



Guyana Energy Agency  
**RECEIVED**  
Date: MAR 18 2015

**AUDITED FINANCIAL STATEMENTS OF  
THE GUYANA ENERGY AGENCY**

**FOR THE YEAR ENDED  
31 DECEMBER 2013**

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

**OPINION NO.: 13/2015**

AUDIT OF THE FINANCIAL STATEMENTS OF THE  
GUYANA ENERGY AGENCY  
FOR THE YEAR ENDED 31 DECEMBER 2013

TABLE OF CONTENTS

	PAGE
1. TRANSMITTAL LETTER ... .. .	1
2. AUDITOR'S OPINION OF THE FINANCIAL STATEMENTS 2013 ...	2-3
3. AUDITED FINANCIAL STATEMENTS 2013 ... .. .	4-13
4. MANAGEMENT LETTER 2013... .. .	14-17



## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

61/SL: 47/2/2015

12 March 2015

Dr. Mahender Sharma  
Chief Executive Officer  
Guyana Energy Agency  
295 Quamina Street  
South Cummingsburg  
Georgetown.

Dear Dr. Sharma,

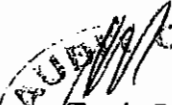
AUDIT OF THE BOOKS AND ACCOUNTS OF THE  
GUYANA ENERGY AGENCY  
FOR THE YEAR ENDED 31 DECEMBER 2013

Please find attached three copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,

  
\* AUDIT OFFICE \*  
Terrie Pyle  
Audit Manager  
for Auditor General



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AG: 13/2015

12 March 2015

**REPORT OF THE AUDITOR GENERAL**  
**TO THE MEMBERS OF THE BOARD OF DIRECTORS**  
**OF THE GUYANA ENERGY AGENCY**  
**ON THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

I have audited the accompanying financial statements of the Guyana Energy Agency, which comprise the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. 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*

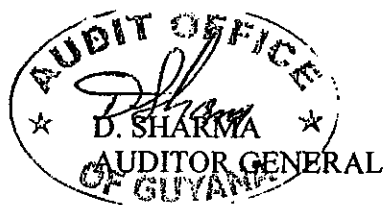
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

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

*Opinion*


In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Guyana Energy Agency as at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

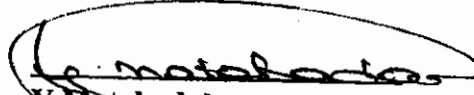


AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

**GUYANA ENERGY AGENCY**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2013**

	Notes	2013 \$	2012 \$
<b>ASSETS</b>			
<b>Non- Current Assets</b>			
Plant, Property and Equipment	3	53,178,940	51,277,707
<b>Current asset</b>			
Debtors	4	224,296	347,751
Cash at Bank/Hand	5	31,130,671	58,793,336
		<u>31,354,967</u>	<u>59,141,087</u>
<b>Total Assets</b>		<u><u>84,533,907</u></u>	<u><u>110,418,794</u></u>
<b>Equity</b>			
Capital Contribution	6	35,588,131	35,065,522
Accumulated fund		(4,073,098)	37,939,506
Revaluation Reserve		37,350,000	35,800,000
<b>Total Equity</b>		<u><u>68,865,033</u></u>	<u><u>108,805,028</u></u>
<b>Current Liabilities</b>			
Creditors	7	481,432	597,004
Accruals	8	15,187,442	1,016,762
<b>Total Equity and Liabilities</b>		<u><u>84,533,907</u></u>	<u><u>110,418,794</u></u>

  
M. Sharma  
Chief Executive Officer

  
V. Matabadal  
Head Finance Division

**GUYANA ENERGY AGENCY**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 DECEMBER 2013**

	Notes	2013 \$	2012 \$
<b>Income</b>			
Other income	9	39,984,653	41,996,948
Government Subvention	10	63,114,657	58,632,000
GMS Receipts (Biocode Accruals)			
Receipts from oil companies		40,503,311,180	59,281,150,704
		<u>40,606,410,490</u>	<u>59,381,779,652</u>
<b>Expenses</b>			
Employment Cost	11	64,284,780	53,153,384
Office and Administration	12	44,313,358	59,283,259,376
Repairs and Maintenance	13	2,713,742	3,162,545
Fuel and lubricant	14	1,871,712	1,795,896
Depreciation	3	3,078,029	2,456,706
		116,261,621	59,343,827,907
Net Profit/ (Loss) before PDVSA expense		<u>40,490,148,869</u>	<u>37,951,745</u>
PDVSA(petro leos de Venezuela SA Agreement) transfers		40,532,161,473	
Net Profit/ (Loss) after PDVSA expense		<u>(42,012,604)</u>	
<b>Other Comprehensive Income</b>			
Revaluation of Fixed Assets		1,550,000	
Net position		<u>(40,462,604)</u>	<u>37,951,745</u>

**GUYANA ENERGY AGENCY**  
**Statement of Changes in Equity**  
**For Year ending 31 December 2013**

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2013	35,800,000	37,939,506	35,065,522	108,805,028
Capital Supplementary			522,609	522,609
Revalued fixed assets	1,550,000			1,550,000
Net Profit/ (Loss)		(42,012,604)		(42,012,604)
<b>Balance as at December 31,2013</b>	<b>37,350,000</b>	<b>(4,073,098)</b>	<b>35,588,131</b>	<b>68,865,033</b>

**GUYANA ENERGY AGENCY**  
**Statement of Changes in Equity**  
**For Year ending 31 December 2012**

	Revaluation Reserves	Accumulated Fund	Capital Subvention	Total
	G\$	G\$	G\$	G\$
Balance at January 1 2012	35,800,000	(12,239)	33,447,238	69,234,999
Capital Supplementary			1,618,284	1,618,284
Net Profit/ (Loss)		37,951,745		37,951,745
<b>Balance as at December 31,2012</b>	<b>35,800,000</b>	<b>37,939,506</b>	<b>35,065,522</b>	<b>108,805,028</b>



**GUYANA ENERGY AGENCY**  
**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2013

	Jan- Dec 2013	Jan- Dec 2012
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit/(Loss) for the year</b>	<b>40,490,148,869</b>	<b>37,951,745</b>
Adjustments for:		
Depreciation	3,078,029	2,456,706
Account Receivables		
Other Receivables	123,455	310,375
Accounts Payable/ Accruals	14,170,680	325,390
Other Accounts Payable	(115,572)	(999,887)
<b>Total Adjustment</b>	<b>17,256,592</b>	<b>2,092,584</b>
<b>Net Cash from Operating Activities</b>	<b>40,507,405,461</b>	<b>40,044,329</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of fixed assets:		
Furniture and fittings	(131,544)	(275,796)
Office Equipment	(638,509)	(898,473)
Other Equipment	(1,683,813)	(3,455,135)
Motor vehicle		
Buildings	(975,396)	
<b>Net cash used in investing activities</b>	<b>(3,429,262)</b>	<b>(4,629,404)</b>
<b>Cash Flow from Financing Activities</b>		
Changes in:		
Capital Subvention	522,609	1,618,284
<b>Net Cash used in financing activities</b>	<b>522,609</b>	<b>1,618,284</b>
<b>Net increase/ (decrease) in cash and Cash equivalents</b>	<b>27,662,665</b>	<b>37,033,209</b>
Cash and cash equivalent at the		
Beginning of the period	58,793,336	21,760,127
Opening Adjustment for PDVSA Transactions		
Cash and Cash Equivalents at the		
End of the period	31,130,671	58,793,336

## GUYANA ENERGY AGENCY

### NOTES TO THE FINANCIAL STATEMENT 2013

#### 1. Background

The Guyana Energy Agency is the successor of the Guyana National Energy Authority effective June 01, 1998. The mandate and functions of the Agency remain the same as that of the Guyana National Energy Authority. The Guyana Energy Agency (GEA) is governed by the following legislation: Guyana Energy Agency Act 1997, Energy Sector (Harmonisation of Laws) Act 2002, Guyana Energy Agency (Amendment) Act 2004, Guyana Energy Agency (Amendment) Act 2005 and the Petroleum and Petroleum Products Regulations 2004.

The general mandate of the Agency is embodied in its Mission Statement:

*"To ensure the rational and efficient use of imported petroleum-based energy sources, while encouraging where economically feasible and environmentally acceptable, increased utilization of indigenous new and renewable sources of energy."*

The Guyana Energy Organization structure comprises of a Board of Directors, Chief Executive Officer, Deputy Chief Executive Officer, Secretariat and five (5) Divisions: Finance Division, Energy & Energy Statistics Division, Fuel Marking Division, Legal & Licensing Division and Administration & Human Resource Division.

#### 2. ACCOUNTING POLICIES

(A) Accounts have been prepared on an accrual basis and under the historical cost convention. Financial statements have been prepared in accordance with International Financial Reporting Standards.

#### (B) FIXED ASSETS

Fixed assets are recorded at cost. Depreciation is provided on a straight line basis over a period of one (1) year to five (5) years. Rates used are in accordance with the regulations of the Income Tax Act. Depreciation is charged in the year of acquisition and the rates are as follow:

- Office Equipment 20% per annum
- Other Equipment 10% per annum
- Motor Vehicles 20% per annum
- Furniture and Fixtures 10% per annum
- Building 2% per annum

**GUYANA ENERGY AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS 2013**

**Note 3**

**Fixed Assets Schedule**

	Land	Building	Motor Vehicle	Office Equipment	Furniture and Fixtures	Other Equipment	Total
	\$	\$	\$	\$	\$	\$	
Balance b/f 1-1-2013	2,000,000	50,869,600	5,694,149	6,985,001	1,006,000	6,799,719	73,354,469
Less Journal adjustment			4,108,429				4,108,429
Additions for year		975,396		638,509	131,544	1,683,813	3,429,262
Revaluation Reserve			1,550,000				1,550,000
Disposals/ transferred							-
Cost at 31/12/2013	2,000,000	51,844,996	3,135,720	7,623,510	1,137,544	8,483,532	74,225,302
Depreciation b/f 2012		10,256,095	5,694,149	4,183,682	234,732	1,708,104	22,076,762
Less Journal Adjustment			4,108,429				4,108,429
Revaluation reserve							-
Depreciation 31/12/2013		706,901	310,000	1,147,493	73,782	839,853	3,078,029
Total Depreciation		10,962,996	1,895,720	5,331,175	308,514	2,547,957	21,046,362
Net Book Value 31 Dec 2013	2,000,000	40,882,000	1,240,000	2,292,335	829,030	5,935,575	53,178,940
Net Book Value 31 Dec 2012	2,000,000	40,613,505	-	2,801,319	771,268	5,091,615	51,277,707

**GUYANA ENERGY AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS 2013**

	2013	2012
<b>Note 4</b>		
<b>Debtors</b>		
staff loan	-	-
Salary Advance	-	60,000
Staff Debtors	5,058	5,702
GPSCU	-	(4,500)
GRA	(8)	(19,665)
GPSU	-	460
CCWU	-	(3,000)
Accounts receivable	-	-
Sundry Debtors	219,246	308,754
Guyoil	-	-
	<b>224,296</b>	<b>347,751</b>

**Note 5**

**Cash at Bank/ Hand**

		\$
Petty Cash	-	80,000
Charcoal A/c	10,730,261	38,742,356
General A/c	9,560,828	10,575,491
Special A/c	10,839,582	9,393,888
GEA Foreign ac	-	1,601
	<b>31,130,671</b>	<b>58,793,336</b>

**Note 6**

**Capital Contribution**

Opening balance	35,065,522	33,447,238
Capital releases for 2013	522,609	1,618,284
	<b>35,588,131</b>	<b>35,065,522</b>

**Note 7**

**Creditors**

GNRA-Hand in Hand		15,939
NIS	-	32,271
Salaries and allowances	-	(4,944)
GTM Insurance	-	39
Hand in hand	-	8,157
GTM	-	239
Sundry creditor	479,934	545,303
Staff Creditor	1,498	-
SOL	-	-
	<b>481,432</b>	<b>597,004</b>

**Note 8**

**Accruals**

Accruals		\$
	15,187,442	1,016,762
	<b>15,187,442</b>	<b>1,016,762</b>

**GUYANA ENERGY AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS 2013**

	2013	2012
<b>Note 9</b>		
<b>Other Income</b>	15,726,453	15,972,448
Agency Fees	31,200	-
Miscellaneous Income	23,153,500	25,012,000
Fuel licensing	191,000	-
Licensing application form	882,500	1,012,500
Licensing decals	-	-
Loan Interest	-	-
	<b>39,984,653</b>	<b>41,996,948</b>

**Note 10**

<b>Current Release</b>	63,114,657	58,632,000
These represent Government releases through the Office of the President and Ministry of Finance		

**Note 11**

<b>\$ Employment Cost</b>		
House allowance	460,610	-
Vacation Allowance	3,689,490	3,025,260
Wages and Salaries	46,093,683	39,773,295
Pension	421,699	1,641,385
NIS	2,617,600	2,239,570
Hand in hand	1,249,701	1,059,492
Travel allowance	1,710,000	1,640,000
GNRA Hand in Hand Employers contribution	14,441	-
Gross Overtime stipend	88,012	674,029
Gratuity	130,000	46,378
Honorarium	5,402,539	-
Entertainment Allowance	420,000	480,000
Duty Allowance	1,842,013	2,027,265
Acting allowance	29,895	10,946
Utility Allowance	-	280,000
GTM Administrative Fee	83,979	195,764
Risk allowance	60,000	60,000
	<b>64,284,780</b>	<b>53,153,384</b>

**Board Member's fees**

Chairman- D.Persaud	30,000	7,500
Board Members (6)		
-B. Persaud	20,000	5,000
-E. Marshall	20,000	5,000
-D. Yearwood	5,000	5,000
-L. Carberry	20,000	5,000
-C. Williams	20,000	5,000
-N. Rekha	15,000	-
-S. Roopnauth	-	5,000
	<b>130,000</b>	<b>37,500</b>

Please note the above amounts were included in the amount for stipend in the employment note

**Key Management Personnel**

The Agency employed 5 key management personnel in year 2013 who received gross salary and benefits amounting to \$17,467,416 which is included in the employment figure in note 11 above.

The Agency employed 5 key management personnel in year 2012 who received gross salary and benefits amounting to \$16,105,935 which is included in the employment figure in note 11 above.

**GUYANA ENERGY AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS 2013**

2013

2012

<u>Note 12</u>		
<b>Office &amp; Administration Cost</b>		<b>\$</b>
Staff Welfare	917,741	851,511
Local Travel	1,983,630	1,213,460
Overseas Travel	192,744	211,328
Cleaning and Janitorial Supplies	527,279	249,024
Stationery and Office Supplies	2,878,189	2,194,914
Communication Expense	1,610,380	2,385,095
Electricity Expense	2,400,000	2,271,000
Site Visit/Inspection	-	219,681
Periodicals News papers and Books	-	24,410
Security Expense	2,250,000	2,250,000
Cleaning and Sanitation		175,827
Bank Charges	667,454	965,954
Miscellaneous Expense	30,615	55,497
Vehicle Insurance	-	10,350
Training	1,809,596	667,808
National Event	-	88,404
Entertainment	-	
Subscriptions and Dues	-	
Consultancy	-	4,454,081
Transfer of funds	-	
Advertisement	1,763,499	647,467
Conference and Seminars	240,695	57,998
Donations	-	
Refreshments and meals	1,301,615	589,474
Drugs and medical Supplies	-	19,935
Other fees and Licence	-	24,479
Postage and revenue Stamps and rental	41,606	42,285
Jobs, works & task	62,040	53,300
Computer supplies	-	
Sub. Boarding & lodging	987,600	331,500
Pest Control	217,311	156,033
Water Rates	245,796	800,000
Audit & professional fees	506,000	
draperies	-	67,200
Loose tools	-	38,348
Medical expense	-	
Advance to purchase	172,461	546,063
Energy conservation	7,098,902	6,146,763
Print and Non print Materials	1,369,461	1,899,842
GEA Biocode (Accruals)	13,348,192	
VAT	-	274,434
PDVSA- Petro'leos De Venezuela SA Agreement		23,675,856,608
Ministry of Finance		35,411,311,082
BOG Loan A/c		165,136,881
Loss on foreign currency	22,555	
GIZ		466,595
Guyoil		
PLATTS Subscription	2,277,966	
Uniform Expense	1,028,100	
Protective clothing	41,761	504,745
	<u>44,313,358</u>	<u>59,283,259,376</u>

**GUYANA ENERGY AGENCY**  
**NOTES TO THE FINANCIAL STATEMENTS 2013**

	2013	2012
<b>Note 13</b>		
<b>Repairs and Maintenance</b>		\$
Building	552,177	448,058
Office Equipment	483,236	619,292
Vehicle	880,924	778,976
Compound	186,281	1,157,835
Furniture and Fixture	122,580	126,020
Other Equipment	488,544	32,364
	<b>2,713,742</b>	<b>3,162,545</b>

<b>Note 14</b>		
Fuel and lubricant	1,871,712	1,795,896
	<b>1,871,712</b>	<b>1,795,896</b>



## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana  
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

50/SL:47/2/2015

12 March 2015

Dr. Mahender Sharma  
Chief Executive Officer  
Guyana Energy Agency  
295 Quamina Street,  
South Cummingsburg  
Georgetown.

Dear Dr. Sharma,

**RE: AUDIT OF THE FINANCIAL STATEMENTS OF  
THE GUYANA ENERGY AGENCY  
FOR THE YEAR ENDING 31 DECEMBER 2013**

Following the audit of the financial statements of the Guyana Energy Agency for the year ending 31 December 2013, the findings hereunder were discussed with your Head - Finance and are now forwarded to you for appropriate action.

2. The audit was conducted in accordance with Generally Accepted Auditing Standards, including those of the International Organization of the Supreme Audit Institutions (INTOSAI) and the International Standards on Auditing, issued by the International Federation of Accountants (IFAC). These standards require that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatements.

3. The main purpose of the audit was to to express an opinion on the financial statements and to evaluate the operations of the Agency to ascertain whether:

- (i) The financial statements have been properly prepared, in accordance with applicable laws, and properly present the operations and affairs of the Agency;
- (ii) The accounts have been faithfully and properly kept;
- (iii) The rules, procedures and internal management controls are sufficient to secure effective control on the assessment, collection, and proper allocation of revenues;
- (iv) All monies expended and charged to an account have been applied to the purpose or purposes for which they were intended;



- (v) Essential records were maintained, and the internal management controls and rules and procedures established and applied were sufficient to safeguard the control of stores and other property.

### Findings and Recommendations

#### A. Statement of Financial Position

Non-Current Assets: \$53,178,940

4. An examination of the Fixed Asset schedule revealed that assets with acquisition value amounting to \$1.886M reflected zero book value and were fully depreciated. Also, these items had no economic useful life (see appendix).

#### Recommendation:

The Audit Office recommends that the Management seek approval to dispose of these items.

#### Management's Response:

The Agency is in the process of getting approval for disposal of these assets.

Current Assets: \$84,533,907

Cash at Bank/hand: \$31,130,671

5. Audit checks carried out on the cash book, bank statement, reconciliation statement and other supporting records in respect of Account No.682-13 held at Bank of Nova Scotia revealed that the sum of \$76,940 was incorrectly debited to the account. As a result, the sum of \$31.131M stated as cash book balance was understated.

#### Recommendation:

The Audit Office recommends that the Management of the Agency continue to pursue the amount stated as an incorrect debit.

#### Management's Response:


Efforts were made to get this matter resolved, however it was unsuccessful. The bank claimed that their retention period is six years and this has expired which means that the supporting documentation would have been destroyed.

**B. General**

6. The Audit Office wishes to express its sincere gratitude for the cooperation given to its officers during the course of the audit. In keeping with the Office's policies, a reply is expected within thirty days of the receipt of this letter.

With kind regards

Yours sincerely,

  
\* OFFICE  
Mr. Pyle  
Audit Manager \*  
for Auditor General  
\* OF GUYANA \*

Appendix

Instances where assets with zero net book values were written off, without documentary evidence.

Item #	DESCRIPTION	COST \$	ACCUMULATED DEPRECIATION \$	NET BOOK VALUE
1	One 10" cash canister	8,500	8,500	0
2	One digital camera	17,500	17,500	0
3	One fan	4,741	4,741	0
4	One monitor	118,853	118,853	0
5	One cell phone	40,700	40,700	0
6	One cell phone	7,000	7,000	0
7	One cell phone	60,000	60,000	0
8	One task printer	23,900	23,900	0
9	Computers	1,501,909	1,501,909	0
10	Cell phone	69,993	69,993	0
11	Hot and cold water dispenser	32,950	32,950	0
Total		1,886,046	1,886,046	0