

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

**FOR THE YEAR ENDED
31 DECEMBER 2020**

**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 2020**

TABLE OF CONTENTS

	PAGE
1. TRANSMITTAL LETTER	i
2. AUDITOR'S OPINION OF THE FINANICAL STATEMENTS	ii - iv
3. CONTRACTED AUDITOR REPORT ON THE FINANICAL STATEMENTS	1 - 3
4. AUDITED FINANCIAL STATEMENTS	4 - 25
5. MANAGEMENT LETTER	1 - 8



Audit Office of Guyana

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

188/SO:13/2/2021

14 December 2021

Ms. Eondrene Thompson
General Manager
Guyana Gold Board
133 Crown and Albert Streets,
Georgetown.

Dear Ms. Thompson,

AUDIT OF THE FINANCIAL STATEMENTS OF
THE GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER 2020

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.)



Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 107/2021

14 December 2021

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 2020

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 2020, and the statement of profit or loss, 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 on pages 4 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 2020 and 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 (j) 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 seventeen million, two hundred and fifty-one thousand two hundred and eighty-six dollars (\$17,251,286) 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 expenditure and defined limits to be borne by the Board.

I draw attention to note 9 (c) of the financial statements which describes the effect of gold in possession which cannot be refined by the Royal Canadian Mint (RCM).

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 2020**

MSC 070/2021

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 2020, the Statement of profit or loss, 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, 2020, 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 seventeen million, two hundred and fifty- one thousand two hundred and eighty-six dollars (G\$17,251,286) 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 expenditure and defined limits to be borne by the Board.

3. We draw attention to note 9 (c) of the financial statements which describes the effect of gold in possession which cannot be refined by the Royal Canadian Mint (RCM)

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

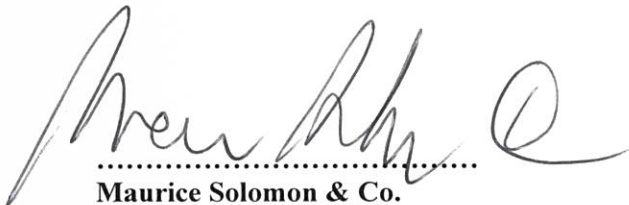
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.



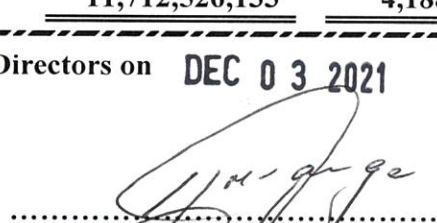
.....
Maurice Solomon & Co.
Chartered Accountants
December 7th, 2021

GUYANA GOLD BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

ASSETS	<u>Notes</u>	<u>2020</u> G\$	<u>2019</u> G\$
Non-Current			
Plant and Equipment	8	106,023,138	79,653,021
Current Assets			
Inventories	9	9,574,916,592	3,472,062,280
Receivables and Prepayments	10	1,507,413,567	127,882,302
Cash and Bank	11	524,172,836	508,569,180
		<u>11,606,502,995</u>	<u>4,108,513,762</u>
TOTAL ASSETS		<u>11,712,526,133</u>	<u>4,188,166,783</u>
EQUITY AND LIABILITIES			
Equity			
Government Contribution	12	108,577,100	108,577,100
Accumulated Deficit		(9,467,949,763)	(10,486,700,338)
Revaluation Reserve	16	2,000,000	-
		<u>(9,357,372,663)</u>	<u>(10,378,123,238)</u>
NON-CURRENT LIABILITIES			
Advance from Ministry of Finance	13	8,731,630,794	8,731,630,794
CURRENT LIABILITIES			
Payables and Accruals	14	1,540,731,515	1,330,803,618
Bank Overdraft (unsecured)	15	10,797,536,487	4,503,855,609
		<u>12,338,268,002</u>	<u>5,834,659,227</u>
TOTAL EQUITY AND LIABILITIES		<u>11,712,526,133</u>	<u>4,188,166,783</u>

These financial statements were approved by the Board of Directors on **DEC 03 2021**
on behalf of the Board:


.....
Director


.....
Director

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

GUYANA GOLD BOARD

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	<u>Notes</u>	<u>2020</u> G\$	<u>2019</u> G\$
Sales	3	27,832,165,097	23,432,860,424
Cost of Sales	4	<u>(26,609,986,936)</u>	<u>(24,015,934,050)</u>
Gross (Loss)/Profit		1,222,178,161	(583,073,626)
Other Income	5	<u>231,927,172</u>	<u>188,456,251</u>
Operating (Loss)/ Profit		1,454,105,333	(394,617,375)
Administrative Expenses	6	<u>(435,354,758)</u>	<u>(413,153,408)</u>
(Loss)/Profit for the year	7	<u>1,018,750,575</u>	<u>(807,770,783)</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 2020

	2020 G\$	2019 G\$
Operating Activities		
(Loss)/Profit for the year	1,018,750,575	(807,770,783)
Adjustment for:		
Loss on Disposal of Plant & Equipment	-	18
Depreciation	32,600,324	30,631,923
Operating (loss)/profit before working capital changes	1,051,350,899	(777,138,842)
Decrease/(Increase) in inventories	(6,102,854,312)	1,410,540,734
Decrease/(Increase) in accounts receivable and prepayments	(1,379,531,265)	711,210,869
Increase in accounts payables	209,927,898	70,183,911
Net cash generated/(absorbed) in operating activities	(6,221,106,780)	1,414,796,672
Investing Activities		
Purchase of plant and equipment	(56,970,442)	(4,451,930)
Net cash used in investing activities	(56,970,442)	(4,451,930)
Net increase/(decrease) in cash and cash equivalents	(6,278,077,222)	1,410,344,742
Cash and cash equivalents at the beginning of the year	(3,995,286,429)	(5,405,631,171)
Cash and cash equivalents at the end of the year	(10,273,363,651)	(3,995,286,429)
Cash and cash equivalents comprise of:		
Cash on hand and at bank	524,172,836	508,569,180
Bank overdraft - unsecured	(10,797,536,487)	(4,503,855,609)
	(10,273,363,651)	(3,995,286,429)

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 2020

	Government Contribution G\$	Accumulated Deficit G\$	Revaluation Reserve G\$	Total G\$
Balance at 1 January 2019	108,577,100	(9,678,929,555)	-	(9,570,352,455)
Changes in Equity 2019				
Loss for the year	-	(807,770,783)	-	(807,770,783)
Balance at 31st December 2019	108,577,100	(10,486,700,338)	-	(10,378,123,238)
Changes in Equity 2020				
Profit for the year	-	1,018,750,575	-	1,018,750,575
Revaluation of non-current asset	-	-	2,000,000	2,000,000
Balance at 31st December 2020	108,577,100	(9,467,949,763)	2,000,000	(9,357,372,663)

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

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 2020 - Ten (10) - 2019-nine (9) such dealers were licensed.

The Guyana Gold Board entered into an agency agreement with Techmet Inc. on 16 November 2017 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

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and presented in Guyana Dollars.

a) Standards, amendments and interpretations that are effective and have not been adopted by the Company.

IFRS 3- Business Combinations: Remeasurement of previously held interest
(effective on or after 1 January 2019)

IFRS 3- Business Combinations: Amendments to clarify the definition of a business (effective on or after 1 January 2020)

IFRS 9- Financial Instrument: Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective on or after 1 January 2019)

IFRS 11 - Joint Arrangements: Remeasurement of previously held interest
(effective on or after 1 January 2019)

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Basis of Accounting Con't

IFRS 16 - Leases (effective on or after 1 January 2019)

IAS 12/IFRIC 23-Uncertainty over income tax treatments (effective on or after 1 January 2019)

IAS 19- Employee Benefits: Amendments regarding plan amendments, curtailments or settlements (effective on or after 1 January 2019)

IAS 12/IFRIC 23-Uncertainty over income tax treatments (effective on or after 1 January 2019)

IAS 28- Amended long term interest in Associates and Joint Ventures Investments (effective on or after 1 January 2019)

b) Standards, amendments and interpretations that are not yet effective and have not been adopted by the Company (Con't).

IFRS 17 will replace IFRS 4 - Insurance Contracts (effective on or after 1 January 2021)

c) Standards and amendments adopted and has material impact on the Company's financial reporting.

IFRS 15- Revenue from Contracts with Customers (effective on or before 1 January 2018)

IAS 1- Amendments regarding the definition of Material (effective on or after 1 January 2020)

IAS 8- Amendments regarding the definition of Material (effective on or after 1 January 2020)

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 profit or loss.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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 when the customer takes possession of the gold and fully confirms to criteria for revenue recognition under IFRS 15 . Prices are fixed accordingly to the London Daily Fix at the time of sale.

GUYANA GOLD BOARD
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Revenue and expense recognition cont'd

Foreign Sales

The Board recognises revenue when Techmett provides a sale confirmation after Guyana Gold Board request a sale of a specific quantity to be made at a specific price. Smelted gold is sent to Royal Canadian Mint where it is refined and then marketed through its agent- Techmet Trading.

Sale of refined gold is marketed as follows:

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

There forward and option contracts entered into by the Board during the year.

Expenses

Expenses are recognised on an accrual basis.

(j) Taxation

In management 's critical judgment, the Board has not accrued for corporation and property taxes in the financial year. The Guyana Gold Board Act did not indicate whether the Board is exempt from an forms of taxation and clarity of this matter should be related to Guyana Revenue Authority for advisory.

(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 instruments are short term in nature

Accounts payables

These are recognised at amortised cost.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

	2020	2019
	G\$	G\$
3. Sales		
Local Sales	100,889,850	150,442,958
Gold Medallion	24,500,000	-
Foreign Sales	27,706,775,247	23,282,417,466
	<u>27,832,165,097</u>	<u>23,432,860,424</u>
4. Cost of Sales		
Inventory at 1 January	3,472,062,281	4,882,603,015
Purchases	32,646,485,182	22,542,015,379
Shipping and refining costs	66,356,065	63,377,937
	<u>36,184,903,528</u>	<u>27,487,996,331</u>
Inventory at 31 December	(9,574,916,592)	(3,472,062,281)
	<u>26,609,986,936</u>	<u>24,015,934,050</u>
5. Other Income		
Sale of silver	27,257,730	11,210,001
Lease income	2,170,247	1,790,696
Miscellaneous income	71,968,344	74,227,254
Exporter's licence Fee (Dealers)	18,000,000	18,000,000
Processing Fees	106,915,425	83,228,300
Option premium	5,615,426	-
	<u>231,927,172</u>	<u>188,456,251</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

	2020	2019
	G\$	G\$
6. Administrative Expenses		
Insurance	22,267,341	18,458,193
Employment costs	186,146,959	186,502,447
Depreciation	32,600,324	30,631,923
Audit Fee	2,900,000	2,820,420
Security	41,061,705	41,945,205
Motor vehicle maintenance	1,011,216	977,231
Sample tests	4,898,000	-
Stationery and supplies	9,394,448	8,611,813
Others	37,662,711	36,901,121
Gold burning	6,214,141	4,923,347
Office maintenance	3,034,741	3,112,872
Meal allowances	2,696,387	3,330,545
Staff welfare and training	1,148,836	1,952,970
Telephone, internet and telex	8,281,125	6,430,650
Gifts, donations and hospitality	5,571,086	4,290,934
Rent	29,920,000	26,240,000
Stamp expenses	6,989,538	5,474,392
Advertisement	1,930,882	504,336
Repairs to equipment and furniture	2,734,081	1,256,267
Bank charges	2,256,883	1,728,423
Entertainment-others	1,358,082	2,125,071
Medical expenses	4,117,000	5,880,490
Admin Exp-NRE	17,251,286	15,558,637
Repairs & maintenance-office	87,294	-
Directors' fees	1,384,000	2,619,420
Health and Safety	211,580	-
Special Projects	2,225,112	876,701
	<u>435,354,758</u>	<u>413,153,408</u>
7. Net (Loss)/Profit for the year	1,018,750,575	(807,770,783)
After charging:		
Depreciation	32,600,324	30,631,923
Director's fees (see note 6)	1,384,000	2,619,420
Auditor's Remuneration	<u>2,900,000</u>	<u>2,820,420</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

8. Plant and Equipment

<u>Cost/Valuation</u>	<u>Furniture, Fixtures & Fittings</u> G\$	<u>Office Equipment</u> G\$	<u>Computer & Short Life Assets</u> G\$	<u>Motor Vehicles</u> G\$	<u>Firearms</u> G\$	<u>Computer Software</u> G\$	<u>Lab & Smelting Room</u> G\$	<u>Charity Office</u> G\$	<u>Renovation of Office Space</u> G\$	<u>Sundry Fixed Assets</u> G\$	<u>Total 2020</u> G\$	<u>Total 2019</u> G\$
At 1 January 2020	14,125,077	174,401,574	11,582,175	20,350,001	489,016	47,402,940	12,532,602	7,933,080	18,396,658	-	307,213,123	302,833,693
Adjustments	-	(282,483)	-	(1)	-	148,000	-	-	-	233,680	99,196	-
Additions	1,920,865	19,818,700	20,113,956	14,502,321	-	603,400	-	-	-	11,200	56,970,442	4,451,930
Revaluation	-	-	-	2,000,000	-	-	-	-	-	-	2,000,000	-
Disposal	-	-	-	-	-	-	-	-	-	-	-	(72,500)
At 31 December 2020	16,045,942	193,937,791	31,696,131	36,852,321	489,016	48,154,340	12,532,602	7,933,080	18,396,658	244,880	366,282,761	307,213,123
<u>Depreciation</u>												
At 1 January 2020	8,043,700	123,592,707	7,195,524	20,350,000	489,016	43,038,998	12,433,406	6,941,451	5,475,300	-	227,560,102	197,000,661
Reallocation	-	(93,471)	-	-	-	-	99,196	-	-	93,472	99,197	-
Charges for the Year	1,538,496	14,725,519	5,587,496	4,125,580	-	4,662,796	-	991,629	919,832	48,976	32,600,324	30,631,923
Charges Written Back	-	-	-	-	-	-	-	-	-	-	-	(72,482)
Transfer	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2020	9,582,196	138,224,755	12,783,020	24,475,580	489,016	47,701,794	12,532,602	7,933,080	6,395,132	142,448	260,259,623	227,560,102
<u>Net Book Values</u>												
At 31 December 2020	6,463,746	55,713,036	18,913,111	12,376,741	-	452,546	-	-	12,001,526	-	106,023,138	-
At 31 December 2019	6,081,377	50,808,867	4,386,651	1	-	4,363,942	99,196	991,629	12,921,358	-	-	79,653,021

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

	2020 G\$	2019 G\$
9. Inventories		
<u>Gold</u>		
<u>Within Guyana</u>		
Laboratory	255,537,740	118,784,789
Bank of Guyana	1,141,195,074	574,104,612
Guyana Geology and Mines Commission	4,987,848	28,520,894
Local Sales - G/Town	13,658,909	16,475,041
Port Kaituma	311,621,204	-
Bartica	407,480,174	250,149,878
	<u>2,134,480,949</u>	<u>988,035,214</u>
<u>Outside Guyana</u>		
Techmet	4,004,241,586	2,462,352,960
Deposit in transit	3,421,461,209	-
Royal Canadian Mint	14,732,848	15,393,346
	<u>9,574,916,592</u>	<u>3,465,781,520</u>
<u>Silver</u>		
Techmet	-	6,280,760
	<u>9,574,916,592</u>	<u>3,472,062,280</u>

- (i) Techmet Trading is as a broker for the Guyana Gold Board and is responsible to sell gold on the international market on the instructions of the Guyana Gold Board with regards to the acceptance of offer price. Techmet Trading does not receive a commission from Guyana Gold Board.
- (a) The cost of inventory recognised as expenses during the year amounted to G\$26,609,986,936 (2019 G\$ 24,015,934,050).
- (b) There was no write off of inventories during the year.
- (c) All inventories are expected to be recovered within 12 months except for 1,002.75 of ounces of gold valued at \$398,848,889 held at the Bank of Guyana which cannot be refined by Royal Canadian Mint (RCM).

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

	2020	2019
	G\$	G\$
10. Receivables and Prepayments		
Trade Receivables note (a)	1,395,532,816	37,322,963
Prepayments notes (b & c)	111,880,751	90,559,339
	<u>1,507,413,567</u>	<u>127,882,302</u>

(a) Trade receivables comprise of \$176,365,035 for Royalties and taxes due from License Dealers. \$1,182,200,411 due from Techmet, \$35,866,172 due from assays and \$1,101,198 from other receivables. The balance due from Techmet and royalties and taxes were subsequently received in January 2021.

(b) Included in this amount, the sum of \$52,836,844 represent expenditure incurred for the proposed Headquarters of GGB at Liliendaal, East Coast Demerara . This project was in partnership with the Ministry of Public Health. However, this contract was suspended in January 2021.

(c) Included in this amount, the sum of \$20,964,384 paid to Axis Guyana Inc. for design, testing and implementation of Regulatory and Compliance Software. However, this contract was suspended by the Honorable Minister of Natural Resources in 2020.

11. Cash and Bank

Republic Bank (Guyana) Limited	62,089,597	44,837,328
Citizen's Bank Guyana Limited	158,278,982	132,258,364
Bank of Guyana-US\$ account	287,546,362	326,974,037
Cash on Hand	16,257,895	4,499,451
	<u>524,172,836</u>	<u>508,569,180</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 terms and conditions for repayment is to be determine and formalise by both parties. Discussion was held during the year 2018 between Guyana Gold Board and Ministry of Finance to formalise terms of repayment. The Board of Directors of Guyana Gold Board agreed to favorable counter offer to repay this amount over period of time and is to be submitted to the Ministry of Finance for consideration.

14. Payables and Accruals

	2020	2019
	G\$	G\$
Trade Payables	136,695,723	133,583,999
Tax Payable	527,996,518	424,270,128
Royalties Payable	800,061,614	707,850,836
Accruals	15,405,443	8,902,096
Dealers Security Deposit	25,743,475	21,635,609
Others	34,828,742	34,560,950
	<u>1,540,731,515</u>	<u>1,330,803,618</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

	2020 G\$	2019 G\$
15. Bank Overdraft		
Bank of Guyana - Disbursement Account	<u>10,797,536,487</u>	<u>4,503,855,609</u>

Funds are deposited to the Disbursement Account and transferred via standing orders to the General Account. This account used for the purchase and sale of gold.

16. Revaluation Reserve

During the year, the company revalued a motor vehicle with a market value of \$2,000,000 and life expectancy of four years. This asset was fully depreciated in the previous years.

17. 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

	2020 G\$	2019 G\$
Guyana Geology and Mines Commission (GGMC)		
Royalties collected and remitted during the year	<u>8,195,310,625</u>	<u>6,083,334,530</u>
Assay testing	<u>2,567,500</u>	<u>-</u>
Balance at year end - inventory	<u>4,987,848</u>	<u>28,520,894</u>
Balance at year end - assay	<u>17,659,000</u>	<u>18,475,500</u>
Royalties payable	<u>800,061,614</u>	<u>707,857,686</u>

Guyana Revenue Authority (GRA)

Taxes collected and remitted during the year	<u>5,334,914,146</u>	<u>3,509,064,344</u>
Taxes payable	<u>527,996,518</u>	<u>424,270,128</u>

Bank of Guyana - Note 15

Balance at year end - cash at bank	<u>287,546,362</u>	<u>326,974,037</u>
Balance at year end - inventory	<u>1,141,195,074</u>	<u>574,104,612</u>

Ministry of Finance - Note 13

	<u>8,731,630,794</u>	<u>8,731,630,794</u>
--	----------------------	----------------------

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

17. (ii) Key Management Personnel

The company's key management personnel comprised of its Directors, the Secretary to the Board/Legal Officer, General Manager, Accountant, the Station Manager - Bartica and the Head of Laboratory. During the year remunerations paid to key management personnels were as follows:

	2020 G\$	2019 G\$
Short- term employee benefits	<u>43,911,026</u>	<u>39,520,961</u>

18. 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 2020

18. 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 2020		
	Average Interest Rate %	Non-Interest		Total
		Within 1 Year	Bearing	
Assets		G\$	G\$	G\$
Accounts Receivable and Prepayments	-	-	1,507,413,567	1,507,413,567
Cash and Bank	-	158,278,982	365,893,854	524,172,836
		158,278,982	1,873,307,421	2,031,586,403
Liabilities				
Bank Overdraft (unsecured)	-	-	10,797,536,487	10,797,536,487
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Payables and Accruals	-	-	1,540,731,515	1,540,731,515
		-	21,069,898,796	21,069,898,796
Interest Sensitivity Gap		158,278,982		
		Maturing 2019		
	Average Interest Rate %	Non-Interest		Total
		Within 1 Year	Bearing	
Assets		G\$	G\$	G\$
Accounts receivable and prepayments	-	-	127,882,302	127,882,302
Cash and Bank	-	132,258,364	376,310,816	508,569,180
		132,258,364	504,193,118	636,451,482
Liabilities				
Bank overdraft (unsecured)	-	-	4,503,855,609	4,503,855,609
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Payables and Accruals	-	-	1,330,803,618	1,330,803,618
		-	14,566,290,021	14,566,290,021
Interest Sensitivity Gap		132,258,364		

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

18. 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			
	2020			
	On demand	Within 1 -5 years	Over 5 years	Total
Assets	G\$	G\$		G\$
Accounts Receivable and Prepayments	-	1,507,413,567	-	1,507,413,567
Cash and Bank	524,172,836	-	-	524,172,836
	524,172,836	1,507,413,567	-	2,031,586,403
Liabilities				
Bank Overdraft (unsecured)	-	10,797,536,487	-	10,797,536,487
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Payables and Accruals	-	1,540,731,515	-	1,540,731,515
	-	12,338,268,002	8,731,630,794	21,069,898,796
Net Assets/(Liabilities)	524,172,836	(10,830,854,435)	(8,731,630,794)	(19,038,312,393)
	Maturing			
	2019			
	On demand	Within 1 year	Over 5 years	Total
Assets	G\$	G\$		G\$
Accounts receivable and prepayments	-	127,882,302	-	127,882,302
Cash on hand and at bank	508,569,180	-	-	508,569,180
	508,569,180	127,882,302	-	636,451,482
Liabilities				
Bank overdraft (unsecured)	-	4,503,855,609	-	4,503,855,609
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Accounts payable	-	1,330,803,618	-	1,330,803,618
	-	5,834,659,227	8,731,630,794	14,566,290,021
Net Assets/(Liabilities)	508,569,180	(5,706,776,925)	(8,731,630,794)	(13,929,838,539)

GUYANA GOLD BOARD
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

18. 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 creditworthy, 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>2020</u>	<u>2019</u>
	G\$	G\$
Cash at Bank	507,914,941	504,069,729
Accounts Receivable (excluding prepayments)	1,395,532,816	37,322,963
Inventory held with third party (i)	8,586,618,565	3,086,652,572
Total credit risk exposure	<u>10,490,066,322</u>	<u>3,628,045,264</u>

The accounts receivable balances are classified as follows:

Current	179,364,624	3,018,771
Past due but not impaired	1,216,168,192	34,304,192
	<u>1,395,532,816</u>	<u>37,322,963</u>

Ageing of accounts receivable which was past due but not impaired

365+ days	<u>1,395,532,816</u>	<u>34,304,192</u>
-----------	----------------------	-------------------

(i) Inventory held with third parties were adequately insured at 31 December 2020 as such this will reduce the credit risk.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

18. 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 US Dollars are as shown:

	<u>Total</u> G\$
31 December 2020	
Assets	<u>287,546,362</u>
31 December 2019	
Assets	<u>2,811,001,103</u>

Foreign Currency Sensitivity Analysis

The following table details the Company's sensitivity to a 1.5% 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 1.5% change in foreign currency rates. A positive number indicates an increase in profit where the US\$ strengthens 1.5% against the GY\$. For a 1.5% 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.

	2020 G\$	2019 G\$
Profit	<u>4,313,195</u>	<u>42,165,017</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 2020

19. 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\$
2020			
Assets			
Receivables and prepayments	1,507,413,567	-	1,507,413,567
Cash and bank	-	524,172,836	524,172,836
	<u>1,507,413,567</u>	<u>524,172,836</u>	<u>2,031,586,403</u>
Liabilities			
Bank overdraft (unsecured)	-	10,797,536,487	10,797,536,487
Advance from Ministry of Finance	-	8,731,630,794	8,731,630,794
Payables and Accruals	-	1,540,731,515	1,540,731,515
	<u>-</u>	<u>21,069,898,796</u>	<u>21,069,898,796</u>
	<u>Loans and Receivables</u> G\$	<u>Financial Assets and Liabilities at Amortised Cost</u> G\$	<u>Total</u> G\$
2019			
Assets			
Receivables and prepayments	127,882,302	-	127,882,302
Cash and bank	-	508,569,180	508,569,180
	<u>127,882,302</u>	<u>508,569,180</u>	<u>636,451,482</u>
Liabilities			
Bank overdraft (unsecured)	-	4,503,855,609	4,503,855,609
Advance from Ministry of Finance	-	8,731,630,794	8,731,630,794
Payables and Accruals	-	1,330,803,618	1,330,803,618
	<u>-</u>	<u>14,566,290,021</u>	<u>14,566,290,021</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

20. 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	2020	
		<u>Carrying Amount</u>	<u>Fair Value</u>
ASSETS		G\$	G\$
Plant and equipment	2	106,023,138	106,023,138
Inventory	1	9,574,916,592	9,574,916,592
Accounts receivables and prepayments	1	1,507,413,567	1,507,413,567
Cash and bank	2	524,172,836	524,172,836
		<u>11,712,526,133</u>	<u>11,712,526,133</u>
LIABILITIES			
Advance from Ministry of Finance	2	8,731,630,794	8,731,630,794
Bank overdraft	2	10,797,536,487	10,797,536,487
Accounts payable	1	1,540,731,515	1,540,731,515
		<u>21,069,898,796</u>	<u>21,069,898,796</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

20. 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	2019	
		<u>Carrying Amount</u>	<u>Fair Value</u>
ASSETS		G\$	G\$
Plant and equipment	2	79,653,020	79,653,020
Inventory	1	3,472,062,281	3,472,062,281
Accounts receivables and prepayments	1	127,882,302	127,882,302
Cash and bank	2	508,569,180	508,569,180
		<u>4,188,166,783</u>	<u>4,188,166,783</u>
LIABILITIES			
Advance from Ministry of Finance	2	8,731,630,794	8,731,630,794
Bank overdraft	2	4,503,855,609	4,503,855,609
Accounts payable	1	1,330,803,618	1,330,803,618
		<u>14,566,290,021</u>	<u>14,566,290,021</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.

21. Litigation

At year end, there was a legal matter pending and awaiting date for hearing in the Court of Guyana.



December 7th, 2021

Mr. Gobind Ganga
Chairman
Guyana Gold Board
68 Upper Brickdam
Georgetown
Guyana.

Dear Mr. Ganga,

AUDIT OF THE FINANCIAL STATEMENTS OF
GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER, 2020

The audit of the books and accounts of Guyana Gold Board for the year ended 31 December 2020, 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 Board'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

PRIOR YEAR MATTERS NOT RESOLVED

1. ADMINISTRATIVE EXPENSES - NRE

Finding

During the year under review, the Board expended the sum of **seventeen million two hundred and fifty one thousand two hundred and eighty six dollars (\$17,251,286)** as payroll expenses on behalf of the Ministry of Natural Resources as shown in note 6 of the financial statements. This payment represents employment costs for three (3) employees of the Ministry of Natural Resources.

In this regard, we were unable to determine whether the Guyana Gold Board obtained benefits from three employees since directives were coming from the Ministry of Natural Resources. As such, the related expense could not be solely and exclusively incurred on the operations of the Board and therefore deemed ineligible expenditure.

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

This matter was discussed previously by the Board of Directors and to date, no further actions were taken to date.

Effect

Profits may be understated in the financial statements.

Recommendations

- i. We recommend that management ensure that expenditures incurred and paid by Guyana Gold Board are solely and exclusively for the generation of income as previously mentioned in our reports.
- ii. Both agencies should agree to a Memorandum of Understanding transferring three (3) employees under the directives of Guyana Gold Board since the annual costs were already incurred by the Board.

Management Response

This issue was raised and addressed at several Board of Director's meetings. The mandate came through the Permanent Secretary to have the three (3) staffs on the payroll and as such GGB must carry out the mandate. Our sister agency GGMC does likewise.

Auditor's Response

We believe this instruction should be carried out based on documented proof of authorization/instructions obtained from the Permanent Secretary, Natural Resources and a copy should be shared with the auditors.

2. TAXATION

Finding

Our inquiry from management indicated that the Guyana Gold Board is exempt from Corporation and Property taxes. However, we were unable to ascertain this from the Governing Act. The Guyana Gold Board has not paid nor accrued for taxes in the financial statements since its formation.

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

Management promised to write the Commissioner General of Guyana Revenue Authority on this matter. To date, we have not received copy of communication between the Guyana Gold Board and the Guyana Revenue Authority.

Effect

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

Recommendations

- i. This matter should be raised with the current Board of Directors and a formal letter should be addressed to the Minister of Natural Resources for information and any necessary action.
- ii. We also recommend that senior management carry out urgent dialogue with the Guyana Revenue Authority to finalize this critical matter as soon as possible.

Management response

GGB engaged one of GRA's Deputy Commissioner, on the issue of GGB's exemption from corporation and property taxes. The officer referenced the aspect of the GRA's act that supports GGB's exemption from paying the taxes and undertook to have same documented. GGB will follow up on this pending matter and have it rectified.

Auditor' Response

We implore that management expedite this matter as soon as possible with the GRA.

CURRENT YEAR MATTERS NOW REPORTED

3. PREPAYMENTS

Findings

At year end, prepayments amounted to \$111,880,751 as shown in note 10 of the financial statements. Included in this amount, the sum of \$52,836,844 and \$20,964,384 represent respectively payments made for construction of the Headquarters at Liliendaal and to Axis Guyana Inc.

These projects were suspended in 2021 by the Ministry of Natural Resources and the Board of Directors with no indication of continuance of the project. However, these amounts remain as prepayments. Post year end verification revealed the above amounts were not adjusted for.

Similarly, input vat amounting to \$7,818,898 paid to Guyana Revenue Authority for Gold Medallions were shown as prepayments. However, these medallions are in the possession of the Board in 2020 and as such, this amount should be recognized as direct expense immediately.

The services were fully provided and the full amounts should be expense immediately to the profit or loss account. We consider these amounts to be significant to the financial statements.

Effect

Prepayments overstated by \$81,620,126 in the statement of financial position.

Recommendation

We recommend that the full amount of \$81,620,126, be shown as expenses in the statement of profit and loss.

Management Response

The projects were suspended following instructions at the MNR level; however, GGB anticipates both projects will resume in 2022 since they are critical to the smooth flow of the operation.

Auditor' Response

Perusal of minutes of meeting of the Board of Directors indicates significant sums of monies would be require for the construction of proposed headquarters; hence there was no indication of time for the re-commencement of construction of headquarters and acquisition of a regulatory framework system from Axis Guyana Inc.

4. INVENTORIES

Finding

Included in inventory balance shown in note 9 of the financial statements, there is a balance of 1,002.75 ounces of gold valued at G\$398,848,889 which would not be accepted by Royal Canadian Mint (RCM) for refining.

This balance of inventory would take a great number of years to be sold on local market.

Effect

This reduces the Board's liquidity and would have a negative impact on the cash flows of the Guyana Gold Board and a significant impact on the Board's operating activities.

Recommendation

We recommend the Board continue to remain vigilant on the policy and procedures when making purchases of gold from authorized dealers.

Management Response

The 1,002.75 ounces of gold held as inventory would take a few years to be sold on the local market; however, the licensed gold dealer indicated that he wishes to buy back the metal. However the price had already plummeted, hence a decision was taken not to resell at such a low price. Once gold price spikes to a reasonable height and the dealer wishes to purchase, GGB will take that opportunity to resell the metal back to the dealer.

5. ASSAY RECEIVABLES AND PAYABLES

Findings

As at year end, the sum of \$1,395,532,816 is shown in note 10 of the financial statements as Receivables. Included in this sum, the amount of \$35,897,016 represents assay receivables. Further review revealed that this represents long outstanding balances based on the Debtor's aging analysis provided by GGB.

Similarly, assay payables amounting to \$136,695,723 is shown in note 14 of the financial statements. A review of the Creditor's aging analysis also revealed long outstanding balances as per the schedule below:

Years	Debtor's balances \$	Creditor's balances \$
2012	942,289	3,064,788
2013	5,195,023	11,525,249
2014	4,664,854	15,656,926
2015	1,403,732	7,232,913
2016	1,012,914	6,589,863
2017	17,177,421	68,651,576
2018	1,844,870	4,842,174
2019	1,155,191	5,455,107
2020	2,500,722	13,673,986
Total	35,897,016	136,692,582

Our audit examination revealed that there are instances where debtors and creditors are the same individual resulting with a net position of credit balances owed to the customer. In this regard, GGB do not maintain individual customer's ledgers to show the net balances at any point in time.

Effect

We are of the opinion that the above findings deserve to be mentioned for management awareness.

Recommendation

We recommend that management acquire an operating system to provide monthly customer's balances on the trading activities carried out by the Board.

Management response

GGB has implemented a policy of writing off assays receivables and payables 10 years old. It is anticipated that with the implementation of the XRF transactions would be settled as they occur – testing would be done at the GGB when clients sell, therefore there will be no need for assay payments. It is hoped that this will get on the way by June 2022.

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