AUDITED FINANCIAL STATEMENTS OF THE GUYANA NATIONAL SHIPPING CORPORATION LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2012

AUDITED FINANCIAL STATEMENTS OF THE GUYANA NATIONAL SHIPPING CORPORATION LIMITED

FOR THE YEAR ENDED
31 DECEMBER 2012

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

AUDITORS: AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

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AG: 5/2015 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 2012**

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 23 which comprise the statement of financial position as at 31 December 2012, 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 2012, 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.

D. SHARMA
AUDITOR GENERAL

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, 2012, 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 23.

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, 2012 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
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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, 2012

	Notes	2012 G$000	2011 G$000
ASSETS			
Non-current assets:			
Property, plant and equipment	5	666,792	694,029
Investment property	6	351,165	355,538
		1,017,957	1,049,567
Current assets:			
Inventories	7	39,688	39,002
Trade and other receivables	8	361,599	399,325
Cash and cash equivalents	9	353,805	311,287
		755,092	749,614
TOTAL ASSETS		1,773,049	1,799,181
EQUITY AND LIABILITIES			
Equity			
Share capital	10	2,797	2,797
Retained earnings		980,063	940,889
Revaluation reserve	11	324,894	330,190
Total equity		1,307,754	1,273,876
Current liabilities			
Trade and other payables	12	334,394	350,318
VAT payable		966	15,614
Due to Privatisation Unit	13	-	18,969
Taxation payable	14	24,972	32,769
Deferred tax	15	104,963	107,635
Total current liabilities		465,295	525,305
TOTAL EQUITY AND LIABILITIES		1,773,049	1,799,181

These financial statements were approved by the Board of Directors on December 13, 2016

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, 2012

	Notes	2012 G$000	2011 G$000
Revenue	16	745,329	312,633
Less:			
Operating expenses	17	(502,124)	(469,023)
Gross profit		243,204	343,610
Add:			
Other income	18	6,453	6,159
		249,657	349,769
Less:			
Expenses			
Administrative expenses	19	188,472	187,690
Financial charges		2,008	2,057
Director fees		600	645
		191,079	190,392
Profit before taxation	20	58,578	159,377
Taxation	21	(26,969)	(67,293)
Profit after taxation		31,609	92,084
Other Comprehensive Income net of income tax:			
Items that will not be reclassified subsequently to the profit or loss.			
Amortisation of revaluation reserve		7,566	5,404
Deferred taxation on revaluation		(2,270)	32,043
		5,296	37,447
Total Comprehensive Income for the year		36,905	129,531
Basic earnings per share in dollars	22	11	33

"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, 2012

	Share capital G$000	Capital reserve G$000	Retained earnings G$000	Total G$000
At 1 January 2011	2,797	12,475	811,357	826,629
Profit for the year			92,084	92,084
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
At 31 December 2011	2,797	330,190	940,889	1,273,875
Profit for the year after taxation	-	-	31,609	31,609
Amortisation of revaluation reserve	-	(5,296)	5,296	-
Deferred tax on revaluation	-	-	2,270	2,270
At 31 December 2012	2,797	324,894	980,063	1,307,754

"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, 2012

	2012 G$000	2011 G$000
Operating activities		
Profit before taxation	58,578	159,377
Adjustments for -		
Depreciation	35,440	45,311
Amortisation	4,373	
Loss/(gains) on the disposal of assets	2,136	(1,310)
Interest receivable	(6,228)	(4,804)
Adjustment for increase in tax payable	3,626	-
Interest payable	-	701
Operating profit before working capital changes	97,925	199,276
Working capital changes		
(Increase)/decrease in inventories	(686)	(4,863)
(Increase)/decrease in trade and other receivables	37,725	(153,447)
(Increase)/decrease in VAT receivables	(14,649)	-
Increase/(decrease) in trade and other payables	(15,924)	107,779
Cash generated from operations	104,391	148,745
Taxes paid/adjusted	(38,794)	(50,610)
Interest received	6,228	4,804
Net cash provided by operating activities	71,825	102,939
Investing activities		
Acquisition of property, plant and equipment	(15,939)	(45,434)
Proceeds from sale of equipment	5,600	1,310
Net cash used in investing activities	(10,339)	(44,124)
Financing activities		
Loan repayments and transfers	(18,969)	(16,471)
Interest payable	-	(701)
Net cash used in financing activities	(18,969)	(17,172)
Net increase in cash and cash equivalents	42,518	41,643
Cash and cash equivalents at beginning of period	311,287	269,644
Cash and cash equivalents as at December 31	353,805	311,287
Cash and cash equivalents at end of period (see note 12)	353,805	311,287

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

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

(a) Adoption of new and revised International Financial Reporting Standards (IFRSs)

The following amendments and interpretations to published standards are effective for the current financial statements period but it has been determined that they have an immaterial impact on the financial statements or are not relevant to the company's operations:

Amendments to Standards

IFRS 1	First-time Adoption of International Financial Reporting Standards— Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'. Effective July 01, 2011.
IFRS 1	First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective July 1, 2011)
IFRS 3	Business Combinations - Amendments resulting from May 2010 Annual Improvements to IFRSs - effective July 01, 2011.
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs - (effective January 01, 2011)
IFRS 7	Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements (effective July 1, 2011)
IAS 1	Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs - (effective January 01, 2011).
IAS 24	Related Party Disclosures - Partial exemption for government-related entities and revised definition (effective January 1, 2011)
IAS 34	Interim Financial Reporting - Amendments resulting from May 2010 Annual Improvements to IFRSs - (effective January 01, 2011)
IFRIC 14	Prepayments of a minimum funding requirement (Amendment) (effective January 1, 2011)
IAS 1	Amendments to IAS 1 - Presentation of Other Comprehensive Income - (effective July 1, 2012)
IAS 12	Amendments to IAS 12 - Income Taxes - (effective January 1, 2012)

(b) Standards and interpretations issued but not yet effective

IFRS 1	Amendments for Government Loan with a below market rate of interest when transitioning to IFRSs. (effective January 1, 2013)
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities - (effective January 01, 2013)
IFRS 9	Financial Instruments: Classification and Measurement - (effective January 1, 2015)
IFRS 10	Consolidated Financial Statements - (effective January 1, 2013)

Standards and interpretations issued but not yet effective

IFRS 11	Joint Arrangements - (effective January 1, 2013)
IFRS 12	Disclosure of Interests in Other Entities - (effective January 1, 2013)
IFRS 13	Fair Value Measurement - (effective January 1, 2013)
IAS 19	Employee Benefits (amendment) (effective January 1, 2013)
IAS 27	Separate Financial Statements (effective January 1, 2013)
IAS 28	Investments in Associates - Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) - (effective January 01, 2013)
IAS 32	Financial Instruments: Presentation-Amendments to application guidance on the offsetting of financial assets and financial liabilities - (January 01, 2014)

Standards and Interpretations issued but not yet effective (continue)

New Interpretation

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

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 deprecation 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.

3 Summary of significant accounting policies-cont'd

(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.

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.

3 Summary of significant accounting policies-cont'd

(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 recoverable 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.

(o) 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.

(p) 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$5.968M (2011-$5.689M)

3 Summary of significant accounting policies-cont'd

Pension Scheme (continue)

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:

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 that the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

Property, plant and equipment

	Land & Building (Bond) G$000	Machinery & equipment G$000	Motor Vehicles G$000	Furniture & fixtures G$000	Office equipment G$000	Work-in-progress equipment G$000	Total G$000
Costs/valuation							
At January 01, 2011	582,033	439,369	30,923	14,531	17,831	12,579	1,097,266
Reclassification	-	12,579	-	-	-	(12,579)	-
Additions	-	11,910	-	-	-	4,029	15,939
Disposals	-	(16,934)	-	-	-	-	(16,934)
At December 31, 2011	582,033	446,924	30,923	14,531	17,831	4,029	1,096,270
Accumulated Depreciation							
At January 01, 2011	11,269	342,801	25,188	8,934	15,045	-	403,237
Charged for the year	11,043	20,820	1,546	842	1,189	-	35,440
Write back on disposals	-	(9,198)	-	-	-	-	(9,198)
At December 31, 2011	22,312	354,424	26,734	9,776	16,233	-	429,479
							24,397
Net Book Value							
At December 31, 2011	570,764	96,568	5,735	5,597	2,786	12,579	694,029
At December 31, 2012	559,721	92,501	4,189	4,755	1,597	4,029	666,792

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.

In September 2014, the company's immovable assets were again revalued by the Chief Valuation Officer (ag) with effect from January 1, 2011. The increase in valuation has given rise to a revaluation reserve shown above.

6 Investment Property

The property (include land and building) located at area "X", area "E", portion of block "G" and area "F" all being portions of Plantation La Penitenance, Georgetown is held solely for rental. The property is stated at fair value based on its last valuation done by a professional on January 1, 2011. It is amortised based on the company's depreciation policy for building.

	2012 G$000	2011 G$000
Costs/Valuation	360,000	360,000
Opening balance as at January 1	4,462	-
Amortisation for the year	4,373	4,462
Closing balance as at December 31	8,835	4,462
Net Book Value as at December 31	351,165	355,538
	351,165	355,538
	-	-

Income earned from this investment and recognised in the statement of comprehensive income is as follows:

	2012	2011
Rental of premise	91,896	87,873

7 Inventories

	2012	2011
Stores	43,872	43,186
Impairment allowance (I)	(4,184)	(4,184)
	39,688	39,002

(I) represents provision made for obsolete items.

8 Trade and other receivables

The balance shown as trade and other receivables represents monies owed by customers, advance payments made to suppliers, and security deposits. The composition is as follows:

	2012	2011
Trade receivables	222,896	282,107
Due from Government entities	141,861	117,597
Bail bonds	6,328	6,153
Security deposits	113	59
Advance payments to suppliers	1,017	2,106
Prepayments	426	1,578
	372,642	409,600
Less: provision for impairment (a)	(11,043)	(10,275)
	361,599	399,325

(a) Provision for impairment-individually assessed

	2012	2011
Opening balance	10,275	9,427
Impairment allowance for the year	1,009	1,030
Recoveries	(241)	(182)
Closing balance	11,043	10,275

			2012 G$000	2011 G$000
9	**Cash and cash equivalents**			
	Savings	(a)	147,823	164,274
	Foreign exchange account		20,699	44,105
	Business Cash Management account	(b)	3,055	3,006
	Current account		157,228	94,902
			353,805	311,287

(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

10 Share capital

	2012	2011
Authorised		
Number of ordinary shares	1,000,000	1,000,000
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.

11 Revaluation reserve

	2012	2011
As at January 01	330,190	12,475
Gain on revaluation of land and buildings net of deferred tax	-	323,119
Amortisation of reserve	(5,296)	(5,404)
As at December 31	324,894	330,190

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.

12 Trade and other payables

Trade payables are obligation on the basis of normal credit terms and do not bear interest. The amount shown for trade and other payables represents monies owed to suppliers and advance payments receive from customers. The details are as follow:

	2012	2011
Trade payables	244,194	260,059
Due to government entities	7,115	3,898
Accruals	32,162	25,907
Advance payment received from customers	50,924	60,454
	334,394	350,318

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.

	2012 G$000	2011 G$000
13 Due to Privatisation Unit		
At 31 December	-	18,969

The amount was repaid in 2012.

The amount was paid for the acquisition of the Guyana Pharmaceutical Corporation Limited's properties located at La Penitence, Greater Georgetown.

14 Tax payable

This balance represent corporation and property tax payable at the year end to the Guyana Revenue Authority.

15 Deferred taxation

Components of deferred tax asset:

	2012		2011
	Fixed assets G$000	Total G$000	G$000
As at January 1	107,635	107,635	155
Movement charge to profit or loss	(2,270)	(2,270)	139,906
Movement charge to other comprehensive income	(403)	(403)	(32,426)
As at December 31	104,963	104,963	107,635

16 Revenue

Revenue represents the value of goods and services sold to third parties and related companies as shown below:

	2012	2011
Handling/stevedoring	238,375	281,643
Rental of premise	91,896	87,873
Freight	269,323	268,644
Agencies	37,730	39,197
Hire-cargo handling equipment	45,906	49,225
Others	49,664	63,998
Storage	11,412	11,529
Rental of equipment	1,023	10,524
	745,329	812,633

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
for the year ended December 31, 2012

	2012 G$000	2011 G$000
17 Operating expenses		
Employment costs	108,370	121,494
Hire of vessels	209,790	172,332
Repairs & maintenance	61,505	47,936
Mechanical Handling Equipment	27,383	26,617
Hire of equipment	30,466	23,357
Custom fee	21,619	16,334
Fuel	14,805	17,080
Generator cost	1,634	2,951
Tools	315	76
Depreciation	31,863	36,384
Amortisation of investment property	4,373	4,462
	502,124	469,023

18 Other income

This balance represent bank interest received net of withholding tax

	2012 G$000	2011 G$000
19 Administrative		
Employment costs	36,167	30,636
Electricity	15,946	21,297
Rates & taxes	11,423	11,439
Other administrative expense	10,934	16,580
Insurance	8,408	7,101
Stationery & office expense	7,280	7,606
Pension & gratuity	5,642	6,807
Advertising	5,941	5,701
Motor vehicle expense	5,758	6,104
Legal & professional fee	5,359	2,857
Entertainment and social	3,957	3,035
Telephone & Internet	3,034	3,412
Training expense	2,437	848
Subscription	1,981	1,289
Audit fee	1,624	1,820
Travelling overseas	1,495	2,658
Water charges	1,079	1,190
R&M Furniture & equipment	751	987
Security	732	278
Donation	618	701
Licence fee	72	212
Loss on disposal	2,136	-
Bad debts	1,122	566
Depreciation	3,576	4,465
	138,472	137,690

	2012 G$000	2011 G$000
20 Profit before taxation	58,678	159,377
After crediting:		
Interest received	6,453	6,159
After charging:		
Depreciation	35,440	40,849
Amortisation	4,373	4,462
Directors emoluments	600	645
Auditors' remuneration	1,400	1,300
	41,813	47,256

21 Taxation

Reconciliation of tax expense and accounting profit

	2012 G$000	2011 G$000
Accounting profit	58,578	159,377
Corporation tax at 30%	17,573	47,813
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation for accounting purposes	10,632	13,593
Impairment of investment property	1,312	-
Loss on disposal of assets	641	-
	30,158	61,407
Deduct:		
Other income tax @ 20%	(1,936)	-
Tax effect of depreciation and other allowances for tax purposes	(8,985)	(11,347)
Corporation tax	19,237	50,060
Excess provision made	-	8,035
Property tax	8,135	7,892
Capital gains tax	-	262
Deferred tax	(403)	1,044
Tax expense	26,969	67,293
Recognised in the profit or loss:		
Current	27,372	64,037
Deferred	(403)	(32,426)
	26,969	31,611
Deferred tax charged to other comprehensive income	2,270	-
	2,270	-

	2012 G$000	2011 G$000
22 Basic earnings per share		
Calculated as follows:		
Profit after taxation	31,609	92,084
Ordinary shares issued and fully paid	2,797	2,797
Basic earnings per share in dollars	11	33

23 Pending litigations

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

24 Contingent liabilities

	2012 G$000	2011 G$000
Bail bonds in favour of High Court of Supreme Court of Judicature Admiralty Jurisdiction.	1,900	1,900
Performance bond/ bank guarantee in favour of:		
(i) Guyana Sugar Corporation Inc.	4,280	4,280

25 Capital commitments

	2012 G$000	2011 G$000
Approved and contracted for	128	108

	2012 G$000	2011 G$000
26 Related party transactions and balances		
(i) Related Government entities		
Amounts due from	136,192	117,597
Amounts due to	7,115	3,898

No provision was made for balances due from related parties.

No interest is charged on balances with related parties.

	2012 G$000	2011 G$000
(iii) Guarantees in favour of related companies		
Guyana Sugar Corporation Inc.	4,280	4,280

(iv) Key Management personnel

(a) Compensation paid

The company's key management personnel comprise its managing director, other directors and managers.

The remuneration paid to key management personnel for the year was as follows:

	2012 G$000	2011 G$000
Short term employee benefits	15,164	14,405
Post employment benefits	-	171
(b) Directors fees	600	648

26 Analysis of financial assets and liabilities by measurement basis

	Loans & receivable G$000	Other Financial assets and liabilities at amortised cost G$000	Total G$000
31.12.2012			
Assets			
Trade and other receivables	361,599	-	361,599
Cash and cash equivalents	-	353,805	353,805
	361,599	353,805	715,404
Liabilities			
Trade and other payables	-	334,394	334,394
VAT payable	-	966	966
Taxation payable	-	24,972	24,972
	-	360,331	360,331
31.12.2011			
Assets			
Trade and other receivables	399,325	-	399,325
Cash and cash equivalents	-	311,287	311,287
	399,325	311,287	710,612
Liabilities			
Trade and other payables	-	350,318	350,318
VAT payable	-	15,614	15,614
Due to Privatisation Unit	-	18,969	18,969
Taxation payable	-	32,769	32,769
	-	417,670	417,670

27 **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, 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's policies on foreign exchange 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.

(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.

27 Financial risk management (continued)

Market risk (continued)

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

	Maturing 31.12.2012			
	Average interest rate %	1 year G$000	Non-interest bearing G$000	Total G$000
Assets				
Trade and other receivables		-	361,599	361,599
Cash and cash equivalents	1.0 to 4.0	353,805	-	353,805
		353,805	361,599	715,404
Liabilities				
Trade and other payables		-	334,394	334,394
VAT payable		-	966	966
Taxation payable		-	24,972	24,972
		-	360,331	360,331
Interest sensitivity gap		353,805		

	Maturing 31.12.2011			
	Average interest rate %	Within 1 year G$000	Non-interest bearing G$000	Total G$000
Assets				
Trade and other receivables		-	399,325	399,325
Cash and cash equivalents	1.75 to 4.5	311,287	-	311,287
		311,287	399,325	710,612
Liabilities				
Trade and other payables		-	350,318	350,318
VAT payable			15,614	15,614
Due to Privatisation Unit		18,969	-	18,969
Taxation payable		-	32,769	32,769
		18,969	398,701	417,670
Interest sensitivity gap		292,318		

Financial risk management - cont'd

(i) 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:

	2012 G$000	2011 G$000
Assets	71,236	265,529
Liabilities	153,768	192,763
Net exposure	(82,532)	72,766

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.

Potential impact	(2,063)	1,819

(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.

27 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 31.12.2012 Within 1 year		Total
	On Demand	Due 3 - 12 mths	
	G$000	G$000	G$000
Assets			
Trade and other receivables	-	361,599	361,599
Cash and cash equivalents	353,805	-	353,805
	353,805	361,599	715,404
Liabilities			
Trade and other payables	-	334,394	334,394
VAT payable	-	966	966
Taxation payable	-	24,972	24,972
	-	360,331	360,331
Net assets	353,805	1,268	355,072

	Maturing 31.12.2011 Within 1 year		Total
	On Demand	Due 3 - 12 mths	
	G$000	G$000	G$000
Assets			
Trade and other receivables	-	399,325	399,325
Cash and cash equivalents	311,287	-	311,287
	311,287	399,325	710,612
Liabilities			
Trade and other payables	-	350,318	350,318
VAT payable		15,614	15,614
Due to Privatisation Unit	-	18,969	18,969
Taxation payable	-	32,769	32,769
	-	417,670	417,670
Net assets/ (liabilities)	311,287	(18,345)	292,942

27 Financial risk management - (continued)

(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 at 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.

Gross maximum exposure:	2012 G$000	2011 G$000
Receivables excluding prepayment	364,757	399,704
Bail bonds	6,328	6,153
Security deposits	113	59
Cash and cash equivalents	353,805	311,287
Total credit risk exposure	725,003	717,203

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:

	2012	2011
Guyana	314,220	553,960
International	50,537	163,243
	364,757	717,203

28 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 2011. 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:

Debt (i)	-	18,969
Cash and cash equivalents	(353,805)	(311,287)
Net balance	(353,805)	(292,318)
Equity (ii)	1,307,754	1,273,876

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

(i) Debt is defined as long- and short-term borrowings, as detailed in notes 13.
(ii) Equity includes all capital and reserves of the Company.