

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

**FOR THE YEAR ENDED**

**31 DECEMBER 2008**

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

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**31 DECEMBER 2008**

**I N D E X**

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AG: 2/2010

10 February 2010

**REPORT OF THE AUDITOR GENERAL**  
**TO THE MEMBERS OF THE BOARD OF DIRECTORS**  
**OF THE GUYANA NATIONAL SHIPPING CORPORATION LIMITED**  
**ON THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

Chartered Accountants, Solomon, Parmesar & Company, have audited on my behalf the financial statements of Guyana National Shipping Corporation Limited for the year ended 31 December 2008, as set out on pages 5 to 20. The audit was conducted in accordance with the Audit Act 2004.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting 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 error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, 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 of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 and had carried out additional examinations, as necessary, in arriving at my opinion.

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 give a true and fair view, in all material respects of the financial position of the Guyana National Shipping Corporation Limited as of 31 December 2008, and of its financial performance and its cash flow for the year then ended in accordance with International Financial Reporting Standards and the Companies Act 1991.



AUDITOR GENERAL (ag.)

AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA.

# MAURICE SOLOMON & CO.

*Chartered Accountants/ Management Consultants*  
*Correspondent firm*  Grant Thornton

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**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 2008**

We have audited the accompanying financial statements of Guyana National Shipping Corporation Limited as set out on pages 5 to 20 which comprise the statement of financial position as at 31 December 2008 and the statement of income, statement of changes in equity and cash flows for the year then ended 31 December 2008, 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 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 about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements 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 give a true and fair view, in all material respects of the financial position of Guyana National Shipping Corporation Limited as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act 1991.



MAURICE SOLOMON & CO.

MAURICE SOLOMON & CO

8<sup>th</sup> February, 2010

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2008**

ASSETS	Note	2008 G\$ 000	2007 G\$ 000
<b>NON - CURRENT ASSETS</b>			
Property and equipment	3	601,612	586,802
Deferred tax	4	-	-
		-----	-----
		601,612	586,802
		-----	-----
<b>CURRENT ASSETS</b>			
Inventories	5	39,267	40,382
Receivables and prepayments	6	111,710	134,645
Taxation recoverable		24,128	22,936
External payment deposits		59	59
Cash and deposits	7	168,749	158,201
		-----	-----
		343,913	356,223
		-----	-----
<b>TOTAL ASSETS</b>		<b>945,525</b>	<b>943,025</b>
<hr/>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	8	2,797	2,797
Accumulated profits		728,789	706,873
Capital reserve	9	12,475	12,879
		-----	-----
		744,061	722,549
		-----	-----
<b>NON - CURRENT LIABILITY</b>			
Due to Privatisation Unit	10	16,013	36,458
		-----	-----
<b>CURRENT LIABILITIES</b>			
Payables and accruals	11	105,587	127,971
Deferred tax	4	155	155
Due to Privatisation Unit	10	58,407	37,963
Taxation Payable		21,302	17,929
		-----	-----
		185,451	184,018
		-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>945,525</b>	<b>943,025</b>

The Board of Directors approves these financial statements for issue on 20<sup>th</sup> January 2010.

  
.....  
Director

  
.....  
Director

The notes on pages 9 to 20 form an integral part of these financial statements.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**STATEMENT OF INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<b>Note</b>	<b>2008 GS 000</b>	<b>2007 GS 000</b>
<b>Revenue</b>	<b>12</b>	477,095	457,019
<b>Operating Expense:</b>		<u>          </u>	<u>          </u>
Staff cost		127,985	119,255
Repairs		54,762	43,642
Hire of vessel		147,407	140,640
Other operating expenses		128,082	123,562
		<u>458,236</u>	<u>427,099</u>
<b>Operating income</b>		18,859	29,920
Other income		25,236	16,953
Finance cost		(3,106)	(3,845)
<b>Profit before taxation</b>	<b>13</b>	<u>40,989</u>	<u>43,028</u>
Taxation	<b>14</b>	19,073	21,004
<b>Profit after taxation</b>		<u>21,916</u>	<u>22,024</u>
 <b>EARNINGS PER SHARE</b>	 <b>15</b>	 <u>8</u>	 <u>8</u>

The notes on pages 9 to 20 form an integral part of these financial statements.



**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<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 2007</b>				
Balance as at beginning of year	2,797	684,849	12,879	700,525
Profit for the year	-	22,024	-	22,024
Balance as at end of year	<u>2,797</u>	<u>706,873</u>	<u>12,879</u>	<u>722,549</u>
<b>Year Ended 31 December 2008</b>				
Balance as at beginning of year	2,797	706,873	12,879	722,549
Profit for the year	-	21,916	-	21,916
Revaluation written back on disposal	-	-	(404)	(404)
Balance as at ended of year	<u>2,797</u>	<u>728,789</u>	<u>12,475</u>	<u>744,061</u>

The notes on pages 9 to 20 form an integral part of these financial statements.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2008**

	<b>2008</b>	<b>2007</b>
	<b>GS 000</b>	<b>GS 000</b>
<b>OPERATING ACTIVITIES</b>		
Operating profit	40,989	43,028
Adjusted for:		
Profit on disposal of Non Current Assets	(1,334)	(630)
Interest receivable	(6,160)	(6,331)
Interest payable	2,441	3,378
Depreciation	26,054	22,875
	-----	-----
Operating profit before working capital changes	61,990	62,320
Decrease in inventories	1,115	1,196
Decrease / (increase) in receivables and prepayments	22,935	(66,093)
(Decrease) / increase in payables and accruals	(22,384)	59,638
	-----	-----
Cash generated from operations	63,656	57,061
Taxes paid	(16,893)	(20,915)
Interest paid	(2,441)	(3,378)
	-----	-----
<b>Net Cash Inflow - Operating Activities</b>	<b>44,322</b>	<b>32,768</b>
	-----	-----
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(41,281)	(70,787)
Proceeds from sale of Non Current Assets	1,347	630
Interest received	6,160	6,331
	-----	-----
<b>Net Cash Outflow - Investing Activities</b>	<b>(33,774)</b>	<b>(63,826)</b>
	-----	-----
<b>FINANCING ACTIVITIES</b>		
Loan repaid	-	(13,291)
	-----	-----
<b>Net Cash Outflow - Financing Activities</b>	<b>-</b>	<b>(13,291)</b>
	-----	-----
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>10,548</b>	<b>(44,349)</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>	<b>158,201</b>	<b>202,550</b>
	-----	-----
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>	<b>168,749</b>	<b>158,201</b>
	=====	=====

The notes on pages 9 to 20 form an integral part of these financial statements.

# GUYANA NATIONAL SHIPPING CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

### 1. INCORPORATION AND BUSINESS 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 activities of the Company are 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) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements there were new standards, amendments to standards and interpretations which were in issue but were not yet effective for the year ended 31 December 2008, and have not been applied in preparing these financial statements and are as follows:

IAS 1	Presentation of financial statements - Amendment
IAS 16	Property, plant and equipment - Amendment
IAS 19	Employee benefits - Amendment
IAS 20	Accounting for government grants and disclosure of government assistance-Amendment
IAS 27	Consolidated and separate financial statements - Amendment
IAS 28	Investments in associates - Amendment
IAS 29	Financial reporting in hyperinflationary economies - Amendment
IAS 31	Interests in joint ventures - Amendment
IAS 32	Financial instruments : presentation - Amendment
IAS 36	Impairment of assets - Amendment
IAS 38	Intangible assets - Amendment
IAS 39	Financial instruments : recognition and measurement - Amendment
IAS 41	Agriculture - Amendment
IFRIC 15	Agreements for construction of real estates
IFRIC 16	Hedges of net investment in a foreign operation

The adoption of these standards and interpretations are not expected to have a material impact on the financial statements.

# GUYANA NATIONAL SHIPPING CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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

#### (c) Property and Equipment

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

Current rates of depreciation are:

Coastal 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. Buildings under 30 years old are depreciated at rate of 2% and those over 30 years old are depreciated at 4%.

#### (d) Inventories

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

#### (e) Foreign Currencies

Foreign currency transactions completed during the year are translated to Guyana dollars at the Republic Bank 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 Republic Bank Limited cambio exchange rates ruling at that date.

Gains and losses are accounted for in the statement of income.

#### (f) Pension Scheme

The Company participates in 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 2006 revealed a past service surplus of G\$1.310M.

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 the 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\$4.351M (2007 G\$ 4.266M)

With regards to the Company's compliance with International Accounting Standards 19 Employee Benefits, (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 of the Company.

The next actuarial valuation is due on or before 31 December 2009.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

**3. PROPERTY AND EQUIPMENT**

(a) Cost or Valuation	Land and Buildings G\$ 000	Machinery, Plant & Equipment G\$ 000	Motor Vehicles G\$ 000	Total G\$ 000
At beginning of year	541,237	394,690	26,226	962,153
Additions	23,520	17,760	-	41,280
Disposals	(404)	(13)	(2,504)	(2,921)
At end of year	<u>564,353</u>	<u>412,437</u>	<u>23,722</u>	<u>1,000,512</u>
Comprising:				
Valuation	13,615	1,167	-	14,782
Cost	550,738	411,270	23,722	985,730
	<u>564,353</u>	<u>412,437</u>	<u>23,722</u>	<u>1,000,512</u>
<b>Depreciation</b>				
At beginning of year	65,214	292,706	17,431	375,351
Charges for the year	8,486	14,352	3,215	26,053
Charges written back	-	-	(2,504)	(2,504)
At end of year	<u>73,700</u>	<u>307,058</u>	<u>18,142</u>	<u>398,900</u>
<b>Net Book Value</b>				
At end of year	<u>490,653</u>	<u>105,379</u>	<u>5,580</u>	<u>601,612</u>
At beginning of year	<u>476,023</u>	<u>101,984</u>	<u>8,795</u>	<u>586,802</u>

Certain assets were revalued by the Directors on 26 May 1976 to bring them in line with the value 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 TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

<b>4. DEFERRED TAXATION</b>	<b>2008</b>	<b>2007</b>
	<b>G\$ 000</b>	<b>G\$ 000</b>
<p>Provision is made for deferred tax using the liability method for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purpose. Currently enacted tax rates are used to determine deferred corporation tax.</p> <p>The principal temporary differences arise from depreciation on property and equipment and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.</p>		
<b>5. INVENTORIES</b>		
Stores	39,267	40,382
	<u>          </u>	<u>          </u>
<b>6. RECEIVABLES AND PREPAYMENTS</b>		
Trade receivables	43,327	56,895
Due from Governmental Organisations	57,061	66,526
Sundry receivables	9,718	9,361
Prepayments	1,604	1,863
	<u>          </u>	<u>          </u>
	<u>111,710</u>	<u>134,645</u>
<b>7. CASH AND DEPOSITS</b>		
Savings account - (a)	149,782	134,139
Cash on deposit - (b)	7,152	7,036
Foreign exchange retention account - (c)	14,025	3,201
Business Cash Management account - (d)	444	14,871
Current account	(2,654)	(1,046)
	<u>          </u>	<u>          </u>
	<u>168,749</u>	<u>158,201</u>

(a) Interest is earned at an average of 4.5 % per annum

(b) Cash on deposit represents a performance bond guarantee by the Republic Bank Guyana Limited for the sum of G7,000,000 (2007 - \$7,000,000) to satisfy Guyana Sugar Corporation Inc. contract for movement of bulk sugar. During 2007 the Company made a deposit at the bank for said amount. Interest is earned at a rate of 2.45-3.25% per annum.

(c) Interest is earned at a rate of 1.75 - 2.75 % per annum.

(d) Interest is earned at a of 2.20 - 2.85 % per annum.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

	<b>2008</b>	<b>2007</b>
	<b>G\$ 000</b>	<b>G\$ 000</b>
<b>8. SHARE CAPITAL</b>		
<b>Authorised</b>		
4,000,000 Ordinary shares of no par value		
<b>Issued and Fully Paid</b>		
2,796,644 ordinary shares at no par value	2,797	2,797
	<u>          </u>	<u>          </u>
<b>9. CAPITAL RESERVE</b>	12,879	12,879
	<u>          </u>	<u>          </u>
<p>This represents the difference between compensation price and the valuation of fixed assets at 26 May 1971 and the surplus on the revaluation of land and buildings at 1 January 1982.</p>		
<b>10. DUE TO PRIVATISATION UNIT</b>	74,421	74,421
	<u>          </u>	<u>          </u>
Amount repayable within 1 year	58,407	37,963
	<u>          </u>	<u>          </u>
Amount repayable within 2-5 years	16,013	36,458
	<u>          </u>	<u>          </u>

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

The purchase price of this property is three hundred million Guyana dollars plus interest.

During 2004 the loan repayment schedule was revised after a lump sum payment for sixty million Guyana dollars was made by the Company. The new interest rate is 5% per annum.

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

	2008 G\$ 000	2007 G\$ 000
<b>11. PAYABLES AND ACCRUALS</b>		
Trade payables	64,151	54,600
Sundry payables	20,801	15,958
Accruals	20,635	57,413
	<u>105,587</u>	<u>127,971</u>
<b>12. REVENUE</b>		
The Company's revenue was as follows :-		
Handling / stevedoring charges	109,120	86,351
Rental	85,319	84,181
Freight	187,491	194,305
Agencies	27,504	32,914
Hire - cargo handling equipment	12,870	11,087
Others	54,791	48,181
	<u>477,095</u>	<u>457,019</u>
<b>13. PROFIT BEFORE TAXATION</b>		
Profit before taxation is shown:		
After crediting:		
Interest received	6,160	6,331
After charging:		
Depreciation	26,053	22,875
Auditors' remuneration	1,155	1,200
Hire of equipment	147,407	142,109
Directors' emoluments	415	490
Interest paid	2,441	3,378



# GUYANA NATIONAL SHIPPING CORPORATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

	2008 G\$ 000	2007 G\$ 000
<b>14. TAXATION</b>		
The provisional charge for taxation in the financial statements is made up as follows:		
Current		
Corporation tax (35%)	14,573	11,468
Property tax	4,500	4,377
Capital gains tax	-	78
Deferred corporation tax (35%)	-	4,819
Prior year tax	-	262
	<u>19,073</u>	<u>21,004</u>
Reconciliation of corporation tax expense and accounting profit		
Profit before taxation	<u>40,989</u>	<u>43,028</u>
Corporation tax (35%)	14,346	15,060
Income exempt from corporation tax	-	(221)
Property tax	4,500	4,377
Capital gains tax	-	78
Prior year tax	-	262
Underprovision - corporation tax	227	1,448
Tax on non-allowance expense	-	-
	<u>19,073</u>	<u>21,004</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 of shares in issue during the year.		
Profit attributable to shareholders	<u>21,916</u>	<u>22,024</u>
Weighted average number of shares in issue	<u>2,797</u>	<u>2,797</u>
Basic earnings per share in dollars	<u>8</u>	<u>8</u>

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

	<b>2008</b>	<b>2007</b>
	<b>G\$ 000</b>	<b>G\$ 000</b>
<b>16. 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	112,940	110,000
	<u>          </u>	<u>          </u>

There were three pending litigation matters at 31 December 2008. The outcome of which cannot be determined at this stage.

**17. RISK MANAGEMENT**

**(i) Foreign currency risk**

The Company is exposed to foreign currency risk due to fluctuation in exchange rates 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>2008</b>	<b>2007</b>
	<b>G\$ 000</b>	<b>G\$ 000</b>
Assets - (Foreign Debtors)	15,457	20,705
	<u>          </u>	<u>          </u>
Liabilities - (Foreign Creditors)	24,907	25,565
	<u>          </u>	<u>          </u>

**Foreign currency sensitivity analysis**

The following table details the Company's sensitivity to a 2.5% increase and decrease in Guyana dollars (GYD) against the relevant currencies. 2.5% is the sensitivity rate used when reporting foreign currency risk internally to key foreign management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary terms and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the foreign currency strengthens 2.5% against the GYD. For a 2.5% weakening of the profit and other equity, and the balances would be negative.

	<b>2008</b>	<b>2007</b>
	<b>G\$ 000</b>	<b>G\$ 000</b>
Profit or (Loss)	(236)	(122)
	<u>          </u>	<u>          </u>

**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2008**

**17. RISK MANAGEMENT - (CONT'D)**

**(ii) Interest rate risk**

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

The interest rate and terms of repayment of borrowings are disclosed in note 7.

**(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 company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

	Interest Rate	Maturing 2008		Total G\$000
		On Demand G\$000	1-5 Years G\$000	
<b>Assets</b>				
Inventories		39,267	-	39,267
Receivables and prepayments		111,710	-	111,710
Taxation recoverable		24,128	-	24,128
External payment deposits		59	-	59
Cash and deposits	1.75% - 4.5%	168,749	-	168,749
		<u>343,913</u>	<u>-</u>	<u>343,913</u>
<b>Liabilities</b>				
Borrowings	5.00%	58,407	16,013	74,420
Payables and accruals		105,587	-	105,587
Taxation Payable		21,302	-	21,302
		<u>185,296</u>	<u>16,013</u>	<u>201,309</u>
Net gap		<u>158,617</u>	<u>(16,013)</u>	<u>142,604</u>
Cumulative gap		<u>158,617</u>	<u>142,604</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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**17. RISK MANAGEMENT - (CONT'D)**

**(c) Liquidity risk - (cont'd)**

	Interest Rate	Maturing 2007		Total G\$000
		On Demand G\$000	1-5 Years G\$000	
<b>Assets</b>				
Inventories		40,382	-	40,382
Receivables and prepayments		134,645	-	134,645
Taxation recoverable		22,936	-	22,936
External payment deposits		59	-	59
Cash and deposits	1.75% - 4.5%	158,201	-	158,201
		<u>356,223</u>	<u>-</u>	<u>356,223</u>
<b>Liabilities</b>				
Borrowings	5.00%	37,963	36,458	74,421
Payables and accruals		127,971	-	127,971
Taxation Payable		17,929	-	17,929
		<u>183,863</u>	<u>36,458</u>	<u>220,321</u>
<b>Net gap</b>		<u>172,360</u>	<u>(36,458)</u>	<u>135,902</u>
<b>Cumulative gap</b>		<u>172,360</u>	<u>135,902</u>	<u>-</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 to minimise the total cost of carrying such risk.

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## NOTES TO THE FINANCIAL STATEMENTS

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### 18. 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:

	2008 G\$ 000	2007 G\$ 000
Directors / Senior Officers		
(i) Directors' emoluments		
Chairman	130	160
Three Directors - sharing equally	285	330
	<u>      </u>	<u>      </u>
(b) Governmental organisations		
Due from Governmental Organisations	57,061	66,526
	<u>      </u>	<u>      </u>
Due to Privatisation Unit	74,421	74,421
	<u>      </u>	<u>      </u>
(c) Compensation of Key management personnel		
The remuneration paid to key management personnel during the year were as follows:		
Short - term employee benefits	19,421	18,533
	<u>      </u>	<u>      </u>

### 19 Disposal of Non Current Asset

In March 2004 the Corporation disposed of a portion of Land situated at Lot 49-52 Water Street, Robbstown, Georgetown, which had a carrying value of G\$0.404M.

Pursuant to Cabinet decision dated 22nd July, 2004 approval was granted for the transfer to National Industrial & Commercial Investments Ltd (NICIL) ownership right to the portion of land to facilitate sale of said property and for the proceeds to be payable to NICIL.

This disposal (transfer) was effected in 2008.