

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA GOLD BOARD**

**FOR THE YEAR ENDED
31 DECEMBER 2017**

**CONTRACTED AUDITORS: MAURICE SOLOMON & CO.
92 ORONOQUE STREET
QUEENSTOWN
GEORGETOWN**

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

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER 2017**

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5/SO: 13/2/2019

9 January 2019

Ms. Eondrene Thompson
General Manager
Guyana Gold Board
Upper Brickdam
Georgetown.

Dear Ms. Thompson,


AUDIT OF THE FINANCIAL STATEMENTS OF
THE GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

With best regards,

Yours sincerely,


N. Harcourt
Audit Manager (ag.)
for Auditor General



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AG: 3/2019

9 January 2019

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF THE GUYANA GOLD BOARD
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

Chartered Accountants Maurice Solomon and Company have audited on my behalf the financial statements of Guyana Gold Board, which comprise of the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 25.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guyana Gold Board as at 31 December 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Guyana Gold Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

Without qualifying my opinion:-

I draw attention to note 2 (i) of the financial statements. Management has represented to me that the Guyana Gold Board is exempted from Corporation and Property Taxes. I am unable to ascertain the relevant authority that gives legal effect to this exemption. The Guyana Gold Board has not paid any Corporation or Property Taxes since its formation and no provision for such taxes has been made in the financial statements.

I draw attention to note 6 of the financial statements which shows a total amount of fifteen million two hundred and forty-seven thousand nine hundred and forty-five dollars (\$15,247,945) under Administrative expenses – NRE. This amount relates to employment costs paid by the Board on behalf of the Ministry of Natural Resources.

I was unable to verify whether there is a share agreement between the Guyana Gold Board and the Ministry of Natural Resources and what constitute as expenditure and limits to be borne by the Board.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Guyana Gold Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Guyana Gold Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Guyana Gold Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Guyana Gold Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Guyana Gold Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Guyana Gold Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



AUDIT OFFICE OF GUYANA
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA.



**INDEPENDENT AUDITOR'S REPORT
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS
OF GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER 2017**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Guyana Gold Board which comprise the statement of financial position as at 31 December 2017, the Statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out in pages 8 to 25.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects of the financial position of Guyana Gold Board as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Guyana Gold Board in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board for Accountants' Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

Without qualifying our opinion:

1. We draw attention to note 2 (i) of the financial statements. Management has represented to us that the Guyana Gold Board is exempt from Corporation and Property Taxes. We were unable to ascertain the relevant authority that gives legal effect to this exemption. The Guyana Gold Board has not paid any Corporation or Property taxes since its formation and no provision for such taxes has been made in the financial statements.
2. We draw attention to note 6 of the financial statements which shows a total amount of fifteen million two hundred and forty seven thousand nine hundred and forty five dollars (\$15,247,945) under Administrative expenses – NRE. This amount relates to employment costs paid by the Board on behalf of the Ministry of Natural Resources.

We were unable to verify whether there is a share agreement between the Guyana Gold Board and Ministry of Natural Resources and what constitute as expenditure and limits to be borne by the Board.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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. In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

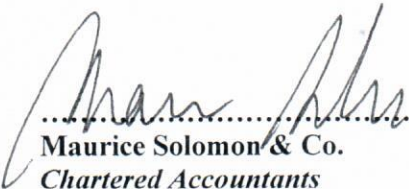
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.


.....
Maurice Solomon & Co.
Chartered Accountants
January 07, 2019

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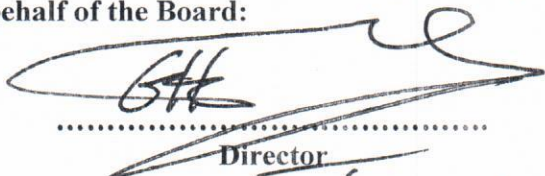
GUYANA GOLD BOARD

STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2017

ASSETS	<u>Notes</u>	<u>2017</u> G\$	<u>2016</u> G\$
Non-Current			
Plant and Equipment	8	93,187,302	102,518,057
Current Assets			
Inventories	9	3,488,560,801	16,176,414,605
Accounts receivable and prepayments	10	40,708,117	40,567,316
Cash on hand and at bank	11	850,842,711	1,521,191,708
		<u>4,380,111,629</u>	<u>17,738,173,629</u>
TOTAL ASSETS		<u>4,473,298,931</u>	<u>17,840,691,686</u>
<hr style="border-top: 1px dashed black;"/>			
EQUITY AND LIABILITIES			
Equity			
Government contribution	12	108,577,100	108,577,100
Accumulated deficit		<u>(10,101,248,891)</u>	<u>(10,750,015,220)</u>
		<u>(9,992,671,791)</u>	<u>(10,641,438,120)</u>
NON-CURRENT LIABILITIES			
Advance from Ministry of Finance	13	8,731,630,794	8,731,630,794
CURRENT LIABILITIES			
Accounts payable	14	998,270,813	818,486,500
Bank overdraft(unsecured)	15	4,736,069,115	18,932,012,512
		<u>5,734,339,928</u>	<u>19,750,499,012</u>
TOTAL EQUITY AND LIABILITIES		<u>4,473,298,931</u>	<u>17,840,691,686</u>

These financial statements were approved by the Board of Directors on
on behalf of the Board:



 Director



 Director

Jan 07-19

Jan/07/2019

The notes on pages 8 - 25 form an integral part of these financial statements

GUYANA GOLD BOARD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	<u>Notes</u>	<u>2017</u> G\$	<u>2016</u> G\$
Sales	3	49,723,102,947	46,858,062,189
Cost of Sales	4	<u>(48,957,538,341)</u>	<u>(46,804,898,679)</u>
Gross Profit		765,564,606	53,163,510
Other Income	5	<u>193,185,329</u>	<u>45,924,108</u>
Operating Profit		958,749,935	99,087,618
Administrative Expenses	6	<u>(309,983,606)</u>	<u>(293,272,420)</u>
Net (Loss)/ Profit for the year	7	<u><u>648,766,329</u></u>	<u><u>(194,184,802)</u></u>
Total Comprehensive (Loss)/Income for the year		<u><u>648,766,329</u></u>	<u><u>(194,184,802)</u></u>

The notes on pages 8 - 25 form an integral part of these financial statements

GUYANA GOLD BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	G\$	G\$
Operating Activities		
Net (loss)/profit for the year	648,766,329	(194,184,802)
Adjustment for:		
Loss on Disposal of Plant & Equipment	323,722	149,561
Depreciation	30,187,879	26,721,657
Operating (loss)/profit before working capital changes	679,277,930	(167,313,584)
(Increase)/Decrease in inventories	12,687,853,804	(5,186,270,094)
(Increase)/decrease in accounts receivable and prepayments	(140,801)	12,570,272
Increase in accounts payable	179,784,313	30,246,343
Net cash used in operating activities	<u>13,546,775,246</u>	<u>(5,310,767,063)</u>
Investing Activities		
Purchase of plant and equipment	(21,180,846)	(9,557,786)
Net cash used in investing activities	(21,180,846)	(9,557,786)
Net decrease in cash and cash equivalents	13,525,594,400	(5,320,324,849)
Cash and cash equivalents at the beginning of the year	(17,410,820,804)	(12,090,495,955)
Cash and cash equivalents at the end of the year	<u>(3,885,226,404)</u>	<u>(17,410,820,804)</u>
Cash and cash equivalents comprise of:		
Cash on hand and at bank	850,842,711	1,521,191,708
Bank overdraft - unsecured	(4,736,069,115)	(18,932,012,512)
	<u>(3,885,226,404)</u>	<u>(17,410,820,804)</u>

The notes on pages 8 - 25 form an integral part of these financial statements

GUYANA GOLD BOARD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Government Contribution	Accumulated Deficit	Total
	G\$	G\$	G\$
Balance at 1 January 2016	108,577,100	(10,555,830,418)	(10,447,253,318)
Change in equity 2016			
Total comprehensive loss for the year	-	(194,184,802)	(194,184,802)
Balance as at 31st December 2016	108,577,100	(10,750,015,220)	(10,641,438,120)
Change in equity 2017			
Total comprehensive income for the year	-	648,766,329	648,766,329
Balance as at 31st December 2017	108,577,100	(10,101,248,891)	(9,992,671,791)

The notes on pages 8 - 25 form an integral part of these financial statements

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

1. Incorporation and Activities

The Guyana Gold Board was formed under the Act of Parliament which is referred to as the Guyana Gold Board Act 1981. Its principal activities as defined in Section 4 are as follows :-

- (a) To carry on the business of trading in gold ;
- (b) To secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices.
- (c) To purchase all gold produced in Guyana;
- (d) To sell all gold in and out of Guyana;
- (e) To engage in other related commercial or industrial activities.

Under regulation 4 of 1997 made under the Guyana Gold Board Act 1981, the Board may issue an authorization to possess, sell or export gold produced in Guyana. The gold held by dealers can either be exported or sold to the Board directly. At 31 December 2016 - Nine (9) - 2015-Thirteen (13) such dealers were licensed.

The Guyana Gold Board entered into an agency agreement with Techmet Inc on 16 November 2016 for the sale of its gold overseas. Under this arrangement the agent informs the Board of offer price. The Board then considers the price offer and advises the agent (Techmet Inc.) whether to sell. The agent does not earn any commission from the Board on sale of gold.

2. Basis of Accounting

- (a) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and are stated in Guyana Dollars.
- (b) *New and revised standards published and effective for the current financial year:-*

Amendments to IFRS 10, IFRS 12 and IAS 28 Investments Entities: Applying the consolidation Exception.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations.

Amendments to IAS 1 Disclosure Initiative.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amorization.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

Amendments to IAS 27 Equity Method in Separate Financial Statements

Amendments to IFRS Annual Improvements to IFRS 2012-2014 Cycle

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) *New and revised standards published and effective in future years:-*

IFRS 9- Financial Instruments

IFRS 15- Revenue from contracts with customers and the related Cerifications

IFRS 16 Leases

Amendments to IFRS 2 Classifications and Measurments of Share-based Payment Transactions

Amendments to IFRS 10 and IFRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

Amendments to IAS 7 Disclosure Initiative

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses

(d) **Foreign Currency Transaction**

Transactions involving foreign currencies are translated at the exchange rates at the dates of these transactions. At the date of the Statement of Financial Position all assets and liabilities denominated in foreign currencies are translated into Guyana dollars at the exchange rates ruling at that date. Gains and losses arising from the settlement of and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income.

(e) **Cash and Cash Equivalents**

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than investments or other purposes. These are readily convertible to a known amount of cash, with maturity dates of 3 months or less.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Non-Current Assets and Depreciation

Plant and Equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is calculated on the straight line method at rates sufficient to write off the cost over their estimated useful lives as follows:

Motor vehicles	-	25%
Furniture, fixtures and fittings	-	10%
Office equipment	-	12.5%
Laboratory and smelting room renovation	-	25%
Computer software	-	25%
Office and renovation	-	5% to 12.5%

No depreciation is charged in the year of disposal. The gain or loss arising on the disposal of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimate selling price less all estimated costs of completion and costs to be incurred in the marketing, selling and distribution.

(h) Revenue and expense recognition

Local Sales

The Board recognises revenue from local sales when the customer takes possession of the gold. Prices are fixed accordingly to the London Daily Fix at the time of sale. Local sales are made directly to goldsmiths.

GUYANA GOLD BOARD
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Revenue and expense recognition cont'd

Foreign Sales

The Board recognises revenue when Bank of Guyana acknowledges receipt from Techmet Trading. Smelted gold is sent to Royal Canadian Mint where it is refined and then marketed through its agent- Techmet Trading. The agent makes payment on sales contract when gold has been transferred to the agents account.

Sale of refined gold is marketed as follows:

- (i) Spot transactions
- (ii) Forward transactions
- (iii) Option transactions

There were no forward contracts entered into by the Board during the year.

Expenses

Expenses are recognised on an accrual basis

(i) Taxation

The Guyana Gold Board is exempt from corporation and property taxes.

(j) Purchases

Purchases of gold are made based on the London daily fix per ounce of gold quoted in United States dollar(US\$). The payment for gold purchased is based on an assumed purity with a payout factor of the average historical result from assaying. An initial payment is made after a deduction of G\$4.25 per ounce from the average US\$:G\$ exchange rates obtained from six commercial banks. Payment made on the payout factor is adjusted when actual assaying results are determined. For results higher than the payout factor, the Board pays the miners an additional amount. For results lower than the payout factor, the miners reimburse the Board with the difference from future transactions.

(k) Financial instruments

Financial assets and liabilities are recognised on the Board's statement of financial position when the Board becomes a party to the contractual provisions of the instruments.

Accounts receivable and prepayments

These are measured at amortised cost.

Accounts payables

These are recognised at amortised cost.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

	2017	2016
	G\$	G\$
3. Sales		
Local Sales	93,698,574	115,234,532
Foreign Sales	49,629,404,373	46,742,827,657
	<u>49,723,102,947</u>	<u>46,858,062,189</u>
4. Cost of Sales		
Inventory at 1 January	16,176,414,605	10,990,144,511
Purchases	36,183,524,190	51,896,392,300
Shipping and refining cost	86,160,347	94,776,473
	<u>52,446,099,142</u>	<u>62,981,313,284</u>
Inventory at 31 December	(3,488,560,801)	(16,176,414,605)
	<u>48,957,538,341</u>	<u>46,804,898,679</u>
5. Other Income		
Sale of silver	64,558,711	10,218,077
Lease income	3,227,428	1,633,109
Miscellaneous income	53,187,741	24,207,791
Exporter's licence Fee (Dealers)	14,000,000	9,000,000
Processing Fees	47,824,719	-
Option premium	10,386,730	865,131
	<u>193,185,329</u>	<u>45,924,108</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

6. Administrative Expenses	2017 G\$	2016 G\$
Insurance	18,028,913	20,072,724
Employment costs	131,828,656	117,030,510
Depreciation	30,187,879	26,721,657
Audit Fee	2,453,850	2,000,000
Security	28,993,184	26,699,724
Motor vehicle maintenance	852,439	850,216
Sample tests	10,395,000	18,288,000
Legal fees	-	17,400
Stationery and supplies	6,088,963	3,339,740
Others	22,600,293	19,573,492
Gold burning	5,276,366	5,467,055
Office maintenance	1,053,577	586,918
Meal allowances	2,270,983	2,056,186
Staff welfare and training	2,096,106	1,173,413
Telephone, internet and telex	6,104,651	6,954,543
Gifts, donations and hospitality	2,799,111	2,333,005
Stamp expenses	5,162,770	5,374,397
Advertisement	849,104	328,978
Repairs to equipment and furniture	9,381,452	9,857,197
Bank charges	2,488,493	3,668,520
Entertainment-others	2,641,599	1,919,276
Medical expenses	1,108,000	546,000
Admin Exp-NRE	15,247,945	16,549,435
Repairs & maintenance-office	134,272	244,034
Directors' fees	1,940,000	1,620,000
	<u>309,983,606</u>	<u>293,272,420</u>
 7. Net (Loss)/Profit for the year	 <u>648,766,329</u>	 <u>(194,184,802)</u>
After charging:		
Depreciation	30,187,879	26,721,657
Directors fees (see note 18)	1,940,000	1,620,000
Auditor's Remuneration	<u>2,453,850</u>	<u>2,000,000</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

8. Plant and Equipment

	<u>Furniture, Fixtures & Fittings</u>	<u>Office Equipment</u>	<u>Motor Vehicles</u>	<u>Firearms</u>	<u>Computer Software</u>	<u>Lab & Smelting Room</u>	<u>Charity Office</u>	<u>Renovation of Office Space</u>	<u>Total 2017</u>	<u>Total 2016</u>
	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$
<u>Cost/Valuation</u>										
At 1 January 2017	11,661,255	145,100,973	28,434,410	489,016	29,355,150	13,057,970	7,933,080	18,396,658	254,428,512	245,186,581
Additions	1,226,058	1,906,998	-	-	18,047,790	-	-	-	21,180,846	9,557,786
Disposal	(630,878)	(12,678,036)	(8,084,409)	-	-	(525,368)	-	-	(21,918,691)	(315,855)
At 31 December 2017	12,256,435	134,329,935	20,350,001	489,016	47,402,940	12,532,602	7,933,080	18,396,658	253,690,667	254,428,512
<u>Depreciation</u>										
At 1 January 2017	4,857,162	81,974,411	28,434,409	489,016	16,514,336	12,958,774	3,966,543	2,715,804	151,910,455	125,355,092
Charges for the Year	1,199,510	16,070,545	-	-	11,006,356	-	991,636	919,832	30,187,879	26,721,657
Write back on disposal	(490,657)	(12,494,535)	(8,084,409)	-	-	(525,368)	-	-	(21,594,969)	(166,294)
At 31 December 2017	5,566,015	85,550,421	20,350,000	489,016	27,520,692	12,433,406	4,958,179	3,635,636	160,503,365	151,910,455
<u>Net Book Values</u>										
At 31 December 2017	6,690,420	48,779,514	1	-	19,882,248	99,196	2,974,901	14,761,022	93,187,302	-
At 31 December 2016	6,804,093	63,126,562	1	-	12,840,814	99,196	3,966,537	15,680,854	-	102,518,057

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

9. Inventories	2017	2016
<u>Gold</u>	G\$	G\$
Laboratory	190,966,707	269,641,684
Bank of Guyana	16,651,059	4,374,820,631
Royal Canadian Mint	-	-
Royal Canadian Mint Refrees	-	17,006,599
Deposit in transit	3,199,757,407	-
Guyana Geology and Mines Commission	3,544,020	5,485,385
Mitsui & Co Precious Metals Inc.	-	-
Gold available for sale	13,219,968	27,412,626
Gold refrees in transit	-	-
Scotia Bank	35,121	30,977
Techmet Trading (i)	-	10,854,450,550
Bartica	61,688,050	594,566,132
	<u>3,485,862,333</u>	<u>16,143,414,584</u>
<u>Silver</u>		
Royal Canadian Mint	-	8,919,710
Scotia Mocatta	-	24,080,311
Techmet	2,698,468	-
	<u><u>3,488,560,801</u></u>	<u><u>16,176,414,605</u></u>

- (i) Under the agency arrangement between the Guyana Gold Board and Mitsui & Co Precious Metals Inc., the Board may effect certain sales contract for gold without gold being transferred to the agent's account. Mitsui & Co. Precious Metals Inc would normally hold stock balance of 2,000 troy ounces of gold as security deposits for such transactions, which will be available upon settlement of outstanding sales contracts. This agreement ceased in 2016. However, Techmet Trading were contracted by the Board of Directors as the new broker.
- (a) The cost of inventory recognised as expenses during the year amounted to G\$ 48,957,538,341 (2016 G\$ 46,804,898,679).
- (b) There was no write off of inventories during the year.
- (c) All inventories are expected to be recovered within 12 months.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

	2017	2016
	G\$	G\$
10. Accounts Receivable and Prepayments		
Trade receivables	38,442,776	22,214,970
Prepayments	2,265,341	18,352,346
	<u>40,708,117</u>	<u>40,567,316</u>
11. Cash on Hand and at Bank		
Republic Bank (Guyana) Limited	35,961,401	72,524,839
Citizen's Bank Guyana Limited	396,007,534	914,012,603
Bank of Guyana-US\$ account	415,683,117	527,234,606
Petty Cash-Head Office	3,190,659	7,419,660
	<u>850,842,711</u>	<u>1,521,191,708</u>
12. Government Contribution	<u>108,577,100</u>	<u>108,577,100</u>
13. Ministry of Finance	<u>8,731,630,794</u>	<u>8,731,630,794</u>
This amount is owed to the Ministry of Finance, an agreement showing the amounts and time for repayment is to be determine and formalise by both parties.		
14. Accounts Payable		
	2017	2016
	G\$	G\$
Trade payables	142,715,925	83,813,028
Gold dealers' tax payable	221,384,500	175,292,646
Gold dealers' royalties payable	557,288,812	456,098,868
Accruals	23,243,350	19,484,500
Dealers security deposit	25,651,840	25,651,840
Others	27,986,386	58,145,618
	<u>998,270,813</u>	<u>818,486,500</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

	2017 G\$	2016 G\$
15. Bank Overdraft		
Bank of Guyana-disbursement account	4,729,674,891	18,929,651,009
Republic Bank-current account	6,394,224	2,361,503
	<u>4,736,069,115</u>	<u>18,932,012,512</u>

The Guyana Gold Board does not have an overdraft facility with either Republic Bank Limited or the Bank of Guyana. Funds are deposited to the Disbursement Account and transferred via standing orders to the General Account. The balances shown above are due to timing differences that arose from unpresented cheques drawn that have not been issued or presented.

16. Related Party Transactions

- (a) 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 operating decisions.

(i) Government Related Entities

	2017 G\$	2016 G\$
Guyana Geology and Mines Commission (GGMC)		
Royalties collected and remitted during the year	5,024,759,698	5,534,160,175
Assay testing	9,085,500	16,515,000
Balance at year end - inventory	3,544,000	5,485,385
Balance at year end - assay	20,789,500	19,484,500
Royalties payable	557,288,812	456,098,868
Guyana Revenue Authority (GRA)		
Taxes collected and remitted during the year	1,886,562,599	1,965,914,201
Taxes payable	221,384,500	175,292,646
Bank of Guyana - Note 15	4,729,674,891	18,929,651,009
Balance at year end - cash at bank	415,683,117	527,234,606
Balance at year end - inventory	16,651,059	4,374,820,631
Ministry of Finance - Note 13	8,731,630,794	8,731,630,794

- (a) Guyana Gold Board office is located in a building owned by GGMC. There is no rental charges or fees payable to GGMC with regards to the building.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

16. (ii) Key Management Personnel

The company's key management personnel comprised of its Directors, the Secretary to the Board/Legal Officer, General Manager(ag), Asst. General Manager, the Finance Manager, the Station Manager - Bartica, the Internal Auditor and the Head of Laboratory. During the year remunerations paid to key management personnel was as follows:

	2017	2016
	G\$	G\$
Short- term employee benefits	54,624,319	52,021,378
Directors emoluments	1,940,000	1,620,000
	<u>56,564,319</u>	<u>53,641,378</u>

17. Financial Risk Management

Financial Risk Management Objectives

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

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

The Board's management reports at statutory meetings to the Board of Directors on matters relating to risk and management of risk

(a) Market Risk

The Board's activities expose it to the financial risks of changes in foreign currency exchange rates. The Board uses interest rate sensitivity to financial instruments to manage its exposure to foreign currency risk. There has been no change in the Board's exposure to market risks or the manner in which it manages these risks.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

17. Financial Risk Management - (Cont'd)

(i) Interest Rate Risk

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

		Maturing 2017		
	Average Interest Rate %	Within 1 Year	Non-Interest Bearing	Total
		G\$	G\$	G\$
Assets				
Accounts receivable and prepayments	-	-	40,708,117	40,708,117
Cash on hand and at bank	-	-	850,842,711	850,842,711
		-	891,550,828	891,550,828
Liabilities				
Bank overdraft (unsecured)	-	6,394,224	4,729,674,891	4,736,069,115
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Accounts payable	-	-	998,270,813	998,270,813
		6,394,224	14,459,576,498	14,465,970,722
Interest Sensitivity Gap		<u>(6,394,224)</u>		

		Maturing 2016		
	Average Interest Rate %	Within 1 Year	Non-Interest Bearing	Total
		G\$	G\$	G\$
Assets				
Accounts receivable and prepayments	-	-	40,567,316	40,567,316
Cash on hand and at bank	-	-	1,521,191,708	1,521,191,708
		-	1,561,759,024	1,561,759,024
Liabilities				
Bank overdraft (unsecured)	-	2,361,503	18,929,651,009	18,932,012,512
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Accounts payable	-	-	818,486,500	818,486,500
		2,361,503	28,479,768,303	28,482,129,806
Interest Sensitivity Gap		<u>(2,361,503)</u>		

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

17. Financial Risk Management - (Cont'd)

(b) Liquidity Risk

Liquidity risk is the risk that the Board will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The Board 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 2017			
	On demand	Within 1 year	Total
Assets	G\$	G\$	G\$
Accounts receivable and prepayments	-	40,708,117	40,708,117
Cash on hand and at bank	850,842,711	-	850,842,711
	850,842,711	40,708,117	891,550,828
Liabilities			
Bank overdraft (unsecured)	-	4,736,067,115	4,736,067,115
Advance from Ministry of Finance	8,731,630,794	-	8,731,630,794
Accounts payable	-	998,270,813	998,270,813
	8,731,630,794	5,734,337,928	14,465,968,722
Net Liabilities	(7,880,788,083)	(5,693,629,811)	(13,574,417,894)
Maturing 2016			
	On demand	Within 1 year	Total
Assets	G\$	G\$	G\$
Accounts receivable and prepayments	-	40,567,316	40,567,316
Cash on hand and at bank	1,521,191,708	-	1,521,191,708.00
	1,521,191,708	40,567,316	1,561,759,024
Liabilities			
Bank overdraft (unsecured)	-	18,932,012,512	18,932,012,512
Advance from Ministry of Finance	8,731,630,794	-	8,731,630,794
Accounts payable	-	818,486,500	818,486,500
	8,731,630,794	19,750,499,012	28,482,129,806
Net Liabilities	(7,210,439,086)	(19,709,931,696)	(26,920,370,782)

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

17. Financial Risk Management - (Cont'd)

(c) Credit Risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Board.

The Board faces credit risk in respect of its cash and cash equivalents and its accounts receivables. However, this risk is controlled by close monitoring of these balances by the Board. The maximum credit risk faced by the Board is the balance reflected in the financial statements.

Cash and cash equivalent are held by Central and Commercial banks. 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.

Accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable on a regular basis.

Inventory (gold and silver) held by third party.

The table below shows the company's maximum exposure to credit risk:

	<u>2017</u>	<u>2016</u>
	G\$	G\$
Cash at bank	847,652,052	1,513,772,048
Accounts receivable(excluding prepayments)	38,442,776	22,214,970
Inventory held with third party (i)	3,222,693,076	15,284,794,153
Total credit risk exposure	<u>4,108,787,904</u>	<u>16,820,781,171</u>

The accounts receivable balances are classified as follows:

Current	14,029,879	5,664,498
Past due but not impaired	24,412,897	16,550,472
	<u>38,442,776</u>	<u>22,214,970</u>

Ageing of accounts receivable which was past due but not impaired

365+ days	<u>24,412,897</u>	<u>16,550,472</u>
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(i) Inventory held with third parties were adequately insured at 31 December 2017 as such this will reduce the credit risk.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

17. Financial Risk Management - (Cont'd)

(d) Currency Risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from inventory. The currency which the Company is mainly exposed to is United States Dollar (USD\$)

The aggregate amounts of assets denominated in United States are as shown:

	<u>Total</u> G\$
31 December 2017	
Assets	<u>3,904,243,918</u>
31 December 2016	
Assets	<u>16,703,649,211</u>

Foreign Currency Sensitivity Analysis

The following table details the Company's sensitivity to a 2.5% increase or 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 or loss, and the balances below would be negative.

	2017 G\$	2016 G\$
Profit	<u>97,606,098</u>	<u>417,591,230</u>

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.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

18. Analysis of Financial Assets and Liabilities by Measurement Basis

	<u>Loans and Receivables</u> G\$	<u>Financial Assets and Liabilities at Amortised Cost</u> G\$	<u>Total</u> G\$
2017			
Assets			
Accounts receivable and prepayments	40,708,117	-	40,708,117
Cash on hand and at bank	-	850,842,711	850,842,711
	<u>40,708,117</u>	<u>850,842,711</u>	<u>891,550,828</u>
Liabilities			
Bank overdraft (unsecured)	-	4,736,067,115	4,736,067,115
Advance from Ministry of Finance	-	8,731,630,794	8,731,630,794
Accounts payable	-	998,666,963	998,666,963
	<u>-</u>	<u>14,466,364,872</u>	<u>14,466,364,872</u>
	<u>Loans and Receivables</u> G\$	<u>Financial Assets and Liabilities at Amortised Cost</u> G\$	<u>Total</u> G\$
2016			
Assets			
Accounts receivable and prepayments	40,567,316	-	40,567,316
Cash on hand and at bank	-	1,521,191,708	1,521,191,708
	<u>40,567,316</u>	<u>1,521,191,708</u>	<u>1,561,759,024</u>
Liabilities			
Bank overdraft (unsecured)	-	18,932,012,512	18,932,012,512
Advance from Ministry of Finance	-	8,731,630,794	8,731,630,794
Accounts payable	-	818,486,500	818,486,500
	<u>-</u>	<u>28,482,129,806</u>	<u>28,482,129,806</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

19. Fair Value Estimation

Fair value measurement recognised in the statement of financial position

Level 1 - Fair value determination is with reference to quoted prices in active markets for identical assets and liabilities. Quotation from recognised stock exchange was used to value investments under this ranking.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The following table details the carrying cost of assets and liabilities at amortised cost. However their fair values are stated for disclosure purpose.

	IFRS 13 Levels	2017	
		<u>Carrying Amount</u>	<u>Fair Value</u>
ASSETS		G\$	G\$
Plant and equipment	2	93,187,302	93,187,302
Accounts receivables and prepayments	2	40,708,117	40,708,117
Cash on hand and at bank	1	850,842,711	850,842,711
		<u>984,738,130</u>	<u>984,738,130</u>
LIABILITIES			
Advance from Ministry of Finance	2	8,731,630,794	8,731,630,794
Bank overdraft	1	4,736,069,115	4,736,069,115
Accounts payable	2	998,666,963	998,666,963
		<u>14,466,366,872</u>	<u>14,466,366,872</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

19. Fair Value Estimation (Cont'd)

The following table details the carrying cost of assets and liabilities at amortised cost. However their fair values are stated for disclosure purpose.

	IFRS 13 Levels	2016	
		<u>Carrying Amount</u>	<u>Fair Value</u>
ASSETS		G\$	G\$
Plant and equipment	2	102,518,057	102,518,057
Accounts receivables and prepayments	2	40,567,316	40,567,316
Cash on hand and at bank	1	1,521,191,708	1,521,191,708
		<u>1,664,277,081</u>	<u>1,664,277,081</u>
LIABILITIES			
Advance from Ministry of Finance	2	8,731,630,794	8,731,630,794
Bank overdraft	1	18,932,012,512	18,932,012,512
Accounts payable	2	818,486,500	818,486,500
		<u>28,482,129,806</u>	<u>28,482,129,806</u>

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

(i) Financial instruments where the carrying amounts are equal to fair values:- Due to their short-term maturity, the carrying amounts of certain financial instruments are assumed to approximate their fair values. These include accounts receivables and prepayments, cash on hand and at bank, advance from Ministry of Finance, accounts payables and bank overdraft.

(ii) Plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Management determines depreciation rates sufficient to write off the costs of assets over their useful lives.



Maurice Solomon & Co.

Chartered Accountants/Management Consultants



Trainee Development - Gold

October 10, 2018

Mr. G. Lall
Chairman
Guyana Gold Board
68 Upper Brickdam
Georgetown
Guyana.

Dear Mr. Lall,

AUDIT OF THE FINANCIAL STATEMENTS OF
GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER, 2017

The audit of the books and accounts of Guyana Gold Board for the year ended 31 December 2017, has resulted in the following report which is forwarded for the comments and such actions as considered necessary.

We have examined certain aspects of the company's system of internal accounting controls and made recommendations on possible ways in which the system might be improved to overcome the weaknesses which we observed during the examination.

It must be appreciated that the matters dealt with in this report came to our notice during conduct of our normal audit which was designed primarily to enable us to express an opinion on the company's financial statements. Our comments cannot, therefore, be expected to include all possible improvements in the internal control which a more extensive special examination may develop.

The audit was conducted in accordance with the International Standards on Auditing, issued by the International Federation of Accountants (IFAC). These standards required that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Background

The Guyana Gold Board was formed under the Act of Parliament which is referred to as the Guyana Gold Board Act 1981.

Its principal activities as defined in Section 4 are as follows :-

- ✓ To carry on the business of trading in gold ;
- ✓ To secure at all times an adequate supply of gold and to ensure its equitable distribution in Guyana at fair prices.
- ✓ To purchase all gold produced in Guyana;
- ✓ To sell all gold in and out of Guyana;
- ✓ To engage in other related commercial or industrial activities.

Under regulation 4 of 1997 made under the Guyana Gold Board Act 1981, the Board may issue an authorization to possess, sell or export gold produced in Guyana. The gold held by dealers can either be exported or sold to the Board directly.

Scope and Methodology

In conducting financial and compliance audits, our office examined in such manner as we deemed necessary the relevant financial statements and accounts to ascertain whether:

- The financial statements have been properly prepared in accordance with applicable accounting standards and properly present the operations and affairs of Guyana Gold Board.
- The accounts have been faithfully and properly kept.
- The rules, procedures and internal management controls are sufficient to secure effective control on the assessment, collection and proper allocation of revenues and valuation and security of inventories held by the Board.
- All monies expended and charged to an account have been applied to the purpose or purposes for which they were intended.
- Essential records are maintained and the internal controls and the rules and procedures established and applied were sufficient to safeguard the control of current assets of the Board.

FINDINGS AND RECOMMENDATIONS

1. SUB COMMITTEE MEETINGS

Finding

For the year under review, there were no meetings held for the following committees;

- Technical Advisory
- Compliance and Industrial Relations
- Finance, Audit and Operations

It was observed that matters relating to the above committees were discussed at the Board of Directors meetings during the year 2017.

Effect

The sub –committees did not discharge their governance functions as required under the Guyana Gold Act.

Recommendation

We recommend that Board of Directors ensure that sub committees are fully functioning and to assist the Guyana Gold Board of achieving its objectives.

Management's Response

Copy of minutes of Finance, Audit and Operations sub-committee meeting dated July 05, 2017 is attached. Additionally there are other sub-committee minutes attached, reflecting the incorporation of Operations, Audit and Finance.

2. ADMINISTRATIVE EXPENSES - NRE

Finding

During the year under review, the Board expended the sum of fifteen million two hundred and forty seven thousand nine hundred and forty five dollars (\$15,247,945) as payroll expenses on behalf of the Ministry of Natural Resources as shown in note 6 of the financial statements. According to our examination, the related expenses are not solely and exclusively incurred on the operations of the Board and as such deemed ineligible expenditure.

Further, audit inquiry revealed there is no share agreement between Guyana Gold and Ministry of Natural Resources for such expenditure which has been recurring since 2012.

Effect

Profits may be overstated or understated in the financial statements.

Recommendation

We recommend that management ensure that expenditures incurred and paid by the board are solely and exclusively for the generation of income of the Board.

Management's Response

This arrangement has been in place since 2012, it is not solely and exclusively incurred by the Board and as such GGB would appreciate not carrying that financial burden for the ensuing years.

Discussions would be made at the Board of Directors level on this subject.

3. TAXATION

Finding

Our inquiry with management indicate that the Guyana Gold Board is exempt from Corporation and Property taxes which we were unable to ascertain from the governing act. The Guyana Gold Board has not paid nor accrued for taxes since its formation in the financial statements.

It should be noted that this matter was mentioned in previous report of the auditors

Effect

Profits and liabilities may be overstated and understated respectively in the financial statements.

Recommendation

We recommend that the above matter should be discussed at the Board of Directors meeting with the possibility of the subject minister being present to have clear and precise opinion on the way forward.

Management's Response

There were several letters sent to the Guyana Revenue Authority seeking to clarify the Board's exemption from corporation tax, however GGB is unable to locate the filed copies of those letters due to the relocation of its office. Efforts are being made to source same from GRA. I would appreciate if this matter remains a query while GGB rectifies same.

4. PAYROLL

Finding

Employees of the Guyana Gold Board are entitled to uniform allowances which are specified in their employment agreements. Our examination revealed this allowance was treated as a non – taxable allowance in contrary to the Income Tax Act which deemed uniform allowance as taxable.

Effect

The Board did not fully comply with requirements of the Income Tax Act with regards to treatment of uniform allowances.

Recommendation

We recommend management put appropriate measures in place to ensure that the relevant tax is deducted and remitted to the Guyana Revenue Authority.

Management's Response

Guyana Gold Board staff do not receive uniform allowance but it more a subsidized/contribution towards the purchase of uniforms. This was negotiated by the Union.

5. GOLD RECONCILIATION

Finding

Monthly gold reconciliations were carried out using a simple formula resulting with significant variances when compared to closing inventories balance in the general ledger.

Effect

Inventories could be overstated or understated in the financial statements.

Recommendation

We recommend that management review reconciliations provided as to provide clarity on variances identified.

Management's Response

Inventory balances at month ends represent lower of cost and net realizable value. However a schedule of gold purchases is kept to reflect accumulative stock, daily purchase price of gold purchased, sales quantity and price, and weighted average cost. This schedule aids in decision making for foreign sales.

6. DISPOSAL OF NON – CURRENT ASSETS

Finding

The Board disposed non- current assets totaling twenty one million, one hundred and eighty thousand eight hundred and forty six dollars (\$21,180,846) as of 31 December 2017. However, such disposals were not approved by Board of Directors.

Effect

There appears to be a breakdown of internal controls and failure to comply with financial procedures as set out by the Ministry of Finance with regards to disposal of non -current assets.

Recommendation

We recommend that management ensure that assets to be written off are discussed and approved by the Board of Directors in accordance with prescribed procedures set out by the Ministry of Finance.

Management's Response

The draft copy of the asset disposal policy was retrieved from the system, however this policy document was approved by the board of directors in 2013 and again, due to relocation of the office, efforts are still being made to locate the hard copy document.

7. CONCLUSION

This report is intended for the information and use of the management of Guyana Gold Board and is not intended to be and should not be used by anyone else.

We wish to express our gratitude for the cooperation given to our staff during the course of the audit.

Yours faithfully,



.....
Maurice Solomon
Managing Partner