

THE GUYANA OIL COMPANY LIMITED



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- ULSD will result in better engine performance.
- ULSD reduces emission.
- ULSD decreases corrosion/maintenance in engines.
- ULSD is more environmentally friendly.
- ULSD will eliminate exhaust blockages.
- ULSD Reduces black-smoke
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CLEANER FUEL FOR BETTER PERFORMANCE

Recommended for vehicles from 2004 to (present)

Annual Report – 2016

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THE GUYANA OIL COMPANY LIMITED

NOTICE OF MEETING


NOTICE is hereby given that the forty-first (41st) Annual General Meeting of **THE GUYANA OIL COMPANY LIMITED** will be held on **Friday July 28, 2017** at 16:00 hours (4:00p.m.) in the Company's Conference Room, Kitty Service Station, Queen Street, Kitty, Georgetown, for the following purposes:-

AGENDA

1. To receive and consider the Audited Accounts for the year ended December 31, 2016 and the Reports of the Directors and Auditors thereon;
2. To authorise the Directors to fix the remuneration of the Auditors.
3. To confirm the payment of the Interim Dividend and declare a Final Dividend as recommended by the Directors.
4. Any Other Business.

By Order of the Board

Registered Office:
191 Camp Street
Georgetown


.....
Ilissa McTaire-Jones
Company Secretary

June 30, 2017

THE GUYANA OIL COMPANY LIMITED

CHAIRMAN'S REPORT

INTRODUCTION

I am pleased to present the Chairman's Report and Audited Financial Statements for the year ended 31st December, 2016.

The Company's business involves the importation, storage, distribution and marketing of motor gasoline, gasoil, kerosene, fuel oil, Castrol lubricants and bituminous products. The products are distributed through the largest distribution network in the petroleum business in Guyana, comprising forty-nine Dealer-Owned and eight Company-Owned Service Stations, all serviced by its three Terminals located in Regions II (Adventure), IV (Providence) and VI (Heathburn).

The Petro Caribe Agreement, which was suspended in August 2015 by the Venezuela Government due to their territorial claim, forced GuyOil to source all its petroleum supplies from the Petroleum Company of Trinidad and Tobago (Petrotrin) refinery in Trinidad. Consequentially, Guyoil negotiated and signed a supply agreement with Petrotrin in 2016.

The rationalization of our main product inventory and the commitment for the installation of a new computed based Inventory Management system, in the latter part of 2016, was aimed at enhancing the management of our inventory and ensuring adequate product availability.

Despite the increasing manifestation of smuggled/illegal fuel and the increased number of licensed private importers, Guyoil maintained its dominant position in the Guyana market and continued to be the leader in stabilizing fuel prices, to the benefit of the Guyanese consuming public and industries.

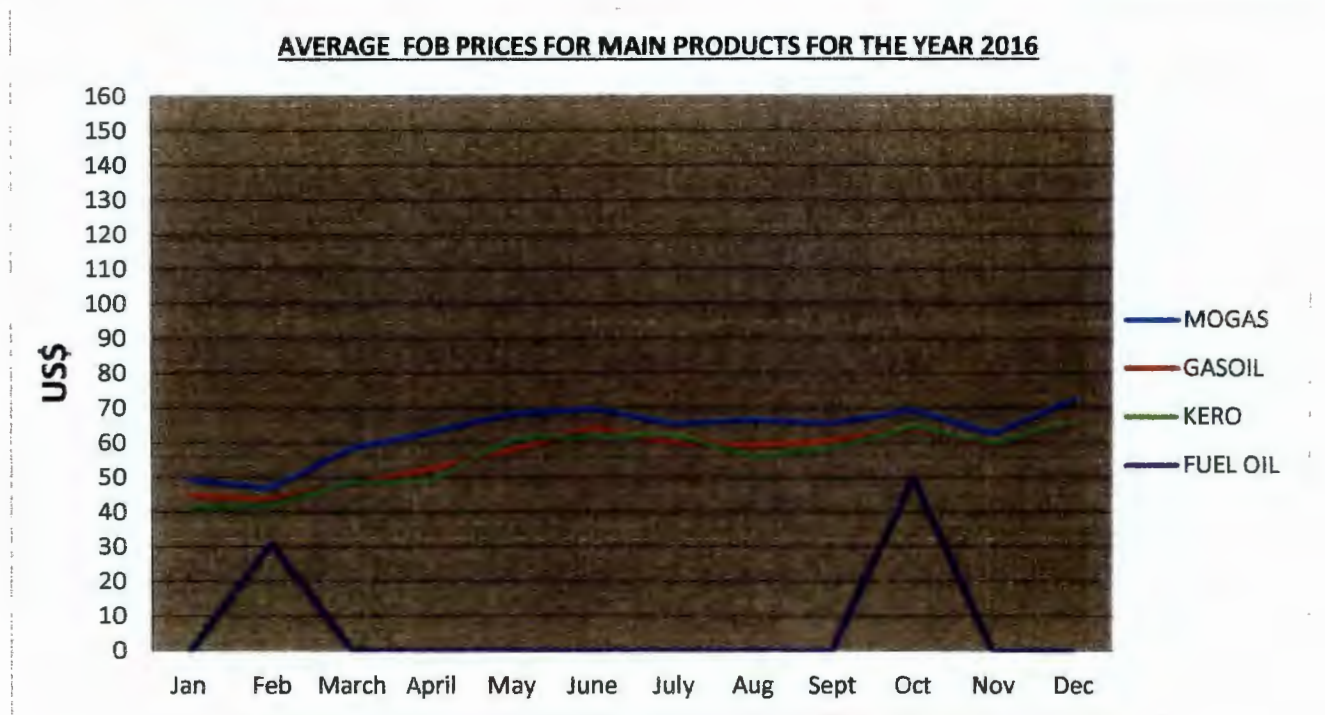
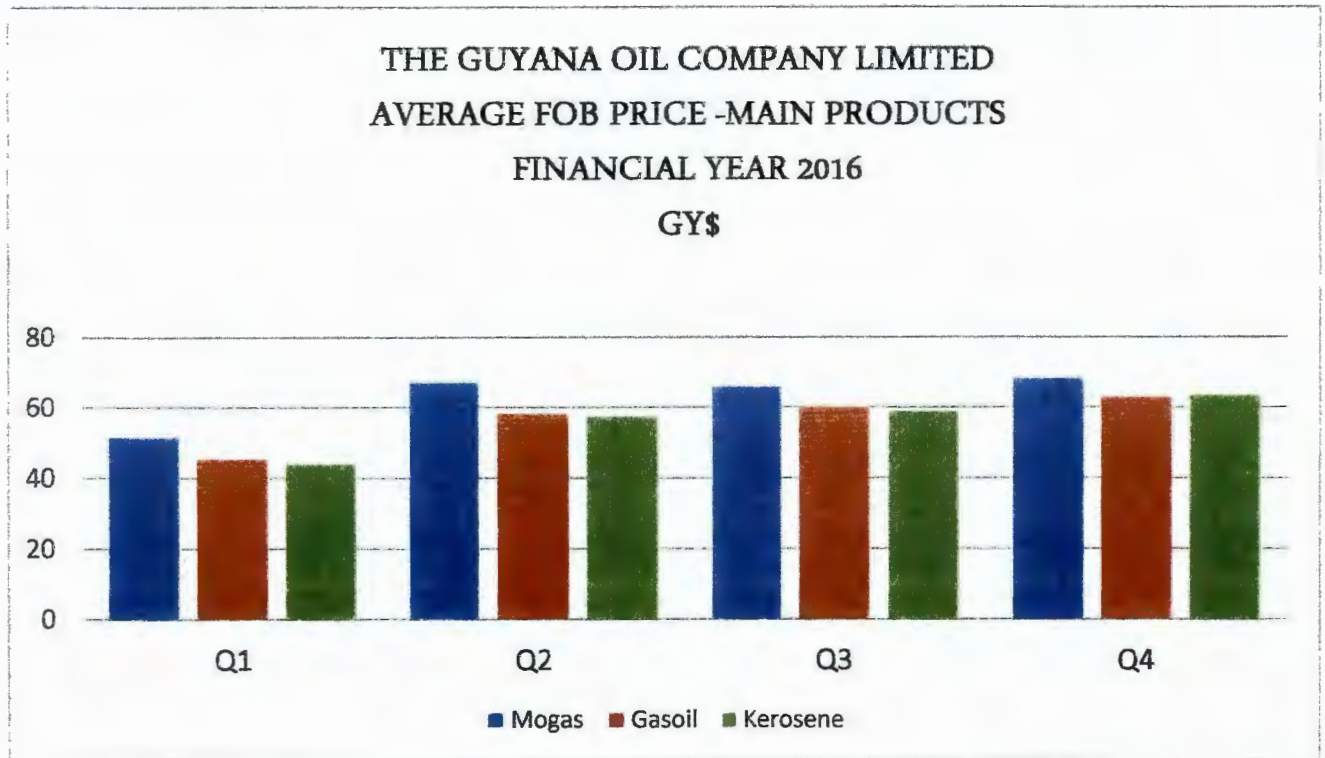
CORPORATE GOVERNANCE

The Board of Directors is committed to good Corporate Governance. The Company's Corporate Governance Policies confirm to internationally accepted rules and are designed to ensure that the Company is managed in the best interest of its shareholder, employees and customers.

During the year the Finance and Audit Committee, the Tender Board, Marketing and Security Committee and the Management Committee of the Board were active and contributed to the prudent management of the Company's affairs.

In 2016, there was the completion of the Organizational Restructuring of the Company, aimed at improving efficiency, transparency and accountability.

ACQUISITION PRICES



PERFORMANCE HIGHLIGHTS

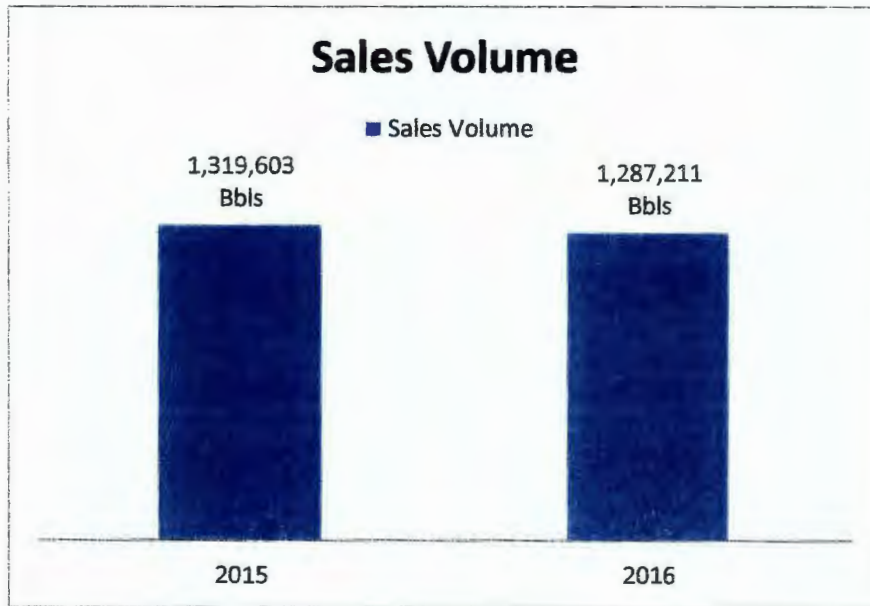
Sales Revenue

In 2016 sales was \$31.939B compared to \$36.407 in 2015, a decrease of \$4.468B or 12.27%
Cost of sales was \$25.889B compared to \$31.130B in 2015, a decrease of \$5.421B or 17.41%.



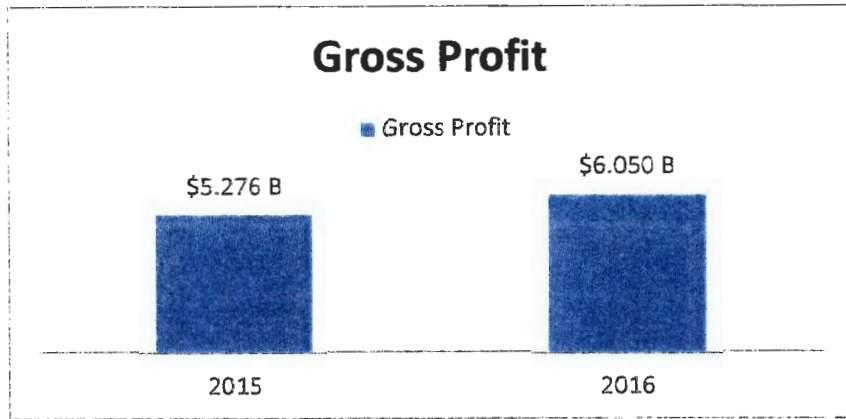
Sales Volume

Volume sales achieved were 1,287,211 bbls compared to 1,319,603 bbls in 2015, a decrease of 32,392 bbls or 2.45 %.



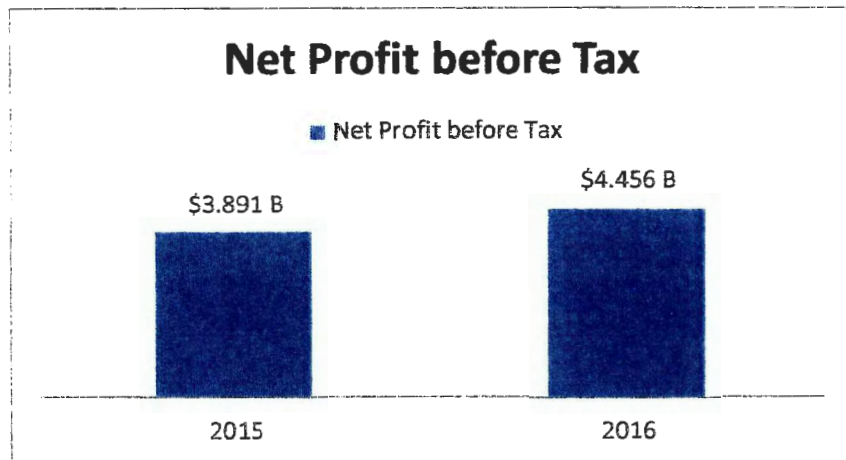
Gross Profit

Gross profit achieved in 2016 was \$6.050B compared to \$5.276B in 2015, an increase of \$0.774B or 14.67%.



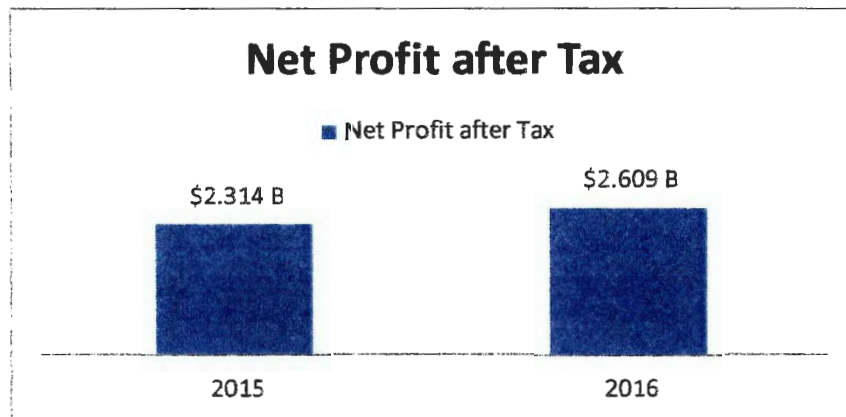
Net Profit before Tax

Net profit before taxation for 2016 was \$4.456B compared to \$3.891B in 2015, an increase of \$0.565B or 14.52%.



Net Profit after Tax

Net profit after taxation was \$2.609B compared to \$2.314B in 2015, an increase of \$0.295B or 12.74%.



FINANCIAL PERFORMANCE

The GuyOil 2016 performance benefitted from lower acquisition costs for petroleum products and better margins which resulted in enhanced profitability.

CONTRIBUTION TO COMMUNITY

Guyoil continued to honor its corporate responsibilities during the year by contributing \$3.253M to community based organizations and institutions involved in sports, education, culture and charitable work.

MANAGEMENT AND STAFF

The management and staff were able to meet the strong competitive market challenges in 2016 by continuing to deliver consistent, reliable, efficient and cost effective international quality services.

The streamlining and restructuring of the Company, which began in 2015, was completed in 2016 for full implementation in 2017.

PARTNERSHIP

We continue to build and improve our business partnership with BP/Castrol, benefiting from training in marketing and product knowledge, thereby enabling the company to maintain its market share in the lubricant business.

The higher quality Castrol products are sold at higher prices than the competition. This challenged GuyOil to adopt creative strategies to maintain its market share.

MARKETING FOCUS

The employment of a Marketing and Sales Manager enabled a greater focus on the implementation of effective competitive strategies.

The Company's drive to expand its market share for fuel and lubricants dictated an aggressive posture, with deliberate emphasis on the improvement of the delivery of customer services, aggressive pricing strategies and continuing staff training and development.

INDUSTRIAL RELATIONS

Industrial relations continued to be stable and cordial during the year. Employees received a salary increase of ten percent (10%) across the board, retroactive to January 2016. Additionally, an annual incentive bonus of four (4) weeks was paid to all employees.

INDEBTNESS TO THE COMPANY

Trade debtors are vigorously being pursued with the objective of collecting all debts. Legal action has been taken where necessary. The Company's credit policy is being strictly enforced.

TRAINING

Training continues to be an integral part of the Company's management strategy. Staff attended training seminars on Avjet product quality, Supervisory Management, Customer Service and Occupational Health and Safety/HIV.

Consumer sales representatives attended seminars on customer service, marketing and product knowledge. During the year some 2,633 man hours of in-house and external training were conducted.

EXPANSION AND FUTURE PROJECTS

During the year the Company continued with its program to consolidate and strengthen our delivery capacity. Capital expenditure for the year was \$405.218 M.

ACKNOWLEDGEMENTS

I wish to express sincere thanks and gratitude to my fellow Directors, Management and employees at all levels of the Company for their continued contributions towards the performance of The Guyana Oil Company Limited.

On behalf of the Board of Directors I would like to record our appreciation for the support received from our suppliers and customers. We look forward for their continued support in the years ahead.

I also wish to express our appreciation for the guidance and support we continue to receive from our subject Minister, Hon. Winston Jordan, MP, Minister of Finance, the staff of the Ministry of Finance and the Management and Directors of our parent company, NICIL.

.....
Mr. E. Lance Carberry
Chairman of the
Board of Directors

REPORT OF THE DIRECTORS - 2016

The Directors take pleasure in submitting their Annual Report for The Guyana Oil Company Limited, together with the Audited Financial Statements for the year ended December 31, 2016.

1. **SALES AND PROFITABILITY**

Revenue for the year was \$31.939 Billion.

Gross Profit for the year was \$6.050 Billion.

Net Profit for the year after taxation amounted to \$2.609 Billion.

2. **CAPITAL EXPENDITURE**

Capital Expenditure for the year amounted to \$405.216 Million categorized as follows:-

	<u>GS'000</u>
(a) Land and Buildings	--
(b) Plant, Machinery and Equipment	4033
(c) Office Furniture and Fittings	25.550
(d) Motor Vehicles	78.726
(e) Construction Work-in-progress	<u>296.907</u>
	<u>405.216</u>

3. **DIRECTORS**

Members of the Board of Directors are appointed, and their remuneration fixed by the Minister of Finance.

The following persons were appointed Directors of the Company for the year 2016:-

From June 01 to December 31, 2016:

(a) Mr. Everette L. Carberry	-	Chairman
(b) Mr. Oscar Phillips	-	Member
(c) Mr. Harryram Parmesar	-	Member
(d) Mr. Lawrence Paul	-	Member
(e) Mr. Berkley Wickham	-	Member
(f) Ms. Shaundell Brotherson	-	Member
(g) Ms. Shondel Hope	-	Member

5. **DIRECTORS' INTEREST**

Members of the Board of Directors do not hold any Shares in the Company. No Director has any service contract with the Company.

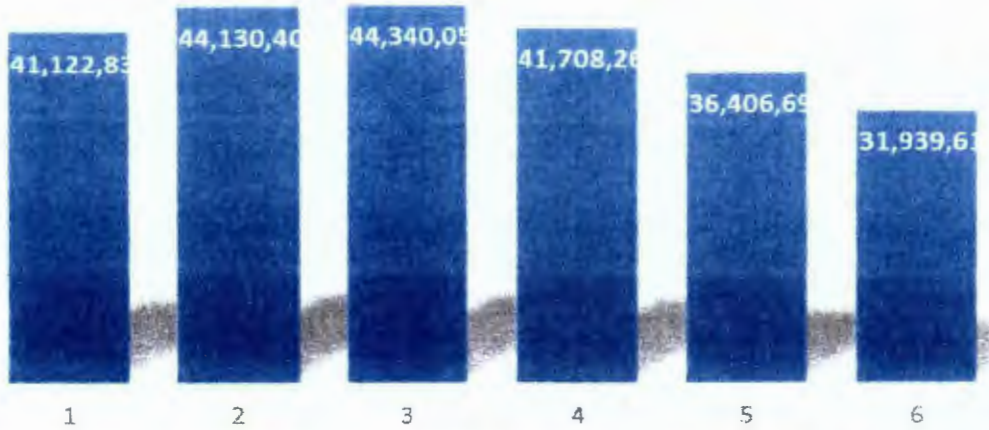
6. **AUDITORS**

In accordance with the Audit Act 2001, the Auditor General of Guyana, Auditor of the Company, contracted PKF Barcellos Narine & Co, to conduct the Audit for 2016.

TURN OVER

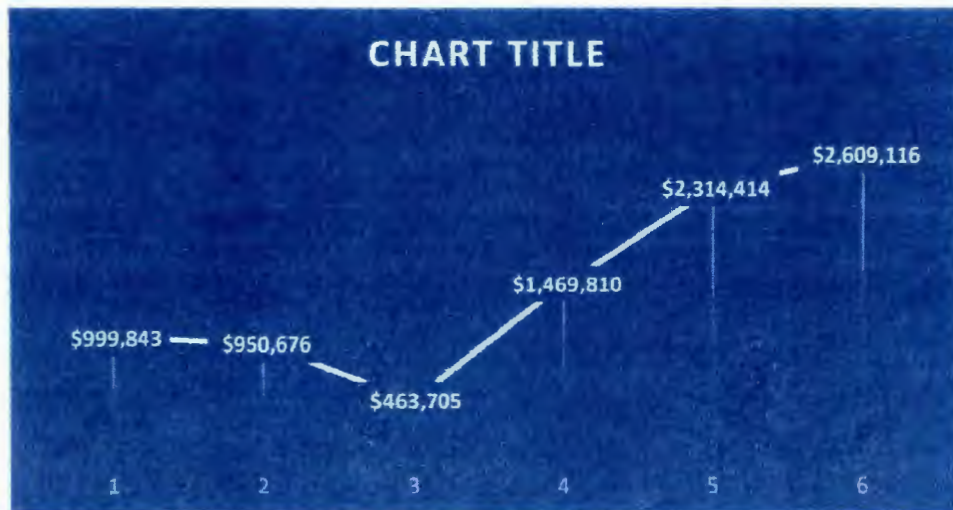
YEAR	2011	2012	2013	2014	2015	2016
TURN OVER	\$ 41,122,832	\$ 44,130,409	\$ 44,340,055	\$ 41,708,266	\$ 36,406,699	\$ 31,939,612

Chart Title



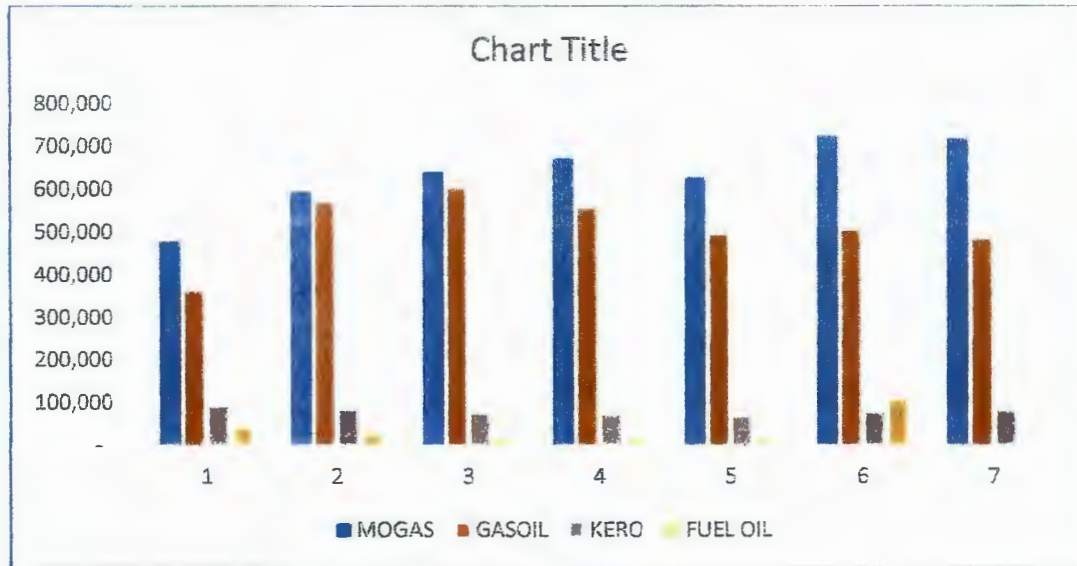
PROFIT AFTER TAX 2011-2016

YEAR	2011	2012	2013	2014	2015	2016
	\$ 999,843	\$ 950,676	\$ 463,705	\$ 1,469,810	\$ 2,314,414	\$ 2,609,116



SALES VOLUMES 2010 – 2016

YEAR	MOGAS	GASOIL	KERO	FUEL OIL
2010	476,593	362,277	87,908	39,599
2011	591,707	567,966	80,656	26,942
2012	639,539	601,794	71,632	13,019
2013	670,921	555,907	69,592	13,836
2014	626,669	494,024	63,976	12,450
2015	723,669	504,001	74,473	105,613
2016	716,298	483,439	78,862	3,613



LUBES VOLUMES

LUBES	
2011	5094
2012	4900
2013	4642
2014	4238
2015	3903
2016	3930



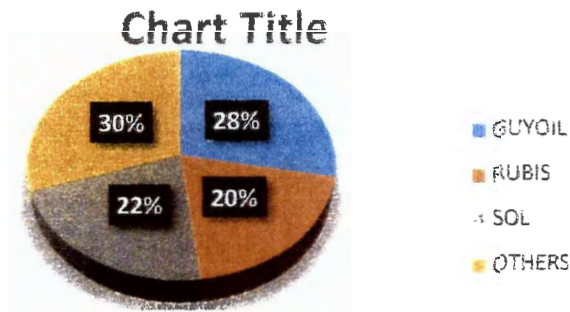
MARKET SHARE REPORT

2014 - 2016

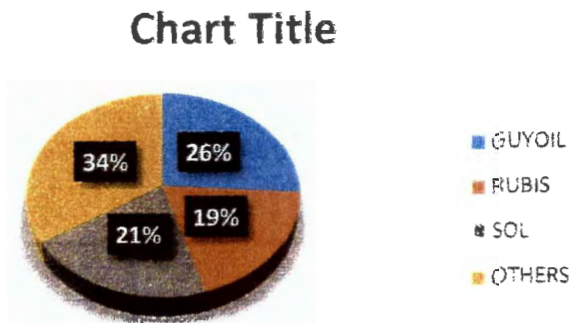
Market Share

2014			2015			2016		
COMP	BBLS	% SHARE	COMP	BBLS	% SHARE	COMP	BBLS	% SHARE
GUYOIL	1,313,676	28	GUYOIL	1,231,431	26	GUYOIL	1,281,725	28.8
RUBIS	937,334	20	RUBIS	907,426	19	RUBIS	880,141	19.8
SOL	1,031,067	22	SOL	993,793	21	SOL	971,793	21.8
OTHERS	1,406,001	30	OTHERS	1,607,379	33	OTHERS	1,320,000	29.6

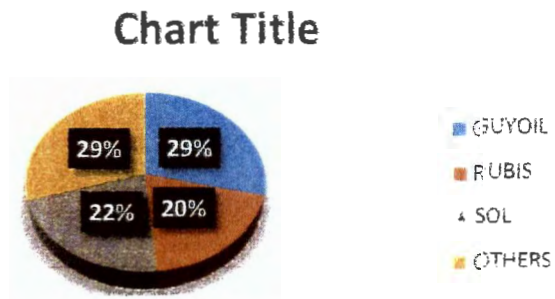
2014



2015



2016





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>*

AG: 34/2017

17 May 2017

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF
THE CONSOLIDATED FINANCIAL STATEMENTS
OF THE GUYANA OIL COMPANY LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016**

Opinion

Chartered Accountants PKF Barcellos Narine and Company have audited on my behalf the consolidated financial statements of the Guyana Oil Company Limited, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies as set out on pages 3 to 22.

In my opinion, the consolidated financial statements give a true and fair view, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Going Concern

The Group's consolidated financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Group or cease operations, or has no realistic alternative but to do so. As part of my audit of the consolidated financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the Group's consolidated financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on my audit of the financial statements, I also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Group's ability to continue as a going concern.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

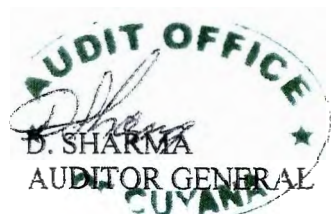
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

The consolidated financial statements comply with the requirements of the Companies Act 1991.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

HNN/or

INDEPENDENT AUDITOR'S REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

THE GUYANA OIL COMPANY LIMITED AND SUBSIDIARY

(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)

Opinion

We have audited the accompanying consolidated financial statements, and its subsidiary of The Guyana Oil Company Limited (wholly owned subsidiary of National Industrial and Commercial Investments Limited) which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view, in all material respects, the financial position of the group as of December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statement section of our report. We are independent of the group within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The consolidated financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the group's ability to continue as a going concern.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the group's financial reporting process.

.../..

Tel: (592) 225 8915 | (592) 225 8917/8

Fax: (592) 226 5340 | Email: bnpkf@networksgy.com | www.pkfgy.com

PKF Barcellos Narine & Co. | 106-7 Lamaha Street | Georgetown | Guyana

The Principal place of business where the list of partners' names is open to inspection is 106 Lamaha Street, Georgetown, Guyana.

PKF Barcellos Narine & Co. is authorized and regulated by the Institute of Chartered Accountants of Guyana.

PKF Barcellos Narine & Co. is a member of PKF International Limited, a network of legally independent member firms.

Auditors' Responsibility

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The consolidated financial statements comply with the requirements of the Companies Act 1991.


PKF, BARCELLOS, NARINE & CO.
106 -107 Lamaha Street
North Cummingsburg
Georgetown

May 9, 2017

The Guyana Oil Company Limited
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 Consolidated Statement of Financial Position
 As at December 31, 2016

	Notes	Company		Group	
		2016	2015	2016	2015
		G\$'000	G\$'000	G\$'000	G\$'000
ASSETS					
Non-current assets					
Property, plant & equipment	4	2,075,082	1,884,391	2,572,872	2,472,887
Deferred tax assets	5	19,154	37,090	30,561	37,090
Related party	6	791,214	821,326	-	-
Investment in Subsidiary		100	100	-	-
		2,885,550	2,742,907	2,603,433	2,509,977
Current Assets					
Taxes Recoverable		4,398	-	4,398	-
Inventories	7	1,809,087	1,093,821	1,914,592	1,172,842
Trade and other receivables	8	526,497	1,100,723	636,775	1,131,862
Cash and cash equivalents	9	6,900,981	5,357,660	7,045,378	5,512,883
Total current assets		9,240,963	7,552,204	9,601,143	7,817,587
TOTAL ASSETS		12,126,513	10,295,111	12,204,576	10,327,564
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	10	575	575	575	575
Capital reserves	11	775	775	775	775
Retained earnings		9,899,587	8,486,605	9,909,990	8,499,153
		9,900,937	8,487,955	9,911,340	8,500,503
Non-current liabilities					
Defined benefit liability	12	157,791	161,658	157,791	161,658
Current liabilities					
Accounts payable	13	1,368,858	100,673	1,425,833	106,805
Dividend Payable		-	1,000,000	-	1,000,000
Taxes payable		698,927	544,825	709,612	558,598
		2,067,785	1,645,498	2,135,445	1,665,403
TOTAL EQUITY AND LIABILITIES		12,126,513	10,295,111	12,204,576	10,327,564

The notes on pages 10 to 21 form an integral part of these financial statements.

Approved and signed on behalf of the Board of Directors by:


 Director


 Director

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Consolidated Statement of Income.
For the year ended December 31, 2016

	Notes	Company		Group	
		2016 G\$'000	2015 G\$'000	2016 G\$'000	2015
Revenue	14	31,939,612	36,406,699	32,990,337	37,095,340
Cost of sales		25,889,152	31,130,416	26,758,860	31,630,050
Gross profit		6,050,460	5,276,283	6,231,477	5,465,290
Expenses					
Administrative		566,083	563,349	566,083	563,349
Operating		657,240	528,523	831,221	691,507
Marketing		469,142	449,230	469,142	449,230
Total expenses		1,692,465	1,541,102	1,866,446	1,704,086
Operating profit		4,357,995	3,735,181	4,365,031	3,761,204
Other income	15	67,574	130,269	67,574	130,269
Interest received	16	30,717	25,766	31,250	26,064
Net Profit before Taxation		4,456,286	3,891,216	4,463,855	3,917,537
Taxation	17	1,847,170	1,576,802	1,856,885	1,590,575
Net Profit after Taxation		2,609,116	2,314,414	2,606,970	2,326,962
Other Comprehensive Income for the year (items that will not be reclassified subsequently to profit and loss:)					
Re-measurement of defined benefit plan		3,867	-	3,867	-
Total Comprehensive Income		2,612,983	2,313,414	2,610,837	2,326,962
Earnings per share (in dollars)	18	4.54	4.03	4.54	4.05

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Statement of Changes in Equity
For the year ended December 31, 2016
Company

	Notes	Stated capital (note 10) G\$ '000	Capital reserves (note 11) G\$ '000	Retained earnings G\$ '000	Total G\$ '000
Balance at January 01, 2015:					
- as previously stated		575	775	8,172,191	8,173,541
Net profit for the year		-	-	2,314,414	2,314,414
Dividends				(2,000,000)	(2,000,000)
Balance at December 31, 2015		<u>575</u>	<u>775</u>	<u>8,486,605</u>	<u>8,487,955</u>
Balance as at January 1, 2016		575	775	8,486,605	8,487,955
Net profit for the year		-	-	2,609,116	2,609,116
Other Comprehensive Income				3,867	3,867
Dividends		-	-	(1,200,000)	(1,200,000)
Balance at December 31, 2016		<u>575</u>	<u>775</u>	<u>9,899,588</u>	<u>9,900,938</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Consolidated Statement of Changes in Equity
For the year ended December 31, 2016
Group

	Notes	Stated capital (note 10) G\$ '000	Capital reserves (note 11) G\$ '000	Retained earnings G\$ '000	Total G\$ '000
Balance at January 01, 2016:		575	775	8,172,191	8,173,541
Net profit for the year		-	-	2,326,962	2,326,962
Dividends		-	-	(2,000,000)	(2,000,000)
Balance at December 31, 2015		575	775	8,499,153	8,500,503
Net profit for the year		-	-	2,606,970	2,606,970
Dividends		-	-	(1,200,000)	(1,200,000)
Other Comprehensive Income		-	-	3,867	3,867
Balance at December 31, 2016		575	775	9,909,990	9,911,340

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Statement of Cash Flows
For the year ended December 31, 2016

<i>Company</i>	2016	2015
	G\$'000	G\$'000
Cash flows from operating activities		
Net profit before taxation	4,456,286	3,891,216
<i>Adjustments for:</i>		
Interest receivable	(30,716)	(25,766)
Depreciation	216,691	211,323
Adjustment - Net Book Value of Asset Transfer Inter Company	(5,358)	
External payments Deposit Written Off	-	107
(Gain)/loss on disposal of property, plant & equipment	(2,699)	(40,123)
Operating profit before changes in working capital	<u>4,634,204</u>	<u>4,036,757</u>
Decrease/(Increase) in inventories	(715,266)	(111,773)
Decrease/(Increase) in trade and other receivables	604,963	(473,398)
(Decrease)/Increase in trade and other payables	1,222,616	(43,754)
Decrease/(Increase) in related party	44,944	
Increase/(decrease) in defined benefit liability	-	42,196
Cash generated from operations	<u>5,791,460</u>	<u>3,450,028</u>
Taxes paid	(1,679,530)	(1,258,096)
Net cash flows generated from operating activities	<u>4,111,931</u>	<u>2,191,932</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(405,216)	(203,765)
Interest received	30,716	25,766
Proceeds from sale of property, plant and equipment	5,890	674,262
Investment in Subsidiary	-	(100)
Net cash used in investing activities	<u>(368,610)</u>	<u>496,163</u>
Cash flows from financing activities		
Dividend paid	(2,200,000)	(1,000,000)
Net cash used in financing activities	<u>(2,200,000)</u>	<u>(1,000,000)</u>
Net cash inflow for the year	<u>1,543,321</u>	<u>1,688,095</u>
Cash and cash equivalents at January 1	5,357,660	3,669,565
Cash and cash equivalents at December 31	<u>6,900,981</u>	<u>5,357,660</u>
Analysis of cash and cash equivalents as stated in the Balance Sheet:		
Cash on Hand	3,330	2972
Cash on Deposit	6,897,651	5,354,688
Cash and cash equivalents as per balance sheet	<u>6,900,981</u>	<u>5,357,660</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Consolidated Statement of Cash Flows
For the year ended December 31, 2016

<i>Group</i>	2016 G\$'000	2015 G\$'000
Cash flows from operating activities		
Net profit before taxation	4,463,855	3,917,537
<i>Adjustments for:</i>		
Interest receivable	(31,249)	(26,064)
Depreciation	303,372	296,633
Adjustment - Net Book Value of Asset Transfer Inter Company	(5,358)	-
External payments Deposit Written Off	-	107
(Gain)/loss on disposal of property, plant & equipment	(2,427)	(40,113)
Operating profit before changes in working capital	<u>4,728,193</u>	<u>4,148,100</u>
Decrease/(Increase) in inventories	(741,750)	(190,794)
Decrease(Increase) in trade and other receivables	495,087	316,789
(Decrease)/Increase in trade and other payables	1,319,029	(37,622)
Increase/(decrease) in defined benefit liability	-	42,196
Cash generated from operations	<u>5,800,559</u>	<u>4,278,669</u>
Taxes paid	(1,703,739)	(1,258,096)
Net cash flows generated from operating activities	<u>4,096,820</u>	<u>3,020,573</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(406,823)	(221,924)
Interest received	31,249	26,064
Transfer of Fixed Assets	5,358	-
Proceeds from sale of property, plant and equipment	5,891	18,605
Net cash used in investing activities	<u>(364,325)</u>	<u>(177,255)</u>
Cash flows from financing activities		
Dividend	(2,200,000)	(1,000,000)
Net cash used in financing activities	<u>(2,200,000)</u>	<u>(1,000,000)</u>
Net cash inflow for the year	<u>1,532,495</u>	<u>1,843,318</u>
Cash and cash equivalents at January 1, 2016	5,512,883	3,669,565
Cash and cash equivalents at December 31, 2016	<u>7,045,378</u>	<u>5,512,883</u>
Analysis of cash and cash equivalents as stated in the Balance Sheet:		
Cash on Hand	3,455	3,022
Cash on Deposit	7,041,923	5,509,861
Cash and cash equivalents as per balance sheet	<u>7,045,378</u>	<u>5,512,883</u>

The notes on pages 10 to 21 form an integral part of these financial statements.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

1. Incorporation and principal activities

The Guyana Oil Company Ltd was incorporated in the Co-operative Republic of Guyana under the Companies Act Cap. 89:01 on June 16, 1976 and continued under the Companies Act, 1991 on May 17, 1997. The Company's registered office is located at 191 Camp Street, Georgetown. The principal activities of the company consist of the purchase and sale of petroleum products.

Guyoil Aviation Services Inc's principal activity is the purchase and sale of Aviation Fuel.

These financial statements were approved by the Board on May 9, 2017.

2. Summary of significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards, and have been prepared under the historical cost convention except for the valuation of certain items of property, plant and equipment vested in the Company on 16 June 1976 as stated in note 4.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Those areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

In the current year, the Company adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee of the IASB that are relevant.

At the date these financial statements were authorised, several Standards and Interpretations were in issue but not yet effective. These are not expected to have a significant impact on the financial statements of the Company.

(b) Income and expenditure

Income and expenditure are dealt with in these financial statements on the accrual basis.

(c) Revenue recognition

Revenue is recognised when the product has been delivered to the customer and the consideration becomes receivable. Turnover represents the value of goods sold to third parties.

2. Summary of significant accounting policies

(d) Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses (if any). Depreciation is calculated on a straight-line basis at rates estimated to write off the assets over their expected useful lives. No depreciation is provided on freehold land and construction work-in-progress. The expected useful lives of the other property, plant and equipment are as follows:

Building	Over 20 years
Motor vehicles	Over 4 years
Equipment	Over 10 years
Office furniture & fittings	Over 10 years
Office Equipment	Over 4 years

(e) Inventories

Inventories are stated at the lower at cost and net realisable value using primarily the average cost method.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Retirement benefit costs

The Company participates in a contributory multi-employer defined benefit pension scheme. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 percent of the greater of the present value of the company's defined benefit obligation and the fair value of plan assets are recognised immediately.

(h) Taxation

Tax shown charged against profits for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income and net property for the year, using tax rates in effect at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax liabilities are provided using the balance sheet liability method in respect of corporation taxes payable in future periods for taxable temporary differences. Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits but only to the extent that it is probable that taxable profit will be available for offset.

(i) Reporting and foreign currencies

The financial statements are presented in Guyana dollars. Foreign currency transactions are recorded at the rates prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in a foreign currency at the balance sheet date are retranslated at the rates prevailing at that date. Gains and losses arising on retranslation are included in the profit and loss for the period.

(j) Basis of Consolidation

The consolidated financial information includes the accounts of The Guyana Oil Company Ltd and its subsidiary

Guyoil Aviation Services Inc. The subsidiary is 100 % owned and commenced trading January 01, 2015.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

3. Critical accounting judgments and key sources of estimation uncertainty

Except for the judgments made by management in establishing provisions for impairment losses (note 6 and 7), there were no judgments or estimations that have a significant effect on the amounts recognised in the financial statements.

4. Property, plant and equipment

Company

	Land and Buildings	Plant, Machinery & Equipment	Office Furniture & fittings	Motor Vehicles	Construction Work-in- Progress	Total
	G\$'000	G\$'000	G\$'000	G\$'000	G\$'000	G\$'000
Cost/valuation						
At January 01, 2016	1,467,294	1,158,574	239,018	439,198	204,494	3,508,578
Additions	-	4,033	25,550	78,726	296,907	405,216
Inter Company Transfer				6,951		6,951
Disposals	-	(13,027)	(12,245)	(5,095)	-	(30,367)
Transfers	267,336	68,770	-	-	(336,106)	-
At December 31, 2016	1,734,630	1,218,350	252,323	519,780	165,295	3,890,378
Depreciation						
At January 01, 2016	385,933	679,198	181,208	377,848	-	1,624,187
Charges	83,154	74,813	26,250	32,474	-	216,691
Inter Company Transfer				1,593		1,593
Disposals	-	(10,878)	(11,202)	(5,095)	-	(27,175)
At December 31, 2016	469,087	743,133	196,256	406,820	-	1,815,296
Net book value						
At December 31, 2016	1,265,543	475,217	56,067	112,960	165,295	2,075,082
At January 01, 2016	1,081,361	479,376	57,810	61,350	204,494	1,884,391

Included in land and buildings is land costing \$1,320,000 (2015 - \$1,320,000). Fixed assets vested in the parent company upon incorporation were recorded at the net book value of the previous owner.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

4. Property, plant and equipment

Group

	Land and Buildings	Plant, Machinery & Fittings	Office Furniture & fittings	Motor Vehicles	Construction Work-in- Progress	Total
	G\$'000	G\$'000	G\$'000	G\$'000	G\$'000	G\$'000
<i>Cost/valuation</i>						
At January 01, 2016	1,551,939	1,626,876	244,407	626,416	204,494	4,254,132
Additions	-	5,144	26,044	78,726	296,907	406,821
Disposals	-	(11,938)	(12,604)	(5,095)	(1,089)	(30,726)
Transfers	267,336	67,681	-	-	(335,017)	-
At December 31, 2016	1,819,275	1,687,763	257,847	700,047	165,295	4,630,227
<i>Depreciation</i>						
At January 01, 2016	388,049	768,698	181,847	442,651	-	1,781,245
Charges	87,386	116,955	27,538	71,494	-	303,373
Inter Co. Company Transfer	-	-	-	1,593	-	1,593
Disposals	-	(10,878)	(11,289)	(6,688)	-	(28,855)
At December 31, 2016	475,435	874,775	198,096	509,050	-	2,057,356
<i>Net book value</i>						
At December 31, 2016	1,343,840	812,988	59,751	190,997	165,295	2,572,871
At January 01, 2016	1,163,890	858,178	62,560	183,765	204,494	2,472,887

The Guyana Oil Company Limited
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 Notes to the financial statements
 For the year ended December 31, 2016

5. Deferred tax assets	Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'001
Deferred tax assets are attributable to the following:				
Deferred tax on Minimum Tax			34,787	
<i>Property, plant and equipment:</i>				
At January 1,	37,090	44,463	37,090	44,463
Movement during the year	(17,936)	(7,373)	(41,316)	(7,373)
At December 31,	19,154	37,090	30,561	37,090

8. Related Party

Amount due from Guyoil Aviation Services Inc.:	791,214	821,326	-	
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Parties are considered related if (a) one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions, or (b) the party is a member of a key management personnel.

7. Inventories

Aviation Jet Fuel	-	-	104,029	78,422
Bulk petroleum	1,460,370	802,768	1,460,370	802,768
Lubricants	178,554	177,128	178,554	177,128
Spares, materials and supplies	139,228	85,993	140,704	86,592
Other	30,935	27,932	30,935	27,932
	1,809,087	1,093,821	1,914,592	1,172,842

8. Trade and other receivables

Trade debtors	290,758	407,866	362,828	425,659
Other debtors	17,977	27,470	37,028	27,470
Prepayments	285,495	733,120	304,652	746,466
	594,230	1,168,456	704,508	1,199,595
Provision for bad and doubtful debts	(67,733)	(67,733)	(67,733)	(67,733)
	526,497	1,100,723	636,775	1,131,862

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

	Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'001
9. Cash and cash equivalents				
(a) Cash on hand - local currencies	3,330	2,972	3,455	3,022
(b) Demand deposits	1,562,758	2,073,330	1,576,225	2,087,175
(c) Savings deposits	3,265,640	1,997,188	3,265,640	1,997,188
(d) Term deposits	130,550	129,086	130,550	129,086
(e) Foreign currency balances	1,938,703	1,155,083	2,069,508	1,296,411
Total	6,900,981	5,357,660	7,045,378	5,512,883

- (a) These are non-interest bearing cash balances with no dates for maturity.
(b) This represents a non-interest bearing chequing account.
© The weighted average rate of interest for the year was 1.45 % (2015 - 1.45%). There is no date of maturity.
(d) This represents short term investments with interest at an average interest rate of 1.75 % with varying maturity dates.
(e) These represent foreign currency accounts with no maturity dates.

	Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015
10. Stated capital				
Issued and fully paid: 575,000 ordinary shares	575	575	575	575

The company is authorised to issue a maximum of 5,000,000 ordinary shares at a minimum issue price of \$1 each. All issued shares are held by National Industrial and Commercial Investments Limited (NICIL).

11. Capital reserve

This represents the difference between the net book value of the assets acquired on June 16, 1976, the date of incorporation, and the purchase consideration.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

12. Defined benefit liability

The Company participates in a contributory multi-employer pension scheme, Guyana Sugar and Trading Enterprises Pension Scheme (STEPS), a defined benefit scheme. The contributions are held in trustee administered funds, which are separate from the Company'

The plan covers all permanent employees. The average number of employees in the pension scheme was 249, (2015 - 236). The last actuarial valuation was done at December 31, 2016.

	Company		Group	
	2016	2015	2016	2015
	G\$'000	G\$'000	G\$'000	
Net Liability in Statement of Financial Position				
Present Value of Defined benefit obligations	755,350	719,890	755,350	719,890
Fair value of plan assets	(597,559)	(558,232)	(597,559)	(558,232)
Net Defined benefit liability/(Asset)	157,791	161,658	157,791	161,658

Expense recognised in the Statement of Comprehensive Income

Current service cost	56,964	51,651	56,964	51,651
Net Interest on Net defined benefit Liability/(Asset)	6,765	4,780	6,765	4,780
Net pension cost	63,729	56,431	63,729	56,431

The 2013 figures are restated due to the inadvertent interchange of the figures in the 2013 audited Financial Statements

Movement in Present Value of Defined Benefit Obligation

Defined benefit obligation at start of year	719,890	637,710	719,890	637,710
Current Service Cost	56,964	51,651	56,964	51,651
Interest Cost	34,804	31,549	34,804	31,549
Members Contribution	15,692	14,242	15,692	14,242
- Experience adjustments	(23,804)	(1,645)	(23,804)	(1,645)
Benefits Paid	(48,196)	(13,617)	(48,196)	(13,617)
Defined benefit obligation at end of year	755,350	719,890	755,350	719,890

Movement in Fair Value of Plan Assets

Fair Value of Plan Assets at start of year	558,232	518,248	558,232	518,248
Interest Income	28,039	26,769	28,039	26,769
Return on Plan Assets, excluding interest Income	6,129	(21,464)	6,129	(21,464)
Company Contribution	37,663	34,054	37,663	34,054
Members Contribution	15,692	14,242	15,692	14,242
Benefits Paid	(48,196)	(13,617)	(48,196)	(13,617)
Fair Value of Plan Assets at end of year	597,559	558,232	597,559	558,232

Summary of Principal Assumptions as at 31 December.

	% per annum	% per annum	% per annum	% per annum
Discount rate	5.0	5.0	5.0	5.0
Salary increases	5.0	5.0	5.0	5.0
Pension increases	2.0	2.0	2.0	2.0

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

13. Accounts payable	Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015
Trade payables	1,335,857	68,218	1,337,308	68,218
Accruals	21,236	32,455	23,921	33,355
Other payables	11,765	-	64,604	5,232
Total	1,368,858	100,673	1,425,833	106,805

14 Revenue

Gasoline	19,388,791	21,368,364	19,388,791	21,368,364
Gasoil	10,530,569	12,595,265	10,530,569	12,595,265
Kerosene	1,183,988	1,393,717	1,183,988	1,393,717
Avjet	-	-	1,050,725	688,641
Fueloil	43,447	173,797	43,447	173,797
Lube oil	651,405	669,802	651,405	669,802
Lube grease	19,006	18,492	19,006	18,492
Bitumen	72,845	130,198	72,845	130,198
Tyres, batteries & accessories	49,561	57,064	49,561	57,064
Total	31,939,612	36,406,699	32,990,337	37,095,340

15 Other income

Subletting of tanker Income	134,337	214,454	134,337	214,454
Cost associated with subletting tanker	125,465	178,692	125,465	178,692
	8,872	35,762	8,872	35,762
Other	58,702	94,507	58,702	94,507
Total	67,574	130,269	67,574	130,269

16 Interest Received

Bank Interest - Gross	38,396	32,207	38,929	32,579
Withholding Tax	(7,679)	(6,441)	(7,679)	-6,515
Net	30,717	25,766	31,250	26,064

17 Taxation

The tax charge is made up as follows:

Current year

Corporation tax	1,745,813	1,518,371	1,766,828	1,532,144
Less - Overprovision 2014	-	(15,288)	-	(15,288)
	1,745,813	1,503,083	1,766,828	1,516,856
Capital Gains Tax Write Back	-	(577)	-	(577)
Property tax	83,421	67,263	83,421	67,263
Less - Overprovision 2014	-	(340)	-	(340)
	1,829,234	1,569,429	1,850,249	1,583,202
Withholding Tax	-	-	107	-
<i>Deferred tax</i>				
(Origination)/reversal of temporary differences on fixed assets	17,936	7,373	6,529	7,373
Total	1,847,170	1,576,802	1,856,885	1,590,575

The Guyana Oil Company Limited
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 Notes to the financial statements
 For the year ended December 31, 2016

19 Financial risk management

The Company's activities expose it to a number of risks. These risks and the Company's policies for managing them are as follows:

(a) Market risks

Market risk embodies not only the potential for loss but also the potential for gain.

i) Currency risk

This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The equivalent Guyana dollar values of assets and liabilities denominated in foreign currencies are as follows:

	Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'000
Cash and cash equivalents	1,938,703	1,155,083	2,068,788	1,296,411
Accounts payable	(93,133)	(17,097)	(122,601)	(23,229)
Net exposure to currency risk	1,845,570	1,137,986	1,946,187	1,273,182

All foreign currency assets and liabilities are denominated in United States dollars. Management monitors its foreign currency requirements on a regular basis to minimise exposure.

ii) Fair value interest rate risk

This is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to interest rate risks.

iii) Price risk

This is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Company is not significantly exposed to price risks as its financial instruments are not traded in the market.

The Company has significant exposure to price risk, including the risk of changes in related import tax rates, on future purchases of petroleum products for resale. A change in those prices may alter the gross margin of these products. The Company monitors market prices and adjust selling prices accordingly. The Company has not entered into commodity future, forward and option contracts to manage fluctuations in prices of anticipated purchases.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

19 Financial risk management continued

(b) Credit Risk

This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The financial instruments exposed to credit risks are as follows:

	Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015
Trade and other receivables	526,497	1,100,723	636,775	1,131,862
Related Party	791,214	821,326	-	
Cash and cash equivalents	6,900,981	5,357,660	7,045,378	5,512,883
	8,218,692	7,279,709	7,682,153	6,644,745
Defined benefit liability	(157,791)	(161,658)	(157,791)	(161,658)
Accounts payable	(1,368,858)	(100,673)	(1,425,835)	(106,805)
Taxes payable	698,927	(544,825)	709,612	(558,598)
Net exposure to credit risk	7,390,970	6,472,553	6,808,139	5,817,684

The primary source of credit risk is trade and other receivables. Management monitors this source of risk and ensures that appropriate action, such as legal action, is taken to protect the company. Impairment provisions are established for balances, other than that owed by Government or Government agencies and corporation, for which management believes there is insignificant risk of non-recovery. Cash and cash equivalents are not a major source of credit risk as the counterparties are mainly regulated financial institutions with no known liquidity problems.

(c) Liquidity risk

This is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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

All liquid assets and liabilities mature within one year of the balance sheet date.

(d) Cash flow interest rate risk

This is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The company is not significantly exposed to such risks.

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

20 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities not carried at fair value in the financial statements are estimated to approximate their carrying values.

21 Related party transactions and balances

	Transactions Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'000
<i>Sale of goods - Transactions</i>				
Entities wholly or partly owned by the Government of Guyana	1,219,091	1,115,168	1,219,091	1,115,168
Government agencies	2,021,799	2,021,799	2,052,007	2,052,007
	Due (to)/from Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'000
<i>Sale of goods - Due(to)/from</i>				
Entities wholly or partly owned by the Government of Guyana	19,975	(37,837)	19,975	(37,837)
Government agencies	(136,894)	(146,890)	(136,894)	(159,772)
	Transactions Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'000
<i>Other Income - Transactions</i>				
Entities wholly or partly owned by the Government of Guyana	92,480	204,869	92,480	204,869
	Due (to)/from Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'000
<i>Other Income - Due (to) / from</i>				
Entities wholly or partly owned by the Government of Guyana	8,062	13,726	8,062	13,726

The Guyana Oil Company Limited
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
For the year ended December 31, 2016

21 Related party transactions and balances continued

Directors emoluments

	Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'000
	(Jan-Jun 2015)		(Jan-Jun 2015)	
Keshav Mangal - Chairman		479		479
Neermal Rekha - Director		63		63
Oscar Phillips - Director		69		69
Lance Carberry - Director		51		51
Harryram Parmesar - Director		75		75
Hubert Rodney - Director		51		51
	-	788	-	788
	(Jul-Dec 2015)		(Jul-Dec 2015)	
Lance Carberry - Chairman	664	148	664	148
Oscar Phillips - Director	699	183	699	183
Harryram Parmesar - Director	699	171	699	171
Lawrence Paul - Director	675	171	675	171
Berkley Wickham - Director	312	123	312	123
Shondel Hope - Director	459	123	459	123
S. T - Brotherson. - Director	663	183	663	184
	4,171	1,102	4,171	1,103
	4,171	1,890	4,171	1,891

22 Commitments and contingencies

Operating lease commitments

At the balance sheet date, the company has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Company		Group	
	2016 G\$'000	2015 G\$'000	2016 G\$'000	2015 G\$'000
Within one year	1,584,766	1,500,000	1,586,291	1,586,291
Within two years	1,584,766	1,500,000	1,586,291	1,586,291
Total	3,169,532	3,000,000	3,172,582	3,172,582

Operating lease payments represent rentals of ocean vessels. Charges are negotiated every two (2) years.

Contingent liabilities

The Company is a plaintiff in several litigation matters with defaulting customers and others. The Company is also a defendant in litigation. The outcome of these and the Company's liability, if any, cannot be determined at this time.

23 Key Management Personnel

The company had six (6) ((2015 five (5)) senior managers whose annual emoluments for the year 2016 was 48,397,706. (2015 - \$ 37,200,582). Two of the managers retired while the service of one was terminated during 2016.

The two retired managers were re-hired as contract employees.



Audit Office of Guyana

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AG: 32/2017

28 April 2017

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF
THE GUYANA OIL COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion

Chartered Accountants PKF Barcellos Narine and Company have audited on my behalf the financial statements of Guyana Oil Company Limited, which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in shareholder's equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies as set out on pages 2 to 28.

In my opinion, the financial statements give a true and fair view, in all material respects, the financial position of the Guyana Oil Company Limited as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act of 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so. As part of my audit of the financial statements, I have concluded that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on my audit of the financial statements, I also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

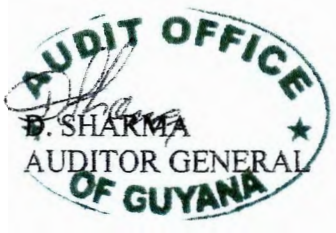
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during my audit.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

HNN/cr

INDEPENDENT AUDITOR'S REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
THE GUYANA OIL COMPANY LIMITED
(WHOLLY OWNED SUBSIDIARY OF NATIONAL INDUSTRIAL AND COMMERCIAL INVESTMENTS LIMITED)

Opinion

We have audited the accompanying financial statements The Guyana Oil Company Limited (wholly owned subsidiary of National Industrial and Commercial Investments Limited) which comprise the statement of financial position as at December 31, 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view, in all material respects, the financial position of the Company as of December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statement section of our report. We are independent of the company within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern

The company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the company's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the company's ability to continue as a going concern.

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 the financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the company's financial reporting process.

.../..

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The Principal place of business where the list of partners' names is open to inspection is 106 Lamaha Street, Georgetown, Guyana.
PKF Barcellos Narine & Co. is authorized and regulated by the Institute of Chartered Accountants of Guyana.
PKF Barcellos Narine & Co. is a member of PKF International Limited, a network of legally independent member firms

THE GUYANA OIL COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

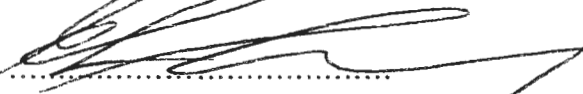
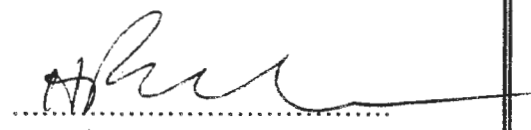
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)

DECEMBER 31, 2016

Amounts in thousands

ASSETS	Notes	G\$	G\$	G\$ 2015
Non Current Asset				
Property, Plant and Equipment	2	2,075,083		1,884,391
Deferred Tax	3	19,154		37,090
Investment	4	100		100
Related Company	5	<u>791,214</u>		<u>821,326</u>
			2,885,551	<u>2,742,907</u>
Current Assets				
Guyana Revenue Authority		4,398		
Inventories	6	1,660,666		959,487
Goods in Transit	7	148,421		134,334
Receivables	8	526,497		1,100,723
Cash and Bank	9	<u>6,900,981</u>		<u>5,357,660</u>
			<u>9,240,963</u>	<u>7,552,204</u>
Total Assets			<u><u>12,126,514</u></u>	<u><u>10,295,111</u></u>
EQUITY AND LIABILITIES				
Capital and Reserve				
Share Capital	10	575		575
Capital Reserve	11	775		775
Retained Earnings		<u>9,899,588</u>		<u>8,486,605</u>
			9,900,938	<u>8,487,955</u>
Non Current Liability				
Defined Benefit Liability	12		157,791	161,658
Current Liabilities				
Payables	13	1,368,858		100,673
Dividend Payable		-		1,000,000
Taxation		<u>698,927</u>		<u>544,825</u>
			<u>2,067,785</u>	<u>1,645,498</u>
Total Equity and Liabilities			<u><u>12,126,514</u></u>	<u><u>10,295,111</u></u>

On behalf of the Board:

The attached statement and notes on pages 7 to 28 forms an integral part of these financial statements.

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousand except for Earnings per Share

	Notes	G\$	G\$	G\$ 2015
Revenue	14		31,939,612	36,406,699
Cost of Sales	15		<u>25,889,152</u>	<u>31,130,416</u>
Gross Profit			6,050,460	5,276,283
Deduct				
<i>Expenses:</i>				
Operating	16	657,240		528,522
Marketing	17	469,142		449,229
Administrative	18	<u>564,150</u>		<u>560,776</u>
Profit From Operations			<u>1,690,532</u>	<u>1,538,527</u>
			4,359,928	3,737,756
Finance Cost	19		<u>1,933</u>	<u>2,575</u>
			4,357,995	3,735,181
Other Income	20		<u>98,291</u>	<u>156,035</u>
Total Comprehensive Income before Taxation			4,456,286	3,891,216
Taxation	21		<u>1,847,170</u>	<u>1,576,802</u>
Total Comprehensive Income for the year			<u>2,609,116</u>	<u>2,314,414</u>
Other Comprehensive Income				
Items that will not be reclassified subsequently to profit or loss:				
Re-measurement of defined benefit pension plan			<u>3,867</u>	<u>-</u>
Total Comprehensive Income for the year			<u>2,612,983</u>	<u>2,314,414</u>
Earnings per Share in Dollars	22		4,538	4,025

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousands	Share Capital G \$	Capital Reserve G \$	Retained Earnings G \$	Total G \$
January 1, 2015	575	775	8,172,191	8,173,541
Net Comprehensive Income for the year	-	-	2,314,414	2,314,414
Dividends	-	-	(2,000,000)	(2,000,000)
Balance - December 31, 2015	<u>575</u>	<u>775</u>	<u>8,486,605</u>	<u>8,487,955</u>
Balance - January 1, 2016	575	775	8,486,605	8,487,955
Net Comprehensive Income for the year	-	-	2,609,116	2,609,116
Other Comprehensive Income			3,867	3,867
Dividends	<u>-</u>	<u>-</u>	<u>(1,200,000)</u>	<u>(1,200,000)</u>
Balance - December 31, 2016	<u>575</u>	<u>775</u>	<u>9,899,588</u>	<u>9,900,938</u>

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 STATEMENT OF CASHFLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousands

Cash Flow from Operating Activities	G\$	G\$	G\$ 2015
Net Comprehensive Income Before Taxation		4,456,286	3,891,216
Adjustments for:			
Interest Received	(30,716)		(25,766)
Gain on Disposal	(2,699)		(40,123)
Depreciation	216,692		211,323
Net Assets Transferred to Subsidiary	(5,358)		655,669
Investment in Subsidiary	-		(100)
External Payments Deposits Written Off	-		107
		<u>177,918</u>	<u>801,110</u>
Operating Profit before Working Capital Changes		4,634,204	4,692,326
Working Capital Changes			
Receivables	574,226		347,928
Related Company	30,112		(821,326)
Inventories	(701,179)		(111,773)
Goods in Transit	(14,087)		-
Defined Pension Liability	-		42,196
Payables	1,268,185		(43,754)
		<u>1,157,257</u>	<u>(586,729)</u>
Cash Generated from Operations		5,791,461	4,105,597
Taxation			
Taxes Paid		<u>(1,679,530)</u>	<u>(1,258,096)</u>
		4,111,932	2,847,501
Cash Flow from Investing Activities			
Interest Received	30,716		25,766
Sale Proceeds from Disposal of Tangible Fixed Assets	5,891		18,593
Purchase of Tangible Fixed Assets	(405,218)		(203,765)
		<u>(368,610)</u>	<u>(159,406)</u>
Net Increase in Cash and Cash Equivalents		3,743,321	2,688,095
Cash Flow from Financing Activities			
Dividends Paid		<u>(2,200,000)</u>	<u>(1,000,000)</u>
		1,543,321	1,688,095
Cash and Cash Equivalents - January 1		<u>5,357,660</u>	<u>3,669,565</u>
Cash and Cash Equivalents - December 31		<u><u>6,900,981</u></u>	<u><u>5,357,660</u></u>
Analysis of Cash and Cash Equivalents - December 31			
Cash on Hand		3,330	2,972
Cash at Bank		<u>6,897,651</u>	<u>5,354,688</u>
		<u><u>6,900,981</u></u>	<u><u>5,357,660</u></u>

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Accounting Policies

(a) Incorporation and Principal Accounting Policies

(i) Incorporation and Principle Activity

The company was incorporated in the Co-operative Republic of Guyana under the Companies Act 89:01 on June 16, 1976 and continued under the Companies Act 1991 on May 17, 1997.

The Company's registered office is located at 191 Camp Street, South Cummingburg, Georgetown.

The company's principle activities consist of the purchase and sale of petroleum products.

These financial statements were approved by the board on April 28, 2017.

(ii) Significant Accounting Policies

Basis of Preparation

These financial statements have been prepared under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) and its presentation comply with the Companies Act 1991.

There were several pronouncements by The International Accounting Standards Board (IASB) which are effective for the current financial year. These were issued as a result of the Board's annual improvements to the standards in issue.

There were also several other pronouncements as a result of the ongoing improvements which are adopted when they become effective.

Management reviews all pronouncements and those that have an impact on the company's financial reporting are generally early adopted.

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Accounting Policies cont'd:

i. The following pronouncements which became effective were adopted as applicable:

New and Amended & Effective Periods	Effective Periods
IAS 1 Disclosures Initiative to IAS 1	January 1, 2016
Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation	January 1, 2016
Amendments to IFR 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016
Amendments to IFRS 11 – Accounting for Acquisitions of Interest of Joint Operations	January 1, 2016
IFRS 14 -Regulatory Deferral Accounts	January 1, 2016
Amendments to IAS 16 and IAS 41 – Agriculture Bearer Plants	January 1, 2016
Amendments to IAS 27 – Equity Method in Separate Financial Statements	January 1, 2016
Annual Improvements 2012-2014 Cycle	January 1, 2016
ii-The following pronouncements have been issued but are not yet effective; however, they are available for early adoption if applicable:	
IFRS 7 Disclosure Initiative – Amendments to IAS 7	January 1, 2017
IAS 12 Recognition for Deferred Tax Assets for Unrealised Losses	January 1, 2017
IFRS 9 - Financial Instruments: (2014)	January 1, 2018
IFRS 15 - Revenue From Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019
Interpretation	
IRRIC 22 – Foreign Currency Transactions and advance consideration	January 1, 2018

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies cont'd:

(b) Information about key sources of estimation of uncertainty and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future.

Key Sources of Estimation of Uncertainty.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below:

(i) Statutory Taxes

Provision is made for expenses relating to the current period for which there is no set amount. Any additional tax due is provided for as a current period tax expense.

(ii) Other Provisions

Provision is made for expenses relating to the current period for which there is no set amount to be incurred. These amounts are best estimates based on the closest comparable amount.

(c) Tangible Fixed Assets

(i) Presentation and Disclosure

Tangible Fixed Assets held for trade and administrative purposes are stated in the statement of financial position at cost less any accumulated depreciation and impairment losses(if any).

(ii) Depreciation

No depreciation is charged on freehold land and construction work-in-progress. Depreciation on other tangible fixed assets is computed on straight-line basis over their estimated useful lives as follows:

Assets are depreciated at the following rates:

Buildings	5 % Over 20 years
Motor Vehicles	25 % Over 4 years
Office Equipment	25% Over 4 years
Equipment, Plant and Machinery	10% Over 10 years
Office Furniture & Fittings	10% Over 10 years

The gain or loss arising on the disposal or retirement of an item of equipment, furniture and motor vehicle is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(d) Impairment of tangible assets

At the end of each reporting period, the company reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units if a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost method. Net realisable value represents the estimated selling price for inventories less costs necessary to make the sale.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash in hand and bank balances that are not restricted.

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(g) Income and Expenditure

Income and expenditure are dealt with in these financial statements on the accrual basis.

(h) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of Goods

Revenue from the sale of goods is recognised when the goods are delivered and titles passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of goods.
- The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of the revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the company.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(i) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(j) Trade and Other Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Receivables". Trade and other receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(k) Related Company

Related Company relationship exists between the company and its wholly owned subsidiary. The balance as at December 31, 2016 represent expenses paid by the company on its behalf.

No Interest is charged on outstanding balances.

(l) Retirement benefit Cost

The company participates in a contributory mutli-employer defined benefit pension scheme. The cost of providing benefits is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses that exceed 10 percent of the greater of the present value of the company's defined benefit obligation and the fair value of plan assets are recognised immediately.

(m) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past transaction and it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(n) Foreign Currency

(i) Functional and Presentation Currency

The company's financial statements are presented in Guyana Dollars. This is the currency of the primary economic environment in which the entity operates (its functional currency).

Foreign Currency Transactions are translated to Guyana Dollars at the rates of exchange ruling at the dates of such transactions. At the statement of financial position date all amounts denominated in Foreign Currencies are converted to Guyana Dollars at the exchange rates ruling on that date. Any gain or loss arising from their conversion is written off to the statement of comprehensive income.

(ii) Transactions and Balances

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

(o) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight-line basis over the period of the lease.

THE GUYANA OIL COMPANY LIMITED
(wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1 Accounting Policies (cont'd)

(p) Taxation

Taxation expense includes statutory and deferred taxation.

(i) Statutory

The tax payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the statement of comprehensive income because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax charge is calculated using tax rates that have been enacted at the date of the statement of financial position.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

(iii) Statutory and deferred tax for the period

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside the statement of comprehensive income (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the statement of comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands	Land & Building	Plant & Machinery	Furniture & Equipment	Motor Vehicles	Work-in- Progress	Total
2. Tangible Fixed Assets	G\$	G \$	G \$	G \$	G \$	G \$
Cost						
January 1, 2015	1,225,400	1,574,313	228,744	547,851	466,546	4,042,854
Additions	-	7,219	17,036	-	179,510	203,765
Transfer Inter-Company	-	(440,105)	(1,331)	(174,770)	(79,182)	(695,388)
Transfers	250,277	41,491	-	70,612	(362,380)	-
Disposal	<u>(8,383)</u>	<u>(24,344.00)</u>	<u>(5,431)</u>	<u>(4,495)</u>	<u>-</u>	<u>(42,653)</u>
January 1, 2016	1,467,294	1,158,574	239,018	439,198	204,494	3,508,578
Additions	-	4,033	25,550	78,725	296,910	405,218
Transfer Inter-Company	-	-	-	6,951	-	6,951
Transfers	267,336	68,770	-	-	(336,106)	-
Disposal	-	(13,027)	(12,245)	(5,095)	-	(30,367)
Over/(Under) Classification	<u>(149,100)</u>	<u>157,280</u>	<u>(8,175)</u>	<u>(2)</u>	<u>(4)</u>	<u>0</u>
December 31, 2016	<u>1,585,530</u>	<u>1,375,630</u>	<u>244,148</u>	<u>519,777</u>	<u>165,294</u>	<u>3,890,380</u>
Depreciation						
January 1, 2015	311,002	670,131	152,463	383,169	-	1,516,765
Charged for the year	81,642	72,463	33,853	23,365	-	211,323
Transfer Inter-Company	-	(47,521)	(39)	(24,191)	-	(71,751)
Retired on Disposal	<u>(6,711)</u>	<u>(15,874)</u>	<u>(5,070)</u>	<u>(4,495)</u>	<u>-</u>	<u>(32,150)</u>
January 1, 2016	385,933	679,199	181,207	377,848	-	1,624,187
Charged for the year	83,154	74,813.43	26,250	32,474	-	216,692
Transfer Inter-Company	-	-	-	1,593	-	1,593
Retired on Disposal	-	(10,878.57)	(11,202)	(5,095)	-	(27,175)
Over/(Under) Classification	<u>(138,442)</u>	<u>143,820.13</u>	<u>(3,673)</u>	<u>(1,705)</u>	<u>-</u>	<u>(0)</u>
December 31, 2016	<u>330,645</u>	<u>886,954</u>	<u>192,582</u>	<u>405,115</u>	<u>-</u>	<u>1,815,297</u>
Net Book Values:						
December 31, 2015	<u>1,081,361</u>	<u>479,375</u>	<u>57,811</u>	<u>61,349</u>	<u>204,495</u>	<u>1,884,390</u>
December 31, 2016	<u>1,254,885</u>	<u>488,676</u>	<u>51,565</u>	<u>114,662</u>	<u>165,295</u>	<u>2,075,083</u>

Including in Land and Buildings is Land costing \$120,993,826 (2015 - G\$ 120,993,826).

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands	G\$	G\$ 2015
3. Deferred Tax		
Attributable to the following:		
<i>Property, Plant and Equipment :</i>		
At January 1	37,090	44,463
Movement during the year	<u>(17,936)</u>	<u>(7,373)</u>
At December 31	<u>19,154</u>	<u>37,090</u>

Timing differences arising from different rates used for depreciation and wear and tear allowances.

4. Investment

At Cost:

Guyoil Aviation Services Incorporated
 100 000 Shares

	<u>100</u>	<u>100</u>
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5. Related Company

Guyoil Aviation Services Incorporated :

Balance - January 1	821,326	-
<i>Add:</i>		
<i>Expenses Paid for the company</i>	<u>777,236</u>	<u>1,338,485</u>
	1,598,562	1,338,485
<i>Less:</i>		
<i>Repayments</i>	754,220	505,333
<i>Product Transfer</i>	<u>53,128</u>	<u>11,826</u>
	<u>807,348</u>	<u>517,159</u>
Balance-Dec 31	<u>791,214</u>	<u>821,326</u>

Represents working capital support.

THE GUYANA OIL COMPANY LIMITED
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 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

6. Inventories	G\$	G\$ 2015
Bulk Petroleum	1,305,163	604,628
Bitumen	6,786	63,683
Lubricants	178,554	177,128
Spares, materials and supplies	138,776	92,215
Others	31,386	21,833
	<u>1,660,666</u>	<u>959,487</u>

Inventory expected to turnover within one (1) year.

7. Goods in Transit	<u>148,421</u>	<u>134,334</u>
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Represents payments for fuel supplied in January 2017.

8. Trade and Other Receivables

Trade Receivables	290,758	407,866
Prepayments	285,495	733,120
Deposits	7,113	7,113
Bank Interest Receivable	878	875
Other	-	3,488
Value Added Tax	9,987	15,994
	<u>594,230</u>	<u>1,168,456</u>
Less: Provision for Bad Debts	<u>(67,733)</u>	<u>(67,733)</u>
	<u>526,497</u>	<u>1,100,723</u>

Prepayment represents advance payment on bunker charges, assets, freight, insurance and rental of night bags.

Age Analysis is as follows:

> than 30 Days	370,043	956,014
< than 30 days but less than 90 days	102,775	66,595
> than 90 days	121,412	145,847
	<u>594,230</u>	<u>1,168,456</u>

THE GUYANA OIL COMPANY LIMITED
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 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

9(a) Cash and Bank	G\$	G\$ 2015
i Cash on Hand	3,330	2,972
ii Current Accounts	2,537,952	2,947,543
iii Savings Deposits	1,905,696	743,139
iv Foreign Currency Account	1,938,703	1,155,083
v Fixed Deposits	130,550	129,086
vi Term Deposits	384,750	379,837
	<u>6,900,981</u>	<u>5,357,660</u>

- i This is non-interest bearing cash balances with no maturity dates.
- ii Represents non-interest bearing chequing accounts.
- iii The weighted average rate of interest for the year was 1.45% (2015 - 1.45%). There is no date of maturity.
- iv This represents foreign currency account with no maturity dates.
- v&vi Represents short term investments with interest at an average interest rate of 1.75% with varying maturity dates.

10. Share Capital	G\$	G\$ 2015
Authorised 5 000 000 Ordinary Shares	<u>5,000</u>	<u>5,000</u>
Issued and Fully Paid 575 000 Ordinary Shares	<u>575</u>	<u>575</u>

All issued shares are held by National Industrial and Commercial Investments Limited (NICIL).

11. Capital Reserve	<u>775</u>	<u>775</u>
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This arose due to the difference between the net book value of the assets acquired on the date of incorporation and the purchase consideration.

THE GUYANA OIL COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousands	G\$	G\$ 2015
12. Defined Benefit Liability		
The company participates in a contributory multi-employer pension scheme, Guyana Sugar and Trading Enterprises Pension Scheme (STEPS), a defined benefit scheme. The contributions are held in trustee administered funds, which are separate from the Company.		
The plan covers all permanent employees. The average number of employees in the pension scheme was 249 (2015 - 236 persons). The last actuarial valuation was done at December 31, 2016.		
<i>Net Liability in statement of financial position</i>		
Present value of defined benefit obligations	755,350	719,890
Fair value of plan assets	(597,559)	(558,232)
Net Defined benefit liability /(Asset)	157,791	161,658
<i>Expense recognised in the Statement of Comprehensive Income</i>		
Current service cost	56,964	51,651
Net Interest on Net defined benefit liability/(Asset)	6,765	4,780
Net pension cost	63,729	56,431
<i>Movement in Present Value of Defined Benefit Obligation</i>		
Defined benefit obligation at start of year	719,890	637,710
Current Service Cost	56,964	51,651
Interest Cost	34,804	31,549
Members Contributions	15,692	14,242
Re-measurements - Experience Adjustments	(23,804)	(1,645)
Benefits Paid	(48,196)	(13,617)
Defined benefit obligation at end of year	755,350	719,890
<i>Movement in Fair Value of Plan Assets</i>		
Fair Value of Plan Assets at start of year	558,232	518,248
Interest Income	28,039	26,769
Return on Plan Assets, excluding interest income	6,129	(21,464)
Company Contribution	37,663	34,054
Members Contribution	15,692	14,242
Benefits Paid	(48,196)	(13,617)
Fair Value of Plan Assets at end of year	597,559	558,232
<i>Summary of Principle Assumptions as at 31 December</i>		
	% Per annum	% Per annum
Discount rate	5.0	5.0
Salary increases	5.0	5.0
Pension increases	2.0	2.0

THE GUYANA OIL COMPANY LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

13. Trade and Other Payables	G\$	G\$ 2015
Trade Payables	1,335,857	68,218
Accruals	21,236	32,455
Other Payables	11,765	-
	<u>1,368,858</u>	<u>100,673</u>

Other Payables includes security deposits, insurance refund unclaimed and staled cheques.

14. Revenue

Gasolene	19,388,791	21,368,363
Kerosene	1,183,988	1,393,717
Gasoil	10,530,569	12,595,265
Fuel Oil	43,447	173,797
Bitumen	72,845	130,198
Lube Oil	651,405	669,802
Lube Grease	19,006	18,492
Tyres, Batteries and Accessories	49,561	57,063
	<u>31,939,612</u>	<u>36,406,699</u>

15. Cost of Sales

Opening Stock	1,093,821	982,048
Add:		
Purchases	26,604,418	31,242,189
	<u>27,698,239</u>	<u>32,224,237</u>
Less:		
Closing Stock	1,809,087	1,093,821
Cost of Goods Sold	<u>25,889,152</u>	<u>31,130,416</u>

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands	GS	GS 2015
16. Operating Expenses:		
Advertising, Sponsorship & Sales Promotion	506	1,605
Allowances	9,202	8,389
Cleaning and Sanitation	3,923	3,397
Damaged Stock	-	8,280
Depreciation	101,531	95,197
Electricity	13,154	14,197
Freight & Other Handling Charges	74,810	72,552
Gain (Loss)	90,722	26,416
Insurance	13,936	9,122
Internal Fuel Usage	18,780	20,993
Legal and Professional Fees	3,227	6,532
Meals and Entertainment	275	184
Medical Scheme	1,160	859
Motor Vehicle Expenses	28,152	22,804
National Insurance Scheme	6,604	5,854
Pension Scheme	5,977	13,164
Rates and Taxes	554	392
Rebates	70,832	-
Rental Expenses	2,788	3,919
Repairs and Maintenance	64,534	67,938
Road Transportation	986	33,241
Security Fees	1,685	1,460
Severance	776	416
Staff Welfare	9,603	7,964
Stamp Duties	7,535	7,519
Stationery, Office and Other Supplies	9,771	8,548
Stipend	1,592	1,327
Subscriptions and Publications	119	80
Telephone and Internet	2,267	2,494
Travelling and Subsistence	19,061	2,343
Uninsured Losses	7	13
Vacation Leave Entitlement	4,859	4,870
Wages and Salaries	88,130	76,384
Water Rates	182	69
	<u>657,240</u>	<u>528,522</u>

THE GUYANA OIL COMPANY LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

17. Marketing Expenses	G\$	G\$ 2015
Allowances	4,468	3,509
Cleaning and Sanitation	1,901	2,462
Depreciation	74,995	52,328
Electricity	21,411	26,826
Entertainment, Luncheons, Parties and AGM Expenses	243	187
Freight and Other Handling Charges	17	100
Gain (Loss)	23,168	41,411
Insurance	3,502	1,580
Internal Fuel Usage	1,109	1,433
Legal and Professional Fees	-	150
Medical Scheme	4,031	2,302
Motor Vehicle Expenses	1,674	463
National Insurance Scheme	15,054	13,167
Pension Scheme	15,681	25,280
Rates and Taxes	6,131	4,892
Rental of Night Bags	3,731	4,245
Repairs and Maintenance	38,266	51,368
Sales Promotion	192	406
Security Fees	5,164	4,198
Severance	506	364
Staff Welfare	22,030	17,370
Stamp Duties and Postage	29	33
Stationery, Office and Other Supply	13,181	10,656
Stipend	1,498	1,732
Subscriptions & Publications	13	-
Telephone and Internet	3,500	2,760
Travelling and Subsistence	1,226	477
Uninsured Losses	(68)	144
Vacation Leave Entitlement	13,107	10,895
Wages and Salaries	192,241	167,718
Water Rates	1,142	774
	469,142	449,229

THE GUYANA OIL COMPANY LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

18. Administrative Expenses	G\$	G\$ 2015
Advertising, Sponsorship & Sales Promotion	46,487	23,478
Allowances	8,939	9,386
Auditors Remuneration	5,245	5,596
Bad Debts	578	16,729
Cleaning and Sanitation	298	304
Depreciation	40,166	63,798
Directors Fees	4,171	1,890
Donations	3,253	1,912
Electricity	14,948	12,258
Entertainment, Luncheons, Parties and AGM Expenses	21,348	5,554
Exchange Loss	8,177	7,905
Freight & Other Handling Charges	82	31
Gratuity	-	2,404
Insurance	2,257	1,356
Internal Fuel Usage	7,880	6,977
Legal and Professional Fees	8,493	3,859
Medical Scheme	3,209	2,178
Motor Vehicle Expenses	3,476	2,003
National Insurance Scheme	16,564	15,594
Pension Scheme	23,464	45,257
Rates and Taxes	630	3,266
Rental	624	1,184
Repairs and Maintenance	4,811	13,421
Road Transportation	200	118
Security Fees	36	109
Severance	3,184	475
Software Upgrades & Update	2,774	7,863
Staff Welfare	26,996	37,190
Stamp Duties and Postage	5,745	7,881
Stationery, Office and Other Supply	12,562	10,011
Stipend	888	605
Subscriptions & Publications	2,259	927
Telephone and Internet	6,372	4,921
Travelling and Subsistence	5,946	4,088
Uninsured Losses	31	51
Vacation Leave Entitlement	13,989	13,273
Wages and Salaries	257,759	226,933
Water Rates	308	(8)
	564,150	560,776

THE GUYANA OIL COMPANY LIMITED
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER, 2016

Amounts in thousands

	G\$	G\$ 2015
19. Finance Cost		
Bank Charges	1,933	2,575
	<u>1,933</u>	<u>2,575</u>
20. Other Income		
Subletting of Tanker	8,872	35,762
Interest Earned on Bank Account	30,716	25,766
Rental - Convenient Store	10,608	13,860
Rental - ATM Facility	1,200	1,200
Services	24,153	-
Sale of Tex Gas	10,911	-
Guygas Commission	2,427	1,632
Gain on Disposal	2,699	40,123
Overage	586	642
Other	6,118	37,050
	<u>98,290</u>	<u>156,035</u>

Other includes sale of water, ice, phonecards and newspaper.

	G\$	G\$ 2015
21. Taxation		
Corporation Taxes	1,745,813	1,503,083
Property Taxes	83,421	66,923
Capital Gains Taxes Written Back	-	(577)
Deferred Taxes	17,936	7,373
	<u>L/1 1,847,170</u>	<u>1,576,802</u>

Reconciliation of Tax Expense

Accounting Profit	4,456,286	3,891,216
Excess wear and tear allowances over depreciation	(61,591)	-
Non Deductible Expense	3,253	-
Income not subject to corporation tax	<u>(33,416)</u>	<u>(32,207)</u>
Chargeable Income	<u>4,364,532</u>	<u>3,859,009</u>
Corporation Tax Calculated at the statutory rate of 40%	1,745,813	1,503,083
2% on Turnover	638,792	728,134

THE GUYANA OIL COMPANY LIMITED
 (wholly owned subsidiary of National Industrial and Commercial Investments Limited)
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

Amounts in thousands (except for Earning per Share)

22. Earnings per share in dollars	G\$	G\$ 2015
This is computed as follows:		
Net Comprehensive Income For The Year	2,609,115,991	2,314,413,375
Divided by:		
Number of shares Issued	575,000	575,000
Earnings/ (Loss) per share in Dollars	4,538	4,025

23. Contingent Liabilities

Operating Lease Commitments

At the Statement of Financial Position date, the company has outstanding commitments under non-canceable operating leases, which fall due as follows:

Within one year	1,586,655	1,584,766
Within two years	<u>-</u>	<u>1,584,766</u>
Total	<u><u>1,586,655</u></u>	<u><u>3,169,532</u></u>

Operating lease payment represents rental of ocean vessels. Charges are negotiated every two (2) years.

Contingent Liabilities

The company is a plaintiff in several litigation matters with defaulting customers and others. The company is also a defendant in litigation. The outcome of these and the company's liability, if any, cannot be determined at this time.

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Amounts in thousands

1 Accounting Policies (cont'd)

24. Financial Risk Management

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and foreign exchange risk. These risks are inherent to the company's operation and management of these risks lies with the Board whose objective is to identify, assess, monitor and control in an effort to minimize these risks which would result in an increase in profitability.

The main financial risks affecting the company are:

(i) Market Risks

Market risk embodies not only the potential for loss but also the potential for gain.

a) Currency Risk

This is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange currency requirements. The equivalent Guyana Dollar values of assets and liabilities denominated in foreign currencies are as follows:

2016:	G\$
Cash and cash equivalents	1,938,703
Payables	93,133
Net exposure to currency risk	<u>2,031,835</u>
G\$ 2015	
2015:	
Cash and cash equivalents	1,155,083
Payables	(17,097)
Net exposure to currency risk	<u>1,137,986</u>

All foreign currency assets and liabilities are denominated in United States Dollars. Management monitors its foreign currency requirements on a on a regular basis to minimise exposure.

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Amounts in thousands

1 Accounting Policies (cont'd)

24. Financial Risk Management

b) Fair Value interest rate risk

This is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The company is not significantly exposed to interest rate risk.

c) Price Risk

This is the risk that the value of financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The company has significant exposure to price risk, including the risk of changes in related import tax rates, on future purchases of petroleum products for resale. A change in those prices may alter the margin of these products. The company monitors market prices and adjust selling prices accordingly. The company has not entered into commodity future, forward and option contracts to manage fluctuations in prices of anticipated purchases.

(ii) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

The company's exposure and the credit ratings of its counterparties are continuously monitored by management and that appropriate action, such as legal action, is taken to protect the company. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Impairment provisions are established for balances, other than that owed by Government or Government agencies and corporation, for which management believes there is a insignificant risk of non-recovery. Cash and cash equivalents are not a major source of credit risk as the counter-parties are mainly regulated financial institutions with no known liquidity problems.

The following table shows the company's maximum exposure. It excludes those assets that are not deemed to give rise to credit risk.

Credit Risk Analysis	2016 G\$	2015 G\$
Trade and Other Receivables	526,497	1,100,723
Cash Resources	<u>6,900,981</u>	<u>5,357,660</u>
	7,427,478	
Defined Benefit Liability	157,791	161,658
Accounts Payable	1,368,858	100,673
Taxes Payable	<u>698,927</u>	<u>544,825</u>
	<u>2,225,576</u>	<u>807,156</u>
Net Exposure to credit Risk	<u><u>5,201,902</u></u>	<u><u>(807,156)</u></u>

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1 Accounting Policies (cont'd)

24. Financial Risk Management cont'd:

(iii) Liquidity Risk

This is the risk an entity will encounter difficulty in raising funds to meet commitments associated with the financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Ultimate responsibility for liquidity risk management rests with the board of directors. The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

All liquid assets and liabilities mature within one year of the balance sheet date.

(iv) Cash Flow interest rate Risk

This is the risk that the future cash flows of a financial instrument will fluctuate because of change in market interest rates. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

The company is not significantly exposed to such risk.

	Non Interest Bearing G\$	Total G\$
December 31, 2016		
Financial Assets		
Related Company	791,214	791,214
Receivables	526,497	527,024
Cash Resources	4,479,985	4,484,465
	5,797,695	5,802,702
Financial Liabilities		
Defined Benefit Liability	157,791	157,949
Dividend Payable	-	-
Payables	1,368,858	1,370,227
	1,526,649	1,528,176
Net Sensitivity Gap	4,271,046	4,274,526
December 31, 2015		
Financial Assets		
Related Company	821,326	821,326
Receivables	1,100,723	1,100,723
Cash Resources	4,105,599	4,105,599
	5,206,322	5,206,322
Financial Liabilities		
Defined Benefit Liability	161,658	161,820
Dividend Payable	1,000,000	1,000,000
Payables	100,673	100,673
	1,262,331	1,262,493
Net Sensitivity Gap	3,943,991	3,943,829

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1 Accounting Policies (cont'd)

25. Fair value of financial assets and liabilities

The fair values of financial assets and liabilities not carried at fair value in the financial statements are estimated to approximate their carrying values.

26. Related Party Transactions and Balances

	Transactions		Due (to)/from	
	G\$	G\$ 2015	G\$	G\$ 2015
<i>Sale of goods</i>				
Entities wholly or partly owned by the Government of Guyana	1,219,091	1,115,168	19,976	(37,837)
Government Agencies	1,807,666	2,021,799	(136,894)	(146,980)
 <i>Other Income</i>				
Entities wholly or partly owned by the Government of Guyana	92,480	204,869	8,062	13,726

27. Key Management Personnel

The company had six (6) (2015 - five (5)) senior managers whose annual emoluments for the year was \$48,397,706 (2015 - \$37,200,582). Two of the managers retired while the service of one was terminated during 2016. However, the two retired managers were re-hired immediately on a contractual basis.

28. Directors' Emoluments

	G\$	G\$ 2015
Keshav Mangal	-	479
Neermal Rekha	-	63
Oscar Phillips	699	252
Lance Carberry	664	199
Harryram Parmesar	699	246
Hubert Rodney	-	51
Lawerence Paul	675	171
Berkley Wickham	312	123
Shondel Hope	459	123
Shaundel B. Taylor	663	183
	4,171	1,890