

AUDITED FINANCIAL
STATEMENTS OF THE
GUYANA NATIONAL
SHIPPING
CORPORATION LIMITED

FOR THE YEAR ENDED
DECEMBER 31, 2013

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

**FOR THE YEAR ENDED
31 DECEMBER 2013**

**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: 6/2015

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 2013

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 28 which comprise the statement of financial position as at 31 December 2013, 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

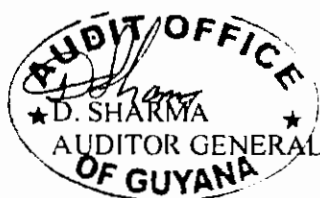
In my opinion, the financial statements give a true and fair view, in all material respects of the financial position of the Guyana National Shipping Corporation Limited as at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial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

Emphasis of Matter

Without qualifying my opinion, I draw attention to note 27 to the financial statements which explains the going concern of the company and note 28 which explains an ongoing reconciliation between CSAV (Principal) and the company (Agent) to reconcile their respective balances.

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, 2013, 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 28.

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, 2013 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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Emphasis of Matter

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HLB, R. Seebarran & Co

HLB, R. Seebarran & Co

Chartered Accountants

252 South Road,

Bourda,

Georgetown

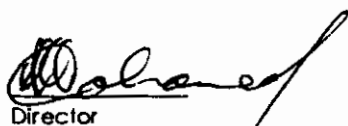
December 23, 2014

Guyana National Shipping Corporation Limited
 (Subsidiary of National Industrial and Commercial Investments Limited)
 Statement of Financial Position
 As at December 31, 2013

	Notes	2013 G\$000	2012 G\$000
ASSETS			
Non-current assets:			
Property, plant and equipment	5	649,758	666,792
Investment property	6	346,880	351,165
		<u>996,638</u>	<u>1,017,957</u>
Current assets:			
Inventories	7	38,204	39,688
Trade and other receivables	8	456,030	361,599
Cash and cash equivalents	9	235,716	353,805
		<u>729,951</u>	<u>755,092</u>
TOTAL ASSETS		<u>1,726,589</u>	<u>1,773,049</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	2,797	2,797
Retained earnings		1,098,220	980,063
Revaluation reserve	11	319,704	324,894
Total equity		<u>1,420,721</u>	<u>1,307,754</u>
Current liabilities			
Trade and other payables	12	239,330	334,394
Bank overdrafts	9	27,363	-
VAT payable		35	966
Taxation payable	13	33,378	24,972
Deferred tax	14	5,762	104,963
Total current liabilities		<u>305,868</u>	<u>465,295</u>
TOTAL EQUITY AND LIABILITIES		<u>1,726,589</u>	<u>1,773,049</u>

These financial statements were approved by the Board of Directors on December 13, 2014

On behalf of the Board:


 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, 2013

	Notes	2013 G\$000	2012 G\$000
Revenue	15	645,236	745,329
Less:			
Operating expenses	16	(436,077)	(502,124)
Gross profit		209,160	243,204
Add:			
Other Income	17	14,861	6,453
		224,021	249,657
Less: Expenses			
Administrative expenses	18	185,456	188,472
Financial charges		2,119	2,008
Directors' fees		-	600
		187,575	191,079
Profit before taxation	19	36,446	58,578
Taxation	20	(26,526)	(26,969)
Profit/ (loss) after taxation		9,920	31,609
Other Comprehensive Income net of Income tax:			
Items that will not be reclassified subsequently to the profit or loss.			
Amortisation of revaluation reserve		7,414	7,566
Deferred taxation on revaluation		(103,046)	(2,270)
		(95,632)	5,296
Total Comprehensive Income for the year		(85,712)	36,905
Basic earnings per share in dollars	21	4	13

"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, 2013

	Share capital G\$000	Capital reserve G\$000	Retained earnings G\$000	Total G\$000
At January 1, 2012	2,797	330,190	940,889	1,273,875
Profit for the year	-	-	31,609	31,609
Amortisation of revaluation reserve	-	(5,296)	5,296	-
Deferred tax on revaluation	-	-	2,270	2,270
At December 31, 2012	2,797	324,894	980,063	1,307,754
(Loss) for the year after taxation	-	-	9,920	9,921
Amortisation of revaluation reserve	-	(5,190)	5,190	-
Deferred tax on revaluation	-	-	103,046	103,046
At December 31, 2013	2,797	319,704	1,098,220	1,420,721

"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, 2013

	2013 G\$000	2012 G\$000
Operating activities		
Profit before taxation	36,446	58,578
Adjustments for -		
Depreciation	33,766	35,440
Amortisation	4,285	4,373
Loss/(gains) on the disposal of assets	-	2,136
Interest receivable	-	(6,228)
Adjustment for increase in tax payable	-	3,626
Operating profit before working capital changes:	74,498	97,925
Working capital changes		
(Increase)/decrease in inventories	1,484	(686)
(Increase)/decrease in trade and other receivables	(94,432)	37,725
(Increase)/decrease in VAT receivables	(931)	(14,648)
Increase/(decrease) in trade and other payables	(95,063)	(15,924)
Cash generated from operations	(114,444)	104,392
Taxes paid/adjusted	(14,274)	(38,794)
Interest received	-	6,228
Net cash provided by operating activities	(128,718)	71,826
Investing activities		
Acquisition of property, plant and equipment	(16,733)	(15,939)
Proceeds from sale of equipment	-	5,600
Net cash used in investing activities	(16,733)	(10,339)
Financing activities		
Loan repayments and transfers	-	(18,969)
Net cash used in financing activities	-	(18,969)
Net increase in cash and cash equivalents	(145,450)	42,518
Cash and cash equivalents at beginning of period	353,804	311,287
Cash and cash equivalents as at December 31	208,354	353,805
Cash on hand and at bank	235,716	353,805
Bank overdrafts	(27,363)	-
	208,353	353,805

"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, 2013

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:

New standards and interpretations adopted

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)
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 11	Joint Arrangements - (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)

New interpretation

IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)
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New standards, interpretations and amendments issued but not yet effective

New and amended standards

IFRS 9	Financial Instruments: Classification and Measurement - (effective January 1, 2015)
IFRS 10	Consolidated Financial Statements - (effective January 1, 2014)
IFRS 12	Disclosure of Interests in Other Entities - (effective January 1, 2014)
IAS 32	Financial Instruments: Presentation-Amendments to application guidance on the offsetting of financial assets and financial liabilities - (January 01, 2014)
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (effective January 1, 2014)
IAS 39	Derivatives and Continuation of Hedge Accounting (effective January 1, 2014)
IAS 27	Separate Financial Statements (effective January 1, 2014)
IAS 19	Defined Benefit Plans: Employee Contributions (effective July 1, 2014)

The Company has not opted for early adoption.

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
for the year ended December 31, 2013

New Interpretation

IFRIC 21 Provides guidance on when to recognise a liability for a levy imposed by a government (effective January 1, 2014)

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

IFRS 9

The IASB proposed to issue this IFRS in three phases: Phase 1 (Classification and measurement of financial assets and liabilities), Phase 2 (Impairment methodology), and Phase 3 (Hedge Accounting). The first phase 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 January 1, 2015. This standard specifies how an entity should classify and measure its financial assets.

The application of IFRS 9 may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities when adopted and will be disclosed.

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

IFRS 12

This standard requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IAS 32

Amends the disclosure requirements in IFRS 7 Financial Instruments, to require information about all recognised financial instruments that are set off.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

IAS 1

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, items that will be reclassified to the profit and loss subsequently and items that will not be reclassified to the profit or loss.

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

**Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
for the year ended December 31, 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 under 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, 2013

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) 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.

(h) 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.

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
for the year ended December 31, 2013

3 Summary of significant accounting policies- (continued)

Classification as debt or equity (continued)

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.

(l) 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 carrying 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.

(m) Inventories

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

(n) Related parties

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 or administrative decisions.

(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.

Guyana National Shipping Corporation Limited
(Subsidiary of National Industrial and Commercial Investments Limited)
Notes to the financial statements
for the year ended December 31, 2013

3 Summary of significant accounting policies- (continued)

(m) 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 2012 revealed a past service surplus of G\$0.616M. 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\$5.507M (2012-G\$5.968M).

With regards to the corporation's compliance with International Accounting Standards 19 Employee Benefits, management 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.

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts is not recoverable. If so, an impairment loss is recognised immediately in the statement of comprehensive income. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

(o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been purchased in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest 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, 2013

(p) 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.

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 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, 2013

5 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, 2013	582,033	446,924	30,923	14,531	17,831	4,029	1,096,270
Additions	2,719	243	5,000	1,574	1,309	5,887	16,733
Disposals	-	-	-	-	-	-	-
At December 31, 2013	584,752	447,168	35,923	16,105	19,140	9,916	1,113,003
Accumulated Depreciation							
At January 01, 2013	22,312	354,424	26,734	9,776	16,233	-	429,479
Charged for the year	10,877	19,139	1,292	642	1,816	-	33,766
Write back on disposals	-	-	-	-	-	-	-
At December 31, 2013	33,189	373,563	28,026	10,418	18,049	-	463,245
Net Book Value							
At December 31, 2012	559,721	92,501	4,189	4,755	1,597	4,029	666,792
At December 31, 2013	551,564	73,605	7,897	5,687	1,091	9,916	649,758

Land and Building 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 and on 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, 2012

6 Investment property

The property (including land and building) located at area "X", area "E", portion of block "G" and area "F" all being portions of Plantation La Penitence, 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.

	2013	2012
	G\$000	G\$000
Cost/valuation	360,000	360,000
Opening balance as at January 1	8,835	4,462
Amortisation for the year	4,285	4,373
Closing balance as at December 31	<u>13,120</u>	<u>8,835</u>
Net Book Value as at December 31	<u>346,880</u>	<u>351,165</u>

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

Rental of premise	<u>98,158</u>	<u>91,896</u>
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7 Inventories

Stores	42,388	43,872
Impairment allowance (i)	(4,184)	(4,184)
	<u>38,204</u>	<u>39,688</u>

(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:

Trade receivables	(a)	456,014	364,757
Other receivables	(b)	11,667	7,885
		<u>467,680</u>	<u>372,642</u>
Less: provision for impairment (a)	(c)	(11,650)	(11,043)
		<u>456,030</u>	<u>361,599</u>

(a) Trade receivables are comprised as follow:

Due from customers other than government entities	248,336	222,896
Due from Government entities	207,678	141,861
	<u>456,014</u>	<u>364,757</u>

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	2013 G\$000	2012 G\$000
(b) Other receivables are comprised as follow:		
Ball bonds	8,699	6,328
Security deposits	54	113
Advance payments to suppliers	1,522	1,017
Prepayments	1,393	426
	<u>11,667</u>	<u>7,885</u>

(c) Provision for Impairment-Individually assessed		
Balance at January 1	11,284	10,275
Impairment allowance for the year	366	1,009
Recoveries	-	(241)
Balance at December 31	<u>11,650</u>	<u>11,043</u>

9 Cash and cash equivalents

This balance is comprised as follows:

Savings	(a)	170,857	167,823
Foreign exchange account		46,413	20,699
Business Cash Management account	(b)	8,075	8,055
Current account		-	157,228
Other - CSAV		10,371	-
		<u>235,716</u>	<u>353,805</u>
Bank overdraft	(c)	<u>27,363</u>	<u>-</u>

- (a) Interest is earned at an average of 4% per annum.
 (b) Interest is earned at a rate of 0.5%- 1% per annum
 (c) This balance resulted from cheques written in December but not issued to suppliers. Interest is charged at 18.25%

10 Share capital

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

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	<u>2013</u> G\$000	<u>2012</u> G\$000
11 Revaluation reserve		
As at January 01	324,894	330,190
Amortisation of reserve	(5,190)	(5,296)
As at December 31	<u>319,704</u>	<u>324,894</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 January 1, 2011.

This reserve is non-distributable.

12 Trade and other payables

The amount shown for trade and other payables represents monies owed to suppliers and advance payments received from customers. The details are as follow:

This balance is comprised as follows:

Trade payables	(a)	189,033	251,308
Other payables	(b)	50,297	83,086
		<u>239,330</u>	<u>334,394</u>
(a) Trade payables		174,389	244,194
Due to Government Entities		14,645	7,115
		<u>189,033</u>	<u>251,308</u>
(b) Accruals		34,012	32,162
Trade receivables with credit balances		16,285	50,924
		<u>50,297</u>	<u>83,086</u>

The average credit period on purchases of certain goods ranges from 30 to 90 days. No interest is charged on trade payables

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

13 Tax payable

This balance represents corporation and property taxes payable at year end to the Guyana Revenue Authority.

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14 Deferred taxation

Components of deferred tax asset:

	2013		2012
	Fixed assets G\$000	Total G\$000	G\$000
As at 1 January	104,963	104,963	107,635
Movement charge to statement of comprehensive income	3,846	3,846	(2,270)
Movement charge to other comprehensive income	(103,046)	(103,046)	(403)
At 31 December	5,762	5,762	104,963

Deferred taxes recognised in 2011 on revaluation of property was reversed in 2013 due to the change in property tax law issued in 2013. This amendment in the law resulted in the tax base and accounting base of taxable temporary difference relating to revaluation being the same.

15 Revenue

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

	2013 G\$000	2012 G\$000
Handling/stevedoring	123,995	238,375
Rental of premise	98,158	91,896
Freight	251,105	269,323
Agencies	46,348	37,730
Hire-cargo handling equipment	32,381	45,906
Others	78,250	49,664
Storage	13,944	11,412
Rental of equipment	1,054	1,023
	645,236	745,329

16 Operating expenses

Employment costs	83,319	108,370
Hire of vessels	199,598	209,790
Repairs & maintenance	45,672	61,505
Mechanical Handling Equipment	31,944	27,383
Hire of equipment	19,391	20,466
Custom fee	10,413	21,619
Fuel	10,714	14,805
Generator cost	683	1,634
Tools	41	315
Depreciation	30,016	31,863
Amortisation of investment property	4,285	4,373
	436,077	502,124

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17 Other Income

This balance includes bank interest received net of withholding tax and payables written off in 2013.

	2013	2012
	G\$000	G\$000
18 Administrative		
Employment costs	81,165	86,167
Electricity	13,283	15,946
Rates & taxes	12,800	11,423
Other administrative expense	19,888	10,934
Insurance	6,415	8,408
Stationery & office expense	7,604	7,280
Pension & gratuity	8,090	6,642
Advertising	4,594	5,941
Motor vehicle expense	6,471	5,758
Legal & professional fee	6,982	5,359
Entertainment and social	2,773	3,957
Telephone & internet	2,881	3,034
Training expense	734	2,437
Subscription	1,884	1,981
Audit fee	1,532	1,624
Travelling overseas	1,340	1,495
Water charges	386	1,079
R&M Furniture & equipment	923	751
Security	104	732
Donation	613	618
Licence fee	323	72
Loss on disposal	-	2,136
Bad debts	921	1,122
Depreciation	3,750	3,576
	185,456	188,472
19 Profit before taxation	36,446	58,578
After crediting:		
Interest received	14,861	6,453
After charging:		
Depreciation	33,766	35,440
Amortisation	4,285	4,373
Directors emoluments	-	600
Auditors' remuneration	1,532	1,624

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	2013	2012
	G\$000	G\$000
20 Taxation		
Reconciliation of tax expense and accounting profit		
Accounting profit	36,446	58,578
Corporation tax at 30%	10,934	17,573
Add:		
Tax effect of expenses not deductible in determining taxable profits		
Depreciation for accounting purposes	10,130	10,632
Amortisation of investment property	1,286	1,312
Loss on disposal of assets	-	641
	22,349	30,158
Deduct:		
Other income tax @ 20%	(4,458)	(1,936)
Tax effect of depreciation and other allowances for tax purposes	(5,903)	(8,985)
Corporation tax	11,987	19,237
Property tax	10,692	8,135
Deferred tax	3,846	(403)
Tax expense	26,526	26,969
Recognised in the profit or loss:		
Current	22,680	26,397
Deferred	3,846	(403)
	26,526	26,471
Deferred tax charged to other comprehensive income	(103,046)	2,270
	(103,046)	2,270

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	<u>2013</u> <u>G\$000</u>	<u>2012</u> <u>G\$000</u>
21 Basic earnings per share		
Calculated as follows:		
Profit/(loss) after taxation	<u>9,920</u>	<u>36,760</u>
Ordinary shares issued and fully paid	<u>2,797</u>	<u>2,797</u>
Basic earnings/(loss) per share in dollars	<u>4</u>	<u>13</u>

22 Pending litigations

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

23 Related party transactions and balances

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.

(i) Related Government entities

Amounts due from	<u>207,662</u>	<u>136,192</u>
Amounts due to	<u>14,645</u>	<u>7,115</u>

No provision was made for balances due from related parties.
 No interest is charged on balances with related parties.

(ii) Guarantees in favour of related companies

Guyana Sugar Corporation Inc.	<u>4,280</u>	<u>4,280</u>
Ball bonds in favour of High Court of Supreme Court of Judicature Admiralty Jurisdiction.	<u>1,900</u>	<u>1,900</u>

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	<u>2013</u> G\$000	<u>2012</u> G\$000
(iii) Key Management personnel		
(a) Compensation paid		
<p>The company's key management personnel includes its managing director, a director who is a consultant to the company and managers.</p> <p>The remuneration paid to key management personnel for the year was as follows:</p>		
Short term employee benefits	<u>15,962</u>	<u>15,164</u>
(b) Directors fees- see note 6	<u>-</u>	<u>600</u>

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24 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
31.12.2013			
Assets			
Trade and other receivables	456,030	-	456,030
Cash and cash equivalents	-	235,716	235,716
	456,030	235,716	691,747
Liabilities			
Trade and other payables	-	239,330	239,330
VAT payable	-	35	35
Taxation payable	-	33,378	33,378
	-	272,743	272,743
31.12.2012			
Assets			
Trade and other receivables	361,599	-	361,599
Cash and cash equivalents	-	353,805	353,805
	361,599	353,805	715,403
Liabilities			
Trade and other payables	-	334,394	334,394
VAT payable	-	966	966
Taxation payable	-	24,972	24,972
	-	340,331	340,331

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25 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.

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:

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Financial risk management - (continued)

Interest rate risk (continued)

Interest risk tables

Maturing			
31.12.2013			
Average	Non-Interest		Total
Interest rate	1 Year	bearing	Interest
%	G\$000	G\$000	G\$000
Assets			
Trade and other receivables	-	456,030	456,030
Cash and cash equivalents	0.5 to 4.0	-	235,716
	235,716	456,030	691,747
Liabilities			
Trade and other payables	-	239,330	239,330
Bank overdraft	-	27,363	27,363
VAT payable	-	35	35
Taxation payable	-	33,378	33,378
	-	300,106	300,106
Interest sensitivity gap	235,716		

Maturing			
31.12.2012			
Average	Non-Interest		Total
Interest rate	Within	bearing	Interest
%	1 Year	G\$000	G\$000
	G\$000	G\$000	
Assets			
Trade and other receivables	-	361,599	361,599
Cash and cash equivalents	1.0 to 4.0	-	353,805
	353,805	361,599	715,403
Liabilities			
Trade and other payables	-	334,394	276,381
VAT payable	-	966	966
Taxation payable	-	24,972	27,017
	-	360,331	304,364
Interest sensitivity gap	353,805		

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Financial risk management - (continued)

(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>2013</u> <u>G\$000</u>	<u>2012</u> <u>G\$000</u>
Assets	<u>103,925</u>	<u>71,236</u>
Liabilities	<u>90,881</u>	<u>153,768</u>
Net exposure	<u>13,044</u>	<u>(82,532)</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>2013</u> <u>G\$000</u>	<u>2012</u> <u>G\$000</u>
Potential Impact	<u>326</u>	<u>(2,063)</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.

(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.

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Financial risk management - (continued)

The following table shows the distribution of assets and liabilities by maturity:

	Maturing		
	31.12.2013		
	Within 1 year		Total
	On Demand	Due 3 - 12 mths	
	G\$000	G\$000	G\$000
Assets			
Trade and other receivables	-	456,030	456,030
Cash and cash equivalents	235,716	-	235,716
	235,716	456,030	691,747
Liabilities			
Trade and other payables	-	239,330	239,330
Bank overdraft	-	27,363	27,363
VAT payable	-	35	35
Taxation payable	-	33,378	33,378
	-	300,106	300,106
Net assets	235,716	155,924	391,641
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	715,403
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/ (liabilities)	353,805	1,267	355,072

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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:	2013	2012
	G\$000	G\$000
Receivables excluding prepayment	456,014	364,757
Ball bonds	8,699	6,328
Security deposits	54	113
Cash and cash equivalents	235,716	353,805
Total credit risk exposure	700,482	725,003

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:

Guyana	397,872	314,220
International	58,142	50,537
	456,014	364,757

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26 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 2012. 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:

	<u>2013</u> <u>G\$000</u>	<u>2012</u> <u>G\$000</u>
Debt (i)	27,363	-
Cash and cash equivalents	(235,716)	(353,805)
Net balance	<u>(208,353)</u>	<u>(353,805)</u>
Equity (ii)	<u>1,420,721</u>	<u>1,307,754</u>

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

(i) Debt is defined as interest bearing debts

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

27 Going concern

The company's operations have declined significantly within the last three years which resulted in revenue contracted by 21% compared to 2011. This ultimately led to negative growth (net profit less payables written off), decline in gross assets, and diminished shareholders' return which fell from \$45 per share in 2011 to zero value per share in 2013. The reasons for these performances are as follow:

(a) Revenue projections for the year 2013 were not achieved, mainly as a result of reduction in the handling of containerized cargo, lost of market share, competition from direct competitors and the general decline in the shipping industry of Guyana.

(b) The revenue stream of the Agency Division was also reduced during the year. The company's principal (CSAV) reduced the company's commission on freight, earned by the department, effective from August 2012.

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27 Going concern (continued)

- (c) The vessels for CSAV are now being berthed at the location of a competitor. The company is now required to incur high and additional operational costs to transport the cargoes from the competitor's wharf to their location.
- (d) Further, with effect from March 1, 2014 the company no longer acts as an agent for CSAV to handle demurrage transactions. This has affected the company's revenue earned from demurrage in 2014.

We noted, based on actual performance for the period January to August 2014, that the company's revenue earned was \$427 compared to budgeted revenue of \$522, a shortfall of \$95m.

28 Event after the reporting period

In 2013, the GNSC's main Principal, CSAV had disputed their balances owed by the company for the years 2011 to 2014. CSAV subsequently carried out an independent audit of the company's records specifically demurrage charges and requested that the company issues additional billings which amounted to \$84,528,392 for the years 2011 to 2013. These invoices were issued in 2014 to the customers and the amounts were recognised as receivables and payables respectively for the years 2011 to 2013. As the Agent of the Principal, the company will be responsible to collect these monies and remit them as soon as possible.

Further, at the time of our audit, they were ongoing reconciliation between the Agent and the Principal.