

**AUDITED FINANCIAL STATEMENTS OF THE
CHEDDI JAGAN INTERNATIONAL AIRPORT
CORPORATION**

**FOR THE YEAR ENDED
31 DECEMBER 2016**

**CONTRACTED AUDITORS: PKF BARCELLOS NARINE
& COMPANY
106-7 LAMAHA STREET
GEORGETOWN**

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

AUDITED FINANCIAL STATEMENTS OF THE
CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2016

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Audit Office of Guyana

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414/PC: 61/2/2018

15 November 2018

Ms. Ishwari Glasgow
Finance Manager & Deputy Head – CEO's Secretariat
Cheddi Jagan International Airport Corporation
Timehri
East Bank Demerara.

Dear Ms. Glasgow,

AUDIT OF THE BOOKS AND ACCOUNTS OF THE
CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2016

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
Nichette Harcourt
Audit Manager (ag.)
for Auditor General



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AG: 264/2018

15 November 2018

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion

Chartered Accountants PKF Barcellos Narine & Company have audited on my behalf the financial statements of the Cheddi Jagan International Airport Corporation, which comprise the statement of financial position as at 31 December 2016, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 4 to 23.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cheddi Jagan International Airport Corporation as at 31 December 2016, 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 Corporation 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.

Material Uncertainty Related to Going Concern

I draw attention to Note 29 in the financial statements, which indicates that the Corporation has an accumulated deficit of G\$1,217,698,664. As stated in Note 29, these conditions, along with other matters, indicate that a material uncertainty exists that may cause significant doubt on the Corporation's ability to continue as a going concern. My opinion is not modified in respect to this matter.

Key Audit Matters

Key audit matters are those matters that in my professional judgement were most significant in my audit of the financial statements. Key audit matters are selected from the matters communicated with management, but are not intended to represent all matters that were discussed with them. My audit procedures relating to these matters were designed in the context of my audit of the financial statements as a whole. My opinion on these financial statements is not modified with respect to any of the key audit matters described below and I do not express an opinion on these individual matters.

Government Grants (Refer to Note 14 in the financial statements)

The financial statements detail deferred income at G\$1,519,570,649. This is considered a key audit matter as judgement was exercised in amortization of this amount.

How my Audit addressed the Matter

My audit procedures in relation to the measurement of deferred income:

- Verify increase in deferred income to supporting invoices for assets purchased and expenses paid.
- Physical verification of additional capital assets acquired during the year through grants.
- Review the Corporation's policy on amortisation and testing for its reasonableness to ensure consistency with the accounting policy.
- Detailed analysis of the assumptions used by management on their basis for restatement and its compliance with the Corporation's policy and IFRSs.
- Perusal of agreements with the Government of Guyana for funding of expenditures.

Property Plant and Equipment (refer to Note 5 in the financial statements)

The financial statements detailed property, plant and equipment at G\$3,604,865,005. This is considered a key audit matter as judgement was exercised to compute depreciation which has been charged to the statement of comprehensive income.

How my audit addressed the Matter

My audit procedures in relation to the value of property, plant and equipment:

- Verify additions to suppliers' invoices and movements in deferred income to the agreement with the Government of Guyana.
- Physical verification of the additions carried out during the year.
- Verify ownership to legal title.
- Review the Corporation's policy on amortisation and testing for reasonableness to ensure consistency with the accounting policy and compliance with generally accepted accounting principles.

Revaluation Reserve (refer to Note 13 in the financial statements)

The financial statements detail revaluation reserves at G\$3,847,953,576. This is considered a key audit matter as the prior year balance was restated.

How my Audit addressed the Matter

My audit procedures in relation to the restatement of revaluation reserve:

- Detailed review of the Corporation's policy on revaluation and testing for its reasonableness to ensure it was correctly applied in the financial statements.
- Detailed analysis of the assumption used by management on their basis for the restatement and its compliance with the Corporation's policy and IFRSs.
- Detailed review of valuation done to ensure it was issued by a certified valuator and correctly recognised.

Receivables (refer to Note 10 in the financial statements)

The financial statements detail receivables at G\$121,396,507. This is considered a key audit matter as judgement was exercised to provide for irrecoverable debt which has been charged to the statement of comprehensive income.

How my Audit addressed the Matter

My audit procedures in relation to the value of receivables:

- Confirmations were received and verified to customers' balances.
- Detailed review on subsequent payments received to confirm receivables balances are not impaired.
- Bad debts written off were confirmed to board minutes and an analysis carried out to test the reasonableness for management's write off.
- Review the Corporation's policy on provision for bad debt and testing for reasonableness to ensure consistency with the accounting policy and compliance with generally accepted accounting principles.

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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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
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HNN:cr

REPORT OF CHARTERED ACCOUNTANTS PKF, BARCELLOS, NARINE & CO.
TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
FOR THE YEAR ENDED DECEMBER 31, 2016

Opinion

We have audited the accompanying financial statements of Cheddi Jagan International Airport Corporation, which comprise the statement of financial position as at December 31, 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements present fairly, in all material respects, the financial position of the corporation as of December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC) and International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the financial statement section of our report. We are independent of the corporation within the meaning of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 29 in the financial statements, which indicates that the corporation has accumulated deficit of G\$1,217,698,664. As stated in Note 29, these conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with management, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Government Grants (Refer to Note 14 in the financial statements)

The financial statements detail deferred income at \$1,519,570,649. This is considered a key audit matter as judgment was exercised in amortization of this amount.

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.../...

How our Audit Addressed the Matter

Our audit procedures in relation to the measurement of deferred income:

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How our Audit Addressed the Matter

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- Review the corporation's policy on provision for bad debt and testing for reasonableness to ensure consistency with the accounting policy and compliance with generally accepted accounting principles.

.../...



Accountants &
business advisers

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Management's Responsibility 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 for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the corporation's financial reporting process.

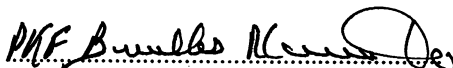
Auditors' Responsibility

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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 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 corporation'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 corporation'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 corporation 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.


PKF BARCELLOS, NARINE & CO.
106 -107 Lamaha Street
North Cummingsburg
Georgetown

October 25, 2018

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS	Notes	G \$	Restated G \$ 2015
Non Current Assets			
Property, Plant & Equipment	5	3,604,865,005	4,017,808,370
Intangible Assets	6	13,451,642	13,413,794
Work In Progress	7	<u>286,590,308</u>	<u>256,324,489</u>
		3,904,906,955	4,287,546,653
Current Assets			
Investment	8	294,004,588	170,539,164
Inventories	9	38,771,035	38,342,199
Trade and other Receivables	10	121,396,507	55,318,197
Cash and Cash Equivalent	11	<u>129,563,449</u>	<u>32,204,630</u>
		583,735,579	296,404,190
Total Assets		<u>4,488,642,534</u>	<u>4,583,950,843</u>
EQUITY & LIABILITIES			
Equity			
Share Capital	12	200,000,000	200,000,000
Revaluation Reserve	13	3,847,953,576	3,847,953,576
Accumulated Deficit		<u>(1,217,698,664)</u>	<u>(1,110,378,173)</u>
		2,830,254,912	2,937,575,403
Non Current Liability			
Government Grant	14(b)	1,447,929,746	1,369,145,696
Current Liabilities			
Government Grant	14(c)	83,078,324	197,439,304
Trade & other Payables	15	<u>127,379,551</u>	<u>79,790,439</u>
		210,457,875	277,229,743
Total Equity and Liabilities		<u>4,488,642,534</u>	<u>4,583,950,843</u>

These Financial Statements were approved by the Board of Directors for the issuance on July 31st, 2018.



Mr. Ramesh Ghir
Director



Mr. Sherwood Clarke
Director

The attached statements and notes from pages 8 to 23 form an integral part of these financial statement

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	G \$	Restated G \$ 2015
Operating Income			
Revenue			
Airport Security Fee	16	400,188,000	355,669,500
Income Earned by CJIA	17	789,978,650	308,595,946
Income remitted to MPI	18	68,033,104	409,358,577
Interest Earned	19	1,072,808	719,108
Grant Recognised	14(ii)	<u>168,631,459</u>	<u>106,112,803</u>
		1,427,904,021	1,180,455,934
Operating Expenses			
Administrative	20	601,637,427	434,756,176
Operational	21	333,046,343	361,566,361
Expenses specific to the Agency	22	66,627,300	64,643,771
Expansion Project	23	20,948,959	-
Stock Write Back	24	16,558,070	(17,514,804)
Depreciation and Amortization	5&6	<u>425,935,108</u>	<u>459,989,325</u>
		1,464,753,207	1,303,440,829
Operating Loss		(36,849,186)	(122,984,895)
Non Operating Income/Expenses			
Loss on Disposal of Non Current Assets		2,438,201	-
Transferred to MPI	25	<u>68,033,104</u>	<u>395,223,610</u>
		<u>70,471,305</u>	<u>395,223,610</u>
Net Comprehensive Loss for the Year		<u>(107,320,491)</u>	<u>(518,208,505)</u>

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Share Capital G \$	Revaluation Reserve G \$	Accumulated Deficit G \$	Total G \$
Balance as at January 1, 2015	200,000,000	7,275,497,537	(3,455,482,576)	4,020,014,961
Net Comprehensive Loss for the Year	-	-	(518,208,505)	(518,208,505)
Balance - December 31, 2015 (Previously Reported)	200,000,000	7,275,497,537	(3,973,691,081)	3,501,806,456
Restatement (Note 27)	-	(3,427,543,961)	2,863,312,908	(564,231,053)
Balance - December 31, 2015 (Restated)	<u>200,000,000</u>	<u>3,847,953,576</u>	<u>(1,110,378,173)</u>	<u>2,937,575,403</u>
Balance as at January 1, 2016	200,000,000	3,847,953,576	(1,110,378,173)	2,937,575,403
Net Comprehensive Loss for the Year	-	-	(107,320,491)	(107,320,491)
Balance as at December 31, 2016	<u>200,000,000</u>	<u>3,847,953,576</u>	<u>(1,217,698,664)</u>	<u>2,830,254,913</u>

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

	G \$	Restated G \$ 2015
Cash Flow From Operating Activities		
Net Comprehensive Loss for the year	(107,320,491)	(518,208,505)
Adjustments for:		
Depreciation	425,935,108	459,989,325
Loss on disposal of Non Current Assets	2,438,201	-
Grant Recognised	<u>(168,631,459)</u>	<u>(106,112,803)</u>
Operating Profit/(Loss) before Working Capital Changes	152,421,359	(164,331,983)
Working Capital Changes		
Increase in Payables	47,589,112	20,970,819
(Increase)/Decrease in Receivables	(54,640,889)	72,860,738
Increase/(Decrease) in Inventories	(428,836)	(10,291,500)
Revenue Grant Received	<u>74,361,538</u>	<u>-</u>
Cash Generated/(Used) from Operations	219,302,284	(80,791,926)
Cash Flow from Investing Activities		
Republic Bank Investment Account	(123,465,424)	153,927,663
Capital Grant Received	47,255,570	-
Purchase and Construction of Capital Equipment	<u>(45,733,611)</u>	<u>(86,322,209)</u>
Net Cash Inflow/(Outflow) from Investing Activities	<u>(121,943,465)</u>	<u>67,605,454</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	97,358,819	(13,186,472)
Cash and Cash Equivalents - January 1	<u>32,204,630</u>	<u>45,391,102</u>
Cash and Cash Equivalents - December 31	<u>129,563,449</u>	<u>32,204,630</u>
Analysis of Cash and Cash Equivalents - December 31		
Cash in Hand	22,638,323	1,368,538
Cash at bank	<u>106,925,126</u>	<u>30,836,092</u>
	<u>129,563,449</u>	<u>32,204,630</u>

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Accounting Policies:

1. **Incorporation and Principal Activities**

The Cheddi Jagan International Airport Corporation (CJIA) was incorporated on October 5, 2001, under the Public Corporations Act 1988, Order No. 20 of 2001, which gives the Corporation its mandate. The registered office is located at Timehri, East Bank Demerara.

The principal activities of the Corporation are as follows:-

- (i) To develop and manage the business of the Airport, including the development, maintenance or improvement of its facilities in a cost effective manner, so as to ensure the availability of efficient, secure and safe aviation services to the public at all times and to ensure commercial viability.
- (ii) To administer, control and manage the Airport and any other property vested in it.

2. **Significant Accounting Policies**

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

These policies have been applied to the previous year.

(a) **Accounting Convention**

The financial statements are prepared in Guyana dollars in accordance with International Financial Reporting Standards (IFRS) and Public Corporations Act with the exception of Income received and remitted to the MPI which is done on the cash basis. They have been prepared under the historical cost convention, as modified by the revaluation of property, plant, and equipment.

(b) **Foreign Currency Transactions**

Transaction in currencies other than Guyana dollars are translated to the Guyana dollar equivalent at the rates of exchange ruling at the dates of such transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the foreign exchange rates prevailing on the reporting date.

Gains and losses arising from the translation of foreign currencies are included in the statement of comprehensive income.

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Accounting Policies Cont'd:

(c) **Non-Current Assets and Depreciation and Amortization**

Non-Current Assets held for the use for the supply of Aviation service or for administrative purposes are stated in the statement of financial position at cost or valuation less accumulated depreciation and impairment loss. Revalued amounts are taken as the fair value at the date of valuation from market-based evidence or by appraisals undertaken by professional valuers.

Increase arising on the revaluation is credited to the revaluation reserve. Depreciation on revalued assets is charged to the statement of comprehensive income.

No depreciation is charged on land. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method.

Expenditures for major improvement to premises, paved surfaces, furniture, fixtures and fittings and machinery, plant and equipment are capitalized, whilst those for repairs and maintenance are charged to the statement of comprehensive income.

Individual asset or group of items making up a single identifiable asset of value less than \$100,000 is not capitalized but is expensed in the accounting period in which the costs are incurred.

The following annual depreciation rates are applicable for the respective categories.

Building	-	2.5%	per annum
Runway, Taxiway and other Paved Surfaces	-	10%	" "
Machinery and Equipment	-	15%	" "
Fixtures and Fittings	-	10%	" "
Softwares	-	15%	" "
Furniture	-	10%	" "
Motor Vehicles	-	20%	" "

No depreciation is charged on work-in-progress.

(d) **Inventories**

Inventories are valued at the lower of cost and net realizable value in accordance with International Accounting Standards. Inventories are utilised on the first in first out basis.

(e) **Cash and Cash Equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and short term highly liquid investments that are both readily convertible into known amounts of cash with maturity dates of three (3) months and less.

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. Accounting Policies Cont'd:

(f) Trade and Other Receivables

Trade receivables are recorded at the invoiced amounts and do not bear interest. Provision is made in these financial statements for the amounts included in the receivables of which the eventual cash realization is considered remote. The provision is 10% of the trade receivables as at the period end based on previous experience and is provided for in the statement of comprehensive income as at December 31, 2016.

(g) Trade and Other Payables

Trade and other payables are measured at amortized cost.

(h) Government Grant

A Government grant is recognised only when there is reasonable assurance that the Corporation will comply with the conditions attached to the grant and the grant will be received. Grants are recognised as income over the period necessary to match them with the related costs for which they are intended to subsidise, on a systematic basis. Non-monetary grants, such as land or other resources, are accounted for at fair value.

A Grant received as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is receivable. A grant relating to assets is presented as deferred income over the expected useful life of the assets.

(i) Revaluation Reserves

This comprise of surplus on revaluation of assets over the years.

(j) Revenue and Expense Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business to third parties, net of discounts, and sales related taxes. Interest income is accrued on a time basis, by reference to the principal invested and at the effective interest rate applicable. Expenses are recognized on the accrual basis.

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2016

1. Accounting Policies Cont'd:

3. **Adoption of New and Revised International Financial Reporting Standards (IFRSs)**

There were several pronouncements by The International Accounting Standards Board (IASB) which are effective for the current financial year. These were issued as a result of the Board's annual improvements to the standards in issue.

There were also several other pronouncements as a result of the ongoing improvements which are adopted when they become effective.

Management reviews all pronouncements and those that have an impact on the company's financial reporting are generally early adopted.

- (i) There were no new standards or interpretations which became effective in the new year.

New and Amended Standards	Effective Period
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016
Amendments to IFRS 11 Accounting for Acquisition of Interest of Joint Operations	January 1, 2016
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
Agriculture Bearer Plants - Amendments to IAS 16 and IAS 41	January 1, 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	January 1, 2016
Annual Improvements 2012-2014 Cycle	January 1, 2016

- (ii) The following pronouncements have been issued but are not yet effective. However, are available for early adoption if applicable:

New and Amended Standards	Effective Period
IAS 7 Disclosure Initiative - Amendments to IAS 7	January 1, 2017
IAS 12 Recognition for Deferred Tax Assets for Unrealized Losses	January 1, 2017
IFRS 9 - Financial Instruments	January 1, 2018
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018

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FOR THE YEAR ENDED DECEMBER 31, 2016

4. Key Management Personnel and Directors Remuneration

Key Management Personnel: The sum of thirty nine million dollars (\$39M) was paid to five (5) key management employees for the year 2016.

Key Management Personnel

	G \$	G \$ 2015
Chief Executive Office	16,720,296	15,560,315
Manager, Commercial and Administration	3,342,104	6,395,415
Electrical Engineer	-	3,965,716
Deputy Manager, Airport Operations	8,585,385	5,019,446
Snr. Aerodrome Officer	-	3,941,716
Head CEO Secretary	5,940,655	-
Finance Manager	4,552,349	-
	<u>39,140,789</u>	<u>34,882,608</u>

Name	Position	2016 G \$
(i) Mr. Stephen Fraser	Chairman	77,000
(ii) Mr. Ramesh Ghir	Vice Chairman	99,000
(iii) Mr. Sherwood Clarke	Board Member	77,000
(iv) Mr. Gerhaard Ramsaroop	Board Member	77,000
(v) Mr. Gillian Pollard	Board Member	77,000
(vi) Mr. Stuart Hughes	Board Member	77,000
(vii) Ms. Nadira Jaikarran	Board Member	28,000
(viii) Mr. Balraj Balram	Board Member	77,000
		<u>589,000</u>

Ms. Jaikarran resigned as board member effective May 2016. The board fees of all of the above mentioned members with the exception of Mr. Balraj Balram, are donated into a staff lottery fund.

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

5. Property, Plant and Equipment	Land and Building G \$	Runway, Taxiway and Other Paved Surface G \$	Machinery Plant and Equipmen G \$	Furniture G \$	Motor Vehicles G \$	Total G \$
Cost/Valuation						
January 1, 2015	2,860,822,548	2,754,716,072	768,459,952	202,529,778	77,049,503	6,663,577,853
Additions	34,378,238	-	45,880,116	1,342,185	14,500,000	96,100,539
January 1, 2016	<u>2,895,200,786</u>	<u>2,754,716,072</u>	<u>814,340,068</u>	<u>203,871,963</u>	<u>91,549,503</u>	<u>6,759,678,392</u>
Disposal of Assets	(2,653,825)	-	-	-	-	(2,653,825)
Additions	-	-	13,087,402	-	-	13,087,402
December 31, 2016	<u>2,892,546,961</u>	<u>2,754,716,072</u>	<u>827,427,470</u>	<u>203,871,963</u>	<u>91,549,503</u>	<u>6,770,111,969</u>
Comprise of:						
Valuation	907,400,000	1,772,702,473	233,082,667	57,652,720	1,000,000	2,971,837,860
Cost	1,985,146,961	982,013,599	594,344,803	146,219,243	90,549,503	3,798,274,109
	<u>2,892,546,961</u>	<u>2,754,716,072</u>	<u>827,427,470</u>	<u>203,871,963</u>	<u>91,549,503</u>	<u>6,770,111,969</u>
Depreciation						
January 1, 2015	294,780,834	1,333,428,124	499,228,231	104,357,783	52,010,780	2,283,805,752
Charged for the year	56,041,758	273,521,607	98,639,402	19,894,776	9,966,727	458,064,270
January 1, 2016	<u>350,822,592</u>	<u>1,606,949,731</u>	<u>597,867,633</u>	<u>124,252,559</u>	<u>61,977,507</u>	<u>2,741,870,022</u>
Disposal of assets during the year	(215,624)	-	-	-	-	(215,624)
Charged for the year	56,084,877	273,521,607	64,130,963	19,831,439	10,023,680	423,592,566
December 31, 2016	<u>406,691,845</u>	<u>1,880,471,338</u>	<u>661,998,596</u>	<u>144,083,998</u>	<u>72,001,187</u>	<u>3,165,246,964</u>
Net Book Values:						
December 31, 2016	<u>2,485,855,116</u>	<u>874,244,734</u>	<u>165,428,874</u>	<u>59,787,965</u>	<u>19,548,316</u>	<u>3,604,865,005</u>
December 31, 2015	<u>2,544,378,194</u>	<u>1,147,766,341</u>	<u>216,472,435</u>	<u>79,619,404</u>	<u>29,571,996</u>	<u>4,017,808,370</u>

Included in motor vehicles are assets totalling G\$ 17,351,820 (2015 G\$ 23,388,636) owned by the Ministry of Public Infrastructure (MPI) but controlled by the Airport.

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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6. Intangible Assets - Software	G \$	G \$ 2015
Cost		
January 1	19,934,862	12,319,280
Addition	<u>2,380,390</u>	<u>7,615,582</u>
December 31	<u>22,315,252</u>	<u>19,934,862</u>
Amortization		
January 1	6,521,068	4,596,012
Amortised for the year	<u>2,342,542</u>	<u>1,925,056</u>
December 31	<u>8,863,610</u>	<u>6,521,068</u>
Net Book Values	<u>13,451,642</u>	<u>13,413,794</u>

7. Work-in-Progress		
Cost - January 1	256,324,489	273,718,401
Addition	30,265,819	7,192,859
Transfer to Property, Plant and Equipment	-	<u>(24,586,771)</u>
Cost - December 31	<u>286,590,308</u>	<u>256,324,489</u>

8. Investment		
Republic Bank Limited - Investment Account	<u>294,004,588</u>	<u>170,539,164</u>

This represents funds in the corporation's business cash management account. Interest is earned at a rate of 0.6% per quarter.

	G \$	G \$ 2015
9. Inventories	<u>38,771,035</u>	<u>38,342,199</u>

Inventories are valued at the lower of cost and net realizable value in accordance with International Financial Reporting Standard. Cost is arrived at using the first in first out method.

CHEDDI JAGAN INTERNATIONAL AIRPORT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
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10. Trade and Other Receivables

Description	G \$	G \$ 2015
Accounts Receivable	103,653,801	140,037,318
Bad Debt Written off	<u>-</u>	<u>(69,249,385)</u>
Accounts Receivable	103,653,801	70,787,933
Less Provision	<u>10,337,325</u>	<u>15,956,761</u>
	93,316,476	54,831,172
VAT to be Claimed	1,901,065	-
Advance on Machinery	13,585,245	-
Pre-Payments	1,156,300	487,025
Grants Receivables (Note 14 (a))	<u>11,437,421</u>	<u>-</u>
	<u>121,396,507</u>	<u>55,318,197</u>
Age Analysis		
Less than 30 days	76,459,846	66,769,471
More than 30 days but Less than 90 days	7,521,198	-
Less than 90 days but not impaired	<u>19,672,757</u>	<u>4,018,462</u>
	<u>103,653,801</u>	<u>70,787,933</u>

11. Cash and Cash Equivalents

Description		
At Bank		
- Republic Bank Ltd Current Account	95,883,382	11,088,399
- Bank Of Guyana Current Account	11,041,744	19,747,693
Cash in Hand	46,819	1,368,538
Undeposited Funds	<u>22,591,504</u>	<u>-</u>
	<u>129,563,449</u>	<u>32,204,630</u>