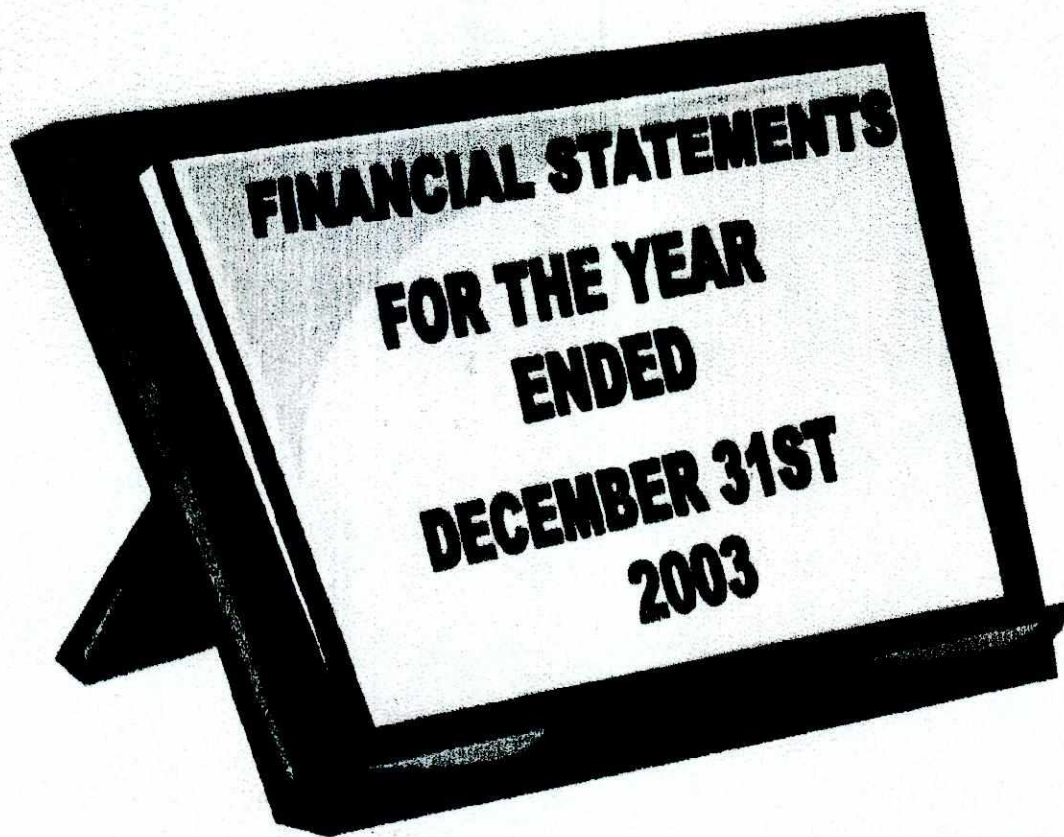




GUYANA NATIONAL SHIPPING CORPORATION LIMITED.



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

**FOR THE YEAR ENDED
31 DECEMBER 2003**



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:71/2004

15 June 2004

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF
GUYANA NATIONAL SHIPPING CORPORATION LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

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 2003, 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**

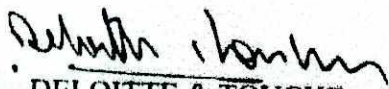
REPORT OF THE CHARTERED ACCOUNTANTS
DELOITTE & TOUCHE
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF
GUYANA NATIONAL SHIPPING CORPORATION LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2003

We have audited the accompanying balance sheet of Guyana National Shipping Corporation Limited as at 31 December 2003 and the related income statement, statements of changes in equity and cash flows for the year then ended as 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 International Standards on Auditing. Those standards require that we plan and perform the 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 financial position of the Company as at 31 December 2003 and of its results of operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 1991.

Without qualifying our opinion we draw attention to Note 1 (e) to the financial statements. The company estimated an insignificant (if any) effect on the financial statements had it complied with International Accounting Standards 19 (Revised 2000).


DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

77 Brickdam,
Stabroek, Georgetown,
Guyana

23 March 2004

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		G\$ 000	<u>Restated</u> G\$ 000
Revenue		<u>420,302</u>	<u>436,854</u>
Operating expenses:			
Staff cost		99,773	98,977
Repairs		61,673	50,233
Hire of vessel		80,350	94,399
Other operating expenses		<u>133,451</u>	<u>142,213</u>
		<u>375,247</u>	<u>385,822</u>
Operating income		45,055	51,032
Other income		25,810	27,108
Finance costs		<u>(16,005)</u>	<u>(17,554)</u>
Profit before taxation	3	54,860	60,586
Taxation	4	<u>25,352</u>	<u>37,616</u>
Net profit for the year after taxation		<u>29,508</u>	<u>22,970</u>
Earnings per share in dollars	5	<u>10.55</u>	<u>8.21</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 2003

	<u>Notes</u>	<u>Share Capital G\$ 000</u>	<u>Accumulated Profit G\$ 000</u>	<u>Capital Reserve G\$ 000</u>	<u>Total G\$ 000</u>
At 31 December 2001		2,797	543,520	12,879	559,196
Prior year adjustment for interest	17	<u>-</u>	<u>(28,725)</u>	<u>-</u>	<u>(28,725)</u>
At 31 December 2001 as restated		2,797	514,795	12,879	530,471
Net profit for the year after taxation		<u>-</u>	<u>22,970</u>	<u>-</u>	<u>22,970</u>
		<u>2,797</u>	<u>537,765</u>	<u>12,879</u>	<u>553,441</u>
At 31 December 2002		2,797	583,834	12,879	599,510
Prior year adjustment for interest	17	<u>-</u>	<u>(46,069)</u>	<u>-</u>	<u>(46,069)</u>
At 31 December 2002 as restated		2,797	537,765	12,879	553,441
Net profit for the year after taxation		<u>-</u>	<u>29,508</u>	<u>-</u>	<u>29,508</u>
Dividends	6	<u>-</u>	<u>(4,912)</u>	<u>-</u>	<u>(4,912)</u>
		<u>2,797</u>	<u>562,361</u>	<u>12,879</u>	<u>578,037</u>

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

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

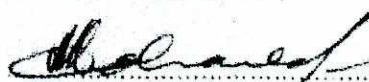
BALANCE SHEET

AT 31 DECEMBER 2003

	Notes	2003	2002 Restated
ASSETS			
Non current assets			
Fixed assets	7	G\$ 000 498,887	G\$ 000 495,315
Deferred tax	4	5,397	5,715
		<u>504,284</u>	<u>501,030</u>
Current assets			
Stores		44,867	43,280
Trade debtors		24,538	26,281
Other debtors and prepayments		6,674	5,988
Due from Government Organisations		30,932	11,027
Taxes recoverable		3,548	182
External payment deposits		59	59
Save and Prosper account	8	195,000	185,746
Cash on deposit	9	12,400	-
Cash and bank	10	9,324	73,276
		<u>327,342</u>	<u>345,839</u>
TOTAL ASSETS		<u>831,626</u>	<u>846,869</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	2,797	2,797
Accumulated profit		562,361	537,765
Capital reserve	12	12,879	12,879
Shareholders' funds		<u>578,037</u>	<u>553,441</u>
Non current liabilities			
Due to Privatisation Unit	13	161,376	183,885
Current liabilities			
Trade creditors		29,130	40,058
Other creditors and accruals		21,147	18,860
Due to Privatisation Unit	13	22,509	20,794
Dividends payable		4,912	10,667
Taxes payable		14,515	19,164
		<u>92,213</u>	<u>109,543</u>
TOTAL EQUITY AND LIABILITIES		<u>831,626</u>	<u>846,869</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 2003

	<u>2003</u>	<u>2002</u>
	G\$ 000	<u>Restated</u> G\$ 000
Operating activities		
Net profit before taxation	54,860	60,586
Adjustments for -		
Interest received	(10,282)	(11,981)
Interest paid/adjusted	15,761	17,344
Depreciation	31,466	42,273
Loss on disposal	9	339
Adjustment to fixed assets	-	59
Prior year adjustment to reserves	-	(28,725)
	<hr/>	<hr/>
Operating profit before working capital changes	91,814	79,895
Increase in stores	(1,587)	(1,133)
(Increase)/decrease in trade debtors	1,743	(6,372)
(Increase)/decrease in other debtors and prepayments	(686)	602
(Increase)/decrease in amount due from Government organisations	(19,905)	9,095
Increase/(decrease) in trade creditors	(10,928)	15,671
Increase in other creditors and accruals	2,287	2,326
Increase/(decrease) in amount due to Privatisation Unit	(20,794)	9,513
Decrease in amount due to Government organisations	-	(436)
	<hr/>	<hr/>
Cash generated from operations	41,944	109,161
Interest paid	(15,761)	(17,344)
Taxes paid	(33,049)	(27,411)
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	(8,866)	64,406
	<hr/>	<hr/>
Investing activities		
Interest received	10,282	11,981
Payments to acquire fixed assets	(35,047)	(24,216)
	<hr/>	<hr/>
Cash used in investing activities	(24,765)	(12,235)
	<hr/>	<hr/>
Financing activities		
Dividends paid	(10,867)	-
	<hr/>	<hr/>
Cash used in financing activities	(10,867)	-
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	(42,298)	52,171
Cash and cash equivalents at beginning of year	259,022	206,851
	<hr/>	<hr/>
Cash and cash equivalents at end of year	216,724	259,022
	<hr/>	<hr/>

"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 International Financial Reporting Standards (including International Accounting Standards and Interpretations) 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 2001 revealed a past service surplus of G\$149M. However the proportion of this surplus relating to Guyana National Shipping Corporation Limited has not yet been ascertained.

The actuaries recommended that participating companies continue to contribute at the current rate of 7% of members' salaries up to \$2,880 per annum and 13% of the members' salaries in excess of \$2,880 per annum..

During the year the Company's contribution to the scheme was G\$3.305M (G\$3.572 M in 2002).

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 next actuarial valuation is due on or before 31 December 2004.

(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, Cash on Deposit and Cash and bank.

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

	<u>2003</u>	<u>2002</u> <u>Restated</u>
	G\$ 000	G\$ 000
3 Profit before taxation	<u>54,860</u>	<u>60,586</u>
After crediting:		
Interest	10,282	11,981
Rental	<u>68,280</u>	<u>63,913</u>
After charging:		
Auditors' remuneration	1,100	1,083
Hire of equipment	88,175	101,454
Directors' emoluments (a)	360	350
Repairs and renewals	<u>61,673</u>	<u>50,233</u>
(a) Chairman - \$120,000	120	120
3 Directors sharing equally	<u>240</u>	<u>230</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

4 Taxation

	<u>2003</u>	<u>2002</u> <u>Restated</u>
	G\$ 000	G\$ 000
Corporation tax at 35%	15,308	26,637
Property tax	<u>4,508</u>	<u>4,657</u>
	19,816	31,294
Deferred taxation	<u>318</u>	<u>(2,797)</u>
	20,134	28,497
Adjustment to prior year tax	<u>5,218</u>	<u>9,119</u>
	<u>25,352</u>	<u>37,616</u>
Reconciliation of tax expense and accounting profit		
Accounting profit	<u>54,860</u>	<u>60,586</u>
Corporation tax at 35%	19,201	21,205
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation for accounting purposes	11,013	14,796
Donations	<u>26</u>	<u>34</u>
	30,240	36,035
Deduct:		
Tax effect on depreciation for tax purposes	11,333	5,205
Interest	<u>3,599</u>	<u>4,193</u>
	15,308	26,637
Deferred tax charge/(credit)	<u>318</u>	<u>(2,797)</u>
	<u>15,626</u>	<u>23,840</u>
Accelerated depreciation for tax purposes	<u>5,397</u>	<u>5,715</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

	<u>2003</u>	<u>2002</u>
		<u>Restated</u>
	G\$ 000	G\$ 000
5 Earnings per share		
Calculation based on:		
Profit after taxation	<u>29,508</u>	<u>22,970</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>10.55</u>	<u>8.21</u>
 6 Dividends		
Final proposed	<u>4,912</u>	<u>-</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

7 Fixed assets

	<u>Freehold land and buildings</u> G\$ 000	<u>Machinery plant and equipment</u> G\$ 000	<u>Capital Work-in- progress</u> G\$ 000	<u>Total</u> G\$ 000
Cost or valuation				
At 1 January 2003	442,773	269,687	21,293	753,753
Additions	-	9,517	25,530	35,047
Disposals	-	(3,828)	-	(3,828)
Transfers	46,823	-	(46,823)	-
At 31 December 2003	<u>489,596</u>	<u>295,376</u>	<u>-</u>	<u>784,972</u>
Comprising:				
Valuation	14,496	1,167	-	15,663
Cost	475,100	294,209	-	769,309
Depreciation	<u>489,596</u>	<u>295,376</u>	<u>-</u>	<u>784,972</u>
At 1 January 2003	25,396	233,042	-	258,438
Charge for the year	7,277	24,189	-	31,466
Write back on disposals	-	(3,819)	-	(3,819)
At 31 December 2003	<u>32,673</u>	<u>253,412</u>	<u>-</u>	<u>286,085</u>
Net book values:				
At 31 December 2003	<u>456,923</u>	<u>41,964</u>	<u>-</u>	<u>498,887</u>
At 31 December 2002	<u>417,377</u>	<u>56,845</u>	<u>21,293</u>	<u>495,315</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>2003</u>	<u>2002</u>
	G\$ 000	G\$ 000
8 Save & Prosper account - New Building Society	<u>195,000</u>	<u>185,746</u>

	<u>2003</u>	<u>2002</u>
	G\$ 000	G\$ 000
9 Cash on deposit	<u>12,400</u>	<u>-</u>

Cash on deposit represents performance bonds deposited in commercial banks during 2003 by the company to satisfy Guyana Sugar Corporation Inc.'s contract for movement of bulk sugar.

	<u>2003</u>	<u>2002</u>
	G\$ 000	G\$ 000
10 Cash at bank		
Foreign exchange retention account	5,232	351
Business Cash Management account	8,084	48,700
Current account	<u>(3,992)</u>	<u>24,225</u>
	<u>9,324</u>	<u>73,276</u>

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

	<u>2003</u>	<u>2002</u>
11 Share capital		
Authorised Number of Ordinary shares	<u>4,000,000</u>	<u>4,000,000</u>
Issued and fully paid 2,796,644 Ordinary shares	<u>G\$ 000</u> <u>2,797</u>	<u>G\$ 000</u> <u>2,797</u>
12 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.

	<u>2003</u> <u>G\$ 000</u>	<u>2002</u> <u>G\$ 000</u>
13 Due to Privatisation Unit	<u>183,885</u>	<u>204,679</u>
Amount repayable in one year	<u>22,509</u>	<u>20,794</u>
Amount repayable within 2 - 5 years	110,185	101,794
Amount repayable after 5 years	<u>51,191</u>	<u>82,091</u>
	<u>161,376</u>	<u>183,885</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.

GUYANA NATIONAL SHIPPING CORPORATION LIMITED

NOTES ON THE ACCOUNTS

	<u>2003</u> G\$ 000	<u>2002</u> G\$ 000
14 Commitments and contingencies		
(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>85,700</u>	<u>77,000</u>

15 There were three pending litigation matters at 31 December 2003. The outcome of these cases cannot be determined at this stage.

16 Business and Geographical segments
The company's revenue was as follows:-

	<u>2003</u> G\$ 000	<u>2002</u> G\$ 000
Handling/stevedore charges	127,467	128,255
Rental - premises	61,000	57,157
Freight	153,036	170,898
Agencies	23,929	26,501
Hire - cargo handling equipment	21,061	19,781
Others	<u>33,809</u>	<u>34,262</u>
	<u>420,302</u>	<u>436,854</u>

17 Prior year adjustment

Interest amounting to G\$46,089,000 on the Privatisation Unit loan for the prior years was incorrectly omitted from the profit and loss account and charged against the loan account now corrected. As a result, certain prior year amounts were restated.