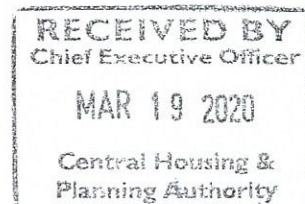


**AUDITED FINANCIAL STATEMENTS OF THE  
CENTRAL HOUSING AND PLANNING AUTHORITY**

**FOR THE YEAR ENDED  
31 DECEMBER 2018**

**CONTRACTED AUDITORS: MAURICE SOLOMON  
& COMPANY  
92 ORNONQUE STREET  
QUEENSTOWN  
GEORGETOWN**

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





## *Audit Office of Guyana*

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

AG: 26/2020

16 March 2020

REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE  
CENTRAL HOUSING AND PLANNING AUTHORITY  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

### *Opinion*

Chartered Accountants Maurice Solomon & Company have audited on my behalf the financial statements of Central Housing and Planning Authority, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss, and other 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 notes as set out on pages 4 to 18.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Central Housing and Planning Authority as at 31 December 2018, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

### *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 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 Statement section of my report. I am independent of the the Central Housing and Planning Authority 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 to your attention note 19 of the financial statement which relates to land sold to Private Developers with an outstanding balance of six hundred and eighty-seven million, nine hundred and fifty-five thousand, five hundred and fifty dollars (\$687,955,550) at 31 December 2018.

I consider the outstanding balance of six hundred and eighty-seven million, nine hundred and fifty-five thousand, five hundred and fifty dollars (\$687,955,550) material and emphasize to the board of directors and management that every effort should be made for the recovery of the amounts outstanding in the shortest possible time.

For the year under review overpayments amounting to \$4,112,500 to contractors were identified by the Works and Structure Department of the Audit Office of Guyana from a sample of seven contracts selected for physical verification of capital works.

In addition, I found that the contingency sums under each contract were being utilized to carry out additional civil works in other housing areas. These additional works were not included in the original contract documents and as such the Authority considered the unused contingency sums as savings from projects.

I believe that current procurement and contract administration practices are not in conformity with the practices of other Ministries and Agencies of the Government and recommend that the Authority should desist from such practices as to comply with the objectives set out in the Procurement Act 2003.

### *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 IFRSs, the Housing Act 1998 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 Authority'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 Authority or to cease operation, or has no realistic alternative but to do so.

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

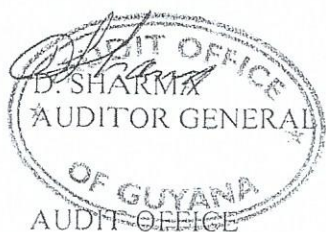
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 Authority'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 Authority'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 Authority 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



MSC010/2020

**REPORT OF THE CHARTERED ACCOUNTANTS  
MAURICE SOLOMON & CO.  
TO THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
CENTRAL HOUSING AND PLANNING AUTHORITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying Financial Statements of Central Housing and Planning Authority which comprise the Statement of Financial Position as at 31 December, 2018, Statement of Profit or Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 8 to 18.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December, 2018 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 the 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 Central Housing and Planning Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the (IESBA Code). 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 to your attention note 19 of the financial statement which relates to land sold to Private Developers with an outstanding balance of six hundred and eighty seven million, nine hundred and fifty five thousand, five hundred and fifty dollars (\$687,955,550) at 31 December 2018.

We consider the outstanding balance of six hundred and eighty seven million, nine hundred and fifty five thousand, five hundred and fifty dollars (\$687,955,550) material and emphasize to the board of directors and management that every effort should be made for the recovery of the amounts outstanding in the shortest possible time.

For the year under review overpayments amounting to \$4,112,500 to contractors were identified by the Works and Structure Department of the Audit Office of Guyana from a sample of seven contracts selected for physical verification of capital works.

In addition, we found that the contingency sums under each contract were being utilized to carry out additional civil works in other housing areas. These additional works were not included in the original contract documents and as such the Authority considered the unused contingency sums as savings from projects. We believe that current procurement and contract administration practices are not in conformity with the practices of other ministries and agencies of the Government and recommend that the Authority should desist from such practices as to comply with the objectives set out in the Procurement Act 2003.

### **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, The Housing Act 1998 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 Authority'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 Authority or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

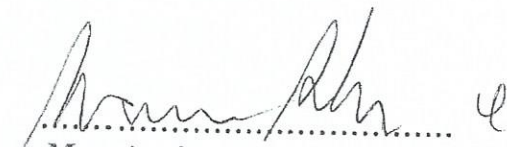
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatement 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 (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 Authority'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 Authority'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 Authority 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.

  
.....  
**Maurice Solomon & Co.**  
**Chartered Accountants**  
**March 16, 2020.**

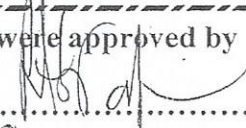
**CENTRAL HOUSING AND PLANNING AUTHORITY**

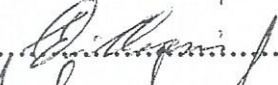
**STATEMENT OF FINANCIAL POSITION**


**AS AT 31 DECEMBER 2018**

	Notes	2018 G\$000	2017 G\$000
<b>ASSETS</b>			
<b>Non-Current</b>			
Property, Plant and Equipment	12	114,887	110,401
Investments	3	1,708,067	3,148,784
		<u>1,822,954</u>	<u>3,259,185</u>
<b>Infrastructural Works</b>			
Land for Development	4	2,500,000	3,000,000
Housing Infrastructure Projects	5	-	5
Capital Funded Projects	6	975,951	1,301,266
		<u>5,298,905</u>	<u>7,560,456</u>
<b>Current Assets</b>			
Inventories	7	108,116	7,272
Work In Progress	8	1,522,368	996,060
Revolving Fund Loan	9	-	725,498
Receivables & Prepayments	10	3,310,435	3,001,163
Cash and Bank	13	566,756	367,871
		<u>5,507,675</u>	<u>5,097,864</u>
<b>TOTAL ASSETS</b>		<u><u>10,806,580</u></u>	<u><u>12,658,320</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
MOF Contributions - Capital Projects		5,763,367	6,588,682
MOF Contributions - Low Income Houses		45,000	50,000
MOF Contribution - Low Income Revolving Loan		1,800,000	2,000,000
Accumulated Surplus		2,678,613	3,503,219
		<u>10,286,980</u>	<u>12,141,901</u>
<b>Non-Current Liabilities</b>			
Long Term Liabilities (GOG/VIF H/F)	15	292,080	290,485
<b>Current Liabilities</b>			
Deferred Income	14	1,876	9,676
Payables and Accruals	11	225,644	216,258
		<u>519,600</u>	<u>516,419</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>10,806,580</u></u>	<u><u>12,658,320</u></u>

**CENTRAL HOUSING AND PLANNING AUTHORITY**  
Director of Finance

These financial statements were approved by and issue on 30.01.2019  
  
 ..... Director of Finance - Reaze Abraham

  
 ..... Chairman - Elsworth Williams

  
 ..... Chief Executive Officer - Lelon Saul

The notes on pages 8 - 18 form an integral part of these financial statements



CENTRAL HOUSING AND PLANNING AUTHORITY

STATEMENT OF PROFIT OR LOSS

AND COMPREHENSIVE INCOME

31 DECEMBER 2018

INCOME	2018 G\$000	2017 G\$000
Sale of Land	1,498,610	580,561
Rental	540	709
Building Application Fees	14,592	12,853
Transport Processing Fees	11,547	10,875
Sale of Application Forms	4,341	4,782
Profit/ (Loss) from Sale of Houses (1000 Homes Project)      17	13,069	10,734
Survey Fees	3,370	3,310
Sale of Low Income Houses	6,600	3,820
Other Income	90,497	148,363
<b>Total Income</b>	<b>1,643,166</b>	<b>776,007</b>
EXPENDITURE		
Housing Fund Projects	1,674,394	949,668
Cost of Land and Expenditure on Housing Scheme	825,315	825,315
Employment Costs	506,763	388,264
Stipend/Honorarium	26,348	19,434
Repairs and Maintenance	34,512	36,963
Advertisement	13,119	20,275
Legal Fees	7,775	4,789
Security	9,265	4,146
Utilities	37,033	30,993
Travelling & Subsistence	56,343	49,125
Fuel & Lubricants	18,084	9,717
Board Expenses	9,328	5,698
Depreciation	43,139	32,520
Office Materials & Supplies	30,151	15,004
Finance Charges	1,157	5,718
Other Administrative Expenses	46,458	46,818
Refunds to Allottees	133,962	62,719
Rental of Office Building	7,605	-
IDB Hinterland Project	-	3,194
Expenditure on Low Income Houses / Frabricate (Green Expo)	73,347	28,946
Expenditure on GoG Special Projects	5	726,763
Donation	-	79
Housing Solution Exhibition	-	41,015
Jubilee Expenses	-	12,429
<b>Total Expenditure</b>	<b>3,554,103</b>	<b>3,319,592</b>
<b>(Deficit) for the Year</b>	<b>(1,910,937)</b>	<b>(2,543,585)</b>
<b>Amortisation:</b>		
Infrastructure Projects - GoG	825,315	825,315
Amortisation - MOF Contributions	205,000	-
Amortisation - Deferred Income      14	7,800	-
<b>Total Comprehensive Deficit for the year</b>	<b>(872,822)</b>	<b>(1,718,270)</b>

The notes on pages 8 - 18 form an integral part of these financial statements

**CENTRAL HOUSING AND PLANNING AUTHORITY**

**STATEMENT OF CHANGES IN EQUITY**

**31 DECEMBER 2018**

	MOF Contribution Capital Projects	MOF Contribution Low Income Houses	MOF Contribution Low Income Revolving Fund	Retained Earnings
<u>Year Ended 31 December 2018</u>	G\$000	G\$000	G\$000	G\$000
Balance at 1 January 2018	6,588,682	50,000	2,000,000	3,503,219
Amortisation of Grants and Other funding	(825,315)	(5,000)	(200,000)	1,038,115
Prior Year Adjustments	-	-	-	48,216
Deficit for the year	-	-	-	(1,910,937)
<b>Balance as at 31st December 2018</b>	<b>5,763,367</b>	<b>45,000</b>	<b>1,800,000</b>	<b>2,678,613</b>
<u>Year Ended 31 December 2017</u>				
Balance at 1 January 2017	7,413,997	50,000	2,000,000	5,221,489
Amortisation of Grants and Other funding	(825,315)	-	-	825,315
Deficit for the year	-	-	-	(2,543,585)
<b>Balance as at 31st December 2017</b>	<b>6,588,682</b>	<b>50,000</b>	<b>2,000,000</b>	<b>3,503,219</b>

The notes on pages 8 - 18 form an integral part of these financial statements

**CENTRAL HOUSING AND PLANNING AUTHORITY**

**STATEMENT OF CASH FLOWS**

**31 DECEMBER 2018**

	<b>2018</b>	<b>2017</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>Operating Activities</b>		
Operating (Deficit)	(1,910,937)	(2,543,585)
<b>Adjustment for:</b>		
Prior Year Adjustments	48,216	-
Interest Received	(63,275)	(112,733)
Depreciation / Amortisation	43,139	32,520
<b>Operating Activities before Working Capital Changes</b>	<b>(1,882,857)</b>	<b>(2,623,798)</b>
Increase in Receivables and Prepayments	(309,272)	(2,000,000)
Increase in Work In Progress	(526,308)	(391,566)
Increase in Inventory	(100,844)	(2,020)
Increase in Payables and Accruals	9,386	60,099
Increase in Long Term Liabilities (GOG/VIF/H/F)	1,595	-
Decrease in Infrastructural Works	825,320	1,552,073
Decrease in Revolving Fund Loan	725,498	980,853
<b>Net Cash (Outflows) from Operating Activities</b>	<b>(1,257,482)</b>	<b>(2,424,359)</b>
<b>Investing Activities</b>		
Interest Received (Returns from Investment)	63,275	112,733
Acquisition of Non - Current Assets	(47,625)	(73,221)
Fixed Deposits	1,440,717	1,092,348
<b>Net Cash inflows from Investing Activities</b>	<b>1,456,367</b>	<b>1,131,860</b>
<b>Net Movement in Cash and Cash Equivalents</b>	<b>198,885</b>	<b>(1,292,499)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>367,871</b>	<b>1,660,370</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>566,756</b>	<b>367,871</b>
<b>CASH AND CASH EQUIVALENTS COMPRISES OF:</b>		
Cash and Bank	<b>566,756</b>	<b>367,871</b>

The notes on pages 8 - 18 form an integral part of these financial statements

# CENTRAL HOUSING AND PLANNING AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 1. Background of Entity

The Central Housing and Planning Authority (CH&PA), was established in 1948, vide the Housing Act, Chapter 36:20, to address the housing needs of the citizens of Guyana. The Agency, which is under the purview of the Ministry of Communities, has the following primary objectives:

- (i) Divestment of Government land to eligible Guyanese for residential use.
- (ii) Development of housing schemes and regularization and upgrade of squatter settlements.
- (iii) Orderly and progressive development of Land, Cities, Towns, Urban and Rural areas.
- (iv) Granting security of tenure, (Transports and Certificates of Title to Land).
- (v) Preparation of development plans for urban centers.
- (vi) Provision of services (access roads, internal road networks, water distribution networks, drainage, electricity).
- (vii) Collaboration with stakeholders for the development of sustainable communities.

### 2. Basis of Accounting

- (a) The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), and are stated in Guyana Dollars. These financial statements have been prepared on an accrual basis.
- b) *Standards, amendments and interpretations that are not yet effective in current year and either not relevant or with has no material impact on the Authority's financial reporting.*

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)

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

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)

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

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

# CENTRAL HOUSING AND PLANNING AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### c) *The standards and amendments adopted and has material impact on the Authority's financial reporting. (cont'd)*

IFRS 1- First time adoption of IFRS: Amendment; Removing short term exemptions (effective on or after 1 January 2018)

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

IFRS 15 applies to all contracts with customers, except for those that are within the scope of other IFRSs.

The core principle underlying the new model is that an entity should recognise revenue in a manner that depicts the pattern of transfer of goods and services to customers. The amount recognised should reflect the amount to which the entity expects to be entitled in exchange for those goods and services. In order to meet the core principle, IFRS 15 adopts a five-step model.

#### d) *The standards and amendments that are effective in the current year and expected to have to no material impact on the Authority's financial reporting.*

IFRS 2 Share-based Payment Amendments (effective on or after 1 January 2018)

IFRS 4- Insurance Contracts: Amendments regarding the interaction of IFRS 4 & IFRS 9 (effective on or after 1 January 2018)

IFRS 7 - Transition disclosures; Amendments to IFRS 9 (effective upon the adoption of IFRS 9)

IFRS 9 - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition. (effective on or after 1 January 2018).

IAS 28 Investments in Associates and Joint Ventures (clarifying certain fair value measurements) (effective on or after 1 January 2018)

IAS 40 Investment Property (Amendments to clarify transfers of property to, or from, investment property) effective on or after 1 January 2018.

#### (e) **Foreign Currency Transaction**

Transactions involving foreign currencies are translated at the exchange rates at the dates of these

#### (f) **Cash and Cash Equivalents**

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather

CENTRAL HOUSING AND PLANNING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES Cont'd

(g) Revenue Recognition

**Revenue from sale of land** – Revenue from sale of land are recognised over time as payments are made, while the customer have access and control over the property. However, certificate of title is only transferred upon full payment.

**Revenue from sale of complete houses** - The Authority records the sale of complete houses on the basis of the five (5) underlying conditions set out in IFRS 15 (Revenue from contracts with customers). The Authority apply these conditions set out below:

- (i) Performance obligations were met - The Authority recognised revenue from sale of completed houses where performance obligations were met, by transferring promised goods or services to the customer.
- (ii) Performance obligations not met - In the event where performance obligations were not met, the promised goods or services are yet to be transferred to the customer, payments were recorded as deferred liability. Payments made will be recognized as revenue upon the transfer of the goods or services to the customers.

(h) Property, Plant and Equipment

Depreciation of non-current assets is calculated on the straight line method at rates sufficient to write off the cost of these assets to their residual values over their estimated useful lives as follows:

Motor Vehicles	20%
Fixtures	20%
Equipment	20%

(i) Inventories

These are valued at the Lower of Cost and Net Realizable Value using primarily the First in First Out Cost method.

(j) Taxation

Provision for deferred corporation tax is computed using the liability method, for all temporary differences arising between the tax bases of the assets and liabilities and their carry values for financial reporting purposes. The current enacted tax rate is used to determine deferred income tax.

The principal temporary differences arise from depreciation of property and equipment and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognized to the extent that it is possible that future taxable profit will be available against which the unused tax losses can be utilized.

(k) Revaluation Reserve

Surplus and Disposals on revalued non-current assets are debited and credited to this account.

# CENTRAL HOUSING AND PLANNING AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

### 3. Investments

Investments represents surplus funds invested in a mix of fixed deposit accounts and savings accounts at commercial banks and the amount shown in the Statement of Financial Position represents the balances in the said accounts as at 31/12/2018.

	2018 GS000	2017 GS000
Demerara Bank	1,708,067	2,861,351
Republic Bank Ltd.	-	227
Citizens Bank Fixed Deposit Account	-	287,206
	<b>1,708,067</b>	<b>3,148,784</b>

### 4. Land for Development

Land for Development represents land purchased from GUYSUCO for housing development and is shown at cost in the Statement of Financial Position. An amount of \$500,000 is amortised to the statement of other comprehensive income annually until balance is completely written off.

Opening Balance	3,000,000	3,500,000
Amortised in OCI	(500,000)	(500,000)
<b>Balance at year end</b>	<b>2,500,000</b>	<b>3,000,000</b>

### 5. Housing Infrastructure Projects

In 2010 and 2012 the Authority received G\$4.730B and G\$1.5B, respectively as subvention from the Government of Guyana for infrastructural development in the housing sector.

Opening Balance	5	726,768
Transferred to Statement to Income and Expenditure	(5)	(726,763)
<b>Balance at year end</b>	<b>-</b>	<b>5</b>

### 6. Capital Funded Projects

The G\$3.253B represents subvention received from the government over the years for Capital Infrastructural Works. An amount of \$325,315 is amortised to the Statement of Income and Expenditure annually until balance is completely written off.

Opening Balance	1,301,266	1,626,581
Amortised in OCI	(325,315)	(325,315)
<b>Balance at year end</b>	<b>975,951</b>	<b>1,301,266</b>

## NOTES TO THE FINANCIAL STATEMENTS

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7. (a) Inventories	2018 G\$000	2017 G\$000
Balance represents inventory held as at 31st December, 2018 for the 1000 Homes Project and Infrastructure which is stored at Perseverance Diamond and Lust En Rust. Inventory is stated at lower of cost or net realizable value in accordance with IAS 2.		
Inventory	18,864	7,272
<b>(b) Inventory Held at Third Party</b>	89,252	-
Balance represents inventory held at third party as at 31st December, 2018 for Infrastructure Projects which is stored at Fix It Depot.		
<b>Total Inventories</b>	<u>108,116</u>	<u>7,272</u>

*Included in this amount, the sum of \$48,067,572 relates to inventories for 2017 that was not taken into account. This was adjusted for in the statement of changes in equity.*

## 8. (a) Work In Progress (1000 Homes Project)

Work In Progress stated in the Statement of Financial Position is calculated in accordance with IAS 2 and represents all directly attributable cost incurred as at 31/12/2018 in the construction of houses in the 1000 Homes Project at Perseverance, EBD.

WIP Valuation

Opening WIP	740,869	604,494
Add: Opening Stock	7,272	5,252
Add: Purchases	40,495	166,433
Less: Closing Inventory	(3,501)	(7,272)
<b>Cost of Inventory used in construction of houses</b>	<u>785,135</u>	<u>768,907</u>
Plus: Labour cost	25,780	125,546
Plus: Employment Cost	7,989	19,837
Plus: Misc Cost	27,721	44,645
Less: Cost of Sales & Other expenditure	(201,554)	(218,066)
	<u>645,071</u>	<u>740,869</u>
 <b>Work In Progress (Housing Solutions) - Note 8 (b)</b>	 <u>877,297</u>	 <u>255,191</u>
 <b>Total Work In Progress</b>	 <u>1,522,368</u>	 <u>996,060</u>



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	2018 GS000	2017 GS000
<b>8. (b) Work In Progress (Housing Solutions)</b>		
<p>Work In Progress stated in the Statement of Financial Position is calculated in accordance with IAS 2 and represents all directly attributable cost incurred as at 31/12/2018 in the construction of houses for Housing Solution Project at Perseverance (Region 4), Onderneeming (Region 3), Amelia's Ward (Region 10) and Experiment (Region 5).</p>		
<b>(i) Work In Progress (Flat Duplex)</b>		
Opening WIP	161,311	-
Add Payments	336,611	161,311
Less Cost of Sales	(357,756)	-
	<u>140,166</u>	<u>161,311</u>
<b>(ii) Work In Progress (Single Elevated Houses)</b>		
Opening WIP	93,880	-
Add Payments	383,533	93,880
Add Blocks Procured (Amelia's Ward)	6,833	-
Less Cost of Sales	(167,422)	-
	<u>316,824</u>	<u>93,880</u>
<b>(iii) Work In Progress (Flat two (2) bedroom houses)</b>		
Opening WIP	-	-
Add Payments	121,908	-
Add Blocks Procured (Amelia's Ward)	4,556	-
	<u>126,464</u>	<u>-</u>
<b>(iv) Work In Progress (Flat three (3) bedroom houses)</b>		
Opening WIP	-	-
Add Payments	253,425	-
	<u>253,425</u>	<u>-</u>
<b>(v) Work In Progress (Houses for Expo 2019)</b>		
Opening WIP	-	-
Add Payments	40,418	-
	<u>40,418</u>	<u>-</u>
<b>Total Work In Progress</b>	<u>877,297</u>	<u>255,191</u>

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**9. Revolving Fund Loan**

**2018**                      **2017**  
**G\$000**                      **G\$000**

Subvention of G\$2.0B received from the Government of Guyana for the establishment of a low income revolving fund loan facility. This amount is shown in the Statement of Financial Position plus bank interest earned to date.

Opening Balance	725,498	1,706,351
Interest Earned	661	20,647
Expenditure on 1000 Homes Project	(726,159)	(1,001,500)
<b>Balance at year end</b>	<u><u>-</u></u>	<u><u>725,498</u></u>

**10. Receivables & Prepayments**

Deposit - GPL	1,000	1,000
Guysuco	3,000,000	3,000,000
Prepayments - 1000 Homes Project	163	163
Payment due on Houses Handed Over (note (b))	309,272	-
	<u><u>3,310,435</u></u>	<u><u>3,001,163</u></u>

*(b) This amount represents balances outstanding by homeowners. The Authority introduced this policy in the year 2018.*

**11. Payables and Accruals**

Prepayments Received on Turn Key Houses	214,043	192,488
Accruals	7,847	7,398
Contractor's Mobilization Advance	3,754	16,372
	<u><u>225,644</u></u>	<u><u>216,258</u></u>

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**12. Property, Plant and Equipment**

	Motor Vehicles G\$000	Fixtures G\$000	Equipment G\$000	Total G\$000
<b><u>Cost/Valuation</u></b>				
At 1 January 2018	129,592	93,046	99,674	322,312
Additions	16,040	15,128	16,457	47,625
At 31 December 2018	<u>145,632</u>	<u>108,174</u>	<u>116,131</u>	<u>369,937</u>
<b><u>Depreciation</u></b>				
At 1 January 2018	85,968	60,689	65,254	211,911
Charge for the Year	19,845	11,647	11,647	43,139
At 31 December 2018	<u>105,813</u>	<u>72,336</u>	<u>76,901</u>	<u>255,050</u>
<b><u>Net Book Values</u></b>				
At 31 December 2017	<u>43,624</u>	<u>32,357</u>	<u>34,420</u>	<u>110,401</u>
At 31 December 2018	<u>39,819</u>	<u>35,838</u>	<u>39,230</u>	<u>114,887</u>

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	2018 G\$000	2017 G\$000
<b>13. (a) Bank &amp; Cash Balances</b>		
Citizens Bank Current Account	482,569	(621)
RBL Current Account	51,350	34,434
NBIC GOG/VIF Account	2,002	16,412
RBL GoG Capital Account	-	5,975
Citizens Bank Revolving Fund Account	30,102	245,090
GBTI Current Account	-	54,770
Citizens Bank Savings	-	2,209
GBTI Savings Accounts	-	9,022
Petty Cash Account (note b)	713	565
Stamp Imprest	20	20
Cash balance disclosed seperately under Note "5"	-	(5)
	<b>566,756</b>	<b>367,871</b>

*Note (b): Included in this amount, the sum of \$148,000 relates to petty cash float not accounted for in year 2017. This was adjusted for in the statement of changes in equity.*

**14. Deferred Income**

The Deferred Income in the Statement of Financial Position as at 31/12/2018 is in relation to Motor Vehicles that were transferred to the Authority during the year. The said Motor Vehicles were valued and brought into the accounts of the Authority.

Opening Balance	9,676	9,676
Transferred to Income and Expenditure Account	(7,800)	-
<b>Balance at year end</b>	<b>1,876</b>	<b>9,676</b>

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	<b>2018</b>	<b>2017</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>15. Long-Term Liabilities (GoG/VIF H/F)</b>		
Opening Balance	290,485	290,485
Amount received during the year	1,595	-
<b>Balance at year end</b>	<u><u>292,080</u></u>	<u><u>290,485</u></u>
<b>16. Related Party Transactions and Other Disclosures</b>		
(a) Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. There were no related party transactions for the year ending 31st December, 2018.		
(b) <b>Other Disclosures</b>	<b>2018</b>	<b>2017</b>
	<b>G\$000</b>	<b>G\$000</b>
(i) <b>Stipend paid to Board Chairman and Directors.</b>		
Chairman	96	96
Board of Directors	1,260	1,428
<b>Total</b>	<u><u>1,356</u></u>	<u><u>1,524</u></u>
(ii) <b>Key Management Personnel</b>		
Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. (IAS 24.9).		
Chief Executive Officer	8,783	6,927
Director of Projects	6,416	5,426
Director of Operations	7,986	7,048
Director of Finance	6,416	3,568
Director, Community Planning and Development	5,866	4,808
Head, Information Communication Technology	3,210	2,859
Chief Development Planner	6,911	5,965
<b>Total</b>	<u><u>45,588</u></u>	<u><u>36,601</u></u>
<b>17. Surplus from Sale of Houses</b>		
Income From Sale of Houses	739,800	228,800
Cost of Sales	(726,731)	(218,066)
<b>Net Surplus</b>	<u><u>13,069</u></u>	<u><u>10,734</u></u>

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	<b>2018</b>	<b>2017</b>
	<b>G\$000</b>	<b>G\$000</b>
<b>17. Surplus from Sale of Houses (Cont'd)</b>		
<b>(a) Turnkey, Model Village &amp; Bungalow</b>		
Revenue - Turnkey	118,300	228,800
Model Village	58,500	-
Bungalow	14,400	-
	191,200	228,800
Cost of Sales	(201,553)	(218,066)
	<b>(10,353)</b>	<b>10,734</b>
<b>(b) Flat Duplex at Perseverance</b>		
Revenue	353,600	-
Cost of Sales	(357,756)	-
	<b>(4,156)</b>	<b>-</b>
<b>(c) Single Elevated Houses at Perseverance, Onderneeming, Experiment &amp; Amelia's Ward</b>		
Revenue	195,000	-
Cost of Sales	(167,422)	-
	<b>27,578</b>	<b>-</b>
<b>Net Surplus from Sale of Houses</b>	<b>13,069</b>	<b>10,734</b>

**18. LITIGATION**

As at 31 December, 2018 there were nine (9) pending matters which were identified for year that the outcome could not be determine by the authority legal representatives.

**19. SALE OF LAND TO PRIVATE DEVELOPERS**

At year end, there is an outstanding sum of \$687,955,550 relates to land sold to Private Developers.

**20. EVENTS AFTER REPORTING PERIOD**

In January 2020, there was a misappropriation of funds amounting to \$20,670,000. The Authority has advised that its internal controls have been strengthened as part of its Standard Operating Procedures to mitigate re-occurrence.