

**GUYANA SECURITIES  
COUNCIL**

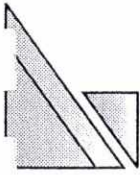
**AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED  
31<sup>ST</sup> DECEMBER 2013**



GUYANA SECURITIES COUNCIL

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013



# Nizam Ali & Company

Chartered Accountants

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## AUDITORS' REPORT TO THE COUNCIL MEMBERS GUYANA SECURITIES COUNCIL

We have audited the accompanying financial statements of Guyana Securities Council; which comprise the statement of financial position as at December 31, 2013 and the statements of revenue and expenditure, and cash flows for the year then ended, 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 the 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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.

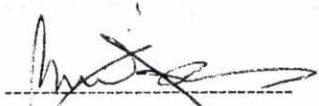
### Opinion

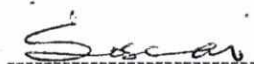
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Securities Industry Act.

*Nizam Ali & Company*  
Chartered Accountants  
Georgetown, Guyana  
January 31, 2014

**Statement of Financial Position**  
**As at December 31, 2013**  
**With comparatives figures for December 31, 2012**  
(Expressed in Guyana Dollars)

	Notes	<u>2013</u> \$	<u>2012</u> \$
<b>Non - current assets</b>			
Furniture, equipment and books	7	1,600,024	2,270,408
		<u>1,600,024</u>	<u>2,270,408</u>
<b>Current assets</b>			
Cash and bank	5	14,938,794	20,602,882
Accounts receivable	11	36,380	37,270
<b>Total current assets</b>		<u>14,975,174</u>	<u>20,640,152</u>
<b>Total assets</b>		<u><u>16,575,198</u></u>	<u><u>22,910,560</u></u>
<b>Liabilities</b>			
Deferred revenue	10	15,985,218	22,320,580
Accounts payable and accrued charges	9	589,980	589,980
<b>Total liabilities</b>		<u><u>16,575,198</u></u>	<u><u>22,910,560</u></u>

  
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Chairman

Member  
  
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Member

**The accompanying notes form an integral part of these financial statements**

Statement of Revenue and Expenditure  
for the year ended December 31, 2013  
With comparatives figures for December 31, 2012  
(Expressed in Guyana Dollars)

	Notes	<u>2013</u>	<u>2012</u>
		\$	\$
<b>Revenue</b>			
Subvention	4	48,025,960	45,888,580
Transfer from deferred income	10	<u>6,335,362</u>	<u>4,890,322</u>
		54,361,322	50,778,902
Fines and fees	12	550,164	340,000
Total income		<u><u>54,911,486</u></u>	<u><u>51,118,902</u></u>
<b>Expenditure</b>			
Council members' fees	6	6,187,500	5,940,000
Salaries and short term benefits		39,954,842	38,994,567
Professional fees		2,520,800	1,864,000
Communication		455,756	382,767
Stationery		131,848	74,000
Advertising and publication		89,199	72,616
Depreciation		670,384	661,336
Audit fees		580,000	582,000
Conference expenses and staff training		3,556,785	2,060,901
Miscellaneous		568,005	417,542
Entertainment		175,972	48,778
Insurance		<u>20,395</u>	<u>20,395</u>
		<u><u>54,911,486</u></u>	<u><u>51,118,902</u></u>

The accompanying notes form an integral part of these financial statements

**Statement of Cash Flows**

For the year ended December 31, 2013

With comparatives figures for December 31, 2012

(Expressed in Guyana Dollars)

	<u>2013</u>	<u>2012</u>
	\$	\$
<b>Cash flow from operating activities</b>		
Expenditure	(54,911,486)	(51,118,902)
Other income	550,164	340,000
	<u>(54,361,322)</u>	<u>(50,778,902)</u>
<b>Adjustments for:</b>		
Depreciation	670,384	661,336
Decrease (increase) in accounts receivable	890	(890)
Increase in accounts payable and accrued charges	<u>-</u>	<u>104,850</u>
<b>Net cash outflows from operating activities</b>	<u>(53,690,048)</u>	<u>(50,013,606)</u>
<b>Cash flow from investing activities</b>		
Purchase of furniture ,equipment and books	<u>-</u>	<u>(83,520)</u>
<b>Net cash outflow from investing activities</b>	<u>-</u>	<u>(83,520)</u>
<b>Cash flow from financing activities</b>		
Subvention	<u>48,025,960</u>	<u>45,888,580</u>
<b>Net cash inflow from financing activities</b>	<u>48,025,960</u>	<u>45,888,580</u>
<b>Net decrease in cash and cash equivalents</b>	(5,664,088)	(4,208,546)
<b>Cash and cash equivalents as at the beginning of year</b>	<u>20,602,882</u>	<u>24,811,428</u>
<b>Cash and cash equivalents as at the end of year</b>	<u><u>14,938,794</u></u>	<u><u>20,602,882</u></u>
<b>Cash at bank and hand as at the end of year</b>	<u><u>14,938,794</u></u>	<u><u>20,602,882</u></u>

The accompanying notes form an integral part of these financial statements

**Notes to financial statements**

**December 31, 2013**

(Expressed in Guyana Dollars)

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**1. Entity identification and principal function**

The Guyana Securities Council (the 'Council') is a statutory body created by the Securities Industry Act 1998 and brought into existence by Ministerial Order No 5 of 2000 by the Minister of Finance with effect from December 16, 2000. The Council commenced activities on September 24, 2001.

The members of the Council serving in the period January 1, to December 31, 2013 were:

Mr. B. James - Chairman

Mr. L. Glen. - Member

Mr. B. Pollard - Member

Ms. L. Gossai - Member

The principal functions of the Council are to:

- (a) advise the Minister of Finance on all matters relating to securities,
- (b) maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities,
- (c) register, authorize or regulate, in accordance with the Securities Industry Act 1998, self regulatory organization, securities companies, securities intermediaries, brokers, dealers, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business,
- (d) protect the integrity of the securities market against abuse arising from the practice of insider trading,
- (e) create and promote such conditions in the securities market as it may seem necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.

**2. New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2013 and have not been applied in preparing these financial statements. None of these will have a significant impact on the financial statements of the Council.



3. Significant accounting policies

(a) *Accounting convention*

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

The Members of the Council approved these financial statements for issue on 30th January 2014

(b) *Subvention*

Subvention that compensate the Council's costs are recognized in the statement of revenue and expenditure in the period that these costs are incurred.

Subvention relating to purchase of equipment is credited to the statement of revenue and expenditure on a straight line basis over the expected lives of the related assets.

(c) *Registration fees*

Registration fees are collected from reporting issuers upon submission of the registration statement to the Council as required under Sections 56 and 57 of the Securities Industry Act 1998. The registration fees are recognized in the statement of revenue and expenditure in the period that related registration statements are submitted to the Council.

(d) *Foreign currency transactions*

Foreign currency transactions are translated at the exchange rates prevailing at the dates of these transactions. At the statement of financial position date, any monetary assets and liabilities denominated in foreign currencies are translated to Guyana Dollars at the prevailing rates at that date. Exchange differences on foreign currency transactions are recognized in the statement of revenue and expenditure.

(e) *Expense recognition*

Expenses are recognized on an accrual basis.

(f) *Comparatives*

Where necessary, comparatives have been adjusted to conform with changes in presentation in the current year.

## Notes to financial statements

December 31, 2013

(Expressed in Guyana Dollars)

## 3. Significant accounting policies, continued

## (f) Furniture, equipment and books

Furniture, equipment and books are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates estimated to write off the assets over their expected useful lives. The current annual rates of depreciation are:

Furniture	10%
Equipment	20%
Books	10%

## (g) Deferred revenue

Deferred revenue are unrestricted funds which are available for use at the discretion of the Council in furtherance of the principal functions of the Council and which have not been designated for other purposes.

## 4. Subvention

The Council received a subvention of G\$48,025,960 (2012 - G\$45,888,580) Guyana Dollars from the Government of Guyana during the year to cover operating costs.

Unused funds are carried forward to future periods and account for as deferred revenue.

## 5. Cash resources

	<u>2013</u>	<u>2012</u>
	\$	\$
Bank of Nova Scotia	6,361,475	12,575,263
Republic Bank Guyana Limited	<u>8,577,319</u>	<u>8,027,619</u>
	<u>14,938,794</u>	<u>20,602,882</u>

Notes to financial statements

December 31, 2013

(Expressed in Guyana Dollars)

6. Council members' fees

	<u>2013</u>	<u>2012</u>
	\$	\$
B. James	2,250,000	2,160,000
B. Pollard	1,312,500	1,260,000
L. Gossai	1,312,500	1,260,000
L. Glen	1,312,500	1,260,000
	<u>6,187,500</u>	<u>5,940,000</u>

7. Furniture, equipment & books

	<u>Furniture</u>	<u>Equipment</u>	<u>Books</u>	<u>Total</u>
	\$	\$	\$	\$
<b>Costs</b>				
As at beginning and end of year	3,179,457	2,436,187	2,608,711	8,224,355
<b>Depreciation</b>				
As at beginning of year	(1,973,587)	(2,161,485)	(1,818,875)	(5,953,947)
Charges for the year	(317,946)	(91,567)	(260,871)	(670,384)
As at end of year	(2,291,533)	(2,253,052)	(2,079,746)	(6,624,331)
<b>Net book value</b>				
As at end of year	<u>887,924</u>	<u>183,134</u>	<u>528,965</u>	<u>1,600,024</u>
As at beginning of year	<u>1,205,870</u>	<u>274,702</u>	<u>789,836</u>	<u>2,270,408</u>

8. Key management compensation

Seven (7) individuals are considered key management personnel. The remuneration paid to key management personnel for the year was as follows :

	<u>2013</u>	<u>2012</u>
	\$	\$
Salaries and short term benefits	<u>36,221,233</u>	<u>34,527,171</u>

9. - Accounts payable and accrued charges

	<u>2013</u>	<u>2012</u>
	\$	\$
Professional fees	580,000	580,000
Internet	9,980	9,980
	<u>589,980</u>	<u>589,980</u>

## Notes to financial statements

December 31, 2013

(Expressed in Guyana Dollars)

## 10. Deferred revenue

	<u>2013</u>	<u>2012</u>
	\$	\$
Balance at beginning of year	22,320,580	27,210,902
Transfer from statement of revenue and expenditure	<u>(6,335,362)</u>	<u>(4,890,322)</u>
Balance at end of year	<u><u>15,985,218</u></u>	<u><u>22,320,580</u></u>

## 11. Accounts receivable

	<u>2013</u>	<u>2012</u>
	\$	\$
Prepayments	<u>36,380</u>	<u>37,270</u>
	<u><u>36,380</u></u>	<u><u>37,270</u></u>

## 12. Other income

	<u>2013</u>	<u>2012</u>
	\$	\$
Fines and fees	<u>550,164</u>	<u>340,000</u>
	<u><u>550,164</u></u>	<u><u>340,000</u></u>

## 13. Financial instruments

The Council's financial instruments comprise of cash and bank balances, accounts receivable, accounts payable and accrued charges.

*(i) Credit Risk*

Credit Risk on accounts receivable is limited as accounts receivable are shown net of provision of bad debts. Management believes that there is no additional risk beyond amounts provided for collection losses.

*(ii) Liquidity risk*

Liquidity risk is the risk that the Council is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of funds through an adequate amount of committed credit facilities.

*(iii) Fair values*

The fair values of cash and bank balances, accounts receivable, accounts payable and accrued charges are not materially different from their carrying amounts.