



Audit Office of Guyana

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AG: 75/2023

14 March 2023

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE
GUYANA NATIONAL NEWSPAPERS LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

Chartered Accountants Chateram Ramdihal Chartered Accountants, Professional Services Firm have audited on my behalf the financial statements of Guyana National Newspapers Limited, which comprise the statement of financial position as at 31 December 2020, and the statement of income, statement of changes in equity and the 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 pages 4 to 22.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Guyana National Newspapers Limited as at 31 December, 2020, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 1991.

Basis for Opinion

I have 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 Institution (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 Statement section of my report. I am independent of the Company in accordance with the ethical requirement 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 Matter

I draw attention to Note 6 of the financial statements which show the Company's trade receivables and other receivables and prepayments with a value of \$236.31M and \$8.56M, respectively, as at 31 December 2020. This recurring significantly high levels of receivables indicates uncertainty to the collection of these debts and casts doubt on the policies and procedures governing the debt collection. My opinion is not modified in respect of this matter.

Responsibility of Management and those charged with the Governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the Companies Act 1991 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 basis of accounting unless management either intends to liquidate the Company or to cease operation, 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

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 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 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 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.

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
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GUYANA NATIONAL NEWSPAPERS LIMITED

Opinion

We have audited the financial statements of **Guyana National Newspapers Limited**, which comprise the statement of financial position as at December 31, 2020, the statement of income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 1991.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 6 of the financial statements which shows the Company's trade receivables and other receivables and prepayments with a value of G\$236.31M and G\$8.56M, respectively, as at December 31, 2020. The recurring significantly high levels of receivables indicates uncertainty to the collection of these debts and casts doubt on the policies and procedures governing the debt collection. Our opinion is not modified in respect of this matter.

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 (IFRSs) and the Companies Act 1991, 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 ISAs 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.

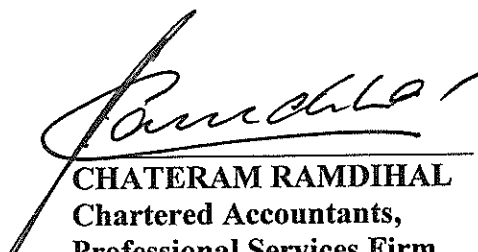
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 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 we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner responsible for the audit resulting in this auditor's report is **Chateram Ramdihal**.




CHATERAM RAMDIHAL
Chartered Accountants,
Professional Services Firm
25 Craig Street and Delph Avenue,
Campbellville,
Georgetown, Guyana

March 01, 2023

Guyana National Newspapers Limited
Statement of Financial Position
As at December 31, 2020

	Notes	2020 G\$	2019 G\$
Assets			
Non-current assets			
Property, plant & equipment	4	78,217,653	86,825,969
Total non-current assets		78,217,653	86,825,969
Current assets			
Inventories	5	48,558,081	40,646,264
Deferred taxation		7,600,310	36,219
Tax recoverable		2,176,880	2,176,880
Work in progress		4,065,400	4,065,400
Accounts receivables	6	244,875,381	205,077,139
Cash and cash equivalents	7	52,956,039	43,978,858
Total current assets		360,232,091	295,980,760
Total assets		438,449,744	382,806,729
Equity & Liability			
Equity			
Share capital	8	244,800	244,800
Capital reserve		1,637,796	1,637,796
Retained earnings		275,551,479	302,190,058
Total equity and liabilities		277,434,075	304,072,654
Non-current liabilities			
Related party	9	36,000,000	36,000,000
Deferred income	10	3,907,249	4,112,894
Total non-current liabilities		39,907,249	40,112,894
Current liabilities			
Trade payables	11	10,848,251	7,757,160
Other payables and accruals	12	74,121,577	17,001,673
Vat payable	13	26,822,267	3,734,196
Taxation payable		108,112	123,427
Deferred taxation	14	9,208,213	10,004,725
Total current liabilities		121,108,420	38,621,181
Total liabilities		161,015,669	78,734,075
Total equity & liabilities		438,449,744	382,806,729

On behalf of the Board of Directors:


Director


Company Secretary

The notes on pages 8 to 23 form an integral part of these financial statements.

Guyana National Newspapers Limited
Statement of Income
For the year ended December 31, 2020

	Notes	2020 G\$	2019 G\$
Income			
Advertising		282,473,231	372,512,688
Newspapers circulation		95,329,709	90,605,252
Job printing		56,328,741	34,030,524
Total income		434,131,681	497,148,464
Production expenses	15	143,520,466	164,044,837
Gross profit		290,611,215	333,103,627
Other income	16	4,919,690	5,200,812
Operating profit		295,530,905	338,304,439
Other expenses			
Administrative expenses	17	304,537,420	300,617,937
Circulation expenses	18	25,910,276	25,511,999
Total expenses		330,447,696	326,129,936
Loss/ Profit before taxation	19	(34,916,791)	12,174,503
Taxation	20	8,324,027	(5,929,484)
Loss/ Profit after taxation		(26,592,764)	6,245,019

The notes on pages 8 to 22 form an integral part of these financial statements.

Guyana National Newspapers Limited
Statement of Changes in Equity
For the year ended December 31, 2020

	Share capital G\$	Capital reserves G\$	Retained earnings G\$	Total G\$
Balance at January 1, 2019	244,800	1,637,796	295,945,039	297,827,635
Profit for the year	-	-	6,245,019	6,245,019
Balance at December 31, 2019	244,800	1,637,796	302,190,058	304,072,654
Loss for the year	-	-	(26,592,764)	(26,592,764)
Adjustment	-	-	(45,815)	(45,815)
Balance at December 31, 2020	244,800	1,637,796	275,551,479	277,434,075

The notes on pages 8 to 22 form an integral part of these financial statements.

Guyana National Newspapers Limited**Statement of Cash Flows**

For the year ended December 31, 2020

	2020	2019
	G\$	G\$
Cash flows from operating activities		
Net (loss)/ profit before taxation	(34,916,791)	12,174,503
<i>Adjustments for:</i>		
Add: Depreciation	9,762,537	12,076,169
Deferred Income	(205,645)	-
Interest income	(250,717)	(302,527)
Gain on disposal	(1,200,000)	(2,570,000)
Prior year adjustment	(67,877)	-
Operating (loss)/profit before working capital changes	(26,878,493)	21,378,145
(Increase)/ Decrease in inventories	(7,911,817)	16,236,934
Increase in trade and other receivables	(39,798,242)	(77,544,226)
Increase/ (Decrease) in trade and other payables	60,210,995	(3,860,462)
Increase/ (Decrease) in vat payable	23,088,071	(185,218)
Cash used in operations	8,710,514	(43,974,827)
Tax paid	(51,891)	(3,047,779)
Net cash flow from operating activities	8,658,623	(47,022,606)
Cash flows from investing activities		
Purchase of non-current assets	(1,132,156)	(17,472,540)
Proceeds from sale of assets	1,200,000	2,570,000
Investment income - interest net of withholding tax	250,715	302,527
Net cash flows from investing activities	318,559	(14,600,013)
Net increase in cash and cash equivalents	8,977,182	(61,622,619)
Cash and cash equivalents at January 1,	43,978,857	105,601,476
Cash and cash equivalents at December 31,	52,956,039	43,978,857
Cash and cash equivalents as shown on the statement of financial position		
Cash in bank	51,397,768	42,422,045
Cash on hand	1,558,271	1,556,812
Cash and cash equivalents at December 31,	52,956,039	43,978,857

The notes on pages 8 to 22 form an integral part of these financial statements.

Guyana National Newspapers Limited
Notes to the Financial Statements
For the year ended December 31, 2020

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

The Guyana Graphic Limited was Incorporated on December 31, 1953 under the Companies Ordinance Chapter 328. This name was duly changed by special resolution on December 30, 1965 to Guyana Graphic Limited. On November 14, 1975 another Special Resolution was passed changing the Company's name from Guyana Graphic Limited to Guyana National Newspapers Limited. Guyana National Newspapers Limited is a subsidiary of National Industrial and Commercial Investments Limited (NICIL).

Guyana National Newspapers Limited is a subsidiary of National Industrial and Commercial Investments Limited (NICIL).

The Company has obtained a certificate of continuance in accordance with section 339 of the Companies Act of 1991.

The Company's principal activity is advertising through daily and weekly newspapers, selling of daily and Sunday Chronicle newspapers and jobbing work for customers.

The address of the Company's registered office is Lot Lama Avenue, Bel Air Park, Georgetown, Guyana.

These financial statements were approved for issue by the Board of Directors on the 22nd day of February, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain non-current assets. The financial statements have been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company's financial statements are presented to satisfy the requirements of the Companies Act 1991. The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. Such estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances and constitute management's best judgement at the date of the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Standards, Amendments and Interpretations that are effective in the current year

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for year ended December 31, 2016 except for the adoption of new standards, amendments and interpretations. The following new standards, amendments and interpretations to existing standards have been published and are effective in the current financial year.

IAS 7 - Disclosure Initiative - Amendments to IAS 7 (Effective January 1, 2017)

IAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 (Effective January 1, 2017)

IFRS 12 - Disclosure of Interest in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12 (Effective January 1, 2017)

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation (cont'd)

Standards, Amendments and Interpretations that are not effective in the current year

The following new standards, amendments and interpretations to existing standards have been published and are not effective in the current financial year.

IFRS 3 Business Combinations - Amendments to IFRS 3 (effective January 1, 2022)

IAS 1 Presentation of Financial Statements - Amendments to IAS 1 (effective January 1, 2023)

IFRS 3 Business Combinations - Amendments to IFRS 3 (effective January 1, 2022)

IAS 16 Property, Plant and Equipment - Amendments to IAS 16 (effective January 1, 2022)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments to IAS 37 (effective January 1, 2022)

IFRS 17 Insurance Contracts (effective January 1, 2023)

IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter (effective January 1, 2022)

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities (effective January 1, 2022)

IAS 41 Agriculture - Taxation in fair value measurements (effective January 1, 2022)

(b) Property, plant and equipment

Property, plant and equipment are stated at historical cost or revalued amounts less accumulated depreciation. Depreciation is provided on a straight line and reducing balance basis at rates sufficient to write off the assets over their estimated useful lives. A full year depreciation is charged in the year of acquisition and no depreciation in the year of disposal.

The rates used are as follows:

	Rate
Buildings	3 1/3% - Straight Line
Vehicles	25% - 50% - Straight Line
Furniture and fittings	5% - Reducing Balance
Plant & equipment	5% - 20% Reducing Balance
Freehold land was not depreciated.	

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the First In First Out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less cost to completion and selling expenses.

(d) Taxation

Taxation on the profit or loss for the year comprises of current and deferred tax. Current tax represents charges for Corporation tax. Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the end of the reporting period.

A deferred asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits convertible into known amounts of cash at short notice.

(g) Trade payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective rate method.

(h) Revenue recognition

Revenue comprises of income from advertising, newspapers circulation and job printing. Revenues in the form of sales are recognised at the time the goods or service are delivered to the customers.

(i) Expenditure recognition

Expenses are recognised when the goods and services are received.

(j) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Guyana Dollars, which is the company's functional currency.

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Foreign currencies

Transactions involving foreign currencies are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

(l) Comparatives

Certain changes in presentation have been made in these financial statements. These changes had no effect on the operating results, profit after tax or earnings of the company for the previous year.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

(a) Useful lives of property, plant and equipment

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives should remain the same.

(b) Impairment of financial assets

Management makes judgement at each reporting date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

(c) Deferred taxes

In calculating the provision for deferred taxation, management uses judgement to determine the probability that future taxable profits will be available to facilitate utilisation of temporary tax differences which may arise.

Guyana National Newspapers Limited

Notes to the Financial Statements

For the year ended December 31, 2020

4. Property, plant and equipment	Freehold Land	Building	Motor Vehicles	Furniture & Fittings	Plant & Equipment	Total
	G\$	G\$	G\$	G\$	G\$	G\$
Cost						
At January 01, 2019	111,715	45,093,845	30,321,750	54,160,021	193,819,588	323,506,919
Additions	-	2,807,513	5,700,000	3,563,611	5,401,416	17,472,540
Disposals	-	-	(7,600,000)	-	-	(7,600,000)
Adjustment	-	-	-	(769,394)	769,394	-
At December 31, 2019	111,715	47,901,358	28,421,750	56,954,238	199,990,398	333,379,459
Additions	-	535,530	-	111,558	485,068	1,132,156
Disposals	-	-	(3,880,000)	-	-	(3,880,000)
Adjustment	-	-	-	67,880	-	67,880
At December 31, 2020	111,715	48,436,888	24,541,750	57,133,676	200,475,466	330,699,495
Depreciation						
At January 01, 2019	-	20,215,275	27,770,232	22,323,136	171,722,863	242,031,506
Charges for the year	-	1,473,839	3,550,000	1,568,419	5,483,911	12,076,169
Write back on disposals	-	-	(7,600,000)	-	-	(7,600,000)
Transfer	-	277,575	(235,982)	(896,150)	900,372	45,815
At December 31, 2019	-	21,966,689	23,484,250	22,995,405	178,107,146	246,553,490
Charges for the year	-	1,489,257	2,087,500	1,701,218	4,484,562	9,762,537
Write back on disposals	-	-	(3,880,000)	-	-	(3,880,000)
Transfer	-	-	-	-	45,815	45,815
At December 31, 2020	-	23,455,946	21,691,750	24,696,623	182,637,523	252,481,842
Net book values						
At December 31, 2020	111,715	24,980,942	2,850,000	32,437,053	17,837,943	78,217,653
At December 31, 2019	111,715	25,934,669	4,937,500	33,958,833	21,883,252	86,825,969

Guyana National Newspapers Limited
Notes to the Financial Statements
For the year ended December 31, 2020

	2020	2019
	G\$	G\$
5. Inventories		
Newprint in bond	19,120,905	14,397,937
Other materials in bond	20,093,259	17,455,881
Stationery-pens, pencil, etc	5,157,546	3,837,281
Spares-Motor Vehicles, Press pt	5,775,078	6,543,872
Loose tools	512,260	512,260
Less: provision for obsolete stocks	(2,100,967)	(2,100,967)
Total inventories	<u>48,558,081</u>	<u>40,646,264</u>
6. Accounts Receivable		
(a). Trade Receivables		
Advertising debtors- Local	61,773,755	37,387,478
Circulation Agent Debtors-Local	21,022,832	18,915,204
Jobbing debtors	37,013,498	30,915,197
Hold over-debtors	78,569,432	106,050,221
Subscribers-Local	34,059,318	25,633,724
Other debtors	45,249,110	14,366,051
	<u>277,687,945</u>	<u>233,267,875</u>
Less: provision for bad debts	(41,372,724)	(35,817,243)
Total trade receivables	<u>236,315,221</u>	<u>197,450,632</u>
(b). Other receivables and prepayments		
Staff debtors	6,566,799	7,415,961
Heidelberg Debtors	93,669	93,669
Pre-Payments	206,786	189,744
Dishonoured cheques	1,202,082	1,156,511
Other debtors	47,086	(42,972)
Foreign receivables	443,738	443,738
	<u>8,560,160</u>	<u>9,256,651</u>
Less: provision for bad debts	-	(1,630,144)
Total other receivables and prepayments	<u>8,560,160</u>	<u>7,626,507</u>
7. Cash & cash equivalents		
Cash at bank	51,397,768	42,422,045
Cash in hand	1,558,271	1,556,813
Total	<u>52,956,039</u>	<u>43,978,858</u>

Guyana National Newspapers Limited
Notes to the Financial Statements
For the year ended December 31, 2020

	2020	2019
	G\$	G\$
8. Share Capital		
Authorised Ordinary Shares	7,500,000	7,500,000
Issued Ordinary Shares	2,448,000	2,448,000
Issued ordinary shares at stated value	244,800	244,800
The shareholders of the company are:		
National Industrial & Commercial Investments Limited	2,203,200	2,203,200
Other shareholders	244,800	244,800
Total	2,448,000	2,448,000

9. Related parties

Parties are considered to be related if one party has the ability to control over the other party or exercise significant influence over the other party in making financial or operating decisions. Related parties consists of group companies, key management personnel, including directors, and any entity to which they are affiliated.

(a) Related party balances

Non-Current Liability

<i>National Industrial & Commercial Investments Limited</i>	36,000,000	36,000,000
	36,000,000	36,000,000

In 2009, National Industrial and Commercial Investments Limited (NICIL) the representative of the company's largest shareholder had disbursed to the company \$36,000,000 to acquire a printing press. In 2011, NICIL'S representative has confirmed that NICIL will seek approval to convert the debt to equity in 2012. As at December 31, 2020, this agreement is pending and to be agreed upon by both parties.

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Related party transactions

	2020	2019
	G\$	G\$
(a) Key management compensation		
Short term remuneration	-	-
(b) Director's remuneration		
<i>A. Fraser</i>	75,000	75,000
<i>A. Panday</i>	105,000	105,000
<i>B. Alert</i>	90,000	90,000
<i>B. Wilkinson</i>	-	-
<i>D. Gardener</i>	105,000	105,000
<i>E. Leonard</i>	105,000	105,000
<i>G. Mahipaul</i>	105,000	105,000
<i>G. Chandan-Edmonds</i>	100,500	100,500
<i>H. Foster</i>	75,000	75,000
<i>J. Butts</i>	135,000	135,000
<i>J. Fernandes</i>	230,700	230,700
<i>K. Chand</i>	90,000	90,000
<i>K. Davis</i>	-	-
<i>M. Williams</i>	75,000	75,000
<i>N. Trotman</i>	105,000	105,000
<i>N. Seoraj</i>	30,000	30,000
<i>R. Johnson</i>	-	-
<i>S. Boyce</i>	-	-
<i>S. Duncan</i>	-	-
<i>T. Edmondson</i>	-	-
<i>T. Moore</i>	75,000	75,000
<i>T. Sarabo Halley</i>	-	-
	1,501,200	1,501,200

10. Deferred Income

The Health Sector Development Unit (HSDU) under the Global Fund Programme has provided financial support with the purchase of non-current assets (furniture and fittings) for the company. This support, referred to as deferred income, is recognised in the statement of profit and loss on a systematic basis over the useful life of the asset. As the non-current assets incur depreciation, the corresponding amount is recognised as income; as such, as a nil effect on the statement of profit or loss.

Fair value of non-current assets	4,112,894	4,329,362
Depreciation charges	(205,645)	(216,468)
Balance as at December 31,	3,907,249	4,112,894

Guyana National Newspapers Limited
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	2020	2019
	G\$	G\$
11. Trade payables		
Local suppliers	4,821,719	582,951
Foreign suppliers	6,026,532	7,174,209
Total	10,848,251	7,757,160

12. Other payables and accruals

CCWU canteen	6,785	6,785
Credit union dues	1,393,419	1,176,772
Damages (legal)	52,500,000	-
Electricity	1,031,524	1,240,842
General suspense	3,254	3,254
Insurance premium	2,862	2,861
Medical scheme	(22,346)	(91,200)
NIS	1,378,349	1,475,751
Others	10,216,098	6,061,667
Paye- Cir	2,739,424	1,699,059
Property tax	840,461	1,108,121
Sports club	258,320	258,320
Staff welfare scheme	1,193,732	1,164,723
Telephone	162,048	624,997
Unpresented/ defected/ stale cheque	2,396,661	2,190,265
Wages and salaries payable	20,986	79,456
Total	74,121,577	17,001,673

13. VAT Payable

Output VAT	745,428,644	688,408,323
Input VAT	718,606,377	684,674,127
VAT Payable	26,822,267	3,734,196

14. Deferred Taxation

Deferred taxes and temporary differences are recognised using tax rates that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets relating to the carried forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available to offset. In the year of making profit the deferred tax assets are being reversed using the applicable tax rates and rates and laws prevailing at that time.

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Notes to the Financial Statements
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14. Deferred taxation (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis.

Temporary differences

Tax base of non-current assets

Less: accounting base

Tax rate at 25% / 27.5%

	Non-current Assets	Adjusted tax losses	Net total
As at January 1, 2019	(7,617,162)	16,533,138	8,915,976
Movements during the year	(1,483,461)	3,191,562	1,708,101
As at December 31, 2019	(9,100,623)	19,724,700	10,624,077
Movements during the year	7,564,091	(796,512)	6,767,579
As at December 31, 2020	(1,536,532)	18,928,188	17,391,656

15 Production expenses

	2020	2019
	G\$	G\$
Camera allowance	540,911	360,000
Car and bicycle allowances	3,147,485	2,426,750
Cleaning and sanitation	34,200	72,324
Employment costs	81,909,964	78,700,968
Freelance writer	16,971,139	19,240,827
Fuel and lubricants	53,000	98,500
Meals and subsistence	1,426,560	1,789,976
Outside job	36,980	49,562
Plates, newsprint, ink, film	38,018,961	54,778,951
Repairs and maintenances- building	2,000	10,349
Repairs and maintenances- equip, furniture and fittings	16,692	2,393,779
Repairs and maintenances- motor vehicle	6,320	44,605
Stationery and office supplies	411,705	738,385
Telephone	76,500	66,529
Travelling and transportation	868,050	3,273,333
Total	143,520,466	164,044,837

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	2020	2019
	G\$	G\$
16. Other income		
Administration income	50,000	-
Bank interest	250,715	302,527
Cash overage	731,446	42,682
Miscellaneous	726,340	343,143
Rental	1,027,000	1,377,000
Sale of asset	1,200,000	2,570,000
Sale of cut to size paper	934,189	565,460
Total	4,919,690	5,200,812
17. Administrative expenses		
Accounting and audit fees	2,280,000	2,297,380
Advertising	440,500	1,868,500
Bad debts	4,281,607	3,388,053
Bank charges	1,251,309	1,013,335
Building and other rental	490,000	550,000
Camera allowance	-	10,000
Car and motor cycle allowance	2,459,450	2,468,900
Cash shortage	-	-
Cleaning and sanitation	1,966,547	4,043,794
Commission paid	17,650,623	29,457,703
Consultants	1,640,000	911,584
Depreciation	9,556,892	12,076,169
Director fees	1,406,100	1,501,200
Donations	583,770	572,300
Electricity	12,860,876	15,423,643
Employment costs	89,752,120	94,795,990
First aid	-	-
Fuel and lubricants	4,337,973	7,128,376
General expenses	301,469	914,760
Gratuity and pension	19,693,775	30,802,098
Insurance	1,536,738	2,302,531
Indirect Production Materials	66,374	-
Leave passage	11,315,817	10,005,475
Legal and professional fees	54,768,000	9,539,300
Licence & fitness	88,965	88,140
Meals and subsistence	885,974	1,985,638
New york edition	-	15,061,500
Other	(68,013)	(343,618)
Outside jobs	19,190,836	2,869,126
Balance c/f	258,737,702	250,731,877

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For the year ended December 31, 2020

	2020	2019
	G\$	G\$
17. Administrative expenses (cont'd)		
Bal b/f	258,737,702	250,731,877
Property tax expense	1,693,482	1,961,142
Plates, newsprint, films, ink	4,000	1,000
Rates and taxes	7,264,008	7,444,336
Repairs and maintenance- building	2,146,422	3,086,131
Repairs and maintenance- equipment	3,897,998	3,967,642
Repairs and maintenance- furniture and fittings	204,540	185,807
Repairs and maintenance- vehicle	2,496,908	3,801,747
Security	15,239,986	15,120,904
Small tools	-	68,110
Subscription Accounts - Bodies	172,400	560,300
Stationery and office supplies	3,261,896	4,679,876
Stock losses	2,623,673	-
Stipend, incentives, uniform and training	1,563,860	842,988
Telephone	4,391,296	5,370,334
Travelling and transportation	789,200	2,751,780
Withholding tax	50,049	43,963
Total	304,537,420	300,617,937
18. Circulation expenses		
Cleaning and sanitation	-	-
Employment costs	9,930,342	9,280,764
General expenses	103,824	201,265
Meals and subsistence	710,319	919,979
Newspaper delivery	10,799,133	11,119,048
Outside jobs	3,546,144	2,913,038
Repairs and maintenance- building	-	30,250
Repairs and maintenance- vehicle	-	3,000
Stationery and office supplies	446,414	543,585
Telephone	30,000	103,444
Transportation	344,100	397,626
Total	25,910,276	25,511,999
19. Net (loss)/profit before taxation		
(a) Net (loss)/profit before taxation	(34,916,791)	12,174,503
<i>After charging</i>		
Auditor's remuneration	2,808,290	2,808,290
Bad debts	4,281,607	3,388,053
Depreciation	9,556,892	12,292,637
Director's remuneration	1,406,100	1,501,200
Interest income	(250,715)	(302,527)
Rental income	(1,027,000)	(1,377,000)

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Notes to the Financial Statements
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	2020	2019
	G\$	G\$
20. Taxation		
The estimated tax charged for the year is made up as follows:		
Current year		
Corporation tax	(8,310,351)	5,929,484
Deferred tax asset	-	(2,066,988)
Accounting tax charge	<u>(8,310,351)</u>	<u>3,862,496</u>
<i>Reconciliation of effective tax rate</i>		
Profit before tax	<u>(34,916,791)</u>	<u>12,174,503</u>
Corporation Tax	(8,729,198)	3,347,988
Add: Depreciation	2,389,223	3,320,946
Withholding	12,512	12,090
Property tax	423,371	539,314
	<u>(5,904,092)</u>	<u>7,220,338</u>
Less: Wear & Tear allowance	(1,583,644)	(3,003,167)
Interest received	(62,679)	(83,195)
Capital gains tax	36,576	51,891
Deferred tax adjustment	(796,512)	1,712,692
Deferred tax prior year adjustment		30,925
Loss relief utilised		(2,066,988)
Corporation tax	<u>(8,310,351)</u>	<u>3,862,496</u>
21. Earnings per share		
Profit attributable to shareholders	<u>(26,592,764)</u>	<u>6,245,019</u>
Weighted average number of ordinary shares in issue	<u>2,448,000</u>	<u>2,448,000</u>
Basic earnings per share	<u>(10.86)</u>	<u>2.55</u>

22. Financial instruments

(a) Credit risk

There is a concentration of credit risk with respect to trade receivables which are due primarily from the Government of Guyana agencies and departments. The company's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors management believes that no additional credit risks beyond amounts provided for collection losses is applicable in the company's trade receivables.

(b) Fair values

The face value less any estimated credit adjustments for the financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

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Notes to the Financial Statements
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22. Financial instruments Cont'd

(c) Liquidity risk

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

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

25. Financial instruments (Cont'd)

(c) Liquidity risk (Cont'd)

(c) Liquidity risk (Cont'd)

	Maturing 2020			
	Less than 1 year	1- 5 years	Over 5 years	Total
Assets				
Accounts Receivables	244,875,381	-	-	244,875,381
Cash and cash equivalents	52,956,039	-	-	52,956,039
	297,831,420	-	-	297,831,420
Liabilities				
Trade payables	10,848,251	-	-	10,848,251
Other payables and accruals	74,121,577	-	-	74,121,577
Vat payable	26,822,267	-	-	26,822,267
Taxation payable	108,112	-	-	108,112
Related party	36,000,000	-	-	36,000,000
	147,900,207	-	-	147,900,207
Net gap	149,931,213	-	-	149,931,213
	Maturing 2019			
	Less than 1 year	1- 5 years	Over 5 years	Total
Assets				
Accounts Receivables	205,077,139	-	-	205,077,139
Cash and cash equivalents	43,978,858	-	-	43,978,858
	249,055,997	-	-	249,055,997

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Liabilities

Trade payables	7,757,160	-	-	7,757,160
Other payables and accruals	17,001,673	-	-	17,001,673
Vat payable	3,734,196	-	-	3,734,196
Taxation payable	123,427	-	-	123,427
Related party	36,000,000	-	-	36,000,000
	64,616,456	-	-	64,616,456
Net gap	184,439,541	-	-	184,439,541