



GUYANA SECURITIES COUNCIL

2018
ANNUAL REPORT

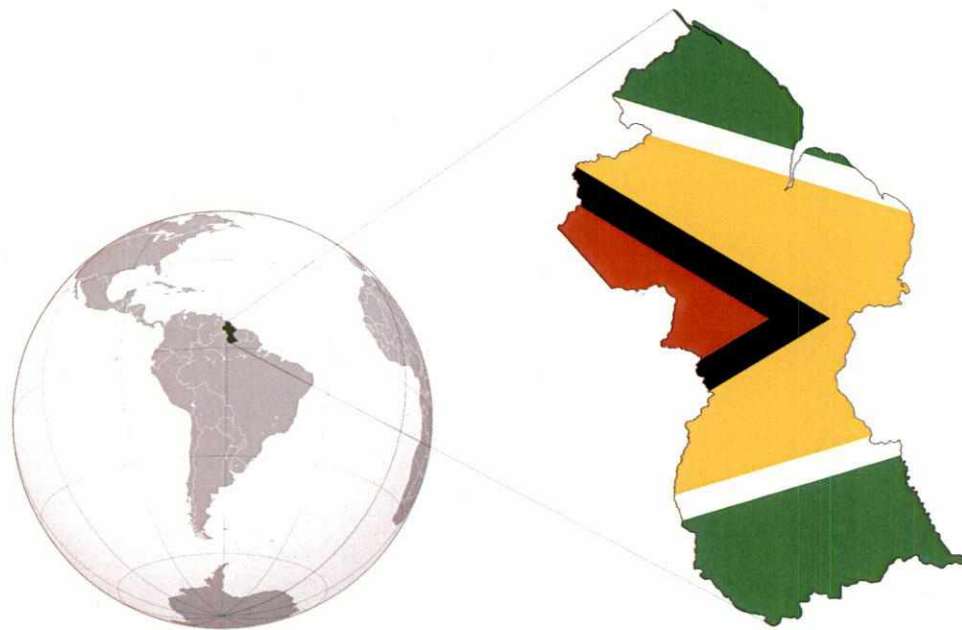


"Promoting integrity, stability, orderliness and confidence in the local securities market."

GUYANA

The Co-operative Republic of Guyana, is a sovereign state on the northern mainland of South America. It is often considered part of the Caribbean region because of its strong cultural, historical, and political ties with other Anglo Caribbean countries and the Caribbean Community (CARICOM).

Guyana is bordered by the Atlantic Ocean to the north, Brazil to the south and southwest, Suriname to the east and Venezuela to the west. With 215,000 square kilometers (83,000 sq mi), Guyana is the fourth-smallest country on mainland South America.



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Report Information

PREPARATION OF ANNUAL REPORT

Section 20 of the Securities Industry Act 1998 states:

(1) The Council shall within four months of the end of each financial year send an annual report to the Minister who shall cause it to be laid in the National Assembly within thirty days after he receives it.

(2) Copies of an annual report shall be available to the public on or before the expiration of fourteen days after it is required to be laid in the National Assembly under subsection (1).

Presented herein is the Guyana Securities Council's 2017 Annual Report as sent to the Minister of Finance, pursuant to Section 20 of the Securities Industry Act, 1998.

OTHER INFORMATION

Bankers

Bank of Guyana
1 Avenue of the Republic, Georgetown

Republic Bank (Guyana) Ltd,
38-40 Water Street, Georgetown

Financial Analysts

Ram and McRae
157 'C' Waterloo St, Georgetown

Nizam Ali and Company
215 'C' Camp Street, Georgetown

Auditors

Nizam Ali and Company
215 'C' Camp Street, Georgetown

The Audit Office of Guyana
63 High St., Georgetown

Legal Counsel

C. A. Nigel Hughes
62 Hadfield & Cross Sts., Georgetown

Neil A. Boston
Boston & Boston
2 Croal Street, Stabroek, Georgetown

Transmittal Letter

19th April, 2019

Mr. Winston Jordan, M.P
The Honourable Minister of Finance
Ministry of Finance
Main & Urquhart Streets
Georgetown

Dear Honourable Minister

Re: 2018 Annual Report | Guyana Securities Council

As required under section 30 (5) of the Securities Industry Act No. 21 of 1998, I have the honour of submitting to you the Guyana Securities Council's Annual Report for 2018, together with the Statements of Financial Position, Revenue and Expenditure and Cash Flows as prepared by the External Auditors.

Yours sincerely

Cheryl Ibbott

Chief Executive Officer



About the Council

OUR VISION

To promote integrity, stability, orderliness and confidence in the local Securities Market.

MISSION STATEMENT

The Guyana Securities Council is an independent autonomous body established with a mission to ensure the orderly growth and development of the securities market within a dynamic regulatory framework that facilitates the mobilization of capital in the national interest and in a transparent, efficient, fair and competitive manner.

FUNCTIONS OF THE COUNCIL

The principal functions of the Council, under Section 5 of the Securities Industry Act 1998 (S.I.A), are to:

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

POWERS OF THE COUNCIL

Under Section 6 of the Securities Industry Act 1998 (S.I.A), the Council has the power to:

- (a) deal with such matters as may be referred to it by any person registered with the Council under the S.I.A from time to time;
- (b) formulate principles for the guidance of the securities industry;
- (c) monitor the solvency of registrants and take measures to protect the interest of customers where the solvency of any such registrant is in doubt;
- (d) adopt measures to supervise and minimize any conflict of interests that may arise in the case of brokers or dealers;
- (e) review, approve and regulate take-overs, amalgamations and all forms of business combinations in accordance with the S.I.A or with written law in all cases in which it considers its expedient or appropriate to do so;
- (f) review the contents of prospectuses, offering circulars or any form of solicitation, advertisement or announcement by which securities are offered for sale to the public; review the contents of prospectuses, offering circulars or any form of solicitation,
- (g) take action against persons registered or required to be registered under the S.I.A for failing to comply therewith;
- (h) undertake such other activities, including the making of regulations, as are necessary or expedient for giving full effect to the S.I.A .
- (i) do all things which may be necessary or expedient or are incidental or conducive to the discharge of any of its functions and powers under the S.I.A.

The Guyana Securities Council is an independent autonomous body established by Section 4 of the Securities Industry Act 1998.

The Securities Industry Act 1998 is an Act that provides for the registration of securities brokers and dealers, self-regulatory organizations, and issuers of securities. It also provides for the regulation of securities issuances; with the purpose of

About the Council

encouraging capital formation and the growth of efficient securities markets, while protecting purchasers of securities and promoting ethical behavior in the securities industry.

The Securities Industry Act was re-written in 2017-2018, which will address the deficiencies therein, and as a result will

strengthen the legislative structure of the Securities Industry. In addition to the re-write of the principal legislation, the Council has included its Corporate Governance Guidelines into regulations, and also will implement the Collective Investment Schemes Regulations. This legislation is currently awaiting passage in parliament.

LEGISLATIVE FRAMEWORK

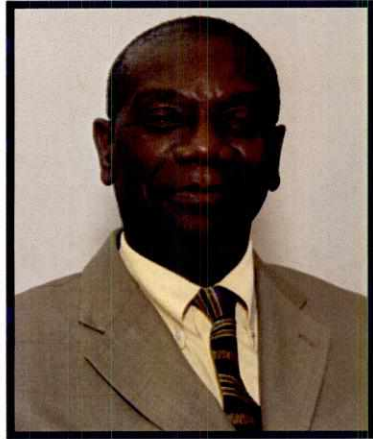
The Council is principally mandated to administer the following legislations:

- Securities Industry Act 1998
- Securities Industry Regulations 2002
 - Securities Industry (Registration of Market Participants) Regulations
 - Securities Industry (Conduct of Business) Regulations
 - Securities Industry (Accounting and Financial Statements) Regulations
 - Securities Industry (Advertisements) Regulations
 - Securities Industry (Disclosure by Reporting Issuers) Regulations
 - Securities Industry (Prospectus) Regulations
 - Securities Industry (Registration of Issuer of Securities) Regulations
- Anti-Money Laundering and Countering the Financing of Terrorism Act 2009
- Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act 2015
- Anti-Money Laundering and Countering the Financing of Terrorism Regulations 2010
- Anti-Money Laundering and Countering the Financing of Terrorism Regulations 2015

Council Members

The Guyana Securities Council's Board of Directors is comprised of four (4) Council Members, including the Chairman.

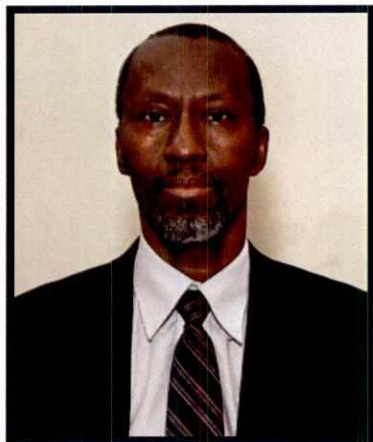
Effective 1st January, 2017, a new Board was appointed by Cabinet. The current members are: Mr. Rawle Lucas, Mr. Leslie Glen, Madam Justice Ret'd Claudette Singh, and Mrs. Debra Roberts. Mr. Lucas is currently serving as Chairman.



Mr. Rawle Lucas,
Chairman



Madam Justice Claudette Singh, Ret'd,
Member



Mr. Leslie Glen,
Member



Ms. Debra Roberts,
Member

Staff of the Council



Staff of the Council

(Standing) - Ms. Cheryl Ibbott, *General Manager / Chief Executive Officer*
(Sitting, Left to Right) - Mr. Shaun Allicock, *Legal Counsel / Corporate Secretary* | Mrs. Gina Layne, *Administrative Officer*
Ms. Krystal Pereira, *Office Clerk / Typist* | Mr. Vivakhanand Permanand, *Surveillance & Systems Coordinator*

Activities of the Council

SUMMARY OF OPERATIONS

The Guyana Securities Council in executing its mandate under Sections 5 (a) – (e) and 6 (a) – (i) of the Securities Industry Act 1998, performs the following fundamental duties, among others:

1. Registration of all public companies;
 - Registration of Annual Registration Statements;
2. Analyze all company's Annual Reports and Interim Reports for:
 - Disclosure obligations relating to the delivery of accounts;
 - Review the information in the accompanying director's report;
 - Review the acquisition or disposal of major assets;
 - Review transactions with related parties and companies;
 - Review information with regards to shareholders, substantial shareholdings, board meetings, board discussions and notifications to the Council;
3. Register all Treasury Bills issued by the Bank of Guyana;
4. Register and publish by 31st March, each year, a list of all valid registrants, by class of registration;
5. Maintaining actual register for all Market Participants and registrants registered by the Council;
6. Surveillance of the Securities Market; oversight of the Self-Regulatory Organisation (SRO), the Guyana Association of Securities Companies and Intermediaries (GASCI);
7. Monitor the Stock Exchange for:
 - Protection of investors and public interest;
 - Fostering of corporation and coordination among persons who clear, settle, regulate and process information to facilitate trading in securities;
 - Ensuring the fair representation of the SRO members;
 - Prevent deceptive and manipulative practices from occurring in the securities market;
 - Ensure both on and off platform trades are done using fair trading practices
 - Review and analyze the SRO's and Market Participant's Annual Reports;
 - Investigate unfair pricing of securities – the Council is currently investigating the pricing of several Reporting Issuers shares used by attorneys to settle deceased persons estates;

Activities of the Council

- Monitor the registered Market Participants for independence, material interest, ensuring their customers understand the risks, customer agreements and after market transactions.

This type of monitoring is done on a continuous basis with the SRO and Market Participants;

The Council's functions and powers are mandated by the Securities Industry Act 1998 and Regulations thereto, and the actions the Council undertakes is reactive to the misconduct and non-compliance of the Registrants, Market Participants, Reporting Issuers and other Stakeholders of the Securities Industry.

ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

The Council also has a secondary mandate as a Supervisory Authority under the Anti-money Laundering and Countering the Financing of Terrorism Act 2009. Section 22 (c) of the AML/CFT Act 2009 gives the Council the responsibility as a Supervisory Authority for reporting entities who perform the business activities specified in the Fourth Schedule of the Act, which are enumerated below:

1. Trading for own account or for account of customers in money market instruments (such as cheques, bills, certificates of deposit), foreign exchange, financial futures and options, exchange and interest rate instruments, and transferable securities.
2. Underwriting share issues and participation in such issues.
3. Advice to undertakings on capital structure, industrial strategy and related questions, and advice and services relating to mergers and the purchase of undertakings;
4. Money-broking;
5. Portfolio management and advice;
6. Safekeeping and administration of securities;
7. Venture risk capital;
8. Unit trusts;

The Council is challenged with accommodation restraints, preventing the recruitment of additional staff to assist with fulfilling mandate of the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009. However with its current compliment of staff, the Council is striving execute its mandate under the Act effectively.

Activities of the Council

WORKSHOPS AND TRAINING

The Council conducts training sessions for its Market Participants under the Securities Industry Act, and its reporting entities under the AML/CFT Act annually.

These training programs are highly beneficial to the stakeholders involved, as they increase the awareness of the requirements to ensure compliance with the various legislation, as well as to identify any risks that may be existing in their operations, and how they can mitigate those risks.

Some agencies that benefit from the Council's training include all Market Participants and Reporting Entities of the Council. Other agencies that are invited are the Bank of Guyana, Special Organised Crime Unit, Guyana Police Force and the State Asset Recovery Unit.

BUDGET AND FUNDING

The Guyana Securities Council is funded through subvention allocations from the Ministry of Finance. Illustrated below is a brief summary of the Council's budgetary allocations over the past 5 years and its total spending on annual expenditure, extracted from the Audited Financial Statements for each year.

Year	Subvention Received	Annual Expenditure
2014	69,227,076	68,116,036
2015	72,695,304	70,269,267
2016	76,264,000	69,506,039
2017	123,344,000	86,260,131
2018	110,000,000	101,612,831

The Council has other methods of financing available, e.g. registration fees for new market participants and Reporting Issuers. However, these fees are nominal, and are only paid once on registration. In the new legislation, the fee structure was re-worked to facilitate annual registration fees for all registrants and issuers, including all Market Participants, Reporting Issuers and Government Agencies which issue securities (e.g. Treasury Bills, etc.)

CAPITAL MARKETS AND THE RE-WRITE OF GUYANA'S SECURITIES LEGISLATION

Capital markets are platforms for buying and selling equity and debt instruments. They channel savings and investment between suppliers of capital, such as retail investors and institutional investors, and users of capital like businesses, government and individuals. Capital markets include primary markets, where new stock and bond issues are sold to investors, and secondary markets, which trade existing securities.

There are two categories of financial instruments in which the market is involved. These are equity securities, which are often known as shares or stocks, and debt securities, which are often known as bonds. Only equity securities are currently traded in Guyana's capital market.

Other than the distinction between equity and debt, capital markets are also generally divided into two categories of markets, the first of which being primary markets. In primary markets, stocks and bonds are issued directly from companies to investors, businesses and other institutions, through an Underwriter. Primary markets allow companies to raise capital without or before holding an initial public offering so as to make as much direct profit as possible. After this point in a company's development, it may choose to hold an initial public offering so as to generate more liquid capital. In such an event, the company will generally sell its shares to a few investment banks or other firms such as Securities Dealers.

Capital markets have numerous participants including brokers, dealers, investment advisers, underwriters, individual investors, institutional investors such as pension funds and mutual funds, municipalities and governments, companies and organizations, banks and financial institutions.

While governments may issue debt through government bonds, governments may not issue equity through stocks or shares.

The size of a nation's capital markets is directly proportional to the size of its economy. Because capital markets move money from investors, to organizations who need it in order to be

Activities of the Council

productive, they are critical to a smoothly functioning modern economy.

The Guyana Securities Council has modernized the existing legislative framework governing the regulation of the securities market, to capture the development of a more modern securities marketplace.

The existing Securities Industry Act will be repealed and replaced by the new Act which conforms with international standards.

A modern and comprehensive legislative framework for the securities market is a part of the Government's economic development strategy. It will enable the diversification of the capital market in Guyana, facilitate the mobilization of financial resources and broaden participation in the market by local, regional and international investors. The new legislative scheme will also enhance investor protection and strengthen cross-border supervision and co-operation among financial regulators in order to reduce systemic risk.

Key elements of the proposed new Act include:

- improved licensing regimes for self-regulatory organizations, securities exchanges and securities intermediaries
- extension of regulatory authority over the entire securities marketplace, including quotation and trade reporting systems and alternative trading systems
- institution of a licensing regime for collective investment schemes
- establishment of a Central Securities Depository to record and maintain securities and register the transfer of ownership of securities
- upgrading of administrative fees and charges to realistic levels
- Conferral on the regulator (to be renamed the Securities Commission) of such powers and duties as would enable it to promote the orderly development of the securities market and to protect the integrity of the market from abuse.

The large body of regulations made under the existing Act will also be repealed. It will be replaced by new upgraded and integrated Regulations that will be in line with the new Act and designed to support its implementation.

With the new legislation, the establishment of a Central Securities Depository (CSD) will be necessary to hold securities such as shares, either in a certificated or dematerialized form, so that ownership can be easily transferred through a book entry rather than the transfer of physical certificates.

This will allow issuers to hold their securities at one location, where they can be available for clearing and settlement. This is usually done electronically making it significantly faster and easier than was traditionally the case where physical certificates had to be exchanged after a trade had been completed.

With the changes to the legislation, new investment vehicles, such as mutual funds, exchange-traded-funds, bonds, options, futures and other derivatives, can now be registered and offered to the investing public.

The introduction of these investment vehicles will significantly expand and diversify Guyana's Securities Industry.

REGIONALLY AND INTERNATIONALLY

The Council is a member of several organisations within the region, namely the Caribbean Group of Securities Regulators (CGSR) and the Council of Securities Regulators of the Americas (COSRA). These organisations host several meetings and workshops annually which the Council is required to participate in. Among the issues being discussed is the Regional Choice of Law and Rule of Law Guidelines.

The Council in September 2005, applied to become a member of the International Organisation of Securities Commissions (IOSCO). The IOSCO Multilateral Memorandum of Understanding on Cooperation and Consultation and the Exchange of Information (the MMoU), provides a global framework for enforcement co-operation between securities regulators, thereby helping to ensure effective global regulation and to preserve the strength of securities markets. It is a critical IOSCO work-stream, and is rightly regarded as the benchmark for international co-operation in enforcement matters. The main impediments preventing Guyana from becoming a signatory to

Activities of the Council

the MMoU are as follows:

- The Council does not have direct access to bank records, depending on the Bank of Guyana to obtain this information when a bank is not a market participant or a reporting issuer. Additionally, Guyana's legislation is not specific with respect to how to acquire information from banks;
- The Bank of Guyana is limited by law in sharing of information; the Council depends on the Finance Minister or any lawful order of Court for obtaining banking information.

The MMoU envisages that signatories will provide to each other comprehensive assistance in the investigation and prosecution of securities-related crime and misconduct. In increasingly globalised markets, the ability to obtain information and exchange it with overseas counterparts, as facilitated by the MMoU, is critical to Regulators' success in this field. MMoU signatories, and the markets to which they belong, benefit from international recognition in that they adhere to robust standards in the investigation of cross-border crime, and that they are participants in a global enforcement regime, which contributes to maintaining fair and efficient markets. That recognition may inform the perceptions of international organisations involved in global regulation. For example, the Financial Stability Board and other standard-setters use the MMoU as a benchmark when conducting their own assessments. Moreover, whether or not a jurisdiction is a signatory to the MMoU may influence the perceptions of international investors as to market credibility.

There are now 91 signatories to the MMoU, representing approximately 94% of the world's securities markets, and IOSCO is determined to ensuring global coverage. It is therefore becoming essential for all regulators to sign the MMoU, not only to ensure effective international enforcement, but for their reputation, and the economic health of the jurisdictions to which they belong.

Currently, becoming an ordinary IOSCO member is conditional upon signing the MMoU, a prerequisite of which is the ability to obtain, and disclose to other regulators, certain specific information that may be critical to enforcement cases. Very

often, acquiring that ability may require significant legislative change within an applicant's jurisdiction.

However, the benefits of becoming an IOSCO member are numerous. There are reputation advantages, for example, other international organisations such as the IMF and the World Bank refer not only to the IOSCO MMoU, but to the IOSCO Objectives and Principles of Securities Regulation and the IOSCO Assessment Methodology when conducting their own jurisdictional assessments. Domestic markets may experience more tangible benefits, such as increased capital flows, which will derive from increased investor confidence. In addition, there are hugely significant benefits in terms of the IOSCO Education and Training Program, and other IOSCO capacity building initiatives.

All Securities Commissions were required to be IOSCO compliant, however this benchmark has been shifted to Country compliance.

This condition should be satisfied by the re-write of the Securities Industry legislation, and the possible amendments to the Financial Institutions Act to allow for the sharing of information.

Litigation Summary

Listed below are the litigation that the Council is currently involved in, and their status:

1. GSC V Ron Webster et al. Action 908/2014.

Cause of action: Application to set aside share transfer and disgorgement of profits.

Status: Case against the all defendants except the estate of Ron Webster struck out. The matter is currently engaging the attention of the Justice F. Holder who is in the process of determining the issued to be litigated upon.

2. GSC V Banks DIH. Civil Appeal

Nature of Appeal: An appeal from an interlocutory decision of a judge in Chambers in an originating summons.

Status: Awaiting fixture of a date for hearing.

3. GSC V Banks DIH. Civil Appeal.

Nature of Appeal: An appeal by the GSC from a declaratory order which provided that the GSC's request for information was outside of its scope of authority.

Status: Awaiting fixture of a date for the hearing of the appeal.

4. GSC V Evans. Civil Appeal.

Nature of appeal: An appeal against a decision of a high court judge decision which found that the GSC had wrongfully terminated the services of an employee.

Status: Awaiting fixture of a date for the appeal.

5. GSC V Banks DIH. Civil Appeal

Nature of appeal: An appeal by GSC from a refusal of a prerogative writ application to quash the decision of the GSC to appoint an investigator pursuant to Section 1333 (1) of the Securities Industries Act 1988.

Status: Awaiting fixture of a date for hearing.

6. GSC V Banks DIH. Civil Appeal.

Nature of appeal: GSC's appeal against the decision which provided an interpretation of section 199(6) of the Companies Act and section 6 of the Securities Industries (Disclosure by reporting Issuers) Regulation no 8 of 2002.

Status: Awaiting fixture of a date for hearing.

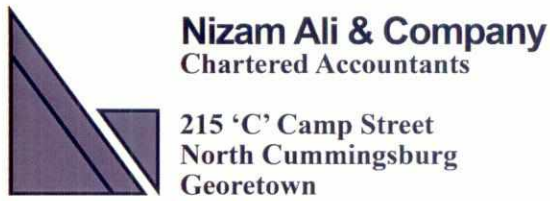
7. Trust Company V GSC. High Court action. Action 157W 2010.

Cause of action: An application for a declaration that Trust Company is not a public company and consequently not subject to the Securities Industries Act.

Status: Hearing before Justice Barlow has concluded. Submissions by GSC laid over. Awaiting submissions by Trust Company.



AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD ENDED
31ST DECEMBER, 2018



Tel: (592)-227-8825
Tele/Fax: (592)-225-7085
E-mail: admin@nizamali.net

INDEPENDENT AUDITORS' REPORT

TO THE COUNCIL MEMBERS OF GUYANA SECURITIES COUNCIL REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Guyana Securities Council which comprise the statement of financial position as at December 31, 2018 and the statements of revenue and expenditure and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2018 and its financial performance and its cash flows for year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

GOING CONCERN

The Council'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 Council 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 Council'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 Council'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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS, CONTINUED

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our 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 auditors' 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 ISAs 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 can 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, we exercise professional judgement 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 Council'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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Council 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.

We are required to 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS, CONTINUED

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

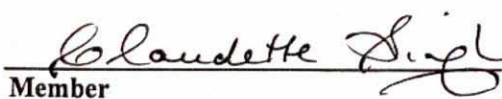
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period.


CHARTERED ACCOUNTANTS
GEORGETOWN, GUYANA
JANUARY 29, 2019

Statement of Financial Position
As at December 31, 2018
With comparative figures for 2017
 (Expressed in Guyana Dollars)

	Notes	2018 \$	2017 \$
Non - current assets			
Furniture, equipment and books	7	162,055	212,450
Current assets			
Cash and bank	5	71,857,521	63,828,971
Accounts receivable	11	208,330	222,925
Total current assets		72,065,851	64,051,896
Total assets		72,227,906	64,264,346
Liabilities			
Deferred revenue	10	71,542,406	62,689,737
Accounts payable and accrued charges	9	685,500	1,574,609
Total liabilities		72,227,906	64,264,346


 Chairman


 Member


 Member

The accompanying notes form an integral part of these financial statements

Statement of Revenue and Expenditure
For the year ended December 31, 2018
With comparative figures for 2017
(Expressed in Guyana Dollars)

	Notes	2018 \$	2017 \$
Revenue			
Subvention	4	110,000,000	123,344,000
Transfer to deferred income	10	(8,852,669)	(37,093,569)
		<u>101,147,331</u>	<u>86,250,431</u>
Fines and fees	12	465,500	9,700
Total income		<u><u>101,612,831</u></u>	<u><u>86,260,131</u></u>
Expenditure			
Council members' fees	6	8,505,000	7,877,100
Salaries and short term benefits		71,296,428	60,309,050
Professional fees		4,309,834	9,587,823
Communication		532,788	444,096
Stationery		771,515	674,345
Advertising and publication		324,811	308,466
Depreciation		50,395	50,395
Audit fees		570,000	598,875
Conference and training expenses		13,632,753	5,122,457
Miscellaneous		1,598,912	1,267,129
Insurance		20,395	20,395
		<u><u>101,612,831</u></u>	<u><u>86,260,131</u></u>

The accompanying notes form an integral part of these financial statements



Statement of Cash Flows
For the year ended December 31, 2018
With comparative figures for 2017
(Expressed in Guyana Dollars)

	2018	2017
	\$	\$
Cash flow from operating activities		
Expenditure	(101,612,831)	(86,260,131)
Other income	465,500	9,700
	<u>(101,147,331)</u>	<u>(86,250,431)</u>
Adjustments for:		
Depreciation	50,395	50,395
Change in accounts receivable	14,595	(181,485)
Change in accounts payable and accrued charges	(889,109)	889,109
	<u>(901,249)</u>	<u>(40,681)</u>
Net cash outflows from operating activities	<u>(101,971,450)</u>	<u>(85,492,412)</u>
Cash flow from financing activities		
Subvention	110,000,000	123,344,000
	<u>110,000,000</u>	<u>123,344,000</u>
Net cash inflow from financing activities	<u>110,000,000</u>	<u>123,344,000</u>
Net increase in cash and cash equivalents	8,028,550	37,851,588
Cash and cash equivalent as at the beginning of year	<u>63,828,971</u>	<u>25,977,383</u>
Cash and cash equivalent as at end of year	<u><u>71,857,521</u></u>	<u><u>63,828,971</u></u>
Cash at bank as at end of year	<u><u>71,857,521</u></u>	<u><u>63,828,971</u></u>

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements**December 31, 2018**

(Expressed in Guyana Dollars)

1. Entity identification and principal function

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

The members of the Council serving in 2018 were:

Period served: January 1 - December 31, 2018

Mr. Rawle Lucas- Chairman

Ms. Debra Roberts- Member

Ms. Claudette Singh - Member

Mr. Leslie Glen- Member

The principal functions of the Council are to:

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

2. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations were in issue but not effective for the year ended December 31, 2018. None of these will have a significant impact on the financial statements of the Council.

3. Significant accounting policies**(a) Accounting convention**

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

The Members of the Council approved these financial statements for issue on January 29, 2019.

Notes to Financial Statements**December 31, 2018**

(Expressed in Guyana Dollars)

3. Significant accounting policies, continued**(b) Subvention**

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

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

(c) Registration fees

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

(d) Foreign currency transactions

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

(e) Expense recognition

Expenses are recognised on an accrual basis.

(f) Furniture, equipment and books

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

Furniture	10%
Equipment	20%
Books	10%

(g) Deferred revenue

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

Notes to Financial Statements**December 31, 2018**

(Expressed in Guyana Dollars)

3. Significant accounting policies, continued**(h) Cash and cash equivalents**

For the purposes of the statement of cash flows cash and cash equivalents comprise cash on hand and cash and short term deposits at bank.

(i) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(j) Accounts payable and accrued charges

Accounts payable and accrued charges are recognised initially at fair value and subsequently measured at amortised cost.

4. Subvention

The Subvention approved in the 2018 budget amounted to G\$110,000,000 (2017 - G\$123,344,000). The increase in subvention for 2017 was primarily to finance the establishment of an Anti Money Laundering Division. The budget funds allocated for 2017 for the establishment of this division was G\$32,618,850. At December 31, 2018, this division has not been established. Consequently, the funds received by the Council for the establishment of this division is retained by the Council and held as cash resources.

Unused Subvention / Funds are carried forward to future periods and accounted for as deferred revenue.

5. Cash resources

	2018	2017
	\$	\$
Bank of Nova Scotia	-	57,827,241
Bank of Guyana	65,857,991	-
Republic Bank (Guyana) Limited	5,999,530	6,001,730
	<u>71,857,521</u>	<u>63,828,971</u>

6. Council members' fees

	2018	2017
	\$	\$
L. Glen	1,822,500	-
R. Lucas	3,037,500	2,069,100
D. Robert	1,822,500	1,524,600
K. Cholmondeley	-	435,600
D. Levi	-	254,100
C. Singh	1,822,500	2,069,100
T. Smith	-	1,524,600
	<u>8,505,000</u>	<u>7,877,100</u>

Notes to Financial Statements
December 31, 2018
 (Expressed in Guyana Dollars)

7. Furniture, equipment and books

	2018			
	Furniture	Equipment	Books	Total
	\$	\$	\$	\$
Costs				
As at beginning of year and	3,398,011	2,578,887	2,608,711	8,585,609
As at end of year	<u>3,398,011</u>	<u>2,578,887</u>	<u>2,608,711</u>	<u>8,585,609</u>
Depreciation				
As at beginning of year	(3,241,132)	(2,523,316)	(2,608,711)	(8,373,159)
Charges for the year	(21,855)	(28,540)	-	(50,395)
As at end of year	<u>(3,262,987)</u>	<u>(2,551,856)</u>	<u>(2,608,711)</u>	<u>(8,423,554)</u>
Net book value				
As at end of year	<u>135,024</u>	<u>27,031</u>	<u>-</u>	<u>162,055</u>

	2017			
	Furniture	Equipment	Books	Total
	\$	\$	\$	\$
Costs				
As at beginning of year	3,398,011	2,578,887	2,608,711	8,585,609
As at end of year	<u>3,398,011</u>	<u>2,578,887</u>	<u>2,608,711</u>	<u>8,585,609</u>
Depreciation				
As at beginning of year	(3,219,277)	(2,494,776)	(2,608,711)	(8,322,764)
Charges for the year	(21,855)	(28,540)	-	(50,395)
As at end of year	<u>(3,241,132)</u>	<u>(2,523,316)</u>	<u>(2,608,711)</u>	<u>(8,373,159)</u>
Net book value				
As at end of year	<u>156,879</u>	<u>55,571</u>	<u>-</u>	<u>212,450</u>

8. Key Management Compensation

Key Management Personnel comprise of three (3) full time employees and Council Members as disclosed in Note 1.

	2018	2017
	\$	\$
Salaries and short term benefits	<u>71,145,778</u>	<u>59,618,349</u>

Notes to Financial Statements**December 31, 2018**

(Expressed in Guyana Dollars)

9. Accounts payable and accrued charges	2018	2017
	\$	\$
Professional fees	-	889,109
Audit Fee	570,000	570,000
Other Payables	115,500	115,500
	<u>685,500</u>	<u>1,574,609</u>
10. Deferred revenue	2018	2017
	\$	\$
Balance at beginning of year	62,689,737	25,596,168
Transfer from statement of revenue and expenditure	8,852,669	37,093,569
	<u>71,542,406</u>	<u>62,689,737</u>
11. Accounts receivable	2018	2017
	\$	\$
Staff receivable	187,610	181,325
Prepayments	20,720	41,600
	<u>208,330</u>	<u>222,925</u>
12. Other income	2018	2017
	\$	\$
Fines, registration and prospectus fees	465,500	9,700
	<u>465,500</u>	<u>9,700</u>

13. Financial instruments

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

(i) Credit Risk

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



Notes to Financial Statements

December 31, 2018

(Expressed in Guyana Dollars)

13. Financial instruments, continued

(ii) Liquidity risk

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

(iii) Fair values

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

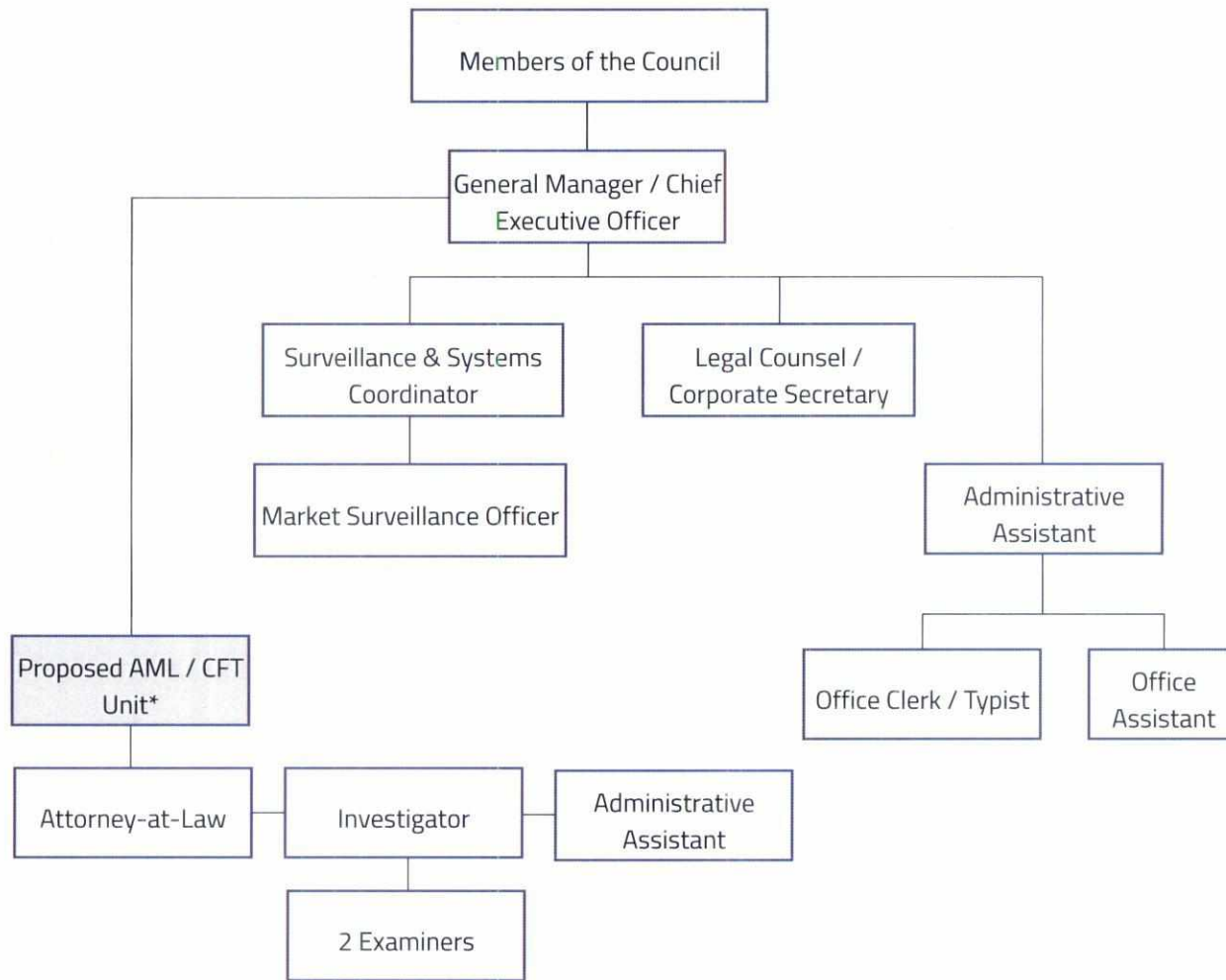
14. Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

As at December 31, 2018, the Council did not have any material provisions for litigation claims. Further, the Council does not believe claims for which no provision has been recorded will have a material impact on the financial position of the Council.

Appendices

ORGANISATIONAL CHART



* - Funds were allocated in the 2017 Budget for the establishment of this unit. A major constraint facing the Council is accommodation to house this division.

Appendices

G.A.S.C.I

The Guyana Association of Securities Companies and Intermediaries Inc., (GASCI) is the local stock exchange, which organises and supervises the stock market in Guyana.

GASCI is a "Self-Regulatory Organisation" (SRO) which was formed for the purpose of developing a Stock market in Guyana. It is the result of earlier work undertaken by the Adam Smith Institute funded by the UK Department for International Development.

GASCI consists of four member firms which trade (i.e. provide broker services for customers who wish to buy and sell shares) on the stock market and these are Trust Company (Guyana) Ltd, Guyana Americas Merchant Bank Inc, Beharry Stockbrokers Ltd and Hand-in-Hand Trust Corporation Inc (formerly GNCC Trust Corporation Inc). Trust Company (Guyana) Ltd, Beharry Stockbrokers Ltd and Hand-in-Hand Trust Corporation Inc are also represented on the Board of Directors of GASCI. The member firms of GASCI are registered as Brokers with the Guyana Securities Council.

REGISTERED REPORTING ISSUERS OF THE COUNCIL

- Banks DIH Ltd.
- Caribbean Container Inc.
- Citizens Bank Guyana Inc.
- City Jewelers and Pawnbrokers Ltd.
- Demerara Bank Ltd.
- Demerara Distillers Ltd.
- Demerara Tobacco Company Ltd.
- Guyana Bank for Trade and Industry Ltd.
- Guyana Stockfeeds Inc.
- Guyana Stores Ltd.
- Humphrey and Company Ltd.
- J. P. Santos & Company Ltd.
- National Engineering Company
- ON Energy Inc.
- Property Holdings Inc.
- Republic Bank (Guyana) Ltd.
- Rupununi Development Company Ltd.
- Sterling Products Ltd.

REGISTERED MARKET PARTICIPANTS

BROKERS

- Trust Company (Guyana) Ltd.
- Hand-in-Hand Trust Company Ltd.
- Guyana Americas Merchant Bank Inc.
- Beharry Stockbrokers Ltd.

DEALERS AND UNDERWRITERS

- Guyana Americas Merchant Bank Inc.

INVESTMENT ADVISERS

- Guyana Americas Merchant Bank Inc.
- Pollards et Filles (Guyana) Inc.
- Meadowbank Asset Management Guyana Inc.

MARKET CAPITALISATION

Issuer	2014	2015	2016	2017	2018
Banks DIH Limited	19,500,000	20,100,000	22,600,000	33,994,461	67,988,923
Caribbean Container Inc	1,433,708	1,368,000	1,368,000	1,358,249	1,358,249
Citizens Bank Guyana Inc	8,566,747	8,566,747	8,566,747	8,566,747	8,685,730
City Jewelers and Pawnbrokers Limited	-	-	-	-	-
Demerara Bank Limited	14,625,000	16,200,000	15,975,000	16,020,000	26,100,000
Demerara Distillers Limited	17,710,000	17,710,000	18,480,000	21,329,000	57,750,000
Demerara Tobacco Company Ltd	23,868,000	23,751,000	24,277,500	21,060,000	22,347,000
Guyana Bank for Trade and Industry	23,400,000	18,800,000	17,920,000	18,000,000	25,600,000
Guyana Stockfeeds Incorporated	1,605,711	1,605,711	1,605,711	1,605,711	1,605,711
Humphrey & Company Limited	-	-	-	-	-
J.P. Santos & Company Limited	-	380,088	380,088	380,088	380,088
Property Holdings Inc	820,000	500,000	500,000	500,000	490,000
Republic Bank (Guyana) Limited	36,900,000	33,300,000	27,000,000	40,500,000	72,000,000
Rupununi Development Company Limited	183,892	183,892	275,838	275,838	275,838
Sterling Products Limited	2,290,698	2,443,411	2,458,683	2,596,124	3,069,535
TOTAL	150,903,756	144,908,850	141,407,567	166,186,220	287,651,074

Thousands of dollars

Source: GASCI

EARNINGS PER SHARE AND DIVIDEND YIELD

Issuer	2014		2015		2016		2017		2018	
	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield
Banks DIH Limited	2.66	3.20%	2.94	3.29%	4.47	4.93%	4.44	2.97%	5.04	1.44%
Caribbean Container Inc	0.29	1.05%	0.96	2.22%	0.71	2.44%	(0.11)	2.44%	-	-
Citizens Bank Guyana Inc	16.63	1.28%	15.24	1.67%	8.05	1.25%	12.21	1.88%	10.12	1.71%
City Jewelers and Pawnbrokers Limited	(75.57)	-	(115.57)	-	8,190.00	-	N/R	0.00%	-	-
Demerara Bank Limited	3.71	2.81%	3.78	2.78%	2.95	2.63%	3.55	3.10%	4.53	2.33%
Demerara Distillers Limited	2.49	2.61%	2.46	2.70%	2.85	2.63%	3.38	2.89%	4.26	1.47%
Demerara Tobacco Company Ltd	69.43	7.09%	68.66	6.98%	66.68	6.43%	60.53	6.73%	-	-
Guyana Bank for Trade and Industry	53.03	2.91%	47.82	3.62%	50.81	3.79%	38.01	3.11%	-	-
Guyana Stockfeeds Incorporated	2.87	-	3.70	-	0.91	-	2.73	0.00%	-	-
Humphrey & Company Limited	20.94	-	26.67	-	15.60	-	38.17	0.00%	-	-
J.P. Santos & Company Limited	3.17	-	7.81	20.00%	8.01	12.50%	11.50	12.50%	-	-
Property Holdings Inc.	(0.01)	-	0.37	-	11.70	-	N/R	-	-	-
Republic Bank (Guyana) Limited	7.80	2.74%	9.39	3.42%	9.01	3.85%	9.13	3.60%	10.45	2.06%
Rupununi Development Company Limited	4.26	-	(15.88)	-	(11.15)	-	(52.19)	-	-	-
Sterling Products Limited	13.63	3.50%	11.37	3.75%	11.10	3.73%	9.47	3.53%	-	-

*Note:

City Jewelers and Pawnbrokers Limited - Last Results in 2016

Property Holdings Inc. - 2016 last Annual Report Received

Source: GASCI

Appendices

NUMBER OF TRADES

Issuer	2014	2015	2016	2017	2018
Banks DIH Limited	212	230	237	133	156
Caribbean Container Inc	14	19	16	2	-
Citizens Bank Guyana Inc	15	-	-	-	5
City Jewelers and Pawnbrokers Limited	-	-	-	-	-
Demerara Bank Limited	88	33	49	49	24
Demerara Distillers Limited	83	109	97	83	82
Demerara Tobacco Company Ltd	108	127	103	88	117
Guyana Bank for Trade and Industry	65	58	74	97	82
Guyana Stockfeeds Incorporated	-	-	-	-	-
Humphrey & Company Limited	-	-	-	-	-
J.P. Santos & Company Limited	-	1	-	-	-
Property Holdings Inc	4	3	1	-	2
Republic Bank (Guyana) Limited	63	73	84	100	74
Rupununi Development Company Limited	-	-	3	-	1
Sterling Products Limited	42	5	3	1	9
TOTAL	694	658	667	553	552

Source: GASCI

QUANTITY OF SHARES TRADED

Issuer	2014	2015	2016	2017	2018
Banks DIH Limited	4,448,528	3,930,207	7,515,238	3,153,398	2,845,662
Caribbean Container Inc	75,300	55,920	43,451	7,249	-
Citizens Bank Guyana Inc	10,282	-	-	-	200,000
City Jewelers and Pawnbrokers Limited	-	-	-	-	-
Demerara Bank Limited	3,050,640	540,858	1,091,791	10,261,857	323,300
Demerara Distillers Limited	1,531,856	1,468,410	3,110,508	1,376,365	589,122
Demerara Tobacco Company Ltd	40,181	64,713	69,793	56,973	141,734
Guyana Bank for Trade and Industry	112,457	97,675	216,728	223,035	238,375
Guyana Stockfeeds Incorporated	-	-	-	-	-
Humphrey & Company Limited	-	-	-	-	-
J.P. Santos & Company Limited	-	15,000	-	-	-
Property Holdings Inc	17,000	110	5	-	10,000
Republic Bank (Guyana) Limited	1,197,491	1,042,290	353,152	2,270,025	902,295
Rupununi Development Company Limited	-	-	840	-	10
Sterling Products Limited	43,465	4,500	1,608	400	40,433
TOTAL	10,527,200	7,219,683	12,403,114	17,349,302	5,290,931

Source: GASCI

TOTAL CONSIDERATION (VALUE) OF TRADES

Issuer	2014	2015	2016	2017	2018
Banks DIH Limited	88,100,801	76,847,049	156,847,137	109,920,326	192,301,596
Caribbean Container Inc	733,980	405,060	404,509	65,241	
Citizens Bank Guyana Inc	1,674,858	-	-	-	29,200,000
City Jewelers and Pawnbrokers Limited	-	-	-	-	
Demerara Bank Limited	94,635,593	18,592,341	40,439,144	365,802,716	18,019,280
Demerara Distillers Limited	32,673,833	36,232,646	72,986,662	34,175,192	30,032,304
Demerara Tobacco Company Ltd	41,567,210	65,306,018	70,610,750	54,388,450	137,231,526
Guyana Bank for Trade and Industry	66,629,162	53,863,019	93,869,331	95,629,015	133,213,813
Guyana Stockfeeds Incorporated	-	-	-	-	
Humphrey & Company Limited	-	-	-	-	
J.P. Santos & Company Limited	-	300,000	-	-	
Property Holdings Inc	83,400	664	25	-	49,000
Republic Bank (Guyana) Limited	148,636,745	124,471,168	36,692,932	256,486,252	156,776,584
Rupununi Development Company Limited	-	-	534,000	-	7,500
Sterling Products Limited	6,409,850	691,500	258,888	68,000	7,428,283
TOTAL	481,145,431	376,709,465	472,643,377	916,535,191	704,259,886

Source: GASCI

