

AUDITED FINANCIAL  
STATEMENTS OF THE  
GUYANA NATIONAL  
NEWSPAPERS LIMITED

FOR THE YEAR ENDED  
DECEMBER 31, 2012

**AUDITED FINANCIAL STATEMENTS OF THE  
GUYANA NATIONAL NEWSPAPERS LIMITED**

**FOR THE YEAR ENDED  
31 DECEMBER 2012**

**CONTRACTED AUDITORS: MAURICE SOLOMON  
& CO.  
92 ORNONQUE ST.  
QUEENSTOWN  
GEORGETOWN**

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



## *Audit Office of Guyana*

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AG: 5/2014

19 February 2014

REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE  
GUYANA NATIONAL NEWSPAPERS LIMITED  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

Chartered Accountants Maurice Solomon & Company have audited on my behalf the financial statements of Guyana National Newspapers Limited for the year ended 31 December 2012, as set out on pages 5 to 24. The audit was conducted in accordance with the Audit Act 2004.

### *Management's responsibility for the financial statements*

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

### *Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Basis for Qualified Opinion*

Audit examinations revealed that the Company's administrative and editorial offices were furnished with office furniture and fittings in the year 2010. However, supporting documentation to verify the acquisitions were not provided nor were accounted for in Note 3 (a) of the Statement of Financial Position. As of the date of my audit report, management is still in the process of undertaking an independent valuation of these assets to be included in the Statement of Financial Position. This matter was drawn to your attention in my previous audit reports, to which no action was taken to resolve same.

*Qualified Opinion*

In my opinion, except for the effect of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view, in all material respects of the financial position of Guyana National Newspapers Limited as at 31 December 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1991.

*Emphasis of Matter*

Without further qualifying my opinion, I draw attention to Note 4 of the financial statements which shows the Company's Trade Receivables of \$111,378,687 for the year ended 31 December 2012, which indicates there is a degree of uncertainty to whether these debts may be collectible and may cast significant doubt about the Company's policies and procedures of debt collection of the Company having regard to the substantial long outstanding debts due.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA



**REPORT OF THE CHARTERED ACCOUNTANTS  
MAURICE SOLOMON & CO.  
TO THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
GUYANA NATIONAL NEWSPAPERS LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2012**

We have audited the accompanying financial statements of Guyana National Newspapers Limited which comprise the statement of financial position as at 31 December, 2012 and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year ended 31 December, 2012 and a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 24.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Basis for Qualified Opinion***

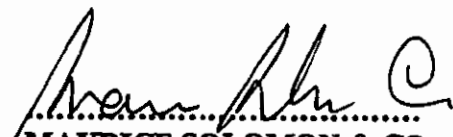
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***Qualified Opinion***

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements give a true and fair view, in all material respects of the financial position of Guyana National Newspapers Limited as of 31 December, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1991.

***Emphasis of Matter***

Without further qualifying our opinion, we draw attention to Note 4 of the financial statements which shows the Company's Trade Receivables of \$111,378,687 for the year ended 31 December 2012, which indicates there is a degree of uncertainty to whether these debts may be collectible and may cast significant doubt about the Company's policies and procedures of debt collection of the Company having regard to the substantial long outstanding debts due.



**MAURICE SOLOMON & CO**

*Chartered Accountants*

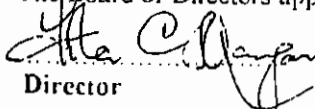
*February 18, 2014*

GUYANA NATIONAL NEWSPAPERS LTD.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

ASSETS:	Note	2012 GS	2011 GS
<b>NON - CURRENT ASSETS</b>			
Property, Plant and Equipment	3(a),(b)	59,632,815	65,389,444
<b>CURRENT ASSETS</b>			
Trade Receivables	4	111,378,687	93,955,709
Other Receivables and Prepayments	5	6,698,368	7,646,120
Inventories	6	26,736,441	40,239,737
Cash Resources	7	65,520,750	41,573,805
Deferred Taxation	15	12,078,266	14,899,555
Taxation recoverable		4,602,993	8,452,657
		227,015,505	206,767,583
<b>TOTAL ASSETS</b>		<b>286,648,320</b>	<b>272,157,027</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>SHAREHOLDERS' EQUITY AND RESERVES</b>			
Share Capital	8	244,800	244,800
Retained Earnings		203,440,938	192,001,678
Capital Reserve		1,637,796	1,637,796
		205,323,534	193,884,274
<b>CURRENT LIABILITIES</b>			
Trade Payables	9	2,049,274	1,968,959
Other Payables and Accruals	10	15,198,808	18,276,952
Deferred Income	11	709,190	826,561
Related Party	12	36,000,000	36,000,000
Vat Payable	13	15,749,437	9,690,531
Taxation Payable		4,506,635	5,996,338
Deferred Taxation	15	7,111,442	5,513,412
		81,324,786	78,272,753
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>286,648,320</b>	<b>272,157,027</b>

The Board of Directors approved these financial statements for issue on December 2013

  
Director

  
Director

The notes on pages 9 to 23 form an integral part of these financial statements.

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 G\$	2011 G\$
<b>INCOME</b>	16	364,908,518	365,547,551
<b>PRODUCTION EXPENSES</b>	17	(147,595,036)	(140,756,755)
<b>OPERATING PROFIT</b>		217,313,482	224,790,796
<b>OTHER INCOME</b>	18	2,567,240	2,427,966
		219,880,722	227,218,762
<b>OTHER EXPENSES:</b>			
Administrative	19	(177,431,153)	(173,610,866)
Circulation	20	(22,084,355)	(21,261,062)
<b>TOTAL OTHER EXPENSES</b>		(199,515,508)	(194,871,928)
<b>NET PROFIT BEFORE TAXATION</b>	21	20,365,214	32,346,834
<b>TAXATION</b>	22	(8,885,928)	(2,457,991)
<b>PROFIT AFTER TAXATION</b>		11,479,286	29,888,843
<b>OTHER COMPREHENSIVE ITEM:</b>			
Dividends payable write back	14	-	18,049,804
		11,479,286	47,938,647
<b>EARNINGS PER SHARE</b>	23	4.69	11.87

The notes on pages 9 to 24 form an integral part of these financial statements.



**GUYANA NATIONAL NEWSPAPERS LTD.**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

	<b>Share Capital</b>	<b>Capital Reserves</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance as at 1 Jan 2012	244,800	1,637,796	192,001,678	193,884,274
Profit for the Year	-	-	11,479,286	11,479,286
<b>Balance as at 31 Dec 2012</b>	<u>244,800</u>	<u>1,637,796</u>	<u>203,480,964</u>	<u>205,363,560</u>
Balance as at 1 Jan 2011	244,800	1,637,796	144,063,031	145,945,627
Profit for the year	-	-	29,888,843	29,888,843
Other Comprehensive item	-	-	18,049,804	18,049,804
<b>Balance as at 31 Dec 2011</b>	<u>244,800</u>	<u>1,637,796</u>	<u>192,001,678</u>	<u>193,884,274</u>

The notes on pages 9 to 24 form an integral part of these financial statements.

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 G\$	2011 G\$
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	20,365,214	32,346,834
Adjustment for :		
Depreciation	6,380,069	7,397,293
Depreciation written back	-	(2,888,873)
Investment Income - Interest net of withholding tax	(266,470)	(123,897)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	26,478,813	36,731,357
Decrease /(Increase) in inventories	13,503,296	(11,398,744)
(Increase)/Decrease in Trade and Other Receivables	(16,475,226)	(15,996,183)
Increase/(Decrease) in Trade and Other Payables	(2,997,829)	700,316
Increase in VAT Payable	6,058,906	30,140
(Decrease) in Deferred Income	(117,371)	-
	<hr/>	<hr/>
Cash generated from operations :	26,450,589	10,066,886
Taxes paid	(2,146,674)	(5,638,116)
	<hr/>	<hr/>
<b>Net Cash (Outflow) / Inflow - Operating Activities</b>	<b>24,303,915</b>	<b>4,428,770</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of Tangible Fixed Assets	(623,440)	(2,466,721)
Disposal of assets	-	2,888,873
Investment income - Interest net of withholding tax	266,470	123,897
	<hr/>	<hr/>
<b>Net Cash Outflow - Investing Activities</b>	<b>(356,970)</b>	<b>546,049</b>
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>23,946,945</b>	<b>4,974,819</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF</b>	<b>41,573,805</b>	<b>36,598,986</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>	<b>65,520,750</b>	<b>41,573,805</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Petty Cash	160,000	160,000
Cash at Bank	64,651,560	40,587,244
Ministry of Health - Cash at bank	709,190	826,561
	<hr/>	<hr/>
	<b>65,520,750</b>	<b>41,573,805</b>
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The notes on pages 9 to 24 form an integral part of these financial statements.

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**1. COMPANY'S IDENTIFICATION**

**(a) Incorporation**

The Guiana Graphic Limited was incorporated on 31 December 1953 under the Companies Ordinance Chapter 328. This name was duly changed by special resolution on 30 December 1965 to Guyana Graphic Limited. On 14 November 1975 another Special Resolution was passed changing the Company's name from Guyana Graphic Limited to Guyana National Newspapers Limited.

The Company has obtained a certificated of continuance in accordance with section 339 of the Companies Act of 1991.

**(b) Principal Activity**

The Company's principal business is advertising through daily and weekly newspapers, selling of daily and Sunday Chronicle newspapers and jobbing work for customers.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

The financial statements have been prepared under the historical cost convention as modified for the revaluation of certain non-current assets and accounting policies confirm with International Financial Reporting Standards.

*(b) Standards, amendments and Interpretations that are not yet effective in current year and either not relevant or with has no material impact on the company's financial reporting.*

IFRS 9 Financial Instruments:Classification and Measurement (1 January 2015)  
IFRS 9 Additions for Financial Liability Accounting (1 January 2015)  
IFRS 10 Consolidated Financial Statements (1 January 2013)  
IFRS 11 Joint Arrangements (1 January 2013)  
IFRS 12 Disclosures of Interest in Other Entities (1 January 2013)  
IFRS 13 Fair value Measurement (1 January 2013)  
IAS 27 Separate Financial statements (1 January 2013)  
IAS 28 Investments in Associates and Joint Ventures (1 January 2013)  
IAS 1 Amendments to IAS 1 - Presentation of Other Comprehensive Income (1 January 2013)  
IAS 12 Amendments to IAS 12 - Income Taxes (1 January 2012)  
IAS 19 Amendments to IAS 19 - Employee Benefits (1 January 2013)

***New Interpretation***

IFRIC 20 Stripping Cost in the Production Phase of a surface mine (1 January 2013)

**GUYANA NATIONAL NEWSPAPERS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES Con't**

*(c) The standards and amendments that are expected to impact the Company's accounting policies, when adopted, are explained below.*

IFRS 7 Transactions involving transfer of financial assets

IFRS 9 Classify and Measure Financial Assets

IFRS 13 Guidance for fair value measurements and disclosures about fair value measurements

IAS 1 Amendments to IAS 1 - Statement of Comprehensive Income

IAS 12 - Amendments - Measurement of deferred tax assets and liabilities for tax consequences

**(d) Property, Plant and Equipment**

Property, Plant, Equipment and Motor Vehicle are stated at historical cost less accumulated depreciation. Other non current assets are depreciated on a straight line and reducing balance method at rates estimated to write off the assets over their expected economic lives. A full year depreciation is calculated in the year of acquisition and not in the year of disposal.

The annual rates used are:

Building	3 1/3% straight line
Vehicles	25% - 50%- straight line
Plant and Equipment	5 - 20% - reducing balance

**(e) Impairment of Assets**

At each Statement of Financial Position date, the company reviews the carrying amounts of its property, plant, equipment and vehicle 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). The recoverable amount is the higher of the asset's fair value less cost to sell and value in use.

At the Statement of Financial Position date, management reviewed the carrying amount of the Company's tangible non-current asset and current assets and determined that both the non-current and current assets have suffered an impairment.

The gain or losses arising on the disposal of property, plant and equipment are determined by reference to their carrying amount and the sales consideration, and is recognised in the Income Statement. The impairment of receivables is recognised as bad debts in the Income Statement.

**(f) Revenue Recognition**

This comprises of income from advertising, newspaper circulation and job printing. Revenues in the form of sales are recognised at the time the goods or services are delivered to the customers.

**(g) Expenditure Recognition**

Expenses are recognised when the goods and services are received.

**GUYANA NATIONAL NEWSPAPERS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(h) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held on call with banks and other bank balances, net of bank overdraft.

**(i) Foreign Currencies**

Transactions involving foreign currencies are translated at the exchange rates ruling at the dates of these transactions. At each Statement of Financial Position date, assets and liabilities denominated in foreign currencies are translated into Guyana dollars at the exchange rates ruling at that date. Gains and losses resulting from the settlement of transactions and from the translated of monetary assets and liabilities denominated in foreign currencies, are recognized in the Statement of Comprehensive Income.

**(j) Taxation**

Provision is made for deferred tax using the liability method for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred corporation tax.

The principal temporary differences arise from depreciation on property and equipment and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

**(k) Inventories**

Inventories are valued at the lower of the cost and net realizable value with cost being determined on the first-in -first -out (FIFO) method.

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

<b>Property, Plant and 3(a) Equipment</b>	<b>Freehold Land</b>	<b>Building</b>	<b>Motor Vehicles</b>	<b>Furniture &amp; Fittings</b>	<b>Plant &amp; Equipment</b>	<b>Total</b>
<b>Cost:</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	
As at beginning of year	111,715	24,114,152	12,776,750	43,506,126	157,770,119	238,278,862
Additions	-	533,585	-	31,500	58,355	623,440
<b>As at end of year</b>	<b>111,715</b>	<b>24,647,737</b>	<b>12,776,750</b>	<b>43,537,626</b>	<b>157,828,474</b>	<b>238,902,302</b>
<b>Depreciation:</b>						
As at beginning of year	-	12,043,604	12,776,750	9,287,482	138,781,582	172,889,418
Charges for the year	-	799,515	-	1,710,922	3,869,632	6,380,069
<b>As at end of year</b>	<b>-</b>	<b>12,843,119</b>	<b>12,776,750</b>	<b>10,998,404</b>	<b>142,651,214</b>	<b>179,269,487</b>
<b>Net Book Value:</b>						
As at 31/12/2012	111,715	11,804,618	-	32,539,222	15,177,260	59,632,815
As at 01/01/2012	111,715	12,070,548	-	34,218,644	18,988,537	65,389,444

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

**Property, Plant and  
3(a) Equipment**

	Freehold Land	Building	Motor Vehicles	Furniture & Fittings	Plant & Equipment	Total
<b>Cost:</b>	GS	GS	GS	GS	GS	
As at beginning of year	111,715	24,114,152	15,665,623	43,292,726	155,516,798	238,701,014
Additions	-	-	-	213,400	2,253,321	2,466,721
Disposals	-	-	(2,888,873)	-	-	(2,888,873)
<b>As at end of year</b>	<b>111,715</b>	<b>24,114,152</b>	<b>12,776,750</b>	<b>43,506,126</b>	<b>157,770,119</b>	<b>238,278,862</b>
<b>Depreciation:</b>						
As at beginning of year	-	11,261,857	15,665,623	7,486,511	133,967,007	168,380,998
Charges for the year	-	781,747	-	1,800,971	4,814,575	7,397,293
Written back on disposals	-	-	(2,888,873)	-	-	(2,888,873)
<b>As at end of year</b>	<b>-</b>	<b>12,043,604</b>	<b>12,776,750</b>	<b>9,287,482</b>	<b>138,781,582</b>	<b>172,889,418</b>
<b>Net Book Value:</b>						
As at 31/12/2011	111,715	12,070,548	-	34,218,644	18,988,537	65,389,444
As at 01/01/2011	111,715	12,852,295	-	35,806,215	21,549,791	70,320,016

3(b) The land is owned by the Government of Guyana which is situated at Lama Avenue, Bel Air Park. The title to this property has not yet been transferred to the company and is not legally owned by the company. The company is currently in the process of trying to have the title transferred as soon as possible.

**4. TRADE RECEIVABLES**

Most of the company's sales are made on the basis of normal credit terms, and receivables do not bear interest. At end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the income Statement of Comprehensive Income.

The balance shown as trade and other receivables represents monies owed by customers, for advertising, newspaper, and jobbing work done. The details are as follows:

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

**4. TRADE RECEIVABLES CONT'D**

	2012	2011
	G\$	G\$
Advertising	58,950,536	47,847,371
Circulation	13,187,839	11,436,256
Jobbing	11,709,188	10,767,117
Held Over Credit	32,852,430	27,068,792
Other	751,249	-
Less: Provision for Bad Debts	(6,072,555)	(3,163,827)
	<u>111,378,687</u>	<u>93,955,709</u>

**5. OTHER RECEIVABLES AND PREPAYMENTS**

Heilderberg	93,669	93,669
Staff	4,708,460	3,252,389
Prepayments	553,442	1,415,389
Return Cheque	627,585	332,745
Payables with debit balances	1,028,588	2,561,919
Other	-	219,767
	<u>7,011,744</u>	<u>7,875,878</u>
Less: Provision for bad debts	(313,376)	(229,758)
	<u>6,698,368</u>	<u>7,646,120</u>

**6. INVENTORIES**

Inventories comprised mainly newsprints, ink, film, etc which are stated at the lower of cost and net realisable value. Cost is calculated using the first-in- first out (FIFO) basis.

Inventories consist of the following:

Newsprint	8,743,941	23,826,384
Other raw materials	9,788,568	8,522,419
Spares	7,406,656	4,822,536
Stores and stationery	2,385,983	2,556,138
Loose tools	512,260	512,260
Less : Provision for obsolete stocks	(2,100,967)	-
	<u>26,736,441</u>	<u>40,239,737</u>



**GUYANA NATIONAL NEWSPAPERS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**7. CASH RESOURCES**

At the Statement of Financial Position date, cash and cash equivalents denominated in foreign currencies are translated into Guyana dollars at the exchange rates ruling at that date.

Cash and cash equivalents comprise of short term, highly liquid investments that are both readily convertible into known amounts of cash and so near to maturity that they present an insignificant risk of change in value.

Cash and cash equivalents comprised as follows:

		2012	2011
		G\$	G\$
Petty cash		160,000	160,000
Cash at Bank	Note 1	64,651,560	40,587,244
Ministry of Health		709,190	826,561
		<hr/>	<hr/>
		65,520,750	41,573,805

**Note 1**

Included in the cash at bank balance is the amount of G\$3,500,000 which represents retirement funds.

**8. SHARE CAPITAL**

	2012	2011
Authorised Ordinary Shares	7,500,000	7,500,000
Issued Ordinary Shares	2,448,000	2,448,000
	G\$	G\$
Issued Ordinary shares at stated value	244,800	244,800

**9. TRADE PAYABLES**

Trade Payables are obligations on the basis of normal credit terms and do not bear interest. The amount shown for trade payables represents monies owed to local and overseas suppliers for goods. Overseas payables denominated in foreign currency at Statement of Financial Position date were translated to Guyana dollars at exchange rates prevailing at that date. The details are as follows:

	2012	2011
	G\$	G\$
Overseas Suppliers	1,734,496	1,563,276
Local Suppliers	314,778	405,683
	<hr/>	<hr/>
	2,049,274	1,968,959

**10. OTHER PAYABLES AND ACCRUALS**

Other Payables are obligations on the basis of normal credit terms and do not bear interest. The amount shown for trade and other payables represents monies advanced by customers, accruals, etc. The details are as follows:

	2012	2011
	G\$	G\$
Advance Subscriptions	1,162,377	4,199,300
Sundry Payables & Accruals	11,961,198	12,603,348
Receivables with credit balances	2,075,233	1,474,304
	<hr/>	<hr/>
	15,198,808	18,276,952

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

**11. DEFERRED INCOME**

The Ministry of Health, through the Health Sector Development Unit (HSDU), has provided sums of monies to the Company to promote HIV/AIDS awareness in its work and public environs. As expenses are incurred a corresponding amount is recognised as income which in effect has a nil effect on the Statement of Comprehensive Income. The amount recognised as income is deducted from deferred income that was created when the money was received. The life of the project has not been determined.

	2012 G\$	2011 G\$
M.O.H Project Funds	709,190	826,561
+	<u>                    </u>	<u>                    </u>

**12. RELATED PARTY TRANSACTIONS**

In 2009, National Industrial & Commercial Investments Limited (NICIL) the representative of the company's largest shareholder had disbursed to the company G\$36,000,000 to acquire a printing press. In 2011, NICIL's representative has confirmed that NICIL will seek approval to convert the debt to equity in 2012. This arrangement is pending and to be agreed upon by both parties.

**13. VAT PAYABLE**

This balance represents the excess of Output VAT for the periods of November and December 2012 including arrears for 2011, payable to Guyana Revenue Authority.

**14. DIVIDENDS PAYABLE**

This amount represents approved dividend to be paid to shareholders which remained unpaid over several years. The Shareholders, at the company's 2008 Annual General Meeting held on December 14, 2011 approved that amount should be written back to retained earnings. The full amount of approved dividend was written back to Retained Earnings.

**15. DEFERRED TAXATION**

Deferred taxes on temporary differences are recognised using tax rates and laws that have been enacted or substantially enacted by the Statement of Financial Position's date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available to offset. In the year of making profit the deferred tax assets are being reversed using the applicable tax rates and laws prevailing at that time.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis.

	2012 G\$	2011 G\$
Temporary difference arising from:		
Tax base of non current assets	246,262,254	238,459,110
Less: Accounting base	269,967,061	256,837,150
	<u>                    </u>	<u>                    </u>
tax rate @30%	(23,704,807)	(18,378,040)
Deferred taxable temporary differences	<u>(7,111,442)</u>	<u>(5,513,412)</u>

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

**15. DEFERRED TAXATION Con't**

<u>Movements in temporary differences</u>	Non Current Assets G\$	Adjusted tax losses G\$	Net Total G\$
As at 1 January 2011	(5,780,403)	11,628,199	5,847,796
Movements during the year	266,991	3,271,356	3,538,347
At 31 December 2011	(5,513,412)	14,899,555	9,386,143
Movements during the year	(1,598,030)	(2,797,021)	(4,395,051)
At 31 December 2012	<u>(7,111,442)</u>	<u>12,102,534</u>	<u>4,991,092</u>

<b>16. INCOME</b>	<b>2012 G\$</b>	<b>2011 G\$</b>
Advertising	260,337,740	258,395,129
Circulation	91,468,346	92,023,259
Jobbing	13,102,432	15,129,163
	<u>364,908,518</u>	<u>365,547,551</u>

**GUYANA NATIONAL NEWSPAPERS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

	2012	2011
	G\$	G\$
<b>17. PRODUCTION EXPENSES</b>		
Plates, newsprints, ink, film	65,096,189	63,740,565
Employment costs	54,176,436	54,843,965
Freelance writers	13,469,513	10,187,630
Gratuity Pension	2,292,560	1,831,176
Stipend, uniform and training	-	102,000
Leave Passage	68,428	-
Telephone	6,700	152,940
Meals and subsistence	743,457	926,915
Car allowance	2,461,000	2,306,198
Camera allowance	340,000	340,000
Stationery and office supplies	522,039	668,945
R & M Building	344,300	-
R & M Equipment, furniture and fittings	959,388	1,601,856
Outside job	1,497,346	148,658
Cleaning & Sanitation	4,673	2,000
R & M Vehicle	25,015	83,192
Vehicle Rental	-	613,000
Fuel & Lubricants	765,190	5,856
Travelling & transportation	4,776,732	3,174,083
General Expenses	46,070	27,776
	<u>147,595,036</u>	<u>140,756,755</u>
<b>18. OTHER INCOME</b>		
Gains from Foreign Currency	-	4,002
Sale of cut to size paper	265,118	239,560
Rental - Pavnik Press	650,000	344,080
Bad debts recovery	197,965	1,043,981
Miscellaneous	1,187,687	447,446
Profit on disposal of assets	-	225,000
Bank Interest	266,470	123,897
	<u>2,567,240</u>	<u>2,427,966</u>

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

	2012 G\$	2011 G\$
<b>19. ADMINISTRATIVE EXPENSES</b>		
Consultants	1,360,000	1,000,000
Cash Shortage	3,828	70,555
Other	515,094	504,389
Foreign Subscribers	-	3,639
Employment Costs	47,130,915	47,881,460
Gratuity & Pension	(a) 14,477,164	10,932,484
Stipend, Uniform and Training	695,050	535,962
Leave Passage	6,724,527	6,015,662
Telephone	3,552,162	3,998,270
Outside Jobs	2,625,511	2,154,614
Meals and Subsistence	556,341	605,606
Car Allowance	1,957,250	1,984,960
Stationery and Office Supplies	2,710,373	3,113,552
Artwork Layout	64,000	92,000
R & M Building	2,184,085	1,914,575
R & M Equipment	2,574,009	2,246,968
R & M Furniture and Fittings	370,100	148,392
Building and Other Rental	440,000	160,000
Insurance	1,166,243	972,321
Electricity	18,950,955	19,012,226
Advertising	251,400	372,800
Cleaning and Sanitation	1,608,529	1,073,721
Subscription	1,066,050	1,405,950
R & M Vehicle	2,864,052	2,181,111
Vehicle Rental	500,000	300
Fuel & Lubricants	3,372,723	3,679,290
Travelling & Transportation	1,315,738	1,687,282
Director Fees	450,000	450,000
Legal and Professional fees	688,607	955,000
Audit Fee	1,878,476	1,295,932
Rates and Taxes	6,382,744	6,410,534
Commission Paid	27,268,364	28,022,521
Donations	35,000	15,000
Bad Debts	2,992,346	3,393,584
Licence & Fitness	2,200	14,200
General Expenses	227,019	209,835
Security	8,378,798	7,841,049
Bank Charges	661,709	333,051
Depreciation	6,380,069	7,397,292
Stock Losses	2,100,967	3,500,000
Withholding Tax	53,924	24,779
Plates, newsprint, films, ink	187,371	-
Newspapers Delivery	707,460	-
	<u>177,431,153</u>	<u>173,610,866</u>

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

**Note**

**(a) Gratuity Pension**

Employees who have worked and retired at the age of sixty and over are entitled to a Gratuity Pension which is calculated using a standard formula (2(1/600 X basic salary X months worked) X years worked). The Contracted Employees receive a gratuity payment every six months of 22.5% of their gross pay.

	2012 G\$	2011 G\$
<b>20. CIRCULATION EXPENSES</b>		
Employment Costs	9,464,740	9,629,067
Newspaper Delivery	9,700,724	9,849,150
Outside Jobs	1,679,620	1,324,160
Stipend, Uniform and Training	115,560	49,280
Telephone	6,200	10,000
Meals & Subsistence	571,500	-
Stationery & Office Supplies	481,927	376,255
R & M Equipment	20,184	1,000
Cleaning and Sanitation	19,200	-
R & M Vehicle	2,100	2,300
Fuel & Lubricants	4,000	8,000
Travelling and Transportation	13,700	9,350
General Expenses	-	2,500
Advertising	4,900	-
	22,084,355	21,261,062
<b>21. NET PROFIT BEFORE TAXATION</b>		
<b>(a) Net Profit before taxation</b>	20,365,214	32,346,834
<i>After charging</i>		
Depreciation	6,380,069	7,397,293
Auditor's Remuneration	1,878,476	1,295,332
Director's Remuneration	450,000	450,000
Bad Debts	2,992,346	3,393,584
Interest Income	(266,470)	(123,897)
Rental Income	(650,000)	(344,080)
	31,149,635	44,415,066

**GUYANA NATIONAL NEWSPAPERS LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	<b>G\$</b>	<b>G\$</b>
<b>22. TAXATION</b>		
The provisional charge for taxation in the financial statements is made up as follows:		
<b>Current:</b>		
Corporation Tax @ 30%	2,797,021	4,418,429
Property Tax	1,693,856	1,552,607
Capital Gains Tax	-	25,302
Deferred Tax	4,395,051	(3,538,347)
	<u>8,885,928</u>	<u>2,457,991</u>
<i>Reconciliation of tax expense and accounting profit :</i>		
Accounting profit	20,365,214	32,346,834
Tax on accounting profit	6,109,564	9,704,050
Add:		
Tax effect of expenses not deductible in determining Taxable Profit		
Depreciation for Accounting Purposes	1,914,021	2,219,188
Deduct:		
Tax effect for depreciation for Tax purposes Wear and Tear	(2,365,779)	(3,056,644)
Interest received net of withholding tax	(63,764)	(29,736)
Loss relief utilized	(2,797,021)	(4,418,429)
	<u>2,797,021</u>	<u>4,418,429</u>
<b>23. EARNINGS PER SHARE</b>		
Profit per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.		
Net profit attributable to shareholders	<u>11,479,286</u>	<u>29,888,843</u>
Weighted average number of ordinary shares is issued	<u>2,448,000</u>	<u>2,448,000</u>
Basic earnings per share	<u>4.69</u>	<u>12.21</u>

**GUYANA NATIONAL NEWSPAPERS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**24. (a) COMPENSATION OF KEY MANAGEMENT PERSONNEL**

	2012 G\$	2011 G\$
Short term Remuneration	<u>14,359,780</u>	<u>-</u>

**(b) Directors' Remuneration**

	2012 G\$	2011 G\$
K.Burrowes	90,000	90,000
T.Mangar	60,000	60,000
D.DeGroot	60,000	60,000
H.Ally	60,000	60,000
P.Dyal	60,000	60,000
K.McCoy	60,000	60,000
C.Alfred	60,000	60,000
	<u>450,000</u>	<u>450,000</u>

**25. FINANCIAL INSTRUMENTS**

**(a) Credit Risk**

There is a concentration of credit risk with respect to trade receivables which are due primarily from the Government of Guyana agencies and departments. The Company's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors management believes that no additional credit risk beyond amounts provided for collection losses is inherit in the company's trade receivables.

**(b) Fair Values**

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

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



GUYANA NATIONAL NEWSPAPERS LTD.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012

25. FINANCIAL INSTRUMENTS CONT'D

(c) Liquidity risk cont'd

	Maturing 2012			
	Less than 1 year G\$	1 year - 5 years G\$	Over 5 years G\$	Total G\$
<b>Assets</b>				
Trade Receivables and other Receivables	118,077,055	-	-	118,077,055
Inventories	-	26,736,441	-	26,736,441
Cash Resources	65,520,750	-	-	65,520,750
Taxation Recoverable	-	4,602,993	-	4,602,993
	<u>183,597,805</u>	<u>31,339,434</u>	<u>-</u>	<u>214,937,239</u>
<b>Liabilities</b>				
Trade Payables and Other Payables	17,248,082	-	-	17,248,082
Related Party	-	-	36,000,000	36,000,000
Taxation Payable	4,490,877	-	-	4,490,877
Vat Payable	15,749,437	-	-	15,749,437
	<u>37,488,396</u>	<u>-</u>	<u>36,000,000</u>	<u>73,488,396</u>
<b>Net gap</b>	<u>146,109,409</u>	<u>31,339,434</u>	<u>(36,000,000)</u>	<u>141,448,843</u>

**GUYANA NATIONAL NEWSPAPERS LTD.**

**NOTES TO THE FINANCIAL STATEMENTS**

**31 DECEMBER 2012**

**25. FINANCIAL INSTRUMENTS CONT'D**

**(c) Liquidity risk cont'd**

The table below shows the maturities of financial instruments.

	<b>Maturing</b>			
	<b>2011</b>			
	<b>Less than 1 year</b>	<b>1 year - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>
<b>Assets</b>				
Trade Receivables and other Receivables	101,601,829	-	-	101,601,829
Inventories	-	40,239,737	-	40,239,737
Cash Resources	41,573,805	-	-	41,573,805
Taxation Recoverable		8,452,657	-	8,452,657
	----- 143,175,634	----- 48,692,394	----- -	----- 191,868,028
<b>Liabilities</b>				
Trade Payables and Other Payables	20,245,911	-	-	20,245,911
Related Party		-	36,000,000	36,000,000
Taxation Payable	5,996,338	-	-	5,996,338
Vat Payable	9,690,531			9,690,531
	----- 35,932,780	----- -	----- 36,000,000	----- 71,932,780
<b>Net gap</b>	<u>107,242,854</u>	<u>48,692,394</u>	<u>(36,000,000)</u>	<u>119,935,248</u>

**26. LITIGATION**

We are awaiting correspondence from client's lawyers.