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12/12/12

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

**FOR THE YEAR ENDED  
31 DECEMBER 2012**

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



## *Audit Office of Guyana*

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

217/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 2012

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,

  
\* AUDIT OFFICE  
Terrie Pyle  
Audit Manager  
For Auditor General  
GUYANA



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AG: 106/2013

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 2012

I have audited the accompanying financial statements of the Guyana Energy Agency, which comprise the statement of financial position as at 31 December 2012, 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*

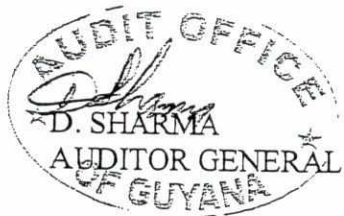
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (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 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

**GUYANA ENERGY AGENCY**  
**STATEMENT OF FINANCIAL POSITION AS AT 31/12/2012**

2011		Notes	\$	2012 \$
	<b>ASSETS</b>			
	<b>Non- Current Assets</b>			
49,105,009	Plant, Property and Equipment	9		51,277,707
	<b>Current asset</b>			
658,126	Debtors	12	347,751	
21,760,127	Cash at Bank/Hand	10	58,793,336	59,141,087
<u>22,418,253</u>				
<u><b>71,523,262</b></u>	<b>Total Assets</b>			<u><b>110,418,794</b></u>
	<b>Equity</b>			
33,447,238	Capital Contribution	15		35,065,522
(12,239)	Accumulated fund			37,939,506
35,800,000	Revaluation Reserve			35,800,000
<u><b>69,234,999</b></u>	<b>Total Equity</b>			<u><b>108,805,028</b></u>
	<b>Current Liabilities</b>			
1,596,891	Creditors	13	597,004	
691,372	Accruals	14	1,016,762	1,613,766
<u><b>71,523,262</b></u>	<b>Total Equity and Liability</b>			<u><b>110,418,794</b></u>

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 2012**

Year 2011		Notes	2012
\$			\$
	<b>Income</b>		
36,594,740	Other income	11	41,996,948
47,718,000	Government Subvention	3	58,632,000
5,528,040	GMS Receipts (Biocode Accruals)		
33,327,789,398	Receipts from oil companies	16	59,281,150,704
<u>33,417,630,178</u>			<u>59,381,779,652</u>
	<b>Expenses</b>		
45,907,881	Employment Cost	4	53,153,384
33,817,298,674	Office and Administration	6	59,283,259,376
3,598,125	Repairs and Maintenance	7	3,162,545
1,563,779	Fuel and lubricant	8	1,795,896
2,655,005	Depreciation	9	2,456,706
<u>33,871,023,464</u>			<u>59,343,827,907</u>
<u>(453,393,286)</u>	Net Profit/ (Loss)		<u>37,951,745</u>

**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				
<b>Balance as at December 31,2011</b>	<b>35,800,000</b>	<b>(12,239)</b>	<b>33,447,238</b>	<b>69,234,999</b>

**GUYANA ENERGY AGENCY**  
**Statement of Changes in Equity**  
**For Year ending December 31 2012**

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2012	35,800,000	(12,239)	33,447,238	69,234,999
Capital Supplementary			1,618,284	1,618,284
Net Profit/ (Loss)		37,951,745		37,951,745
Grants				
<b>Balance as at December 31,2012</b>	<b>35,800,000</b>	<b>37,939,506</b>	<b>35,065,522</b>	<b>108,805,028</b>

**STATEMENT OF CASH FLOWS**

**For the year ended December 31 2012**

	Jan- Dec 2012	Jan- Dec 2011
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit/(Loss) for the year</b>	<b>37,951,745</b>	<b>(453,393,286)</b>
Adjustments for:		
Depreciation	2,456,706	2,655,005
Account Receivables		3,636,929
Other Receivables	310,375	783,069
Accounts Payable/ Accruals	325,390	(4,222,786)
Other Accounts Payable	(999,887)	
<b>Total Adjustment</b>	<b>2,092,584</b>	<b>2,852,217</b>
<b>Net Cash from Operating Activities</b>	<b>40,044,329</b>	<b>(450,541,069)</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of fixed assets:		
Furniture and fittings	(275,796)	(330,484)
Office Equipment	(898,473)	(2,405,144)
Other Equipment	(3,455,135)	(1,231,448)
<b>Net cash used in investing activities</b>	<b>(4,629,404)</b>	<b>(3,967,076)</b>
<b>Cash Flow from Financing Activities</b>		
Changes in:		
Capital Subvention	1,618,284	1,388,500
<b>Net Cash used in financing activities</b>	<b>1,618,284</b>	<b>1,388,500</b>
<b>Net increase/ (decrease) in cash and Cash equivalents</b>	<b>37,033,209</b>	<b>(453,119,645)</b>
Cash and cash equivalent at the Beginning of the period	21,760,127	474,879,772
Cash and Cash Equivalents at the End of the period	58,793,336	21,760,127



## GUYANA ENERGY AGENCY

### NOTES TO THE FINANCIAL STATEMENT 2012

#### 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 2011

Note 3

2012

\$

**41,008,000 Current Release**

These represent Government releases through the Office of the President and Ministry of Finance.

58,632,000

**Note 4****Employment Cost**

\$

619,333	House allowance	
1,975,069	Vacation Allowance	3,025,260
33,307,253	Wages and Salaries	39,773,295
1,266,003	Pension	1,641,385
1,754,167	NIS	2,239,570
897,476	Hand in hand	1,059,492
2,059,666	Travel allowance out of pocket allowance	1,640,000
924,970	Gross Overtime	-
97,500	stipend	674,029
	Gratuity	46,378
28,371	Honorarium	-
619,333	Entertainment Allowance	480,000
2,298,740	Duty Allowance	2,027,265
	Acting allowance	10,946
	Utility Allowance	280,000
	GTM Administrative Fee	195,764
60,000	Risk allowance	60,000
<u>45,907,881</u>		<u>53,153,384</u>

**Note 5****Board Member's fees**

Chairman- D.Persaud	7,500
Board Members (6)	
-B. Persaud	5,000
-E. Marshall	5,000
-D. Yearwood	5,000
-L. Carberry	5,000
-C. Williams	5,000
-S. Roopnauth	5,000
	<u>37,500</u>

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

**Note 6**

	<b>Office &amp; Administration Cost</b>	\$
1,030,271	Staff Welfare	851,511
1,210,805	Local Travel	1,213,460
	Overseas Travel	211,328
185,915	Cleaning and Janitorial Supplies	249,024
2,632,610	Stationery and Office Supplies	2,194,914
3,842,953	Communication Expense	2,385,095
2,738,773	Electricity Expense	2,271,000
	Site Visit/Inspection	219,681
80,130	Periodicals News papers and Books	24,410
1,998,816	Security Expense	2,250,000
154,410	Cleaning and Sanitation	175,827
86,851	Bank Charges	965,954
25,996	Miscellaneous Expense	55,497
10,350	Vehicle Insurance	10,350
98,078	Training	667,808
2,969	National Event	88,404

	Entertainment	-
6,240	Subscriptions and Dues	-
	Consultancy	4,454,081
	Transfer of funds	-
481,606	Advertisement	647,467
310,238	Conference and Seminars	57,998
	Donations	-
2,644,572	Refreshments and meals	589,474
6,997	Drugs and medical Supplies	19,935
	Other fees and Licence	24,479
286,891	Postage and revenue Stamps	42,285
18,500	Jobs, works & task	53,300
	Computer supplies	-
	Energy Farm	-
508,220	Sub. Boarding & lodging	331,500
	Pest Control	156,033
1,000,565	Water Rates	800,000
	Audit & professional fees	-
	Purch ac charcoal	-
24,867	draperies	67,200
150,400	Uniform exp.	-
50,349	Loose tools	38,348
12,626	Medical expense	-
2,955,822	Advance to purchase	546,063
7,199,719	Energy conservation	6,146,763
2,548,780	Print and Non print Materials	1,899,842
	GEA Biocode (Accruals)	-
4,925	VAT	274,434
13,699,064,111	PDVSA- Petroleos De Venezuela SA Agreement	23,675,856,608
19,995,576,432	Ministry of Finance	35,411,311,082
93,781,871	BOG Loan A/c	165,136,881
	Loss on purchase of vehicle	-
	GIZ	466,595
	Guyoil	-
1,947,467	PLATTS Subscription	-
428,114	Bad debts written off	-
102,079	Protective clothing	504,745
<u>33,817,298,674</u>		<u>59,283,259,376</u>

Note 7

<b>Repairs and Maintenance</b>		\$
1,285,649	Building	448,058
714,390	Office Equipment	619,292
464,942	Vehicle	778,976
1,133,144	Compound	1,157,835
	Furniture and Fixture	126,020
	Other Equipment	32,364
<u>3,598,125</u>		<u>3,162,545</u>

Note 8

1,563,779	Fuel and lubricant	1,795,896
<u>1,563,779</u>		<u>1,795,896</u>



Note 10

**Cash at Bank/ Hand**

	\$
80,000 Petty Cash	80,000
11,786,235 Charcoal A/c	38,742,356
4,625,510 General A/c	10,575,491
5,266,781 Special A/c	9,393,888
1,601 GEA Foreign ac	1,601
<u>21,760,127</u>	<u>58,793,336</u>

Note 11

**Other Income**

13,072,240 Agency Fees	15,972,448
Disposal of Assets	-
GTM Employers refund	-
22,217,500 Fuel licensing	25,012,000
Licensing fees/fines	-
1,305,000 Licensing decals	1,012,500
Loan Interest	-
<u>36,594,740</u>	<u>41,996,948</u>

Note 12

**Debtors**

18,631 staff loan	-
367,513 Salary Advance	60,000
36,625 Staff Debtors	5,702
(4,500) GPSCU	(4,500)
37,272 GRA	(19,665)
460 GPSU	460
(3,000) CCWU	(3,000)
Accounts receivable	-
205,125 Sundry Debtors	308,754
<u>658,126</u>	<u>347,751</u>

Note 13

**Creditors**

15,939 GNRA-Hand in Hand	15,939
9,955 NIS	32,271
127 Salaries and allowances	(4,944)
39 GTM Insurance	39
8,157 Hand in hand	8,157
239 GTM	239
1,562,435 Sundry creditor	545,303
<u>1,596,891</u>	<u>597,004</u>

Note 14

**Accruals**

	\$
691,372 Accruals	1,016,762
<u>691,372</u>	<u>1,016,762</u>

**Note 15**

**Capital Contribution**

32,058,738	Opening balance	
1,388,500	Capital releases for 2012	33,447,238
		1,618,284
<u>33,447,238</u>		<u>35,065,522</u>

**Note 16**

**Receipts from Oil companies**

17,153,921,484	Guyoil	30,453,652,128
621,942,990	Chevron	10,169,923,632
15,551,924,924	Sol	18,657,574,944
<u>33,327,789,398</u>		<u>59,281,150,704</u>