

**AUDITED FINANCIAL  
STATEMENTS OF THE  
GUYANA NATIONAL  
SHIPPING  
CORPORATION LIMITED**

**FOR THE YEAR ENDED  
DECEMBER 31, 2011**

**AUDITED FINANCIAL STATEMENTS OF THE  
GUYANA NATIONAL SHIPPING CORPORATION LIMITED**

**FOR THE YEAR ENDED  
31 DECEMBER 2011**

**CONTRACTED AUDITORS: HLB R.SEEBARRAN & CO.  
CHARTERED ACCOUNTANTS/  
BUSINESS AND FINANCIAL  
SERVICES**

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



## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana*  
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AG: 4/2015

9 January 2015

**REPORT OF THE AUDITOR GENERAL**  
**TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE**  
**GUYANA NATIONAL SHIPPING CORPORATION LIMITED**  
**ON THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

Chartered Accountants HLB R. Seebarran and Company have audited on my behalf the financial statements of Guyana National Shipping Corporation Limited as set out on pages 1 to 25 which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and the 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.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

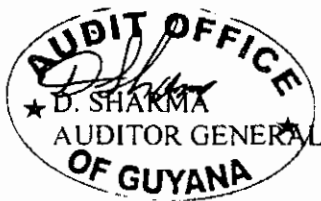
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Guyana National Shipping Corporation Limited as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

*Report on Other Legal and Regulatory Requirements*

The financial statements did not comply with section 346 sub-section 1 and 2 of the Companies Act of 1991, which requires that a Government Company, shall not later than six (6) months after the end of each calendar year submit to the Minister its audited financial statements. In addition, a copy of these financial statements together with the auditors' report shall be printed and laid before the National Assembly not later than nine months after each calendar year.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

**Independent Auditors' Report  
To the Members of  
Guyana National Shipping Corporation Limited.**

We have audited the accompanying financial statements of Guyana National Shipping Corporation Limited., which comprise the statement of financial position as at December 31, 2011, statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 1 to 25.

***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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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.

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

***Opinion***

In our opinion the financial statements give a true and fair view, in all material respects of the financial position of Guyana National Shipping Corporation Limited, as at December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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**Report on Other Legal and Regulatory Requirements**

The financial statements did not comply with section 346 sub-sections 1 and 2 of the Companies Act of 1991, which requires that a Government Company, shall not later than six (6) months after the end of each calendar year submit to the Minister its audited financial statements. In addition, a copy of these financial statements together with the auditors' report shall be printed and laid before the National Assembly not later than nine months after each calendar year.

*HLB, R. Seebarran & Co*

HLB, R. Seebarran & Co  
Chartered Accountants  
252 South Road,  
Bourda,  
Georgetown

December 23, 2014

**Guyana National Shipping Corporation Limited**  
 (Subsidiary of National Industrial and Commercial Investments Limited)  
 Statement of Financial Position  
 as at December 31, 2011

	Notes	2011 G\$000	2010 G\$000
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and Equipment	9	1,049,567	587,846
<b>Current assets:</b>			
Inventories	10	39,002	34,139
Receivables and prepayments	11	399,266	245,819
External Payment Deposits		59	59
Cash and cash equivalents	12	311,287	269,644
		749,614	549,661
<b>TOTAL ASSETS</b>		<b>1,799,181</b>	<b>1,137,507</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners</b>			
Share capital	13	2,797	2,797
Retained earnings		940,889	811,357
Capital reserve	14	330,190	12,475
Total equity attributable to owners		1,273,876	826,629
<b>Non-current liabilities</b>			
Deferred tax	8	107,635	155
<b>Current liabilities</b>			
Payables and accruals	15	365,932	258,153
Due to Privatisation Unit	16	18,969	35,440
Taxation payable		32,769	17,130
Total current liabilities		417,670	310,723
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,799,181</b>	<b>1,137,507</b>

These financial statements were approved by the Board of Directors on December 13, 2011

On behalf of the Board:

  
Director

  
Director

"The accompanying notes form an integral part of these financial statements"

**Guyana National Shipping Corporation Limited**  
 (Subsidiary of National Industrial and Commercial Investments Limited)  
**Statement of Comprehensive Income**  
for the year ended December 31, 2011

	Notes	2011 G\$000	2010 G\$000
<b>Revenue</b>	5	<u>812,633</u>	<u>600,605</u>
<b>Operating expenses:</b>			
Employment costs		179,874	158,368
Repairs and maintenance		96,703	79,260
Hire of vessels		172,332	133,509
Other operating expenses		<u>207,747</u>	<u>164,308</u>
		<u>656,656</u>	<u>535,445</u>
<b>Operating profit</b>		<b>155,977</b>	<b>65,160</b>
Other income		6,159	21,431
Finance costs		<u>(2,759)</u>	<u>(1,788)</u>
<b>Profit before taxation</b>	6	<b>159,377</b>	<b>84,803</b>
Taxation	8	<u>67,293</u>	<u>39,078</u>
<b>Profit after taxation</b>		<u><b>92,084</b></u>	<u><b>45,725</b></u>
Other comprehensive income net of tax:			
Amortisation of revaluation reserve		5,404	-
Deferred tax on revaluation reserve		<u>32,043</u>	<u>-</u>
<b>Net other comprehensive income for the year</b>		<u><b>37,447</b></u>	<u>-</u>
<b>Basic earnings per share in dollars</b>	7	<u><b>33</b></u>	<u><b>16</b></u>

"The accompanying notes form an integral part of these financial statements"



**Guyana National Shipping Corporation Limited**  
 (Subsidiary of National Industrial and Commercial Investments Limited)  
 Statement of Changes in Equity  
 for the year ended December 31, 2011

	<b>Share capital G\$000</b>	<b>Capital reserve G\$000</b>	<b>Retained earnings G\$000</b>	<b>Total G\$000</b>
<b>At 1 January 2010</b>	2,797	12,475	765,632	780,904
Profit for the year	-	-	45,725	45,725
<b>At 31 December 2010</b>	2,797	12,475	811,357	826,629
Revaluation for the year	-	323,119	-	323,119
Amortisation of revaluation reserve for the year	-	(5,404)	5,404	-
Amortisation of deferred tax on revaluation	-	-	32,043	32,043
Profit for the year	-	-	92,084	92,084
<b>At 31 December 2011</b>	2,797	330,190	940,889	1,273,875

"The accompanying notes form an integral part of these financial statements".

**Guyana National Shipping Corporation Limited**  
 (Subsidiary of National Industrial and Commercial Investments Limited)  
 Statement of Cash Flows  
 for the year ended December 31, 2011

	<b>2011</b>	<b>2010</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>Operating activities</b>		
Profit before taxation	159,377	84,803
<b>Adjustments for -</b>		
Depreciation	45,311	35,826
Gains on the disposal of equipment	(1,310)	-
Interest receivable	(4,804)	(5,063)
Interest payable	701	1,040
<b>Operating profit before working capital changes:</b>	<b>199,276</b>	<b>116,606</b>
(Increase)/decrease in inventories	(4,863)	3,760
Increase in receivables and prepayments	(153,447)	(130,890)
Increase in payables and accruals	107,779	144,866
<b>Cash generated from operations</b>	<b>148,745</b>	<b>134,342</b>
Taxes paid/adjusted	(50,610)	(29,322)
Interest received	4,804	5,063
<b>Net cash provided by operating activities</b>	<b>102,939</b>	<b>110,083</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(45,434)	(16,144)
Proceeds from sale of equipment	1,310	665
<b>Net cash used in investing activities</b>	<b>(44,124)</b>	<b>(15,479)</b>
<b>Financing activities</b>		
Loan repayments and transfers	(16,471)	(13,600)
Interest payable	(701)	(1,040)
<b>Net cash used in financing activities</b>	<b>(17,172)</b>	<b>(14,640)</b>
<b>Net increase in cash and cash equivalents</b>	<b>41,643</b>	<b>79,964</b>
Cash and cash equivalents at beginning of period	269,644	189,680
Cash and cash equivalents as at December 31	<b>311,287</b>	<b>269,644</b>
<b>Cash and cash equivalents at end of period (see note 12)</b>	<b>311,287</b>	<b>269,644</b>

"The accompanying notes form an integral part of these financial statements"

**Guyana National Shipping Corporation Limited**  
 (Subsidiary of National Industrial and Commercial Investments Limited)  
 Notes to the financial statements  
for the year ended December 31, 2011

**1 Incorporation and business activities**

The Corporation is a state-owned enterprise incorporated under the Companies Act, Chapter 89:01 and continued under the Companies Act 1991. The principal activities of the Corporation are the provision of shipping services, berthing, storage facilities and rental of wharves and office space.

**2 New and revised standards and interpretations**

**Effective for the current year end**

**Amendments to Standards**

IFRS 1 Short term Disclosure Exemption - IFRS 7  
 IFRS 1 Short term Exemption - IFRS 9

**Effective for  
 annual period  
 beginning on or  
 after**

July 1, 2010  
 On adoption of  
 IFRS 9

IFRS 1 Three amendments to IFRS 1 - Changes in accounting policies, deemed cost exemption for event-driven fair value measurement and deemed cost (rate-regulated entities).

January 1, 2011

IFRS 3 Amendments to IFRS3 (2008)  
 IFRS 7 Amendments as part of Improvements to IFRSs 2010  
 IAS 1 Amendments as part of Improvements to IFRSs 2010  
 IAS 24 Related Party Disclosures  
 IAS 27(2008) Amendments as part of  
 Improvements to IFRSs 2010  
 IAS 32 Classification of Rights Issues  
 IAS 34 Amendments as part of Improvements to IFRSs 2010

July 1, 2010  
 January 1, 2011  
 January 1, 2011  
 January 1, 2011  
 July 1, 2010  
 February 1, 2010  
 January 1, 2011

**New Interpretations**

IFRIC 19 Extinguishing Financial Liabilities with equity instruments

July 1, 2010

**Amendments to Interpretations**

IFRIC 13 Amendments as part of Improvements to IFRSs 2010  
 IFRIC 14 Prepayments of a Minimum Funding Requirement

January 1, 2011  
 January 1, 2011

**Guyana National Shipping Corporation Limited**  
 (Subsidiary of National Industrial and Commercial Investments Limited)  
 Notes to the financial statements  
 for the year ended December 31, 2011

**2 New and revised standards and interpretations-conf'd**  
**Available for early adoption for the current year end**

	<b>Effective for annual period beginning on or after</b>
<b>New and Amended Standards</b>	
IFRS 1 Removal of Fixed Dates for First-time Adopters	July 1, 2011
IFRS 1 Severe Hyperinflation	July 1, 2011
IFRS 7 Enhanced Derecognition Disclosure Requirements	July 1, 2011
IFRS 9 Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 9 Additions for Financial Liability Accounting	January 1, 2015
IFRS 10 Consolidated Financial Statements	January 1, 2013
IFRS 11 Joint Arrangements	January 1, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 1, 2013
IAS 27(2011) Separate Financial Statements	January 1, 2013
IAS 28(2011) Investments in Associates and Joint Ventures	January 1, 2013
IFRS 13 Fair Value Measurement	January 1, 2013
IAS 1(2011) Amendments to IAS 1 - Presentation of Other Comprehensive Income	1 July 2012
IAS 12 Amendments to IAS 12 - Income Taxes	January 1, 2012
IAS 19 Amendments to IAS 19 - Employee Benefits	January 1, 2013
<b>New interpretation</b>	
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

The company has not opted for early adoption.

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

**IFRS 7**

The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets and are intended to provide greater transparency around risk exposures when a financial asset is transferred. The directors do not anticipate that these amendments to IFRS 7 will have a significant effect on the Company's disclosures.

**IFRS 9**

IFRS 9 was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in November 2010 and the revised date for adoption is now 1 January 2015. This standard specifies how an entity should classify and measure its financial assets.

The application of IFRS 9 may have significant impact on the amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed which will be done in accordance with the standard when adopted.

When adopted, the standard will be applied retrospectively in accordance with IAS 8.

**Guyana National Shipping Corporation Limited**  
(Subsidiary of National Industrial and Commercial Investments Limited)  
Notes to the financial statements  
for the year ended December 31, 2011

**2 New and revised standards and interpretations-Cont'd**

**IFRS 13**

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. It applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances.

When adopted, the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

**IAS 1**

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

**IAS 12**

The amendments to IAS 12 provide an exception to the general principles in the standard that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years. However, the directors have not adopted to performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact on these financial statements as this will be done in accordance with the requirements of the standard when adopted.

Apart from the foregoing, none of the above new standards, interpretations and amendments to standards is expected to have a significant impact on the Company's accounting policies when adopted.

**Guyana National Shipping Corporation Limited**  
(Subsidiary of National Industrial and Commercial Investments Limited)  
Notes to the financial statements  
for the year ended December 31, 2011

**3 Summary of significant accounting policies**

**(a) Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards. These standards were issued by the International Accounting Standard Board and adopted by the Institute of Chartered Accountants of Guyana.

**(b) Basis of preparation**

These financial statements have been prepared on the historical cost convention and modified for the revaluation of certain non current assets. The principal accounting policies are set out below:

**(c) Revenue and expenditure recognition**

Revenue is measured at fair value of the consideration received or receivable net of sales taxes and returns. Expenses are recognised on an accrual basis.

**(d) Property, plant and equipment**

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method.

The depreciation rates are as follows:

Land and buildings	2%-4%
Costal crafts	14%
Motor Vehicles	25%
Plant and Machinery	7.5%- 20%
Office Equipment	10%- 12.5%
Computer & Accessories	20%-25%

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount. The excess of the carrying amount above the recoverable amount is written off to the statement of income.

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

**(e) Foreign Currencies**

Foreign currency transactions during the year are translated at the exchange rates prevailing at the date of the transaction. At the end of the reporting period, 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 translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the change in fair value are recognised in the statement of comprehensive income.

**Guyana National Shipping Corporation Limited**

(Subsidiary of National Industrial and Commercial Investments Limited)

Notes to the financial statements

for the year ended December 31, 2011

**3 Summary of significant accounting policies-continued**

**(f) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted in Guyana at the end of each reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the assets realized based on tax rates (tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited to the statement of comprehensive income, in which case the deferred tax is also dealt with in the statement of comprehensive income.

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

**(g) Financial liabilities**

The Company's financial liabilities are classified as other financial liabilities.

**(h) Cash and cash equivalents**

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

**(i) Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**3 Summary of significant accounting policies- cont'd**  
**Classification as debt or equity cont'd**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method; interest expense is recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

The Company derecognizes financial liabilities when the company's obligations are discharged, cancelled or expire.

**(j) Impairment of tangible assets**

At each reporting date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognized immediately in the profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

**(k) Borrowings cost**

The Company's borrowings are for working capital purposes. For this purpose all borrowing costs are recognized in the profit and loss in the period in which they are incurred.

**(l) Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

**(m) Inventories**

Inventories are valued at the lower of cost and net realisable value using the first in first out (FIFO) method.



**Guyana National Shipping Corporation Limited**  
(Subsidiary of National Industrial and Commercial Investments Limited)  
Notes to the financial statements  
for the year ended December 31, 2011

**3 Summary of significant accounting policies-conf'd**

**(n) Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**(o) Pension Scheme**

The Corporation participates in a defined pension scheme for its employees. The contributions are held in a trustee administered fund which is separate from the Corporation's assets.

An actuarial valuation as at 31 December 2009 revealed a past service surplus of G\$0.352M. However the proportion of this relating to the corporation has not yet been ascertained.

The actuaries recommended that participating companies continue to contribute at the current rate of 7% of the members' salaries up to \$2,880 per annum and 13% of the members' salaries in excess of \$2,880 per annum.

During the year the Corporation's contribution to the Scheme was G\$5.689M (2010-G\$3.302M).

With regards to the corporation's compliance with International Accounting Standards 19 Employee Benefits, the Corporation estimates that there would be insignificant (if any) net benefit obligations after taking into account the fair value of the plan's assets. Also, the current service cost is a fair reflection of the cost to the Corporation.

The next actuarial valuation is due to be done on or before December 31, 2012.

**4 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

**Guyana National Shipping Corporation Limited**  
(Subsidiary of National Industrial and Commercial Investments Limited)  
Notes to the financial statements  
for the year ended December 31, 2011

**Critical accounting judgements and key sources of estimation uncertainty-conf'd**  
**Key sources of estimation uncertainty con't**

**i) Useful lives of Property, plant and equipment**

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives should remain the same.

**ii) Impairment of financial assets**

Management makes judgement at the end of each reporting period to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

**Guyana National Shipping Corporation Limited**  
 (Subsidiary of National Industrial and Commercial Investments Limited)  
 Notes to the financial statements  
for the year ended December 31, 2011

	<u>2011</u> <u>G\$000</u>	<u>2010</u> <u>G\$000</u>
<b>5 Revenue</b>		
Revenue represents the value of goods and services sold to third parties and related companies as shown below:		
Handling/stevedoring	281,643	150,693
Rental	98,397	85,258
Freight	268,644	218,652
Agencies	39,197	37,482
Hire-cargo handling equipment	49,225	31,327
Others	63,998	44,466
Storage	11,529	32,727
	<u>812,633</u>	<u>600,605</u>
<b>6 Profit before taxation</b>	<u>159,377</u>	<u>84,803</u>
After crediting:		
Interest received	<u>4,804</u>	<u>5,285</u>
After charging:		
Employment costs (a)	179,874	158,368
Hire of vessels	172,332	133,509
Depreciation	45,311	35,826
Directors emoluments (c)	645	360
Auditors' remuneration (b)	<u>1,395</u>	<u>1,273</u>
(a) Employment costs		
Salaries and wages	147,355	130,299
Other staff costs	25,712	22,616
Pension	<u>6,807</u>	<u>5,453</u>
	<u>179,874</u>	<u>158,368</u>
(b) Auditors' remuneration:		
Audit services	<u>1,395</u>	<u>1,273</u>
(c) Directors' emoluments		
Chairman	120	120
Four directors sharing equally	480	240
One directors	45	-
	<u>645</u>	<u>360</u>
<b>7 Basic earnings per share</b>		
Calculated as follows:		
Profit after taxation	<u>92,084</u>	<u>45,725</u>
Ordinary shares issued and fully paid	<u>2,797</u>	<u>2,797</u>
Basic earnings per share in dollars	<u>33</u>	<u>16</u>

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	<b>2011</b>	<b>2010</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>8(a) Taxation</b>		
Reconciliation of tax expense and accounting profit		
Accounting profit	159,377	84,803
Corporation tax at 30% (35%)	47,813	33,921
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation for accounting purposes	13,593	12,539
	61,407	46,460
Deduct:		
Tax effect of depreciation and other allowances for tax purposes	11,347	16,779
Corporation tax	50,060	29,681
Excess provision made	8,035	3,091
Property tax	7,892	6,306
Capital gains tax	262	-
Deferred tax	1,044	-
Tax expense	67,293	39,078
<b>Recognised in the profit or loss:</b>		
Current	66,249	39,078
Deferred	1,044	-
	67,293	39,078

**8(b) Components of deferred tax asset:**

	<b>2011</b>		<b>2010</b>
	<b>Fixed</b>	<b>Total</b>	
	<b>assets</b>	<b>G\$000</b>	<b>G\$000</b>
	<b>G\$000</b>	<b>G\$000</b>	<b>G\$000</b>
<b>As at 1 January</b>	155	155	155
Deferred tax on revaluation	138,480	138,480	-
Changes in temporary differences	1,044	1,044	-
Movement charge to profit or loss	(32,043)	(32,043)	-
<b>At 31 December</b>	107,635	107,635	155

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<b>9 Property, plant and equipment</b>	<b>Land &amp; Building (Bond) G\$000</b>	<b>Machinery, Plant &amp; equipment G\$000</b>	<b>Motor Vehicles G\$000</b>	<b>Work-in- progress equipment G\$000</b>	<b>Total G\$000</b>
<b><u>Costs/valuation</u></b>					
At January 01, 2011	567,898	440,517	26,123	11,271	1,045,809
Revaluation	371,102	-	-	-	371,102
	<u>939,000</u>	<u>440,517</u>	<u>26,123</u>	<u>11,271</u>	<u>1,416,911</u>
Additions	3,033	36,293	4,800	1,308	45,434
Disposals	-	(5,080)	-	-	(5,080)
At December 31, 2011	<u>942,033</u>	<u>471,730</u>	<u>30,923</u>	<u>12,579</u>	<u>1,457,265</u>
<b><u>Accumulated Depreciation</u></b>					
At January 01, 2011	90,496	344,744	22,723	-	457,963
Depreciation written back	(90,496)	-	-	-	(90,496)
	<u>-</u>	<u>344,744</u>	<u>22,723</u>	<u>-</u>	<u>367,467</u>
Charged for the year	15,731	27,116	2,465	-	45,311
Write back on disposals	-	(5,080)	-	-	(5,080)
At December 31, 2011	<u>15,731</u>	<u>366,780</u>	<u>25,188</u>	<u>-</u>	<u>407,698</u>
<b><u>Net Book Value</u></b>					
At December 31, 2011	<u>926,302</u>	<u>104,950</u>	<u>5,735</u>	<u>12,579</u>	<u>1,049,567</u>
At December 31, 2010	<u>477,402</u>	<u>95,773</u>	<u>3,400</u>	<u>11,271</u>	<u>587,846</u>

Certain assets were revalued by the directors on 26th May, 1976 to bring them in line with the value in the books of the previous owners. Subsequently, the land and buildings were revalued at 1st January, 1982 based on independent professional advice.

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	2011 G\$000	2010 G\$000
<b>10 Inventories</b>		
Stores	43,186	38,323
Impairment allowance (i)	(4,184)	(4,184)
	<u>39,002</u>	<u>34,139</u>

(i) represents provision made for obsolete items.

**11 Receivables and prepayments**

Trade receivables	282,106	137,323
Due from Government entities	117,597	114,576
Other receivables	8,260	2,117
Prepayments	1,578	1,230
	<u>409,541</u>	<u>255,246</u>
Less: provision for Impairment (a)	(10,275)	(9,427)
	<u>399,266</u>	<u>245,819</u>

(a) Provision for impairment-Individually assessed

Opening balance	9,427	7,795
Impairment allowance for the year	1,030	1,632
Recoveries	(182)	-
	<u>10,275</u>	<u>9,427</u>

**12 Cash and cash equivalents**

Savings (a)	164,274	145,602
Cash on deposit	-	(58)
Foreign exchange account	44,105	22,469
Business Cash Management account (b)	8,006	7,942
Current account	94,902	93,589
Cash in hand	-	100
	<u>311,287</u>	<u>269,644</u>

(a) Interest is earned at an average of 4.5% per annum.

(b) Interest is earned at a rate of 1.0%- 1.2% per annum

Overdraft interest during the year were charged at 12.50% to 18.25% per annum.

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	<u>2011</u>	<u>2010</u>
<b>13 Share capital</b>		
Authorised		
Number of ordinary shares	4,000,000	4,000,000
	<b>G\$000</b>	<b>G\$000</b>
Issued and fully paid		
2,796,644 Ordinary shares @ \$1.00 each	2,797	2,797
Par value of ordinary shares G\$ 1.00 each		
Fully paid ordinary shares carrying one vote per share and a right to dividends.		

	<u>2011</u>	<u>2010</u>
	<u>G\$000</u>	<u>G\$000</u>
<b>14 Capital reserve</b>		
<b>At 1 January</b>	12,475	12,475
Gain on revaluation of land and buildings net of deferred tax	323,119	-
Amortisation of reserve	(5,404)	-
<b>At 31 December</b>	<u>330,190</u>	<u>12,475</u>

This represents the difference between compensation price and the valuation of fixed assets at 26 May, 1976 and the surplus on revaluation of land and building at 1 January, 1982 and 2011.

This reserve is non-distributable.

	<u>2011</u>	<u>2010</u>
	<u>G\$000</u>	<u>G\$000</u>
<b>15 Payables and accruals</b>		
Trade payables	275,673	214,449
Due to government entities	3,898	-
Accruals	25,907	22,549
Advance payment received from customers	60,454	21,155
	<u>365,932</u>	<u>258,153</u>

The average credit period on purchases of certain goods ranges from 30 to 90 days.

No interest is charged on the trade payables.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

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**16 Due to Privatisation Unit**

	<u>2011</u> G\$000	<u>2010</u> G\$000
At 31 December	<u>18,969</u>	<u>35,440</u>

The amounts are repayable within one year.

The amount is payable for the acquisition of the Guyana Pharmaceutical Corporation Limited's properties located at La Penitence, Greater Georgetown. The balance of the purchase price plus interest at the rate of 8% per annum should be repaid in quarterly installments in arrears over a ten (10) years period commencing on the 29th September, 2000.

The purchase price of this property is Three Hundred Million Guyana Dollars (G\$300,000,000).

During 2004 the loan repayment schedule was revised after a lump sum payment for Sixty Million Guyana Dollars (G\$60,000,000) was made by the Corporation. The interest rate was adjusted to 5% per annum.

In August 2009, a payment for Thirty Million Guyana Dollars (G\$30,000,000) was paid to the Privatisation Unit.

The Company debt to the National Industrial and Commercial Limited was restructured via Board approval on March 12, 2010. The penalty interest of Fourteen Million Guyana Dollars (G\$14,000,000) resulting from late/outstanding payments was waived by NICIL to support the Company's financial position. NICIL has consolidated the balance of Thirty Million Guyana Dollars (G\$30,000,000) which was due after the payment received on December 31, 2009, and the remaining balances due after 1 August, 2009 which amounts to a total indebtedness of Fifty Two Million Guyana Dollars (G\$52,000,000). NICIL will amortise the Fifty Two Million Guyana Dollars (G\$52,000,000) over two years effective January 2010 at a reduced interest of 3% per annum. In August 2010, a payment of Thirteen Million, Six Hundred Thousand Guyana Dollars (G\$13,600,000) was paid to NICIL.

The company did not repay the full amount of the loan at December 31, 2011 as was indicated in the arrangement in August 2010. During the year the Company paid Sixteen million, four hundred and seventy one thousand dollars. (G\$16,471,000).

**17 Pending litigations**

There are several pending litigations against the company for which the company's exposure, if any, has not yet been determined.

**18 Contingent liabilities**

Bail bonds in favour of High Court of Supreme Court of Judicature Admiralty Jurisdiction.	<u>1,900</u>	<u>1,900</u>
Performance bond/ bank guarantee in favour of:		
(i) Guyana Sugar Corporation Inc.	<u>4,280</u>	<u>4,280</u>
(ii) Controller of Customs and Excise	<u>9,500</u>	<u>9,500</u>



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	<u>2011</u> <u>G\$000</u>	<u>2010</u> <u>G\$000</u>
<b>19 Capital commitments</b>		
Approved and contracted for	108	98
<b>20 Related party transactions and balances</b>		
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.		
Listed below are transactions with related parties.		
<b>(i) Parent company</b>		
Loans payable	18,969	35,440
Loan from NICIL for acquisition of property, interest is charge at 3% per annum.		
The balance was to be fully repaid at December 31, 2011. See note 16 for details.		
<b>(ii) Related Government entities</b>		
Amounts due from	117,597	114,576
Amounts due to	3,898	-
Limited - ultimate parent company	39,600,000	60,323,873
<b>(iii) Accounts payable</b>	3,898	-
<b>(iv) Accounts receivables</b>	117,597	114,576
No provision was made for balances due from related parties.		
No interest is charged on balances with related parties.		
<b>(iii) Guarantees infavour of related companies</b>		
Guyana Sugar Corporation Inc.	4,280	4,280
<b>(iv) Key Management personnel</b>		
<b>(a) Compensation paid</b>		
The company's 13 (2010 - 13) key management personnel comprise its managing director, other directors and managers.		
The remuneration paid to key management persannel for the year was as follows:		
Short term employee benefits	18,595	20,870
Post employment benefits	171	171
<b>(b) Directors fees- see note 6</b>	645	360

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**21 Analysis of financial assets and liabilities by measurement basis**

	Loans and receivable G\$000	Other Financial assets and liabilities at amortised cost G\$000	Total G\$000
<b>31.12.2011</b>			
<b>Assets</b>			
Receivables and prepayments	399,266	-	399,266
External Payment Deposits	59	-	59
Cash and cash equivalents	-	311,287	311,287
	<u>399,325</u>	<u>311,287</u>	<u>710,612</u>
<b>Liabilities</b>			
Payables and accruals	-	365,932	365,932
Due to Privatisation Unit	-	18,969	18,969
Taxation payable	-	32,769	32,769
	<u>-</u>	<u>417,670</u>	<u>417,670</u>
<b>31.12.2010</b>			
<b>Assets</b>			
Receivables and prepayments	245,819	-	245,819
External Payment Deposits	59	-	59
Cash and cash equivalents	-	269,644	269,644
	<u>245,878</u>	<u>269,644</u>	<u>515,522</u>
<b>Liabilities</b>			
Payables and accruals	-	258,153	258,153
Due to Privatisation Unit	-	35,440	35,440
Taxation payable	-	17,130	17,130
	<u>-</u>	<u>310,723</u>	<u>310,723</u>

**22 Financial risk management**

Financial risk management objectives

The company's management monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The company seeks to minimise the effects of these risks by the use of techniques that are governed by management policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

The company's management reports monthly to the board of directors on matters relating to risk and management of risk.

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22 financial risk management- cont'd

(a) Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The company's exposure to market risk arises from its financial assets and liabilities.

Management continually identify, evaluate, and diversify risk in order to minimise the total cost of carrying such risk.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market

interest rates. The company is exposed to various risks that are associated with the effects in interest rates. This impacts directly on its cash flows.

The company is exposed to interest rate risk but the Company's sensitivity to interest is immaterial as its financial instruments are substantially at fixed rates. The Company's exposure to interest rate risk on financial assets and liabilities are listed below:

Interest risk tables

	Average Interest rate %	Maturing 31.12.2011		
		1 year G\$000	Non-Interest bearing G\$000	Total G\$000
<b>Assets</b>				
Receivables and prepayments		-	399,266	399,266
External Payment Deposits		-	59	59
Cash and cash equivalents	1.0 to 4.0	311,287	-	311,287
		<u>311,287</u>	<u>399,325</u>	<u>710,612</u>
<b>Liabilities</b>				
Payables and accruals		-	365,932	365,932
Due to Privatisation Unit	3.00	18,969	-	18,969
Taxation payable		-	32,769	32,769
		<u>18,969</u>	<u>398,701</u>	<u>417,670</u>
Interest sensitivity gap		<u>292,318</u>		
<b>Maturing 31.12.2010</b>				
	Average Interest rate %	Within 1 year G\$000	Non-Interest bearing G\$000	Total G\$000
<b>Assets</b>				
Receivables and prepayments		-	245,819	245,819
External Payment Deposits		-	59	59
Cash and cash equivalents	1.75 to 4.5	269,644	-	269,644
		<u>269,644</u>	<u>245,878</u>	<u>515,522</u>
<b>Liabilities</b>				
Payables and accruals		-	258,153	258,153
Due to Privatisation Unit	3.00	35,440	-	35,440
Taxation payable		-	17,130	17,130
		<u>35,440</u>	<u>275,283</u>	<u>310,723</u>
Interest sensitivity gap		<u>234,204</u>		

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**23 Financial risk management - cont'd**

(a) Market risk-cont'd

(ii) Currency risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from foreign payables. The currency which the Company is mainly exposed to is United States Dollar.

The aggregate amounts of assets and liabilities denominated in currency other than Guyana dollars are as follow:

	<u>2011</u> G\$000	<u>2010</u> G\$000
Assets	<u>265,529</u>	<u>110,520</u>
Liabilities	<u>192,763</u>	<u>192,419</u>

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 2.5% increase and decrease in the Guyana dollar (GYD) against the United States dollar (US\$).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number indicates an increase in profit where the US\$ strengthens 2.5% against the GY\$. For a 2.5% weakening of the US\$ against G\$ there would be an equal and opposite impact on the profit, and the balances below would be negative.

	<u>2011</u> G\$000	<u>2010</u> G\$000
Potential Impact	<u>1,819</u>	<u>2,047</u>

(iii) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimize the risk.

The Company is not significantly exposed to other price risks.

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22 Financial risk management - cont'd

(b) 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. The following table shows the distribution of assets and liabilities by maturity:

	Maturing 31.12.2011		
	Within 1 year		Total
	On Demand G\$000	Due 3 - 12 mths G\$000	G\$000
<b>Assets</b>			
Receivables and prepayments	-	399,266	399,266
External Payment Deposits	-	59	59
Cash and cash equivalents	311,287	-	311,287
	<u>311,287</u>	<u>399,325</u>	<u>710,612</u>
<b>Liabilities</b>			
Payables and accruals	-	365,932	365,932
Due to Privatisation Unit	18,969	-	18,969
Taxation payable	-	32,769	32,769
	<u>18,969</u>	<u>398,701</u>	<u>417,670</u>
<b>Net assets</b>	<u>292,318</u>	<u>624</u>	<u>292,942</u>
	Maturing 31.12.2010		
	Within 1 year		Total
	On Demand G\$000	Due 3 - 12 mths G\$000	G\$000
<b>Assets</b>			
Receivables and prepayments	-	245,819	245,819
External Payment Deposits	-	59	59
Cash and cash equivalents	268,644	-	268,644
	<u>268,644</u>	<u>245,878</u>	<u>514,522</u>
<b>Liabilities</b>			
Payables and accruals	-	258,153	258,153
Due to Privatisation Unit	-	35,440	35,440
Taxation payable	-	17,130	17,130
	<u>-</u>	<u>310,723</u>	<u>310,723</u>
<b>Net assets/ (liabilities)</b>	<u>268,644</u>	<u>(64,845)</u>	<u>203,799</u>

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22 Financial risk management - cont'd

(c) Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer to meet its obligations under a contract. It arises in the case of the company, principally from cash resources and receivables.

Cash and bank includes balances held of financial institutions. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

For receivables, the company has adopted a policy of only dealing with reputable customers as a means of mitigating the risk of financial loss from defaults.

The company's exposure to credit risk is continuously monitored to ensure that amounts are recovered. Management implicitly monitors the analysis of credit risk portfolio. The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

The table below shows the Company's maximum exposure to credit risk.

	2011 G\$000	2010 G\$000
Gross maximum exposure:		
Receivables excluding prepayment	301,327	235,161
External Payment Deposits	59	59
Cash and cash equivalents	311,287	269,644
Total credit risk exposure	<u>612,673</u>	<u>504,864</u>

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Concentration of risk is managed by geographical region as detailed in the following:

(a) Geographical sectors

The company's maximum credit exposure, after taking account of credit loss provisions established but before taking into account any collateral held and other credit enhancements, can be analyzed by the following geographical sectors based on the Country of domicile of counterparties:

	2011 G\$000	2010 G\$000
Guyana	449,430	368,551
International	163,243	136,313
	<u>612,673</u>	<u>504,864</u>
Ageing of credit exposure		
Debtors (excluding prepayments).	<u>301,327</u>	<u>235,161</u>
The above balances are classified as follows:		
Current	181,071	117,560
Past due but not impaired	139,981	108,174
Impaired	10,275	9,427
	<u>301,327</u>	<u>235,161</u>
Ageing of trade and other receivables which were past due but not impaired.		
91-120 days	97,406	75,722
121-180 days	42,575	32,452
	<u>139,981</u>	<u>108,174</u>
Ageing of trade and other receivables which are impaired.		
180+ days	10,275	9,427
Provision for bad debts	<u>10,275</u>	<u>9,427</u>

23 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2010.

The capital structure of the Company consists of cash equivalents and equity comprising issued capital, reserves and retained earnings.

Gearing ratio

The Company's management reviews the capital structure on an on-going basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

The Company has not set a target gearing ratio.

The gearing ratio at the year end was as follows:

	2011 G\$000	2010 G\$000
Debt (f)	18,969	35,440
Cash and cash equivalents	<u>(311,287)</u>	<u>(269,644)</u>
Net balance	<u>(292,318)</u>	<u>(234,204)</u>
Equity (g)	<u>1,273,876</u>	<u>826,429</u>

The company has a negative debt structure due to higher level of cash and cash equivalents than borrowings.

(f) Debt is defined as long- and short-term borrowings, as detailed in notes 16.

(g) Equity includes all capital and reserves of the Company.

24 Events after the reporting period.

Revenue projections for the year 2012 were not achieved, mainly as a result of a reduction in the handling of containerized cargo. This situation was influenced by the re-scheduling of vessel rotation by the Company's main principal, CSAV ( Compania Sud America de Vapores) resulting in a reduction in tonnage of imports and export cargo handled by the Company. The direct feeder vessel call was suspended in November 2012 after the vessel entered dry-dock. This situation gave rise to costly transshipment of CSAV's import and export containers.

The revenue stream of the agency division was also reduced after the Company agreed with proposals of its principal to a reduction in commissions on freight, earned by the department, effective August 2012.

The coastal shipping department also saw a reduction in its profit margin following the payment of freight rate increases to chartered vessels' operators during the second half of the year 2012.

On October 4, 2012, the Company was awarded Judgement against one of its tenants for unpaid rentals up to December 31, 2012 which amounted to Four Million Two Hundred and Fifty Six Thousand, One Hundred and Fifty Nine Dollars (G\$4,256,159). The Court has ordered that the sum be paid in eight (8) equal monthly instalments of Five Hundred and Thirty Two Thousand Dollars (G\$532,000) commencing on November 1, 2012 and on the 1st of each month thereafter.

25 Prospects

Plans to improve the company's revenue stream were constantly pursued during the year 2012 by the Board of Directors. Discussions were held with the Principal, CSAV, on the development of strategies to sustain and improve the market-share of available cargo in Guyana. The potential of the Company's insurance department was also being explored as a part of the company's plan to increase its revenue and boost profitability.

In order to counter the rising chartered vessel costs and the monopolistic situation which exists in the coastal shipping trade, the Company has proposed the acquisition of a coastal vessel, which is expected to positively impact the Company's profitability. This is also to facilitate a greater level of efficiency in the movement of bulk sugar for the Guyana Sugar Corporation Inc.

Discussions were held with the Bank of Guyana concerning licensing arrangements and expanding the insurance products of the Lloyds Agency Department. Plans to improve the cargo handling capability of the Company through the strengthening of its infrastructure and equipment fleet remained a priority throughout the year.