

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

**FOR THE YEAR ENDED
31 DECEMBER 2021**

**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 2021

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Audit Office of Guyana

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35/SO:13/2/2023

26 January, 2023

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 2021

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,


Nichette Harcourt
Audit Manager.



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

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AG: 15/2023

26 January 2023

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 2021

Opinion

Chartered Accountants Maurice Solomon and Company have audited on my behalf the financial statements of the Guyana Gold Board, which comprise of the statement of financial position as at 31 December 2021, 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 2021 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 (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 whether this is factual since I was not provided with an exemption letter that gives legal effect to this representation. 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 \$17,366,872 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.

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

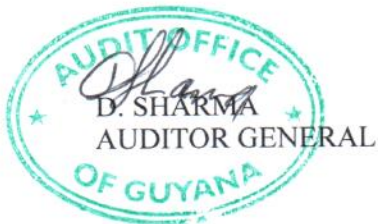
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 2021**

MSC 002/2023

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 2021, 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, 2021, 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 further 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 whether this is factual since we were not provided with an exemption letter that gives legal effect to this representation. 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, three hundred sixty six thousand, eight hundred seventy two dollars (G\$17,366,872) under Administrative expenses – NRE. This amount relates to employment costs paid by the Guyana Gold 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.

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.

A handwritten signature in dark ink, appearing to read 'Maurice Solomon & Co.', is written over a horizontal dotted line.

Maurice Solomon & Co.
Chartered Accountants
January 13, 2023

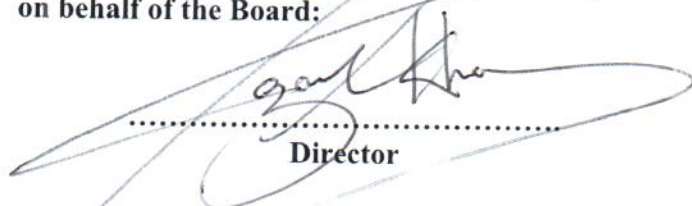
GUYANA GOLD BOARD

STATEMENT OF FINANCIAL POSITION

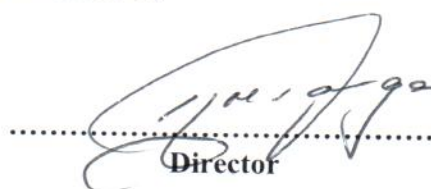
AS AT 31 DECEMBER 2021

ASSETS	<u>Notes</u>	<u>2021</u> G\$	<u>2020</u> G\$
Non-Current Assets			
Plant and Equipment	8	86,224,171	106,023,138
Current Assets			
Inventories	9	8,210,341,121	9,574,916,592
Receivables and Prepayments	10	179,607,355	1,507,413,567
Cash and Bank	11	546,538,422	524,172,836
		<u>8,936,486,898</u>	<u>11,606,502,995</u>
TOTAL ASSETS		<u>9,022,711,069</u>	<u>11,712,526,133</u>
EQUITY AND LIABILITIES			
Equity			
Government Contribution	12	108,577,100	108,577,100
Accumulated Deficit		(9,930,488,205)	(9,467,949,763)
Revaluation Reserve	16	2,000,000	2,000,000
		<u>(9,819,911,105)</u>	<u>(9,357,372,663)</u>
NON-CURRENT LIABILITIES			
Advance from Ministry of Finance	13	8,731,630,794	8,731,630,794
CURRENT LIABILITIES			
Payables and Accruals	14	1,512,229,960	1,540,731,515
Bank Overdraft (unsecured)	15	8,598,761,420	10,797,536,487
		<u>10,110,991,380</u>	<u>12,338,268,002</u>
TOTAL EQUITY AND LIABILITIES		<u>9,022,711,069</u>	<u>11,712,526,133</u>

These financial statements were approved by the Board of Directors on
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 2021

	<u>Notes</u>	<u>2021</u> G\$	<u>2020</u> G\$
Sales	3	35,226,141,869	27,832,165,097
Cost of Sales	4	<u>(35,475,986,808)</u>	<u>(26,609,986,936)</u>
Gross Profit/(Loss)		(249,844,939)	1,222,178,161
Other Income	5	<u>230,422,008</u>	<u>231,927,172</u>
Operating Profit/(Loss)		(19,422,931)	1,454,105,333
Administrative Expenses	6	<u>(443,115,511)</u>	<u>(435,354,758)</u>
Profit/(Loss) for the year	7	<u><u>(462,538,442)</u></u>	<u><u>1,018,750,575</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 2021

	2021	2020
	G\$	G\$
Operating Activities		
Profit/(Loss) for the year	(462,538,442)	1,018,750,575
Adjustment for:		
(Gain) on Disposal of Plant & Equipment	(182,773)	-
Depreciation	27,568,456	32,600,324
Operating profit/(loss) before working capital changes	(435,152,759)	1,051,350,899
(Increase)/Decrease in inventories	1,364,575,471	(6,102,854,312)
(Increase)/Decrease in accounts receivable and prepayments	1,327,806,212	(1,379,531,265)
Increase/(Decrease) in accounts payables	(28,501,555)	209,927,898
Net cash (absorbed)/generated in operating activities	2,228,727,369	(6,221,106,780)
Investing Activities		
Acquisition of non- current assets	(7,836,716)	(56,970,442)
Proceeds from disposal	250,000	-
Net cash used in investing activities	(7,586,716)	(56,970,442)
Net (decrease)/increase in cash and cash equivalents	2,221,140,653	(6,278,077,222)
Cash and cash equivalents at the beginning of the year	(10,273,363,651)	(3,995,286,429)
Cash and cash equivalents at the end of the year	(8,052,222,998)	(10,273,363,651)
Cash and cash equivalents comprise of:		
Cash on hand and at bank	546,538,422	524,172,836
Bank overdraft - unsecured	(8,598,761,420)	(10,797,536,487)
	(8,052,222,998)	(10,273,363,651)

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 2021

	Government Contribution G\$	Accumulated Deficit G\$	Revaluation Reserve G\$	Total G\$
Balance at 1 January 2020	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)
Changes in Equity 2021				
Loss for the year	-	(462,538,442)	-	(462,538,442)
Balance at 31st December 2021	108,577,100	(9,930,488,205)	2,000,000	(9,819,911,105)

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

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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 2021 - nine (9) - 2020-nine (10) 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 2021

2. Basis of Accounting Cont'd

Standards, amendments and interpretations that are effective and have not been adopted by the Company (cont'd)

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.

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 2021

2. Basis of Accounting 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 were 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 2021

2. Basis of Accounting Cont'd

(i) Revenue and expense recognition cont'd

Foreign Sales

The Board recognises revenue when Techmet 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 (RCM) where it is refined and then marketed through its agent- Techmet Trading. **In 2022 the Guyana Gold Board no longer export to Royal Canadian Mint (RCM) or made sales through its agent, Techmet.**

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 were 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.

(k) Purchases

Purchases of gold were 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.

(l) Financial instruments

Financial assets and liabilities were 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 were short term in nature

Accounts payables

These were recognised at amortised cost.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

	2021	2020
	G\$	G\$
3. Sales		
Local Sales	177,247,237	100,889,850
Gold Medallion	2,000,000	24,500,000
Foreign Sales	35,046,894,632	27,706,775,247
	<u>35,226,141,869</u>	<u>27,832,165,097</u>
4. Cost of Sales		
Inventory at 1 January	9,574,916,592	3,472,062,281
Purchases	34,050,185,977	32,646,485,182
Shipping and refining costs	61,225,360	66,356,065
	<u>43,686,327,929</u>	<u>36,184,903,528</u>
Inventory at 31 December	(8,210,341,121)	(9,574,916,592)
	<u>35,475,986,808</u>	<u>26,609,986,936</u>
5. Other Income		
Sale of silver	20,487,491	27,257,730
Lease income	3,227,455	2,170,247
Miscellaneous income	60,969,654	71,968,344
Exporter's licence Fee (Dealers)	18,000,000	18,000,000
Processing Fees	120,067,400	106,915,425
Option premium	7,487,235	5,615,426
Gain on Disposal of assets	182,773	-
	<u>230,422,008</u>	<u>231,927,172</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

	2021	2020
	G\$	G\$
6. Administrative Expenses		
Insurance	23,164,300	22,267,341
Employment costs	199,188,786	186,146,959
Depreciation	27,568,456	32,600,324
Audit Fee	1,332,079	2,900,000
Security	41,927,274	41,061,705
Motor vehicle maintenance	295,169	1,011,216
Sample tests	3,084,400	4,898,000
Stationery and supplies	8,654,801	9,394,448
Others	36,136,383	37,662,711
Gold burning	5,396,075	6,214,141
Office maintenance	1,910,067	3,034,741
Meal allowances	3,192,932	2,696,387
Staff welfare and training	4,077,819	1,148,836
Telephone, internet and telex	7,998,936	8,281,125
Gifts, donations and hospitality	4,933,396	5,571,086
Rent	30,240,000	29,920,000
Stamp expenses	5,851,588	6,989,538
Advertisement	501,133	1,930,882
Repairs to equipment and furniture	2,689,656	2,734,081
Bank charges	2,981,562	2,256,883
Entertainment-others	222,766	1,358,082
Medical expenses	8,127,500	4,117,000
Admin Exp-NRE	17,366,872	17,251,286
Repairs & maintenance-office	1,714,900	87,294
Directors' fees	3,528,000	1,384,000
Health and Safety	703,387	211,580
Special Projects	327,274	2,225,112
	<u>443,115,511</u>	<u>435,354,758</u>
7. Net Profit/(Loss) for the year	(462,538,442)	1,018,750,575
After charging:		
Depreciation	27,568,456	32,600,324
Director's fees (see note 6)	3,528,000	1,384,000
Auditor's Remuneration	<u>1,332,079</u>	<u>2,900,000</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

8. Plant and Equipment

	<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 2021</u> G\$	<u>Total 2020</u> G\$
<u>Cost/Valuation</u>												
At 1 January 2021	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
Adjustments	-	-	-	-	-	-	-	-	-	-	-	99,196
Additions	560,524	5,139,301	2,077,554	-	-	-	-	-	-	59,337	7,836,716	56,970,442
Revaluation	-	-	-	-	-	-	-	-	-	-	-	2,000,000
Disposal	(41,760)	(1,687,054)	(400,000)	-	-	-	-	(55,000)	-	-	(2,183,814)	-
At 31 December 2021	16,564,706	197,390,038	33,373,685	36,852,321	489,016	48,154,340	12,532,602	7,878,080	18,396,658	304,217	371,935,663	366,282,761
<u>Depreciation</u>												
At 1 January 2021	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
Reallocation	-	-	-	-	-	-	-	-	-	-	-	99,197
Charges for the Year	1,388,834	14,731,303	5,691,211	4,625,580	-	150,852	-	-	919,832	60,844	27,568,456	32,600,324
Charges Written Back	(33,408)	(1,628,179)	(400,000)	-	-	-	-	(55,000)	-	-	(2,116,587)	-
Transfer	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2021	10,937,622	151,327,879	18,074,231	29,101,160	489,016	47,852,646	12,532,602	7,878,080	7,314,964	203,292	285,711,492	260,259,623
<u>Net Book Values</u>												
At 31 December 2021	5,627,084	46,062,159	15,299,454	7,751,161	-	301,694	-	-	11,081,694	100,925	86,224,171	-
At 31 December 2020	6,463,746	55,713,036	18,913,111	12,376,741	-	452,546	-	-	12,001,526	102,432	-	106,023,138

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

	2021 G\$	2020 G\$
9. Inventories		
<u>Gold</u>		
<u>Within Guyana</u>		
Laboratory	241,036,075	255,537,740
Bank of Guyana	1,028,905,402	1,141,195,074
Guyana Geology and Mines Commission	16,653,402	4,987,848
Local Sales - G/Town	37,800,274	13,658,909
Port Kaituma	5,163,282	311,621,204
Bartica	120,263,510	407,480,174
	1,449,821,945	2,134,480,949
<u>Outside Guyana</u>		
Techmet	-	4,004,241,586
Deposit in transit	-	3,421,461,209
Royal Canadian Mint (RCM)	6,755,497,694	14,732,848
	8,205,319,639	9,574,916,592
<u>Silver</u>		
Techmet	5,021,482	-
	8,210,341,121	9,574,916,592

- (a) 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.

The cost of inventory recognised as expenses during the year amounted to G\$35,475,986,808

- (b) (2020 G\$ 26,609,986,936).

- (c) There was no write off of inventories during the year.

- (d) All inventories are expected to be recovered within 12 months.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

	2021	2020
	G\$	G\$
10. Receivables and Prepayments		
Trade Receivables note (a)	83,626,896	1,395,532,816
Prepayments notes (b & c)	95,980,459	111,880,751
	<u>179,607,355</u>	<u>1,507,413,567</u>

(a) Trade receivables comprise of \$49,497,070 for Royalties and taxes due from License Dealers. \$33,955,882 due from assays and \$173,944 from other receivables.

(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	33,233,384	62,089,597
Citizen's Bank Guyana Limited	104,624,132	158,278,982
Guyana Bank of Trade and Industry Limited	37,917,717	-
Bank of Guyana	349,335,112	287,546,362
Cash on Hand	21,428,077	16,257,895
	<u>546,538,422</u>	<u>524,172,836</u>

12. Government Contribution

<u>108,577,100</u>	<u>108,577,100</u>
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13. Ministry of Finance

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

	2021	2020
	G\$	G\$
Trade Payables	172,039,730	136,695,723
Tax Payable	498,070,161	527,996,518
Royalties Payable	757,211,894	800,061,614
Accruals	18,659,723	15,405,443
Dealers Security Deposit	29,804,527	25,743,475
Others	36,443,925	34,828,742
	<u>1,512,229,960</u>	<u>1,540,731,515</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

	2021 G\$	2020 G\$
15. Bank Overdraft		
Bank of Guyana - Disbursement Account	<u>8,598,761,420</u>	<u>10,797,536,487</u>

Funds were 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

In the year ended 31 December 2020, the company revalued a motor vehicle with a market value of \$2,000,000 and life expectancy of four (4) years. This asset was fully depreciated in the previous years.

17. Related Party Transactions

- (a) Parties were 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

	2021 G\$	2020 G\$
Guyana Geology and Mines Commission (GGMC)		
Royalties collected and remitted during the year	7,467,030,332	8,195,310,625
Assay testing	<u>3,078,000</u>	<u>2,567,500</u>
Balance at year end - inventory	<u>16,653,402</u>	<u>4,987,848</u>
Balance at year end - assay	<u>19,110,500</u>	<u>17,659,000</u>
Royalties payable	<u>757,211,894</u>	<u>800,061,614</u>

Guyana Revenue Authority (GRA)

Taxes collected and remitted during the year	4,896,029,921	5,334,914,146
Taxes payable	<u>498,070,161</u>	<u>527,996,518</u>

Bank of Guyana - Note 15

Bank Overdraft	(8,598,761,420)	(10,797,536,487)
Balance at year end - cash at bank	<u>349,335,112</u>	<u>287,546,362</u>
Balance at year end - inventory	<u>1,028,905,402</u>	<u>1,141,195,074</u>

Ministry of Finance - Note 13

	<u>8,731,630,794</u>	<u>8,731,630,794</u>
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GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

18. Key Management Personnel

The company's key management personnel comprised of its Directors, General Manager, Admin Manager, Finance Manager, Accountant, the Station Manager - Bartica, Station Manager - Port Kaituma and the Head of Laboratory. During the year remunerations paid to key management personnels were as follows:

	2021 G\$	2020 G\$
Short- term employee benefits	<u>52,513,042</u>	<u>43,911,026</u>

19. 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 2021

19. 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.

	Average Interest Rate %	Maturing 2021		
		Non-Interest		Total
		Within 1 Year	Bearing	
Assets		G\$	G\$	G\$
Accounts Receivable and Prepayments	-	-	179,607,355	179,607,355
Cash and Bank	-	104,624,132	441,914,290	546,538,422
		104,624,132	621,521,645	726,145,777
Liabilities				
Bank Overdraft (unsecured)	-	-	8,598,761,420	8,598,761,420
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Payables and Accruals	-	-	1,512,229,960	1,512,229,960
		-	18,842,622,174	18,842,622,174
Interest Sensitivity Gap		104,624,132		

	Average Interest Rate %	Maturing 2020		
		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		

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

19. 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				
2021				
	On demand	Within 1 -5 years	Over 5 years	Total
Assets	G\$	G\$		G\$
Accounts Receivable and Prepayments	-	179,607,355	-	179,607,355
Cash and Bank	546,538,422	-	-	546,538,422
	546,538,422	179,607,355	-	726,145,777
Liabilities				
Bank Overdraft (unsecured)	-	8,598,761,420	-	8,598,761,420
Advance from Ministry of Finance	-	-	8,731,630,794	8,731,630,794
Payables and Accruals	-	1,512,229,960	-	1,512,229,960
	-	10,110,991,380	8,731,630,794	18,842,622,174
Net Assets/(Liabilities)	546,538,422	(9,931,384,025)	(8,731,630,794)	(18,116,476,397)

Maturing				
2020				
	On demand	Within 1 year	Over 5 years	Total
Assets	G\$	G\$		G\$
Accounts receivable and prepayments	-	1,507,413,567	-	1,507,413,567
Cash on hand and at 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
Accounts payable	-	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)

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

19. 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 Board's maximum exposure to credit risk:

	<u>2021</u>	<u>2020</u>
	G\$	G\$
Cash at Bank	525,110,345	507,914,941
Trade Receivable (excluding prepayments)	83,626,896	1,395,532,816
Inventories held with third party (i)	7,806,077,980	8,586,618,565
Total credit risk exposure	8,414,815,221	10,490,066,322

The accounts receivable balances are classified as follows:

Current	51,265,677	179,364,624
Past due but not impaired	32,361,219	1,216,168,192
	83,626,896	1,395,532,816

Ageing of accounts receivable which was past due but not impaired

365+ days	32,361,219	1,395,532,816
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(i) Inventory held with third parties were adequately insured at 31 December 2021 as such this will reduce the credit risk.

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

19. Financial Risk Management - (Cont'd)

(d) Currency Risk

The Board's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from inventory. The currency which the Guyana Gold Board 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 2021	
Assets	<u>240,855,896</u>
31 December 2020	
Assets	<u>287,546,362</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.

	2021 G\$	2020 G\$
Profit	<u>3,612,838</u>	<u>4,313,195</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 2021

20. 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\$
2021			
Assets			
Receivables and prepayments	179,607,355	-	179,607,355
Cash and bank	-	546,538,422	546,538,422
	<u>179,607,355</u>	<u>546,538,422</u>	<u>726,145,777</u>
Liabilities			
Bank overdraft (unsecured)	-	8,598,761,420	8,598,761,420
Advance from Ministry of Finance	-	8,731,630,794	8,731,630,794
Payables and Accruals	-	1,512,229,960	1,512,229,960
	<u>-</u>	<u>18,842,622,174</u>	<u>18,842,622,174</u>
	<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>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

21. 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.

Fair values are stated for disclosure purpose.			
	IFRS 13 Levels	2021	
		<u>Carrying Amount</u>	<u>Fair Value</u>
ASSETS		G\$	G\$
Plant and equipment	2	86,224,171	86,224,171
Inventories	1	8,210,341,121	8,210,341,121
Trade receivables and prepayments	3	179,607,355	179,607,355
Cash and bank	3	546,538,422	546,538,422
		<u>9,022,711,069</u>	<u>9,022,711,069</u>
LIABILITIES			
Advance from Ministry of Finance	3	8,731,630,794	8,731,630,794
Bank overdraft	3	8,598,761,420	8,598,761,420
Accounts payable	3	1,512,229,960	1,512,229,960
		<u>18,842,622,174</u>	<u>18,842,622,174</u>

GUYANA GOLD BOARD

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

21. 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	2020	
		<u>Carrying</u>	<u>Fair Value</u>
		<u>Amount</u>	
ASSETS		G\$	G\$
Plant and equipment	2	106,023,138	106,023,138
Inventories	1	9,574,916,592	9,574,916,592
Accounts receivables and prepayments	3	1,507,413,567	1,507,413,567
Cash and bank	3	524,172,836	524,172,836
		<u>11,712,526,133</u>	<u>11,712,526,133</u>
LIABILITIES			
Advance from Ministry of Finance	3	8,731,630,794	8,731,630,794
Bank overdraft	3	10,797,536,487	10,797,536,487
Accounts payable	3	1,540,731,515	1,540,731,515
		<u>21,069,898,796</u>	<u>21,069,898,796</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.

22. Litigation

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



January 13, 2023

Ms. Eondrene Thompson
General Manager
Guyana Gold Board
133 Crown Street
Queenstown
Georgetown

Dear Ms. Thompson

AUDIT OF THE FINANCIAL STATEMENTS OF
GUYANA GOLD BOARD
FOR THE YEAR ENDED 31 DECEMBER, 2021

The audit of the books and accounts of Guyana Gold Board for the year ended 31 December 2021, 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 three hundred and sixty-six thousand eight hundred and seventy-two dollars (\$17,366,872)** 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 (3) 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.

Effect

Profits may be understated in the financial statements.

Recommendation

We recommend that management ensure that expenditures incurred and paid by Guyana Gold Board are solely and exclusively for the generation of income and operation of the Guyana Gold Board as previously mentioned in our reports.

Management response

This matter was brought up at the Board of Directors meeting. The conclusion is, it was the Ministry's decision and the board cannot undo the same. This category of expenditure remains isolated in Administrative expenditures.

Auditor Response

We fully understand the board's view, however, no written documentation was submitted to substantiate this decision.

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 the communication between the Guyana Gold Board and the Guyana Revenue Authority.

Effect

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

Recommendations

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 on this matter.

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

A meeting was held with one of the Deputy Commissioner of GRA and GGB was advised that the matter will be discussed with the Attorney General for clearer insights.

Auditor's response

We agree with the directions taken by the board, however, it will be of importance for copies of documentation surrounding this matter to be shared with the auditors. There were no formal documentation of this matter and to date there has not been a clear outcome.

CURRENT YEAR MATTERS NOW REPORTED

3. BOARD MINUTES AND STATUTORY RECORDS

Finding

For the year under review, it was observed that the Board of Directors consists of eight (8) members and these appointments were advertised in the local Gazette dated October 16, 2020 and October 11, 2021. The life of the Board is for the period of one (1) year.

However, the maximum number of members that are allowed on the board is seven (7) members according to Section 3 and First Schedule paragraph 1 of Guyana Gold Board Act 1981.

Effect

This is in breach of Section 3 of the Guyana Gold Board Act 1981.

Recommendation

We recommend that this matter should be discussed with the Chairman, Board of Directors and to advise the Minister of Natural Resources to make possible amendments effectively on appointment of newly constitute Board of Directors as to fully comply with Section 3 of Guyana Gold Board Act 1981.

Management response

The General Manager is gazetted as an ex-officio member. Therefore there are seven directors.

Auditor's Response

Section 3 and First Schedule paragraph 1 of Guyana Gold Board Act 1981 states "*The Board shall consist of not less than three and not more than seven persons, including the general manager, appointed by the Minister from among persons appearing to him to be qualified for appointment by reason of their experience of, and shown capacity in, industry, trade, commerce and marketing.*"

Therefore, the Guyana Gold Board is not in compliance with the Guyana Gold Board Act 1981.

4. PREPAYMENTS

Finding

At year end, prepayments amounted to \$95,980,459 as shown in note 10 of the financial statements. Included in this amount, the sum of \$52,836,844 and \$20,964,384 represent payments made for construction of the Headquarters at Liliendaal and to Axis Guyana Inc. for design, testing and implementation of Regulatory and Compliance Software respectively.

These projects were suspended in 2021 and 2020 respectively by the Ministry of Natural Resources.

However, these amounts continue to remain as prepayments under current assets in the financial statements. We consider the values of prepayments to be significant to the financial statements.

Effect

Current assets are overstated by \$73,801,228 and not properly disclosed in the Statement of Financial Position.

Recommendation

We recommend that management make the appropriate entries to the underlying accounts of the Board as to comply with generally accepted accounting principles.

Management Response

Following instructions to suspend the projects, GGB awaits instructions on the way forward.

Auditor's Response

The Guyana Gold Board has obtained no ownership nor benefit from the expenditure incurred and as such, should not be considered as assets of the entity but rather be expensed in the statement of profit and loss.

5. ASSAY RECEIVABLES AND PAYABLES

Finding

As at year end, the sum of G\$83,626,896 is shown in note 10 of the financial statements as Receivables. Included in this sum, the amount of G\$33,955,882 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 G\$172,039,730 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 \$
2013	5,195,023	11,525,249
2014	4,664,854	15,619,074
2015	1,403,732	7,217,097
2016	1,012,914	6,578,419
2017	17,091,998	67,938,527
2018	1,811,320	4,566,730
2019	871,971	4,436,171
2020	305,917	7,135,914
2021	1,594,663	47,887,686
Total	33,952,392	172,904,867

Further analysis of these balances revealed debtors and creditors are the same individual resulting with a net position either as a creditor or debtor balance to the customer.

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 taking both assay receivables and payables into consideration.

Management Response

The policy guidance on this matter is to write off assay 10 year and older, each year this is done. However based on the nature of the operation, clients who may have been inactive for several years may return with valid identification to claim their assays. Additionally, based on the clause inscribed on the payment advice, the client as well as GGB has a legitimate expectation to the difference between the initial payment made on the density and the results of the assay test done.

6. PRICING FIXING: PURCHASE OF GOLD

Finding

Our audit examination revealed instances where the London Bullion Market Association (LBMA) fixed prices were not used by Guyana Gold Board (GGB) at the time of purchase.

Details are shown below:

Date of transaction	LBMA AM Price \$	LBMA PM Price \$	GGB AM Price \$	GGB PM Price \$	Variance AM price \$	Effect on daily transaction \$	Variance PM price \$
19 January 2021	1,843.10	1,834.70	1,841.70	1,834.70	1.40	14,129	Nil
20 January 2021	1,854.60	18,56.60	1,853.40	1,856.60	1.20	114,833	Nil
21 January 2021	1,867.65	1,862.10	1,869.30	1,862.10	1.65	74,344	Nil
Total						203,306	

Effect

Purchases were understated by G\$203,306 in the statement of profit or loss and sellers were underpaid by the same amount.

Recommendation

We recommend the management ensure that the correct pricing at the specific time is used for the purchase of gold.

Management Response

Techmett Trading, GGB's broker facilitated GGB with the daily gold fixes (prices) since the LBMA ceased publishing prices on a real time basis and GGB was processing its agreement with ICE/FASTMARKET to receive the gold price-a procedure that had to be followed to receive the LBMA gold fixes.

On all three occasions, Techmett Trading inadvertently quoted the incorrect price. GGB had no way of verifying whether it was correct, hence the incorrect price was used.

GGB is now registered with ICE/FASTMARKET to receive the real time pricing.

7. LOANS AND ADVANCES PAYABLE

Finding

There was no documentation detailing the terms and conditions of the sum of G\$8,731,630,794 shown as an Advance from the Ministry of Finance. There was no movement on this balance from prior years.

Discussions were held between the Ministry of Finance and the Guyana Gold Board to formalise the repayment terms in 2018. The Board of Directors agreed to a favourable repayment period and this was to be submitted to the Ministry of Finance for their consideration.

Effect

Profits and liabilities may be misstated in the financial statements.

Recommendation

We recommend that Board of Directors and management maintain a dialogue with the Ministry of Finance as to bring this matter to a closure.

Managements Response

GGB so far has been unable to make any payment on the balance representing advances made by the MOF. GGB anticipates making payments in the 2023.

8. CASH ON HAND

Finding

For the period May 20 – July 2021, there was a significant amount of cash amounting to G\$100 million transported to and held at Port Kaituma branch to conduct business on behalf of the Guyana Gold Board. We found that this action was in breach of the cash insurance policy with CBC UK Limited which covers USD\$25,000 as stated in the insurance policy.

There is no insurance for cash in transit from Georgetown, including from Bank of Guyana, destined to Port Kaituma via flight at Ogle International Inc.

Implication

In the event of any loss, the Guyana Gold Board may be covered from insurance risk up to maximum of USD\$25,000 only.

Recommendation

We recommend that the Guyana Gold Board complies with its policy limits as prescribed in the CBC UK Limited Insurance Policy.

Management Response

Due to the frequent closure of the GBTI office in Port Kaituma, GGB's office was forced to find a contingent plan to ensure that its operation at that location remains open to adequately serve its customers. As such a decision was made to have cash on hand readily available to pay clients.

Please note this was a one off instance after the Port Kaituma office was unable to purchase gold for a two day period due to the closure of the GBTI bank.

To correct this situation, GGB seeks to increase its insurance coverage to cover times of increased cash on hand at its PK Office.

Auditor's Response

We have obtained a confirmation form the insurance brokers confirming the increase of the insurance coverage to US\$50,000.

9. EDUCATIONAL ASSISTANCE GRANT

Findings

During our audit, we identified a scholarship was awarded to the legal analyst/ compliance assistant for a two (2) year programme to pursue a legal education certificate. The annual tuition fee amounted to **\$3,309,932** was approved and paid by the Board.

Further, audit examination of awardee's personnel file revealed there is no formal contract between awardee and the Guyana Gold board.

Implication

The Board has no contractual obligations, hence may be unable to benefit from the skills and knowledge obtained by the legal analyst should she decide to seek employment elsewhere.

Recommendation

We recommend that the Guyana Gold Board ensures that a contract is made to enable the Board to obtain maximum benefit from the scholarship given to the legal analyst.

Management Response

The senior compliance analyst/legal assistant was the only eligible officer that requested sponsorship to complete the LEC programme at Hugh Wooding Law School.

GGB, as a supervisory authority needed a qualified lawyer, to ably manage the compliance department and represent the organisation at court in matters that require litigation among other responsibilities that need legal input.

A decision was taken to sponsor Ms. Smith since she had already performing the tasks of a legal officer for the organisation despite many times GGB had to collaborate with the legal officers of other agencies because of Ms. Smith's limitations in areas where only a LEC graduate can preside. Ms. Smith has shown grave academic accomplishment and has proved to be a high achiever at the LEC level.

Auditor's Response

A sponsorship contract was subsequently obtained which was signed by the employee and the general manager.

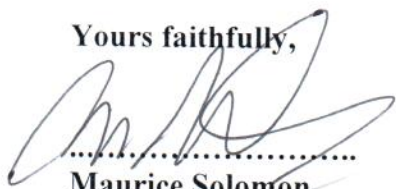
CONCLUSION

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.

In keeping with our office policy, a reply is solicited within fourteen (14) days of the receipt of the management letter.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'M. Solomon', written over a dotted line.

Maurice Solomon
Managing Partner