103,797	323,204
Taxes paid	(27,410)	(12,980)
	<u>76,387</u>	<u>310,224</u>
Net cash provided by operating activities	76,387	310,224
Investing activities		
Payments to acquire fixed assets	(24,216)	(334,116)
	<u>(24,216)</u>	<u>(334,116)</u>
Cash used in investing activities	(24,216)	(334,116)
Net increase/(decrease) in cash and cash equivalents	52,171	(23,892)
Cash and cash equivalents at beginning of year	<u>206,851</u>	<u>230,743</u>
Cash and cash equivalents at end of year	<u>259,022</u>	<u>206,851</u>

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

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

1. Accounting policies

(a) The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets. The accounting policies conform with the International Accounting Standards adopted by the Institute of Chartered Accountants of Guyana.

(b) Depreciation

Plant, machinery and equipment are depreciated on the straight line method as follows:-

Coastal crafts	-	14%
Motor vehicles	-	25%
Plant and machinery	-	7½% - 20%
Office equipment	-	10% - 12½%
Computer equipment	-	20% - 25%

Depreciation on buildings is provided on the revalued amounts over the estimated useful lives. Buildings under 30 years old are depreciated at a rate of 2% and those over 30 years old are depreciated at 4%.

(c) Stores

Stores are valued at lower of cost and net realisable value using the weighted average cost method.

(d) Translation of foreign currencies.

Foreign currency transactions completed during the year are translated to Guyana dollars at the National Bank of Industry and Commerce Limited cambio rates of exchange ruling at the dates of such transactions. At the balance sheet date, all amounts denominated in foreign currencies are translated to Guyana dollars at the National Bank of Industry and Commerce Limited cambio exchange rates ruling at that date. Gains and losses are accounted for in the statement of income.

(e) Pension Scheme

The Company participates in a defined benefit pension scheme for its employees. The contributions are held in a trustee administered fund which is separate from the Company's finances.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

1. Accounting – policies – cont'd

(e) Pension Scheme – cont'd

An actuarial valuation as at 31 December 1998 revealed a past service deficit of G\$999M of which Guyana National Shipping Corporation Limited is liable for G\$11.9M. However the scheme had sufficient assets to meet its liabilities had all the members left the scheme at 31 December 1998.

The actuaries recommended that participating companies increase the contribution rate by an additional 3% of members' salaries over the next 13 years, to clear this deficit. This recommendation was implemented by the Guyana National Shipping Corporation Limited.

During the year the Company's contribution to the scheme was G\$3.572M (G\$3.578M in 2001).

With regards to the Company's compliance with International Accounting Standards 19 (Revised 2000) the Company estimates that there would be insignificant (if any) net benefit obligations after taking into account the fair value of the plan assets. Also the current service cost is a fair reflection of the cost to the Company.

The actuarial valuation which was due in 2001 is in progress. However, when the valuation is completed the company is committed to accept the actuaries recommendations.

(f) Deferred taxation

Deferred tax liabilities are recognised in respect of Corporation taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits but only to the extent that it is probable that taxable profit will be available for offset.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

1. Accounting policies – cont'd

(g) Cash and cash equivalents is comprised of

Save and Prosper account, Foreign exchange retention account, Business Cash Management account and Current account.

2. Incorporation and activities

The Corporation is a state-owned enterprise incorporated under the Companies Act 89:01 and continued under the Companies Act 1991. Its principal business is the provision of shipping services, berthing and stevedoring facilities.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

	2002 G\$ 000	2001 G\$ 000
3 Profit before taxation	<u>77,930</u>	<u>45,179</u>
After crediting:		
Interest	11,981	14,269
Rental	<u>63,913</u>	<u>53,225</u>
After charging:		
Auditors' remuneration	1,083	1,000
Hire of equipment	101,454	100,298
Directors' emoluments (a)	350	325
Repairs and renewals	<u>50,233</u>	<u>63,318</u>
(a) Chairman - \$120,000	120	120
3 Directors sharing equally	<u>230</u>	<u>205</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

4 Taxation

	<u>2002</u>	<u>2001</u>
	G\$ 000	G\$ 000
Corporation tax at 35%	26,637	10,256
Property tax	<u>4,657</u>	<u>4,288</u>
Deferred taxation	31,294	14,544
	<u>(2,797)</u>	<u>(7,251)</u>
	28,497	7,293
Adjustment to prior year tax	<u>9,119</u>	<u>-</u>
	<u>37,616</u>	<u>7,293</u>
Reconciliation of tax expense and accounting profit		
Accounting profit	<u>77,930</u>	<u>45,179</u>
Corporation tax at 35%	27,276	15,812
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation for accounting purposes	14,796	15,163
Donations	<u>34</u>	<u>82</u>
	42,106	31,057
Deduct:		
Tax effect on depreciation for tax purposes	11,276	15,807
Interest	<u>4,193</u>	<u>4,994</u>
	26,637	10,256
Deferred tax credit	<u>(2,797)</u>	<u>(7,252)</u>
	<u>23,840</u>	<u>3,004</u>
Accelerated depreciation for tax purposes	<u>5,715</u>	<u>2,918</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

	<u>2002</u> G\$ 000	<u>2001</u> G\$ 000
5 Earnings per share		
Calculation based on:		
Profit after taxation	<u>40,314</u>	<u>37,886</u>
Number of Ordinary shares Issued and fully paid	<u>2,796,644</u>	<u>2,796,644</u>
Earnings per share in dollars	<u>14.42</u>	<u>13.55</u>
6 Dividends		
Final proposed	<u>-</u>	<u>3,250</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

7 Fixed assets

	Freehold land and buildings G\$ 000	Machinery plant and equipment G\$ 000	Capital Work-in- progress G\$ 000	Total G\$ 000
Cost or valuation				
At 1 January 2002	442,773	292,317	59	735,149
Additions	-	2,923	21,293	24,216
Disposals	-	(5,553)	-	(5,553)
Adjustment	-	-	(59)	(59)
	<u>442,773</u>	<u>289,687</u>	<u>21,293</u>	<u>753,753</u>
At 31 December 2002				
Comprising:				
Valuation	14,496	1,167	-	15,663
Cost	<u>428,277</u>	<u>288,520</u>	<u>21,293</u>	<u>738,090</u>
	<u>442,773</u>	<u>289,687</u>	<u>21,293</u>	<u>753,753</u>
Depreciation				
At 1 January 2002	18,119	203,260	-	221,379
Charge for the year	7,277	34,996	-	42,273
Write back on disposals	-	(5,214)	-	(5,214)
	<u>25,396</u>	<u>233,042</u>	<u>-</u>	<u>258,438</u>
At 31 December 2002				
Net book values:				
At 31 December 2002	<u>417,377</u>	<u>56,645</u>	<u>21,293</u>	<u>495,315</u>
At 31 December 2001	<u>424,654</u>	<u>89,057</u>	<u>59</u>	<u>513,770</u>

Certain assets were revalued by the Directors on 26 May 1976 to bring them in line with the values in the books of the previous owners. Also, the land and buildings were revalued at 1 January 1982 based on professional advice.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

	<u>2002</u>	<u>2001</u>
	G\$ 000	G\$ 000
8 Save & Prosper account - New Building Society	<u>185,746</u>	<u>133,846</u>

	<u>2002</u>	<u>2001</u>
	G\$ 000	G\$ 000
9 Cash on deposit	<u>-</u>	<u>46,558</u>

Cash on deposit represents bid and performance bonds deposited in commercial banks during 2001 by the company to satisfy Guyana Sugar Corporation Inc's contract for movement of bulk sugar. On April 5, 2002 G\$ 42M was transferred to the company's Save and Prosper account held at New Building Society and G\$4M transferred to the BCM account held at National Bank of Industry and Commerce Limited.

	<u>2002</u>	<u>2001</u>
	G\$ 000	G\$ 000
10 Cash at bank		
Foreign exchange retention account	351	6,751
Business Cash Management account	48,700	23,080
Current account	<u>24,225</u>	<u>(3,384)</u>
	<u>73,276</u>	<u>26,447</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

	<u>2002</u> G\$ 000	<u>2001</u> G\$ 000
11 Due to Privatisation Unit	<u>158,610</u>	<u>195,166</u>
Amount repayable in one year	<u>36,556</u>	<u>36,556</u>
Amount repayable within 2 - 5 years	105,737	105,737
Amount repayable after 5 years	<u>16,317</u>	<u>52,873</u>
	<u>122,054</u>	<u>158,610</u>

This amount is payable for the Guyana Pharmaceutical Corporation Limited located in La Penitence. The balance of the purchase price plus interest at the rate of 8% per annum should be repaid in equal quarterly installments in arrears over a 10 (ten) years period commencing on the 29 September 2000

The purchase price of this property is G\$300M plus interest.

	<u>2002</u>	<u>2001</u>
12 Share capital		
Authorised Number of Ordinary shares	<u>4,000,000</u>	<u>4,000,000</u>
	G\$ 000	G\$ 000
Issued and fully paid 2,796,644 Ordinary shares	<u>2,797</u>	<u>2,797</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

	<u>2002</u> G\$ 000	<u>2001</u> G\$ 000
13 Capital reserve	<u>12,879</u>	<u>12,879</u>

This represents the difference between compensation price and the valuation of fixed assets at 26 May 1976 and the surplus on the revaluation of land and buildings at 1 January 1982.

14 Commitments and contingencies

	<u>2002</u> G\$ 000	<u>2001</u> G\$ 000
(a) Bonds entered into with the Comptroller of Customs and Excise	<u>9,500</u>	<u>9,500</u>
(b) Capital commitments		
Approved and contracted for	<u>77,000</u>	<u>67,051</u>

15 There was one pending litigation matter at 31 December 2002. The outcome of this case cannot be determined at this stage.

16 Business and Geographical segments
The company's sales were as follows -

	<u>2002</u> G\$ 000	<u>2001</u> G\$ 000
Rental - premises	57,157	47,799
Handling/stevedore charges	128,255	121,853
Freight	170,898	156,001
Agencies	26,501	26,290
Hire - cargo handling equipment	19,781	17,793
Others	<u>34,262</u>	<u>31,902</u>
	<u>436,854</u>	<u>401,638</u>