


CIVIL AVIATION AUTHORITY

DECEMBER 31, 2011

AUDITED FINANCIAL STATEMENTS

 Chartered Accountants
Professional Services Firm

157 'C' Waterloo Street
North Cummingsburg
Georgetown

Ram & McRae

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**REPORT OF THE INDEPENDENT AUDITORS
TO THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
CIVIL AVIATION AUTHORITY**

We were appointed to audit, on your behalf, the accompanying financial statements of **Civil Aviation Authority**, which comprise the statement of financial position as at December 31, 2011, and the statement of comprehensive income, 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 information.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and the Civil Aviation Act Cap. 53:01, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer Opinion

The receivable listing provided showed a balance of \$279,140,918, or \$45,070,305 more than the amount shown in the financial statements. Further, no detailed breakdown of the amounts owing for arrival and departures of \$41,920,809 was provided.

Differences totalling \$27,110,201 of the aged receivable listing and the debtor's ledger was noted, being understatement of the balances in the aged receivable listing. This would extend the difference in the financial statements to \$72,180,814.

The Authority did not provide supporting schedules for \$33,179,424 shown as a suspense account in accounts receivable.

We were not provided with bank reconciliation statements nor bank statements to determine the accuracy of amounts totalling \$212,649,782 and included in cash and cash equivalents of \$468,546,000. Reconciling items totalling \$15,609,662 were shown on bank reconciliation

statements provided but represent items for which the financial statements should have been adjusted.

We were not provided with a fixed assets register to support property, plant and equipment with a carrying amount of \$794,545,964 and consequently were unable to carry out relevant audit procedures over this account balance and related depreciation charges of \$67,498,000.

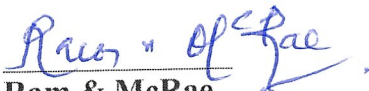
The Authority participates in a Defined Benefit contribution pension scheme for which the net surplus or deficit has not been quantified or accounted for in the financial statements.

Management has not provided us with signed requests for confirmation of bank balances. In this regard, management has limited the scope of the audit.

In our opinion, the Authority did not maintain adequate accounting records and supporting documents nor was the system of internal control adequate to safeguard assets and assure proper recording of transactions. Accordingly, it was impractical to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.


Ram & McRae
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

June 13, 2017

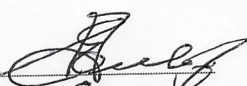
Civil Aviation Authority

Statement of Financial Position

For the year ended December 31, 2011

	Notes	2011 G\$ 000	2010 G\$ 000
Assets			
Non-current assets			
Property, plant and equipment	4	794,544	531,098
Current assets			
Accounts receivable	5	267,507	216,523
Cash and cash equivalents	6	468,563	612,737
Total current assets		<u>736,070</u>	<u>829,260</u>
Total Assets		<u>1,530,614</u>	<u>1,360,358</u>
Equity & Liabilities			
Equity			
Accumulated surplus/(deficit)		118,617	(31,829)
Capital contribution	7	1,393,636	1,373,636
Total shareholder's equity		<u>1,512,253</u>	<u>1,341,807</u>
Current liabilities			
Accounts payable	8	10,600	14,358
Accruals	8	7,761	4,195
Total current liabilities		<u>18,361</u>	<u>18,553</u>
Total Equity & Liabilities		<u>1,530,614</u>	<u>1,360,360</u>

On behalf of the Board of Directors:


Director General


Director

The notes on pages 5 to 6 form an integral part of these financial statements.

Civil Aviation Authority
Statement of Comprehensive Income
For the year ended December 31, 2011

	Notes	2011 G\$ 000	2010 G\$ 000
Revenue	9	590,642	543,797
Expenses			
Administrative expenses	10	388,336	356,517
Operating expenses	10(a)	51,860	44,279
Total expenses		<u>440,196</u>	<u>400,796</u>
Net surplus		<u>150,446</u>	<u>143,001</u>

The notes on pages 5 to 6 form an integral part of these financial statements.

Civil Aviation Authority

Statement of Changes in Equity

For the year ended December 31, 2011

	Capital contribution G\$ 000	Accumulated surplus/(deficit) G\$ 000	Total G\$ 000
As at January 01, 2010	1,233,636	(174,830)	1,058,806
Government capital funds	140,000	-	140,000
Net surplus for the year	-	143,001	143,001
As at December 31, 2010	1,373,636	(31,829)	1,341,807
Government capital funds	20,000	-	20,000
Net surplus for the year	-	150,446	150,446
As at December 31, 2011	1,393,636	118,617	1,512,253

The notes on pages 5 to 6 form an integral part of these financial statements.

Civil Aviation Authority

Statement of Cash Flows

For the year ended December 31, 2011

	2011 G\$ 000	2010 G\$ 000
Cash flows from operating activities		
Net surplus	150,446	143,001
Adjustment for:		
Suspense account	33,181	(18,287)
Depreciation	67,497	55,241
Operating loss before working capital changes	<u>251,124</u>	<u>179,955</u>
Decrease in accounts payable	(192)	(26,519)
Increase in accounts receivable	(84,163)	(76,113)
Cash generated from operations	<u>166,769</u>	<u>77,323</u>
Net cash from operating activities	<u>166,769</u>	<u>77,323</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(330,943)	(15,594)
Net cash used in investing activities	<u>(330,943)</u>	<u>(15,594)</u>
Cash flows from financing activities		
Proceeds from Government Grant	20,000	140,000
Net cash flows from financing activities	<u>20,000</u>	<u>140,000</u>
Net increase/(decrease) in cash and cash equivalents	<u>(144,174)</u>	<u>201,729</u>
Cash and cash equivalents at January 1,	612,737	411,008
Cash and cash equivalents at December 31,	<u>468,563</u>	<u>612,737</u>

The notes on pages 5 to 6 form an integral part of these financial statements.

Civil Aviation Authority

Notes to the financial statements

For the year ended December 31, 2011

1 Incorporation and principal activities

The Civil Aviation Authority (GCAA) was established in March 2002, by the Civil Aviation Act No. 10 of 2000. The Authority is comprised of four Directorates providing Air Navigation, Air Traffic, Aeronautical telecommunications and Aeronautical metrological Services.

These financial statements were approved by the Directors on June 13, 2017.

2 Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) and the Civil Aviation Act 2000 Cap 53:01 under the historical cost convention, as modified for the revaluation of certain non-current assets and the measurement at fair value of available for sale financial assets.

Application of new and revised Standards and Interpretation

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the prior year except for the adoption of new and amended standards and interpretations which became effective during the period. The adoption of these pronouncements had no impact on the financial position or performance of the Institute.

Standards and Interpretations not yet effective

At the date of authorisation of these financial statements, several new and amended standards and interpretations were in issue but not yet effective. The Institute has not early adopted any such pronouncements. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Institute.

(b) Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment charges. Depreciation is provided on the straight line basis at rates sufficient to write off the cost of the assets over their estimated useful lives. The rate used is as follows:

Civil Aviation Authority

Notes to the financial statements

For the year ended December 31, 2011

2 Significant accounting policies continued

Building	5%
Plant &	10%
Fixtures & fittings	10%
Computer	10%
Electrical	5%
Motor	20%
Office furniture	10%
General equipment	10%

(e) Income and expenditure

Income and expenses are dealt with in these financial statements on the accruals basis.

(f) Reporting currency

These financial statements are stated in Guyana dollars. Foreign currency transactions during the year were translated to Guyana dollars at rates applicable at the date of the transaction.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received and represents amounts receivable for equipment sale and services in the normal course of business, net of discounts.

(h) Trade and other receivables

Trade receivables are stated at original invoice amount less provision for impairment of these receivables. A provision for impairment is established when there is objective assessment that the Authority will not be able to collect all amounts due according to the original terms of the transaction. The value of the provision is the difference between the asset's carrying amount and the recoverable amount.

(g) Pension scheme costs

The Authority's contribution to the Scheme, under which retirement benefits are to be provided to employees upon retirement, are made on the basis provided for in the rules of the scheme. The assets of the scheme are held separately from those of the Authority.

3. Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management does not believe that there are any critical judgements or sources of estimation uncertainty that materially affect the application of accounting policies or balances shown in the financial statements.

Civil Aviation Authority

Notes to the financial statements

For the year ended December 31, 2011

4. Property, plant and equipment

	Land & Building G\$ 000	Plan & Machinery G\$ 000	Furniture & Fixtures G\$ 000	Computer Equipment G\$ 000	Electrical Equipment G\$ 000	Motor Vehicle G\$ 000	Office Furniture G\$ 000	General Equipment G\$ 000	Total G\$ 000
Cost									
At January 1, 2010	240,997	662,641	19,288	12,588	419,035	24,088	12,839	2,760	1,394,236
Additions	-	9,225	-	1,005	4,335	-	452	577	15,594
At December 31, 2010	240,997	671,866	19,288	13,593	423,370	24,088	13,291	3,337	1,409,830
Additions	2,579	305,963	8,037	7,102	1,663	-	3,886	1,713	330,943
At December 31, 2011	243,576	977,829	27,325	20,695	425,033	24,088	17,177	5,050	1,740,773
Depreciation									
As at January 1, 2010	93,316	657,952	17,006	5,805	29,387	10,899	8,610	515	823,490
Charges for the year	6,025	24,120	901	884	21,126	1,272	602	312	55,242
At December 31, 2010	99,341	682,072	17,907	6,689	50,513	12,171	9,212	827	878,732
Charges for the year	6,089	35,104	1,276	1,345	21,209	1,272	730	472	67,497
At December 31, 2011	105,430	717,176	19,183	8,034	71,722	13,443	9,942	1,299	946,229
Net book value									
At December 31, 2011	138,146	260,653	8,142	12,661	353,311	10,645	7,235	3,751	794,544
At January 1, 2010	141,656	(10,206)	1,381	6,904	372,857	11,917	4,079	2,510	531,098

Civil Aviation Authority

Notes to the financial statements

For the year ended December 31, 2011

5. Accounts receivable

	2011	2010
	G\$ 000	G\$ 000
Trade receivables	234,070	195,372
Prepayments	258	159
Suspense account	33,179	20,992
Total	<u>267,507</u>	<u>216,523</u>

6. Cash and cash equivalents

Cash at bank	468,546	612,737
Cash on hand	17	-
Total	<u>468,563</u>	<u>612,737</u>

7. Accumulated fund

Accumulated fund consist of government grants transferred to the Authority, for the acquisition of assets and other operating expenditure. The balance also includes, opening receivable balances transferred from the Cheddi Jagan International Airport (CJIA) in 2004.

8. Accounts payable

Employment cost	7,038	12,057
Material equipment	495	102
Fuel & lubricant	184	-
Rental and maintenance buildings	501	-
Transport travel & postage	176	-
Utility charges	298	822
Other goods and services purchased	199	721
Other operating expenses	86	96
Capital expenses	1,622	560
Total	<u>10,599</u>	<u>14,358</u>

Civil Aviation Authority

Notes to the financial statements

For the year ended December 31, 2011

8. Accounts payable continued

	2011	2010
Accruals	G\$ 000	G\$ 000
Employment cost	4,386	2,291
Fuel & lubricant	633	135
Utility charges	296	1,091
Professional fees	1,500	-
Other goods and services purchased	946	678
Total	7,761	4,195

9. Revenue

License	2,696	2,316
Airworthiness Certificates	16,185	15,655
Aircraft Maintenance Organisations	1,050	1,000
AOC's	2,427	1,533
International Overflights	396,827	385,636
International Arrivals & Departures	100,022	93,678
Domestic Flights	48,273	34,161
Fees and fines	5,010	5,077
AIP	672	4,207
ATM License	751	534
Other	16,729	-
Total	590,642	543,797

10. Administrative expenses

Employment Cost	298,941	277,961
Transport travel and postage	5,843	3,762
Utility charges	8,098	8,763
Training	6,457	10,790
Professional fees	1,500	-
Depreciation	67,497	55,241
Total	388,336	356,517

10(a) Operating expenses

Materials equipment and supplies	3,972	5,019
Fuel & Lubricants	4,257	2,445
Rental and maintenance of building	7,728	8,920
Maintenance of infrastructure	98	1,256
Other goods and services purchased	32,332	23,359
Other operating expenses	3,474	3,279
Total	51,861	44,278

Civil Aviation Authority

Notes to the financial statements

For the year ended December 31, 2011

11. Key management compensation		2011	2010
		G\$ 000	G\$ 000
<u>Name</u>	<u>Designation</u>		
Zulficar Mohamed	Director General	14,052	13,732
Paula Mc Adam	Director - Air Safety Regulation	10,366	9,713
Chaitrani Heeralla	Director - Air Navigation Services (ag)	11,400	10,859
Ankar Doobay	Manager - Air Safety Regulation	9,992	9,362
Mohamed S. Khan	Manager - Personnel Licensing	7,646	7,135
Rickford Samroo	Director - Air Navigation Services	9,268	9,046
		<u>62,724</u>	<u>59,847</u>

12. Financial risk management

The Authority's activities expose it to a variety of financial risks, including the effects of changes in interest rates and credit risk. Management seeks to minimise potential adverse effects on the financial performance of the Authority by applying procedures to appropriately identify, evaluate and manage these risks.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Authority's maximum exposure to credit risk is as follows:

Cash at bank	468,563	612,737
Receivables	234,070	195,372
	<u>702,633</u>	<u>808,109</u>

The Authority hold no collateral in respect of the above balances but management believes that the cash at bank balance is of a high quality as principal balances are held with financial institutions with no known liquidity problems. The risk associated with receivables is relatively high, since the credit quality of the customers is considered to be low and management expect losses from non-performance of the counterparties.

High	103,438	98,100
Medium	90,714	68,531
Low	39,918	28,741
	<u>234,070</u>	<u>195,372</u>

Civil Aviation Authority

Notes to the financial statements

For the year ended December 31, 2011

13. Financial risk management continued

(a) Credit risk continued	2011	2010
	G\$ 000	G\$ 000

An aged analysis of amounts past due but not impaired is as follows:

Less than 30 days past due	39,918	38,259
More than 30 days past due	91,707	65,300
	<u>131,625</u>	<u>103,559</u>

No amounts have been individually assessed as impaired.

(b) Foreign currency risk

Currency risk is the risk that the value of a monetary asset or liability will fluctuate because of changes in foreign exchange rates. The Authority is not exposed to foreign currency risks.

(c) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Authority will encounter difficulty in raising funds to meet its commitments as they fall due. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Authority has sufficient cash resources and generates positive cash flows from its operations to fund its debts.

Assets	2011			Total
	On demand	within year	1 Over 1 years	
Accounts receivables	234,070	-	-	234,070
Cash at bank	468,546	-	-	468,546
Total	<u>702,616</u>	-	-	<u>702,616</u>
Liabilities				
Accounts payable	-	10,600	-	10,600
Accruals	-	7,761	-	7,761
Total	-	<u>18,361</u>	-	<u>18,361</u>
Net gap	<u>702,616</u>	<u>(18,361)</u>	-	<u>684,255</u>
Cumulative gap	<u>702,616</u>	<u>720,977</u>	<u>720,977</u>	<u>(1,405,232)</u>

Civil Aviation Authority

Notes to the financial statements

For the year ended December 31, 2011

13. Financial risk management continued

(c) Liquidity risk continued

Assets	2010			Total
	On demand	within year	Over 1 years	
Accounts receivables	195,372	-	-	195,372
Cash at bank	216,523	-	-	216,523
Total	411,895	-	-	411,895
Liabilities				
Accounts payable	-	14,358	-	14,358
Accruals	-	4,195	-	4,195
Total	-	18,553	-	18,553
Net gap	411,895	(18,553)	-	393,342
Cumulative gap	411,895	430,448	430,448	(823,790)

The Authority has a significant investment in receivables which can generate sufficient cash flow to meet monthly cash outflow commitments. Further, there are financing options open to the Authority by way of Grant Funds from the Government of Guyana and financing option from Bankers.

Cash flow interest rate risks

This is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is not significantly exposed to such risks.

14. Fair value of financial assets and liabilities

The fair values of financial assets and liabilities not carried at fair value in the financial statements are estimated to approximate their carrying values.

15. Pension scheme

The Authority operates a defined benefit contribution pension scheme for employees who have satisfied certain minimum service requirements. The scheme is administered by Hand in Hand Mutual Life Assurance Company Limited.