

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**


**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2005.**

**TOGETHER WITH**

**REPORTS OF THE AUDITORS**

**OFFICE OF THE AUDITOR GENERAL**

**AND**

**SOLOMON, PARMESAR & CO.**  
**Correspondent firm of Grant Thornton** 

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**31 DECEMBER 2005**

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AG: 119/2006

20 December 2006

**REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS  
OF THE GUYANA NATIONAL SHIPPING CORPORATION  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2005**

Chartered Accountants, Solomon, Parmesar & Company, have audited on my behalf the financial statements of Guyana National Shipping Corporation for the year ended 31 December 2005, as set out on pages 3 to 17. The audit was conducted in accordance with the Audit Act 2004.

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 Audit Act 2004, 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 attached hereto, of Chartered Accountants, Solomon, Parmesar & Company.



**AUDITOR GENERAL (ag.)**

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



# SOLOMON, PARMESAR & CO.

Chartered Accountants/ Management Consultants  
Correspondent firm of GRANT THORNTON



## REPORT OF THE CHARTERED ACCOUNTANTS SOLOMON, PARMESAR & CO. TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF GUYANA NATIONAL SHIPPING CORPORATION LIMITED FOR THE YEAR ENDED 31 DECEMBER 2005

We have audited the attached financial statements of Guyana National Shipping Corporation Limited for the year ended 31 December 2005 as set out in pages 3 to 17. These financial statements are the responsibility of the management of Guyana National Shipping Corporation Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with 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 from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures on 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, these financial statements referred to above present fairly, in all material respects, the state of the affairs of Guyana National Shipping Corporation Limited as at 31 December 2005 and of its results of its 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 2 (e) to the financial statements. The Company has not recognised its share of the past service surplus from the last actuarial valuation done as at 31 December 2003. The Company estimated an insignificant (if any) effect on the financial statements had it complied with International accounting Standards 19 (Revised 2000).

  
SOLOMON, PARMESAR & CO.  
SOLOMON, PARMESAR & CO.  
18 December 2006



**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**BALANCE SHEET - 31 DECEMBER 2005**

<b>ASSETS</b>	<b>Note</b>	<b>2005 GS 000</b>	<b>2004 GS 000</b>
<b>NON - CURRENT ASSETS</b>			
Property and equipment	3	510,786	492,405
Deferred tax	4	7,409	5,548
		-----	-----
		518,195	497,953
		-----	-----
<b>CURRENT ASSETS</b>			
Inventories	5	42,877	37,714
Receivables and prepayments	6	85,666	71,318
Taxation recoverable		21,781	3,548
External payment deposits		59	59
Cash and deposits	7	205,291	196,779
		-----	-----
		355,674	309,418
		-----	-----
<b>TOTAL ASSETS</b>		<b>873,869</b>	<b>807,371</b>
<hr/>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	8	2,797	2,797
Accumulated profits		667,792	601,662
Capital reserve	9	12,879	12,879
		-----	-----
		683,468	617,338
		-----	-----
<b>NON - CURRENT LIABILITY</b>			
Due to Privatisation Unit	10	74,420	92,033
		-----	-----
<b>CURRENT LIABILITIES</b>			
Payables and accruals	11	68,710	63,673
Due to Privatisation Unit	10	17,613	16,759
Taxation payable		29,658	17,568
		-----	-----
		115,981	98,000
		-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>873,869</b>	<b>807,371</b>

The Board of Directors approves these financial statements for issue on 30 November 2006

  
.....  
Director

  
.....  
Director

The notes on pages 7 to 17 form an integral part of these financial statements.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

	Note	2005 G\$ 000	2004 G\$ 000
Revenue	12	513,656	483,292
Operating Expense:		-----	-----
Staff cost		129,853	111,529
Repairs		83,914	73,729
Hire of vessel		80,632	121,765
Other operating expenses		151,713	128,391
		-----	-----
		446,112	435,414
		-----	-----
Operating income		67,544	47,878
Other income		22,976	20,858
Finance cost		(5,309)	(8,907)
Profit before taxation	13	85,211	59,829
Taxation	14	19,081	25,440
Profit after taxation		-----	-----
		66,130	34,389
		=====	=====
<b>EARNINGS PER SHARE</b>	15	24	12
		=====	=====

The notes on pages 7 to 17 from an integral part of these financial statements.



**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

	<b>Share Capital G\$ 000</b>	<b>Retained Earnings G\$ 000</b>	<b>Capital Reserves G\$ 000</b>	<b>Total G\$ 000</b>
<b>Year Ended 31 December 2004</b>				
Balance as at beginning of year	2,797	567,273	12,879	582,949
Profit for the year	-	34,389	-	34,389
Balance as at end of year	<u>2,797</u>	<u>601,662</u>	<u>12,879</u>	<u>617,338</u>
<b>Year Ended 31 December 2005</b>				
Balance as at beginning of year	2,797	601,662	12,879	617,338
Profit for the year	-	66,130	-	66,130
Balance as at ended of year	<u>2,797</u>	<u>667,792</u>	<u>12,879</u>	<u>683,468</u>

The notes on pages 7 to 17 from an integral part of these financial statements.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2005**

<b>OPERATING ACTIVITIES</b>	<b>2005 G\$ 000</b>	<b>2004 G\$ 000</b>
Operating profit	85,211	59,829
Adjusted for:		
Interest receivable	(7,602)	(8,301)
Interest payable	5,128	8,657
Depreciation	23,796	23,393
Loss on disposal of property and equipment	-	38
	-----	-----
Operating profit before working capital changes	106,533	83,616
(Increase)/decrease in inventories	(5,163)	7,153
Decrease in receivables and prepayments	(14,348)	(9,174)
Increase in payables and accruals	5,037	13,396
	-----	-----
Cash generated from operations	92,059	94,991
Taxes paid	(27,085)	(22,538)
Interest paid	(5,128)	(8,657)
	-----	-----
<b>Net Cash Inflow - Operating Activities</b>	<b>59,846</b>	<b>63,796</b>
	-----	-----
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(42,177)	(16,949)
Interest received	7,602	8,301
	-----	-----
<b>Net Cash Outflow - Investing Activities</b>	<b>(34,575)</b>	<b>(8,648)</b>
	-----	-----
<b>FINANCING ACTIVITIES</b>		
Loan repaid	(16,759)	(75,093)
	-----	-----
<b>Net Cash Outflow - Financing Activities</b>	<b>(16,759)</b>	<b>(75,093)</b>
	-----	-----
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>8,512</b>	<b>(19,945)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	<b>196,779</b>	<b>216,724</b>
	-----	-----
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>	<b>205,291</b>	<b>196,779</b>
	=====	=====

The notes on pages 7 to 17 from an integral part of these financial statements.



# GUYANA NATIONAL SHIPPING CORPORATION LIMITED.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

### 1. INCORPORATION AND ACTIVITIES.

#### (a) Incorporation.

The Company is a state-owned enterprise incorporated under the Companies Act 89:01 and continued under the Companies Act 1991.

#### (b) Principal Activity

The principal activity of the company is the provision of shipping services, berthing and storage facilities.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are :

#### (a) Accounting convention

These 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.

#### (b) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight line method at rates estimated to write off the assets over their expected useful lives as follows:

Current rates of depreciation are:

Costal crafts	-	14%
Motor vehicles	-	25%
Plant and machinery	-	7 1/2 % - 20%
Office equipment	-	10% - 12 1/2 %
Computer equipment	-	20% - 25 %

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



**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2005**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(c) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the weighted average method.

**(d) 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, monetary assets and liabilities 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.

An actuarial valuation as at 31 December 2003 revealed a past service surplus of G\$325M. 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 member's 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\$3.682M (2004 G\$ 3.063M)

With regards to the Company's compliance with International Accounting Standards 19 (Revised 2000) the Company estimated 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 2006.



**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2005**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Deferred taxation**

The Company provides for deferred tax using the liability method for all temporary differences arising between the tax base of the assets and liabilities and their carrying values for financial reporting purposes. Tax rates used to determine deferred tax are those currently enacted

The principal temporary differences arise from depreciation on property, plant and equipment. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

**(h) Revenue Recognition**

All revenue arising from the rendering of service is recognised on an accrual basis in the statement of income.

**(i) Trade Receivables**

Trade receivables are carried at original invoice value less a provision made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off when identified.

**(j) Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, cash on deposit and cash at bank.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2005**

<b>11. PAYABLES AND ACCRUALS</b>	<b>2005 G\$ 000</b>	<b>2004 G\$</b>
Trade payables	28,004	37,539
Sundry payables	18,600	5,155
Accruals	22,106	20,979
	<u>68,710</u>	<u>63,673</u>
<b>12. REVENUE</b>		
The company' revenue was as follows :-		
Handling/stevedore charges	185,504	143,357
Rental - premises	64,111	65,267
Freight	160,848	186,785
Agencies	24,754	28,060
Hire - cargo handling equipment	27,750	20,984
Others	50,689	38,839
	<u>513,656</u>	<u>483,292</u>
<b>13. PROFIT BEFORE TAXATION</b>		
Profit before taxation is shown to check:		
After crediting:		
Gain on exchange	-	2,349
Interest received	7,602	8,301
Rental	77,134	73,745
	<u>84,736</u>	<u>84,395</u>
After charging:		
Depreciation	23,795	23,393
Auditors' remuneration	1,340	1,150
Hire of equipment	93,096	127,649
Directors' emoluments (a)	493	358
Interest paid	5,129	8,657
	<u>123,853</u>	<u>280,207</u>
(a) Chairman	110	110
3 Directors sharing equally	383	248
	<u>493</u>	<u>358</u>



**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2005**

<b>14. TAXATION</b>	<b>2005 GS 000</b>	<b>2004 GS 000</b>
The provisional charge for taxation in the financial statements is made up as follows:		
Current		
Corporation tax (35%)	30,830	18,172
Property tax	5,583	4,788
Deferred corporation tax (35%)	(1,861)	(151)
Prior year tax	(15,471)	2,631
	<u>19,081</u>	<u>25,440</u>
Reconciliation of corporation tax expense and accounting profit		
Profit before taxation	<u>85,211</u>	<u>59,829</u>
Corporation tax (35%)	29,824	20,940
Interest income exempt from corporation tax	(855)	(2,919)
Property tax	5,583	4,788
Prior year tax	(15,471)	2,631
	<u>19,081</u>	<u>25,440</u>
<b>15. EARNINGS PER SHARE</b>		
Earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.		
Profit attributable to shareholders	<u>66,130</u>	<u>34,389</u>
Weighted average number of shares in issue	<u>2,797</u>	<u>2,797</u>
Basic earnings per share in dollars	<u>24</u>	<u>12</u>

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2005**

	<b>2005</b>	<b>2004</b>
<b>16. DIVIDENDS</b>	<b>G\$ 000</b>	<b>G\$ 000</b>
Final proposed not accounted for - \$1.27 per share	-	3,573
	<u>          </u>	<u>          </u>
<b>17. COMMITMENTS AND CONTINGENCIES</b>		
(a) Bonds entered into with the Comptroller of Customs and Excise	9,500	9,500
	<u>          </u>	<u>          </u>
(b) Capital commitments Approved and contracted for	68,021	80,864
	<u>          </u>	<u>          </u>

There were three pending litigation matters at 31 December 2005. The outcome of these cases cannot be determined at this stage.

**18. RISK MANAGEMENT**

**(i) Foreign currency risk**

The Company is exposed to foreign currency risk due to fluctuation in exchange rates on balances that are denominated in foreign currencies. The Guyana dollar equivalent of assets and liabilities denominated in United States dollars are stated below. The Company's exposure to foreign currency risk is minimal.

	<b>2005</b>	<b>2004</b>
	<b>G \$ 000</b>	<b>G \$ 000</b>
Assets - (Foreign Debtors)	16,811	32,219
	<u>          </u>	<u>          </u>
Liabilities - ( Foreign Creditors)	15,761	28,314
	<u>          </u>	<u>          </u>



**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2005**

**18. RISK MANAGEMENT (CONT'D)**

**(ii) Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk is minimal.

**(b) Credit risk**

The Company faces credit risk in respect of its receivables. However this risk is controlled by close monitoring of these assets by the Company. The maximum credit risk faced by the Company is the balance reflected in the financial statements.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The following table shows the distribution of assets and liabilities by maturity.

	<u>Within 1 year</u>	<u>2 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	G \$ 000	G \$ 000	G \$ 000	G \$ 000
Assets	337,441	-	-	337,441
Liabilities	(115,981)	(74,420)	-	(190,401)
As at 31 December 2005	<u>221,460</u>	<u>(74,420)</u>	<u>-</u>	<u>147,040</u>
Assets	309,418	-	-	309,418
Liabilities	(98,000)	(70,880)	(21,153)	(190,033)
As at 31 December 2004	<u>211,418</u>	<u>(70,880)</u>	<u>(21,153)</u>	<u>119,385</u>

**(d) 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. The Company's exposure to market risk arises from its local and foreign securities.

Management continually identifies, evaluate, underwrite and diversify risk in order to minimise the total cost of carrying such risk.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2005**

**19. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Listed below are transactions with related parties:

	<b>2005</b> <b>GS 000</b>	<b>2004</b> <b>GS 000</b>
<b>(a) Directors/Senior Officers</b>		
(i) Directors' emoluments		
Chairman	110	110
Three Directors - sharing equally	383	248
	<u>          </u>	<u>          </u>
(ii) Loans	-	55
	<u>          </u>	<u>          </u>
No provision was made for loans to related parties		
<b>(b) Government organisations</b>		
Due from Government Organisations	43,919	44,512
	<u>          </u>	<u>          </u>
Due to Privatisation Unit	92,033	108,792
	<u>          </u>	<u>          </u>
<b>(c) Compensation of key management personnel</b>		
The remuneration paid to key management personnel during the year were as follows:		
Short-term employee benefits	9,260	8,493
	<u>          </u>	<u>          </u>