

**AUDITED FINANCIAL STATEMENTS OF THE
DEMERARA HARBOUR BRIDGE CORPORATION**

**FOR THE YEAR ENDED
31 DECEMBER 2015**

**CONTRACTED AUDITORS: HLB, R. SEEBARRAN & CO.
CHARTERED ACCOUNTANTS/
BUSINESS AND FINANCIAL
SERVICES**

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

AUDITED FINANCIAL STATEMENTS OF THE
DEMERARA HARBOUR BRIDGE CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2015

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Audit Office of Guyana

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32/PC: 70/2/2021

8 March 2021

Mr. Jaikarran Jagnanan
Finance Manager
Demerara Harbour Bridge Corporation
Peter's Hall
East Bank Demerara.

Dear Mr. Jagnanan,

AUDIT OF THE FINANCIAL STATEMENTS OF THE
DEMERARA HARBOUR BRIDGE CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2015

Please find attached six (6) copies of the audited financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,


Nichette Harcourt
Audit Manager (ag.)
for Auditor General





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AG: 7/2021

8 March 2021

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF THE DEMERARA HARBOUR BRIDGE CORPORATION
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

Chartered Accountants HLB, R. Seebarran and Company have audited on my behalf the financial statements of Demerara Harbour Bridge Corporation, which comprise the statement of financial position as at 31 December 2015, 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 as set out on pages 1-26.

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 (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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. 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. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

In 2015, the Corporation did not maintain production books at the Asphalt Plant to show the dates and time of production, production output and the quantity of various raw materials used in production. No other records were available to verify raw materials used in production, production output, abnormal loss and sales. The only records maintained were delivery slips which were used to record sales.

In the absence of records to confirm raw materials used in the production of asphalt, abnormal loss and my inability to correlate these with the sales and to carry out alternative audit procedures to confirm same, I was unable to satisfy myself that the balance of \$1,150,037,000 and \$818,457,000 shown in the financial statement as income and raw materials costs (used in production) respectively for the Asphalt Plant are materially correct.

Advances to Courtney Benn Contracting Services Limited for services amounted to \$366,704,752 at 31 December 2015. Management confirmed that this balance was reduced to \$158,485,446 as at 30 April 2018. Included in this balance are un-serviced contracts coming forward from 2012. In addition, performance and advance guarantee bonds were not renewed when expired which placed the Corporation at a credit risk of \$158,485,446 at 30 April 2018 if the supplier fails to honour the contracts.

The Transport and Harbour Department owed the Corporation \$28,078,292 since 2013 for services provided for the Parika Link Bridge. In 2015, this balance was increased to \$28,385,116. Management indicated that this balance was presented to the Board for consideration to be written off as bad debts since the amount may not be recovered. This balance still remains in the financial statement which has resulted in assets being overstated by the amount of \$28,385,116.

Adverse Opinion

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion paragraphs, the financial statements do not present fairly the financial position of Demerara Harbour Bridge Corporation as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the Demerara Harbour Bridge Corporation Act 2003.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

INDEPENDENT AUDITORS' REPORT

To the Auditor General

On the financial statements of Demerara Harbour Bridge Corporation

For the year ended December 31, 2015

We have audited the financial statements of Demerara Harbour Bridge Corporation, which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out pages 1 to 26.

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 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Partners: Ramesh Seebarran—FCCA; S. Ramnarain-FCCA|MBA

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73 Canje Street & Stone Avenue, Section K, Campbellville, Georgetown, Guyana.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Adverse Opinion

- (1) In 2015, the Corporation did not maintain production books at the Asphalt Plant to show the dates and time of production, production output and the quantity of various raw materials used in production. No other records were available to us to verify raw materials used in production process, production output, abnormal loss and sales. The only records maintained were delivery slips which were used to record sales.

In the absence of records to confirm raw materials used in the production of asphalt, abnormal loss and our inability to correlate these with sales and to carry out alternative audit procedures to confirm same, we were unable to satisfy ourselves that the balance of \$1,150,037,000 and \$818,457,000 shown in the financial statements as income and raw materials costs (used in production) respectively for the Asphalt Plant are materially correct.

- (2) Advances to Courtney Benn Contracting Services Limited for services amounted to \$366,704,752 at December 31, 2015. Management confirmed that this balance was reduced to \$158,485,446 as at April 30, 2018. Included in this balance are un-serviced contracts coming forward from 2012. In addition, performance and advance guarantee bonds were not renewed when expired which placed the Corporation at a credit risk of \$158,485,446 at April 30, 2018 if the supplier fails to honour the contracts.
- (3) The Transport and Harbour Department owed the Corporation \$28,078,292 since 2013 for services provided for the Parika Link Bridge. In 2015, this balance has increased to \$28,385,116. Management indicated that this balance was presented to the Board for consideration to be written off as bad debts since the amount may not be recovered. This balance still remains in the financial statement which has resulted in assets being overstated by the amount of \$28,385,116.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the accompanying financial statements do not give a true and fair view of the financial position of Demerara Harbour Bridge Corporation as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Report on Other Legal and Regulatory Requirements

The financial statements comply with the DEMERARA HARBOUR BRIDGE CORPORATION ACT 2003.

HLB, R. Seebarran & Co

HLB, R. Seebarran & Co
Chartered Accountants
73 Canje Street & Stone Avenue,
Section 'K', Campbellville,
Georgetown

February 27, 2021

DEMERARA HARBOUR BRIDGE CORPORATION

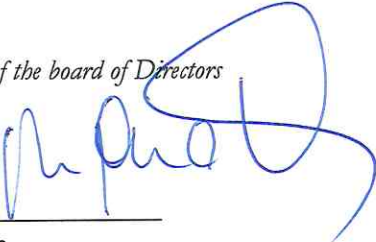
Statement of Financial Position

As at December 31, 2015

	Notes	2015 G\$000	2014 G\$000
ASSETS			
Non-current assets			
Property, plant & equipment	3	1,598,747	1,603,081
Total non-current assets		1,598,747	1,603,081
Current assets			
Inventory	4	940,639	992,240
Trade and other receivables	5	716,493	647,757
Cash and cash equivalents	6	752,907	616,154
Total current assets		2,410,039	2,256,150
Total Assets		4,008,786	3,859,232
EQUITY AND LIABILITIES			
Capital & reserves			
Government's contribution	7	2,324,048	2,506,852
Accumulated surplus - Asphalt Plant		1,045,020	713,440
Accumulated surplus-DHBC		568,018	570,283
		3,937,086	3,790,575
Current liabilities			
Trade and other payables	8	71,700	68,657
Total current liabilities		71,700	68,657
Total equity & liabilities		4,008,786	3,859,232

These financial statements were approved by the Board of Directors for issue on 02-27-2016

On behalf of the board of Directors



Chairman



Director/General Manager

The accompanying notes form an integral part of these financial statements

DEMERARA HARBOUR BRIDGE CORPORATION
Statement of Comprehensive Income
For the year ended December 31, 2015

	Notes	2015 G\$000	2014 G\$000
Income	9	520,971	502,527
		<u>520,971</u>	<u>502,527</u>
Less:			
Operating expenses	10	424,702	469,523
Gross surplus		<u>96,270</u>	<u>33,004</u>
Add:			
Other Income	11	4,305	32,813
		<u>100,575</u>	<u>65,817</u>
Less Expenses			
Administrative	12	102,044	89,624
Directors' fee	13	186	624
Total expenses		<u>102,230</u>	<u>90,248</u>
Net (deficit) for the year		<u>(1,655)</u>	<u>(24,431)</u>
Other comprehensive income			
Changes in amortisation of Government reserve		(610)	116,642
Asphalt's Plant surplus	14	331,580	609,350
Total other comprehensive Income		<u>330,970</u>	<u>725,992</u>
Net surplus for the year		<u>329,315</u>	<u>701,561</u>
Accumulated surplus at January 1		1,220,150	518,589
Accumulated surplus at December 31		<u><u>1,549,465</u></u>	<u><u>1,220,150</u></u>

The accompanying notes form an integral part of these financial statements

DEMERARA HARBOUR BRIDGE CORPORATION

Statement of Changes in Equity

For the year ended December 31, 2015

	EU Contribution G\$000	Government Grant G\$000	Asphalt Plant G\$000	Accumulated Surplus G\$000	Total G\$000
Balance at December, 31, 2013	-	2,558,574	97,059	485,103	3,140,736
Amount transfer to Asphalt Plant	-	-	7,031	(7,031)	-
Changes in net Government Contribution reserve	-	-	-	116,642	116,642
Surplus for the year	-	-	609,350	(24,431)	584,919
Subvention for the year	-	338,000	-	-	338,000
Amortisation for the year	-	(389,722)	-	-	(389,722)
Balance at December, 31, 2014	-	2,506,852	713,440	570,283	3,790,576
Changes in net Government Contribution reserve	-	-	-	(610)	(610)
Surplus for the year	-	-	331,580	(1,655)	329,925
Amortisation for the year	-	(182,804)	-	-	(182,804)
Balance at December, 31, 2015	-	2,324,047	1,045,020	568,018	3,937,086

The accompanying notes form an integral part of these financial statements

DEMERARA HARBOUR BRIDGE CORPORATION

Statement of Cash Flows

For the year ended December 31, 2015

	2015 G\$000	2014 G\$000
Cash flows from operating activities		
Net surplus for the year	(1,655)	(24,431)
Asphalt plant surplus	331,580	609,350
Depreciation charge	129,020	108,037
Disposal	8,032	-
Operating profit before changes in working capital	466,977	692,956
Changes in working capital		
(Increase)/decrease in inventory	51,601	75,111
(Increase)/decrease in trade and other receivables	(68,736)	(147,216)
Increase/(decrease) in trade and other payables	3,043	35,339
Net changes in working capital	(14,092)	(36,766)
Cash generated from operations	452,885	656,190
Net cash flow from operating activities	452,885	656,190
Cash flows from investing activities		
Property, plant & equipment - acquisitions	(396,083)	(540,856)
Net cash flows from investing activities	(396,083)	(540,856)
Cash flows from financing activities		
Government subvention received	90,000	338,000
Refund to Government	(10,049)	-
Net cash flows from financing activities	79,951	338,000
Net Increase/(Decrease) in cash & cash equivalent	136,753	453,334
Cash & cash equivalents at January 01,	616,154	162,819
Cash & cash equivalents at December 31,	752,907	616,153
Cash & cash equivalents as shown in the statement of financial position		
Cash & cash equivalent	752,907	616,154
Total	752,907	616,154

The accompanying notes form an integral part of these financial statements

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

1 Incorporation and principal activity

The Corporation was incorporated through an Act of Parliament (ACT No. 2 of 2003, Demerara Harbour Bridge Act 2003) on April 30, 2003. The functions of the Corporation are (a) To collect the tolls prescribed for every vehicle for its passage on the bridge; (b) To collect the marine tolls for ocean going vessels, trawlers and coastal vessels for their passage through the Bridge; (c) To collect all fees, dues or other monies payable to the Corporation under any regulations made under the Road Act; (d) To carry on all other activities the carrying on of which appears to be requisite, advantageous or convenient for or in connection with the discharge of its functions.

Background information

The Demerara Harbour Bridge is a floating steel structure 6,074 feet in length which extends across the Demerara River from Peter's Hall on the East Bank to Pln. Meer Zorgen on the West Bank, Demerara. It was commissioned on August 2, 1978. Currently, an average of 9,000 plus vehicles traverse the bridge daily.

It is a vital link between Regions 3 and 4 and enables ready access of agricultural and manufacturing goods and product to markets and ports in Georgetown and other outlying areas. The bridge superstructure is of galvanized steel and has been in place serving the populace since 1978 (37 years). There were problems with the pontoons during the period 1988-1994. However, during the period 1995-1998, a total of 104 of the 122 pontoons were rehabilitated under the DHB Rehabilitation Project financed by the European Union at a cost of some US\$10m. Also, under this project was the Rehabilitation of the Retractor Spans which now enable them to operate more reliable and efficiently.

The Demerara Harbour Bridge operated under various Management Structure since its inception but in the Financing Agreement signed between the European Union (EU) and the Government of Guyana, it was agreed that the entity would be autonomous. In May 2003, the Government through an Act of Parliament created a Public Corporation namely the Demerara Harbour Bridge Corporation to manage and operate the bridge. The Corporation's aim is to provide a safe and reliable public service. It is managed by a Board of Directors appointed by the Minister of Public Works now the Ministry of Public Infrastructure.

2 Significant accounting policies

(a) Basis of preparation

These financial statements have been prepared under the historical cost convention and no account has been taken of inflation. The accounting policies conform with International Financial Reporting Standards (IFRS).

(b) Adoption of new and revised International Financial Reporting Standards (IFRSs)

The following amendments and interpretations to published standards are effective for the current financial statements period but it has been determined that they have an immaterial impact on the financial statements or are not relevant to the corporation's operations:

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

(c) New standards and interpretations adopted

- IFRS 8 Aggregation of segments, reconciliation of segment assets (Effective July 1, 2014)
- IFRS 9 Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective January 1, 2015)
- IFRS 10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments effective immediately)
- IFRS 12 Amendments for disclosures of investment entities (effective January 1, 2014)
- IAS 16 Amendments relate to proportionate restatement of accumulated depreciation on revaluation (effective July, 2014)
- IAS 19 Amendments to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service (effective July, 2014)

- IAS 24 Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity (effective July 1, 2014)
- IAS 27 Amendments for investment entities (effective January 1, 2014)
- IAS 28 Amendments regarding to the sale or contribution of assets between an investor and its associate or joint venture (Effective immediately)
- IAS 32 Financial Instruments: Presentation-Amendments to application guidance on the offsetting of financial assets and financial liabilities - (January 01, 2014)
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (effective January 1, 2014)
- IAS 39 Derivatives and Continuation of Hedge Accounting(effective January 1, 2014)
- IAS 40 Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property (effective July 1, 2014)

New standards, interpretations and amendments issued but not yet effective

- IFRS 5 Amended to add specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued (effective from January 1, 2016)
- IFRS 7 Amended to add guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements (effective from January 1, 2016)
- IFRS 9 Financial Instruments: Classification and Measurement/complete version - (effective January 1, 2018)
- IFRS 10 Amendments regarding applying the Consolidation Exception and sale or contribution of assets between an
- IFRS 11 Amendments relating to accounting for Acquisitions of Interests in Joint Operations (effective January 1, 2016)
- IFRS 12 Amendments regarding the application of the consolidation exception (effective January 1, 2016)

- IFRS 14 Regulatory Deferral Accounts (effective January 1, 2016)
- IFRS 15 Revenue from contracts with customers (effective January 1, 2018)
- IFRS 16 Accounting for leases (effective from January 1, 2019)
- IAS 1 Disclosure Initiative (Amendments to IAS 1) (Amendments effective January 1, 2016)
- IAS 9 Amended to clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (effective from January 1, 2016)
- IAS 16 Clarification of Acceptable Methods of Depreciation (effective January 1, 2016)
- IAS 27 Equity Method in Separate Financial Statements (Amendments to IAS 27) effective January 1, 2016)

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

New standards, interpretations and amendments issued but not yet effective (continued)

- IAS 28 Amendments regarding to the application of the consolidation exception (effective January 1, 2016)
- IAS 34 Amended to clarify the meaning of 'elsewhere in the interim report' and require a cross-reference (effective from January 1, 2016)
- IAS 38 Clarification of Amortisation method (effective January 1, 2016)

Explanation of key adoption of new and revised International Financial Reporting Standards (IFRSs)

IFRS 9

The IASB proposed to issue this IFRS in three phases: Phase 1 (Classification and measurement of financial assets and liabilities), Phase 2 (Impairment methodology), and Phase 3 (Hedge Accounting). The first phase was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in October 2010 and the effective dates was deferred and then removed. This standard specifies how an entity should classify and measure its financial assets and liabilities.

In December 2011, the IASB deferred the mandatory effective date of IFRS 9 which is available for application if the relevant date of initial adoption is before February 1, 2015. In November 2013, the IASB reissued the standard to incorporate a hedge accounting chapter and permits the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early application of the other requirements of IFRS 9.

In July 2014, the IASB issued the completed version of IFRS 9, incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition. The effective date is now January 1, 2018.

The application of IFRS 9 may have significant impact on amounts reported in respect of the corporation's financial assets and financial liabilities when adopted and these will be disclosed.

When adopted, the standard will be applied retrospectively in accordance with IAS 8.

IFRS 10

In September 2014, IFRS 10 was amended by Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, which addressed the conflicting accounting requirements for the sale or contribution of assets to a joint venture or associates. This standard was suppose to be effective from January 1, 2016, however the Board passed an amendment in December 2015 to effect the amendment immediately.

In December 2014, IFRS 10 was amended by Investment in Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12, and IAS 28). These amendments clarified which subsidiaries of an Investment Entity should be consolidated instead of being measured at fair value through profit an loss. The amendments also clarified that the exemption from presenting consolidated financial statements continues to apply to subsidiaries of an investment entity that are themselves parent entities. This is so even if that subsidiary is measured at fair value through profit or loss by the higher level investment entity parent.

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

Explanation of key adoption of new and revised International Financial Reporting Standards (IFRSs)
(continued)

IFRS 11

In May 2014, the IASB amended IFRS 11 to provide guidance on the accounting for acquisition of interest in joint operation in which the activity constitutes a business.

IFRS 12

This amendment continued from IFRS 10 which was amended in December 2014 to applying consolidation exception for investment entities. This standard addressed the application of the consolidation exception.

IFRS 14

In January 2014, the IASB issued IFRS 14 Regulatory Deferral Accounts. IFRS 14 permits an entity which is a first-time adopter of IFRS that is within its scope to continue to recognise and measure its 'regulatory deferral account balances' in its first and subsequent IFRS financial statements in accordance with its previous GAAP.

IFRS 15

In May 2014, the IASB issued IFRS 15- Revenue from Contracts with Customers, which replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31. This IFRS provides a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are (1) Identify the contract with the customer (2) Identify the performance obligations in the contract (3) Determine the transaction price (4) Allocate the transaction price to the performance obligations in the contracts and (5) Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 15 was suppose to be effective from January 1, 2017, however in September 2015, the IASB approved an amendment to differ the effective date to January 1, 2018.

IFRS 16

In January 2016, IFRS 16 was issued and specifies how to recognise, measure, present and disclose Leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17.

IAS 1

In December 2014, IAS 1 was amended by Disclosure Initiative, which addressed concerns expressed about some of the existing presentation and disclosure requirements and ensure that entities are able to use judgement when applying those requirements.

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

Explanation of key adoption of new and revised International Financial Reporting Standards (IFRSs)
(continued)

IAS 16

In May 2014, the IASB amended IAS 16 to prohibit the use of a revenue-based depreciation method. This standard clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. It was further amended in June 2014 to bringing bearer plants into the scope of IAS 16.

IAS 19

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach'. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The corporation currently does not have a defined benefit plan and therefore the impact of IAS 19 would not be applicable.

IAS 32

Amends the disclosure requirements in IFRS 7 Financial Instruments, to require information about all recognised financial instruments that are set off.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

IAS 38

In May 2014, the IASB clarify when the use of a revenue-based amortisation method is appropriate. It introduced a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

(d) Critical accounting judgments and key sources of estimation uncertainty

In the application of the corporation's accounting policies, which are described in note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

i) Useful lives of Property, plant and equipment

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

ii) Impairment of financial assets

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

(e) Derecognition of financial assets

The corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

(f) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

Significant accounting policies (continued)

(g) Income Recognition

Income is dealt with in these financial statements on the accrual basis. Income comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the corporation's activities.

(h) Expenses Recognition

Expenses are recognised on the accrual basis.

(i) Reporting Currency

These financial statements are stated in Guyana dollars. Foreign currency transactions during the year are translated at the exchange rates prevailing at the date of the transaction. At the end of the reporting period, assets and liabilities denominated in foreign currencies are translated into Guyana dollars at the exchange rates ruling at that date. Gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Statement of Comprehensive Income for the period, except for exchange differences arising on non-monetary assets and liabilities where the change in fair value are recognised in the statement of comprehensive income.

(j) Non - Current Assets

Property, plant & equipment.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method. A full year's depreciation is charged in the year of acquisition and none in the year of disposal. The following annual rates are used:

Buildings	10%
Motor Vehicles	25%
Office furniture/fittings	15%
Electronic equipment (computers etc)	33.33%
Equipment (office, mechanical, electrical, etc)	15%
Bridge components	
(i) End post/junction post, sheaves etc	25%
(ii) pontoons	6.67%
(iv) Chains	25%

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

Significant accounting policies (continued)

(k) Impairment of tangible assets

At each reporting date, management reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognized immediately in the profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(l) Related parties

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 administrative decisions.

(m) Inventory

Inventory comprised mainly of Deck plates, chains, spares and consumables, sand, stone, bitumen, fuel, etc which are stated at the lower of cost and net realizable value. Cost is calculated based on invoice value plus duty and freight and any other direct costs. Inventory is issued using the first in first out method.

(n) Trade and other receivables

The corporation's income is on a cash basis except in a few instances where credit is allowed. The Asphalt Plant's operation are operated on a credit basis. Trade and other receivables are recognised initially at fair value and without interest charge.

(o) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. These are readily convertible to known amounts of cash, with maturity dates of three (3) months or less.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

Significant accounting policies (continued)

(q) Provisions

Provisions are recognised when the corporation has a present obligation (legal or constructive) as a result of a past event, if it is probable that the corporation will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

(r) Taxation

The corporation is not subject to taxation

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

	Funded by Government of Guyana				Operational				Asphalt's plant Assets													
	Rehabilitation /Development Works		Equipment and Machinery		Rehabilitation/ Development Works		Furniture s & Fixtures		Equipment and Machinery		Electronic Equipment		Plant & Scale		Building Equipments		Vehicles		Office Equipment		Total	
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000		
At January 1, 2015	1,380,135	3,930,577	4,481	10,338	377,312	114,577	13,777	91,967	68,254	97,824	34,639	41,411	29,636	13,105	5,528	2,989	6,216,549					
Additions	-	274,976	-	-	13,623	427	1,371	11,946	25,493	7,347	17,004	1,221	6,810	23,006.77	11,166.96	1,692	396,083					
Transfer of fixed assets	-	-	-	-	-	-	-	-	-	-	(80)	-	(17,727)	20,311	(2,504)	-	-					
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	(10,709)	-	-	-	(10,709)					
At December 31, 2015	1,380,135	4,205,553	4,481	10,338	390,935	115,003	15,148	103,913	93,747	105,170	51,563	42,633	8,010	56,423	14,191	4,681	6,601,923					
Accumulated Depreciation																						
At January 1, 2015	1,380,135	2,759,504	4,481	9,304	219,219	14,534	8,154	69,576	47,141	76,624	8,222	3,404	7,709	3,427	1,460	575	4,613,468					
Depreciation charged for the year	-	262,331	-	1,034	47,959	6,272	1,859	16,995	10,213	17,723	7,527	2,132	2,003	11,947	3,655	736	392,385					
Disposals	-	-	-	-	-	-	-	-	-	-	(65)	-	(7,109)	5,122	(626)	-	(2,678)					
At December 31, 2015	1,380,135	3,021,835	4,481	10,338	267,178	20,805	10,013	86,571	57,354	94,347	15,684	5,535	2,603	20,496	4,489	1,311	5,003,175					
Net Book Value																						
At January 1, 2015	-	1,171,073	-	1,034	158,093	100,043	5,623	22,391	21,113	21,200	26,417	38,008	21,927	9,678	4,068	2,414	1,603,081					
At December 31, 2015	-	1,183,717	-	-	123,757	94,198	5,134	17,341	36,393	10,823	35,878	37,097	5,407	35,926	9,701	3,370	1,598,747					

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

	Funded by Government of Guyana				Operational				Asphalt's plant Assets				Total G\$000		
	Development Works G\$000	Rehabilitation /Development Works G\$000	Equipment and Machinery G\$000	Rehabilitation/ Development Works G\$000	Buildings G\$000	Furniture s & Fixtures G\$000	Vehicles G\$000	Equipment and Machinery G\$000	Electronic Equipment G\$000	Plant & Scale G\$000	Building G\$000	Vehicles G\$000		Equipments G\$000	Office Equipment G\$000
3 Costs															
At January 1, 2014	1,380,135	3,640,476	4,481	233,182	111,207	13,310	85,217	62,759	80,048	22,950	26,651	1,200	3,431	79	229
Additions	-	290,101	-	144,130	3,370	467	6,750	5,495	17,776	11,689	14,760	28,436	9,674	5,448	2,760
At December 31, 2014	1,380,135	3,930,577	4,481	377,312	114,577	13,777	91,967	68,254	97,824	34,639	41,411	29,636	13,105	5,528	2,989
Accumulated Depreciation															
At January 1, 2014	1,380,135	2,487,975	4,481	176,568	9,384	6,314	55,022	40,095	59,185	3,234	1,333	300	518	19	34
Depreciation charged for the Year	-	271,529	-	42,651	5,149	1,840	14,554	7,046	17,439	4,988	2,071	7,409	2,909	1,441	540
At December 31, 2014	1,380,135	2,759,504	4,481	219,219	14,534	8,154	69,576	47,141	76,624	8,222	3,404	7,709	3,427	1,460	575
Net Book Value															
At January 1, 2014	-	1,152,501	-	56,614	101,822	6,996	30,195	22,664	20,863	19,716	25,318	900	2,913	61	195
At December 31, 2014	-	1,171,073	-	158,093	100,043	5,623	22,391	21,113	21,200	26,417	38,008	21,927	9,678	4,068	2,414

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

4 Inventory

The composition of inventory is as follows:

	<u>2015</u> <u>G\$000</u>	<u>2014</u> <u>G\$000</u>
Deck plates, spares & consumables etc	888,878	949,181
Asphalt Plant's inventory	51,761	43,059
	<u>940,639</u>	<u>992,240</u>

5 Trade and other receivables

The balance shown as trade and other receivables includes monies owed by customers, Government agencies, and advances to suppliers. The composition is as follows:

Trade receivables		560	715
Other receivables	(a)	43,303	51,665
Prepayments	(b)	383,908	498,813
Asphalt plant receivables	(c)	288,722	96,564
		<u>716,493</u>	<u>647,757</u>

- (a) This balance includes an amount of \$40,377,970 owed by the Ministry of Public Works for services provided.
- (b) This amount represents advances made to contractors for the servicing and construction of pontoons and other assets. Included in this balance is the amount of \$366,704,752 advanced to Courtney Benn Contracting Services Limited.
- (c) This balance concerns amount owed by customers of the Asphalt Plant for asphaltic concrete supplied.

6 Cash & cash equivalents

Cash and cash equivalent are comprised of cash on hand and cash at bank as follow:

Cash on hand	178	178
Cash on hand - Asphalt	200	100
Cash at bank - DHBC	127,424	91,069
Cash at bank - Asphalt Plant	423,743	324,581
Fixed deposit - Asphalt Plant	201,362	200,226
	<u>752,907</u>	<u>616,154</u>

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

7 Government contribution

All contributions received from the Government of Guyana are amortised by the depreciation of the assets funded by the **subvention** received.

	2015 G\$000	2014 G\$000
Balance at January 1	2,506,852	2,558,574
Amortisation for the year	(262,755)	(389,722)
Amount received during the year	90,000	338,000
Refund to the consolidated fund	(10,049)	-
Balance at December 31,	<u>2,324,048</u>	<u>2,506,852</u>

The amount stated as Government's subvention is represented by the following assets:

	2015 G\$000	2014 G\$000	2015 Changes G\$000
Inventory	756,423	835,933	(79,510)
Equipment, vehicles and machinery	1,183,717	1,172,106	11,611
Advance to suppliers for pontoons repairs and supply of spares	383,908	498,813	(114,905)
	<u>2,324,048</u>	<u>2,506,852</u>	<u>(182,804)</u>

Changes in amortisation of reserve

Amortisation of government grants	262,755	389,722
Depreciation on assets relating to grants	(263,365)	(273,080)
Charged to statement of other comprehensive income	<u>(610)</u>	<u>116,642</u>

8 Trade and other payables

The amount shown as trade and other payables represents monies owed to suppliers and advance received . The details are as follow:

Trade payables and accruals - DHBC	13,499	10,157
Trade payables and accruals - Asphalt Plant	5,814	14,774
Asphalt Plant - Advance from contractors	(a) 42,338	43,726
Refund outstanding to the consolidatde fund	10,049	-
	<u>71,700</u>	<u>68,657</u>

(a)

This balance concern advances received from customers for asphaltic concrete which were supplied in 2015.

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

		2015 G\$000	2014 G\$000
9 Income by segment			
Vehicular toll		485,463	462,256
Marine toll		20,525	20,431
Special crossing		11,742	10,900
Truck scale		3,241	8,940
		<u>520,971</u>	<u>502,527</u>
10 Operating expenses			
Traffic management services	(a)	114,403	107,868
Structural maintenance services	(b)	69,710	138,240
Electro/Mechanical services	(c)	94,200	92,068
Dredge operation services	(d)	17,227	23,114
Labour contract		27,551	19,242
Contractual works		590	312
Depreciation		101,021	88,679
		<u>424,702</u>	<u>469,523</u>
(a) Traffic management services			
Advertisement		203	-
Bank charges		543	360
Cleaning and sanitation		972	101
Contractual works		2,726	3,859
Electricity		18,663	20,752
Employment costs		58,876	58,346
Fuel & Lubricants		1,072	1,305
Gifts/donations		6,722	111
Gratuity		8,287	9,178
Licence and legal fees		3,557	1,457
Rental of equipment		195	503
Repairs and maintenance		5,871	5,241
Stationery and general expense		6,170	6,464
Telephone		204	190
Compensation		342	-
		<u>114,403</u>	<u>107,868</u>

DEMERARA HARBOUR BRIDGE CORPORATION

Notes to the Financial Statements

For the year ended December 31, 2015

	2015 G\$000	2014 G\$000
(b) Structural maintenance services		
Advertisement expenses	-	-
Bridge maintenance	20,369	106
Contractual works	5,268	12,435
Employment costs	29,656	23,825
Fuel & Lubricants	686	1,034
Gratuity	3,669	2,795
Repairs and maintenance	864	85,179
Rental of equipment	1,854	3,131
Stationery and general expense	7,345	9,735
	<u>69,710</u>	<u>138,240</u>
(c) Electro/Mechanical services		
Bridge maintenance	5,740	8,349
Contractual works	1,367	300
Employment costs	59,036	56,016
Fuel & Lubricants	4,490	5,787
Gratuity	10,203	9,877
Repairs and maintenance	8,350	4,515
Stationery and general expense	4,897	7,111
Telephone Charges	118	112
	<u>94,200</u>	<u>92,068</u>
(d) Dredge operation services		
Employment costs	10,376	9,733
Fuel & Lubricants	1,855	1,263
Gratuity	1,245	1,451
Repairs and maintenance	3,281	9,990
Stationery and general expense	471	677
	<u>17,227</u>	<u>23,114</u>

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

	2015 G\$000	2014 G\$000
11 Other income		
Contractual Work (bridge repairs)	566	2,103
Penalty fine	45	108
Sale of disposable materials	794	200
Sale of tender documents	135	75
Settlement of damages	1,954	30,110
Towing charges	224	218
Rental of equipment	10	-
Other revenue	577	-
	<u>4,305</u>	<u>32,813</u>
12 Administrative		
Employment costs	66,269	57,827
Gratuity	8,573	8,618
Repairs and maintenance	4,626	2,332
Stationery and general expense	7,874	7,119
Fuel & lubricants	1,972	2,237
Telephone charges	1,554	1,728
Advertisement	1,149	1,869
Electricity	4,666	6,024
Gifts/donations	4,199	1,287
Bank charges	395	385
Contractual works	262	200
Other expenses	505	-
	<u>102,044</u>	<u>89,624</u>
13 Directors' fee		
Fees paid to the directors of the Corporation for the year are as follows:		
U. Ramanah	36	144
S. Hussain	30	120
M. Fernandes	30	120
T. Baksh	30	120
C. Rogers	30	120
J. Holder	30	-
Director fees paid for the year	<u>186</u>	<u>624</u>

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

	2015 G\$000	2014 G\$000
14 Operating segment - Asphalt Plant		
Income		
Ministry of Public Works/Public Infrastructure	347,106	257,750
Private Contractors	799,117	1,649,188
Fixed deposit interest	1,136	226
Disposal	2,677	-
	<u>1,150,037</u>	<u>1,907,163</u>
Expenditure		
Aggregates	189,026	322,073
Bitumen	414,160	684,700
Kerosene	43,751	110,488
Fuel and lubricants	8,133	30,293
Transportation	21,400	26,856
Repair and maintenance services	21,073	39,331
Other administrative & suspense	92,914	64,715
Depreciation	27,999	19,358
	<u>818,457</u>	<u>1,297,813</u>
Operating profit	<u>331,580</u>	<u>609,350</u>

15 Key management personnel

The key management personnel of the corporation are as follow:

Rawlston Adams - General Manager
Jaikaran Jagnanan - Finance/Admin Manager
Brion Singh - Traffic Manager
Christopher Grannum - Maintenance Engineer

Gross remuneration paid to the key management personnel for the year which is included in employment costs is as follow:

Gross remuneration and gratuity	32,054	20,904
	<u>32,054</u>	<u>20,904</u>

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

16 Revaluation

Management reviewed the corporation's fixed assets and noted that the value of some assets in the financial statements were below their carrying amounts, while some were above their carrying amounts at year end. As a result, these assets were revalued to their carrying amounts in 2013.

17 Pending litigations

There is no pending litigation at the time of the audit

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

18 Analysis of financial assets and liabilities by measurement basis

	Loans & receivable G\$000	Other Financial assets and liabilities at amortised cost G\$000	Total G\$000
December 31, 2015			
ASSETS			
Inventories	-	940,639	940,639
Trade and other receivables	716,493	-	716,493
Cash and cash equivalents	-	752,907	752,907
	<u>716,493</u>	<u>1,693,546</u>	<u>2,410,039</u>
LIABILITIES			
Trade and other payables	-	71,700	71,700
	<u>-</u>	<u>71,700</u>	<u>71,700</u>
December 31, 2014			
ASSETS			
Inventories	-	992,240	992,240
Trade and other receivables	647,757	-	647,757
Cash and cash equivalents	-	616,154	616,154
	<u>647,757</u>	<u>1,608,394</u>	<u>2,256,150</u>
Liabilities			
Trade and other payables	-	68,657	68,657
	<u>-</u>	<u>68,657</u>	<u>68,657</u>

19 Financial Risk Management

Financial risk management objectives

The Corporation's management monitors and manages the financial risks relating to the operations of the corporation on an ongoing basis. These risks include market risk (currency risk, and price risk), credit risk and liquidity risk.

The corporation seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, and credit risk which are approved by the Board.

(a) **Market risk**

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors (such as interest rate risk, and foreign currency risk) affecting all securities traded in the market.

The corporation's exposure to market risk arises from its financial assets and liabilities. Management continually identifies, evaluates, and diversifies risks in order to minimise the total cost of carrying such risk.

(i) **Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The corporation risks that are associated with the effects in interest rates is considered minimal.

(ii) **Currency risk**

The Corporation's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from foreign currency transactions with its suppliers. The currency which the Corporation is mainly exposed to is United States Dollars. The effect of this risk is considered minimal.

(b) **Liquidity risk**

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

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

The following table shows the distribution of assets and liabilities by maturity:

DEMERARA HARBOUR BRIDGE CORPORATION
Notes to the Financial Statements
For the year ended December 31, 2015

Financial Risk Management (continued)

Liquidity risk

	2015		
	<1 years G\$000	1 to 5 years G\$000	Total G\$000
Assets			
Trade and other receivables	-	716,493	716,493
Cash and cash equivalents	752,907	-	752,907
	752,907	716,493	1,469,400
Liabilities			
Trade and other payables	71,700	-	71,700
	71,700	-	71,700
Net assets/(Liabilities)	681,207	716,493	1,397,700

	2014		
	<1 years G\$000	1 to 5 years G\$000	Total G\$000
Assets			
Trade and other receivables	-	647,757	647,757
Cash and cash equivalents	616,154	-	616,154
	616,154	647,757	1,263,911
Liabilities			
Trade and other payables	68,657	-	68,657
	68,657	-	68,657
Net assets/(Liabilities)	547,497	647,757	1,195,254

Financial Risk Management (continued)

(c) Credit risk

Credit risk is the risk that financial loss may arise from the failure of customers or counterparties to meet their contractual obligations. The credit risk arises principally from cash resources, and receivables.

Cash and bank include balances held at financial institutions. These banks have been assessed by the Directors as being credit worthy, with strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

For receivables, the corporation has adopted a policy of offering limited credits to approved customers (companies). The major risk of credit exposure is advances paid to suppliers as shown under trade and other receivables.

The corporation's exposure to credit risk are continuously being monitored by managements to ensure that amounts/services are recovered on a timely basis and that bad debts are minimised. The corporation is significantly exposed to credit risk from a single supplier who is being paid advances for services to be received over more than one accounting period. The corporation does not hold any security from this customer.

Maximum exposure to credit risk without taking account of any collateral and other credit enhancements.

The table below shows the Corporation's maximum exposure to credit risk.

Gross maximum exposure:	2015	2014
	G\$000	G\$000
Trade and other receivables	716,493	647,757
Cash and cash equivalents	752,907	616,154
Total credit risk exposure	1,469,400	1,263,911

Where financial instruments are recorded at fair value the amounts shown above represents the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

20 Capital risk management

The Corporation manages its capital structure to ensure that it will be able to continue as a going concern while maximising its returns through the optimisation of Contributions received and equity (retained earnings) balance. The Corporation's overall strategy remains unchanged to date.

The capital structure of the Corporation consists of cash equivalents and equity comprising contribution received and retained earnings.

February 24, 2021

Board of Directors
Demerara Harbour Bridge Corporation
Peters Hall,
East Bank Demerara.

Dear Sirs,

Re: Management letter for the year ended December 31, 2015

We have concluded the audit of Demerara Harbour Bridge Corporation for the year ended December 31, 2015.

Our examination included a review of the accounting records and procedures adopted by the company in compliance with the Income Tax Act, and the Harbor Bridge Corporation Act. During the course of our examination, we noted certain matters relating to procedures and controls of the company which we consider should be brought to your attention.

You will appreciate that our normal audit procedures are designed primarily to enable us to express an opinion on the true and fair view of the financial statements of the company. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls, and therefore our comments do not include all possible improvements in internal controls which might result from a special review.

The matters being reported are limited to those deficiencies which came to our attention during the course of our audit and which we consider are of sufficient importance to merit the attention of those charged with governance of the company.

All comments we have made are those which we consider improvements to the systems and processes which will benefit the company.

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Partners: Ramesh Seebarran-FCCA; S. Ramnarain-FCCA|MBA

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HLB R. Seebarran & Co is a member of HLB International. A global advisory and accounting network

We look forward to a continuing mutually beneficial relationship with you.

Yours sincerely,

R. Seebarran

R. Seebarran

I. Accounting System/ Internal Controls

Reporting matter

We observed during the audit that management is using Peachtree accounting software to prepare the Corporation's financial statements and QuickBooks accounting software to manage its inventories.

Potential Effect

The use of two independent software to carry out separate functions can result in differences in inventory balances in the financial statements.

Recommendation

As reported in our previous management letter, we again recommend that management implement an integrated software for both the accounting and inventory functions.

Management comments

"As noted in ML 2013 and ML 2014 recommendations and Management Comments, a new accounting Software (Quickbooks) was implemented in Sept. 2015 to manage both Accounting and Inventory functions and with effect from 1st January, 2016 all transactions were being recorded in the Integrated accounting software (Quickbooks) that was established."

2. Trade receivables

Reporting matter

- (a) We again noted that Performance and Advance Guarantee Bonds have not been renewed when they expired. As reported in Appendix I, the performance and advance bonds for outstanding work totaling \$158,485,446 as at April 30, 2018 have all expired.

This matter was discussed with the Board and management during the finalization of the 2014 audit. We had verified letters sent to the suppliers to refund their advances for the years 2008-2012 and request for their remaining bonds to be renewed. However, no refunds were received to date and neither have the bonds been renewed. This is a serious weakness in the administration of ongoing contracts.

- (b) Several advance payments were made to suppliers for services and the supply of inventory which amounted to \$383,908,452 at December 31 2015. Included in this balance is

\$366,704,752 which was advanced to Courtney Benn Contracting Services Limited. (CBCSL) since 2012 for which services/ inventory which have not been received up to the time of completing this audit in June 2018.

The Board of Directors need to consider whether this approach to advancing this company sums of monies has been beneficial and whether the Corporation may not be in effect financing the company and in breach of the Fiscal Management & Accountability Act.

- (c) The Transport and Harbour Department owed the Corporation \$28,078,292 since 2013 for services provided for the Parika Link Bridge. In 2015, this balance has increased to \$28,385,116. This amount has not been received to date as confirmed by management.
- (d) In 2014, the corporation paid \$2m for items on behalf of the Ministry of Public Infrastructure. This balance is showing as recoverable although management explains that the amount is not recoverable. They are still to provide the ground why it is not recoverable.

Potential Effect

Trade receivables balance may be overstated in the financial statements if these amounts are not recoverable.

Recommendation

- (a) Management should ensure that securities/ prepayment bonds are renewed when they fall due, especially if the services were not fully received up to December 2015 for payments made in 2008.

In addition, management should provide advances only when the services and inventory are required so as to avoid significant cash advances for very long period. Example, when the pontoons are about to be constructed. Or advance on account based on satisfactory work done based on progress reports.

- (b) We strongly recommend that management assess the recoverability of advance payments made to Courtney Benn Contracting Services Limited (C.B.C.S.L).
- (c) We would appreciate management comments on how and when this amount will be recovered by the Corporation. In addition, we would appreciate receiving a confirmation of the balance outstanding.
- (d) Would appreciate management approval and journals as discussed with the FM for this balance to be expensed.

Management comments

“(a) & (b) (I) Except for MARAD, all outstanding works for 2008 have been completed to date.

(II) CBCSL indebtedness as at 30th April 2018 was \$158,485,446 (reduced from \$366,908,452 as at 31-12-2015) as follows

Supply and driving of Cluster Piles \$52,330,800

The contractor was written to on 4th May 2018 to provide a Work programme to complete this outstanding works. (Please see copy attached)

Rehabilitation of pontoons \$106,154,646

To date, 24 out of 53 pontoons have been completed and these works are on going.

(c) As a result of the the Transport and Harbours Department (T&HD) inability to repay the amount owing ,this was brought to the last Board of Directors attention. However, the Board expired before a decision could have been made.

(d) Please see approval attached (with JV) for this amount (\$2,116,642) to be expensed out as a donation”

3. Fixed Assets

Reporting matter

- (a) We noted that there are assets prior to 2005 which do not have identification numbers in the assets register or description. See Appendix 2.*
- (b) There are several assets including motor vehicles which are being used by the corporation but have no net book value. In accordance with the Conceptual Framework, particularly the ‘Matching Concept’, revenue earned is required to be matched against the corresponding expenses to have a realistic view of performance. In the corporation’s case, there are assets with no value that are being used to generate revenue while there is no corresponding depreciation cost to match against the revenue earned.*
- (c) We have looked at management’s impairment review which was done and discussed at the Board level on February 21, 2017 in response to our 2014 management letter. This verification shows a significant number of fixed assets that is unserviceable and may have to be written off. However, a decision is still pending as the Board is still to be appointed.*

(d) Assets that are no longer working have not being disposed, instead they are logged in a book referred to as the “Logged Book”. The Log book does not have any asset ID code assigned to the assets and as a result, we cannot verify them to the asserts register to ensure that depreciation is not charged.

Potential Effect

- (a) In the absence of identification numbers and locations, we were unable to refer to the assets for verification. We had discussions with the Finance Manager that these should be reviewed to determine whether they are still in existence and if yes, fixed assets codes should be assigned to them.
- (b) It could not be ascertained as to whether all of the assets are in accordance with the Conceptual framework. Assets which do not have book value may be understated.
- (c) The amount shown as plant, property and equipment was understated.

Recommendation

- (a) We strongly recommend that management review its assets register to ensure that all assets listed are in existence and have identification numbers where possible. It is an important internal control over the completeness of the recording and safe custody of assets and it helps management to safeguard assets from being misused or stolen. It will also assist in identifying assets that have become damaged or obsolete.
- (b) We recommend that management consider when revaluing the assets to reflect their carrying values. Management should also relook at the depreciation rates to determine whether they are appropriate to write off the assets over their expected useful lives. This may avoid assets being written off whilst still being in use.
- (c) The Board should review the assets recorded in the ‘logged book’ and approve them for disposals to ensure that the assets register includes assets that are in good working condition and that the depreciation charges are appropriate taking into consideration the lives of the assets.
- (d) We recommend that management take action to ensure the impairment review is use as a basis to update the register as soon as possible.

Management comments

(a) For assets prior to 2005 (referred to in appendix 2), please see attachment for details of identification numbers and descriptions.

(b) After the 2014 audit, the Ministry of Public Infrastructure was written to on 26th February 2018 for assistance to value these vehicles. (copy attached). We are awaiting their report.

(c) & (d) Noted”

4. Insurance Coverage

Reporting matter

- (a) The Corporation does not have insurance for employers and public liability as confirmed by management. We were advised that since the Corporation is owned by the Government it is not required to have these insurances in place.

Recommendation

- (a) We strongly recommend that management consider public liability insurance and follow the principles of other corporations to insure their assets.

Management comments

“Management will be considering this recommendation for implementation, if possible.”

5. Payroll

Reporting matter

During the audit tests on payroll for both monthly and fortnightly, we were unable to verify the salary amounts for in excess of sixteen (16) employees to their personal files since the files were not updated with their salary increases or a letters to this effect or memorandums issued by the Government.

Potential Effect

We were unable to confirm the amounts stated on the payrolls to the amount in the employees’ personnel files.

Recommendation

Management should ensure that staff are informed of increases in salary and copy of the correspondences placed in their files.

Management comments

“With the new HR Dept, this was implemented in 2017”

6. Supporting evidence for journals passed

Reporting matter

We noted that a substantial amount of journals was processed during the year without adequate controls over them. Example a file with the evidence supporting the journals, the reason for the journal, or who prepared and approved the journals, were not available.

Recommendation

Management should prepare a file with the evidence supporting the journals, the reason for the journals, or who prepared and approved the journals.

Management comments

“This will be done as recommended.”

Appendix 2:

Asset	Code	Location	Date of Acq	Cost (\$)
Computer (Intel Pentium Iv, 2.4)	2015/4	Booth # 3	1/20/2015	179,500
Locker metal (1*I8)	I08/I0	Canteen building	10/22/2010	522,000
UPS I500	2015/I23	Audit section	12/9/2015	58,000
Kettle electric	2015/47	TTC hut	5/8/2015	10,500

Furniture & fittings (No description stated)		Cannot determined	Prior to 2005	52,603
Furniture & fittings (No description stated)		Cannot determined	Prior to 2005	168,970
Furniture & fittings (No description stated)		Cannot determined	Prior to 2005	341,590
Furniture & fittings (No description stated)		Cannot determined	Prior to 2005	76,830

February 24, 2021

Board of Directors
Demerara Harbour Bridge Corporation- Asphalt Plant Operations
Peters Hall
East Bank Demerara.

Dear Sirs,

Re: Management letter for the year ended December 31, 2015

We have concluded the audit of Asphalt Plant operations which is under the control of the Demerara Harbour Bridge Corporation for the year ended December 31, 2015.

Our examination included a review of the accounting records and procedures adopted by the corporation in compliance with the Income Tax Act, and the Demerara Harbour Bridge Act. During the course of our examination, we noted certain matters relating to procedures and controls of the company which we consider should be brought to your attention.

You will appreciate that our normal audit procedures are designed primarily to enable us to express an opinion on the true and fair view of the financial statements of the company. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls, and therefore our comments do not include all possible improvements in internal controls which might result from a special review.

The matters being reported are limited to those deficiencies which came to our attention during the course of our audit and which we consider are of sufficient importance to merit the attention of those charged with governance of company.

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We look forward to a continuing mutually beneficial relationship with you.

Yours sincerely,

R. Seebarran

R. Seebarran

1. Production & Sales

During the audit of the 2013 financial statements, production books were kept in sequential order which showed the date of production, time of production, production output and the quantity of various raw materials used in production.

However, with effect from 2014 this procedure ceased, which resulted in no records being kept of raw materials used in production. In the absence of these records, reconciliation of raw materials consumed (**Production costs**) during the year were calculated by taking opening inventories, add purchases and less closing stock which should not have been.

As a result, delivery notes were used as the production output, which is not acceptable and cannot be relied on as production records. In the absence of production records we were unable to analyse the costs of production to the production output (Asphalt), and to sales. In addition, we could not have ascertain the level of efficiency through normal /abnormal loss in production.

Alternative audit procedures

In adopting alternative audit procedures to confirm the reasonableness of production costs, output and sales the following were noted:

- (a) There continues to be various standards for mixture and measurement of raw materials used in production.
- (b) The Corporations supplies two course of Asphalt which uses different standards for mixture of raw materials.

However, we attended and witness a sample production on May 30, 2018 where raw materials were weighed before and after production. The result is shown in the table below "Raw materials per a tonne of Asphalt".

Raw Materials	U/M	Raw materials per a tonne of Asphalt	Production quantity for the year	Total quantity for the year G\$	Average price per unit G\$	Total costs of production G\$000	Cost provided by mgt G\$000	Variance G\$000
Sand	Ton	0.29	29,362	8,378	1,000	8,378	8,463	(85)
Stone	Ton	0.29	29,362	8,541	8,800	75,158	74,956	202
Sifting	Ton	0.53	29,362	15,604	8,000	124,833	105,607	19,226
Bitumen	Ltr	51.30	29,362	1,506,260	245	369,034	414,160	(45,127)
Kersoine & Diesel Mixture	Ltr	12.41	29,362	364,380	130	47,369	43,751	3,619
Production mix - materials cost							5,702	(5,702)
						624,773	652,639	(27,866)

As noted from the above table, the variance is \$27.8m or 4.2% of total production costs reported by management.

Effect

In the absence of records and information we were unable to verify the accuracy of the costs of production and the completeness of sales in relation to production.

We were also unable to carry out alternative audit procedure to satisfy ourselves that the amount shown as production costs and output were complete and accurate.

Recommendation

Daily reports should be prepared for materials purchased, usage, variances to standard production and matched to sales. These reports should be reviewed and approved by management continuously.

Management comments

"In the first half of 2017, Management conducted an exercise to weigh all materials input into the production process. The data collected from this exercise was used to derive production standards within the prevailing circumstances. These standards were applied retroactively to the year 2016 whereby the cost of production was measured using these measurements.

Daily production reports are currently prepared, reviewed, and approved by management."

2. Trade Receivables Management

Reporting Matter

- (a) Several debtors had no movements to their balances in excess of three years and in some cases over four years. See attached appendix 1.
- (b) Asphalt Plant does not have a credit policy which defines credit limits, approval required for granting credits, procedures for managing debts such as sending statements, reminders, etc.
- (c) We noted that credits were approved by the GM. However, there was no evidence to verify that the customers' balances were checked before credits are granted.

(d) Up to the time of finalizing this report, no confirmation was received for balances owed to the Corporation.

Potential effect

- (a) The amount stated as receivables is overstated by the amount stated in **appendix 1**
- (b) In the absence of not having a receivables policy in place, debts may not be pursued in a timely manner and would eventually become irrecoverable.

Recommendation

- (a) We recommend that management review the debts in appendix 1 and consider impairment in accordance with IAS 32. In addition, we noted from minutes of meetings that the company received judgement for Guy America Construction. This matter must be reviewed to determine whether sufficient evidence is available to prove recoverability, if not the balance should be written off.
- (b) We recommend that a receivables' policy be implemented as soon as possible.
- (c) Credit limits should be implemented in the Corporation's credit policy when implemented. Checks should be carried out each time asphalt is requested to ensure that the limit is not exceeded.

Management Comments

"In accordance with the recommendations we undertake to:

- (i) Review debts and consider impairment in accordance with IAS 32. The matter with GuyAmerica Construction is currently under review between management and our attorneys.*
- (ii) Draft a 'Receivables Policy' for implementation within the second half of 2018; and*
- (iii) Credit limits to be incorporated into the Receivables Policy."*

3. EPA (Environmental Protection Act)

Reporting Matter

During the audit and based on discussions with management, we were uncertain whether the Asphalt Plant's operations are in compliance with the EPA, No. 11 of 1996.

Recommendation

We would appreciate if management can confirm their compliance status with the EPA Act.

Management comments

Management undertakes to engage the EPA with respect to compliance with the EPA Act.

4. Insurance Coverage

Reporting Matter

We observed at the time of the audit the Asphalt Plant does not have insurance for its buildings and contents nor employee and public liability as confirmed by management. We were also advised that the Corporation is Government owned, therefore it is not required to have insurance coverage in placed.

Potential effects

The operation has left itself vulnerable to potential liabilities due to accidents/disasters which may lead to extensive losses.

Recommendation

We strongly recommend management to investigate into this matter.

Management comments

"Management undertakes to review our insurance coverage policies to mitigate exposure."

5. Fixed Assets

Reporting Matter

(a) At the time of the audit, we observed that some assets bought prior to 2015 did not have identification numbers or the identification numbers stated in the assets register were incorrect. See table below for findings:

Date of Acquisition	Assets Description	Cost \$	Comments
1-Aug-2013	4 Kerosene tanks	1,600,000	Was repainted and ID code was not reapplied.
29-April-2014	Lennox LXG 13 seer 12000 Btu condenser	127,600	Damaged , found in store room, NO ID, needs to be disposed from register
1-Aug-2013	Truck GJJ 358	1,000,000	Damaged, found in junk yard, needs to be disposed
1-Aug-2013	Pick up PDD 9552	200,000	Damaged, found in junk yard, needs to be disposed
1-Aug-2013	Printer for scale	40,000	No ID seen
6-June-2014	Ladder 8" aluminum steps	28,000	No ID seen
24-Nov-2014	Metal Fan 51" item EL00476	56,260	Wrong ID stated in register, should have been 2014/70 instead of 2014/64, asset not working
24-Nov-2014	Metal fan 51" item EL00477	56,260	Wrong ID stated in register, should have been 2014/68 instead of 2014/65.

(b) All additions to assets for 2015 were not coded and have not been coded to date.

Recommendations

We strongly recommend that the Corporation-Asphalt Plant review its assets register to ensure that all assets listed are in existence and have identification number attached where possible. It is an important internal control over the completeness of the recording and safe custody of the assets and it helps the Corporation to safeguard assets being easily misused or stolen. It will also assist in identifying assets that have become damaged or obsolete.

Management comments

“Management undertakes to conduct a review of the Fixed Assets and Fixed Assets Register with the aim of sanitizing the Register and to update all records related to Fixed Assets.”

6. Cash and cash equivalents

Reporting Matter

(a) We noted that cheques totaling **\$815,464** written during the period from Oct 2013 to Dec 2014 through account #670-170-0 were not presented to the bank up to December 31, 2015.

See **BELOW** for lists of stale dated cheques.

RBL#655-142-8

Date	Cheque No.	Details	Amount G\$
12/10/2013	32178834 5	Jagdesch Rupie	45,000
5/15/2014	32178866 1	4 R Bearing	159,616
12/18/2014	32194596 2	Sol Guyana Inc	610,848
		Total amount stale dated	815,464

Potential effects

The amount shown as cash and cash equivalents may not be fairly stated in the financial statements as a result of the stale dated cheques

Recommendation

(a) These cheques are no longer valid payments as they are considered stale dated and as such should be written back to payables or written off as other income.

Management comments

“These items were cleared via JV#2 dated 31/03/2017, however, this will be brought forward be reflected in the financial statements for YE 31/12/2016.”

7. Taxation

Observation

Based on discussions with management there is uncertainty as to whether the Asphalt Plant operations are subject to taxation. The administration of the Asphalt Plant operations was transferred by the Ministry of Public Infrastructure to the DHBC.

Section 4 of the Corporation Tax Act states:

“Subject to this Act, corporation tax shall be payable for each year of assessment corporation tax at the rate specified in section 10, upon the profits of any company accruing in or derived from Guyana or elsewhere, and whether received in Guyana or not in respect of –

(a) any trade or business for whatever period of time the trade or business may have been carried on;”

Recommendation

We recommend that management review this matter with a view to ascertain its tax compliance status.

Management comments

“Management has undertaken to engage the Guyana Revenue Authority to clarify its position in relation to this issue.”

APPENDIX 1**TABLE SHOWING TRADE RECEIVABLES WITH NO MOVEMENTS**

CUSTOMER	2014	2015	2016	2017
A & S General Construction	-	104,280	128,375	104,280
All Purpose Construction	-	9,085	9,085	9,085
AMIC General Contracting	-	8,295	8,295	8,295
Annirud Ramcharita	-	10,665	10,665	10,665
Associated Construction Service	-	5,530	5,530	5,530
B. Persaud (Cummings)	-	555	555	555
BML Architects and Engineers	-	4,345	4,345	4,345
Brandsville Apartment/ Car Care	222,780	222,780	222,780	222,780
C. King Construction	-	790	790	790
Cheddi Jagan International Airport	-	1,846,125	1,846,125	1,846,125
Dipcon Engineering Services Ltd	9,875	9,875	9,875	9,875
Design Perspectives	-	-	8,690	8,690
Dynamic Engineering Co. Ltd	-	-	1,975	1,975
E. Cumberbatch	1,041,615	1,041,615	1,041,615	1,041,615
Edward Singh	9,875	9,875	9,875	9,875
Farm Supplies	-	2,765	2,765	2,765
Ganesh & Nancy	39,130	39,130	39,130	39,130
General Equipment Guyana	-	5,925	5,925	5,925
Geoffrey James Construction	7,110	7,110	7,110	7,110
George Albert Cole	20,935	20,935	20,935	20,935
Guyamerica Construction Inc.	-	19,546,005	19,494,875	19,546,005

Hemraj Gharbaran	778,545	778,545	771,040	778,545
Joshi Construction	-	905	905	905
Kares Engineering Inc	18,445	18,445	18,445	18,445
Keyon Stoute	-	3,950	3,950	3,950
Lachmansingh's Drug Service	7,505	7,505	7,505	7,505
Lereg Engineering	15,800	15,800	15,800	15,800
Linden Holdings	567,280	567,280	567,280	567,280
Malcolm Carryl	-	3,160	3,160	3,160
Mark Dhaniram	11,610	11,610	11,610	11,610
Naresh Gooool	1,185	10,270	10,270	10,270
Satar Mohamed & Son	-	8,690	8,690	8,690
Nazra Building & Engineering	-	1,975	1,975	1,975
P&L Engineering & Construction	-	3,555	3,555	3,555
R. Sukha	-	1,185	1,185	1,185
Ulric Henry	-	10,270	10,270	10,270
United Housing Cooperation	10,665	10,665	10,665	10,665
Williams Hallow Blocks & Const.	408,825	408,825	408,825	413,565
	3,171,180	24,758,320	24,734,445	24,773,725