

**AUDITED FINANCIAL STATEMENTS OF
THE GUYANA ENERGY AGENCY**

**FOR THE YEAR ENDED
31 DECEMBER 2011**

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



Audit Office of Guyana

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216/SL: 47/2/2013

25 July 2013

Dr. Mahender Sharma
Chief Executive Officer
Guyana Energy Agency
295 Quamina Street,
South Cummingsburg
Georgetown.

Dear Dr. Sharma,

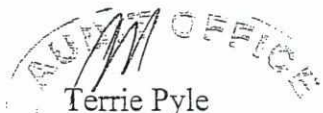
AUDIT OF THE BOOKS AND ACCOUNTS OF THE
GUYANA ENERGY AGENCY
FOR THE YEAR ENDED 31 DECEMBER 2011

Please find attached three copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,


Terrie Pyle
Audit Manager
for Auditor General



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AG: 105/2013

25 July 2013

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE GUYANA ENERGY AGENCY
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

I have audited the accompanying financial statements of the Guyana Energy Agency, which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility


My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

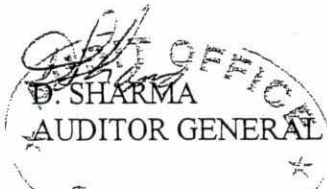
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Guyana Energy Agency as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.


D. SHARMA
AUDITOR GENERAL


AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

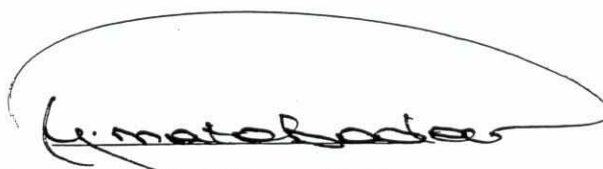
GUYANA ENERGY AGENCY
STATEMENT OF FINANCIAL POSITION AS AT 31/12/2011

2010		Notes	\$	2011
\$				\$
	ASSETS			
	Non-current Assets			
47,792,938	Property, Plant & Equipment	9		49,105,009
	Current asset			
5,078,124	Debtors	12	658,126	
474,879,772	Cash at Bank/Hand	10	21,760,127	
479,957,896	Total Current Assets			22,418,253
527,750,834	Total Assets			71,523,262
	Equity			
32,058,738	Capital Contribution	15		33,447,238
453,381,047	Accumulated fund			(12,239)
35,800,000	Revaluation Reserve			35,800,000
521,239,785	Total Equity			69,234,999
	Current Liabilities			
114,255	Creditors	13	1,596,891	
6,396,794	Accruals	14	691,372	
6,511,049	Total Current Liabilities			2,288,263
527,750,834	Total Equity & Liabilities			71,523,262

The Board of Director approved these Financial Statements for issue on June 25 2013



 Chief Executive Officer



 Head Finance Division

GUYANA ENERGY AGENCY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING DEC 31,2011

Year 2010		Notes		2011
\$				\$
	Income			
			.	
33,339,165	Other income	11		36,594,740
44,026,000	Government Subvention	3		47,718,000
4,863,411	GMS Receipts (Biocode Accruals)			5,528,040
16,028,057,050	Receipts from oil companies	16		33,327,789,398
		.		
		.		
<u>16,110,285,626</u>				<u>33,417,630,178</u>
	Expenses			
45,982,683	Employment Cost	4	45,907,881	
15,599,033,044	Office and Administration	6	33,817,298,674	
7,004,304	Repairs and Maintenance	7	3,598,125	
1,700,349	Fuel and lubricant	8	1,563,779	
2,581,276	Depreciation	9	2,655,005	
		.		
<u>15,656,301,656</u>				<u>33,871,023,464</u>
<u>453,983,970</u>	Net Profit/(Loss)			<u>(453,393,286)</u>

STATEMENT OF CASH FLOWS

GUYANA ENERGY AGENCY

For the year ended December 31 2011

	Jan- Dec 2011	Jan-Dec 2010
<i>Cash flow from Operating Activities</i>		
Net profit/(Loss) for the year	(453,393,286)	453,983,970
Adjustments for:		
Depreciation	2,655,005	2,581,276
Account Receivables	3,636,929	(736,400)
Other Receivables	783,069	719,996
Accounts Payable/ Accruals	(4,222,786)	244,421
Total Adjustment	2,852,217	2,809,293
Net Cash from Operation Activities	(450,541,069)	456,793,263
<i>Cash flow from Investing Activities</i>		
Purchase of fixed assets:		
Furniture and fittings	(330,484)	(104,940)
Office Equipment	(2,405,144)	(1,401,932)
Other Equipment	(1,231,448)	(876,549)
Net cash used in investing activities	(3,967,076)	(2,383,421)
<i>Cash flow from Financing Activities</i>		
Changes in:		
Capital Subvention	1,388,500	1,514,580
Net Cash used in financing activities	1,388,500	1,514,580
Net increase/ (decrease) in cash and cash equivalents	(453,119,645)	455,844,392
Cash and cash equivalent at the		
Beginning of the period	474,879,772	19,035,380
Cash and Cash Equivalents at the		
End of the period	21,760,127	474,879,772

GUYANA ENERGY AGENCY
Statement of Changes in Equity
For Year ending December 31 2010

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2010	35,800,000	(522,923)	30,544,158	65,821,235
Capital Supplementary			1,514,580	1,514,580
Adjustment for petty cash		(80,000)		(80,000)
Net Profit/(loss)		453,983,970		453,983,970
Grants				
Balance as at December 31,2010	35,800,000	453,381,047	32,058,738	521,239,785

GUYANA ENERGY AGENCY
Statement of Changes in Equity
For Year ending December 31 2011

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2011	35,800,000	453,381,047	32,058,738	521,239,785
Capital Supplementary			1,388,500	1,388,500
Net Profit/Loss		(453,393,286)		(453,393,286)
Grants				
Balance as at December 31,2011	35,800,000	(12,239)	33,447,238	69,234,999

GUYANA ENERGY AGENCY

NOTES TO THE FINANCIAL STATEMENT 2011

1. Background

The Guyana Energy Agency is the successor of the Guyana National Energy Authority effective June 01, 1998. The mandate and functions of the Agency remain the same as that of the Guyana National Energy Authority. The Guyana Energy Agency (GEA) is governed by the following legislation: Guyana Energy Agency Act 1997, Energy Sector (Harmonisation of Laws) Act 2002, Guyana Energy Agency (Amendment) Act 2004, Guyana Energy Agency (Amendment) Act 2005 and the Petroleum and Petroleum Products Regulations 2004.

The general mandate of the Agency is embodied in its Mission Statement:

"To ensure the rational and efficient use of imported petroleum-based energy sources, while encouraging where economically feasible and environmentally acceptable, increased utilization of indigenous new and renewable sources of energy."

The Guyana Energy Organization structure comprises of a Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, Secretariat and five (5) Divisions: Finance Division, Energy & Energy Statistics Division, Fuel Marking Division, Legal & Licensing Division and Administration & Human Resource Division.

2. ACCOUNTING POLICIES

(A) Accounts have been prepared on an accrual basis and under the historical cost convention. Financial statements have been prepared in accordance with International Financial Reporting Standards.

(B) FIXED ASSETS

Fixed assets are recorded at cost. Depreciation is provided on a straight line basis over a period of one (1) year to five (5) years. Rates used are in accordance with the regulations of the Income Tax Act. Depreciation is charged in the year of acquisition and the rates are as follow:

- Office Equipment 20% per annum
- Other Equipment 10% per annum
- Motor Vehicles 20% per annum
- Furniture and Fixtures 10% per annum
- Building 2% per annum

Year 2010	<u>Note 3</u>	2011
41,008,000	Current Release These represent Government releases through the Office of the President and Ministry of Finance.	47,718,000
	Note 4	
	Employment Cost	\$
225,736	House allowance	619,333
2,235,681	Vacation Allowance	1,975,069
26,362,457	Wages and Salaries	33,307,253
4,600,607	Meal Allowance	-
1,232,194	Pension	1,266,003
1,327,045	NIS	1,754,167
1,029,075	Hand in hand	897,476
3,675,000	Travel allowance	2,059,666
-	out of pocket allowance	-
1,358,888	Gross Overtime	924,970
190,000	stipend	97,500
-	Gratuity	-
160,000	Honorarium	28,371
910,000	Entertainment Allowance	619,333
1,706,000	Duty Allowance	2,298,740
-	Acting allowance	-
910,000	Utility Allowance	-
-	GTM Administrative Fee	-
60,000	Risk allowance	60,000
<u>45,982,683</u>		<u>45,907,881</u>

Note 5

Board Member's fees

Chairman- D.Persaud	7,500
Board Members (6)	
-M. Sharma	5,000
-E. Marshall	5,000
-E.Persaud	5,000
-L.Carberry	5,000
-M.Bender	5,000
-J. Williams	5,000

37,500

Please note the above amounts were included in the amount for stipend in the employment note

Note 6

Office & Administration Cost

	\$
1,116,579	1,030,271
1,444,384	1,210,805
-	-
284,613	185,915
3,025,954	2,632,610
2,532,141	3,842,953
2,765,128	2,738,773
-	-
71,940	80,130
2,073,600	1,998,816
145,012	154,410
77,354	86,851
23,879	25,996

11,430	Vehicle Insurance	
1,209,578	Training	10,350
-	National Event	98,078
-	Entertainment	2,969
1,685,326	Subscriptions and Dues	-
87,764	Consultancy	6,240
	Transfer of funds	-
1,087,123	Advertisement	-
70,575	Conference and Seminars	481,606
1,000	Donations	310,238
	Refreshments and meals	-
7,181	Drugs and medical Supplies	2,644,572
-	Other fees and Licence	6,997
50,380	Postage and revenue Stamps	-
826,920	Jobs,works&task	286,891
-	Computer supplies	18,500
-	Energy Farm	-
232,910	Sub. Boarding & lodging	-
31,997	Pest Control	508,220
225,000	Water Rates	-
-	Audit & professional fees	1,000,565
	Purch ac charcoal	-
	draperies	-
-	Uniform exp	24,867
	Loose tools	150,400
	Medical expense	50,349
2,215,555	Advance to purchase	12,626
2,877,813	Energy conservation	(2,955,822)
1,805,188	Print and Non print Materials	7,199,719
5,528,040	GEA Biocode (Accruals)	2,548,780
21,496	VAT	-
7,795,447,267	PDVSA- Petro'leos De Venezuela SA Agreement	4,925
7,696,395,772	Ministry of Finance	13,699,064,111
75,588,415	BOG Loan A/c	19,995,576,432
	Guyoil	93,781,871
	PLATTS Subscription	-
	Bad debts written off	1,947,467
65,730	Protective clothing	428,114
<u>15,599,033,044</u>		<u>102,079</u>
		<u>33,817,298,674</u>

Note 7

Year 2010

Repairs and Maintenance

5,452,477	Building	\$
1,054,635	Office Equipment	1,285,649
406,534	Vehicle	714,390
62,090	Compound	464,942
28,568	Furniture and Fixture	1,133,144
<u>7,004,304</u>		<u>-</u>
		<u>3,598,125</u>

Note 8

1,700,349	Fuel and lubricant	
<u>1,700,349</u>		<u>1,563,779</u>
		<u>1,563,779</u>

Note 9

Fixed Assets Schedule

	Land	Building	Motor Vehicle	Office Equipment	Furniture and Fixtures	Other Equipment	Total
	\$	\$	\$	\$	\$	\$	
Balance b/f 1-1-2010	2,000,000	50,869,600	5,694,149	5,749,189	399,720	2,113,136	66,825,794
Less Journal adj				(2,067,805)			(2,067,805)
Additions for year				2,405,144	330,484	1,231,448	3,967,076
Disposals/ transferred							
Cost at 31/12/2011	2,000,000	50,869,600	5,694,149	6,086,528	730,204	3,344,584	68,725,065
Depreciation							
b/f 2010		8,881,312	5,351,320	4,003,020	101,084	696,121	19,032,857
Less Journal adj				(2,067,805)			(2,067,805)
Depreciation 31/12/2011		687,392	342,829	1,217,306	73,020	334,458	2,655,005
Total Depreciation		9,568,704	5,694,149	3,152,521	174,104	1,030,579	19,620,057
Net Book Value	2,000,000	41,300,897	-	2,934,007	556,100	2,314,005	49,105,009

The GEA included in its Fixed asset Register three Motor Vehicles namely PJJ 3066, PJJ 3049 and PKK 361, these vehicles were fully depreciated in December 2008 and December 2009. However, the said vehicles are still in use by the Agency and as such that was the reason for including it in the Asset Register. The request for a revaluation was done in 2012 and a copy of the letter is attached, when the revaluation is done the amounts will be included in the FS.

Note 10

Cash at Bank/ Hand

	\$
Petty Cash	80,000
472,753,460 Charcoal A/c	11,786,235
857,808 General A/c	4,625,510
1,266,903 Special A/c	5,266,781
1,601 GEA Foreign ac	1,601
474,879,772	21,760,127

Note 11

Other Income

13,140,415 Agency Fees	13,072,240
- Disposal of Assets	-
- GTM Employers refund	-
19,067,000 Fuel licensing	22,217,500
- Licensing fees/fines	-
1,119,000 Licensing decals	1,305,000
2,750 Loan Interest	-
10,000 Miscellaneous income	-
- sale of fuel	-
33,339,165	36,594,740

Note 12

Debtors

292,631 staff loan	18,631
719,513 Salary Advance	367,513
180,283 Staff Debtors	36,625
(4,500) GPSCU	(4,500)
37,273 GRA	37,272
460 GPSU	460
7,000 CCWU	(3,000)
3,636,929 Accounts receivable	-
208,535 Sundry Debtors	-
5,078,124	205,125
	658,126

Note 13

Creditors

15,939 GNRA-Hand in Hand	15,939
9,960 NIS	9,955
28 Salaries and allowances	127
39 GTM Insurance	39
11,583 Hand in hand	8,157
259 GTM	239
76,447 Sundry creditor	1,562,435
114,255	1,596,891

Note 14

6,396,794 Accruals	691,372
6,396,794	691,372

Note 15

Capital Contribution

30,544,158	Opening balance	32,058,738
1,514,580	Capital releases for 2011	1,388,500
<u>32,058,738</u>		<u>33,447,238</u>

Note 16

Receipts from Oil companies

7,538,460,204	Guyoil	17,153,921,484
838,785,100	Chevron	621,942,990
7,650,811,746	Sol	15,551,924,924
<u>16,028,057,050</u>		<u>33,327,789,398</u>