

GUYANA GOLD BOARD

THE 1999 ANNUAL REPORT



GUYANA GOLD BOARD

ANNUAL REPORT FOR THE 1999 FINANCIAL YEAR

1. THE WORLD OF GOLD

1.1 World Gold Production

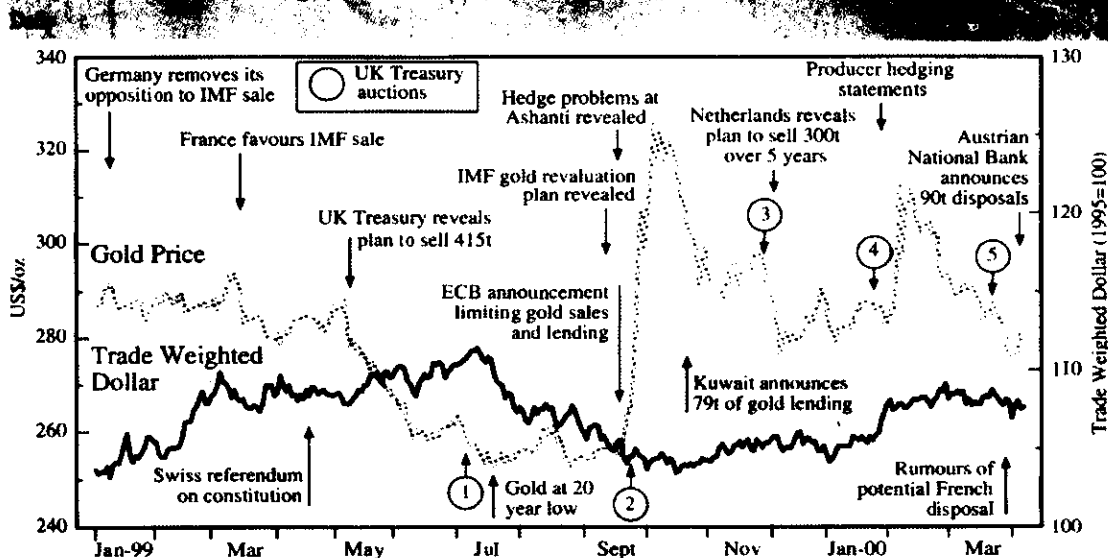
In 1999, world mine production was 2,576 tonnes; an increase of 1% from the previous year. The increase in mine production is falling as the cutbacks and closures caused by low gold price make a visible impact. Low gold price has triggered a wave of consolidations to pare costs and increase efficiencies. Average total cash cost fell by US\$10 to reach US\$197 per ounce, whilst average total costs declined less than 2% to reach US\$257 per ounce.

The top three gold producing countries are South Africa, United States and Australia while, the top three companies are Anglo Gold, Newmont Mining and Gold Fields Ltd.

1.2 World Gold Price

Average gold price in 1999 was US\$278.57, down 5% from US\$294.09 in the previous year. It was a record twenty-year low. Price ranged between US\$252.80 and US\$325.50 (See below).

Gold Price and Trade-Weighted Dollar



SOURCE: Gold Fields Mineral Services Ltd.

SOURCE: Gold Fields Mineral Services Ltd.



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Two major events in 1999, the U.K. Treasury announcement and the European Agreement, had a profound impact on the price. On May 07, the U.K. Treasury announced its intention to sell, by auction, 125 tonnes of gold during 1999 and 2000. It also stated that over the longer term, it planned to reduce its holdings from 715 tonnes to 300 tonnes. The announcement stunned the world and precipitated a wave of speculation, negative reviews and massive selling. Naturally, gold price plummeted and, by July 20th, reached a low of US\$252.80. However, it found solid support above US\$250.00. The relief was palpable as many respected analysts were predicting a sustained decline below US\$250.

Gold price remained flat for the next two months. This changed dramatically when, on September 26, the major Central Banks of the European Union announced an agreement to restrict the sale of gold (including lending) to 400 tonnes per year over the next five years. The spectre of overwhelming central banks sales suddenly evaporated and gold price took off in the stratosphere. Price rose 20% in the space of only seven trading days, reaching the highest point of US\$325.50 for the year on October 5th.

The combination of spectacular price decline and meteoric rise caused huge financial problems for many gold producers, notably Ashanti and Cambior (the parent company of Omai Gold Mines), who had bought into derivatives to hedge price risks. After touching its high, the price retreated rapidly as the market digested the European agreement and the hype and sensation faded. Gold price declined to a third quarter low of US\$276.10. However, it rebounded again in November on fears of the 'Y2K bug', and closed the year at US\$290.25.

Fundamentals of gold price over the last five years:

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
High	395.55	414.80	366.55	313.15	325.50
Low	372.40	367.40	283.00	273.40	252.80
Average	384.15	387.87	331.29	294.09	278.37
Range	6%	12.2%	25.2%	13.5%	26.1%

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2. THE LOCAL GOLD INDUSTRY

No gold producing sector, anywhere in the world, could escape unscathed the effects of the dramatic fall in gold price. For the greater part of 1999, gold price languished at a twenty-year low. The peculiar circumstances of our local sector would make the impact of a record low price more painful: the Guiana Shield is geologically noted for its low-grade deposit; local mining methods are the largely unstructured; and the rate of recovery is low. These add considerably to cost of production. The rise in the price of fuel further aggravated the plight of gold producers. It thus became quite evident that with prices in the US\$250s, gold mining was not viable. Even in the US\$280s, the industry will not attract new investment, not unless a rich deposit is discovered or, there is a technological breakthrough to increase recovery rate. The prognosis for the future is therefore bleak. Underreporting of gold is likely to remain high as many cash-strapped producers seek relief by not honouring their 7% up-front tax obligations. A rough estimate of annual production puts the figure around 220,000 ounces. Only half of this is reported and sold through the official market.

3. THE GOLD BOARD'S PERFORMANCE

3.1 Mandate

The Guyana Gold Board is a statutory entity empowered by the Guyana Gold Board Act of 1981 principally to buy all gold produced in Guyana and to sell all gold in Guyana and outside of Guyana, and to engage in related commercial and industrial activities.

3.2 Purchases

The constraints of the industry in 1999 affected the volume of business done by the Board. Compared to 1998, actual purchases remained basically flat. Many felt that this was quite an achievement, disproportionate, in a favourable sense, to the difficulties encountered.

In 1999, the Board bought 109,293.74 ounces of gold directly from gold producers and shopkeepers and, 866.61 ounces from licensed dealers. The total quantity purchased came up to a value of five thousand and seventy-two million dollars.

Actual purchases fell short of budgeted purchases by 4.21%. Compared to 1998, total purchases increased by 113 ounces. The total official production, that is, total purchases by the Board and dealers and production from Omai Gold Mines Limited was 416,739 ounces.



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Five-year official production (in ounces of gold)

	1995	1996	1997	1998	1999
Omai Gold Mines	171,685	261,701	338,406	327,546	306,063
Gold Board	99,449	110,131	98,124	108,976	109,294
Licensed Dealers	-	-	5,746	2,624	1,382
TOTAL	271,134	371,832	436,276	439,146	416,739

3.3 Sales

The Board sells gold on demand to licensed goldsmiths. The balance is exported. In 1999, local sales amounted to 1,002 ounces and foreign sales 89,800 ounces. Revenue generated was \$47, million and \$4.44 billion, respectively. Foreign currency earned on foreign sales was US\$25.6 million.

3.4 Operating Expenditure

Total operating expenditure in 1999 was \$86.6 million. This is sub-divided as follows:

	1999 Actual	\$ million 1999 Budgeted	1998 Actual
Shipment and refining charges	28.8	31.0	25.7
Employment cost	24.5	27.5	21.
Other Administrative Costs	33.3	34.3	27.9
TOTAL	86.6	92.8	74.6

Total expenditure was well within expectations, but increased by \$12 million or 16% compared to that of 1998. The depreciation of the Guyana dollar against the US dollar and the inflation-induced effects on costs are largely responsible for the variance in actual expenditure between the two years. The average selling rate for US denominated instruments in 1998 was \$150.45, whereas in 1999 it was \$176.25, a decline of 17%. The inflation rate in 1999 was about 9% compared to 5% of 1998.

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3.5 Net Operating Result

Amidst gold price's roller-coaster ride and, amidst spectacular financial disasters of some gold producers, the Guyana Gold Board fared well in 1999. The Board made a net profit of \$26.2 million. Prudent overseas sales, continuous cost control and the decline in the value of the Guyana dollar, accounted for the favourable results. The performance is best appreciated from the perspective that the Board's operational and financial structure (excluding cost of capital considerations) is premised on the Board breaking even.

4. GENERAL ADMINISTRATION

4.1 The Responsible Minister and Board of Directors

Political administration of the Board falls under the Honourable Samuel A. Hinds, Prime Minister, who, in addition to giving policy directions of a general nature, also appoints the Board of Directors.

In 1999, the composition of the Board was as follows:

Mr. Hewley Nelson	-	Chairman
Mr. Brian Sucre'	-	Commissioner, GG&MC
Mr. Doorga Persaud	-	Representative, GNRA
Mr. Rene Faerber	-	Representative, Min. of Finance
Mr. Patrick Harding	-	Representative, GG&DMA
Mr. Dinashwar Sharma	-	Representative, Min. of Legal Affairs
Mr. Satkumar Hemraj	-	General Manager, GGB

The General Manager was the only executive director of the Board.

The work of the Board of Directors is facilitated by two

4.2 Management and Staff

The Board's most valuable resource is its staff. The day-to-day affairs of the Board are carried out by a work force of nineteen persons.

Workers have shown a great deal of dedication and commitment. Management is decentralised: each department operates with a high degree of autonomy where team and multi-skilling approaches are practised.

By our own measuring standards, productivity is high. Problems of lateness and absenteeism are practically non-existent. In 1999, the Board processed 7,524 transactions, of which 2,457 were processed twice through the assaying (gold purity testing) system.



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4.3 **Changes and Improvements**

Effectiveness and efficiency are the twin engines for our growth and development. In 1999, four major initiatives towards increasing effectiveness and efficiency were undertaken.

4.3.1 **The appointment of an Internal Auditor**

The Board recruited an Internal Auditor whose job was to ensure that proper internal control systems exist and to monitor their compliance. The Internal Auditor reports independently to the Board's Audit Committee.

4.3.2 **Upgrading the Laboratory**

This project envisages the improvement of the laboratory facilities for better customer service. It includes two burning areas equipped with new fumehoods, a comfortable waiting area and a more spacious and better organised gold processing area.

4.3.3 **New computer software package**

The Board contracted **Software Dynamics** to develop a new software package that would interlink the laboratory and finance functions for faster processing of customer transactions, as well as to provide suitable management data. The Board anticipates that the computer processing system would cut customer waiting time by 25%.

4.3.4 **Computerising the Accounting Records**

Software Dynamics was contracted to acquire, customise and install an accounting software and to train staff in its use. The objective was to streamline the accounting records and to have faster processing and finalisation of monthly and annual financial statements.

4.3.5 **Upgrading of Staff**

While we do not regard this as a major activity, it is a necessary balance to the other major changes and improvements. New skills and abilities are required and their acquisition must be rewarded. Three key upgrades were done: the Secretary/Accountant to Finance Manager/Secretary, Assistant Accountant to Accountant, one Lab Technician to Lab Supervisor.

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5. RELATED ACTIVITIES

Although the primary mandate of the Board is trading in gold, the Board also performs related functions. These are explained hereunder.

5.1 Regulating Private Gold Dealers

In 1999, the authorisation to possess and export gold was extended for a further year. In addition, Government agreed to open up the application process to have more private dealers. Renewals and new approvals resulted in six licences being granted in 1999. The recipients were: Chateau Gold & Diamond Trading Enterprise, Kings Jewellery World, Stanislaus Jardine, Suresh Lall, Mazda Limited and Wazir Mohamed.

Only two of the six dealers traded in gold. The total quantity traded was 1,382 ounces. Most dealers are of the view that the price paid by Gold Board for gold is too high that it does not recognise the full costs, (particularly capital and marketing costs) and is, therefore, a barrier to competition and to their profitable operation.

The regulatory mandate of the Board extends to ensuring that dealers comply with the special regulations under the Gold Board Act.

5.2 Collection of Royalty and Tax

The Board collects and remits royalty to the Guyana Geology & Mines Commission (GG&MC) and withholding tax to the Commissioner of Inland Revenue. Up to October 1999, royalty on gold was fixed at 5% on gross value. However, from November, Government introduced a graduated scale, 3% minimum and 5% maximum, based on gold price. The new policy was instituted to bring further relief to the beleaguered industry.

In exchange for rent-free accommodation and other services, the Board provides a free royalty collection service to GG&MC. There are, however, no reciprocating benefits for collecting and remitting 2% tax on gross value to the Inland Revenue.

A three year summary of the collection service is provided hereunder:

	\$ million		
	1997	1998	1999
Royalty	200	221	247
Tax	69	78	84



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5.3 Services to Gold Producers

5.3.1 Foreign Currency Transfers

Gold producers can take the entire proceeds of their sale in foreign currency. At their request, the Board will arrange the transaction, that is, selling the foreign currency. The sale is executed by a transfer through the Central Bank to the producers' foreign currency accounts maintained at the commercial banks. The entire process, from the time of sale to the credit to the producers' accounts, takes one week. The Board performs this service free of cost.

Total foreign currency taken up in 1999 was US\$3.2 million, a decrease of 43% compared to the total of US\$5.6 million taken up in 1999. The decrease indicates a fall in investment or, fall in speculative foreign currency trading or, both.

5.3.2 Sundry Other Services

The Board provides a number of other services to gold producers free of cost, which collectively, impacts a great deal on administrative time. These include providing historical production data at producers' request to banks, Inland Revenue, embassies, police and other third parties.

6. THE ROAD AHEAD

For two consecutive years, the Board has made material profits. After painstaking investment in developing the Board's credibility - transparent, high quality customers service - and human resources capability, the proverbial 'chickens have come home to roost'. There is no turning back, first quarter profits in 2000 have already surpassed projections.

In 2000, the Board plans to continue developing its core competence of trading in gold. However, a major initiative to be undertaken, is to increase the Board's public image. The objective is to endeavour to bridge the wide gap between gold production and declaration. Gold is used to finance a number of under-world and under-ground activities, which taken cumulatively can hinder macro economic developmental plans. Any success in this endeavour will contribute to structured (orderly and desirable) development.

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7. FIVE YEAR FINANCIAL HIGHLIGHTS

	S Million				
	1995	1996	1997	1998	1999
Turnover	3,389	4,761	5,368	5,228	4,483
Cost of Sales	3,377	4,736	5,386	5,047	4,412
Gross Profit/(Loss)	12	25	(18)	181	71
Operating Cost	27	39	47	49	60
Other Income	6	14	14	16	15
Net Profit/(Loss)	(9)	(0.6)	(51)	148	26
Royalty & Tax Collected	290	374	289	299	331



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63 High Street
Kingston, Georgetown
Guyana, S. A.

AG: 194/2000

24 July, 2000

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE GUYANA GOLD BOARD ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 1999

Chartered Accountants, Bisheswar & Co., have audited on my behalf the financial statements of the Guyana Gold Board for the year ended 31 December, 1999 as set out on pages 1 to 9. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws and regulations 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 Financial Administration and Audit (Amendment) Act 1993, 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, Bisheswar & Co.

**S AGOOLSARRAN
AUDITOR GENERAL**

**OFFICE OF THE AUDITOR GENERAL
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA**

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**REPORT OF THE CHARTERED ACCOUNTANTS BISHESWAR & CO.
TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS
OF THE GUYANA GOLD BOARD
FOR THE YEAR ENDED DECEMBER 31, 1999**

We have audited the financial statements of the Guyana Gold Board for the year ended December 31, 1999 and the related profit and loss account and statement of cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Office of the Auditor General's auditing standards and other generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements on pages 1 to 9 give a true and fair view of the Board's affairs at December 31, 1999, in all material respects, and of its profit and cash flows for the year then ended and comply with the Guyana Gold Board Act.

BISHESWAR & CO.
CHARTERED ACCOUNTANTS
198 DUNCAN STREET,
LAMARCA GARDENS, GEORGETOWN

July 18, 2000

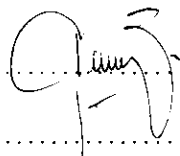


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Balance Sheet As at December 31, 1999

	Notes	1999 G\$	1998 G\$
Tangible Fixed Assets	2(b) & 6	25,341,995	18,080,220
Current Assets			
Stocks	2(d)	1,434,212,874	808,032,755
Debtors	3	6,834,741	9,101,616
Cash on Hand and at Bank		<u>24,022,686</u>	<u>43,977,239</u>
		1,465,070,301	861,111,610
Less: Current Liabilities: Amounts Falling Due Within One Year			
Bank Overdraft		1,588,015	530,623
Advance from Ministry of Finance	4	1,446,727,960	857,291,256
Creditors & Accruals	5	<u>30,890,405</u>	<u>37,563,161</u>
Total Current Liabilities		1,479,206,380	895,385,040
Net Current Liabilities		(14,136,079)	(34,273,430)
Net Assets/(Liabilities)		<u>11,205,916</u>	<u>(16,193,209)</u>
Represented By:			
Government Contribution		18,190,000	18,190,000
Revaluation Reserve		2,145,000	-
Accumulated Deficit		<u>(9,129,084)</u>	<u>(34,383,209)</u>
		<u>11,205,916</u>	<u>(16,193,209)</u>

.....


Directors

The notes on pages 4 to 7 form an integral part of these financial statements.

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Trading and Profit and Loss Account For the year ended December 31, 1999

	Notes	1999 G\$	1998 G\$
Turnover		4,482,922,611	5,228,088,110
Less: Cost of Sales	7	<u>4,412,472,061</u>	<u>5,043,621,024</u>
Gross Profit		70,450,550	184,467,086
Other Income	8	<u>14,467,186</u>	<u>15,786,496</u>
		84,917,736	200,253,582
Less: Expenses			
Administrative	9	57,762,159	48,926,530
Financial Charges	10	434,763	273,991
Directors Fees		<u>499,000</u>	<u>387,000</u>
		58,695,922	49,587,521
Net Profit Before Taxation	11	26,221,814	150,666,061
Prior Year Adjustments	12	967,689	2,740,044
Accumulated Deficit January 01		<u>(34,383,209)</u>	<u>(182,309,226)</u>
Accumulated Deficit December 31		<u>(9,129,084)</u>	<u>(34,383,209)</u>

The notes on pages 4 to 7 form an integral part of these financial statements.



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Statement of Cash Flows For the year ended December 31, 1999

	1999 G\$	1998 G\$
Net Cash (Outflow) from Operating Activities		
Profit before Taxation	26,221,814	150,666,061
Prior year adjustment	(967,689)	(2,740,044)
Adjustment for:		
Depreciation Charges	6,464,705	3,081,398
Depreciation written back on disposals	<u>(4,111,666)</u>	<u>(908,586)</u>
Operating Profit before Working Capital	27,607,164	150,098,829
(Increase)/Decrease in Stocks	(626,180,119)	535,740,828
Decrease in Debtors	2,266,875	3,911,984
Increase/(Decrease) in Ministry of Finance	589,436,705	(730,965,745)
Increase/(Decrease) in Creditors and Accruals	<u>(6,672,756)</u>	<u>6,553,299</u>
Net Cash (outflow) from Operating Activities	(13,542,132)	(34,660,805)
Cash Flow from Investing Activities		
Assets written off 4,111,666 1,267,346		
Adjustment to Asset opening balance	-	428,422
Adjustment to provision for depreciation opening balance	-	(674,112)
Tangible Fixed Assets Acquired	(11,581,479)	(12,626,367)
Net Cash (outflow) from Investing Activities	(21,011,945)	(46,267,516)
Net decrease in Cash and Cash Equivalents	(21,011,945)	(46,267,516)
Cash and Cash Equivalents at the beginning of the Year	43,446,616	89,714,132
Cash and Cash Equivalents as shown in the Balance Sheet	22,434,671	43,446,616
Net decrease in Cash and Cash Equivalent	(21,011,945)	46,267,516

The notes on pages 4 to 7 form an integral part of these financial statements.

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Notes to the Financial Statements For the year ended December 31, 1999

1. Incorporation and Principal Activity

The Guyana Gold Board was formed under an Act of Parliament in 1981. Its principal activities are to carry on the business of trading in gold in accordance with the Act and to secure, at all time, an adequate supply of gold, at a fair price, for the local and overseas markets.

2. Statement of Accounting Policies

(a) Basis of Accounting

These Financial Statements have been prepared under the Historical Cost Convention and no account has been taken of inflation.

(b) Tangible Fixed Assets

Tangible Fixed Assets are stated at Historical Cost. Depreciation is provided on a Pro-rata basis at rates sufficient to write off the assets over their estimated useful lives.

Depreciation rates are as follows:

Furniture, Fixtures and Fittings	10%
Office Equipment	12.5
Motor Vehicles	25%
Laboratory Renovations	25%
Computer Software	25%

(c) Income & Expenditure

Income and Expenditure are dealt with in these Financial Statements on the accruals basis.

(d) Stocks

Stocks are stated at the lower of cost and net realizable value. Costs refer to weighted average cost and does not include gold burning or storage charges.



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Notes to the Financial Statements For the year ended December 31, 1999

(d) Foreign Currency Transactions Purchase and Sales

Purchases of gold is made based on the daily World Market Second Fix per ounce of gold quoted in US dollars. Sale of refined gold can be marketed as follows:-

- | | |
|-----------------------|--------------------------------------|
| (1) Spot and deferred | (3) Fixed forward with a call option |
| (2) Fixed forward | (4) Flat forward |

(e) Buying

The purchase of gold is based on an assumed purity with a payout factor of the average of the historical assay result and a three points (intergers) and a four points for smelted gold below the average selling price for US instruments of five specific banks. The initial payment made on the payout factor is adjusted when actual assaying results are returned. For results higher than the payout factor the Board pays the miners the additional amount. For results lower than the payout factor the miner reimburses the Board the difference.

(f) Selling

The selling price conversion is based on the average selling price for draft US of seven banking cambios.

(g) Sales-Local

A small fraction of the gold purchased from miners is sold locally to licensed jewelers to support the local jewellery industry.

Foreign during the year smelted raw gold was refined by the Royal Canadian Mint and then marketed through the Board's agent - Mitsui. Sales is recognized at the time when the refined gold is sold by the agent.

(H) Turnover

Turnover is comprised of the sale of burnt raw gold locally, and refined gold overseas as follows:-

	1999 G\$	1998 G\$
Local Sales	46,948,087	34,046,346
Foreign sales	4,435,974,524	5,194,041,764
Total	4,482,922,611	5,228,088,110

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Notes to the Financial Statements For the year ended December 31, 1999

	1999 G\$	1998 G\$
3. Accounts receivables are made up as follows:		
Provision for bad debts	(1,951,853)	(1,951,853)
Sundry debtors	201,580	6,764,117
Staff loan	1,099,618	587,336
DOCOL security deposit	44,000	44,000
Debtors (assay)	6,762,646	2,812,110
Prepayments	678,750	731,190
Gold dealers Royalties	-	103,776
Gold dealers Taxes	-	10,940
	<u>6,834,741</u>	<u>9,101,616</u>
4. Advance from the Ministry of Finance made up as follows		
Foreign currency holding account	309,752,175	161,543,825
Advance for working capital	1,210,000,000	1,210,000,000
Balance owing to the Ministry of Finance 1990	3,836,342	3,836,342
Advance to purchase gold still uncleared	(76,860,557)	(518,088,911)
	<u>1,446,727,960</u>	<u>857,291,256</u>
5. Accounts payable are made up as follows:		
Trade creditors	4,829,352	11,031,175
Miners tax payable	6,565,339	7,905,637
Gold dealers tax payables	55,538	-
Royalty payable	15,317,372	14,155,895
Gold dealers royalties payable	62,412	-
Tributes payable	12,879	12,878
Accruals	4,047,513	4,457,576
	<u>30,890,405</u>	<u>37,563,161</u>



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Notes to the Financial Statements For the year ended December 31, 1999

6. Tangible Fixed Assets

	Furniture, Fixtures & Fittings G\$	Lab & Office Equipment G\$	Motor Vehicles G\$	Fire Arm G\$	Computer Software G\$	Lab Renovation G\$	Total G\$
Cost							
At January 01	2,108,514	10,072,239	28,114,928	391,516	-	-	40,687,198
Additions	330,000	7,095,736	-	97,500	1,756,800	2,301,443	11,581,479
Revaluation	-	465,000	1,680,000	-	-	-	2,145,000
Disposals	-	-	(4,111,666)	-	-	-	(4,111,666)
At December 31	2,438,514	17,632,975	25,683,262	489,016	1,756,800	2,301,443	50,302,011
Depreciation							
At January 01	624,040	2,748,648	19,033,219	201,071	-	-	22,606,978
Charges for the year	232,931	1,857,631	3,555,102	97,880	145,800	575,361	6,464,705
Depreciation on Disposals	-	-	(4,111,666)	-	-	-	(4,111,666)
At December 31	856,971	4,606,279	18,476,655	298,951	145,800	575,361	24,960,016
Net Book Value							
At January 01	1,484,475	7,323,591	9,081,709	190,445	-	-	18,080,220
At December 31	1,581,544	13,026,696	7,206,607	190,065	1,611,000	1,726,082	25,341,995

	1999 G\$	1998 G\$
7. Cost of Sales		
Opening Stock	808,032,755	1,343,773,583
Purchases	4,595,024,286	4,430,536,578
Stock Adjustments	61,591	168,952
Shipping Cost	13,651,483	11,802,868
Refined Cost	15,060,266	13,771,459
Smelt & Refining Loss	414,854,554	51,600,339
	<u>5,846,684,935</u>	<u>5,851,653,779</u>
Less: Closing Stock	<u>(1,434,212,874)</u>	<u>(808,032,755)</u>
Cost of Sales	<u>4,412,472,061</u>	<u>5,043,621,024</u>

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Notes to the Financial Statements For the year ended December 31, 1999

	1999 G\$	1998 G\$
8. Other Income		
G.G.M.C Salary Subsidy	-	6,175,629
Silver Sales	6,594,630	6,834,587
Lease Income	852,761	2,210,324
Gold Overage	471,475	446,584
Interest on Staff Loan	106,831	75,456
Miscellaneous	475,465	43,916
Exporters' Licence Fee	1,475,000	-
Disposal of Fixed Assets	602,000	-
Gold recovered from slag	3,889,024	-
	<u>14,467,186</u>	<u>15,786,496</u>
9. Administrative Expenses		
Insurance	1,909,674	2,602,889
Employment Cost	24,471,465	21,057,465
Depreciation	6,464,705	3,081,398
Audit Fees	1,200,000	1,320,000
Security	4,791,141	3,608,433
Motor Vehicle Expenses	1,463,985	1,703,246
Samples Test	4,214,761	3,586,869
Legal Fees	75,000	240,000
Stationery and Supplies	1,235,693	854,960
Bad debts	-	704,595
Others	361,370	2,230,497
Gold Burning Expenses	1,239,040	1,292,497
Maintenance	181,056	689,567
Meal Allowance	639,036	484,725
Overseas trips	1,151,011	568,604
Staff Welfare and Training	916,091	301,562
Telephone and Telex Charges	586,756	523,083
Gifts, Donation and Hospitality	1,152,255	109,254
Gold Underage	409,884	358,760
Stamp Expenses	4,405,915	3,608,126
Advertisements	217,375	-
Repairs to Equipment & Furniture	472,979	-
Books & Publications	202,967	-
Total	<u>57,762,159</u>	<u>48,926,530</u>



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Notes to the Financial Statements For the Year ended December 31, 1999

10. Financial Charges

	1999 GS	1998 GS
Bank Charges	<u>434,763</u>	<u>273,991</u>

11. Net Profit Before Taxation

Included therein are the Following Charges:-

Audit Fees	1,200,000	1,320,000
Depreciation	6,464,705	3,081,398

12. Prior Year Adjustments	967,689	2,740,044
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