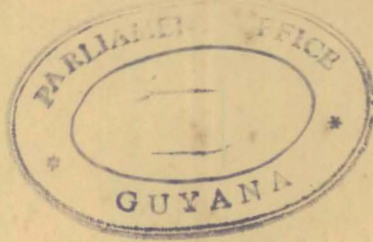


25/9/75



GUYANA FOREST INDUSTRIES CORPORATION

AUDITOR'S REPORT

AND

FINAL ACCOUNTS

1973

THOMAS, STOLL, DIAS & CO.

Accountants

5 American Street

Georgetown, GUYANA.

29th March, 1974

The Chairman and Board of Directors,
Guyana Forest Industries Corporation,
Lot 1 Kingston,
Georgetown.

Sirs,

Audit Report - 1973

In accordance with our normal practice, we set out below certain matters concerning internal control and accounting practices of the above company which came to our attention during our recent work in connection with the audit of the year ended 31st December, 1973 and our recommendations for improvements.

You will appreciate that our normal audit procedures are designed primarily to enable us to form an opinion on the accounts. Therefore it does not necessarily bring to light, at each audit, all the weaknesses in internal control or accounting practice which a special investigation might reveal.

Our report will comprise of the following matters:-

- | | |
|----------------------|----------------------|
| (a) Opening Balances | (f) Sundry Debtors |
| (b) Petty Cash | (g) Sundry Creditors |
| (c) Payments | (h) Purchases |
| (d) Wages & Salaries | (i) Sales |
| (e) Stock | (j) Assets |

OPENING BALANCES

We observed that the closing balances of the Central Timber Manufacturing Plant were not available to the Corporation for inclusion in their books of accounts. However the Assets acquired from them were listed, valued and form part of the accounts. Since the liabilities of the C.T.M.P. were not listed, the Corporation was unable to make any entries until agreed payments to the supplier were effected. Any such payments in 1974 relating to 1973 will be incorporated in the 1974 accounts.

PETTY CASH

The Petty Cash float was checked on the last working day of the financial year. The sum checked was found to be in agreement of the Petty Cash Book.

We discovered that petty cash expenditures were not posted from the Petty Cash Book, and such expenditures are included in the Cash Book Summary, since this may cause some complications in the accounts, We recommend that the Petty Cash Book be summarised and that this summary should be the posting media.

PAYMENTS

Cash paid to suppliers was checked to the Creditors' Ledger and the Cash Book. All amounts paid were supported by the suppliers receipts. It was found that cheque requisitions were not used. We consider this a weakness in the internal control and recommend a cheque requisition system specimen "A" attached.

WAGES & SALARIES

Employees time cards were checked to their earnings sheets. Deductions were also calculated and the total net amounts were found to be in agreement of the cash book figure.

STOCK

We were informed that at the commencement of business an inventory of stock was not carried out. However, the Secretary/Accountant accepted the book value of stock at 1st June 1973 from the stock records of the C.T.M.P. Due to the lapse in time, it has been impossible for us to verify the opening stock of \$189,192.72.

SUNDRY DEBTORS

Charges to and payments by Sundry Debtors were checked against the charge bills and the Daily Cash Sales Summary. In order to check the accuracy of these balances, 20 confirmation letters were sent out. This number represents 71.3% of the total debtors.

It was revealed from the replies given that most of them which were returned agreed with their balances. Those that disagreed remain under investigation; amounts involved are not material.

We observed that the debtors ledger and its control account were controlled by one individual. To avoid any possible fraud to which this system is exposed, we have already suggested that the control account be kept in the General Ledger which control must, at all times agree with the total of the Subsidiary accounts.

SUNDRY CREDITORS

The Creditors Ledger and its control account were entrusted to a single individual. We suggest that the control account be maintained separately in the General Ledger.

PURCHASES

Purchases for several months were checked. Purchase orders were checked against the suppliers' invoices and entries to Creditors' Ledger were vouched and found to be correct.

Due to the present system, we found that capital items were posted to the Purchases Account. These items were identified and subsequently adjusted. To avoid such errors we recommend that a suitably analysed Purchase Day Book be opened and summarised at the end of the month and posted to the General Ledger.

SALES

Both Cash and Credit sales occur. Cash sales were checked against the Daily Cash summaries and the Bank Statements; and the Credit sales were vouched to the debtors ledger.

Due to the inadequate information on the Daily Cash summaries and the lengthy time wasted in finding entries on the Debtors Control Account we suggest that a Sales Day Book be opened and summarised at the end of every month and posted to the General Ledger.

ASSETS

All Assets acquired from the C.T.M.P. were physically verified on the premises and at Winiperu. We discovered that these assets were in our opinion somewhat highly valued, which as a result inflates the Property Tax, Depreciation and Capital Accounts; we suggest that should management see fit, such assets be re-valued.

Title as to ownership of the Cabin Cruiser Banyaballi II cannot be ascertained. The Conservator of Forests at Winiperu stated that it belongs to the Forestry Department; however, Mr. G.P.A. Forbes maintains that it is the property of the Forest Industries Corporation. We have already written to management about this matter.

- 3 -

Insurance of Building at Lot 1, Kingston was non-existent. To cover any possible incident which may occur, we recommend that immediate action be taken to have these buildings adequately insured.

In conclusion, we should like to thank management and those members of the staff who co-operated with and assisted us during the course of the audit.

THOMAS, STOLL, DIAS & CO.

GUYANA FOREST INDUSTRIES CORPORATION

CHEQUE REQUISITION

Date.....

Voucher No.	Payee	Amount

Amount in words _____ Dollars
100

Payment covers _____

Account to be charged	Amount

Prepared By

Payment Approved

Cheque Signed by	Number

AUDITOR'S REPORT

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Corporation so far as appears from our examination of those books. We have examined the annexed Balance Sheet and Income and Expenditure Account which are in agreement with the books and accounts.

The Balance Sheet dated 31st December, 1973 and the Income and Expenditure Account for the year ended on that date give respectively a true and fair view of the state of the Corporation's affairs as at 31st December, 1973 and of the excess of expenditure over income for the year ended on that date.

THOMAS, STOLL, DIAS & CO.
ACCOUNTANTS - AUDITORS.

GUYANA FOREST INDUSTRIES CORPORATION

BALANCE SHEET AS AT 31st DECEMBER, 1973

USE OF FUNDS

Current Assets

	Note		
Cash	1	525.00	
Stock	2	284,962.03	
Debtors		34,877.99	
Prepayments		<u>212.68</u>	
			320,577.70

Deduct

Current Liabilities

Guyana National Co-operative Bank		36,814.32	
Credit and Accruals	3	<u>65,738.56</u>	

Net Current Assets

218,024.82

Fixed Assets

1,996,827.30

2,214,852.12

SOURCE OF FUNDS

Loan 5 10,300.00

Capital and Reserves

Government Equity 2,229,185.72

Deduct:- Deficit for the period 24,633.60

Net Capital

2,204,552.12

2,214,852.12

The attached notes form part of these accounts.

GUYANA FOREST INDUSTRIES CORPORATION

**NOTES TO THE ACCOUNTS
31ST DECEMBER, 1973**

		\$	
1. Cash			
Petty Cash		500.00	
Change for Cash		<u>25.00</u>	
		\$525.00	
2. Stock			
Lumber		255,178.34	
Stores		28,332.39	
Fuel & Oil		<u>1,451.30</u>	
		\$284,962.03	
3. Creditors and Accruals			
Creditors		50,325.17	
Accruals		2,342.77	
Audit Fees		2,000.00	
Property Tax		<u>11,070.62</u>	
		\$65,738.56	
4. Fixed Assets			
	Cost	Depreciation \$	Net \$
Land at Lot 1 Kingston	937,500.00	-	937,500.00
Building at Lot 1 Kingston	170,500.00	1,705.00	168,795.00 Sch. A.
Building at Wineperu (Mobile)	50,000.00	500.00	49,500.00
Wharf at Lot 1 Kingston	181,300.00	4,532.50	176,767.50
Plant and Equipment	617,710.55	32,535.02	585,175.53 Sch. B.
Motor Vehicles	77,300.00	9,662.50	67,637.50 Sch. C.
Office Furniture & Equipment	11,928.58	520.19	11,408.39 Sch. D.
Loose Tools	<u>44.86</u>	1.48	<u>43.38</u>
	\$2,046,283.99	\$49,456.69	\$1,996,827.30
Amount Loaned by Guystac			<u>\$10,300.00</u>

GUYANA FOREST INDUSTRIES CORPORATION

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED
31ST DECEMBER, 1973

	\$		\$
Repairs & Maintenance	5,910.82	Gross Profit	82,073.27
Depreciation	49,456.69	Net Loss	24,633.60
Travelling & Subsistence	2,668.45		
Entertainment	70.50		
Salaries	27,775.41		
Pensions & Gratuities	1,620.00		
Staff Uniforms	42.19		
Cycle Allowance	65.00		
N.I.S. (Management Contribution)	2,417.05		
Office Supplies & Stationeries	1,168.99		
Advertisement	180.92		
Postages, Telephone, Telegrams & Cables	909.25		
Bank Charges	946.44		
Motor Insurance	106.32		
Misc; Contract Expenses	297.00		
Duty, Freight and Storage	1.22		
Audit Fees	2,000.00		
Property Tax	<u>11,070.62</u>		
	\$106,706.87		\$106,706.87

GUYANA FOREST INDUSTRIES CORPORATION

OPERATING ACCOUNT FOR THE PERIOD ENDED 31st DECEMBER, 1973

			\$	
Opening Stock 1.6.73		189,192.72	Lumber Sales	223,113.85
Add Purchases		<u>147,112.40</u>	Misc: Contract Income	4,444.85
		336,305.12	Joinery Shop Income	3,946.30
Less Closing Stock		<u>283,510.73</u>		
Cost of Sales		52,794.39		
Add Overhead Expenses:				
Wages (Gross)		79,511.19		
Transportation of Lumber		8,585.25		
Gas & Oils	4,291.78			
Less Closing Stock	<u>1,451.30</u>			
Light, Power & Energy		<u>2,840.48</u>		
		5,700.00		
		96,636.92		
Gross Profit		<u>82,073.27</u>		
		231,504.58		
		<u>231,504.58</u>		<u>\$ 231,504.58</u>

GUYANA FOREST INDUSTRIES CORPORATION
FINAL AUDIT ENDED 31ST DECEMBER, 1973.

Schedule of Buildings

Schedule A.

DATE OF Aquisition	PARTICULARS	COST	ADDITIONS	COST	Aggregate Depr. 1.6.73	DEPR. Rate	DEPR.	AGGREGATE	NET BOOK Value
		1.6.73		31.12.73			1973	31.12.73	
1.6.73	Joinery Shop	30,000.00	-	30,000.00	-	2%	300.00	300.00	29,700.00
1.6.73	Sales Shed A,	10,000.00	-	10,000.00	-	2%	100.00	100.00	9,900.00
1.6.73	Sales Shed B.	10,000.00	-	10,000.00	-	do	100.00	100.00	9,900.00
1.6.73	Mill Shed	10,000.00	-	10,000.00	-	do	100.00	100.00	9,900.00
1.6.73	Edger Shed	10,000.00	-	10,000.00	-	do	100.00	100.00	9,900.00
1.6.73	Sales Shed C.	10,000.00	-	10,000.00	-	do	100.00	100.00	9,900.00
1.6.73	2 - Soft Wood Drying Shed	20,000.00	-	20,000.00	-	do	200.00	200.00	19,800.00
1.6.73	1 - Toilet Shed	500.00	-	500.00	-	do	5.00	5.00	495.00
1.6.73	1 - Green Chain Shed	5,000.00	-	5,000.00	-	do	50.00	50.00	4,950.00
1.6.73	1 - Security Office	5,000.00	-	5,000.00	-	do	50.00	50.00	4,950.00
1.6.73	Office - Upper & Lower Flats	<u>60,000.00</u>	-	<u>60,000.00</u>	-	-	600.00	600.00	<u>59,400.00</u>
		\$170,500.00	-	\$170,500.00	-		\$1,705.00	\$1,705.00	\$168,795.00

GUYANA FOREST INDUSTRIES CORPORATION

PERIOD ENDED 31st DECEMBER, 1973

SCHEDULE OF PLANT EQUIPMENT

SCHEDULE B

DATE	PARTICULARS	COST	ADDITIONS	COST	DEPR. Rate	AGGR. Depr. 1.6.73	DEPR. 1973	AGGR. Depr. 31.12.73	NET BOOK Value
		1.6.73		31.12. 73					
1. 6. 73	Tractor Cub (#123) # 7459	2,000.00	-	2,000.00	10%	-	100.00	100.00	1,900.00
1. 6. 73	Edger (White) M 17061 C	1,000.00	-	1,000.00	10%	-	50.00	50.00	950.00
1. 6. 73	Wadkin Cross Cut Saw CO 1990	1,000.00	-	1,000.00	10%	-	50.00	50.00	950.00
1. 6. 73	Wadkin Plane FD 122 clx	5,000.00	-	5,000.00	10%	-	250.00	250.00	4,750.00
1. 6. 73	Saw Sharpener H.C. 6485	6,000.00	-	6,000.00	10%	-	300.00	300.00	5,700.00
1. 6. 73	Dust Extractor # D 557765	9,000.00	-	9,000.00	10%	-	450.00	450.00	8,550.00
1. 6. 73	6- Wooden Trailers	1,000.00	-	1,000.00	10%	-	50.00	50.00	950.00
1. 6. 73	White 555 Plane (12 x 5)	6,000.00	-	6,000.00	10%	-	300.00	300.00	5,700.00
1. 6. 73	Saw Sharpener (11") HC 6455	2,000.00	-	2,000.00	10%	-	100.00	100.00	1,900.00
1. 6. 73	White Cutter Grinder M 1907 C.	1,000.00	-	1,000.00	10%	-	50.00	50.00	950.00
1. 6. 73	Green Chain Conveyer	30,000.00	-	30,000.00	10%	-	1,500.00	1,500.00	28,500.00
1. 6. 73	1-Caterpillar Fork Lift #7899	32,000.00	-	32,000.00	10%	-	1,600.00	1,600.00	30,400.00
1. 6. 73	Kiln	100,000.00	-	100,000.00	10%	-	5,000.00	5,000.00	95,000.00
1. 6. 73	Chain & Chisel Mortiser Serial #84170 Mod. CMM #718	2,000.00	-	200,000.00	10%	-	100.00	100.00	1,900.00
1. 6. 73	Spindle Moulder Serial # 971670	6,000.00	-	600,000.00	10%	-	300.00	300.00	5,700.00
1. 6. 73	Sliding Table Pannel Saw Serial # 104170	5,000.00	-	500,000.00	10%	-	250.00	250.00	4,750.00
1. 6. 73	Pad Sander Machine #171	8,000.00	-	80,000.00	10%	-	400.00	400.00	7,600.00
1. 6. 73	Universal Cross Cut Saw Serial # 96870	4,000.00	-	4,000.00	10%	-	200.00	200.00	3,800.00
1. 6. 73	Surface Plane & Jointer #64570	3,000.00	-	3,000.00	10%	-	150.00	150.00	2,850.00
		224,000.00	-	224,000.00		-	11,200.00	11,200.00	212,800.00

Date Aquisition	PARTICULARS	COST 1.6.73	ADDITIONS	COST 31.12.73	DEPR Rate	AGGREGATE Depr 1.6.73	DEPR 1973	AGGREGATE Depr 31.12.73	NET BOOK Value
	B/F.	224,000.00		224,000.00		-	11,200.00	11,200.00	212,800.00
1.6.73	Band Saw Machine Serial #BZB58208	500.00	-	500.00	10%	-	25.00	25.00	475.00
1.6.73	Thickness Plane #U 0258391	500.00	-	500.00	10%	-	25.00	25.00	475.00
1.6.73	Floor Model Drilling Machine Serial #15-3158	300.00	-	300.00	10%	-	15.00	15.00	285.00
1.6.73	Lathe (lg) 8" #362	4,000.00	-	4,000.00	10%	-	200.00	200.00	3,800.00
1.6.73	Rip Saw - Serial #63-2157	400.00	-	400.00	10%	-	20.00	20.00	380.00
1.6.73	Lathe (sm.) #1-9599	300.00	-	300.00	10%	-	15.00	15.00	285.00
1.6.73	2 - Trolleys - Hyd Lift Plane	-	300.00	300.00	10%	-	2.50	2.50	297.50
1.6.73	1 - Lift	81,625.00	-	81,625.00	10%	-	4,081.25	4,081.25	77,543.75
1.6.73	1 - Lift	8,000.00	-	8,000.00	10%	-	400.00	400.00	7,600.00
10.12.73	2 - Electric Fans	-	392.55	392.55	10%	-	3.27	3.27	389.28
26.12.73	1 - Lighting Plant	-	133.00	133.00	10%	-	-	-	133.00
28.9.73	1 - Transmitting Set	-	5,260.00	5,260.00	20%	-	347.00	347.00	4,912.00
1.6.73	1 - Transformer Serial #102489	32,000.00	-	32,000.00	20%	-	3,200.00	3,200.00	28,800.00
1.6.73	Mobile Saw Mill Equipments	260,000.00	-	260,000.00	10%	-	13,000.00	13,000.00	247,000.00
		\$611,625.00	\$6,095.55	\$617,710.55		-	\$32,535.02	\$32,535.02	\$595,175.53

GUYANA FOREST INDUSTRIES CORPORATION
PERIOD ENDED 31ST DECEMBER, 1973

SCHEDULE C.

DATE Aquisition	PARTICULARS	COST	ADDITIONS	COST	DEPR. Rate	AGGREGATE	DEPR.	AGGREGATE	NET BOOK Value
		1.6.73-		31.12.73		Depr. 1.6.73	1973	Depr. 31.12.73	
		\$		\$			\$	\$	\$
1.6.73	PAA 1869 - Austin	6,500.00	-	6,500.00	25%	-	812.50	812.50	5,687.50
1.6.73	Pick-Up-Van GAA 2440	6,000.00	-	6,000.00	25%	-	750.00	750.00	5,250.00
1.6.73	Truck GAA 2253	25,000.00	-	25,000.00	25%	-	3,125.00	3,125.00	21,875.00
1.6.73	Land Rover PZ 9709	9,800.00	-	9,800.00	do	-	1,225.00	1,225.00	8,575.00
1.6.73	Cabin Cruiser	10,000.00	-	10,000.00	do	-	1,250.00	1,250.00	8,750.00
1.6.73	Pettibone Carry Lift	20,000.00	-	20,000.00	do	-	2,500.00	2,500.00	17,500.00
		\$ 77,300.00	-	\$ 77,300.00		-	\$9,662.50	\$ 9,662.50	\$67,637.50

GUYANA FOREST INDUSTRIES CORPORATION
 PERIOD ENDED 31st DECEMBER, 1973
 SCHEDULE OF OFFICE FURNITURE AND EQUIPMENTS

SCHEDULE D		COST	ADDITIONS	COST	DEPR.	AGGR.	DEPR.	AGGR.	NET BOOK
DATE	PARTICULARS	L. 6. 73		31.12.73	Rate	Depr.	1973	31.12.73	Value.
ACQUISITION									
1. 6. 73	16 - Only Desks	1,200.00	-	1,200.00	10%	-	60.00	60.00	1,140.00
1. 6. 73	13 - Only Cupboards	520.00	-	520.00	10%	-	26.00	26.00	494.00
1. 6. 73	4 - Water Pitcher	320.00	-	320.00	10%	-	16.00	16.00	304.00
1. 6. 73	1 - Time Clock	800.00	-	800.00	10%	-	40.00	40.00	760.00
1. 6. 73	13 - Waste Paper Baskets	80.00	-	80.00	10%	-	4.00	4.00	76.00
1. 6. 73	10 - Ash Trays	50.00	-	50.00	10%	-	2.50	2.50	47.50
1. 6. 73	1 - Enamel Bucket	20.00	-	20.00	10%	-	1.00	1.00	19.00
1. 6. 73	4 - Wash Basins (Ware)	50.00	-	50.00	10%	-	2.50	2.50	47.50
1. 6. 73	1 - Air Conditioner	1,000.00	-	1,000.00	10%	-	50.00	50.00	950.00
1. 6. 73	5 - Executive Chairs	2,000.00	275.00	2,275.00	10	-	111.45	111.45	2,163.55
14.11. 73	1 - Electric Typewriter	-	936.68	936.68	10%	-	11.70	11.70	924.98
26.11. 73	1 - Manual Typewriter	-	518.40	518.40	10%	-	4.32	4.32	514.08
8. 8. 73	1 - Typist Chair	-	160.00	160.00	10%	-	6.67	6.67	153.33
1. 6. 73	4 - Filing Cabinets	600.00	468.00	1,068.00	10%	-	46.57	46.57	1,021.43
1. 6. 73	19 - Wooden Chairs	380.00	-	380.00	10%	-	19.00	19.00	361.00
1. 6. 73	3 - Adding Machines	1,000.00	562.50	1,562.50	10%	-	69.08	69.08	1,493.42
1. 6. 73	1 - Desk(Board Meeting)	600.00	-	600.00	10%	-	30.00	30.00	570.00
1. 6. 73	1 - Time Clock & Stations	388.00	-	388.00	10%	-	19.40	19.40	368.60
		9,002.00	2,920.58	11,922.58		-	520.19	520.19	11,402.39