

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA CIVIL AVIATION AUTHORITY**

**FOR THE YEAR ENDED
31 DECEMBER 2018**

**CONTRACTED AUDITORS: TSD LAL & CO.
77 BRICKDAM,
GEORGETOWN
GUYANA**

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

AUDITED FINANCIAL STATEMENTS OF THE
GUYANA CIVIL AVIATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2018

TABLE OF CONTENTS

	PAGE
Transmittal Letter -----	i
Auditor's Opinion on the Financial Statements-----	.ii – iv
Chartered Accountants Opinion-----	1a – 1b
Audited Financial Statements -----	2 – 20
Management Letter -----	2 - 26



Audit Office of Guyana

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120/SL: 64/2/2021

15 July 2021

Lieutenant Colonel Ret'd - Egbert Fields
Director General
Guyana Civil Aviation Authority
73 High Street Kingston
Georgetown.

Dear Colonel Fields,

AUDIT OF THE FINANCIAL STATEMENTS OF THE
GUYANA CIVIL AVIATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Please find attached four (4) copies of the audited financial statements, together with the report of the Auditor General, thereon.

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

With best regards.

Yours sincerely,


* Nichette Harcourt *
Nichette Harcourt
Audit Manager (ag.)
for Auditor General



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AG: 74/2021

15 July 2021

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF
THE GUYANA CIVIL AVIATION AUTHORITY
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Disclaimer of Opinion

Chartered Accountants TSD Lal & Co have audited on my behalf the financial statements of the Guyana Civil Aviation Authority, which comprise the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 2 to 20.

I do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer Opinion

Accounts Receivables and Prepayments

Accounts receivables and prepayments of \$536,659,094 coming forward from previous years which were not settled subsequently. In addition, balances totalling \$531,120,195 were outstanding for over 365 days.

An impairment review of the balances was not done nor was any provision for impairment made.

I am therefore uncertain whether the accounts receivables balance of \$619,876,597 is fairly stated as at 31 December 2018.

Property, Plant and Equipment

Included in property, plant and equipment as at 31 December 2018 is a carrying amount of \$1,447,459,276 which was not audited at 31 December 2016 due to lack of supporting documentation.

No impairment review was done on property, plant and equipment.

An adjustment of \$99,096,828 was made to the opening plant and machinery balance in 2018. I was unable to satisfy myself that the basis used to determine this adjustment was appropriate.

I am therefore uncertain whether property, plant and equipment of \$1,589,517,603 is fairly stated as at 31 December 2018.

Income and Expenses

Expenses supporting Documents totalling \$8,490,529 were outstanding.

Included in Income is a balance of \$99,096,828 for adjustment made to property, plant and equipment. I was unable to satisfy myself that the basis used to determine this adjustment was appropriate.

In view of the foregoing I am unable to satisfy myself on the amount of \$124,913,159 stated as net deficit for the year.

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Guyana Civil Aviation Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting standards (IFRSs) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My Responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards of Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Reports on Other Legal and Regulatory Requirements

The financial statements did not comply with the requirements of Section 14 of the Guyana Civil Aviation Act 2000 which states that the Authority shall keep accounts of its transactions to the satisfaction of the Minister and the accounts should be audited annually by the Auditor General. This was not done as the audit was not completed within the stipulated time.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

INDEPENDENT AUDITOR'S REPORT
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS
OF THE GUYANA CIVIL AVIATION AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of the Guyana Civil Aviation Authority, which comprise the statement of financial position as at 31 December, 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 2 to 20.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Accounts receivable and prepayments

Accounts receivable and prepayments includes balances totaling G\$536,659,094 coming forward from previous years which were not settled subsequently. In addition, balances totaling G\$531,120,195 were outstanding for over 365 days.

An impairment review of the balances was not done nor was any provision made for impairment.

We are therefore uncertain whether the accounts receivable balance of \$619,876,597 is fairly stated as at 31 December 2018.

2. Property, plant and equipment

Included in property, plant and equipment as at 31st December, 2018 is carrying amount of G\$1,447,459,276 which was not audited as at 31st December, 2016 due to lack of supporting documentation.

No impairment review was done on property, plant and equipment.

An adjustment of G\$99,096,828 was made to the opening plant and machinery balance in 2018. We were unable to satisfy ourselves that the basis used to determine this adjustment was appropriate.

We are therefore uncertain whether the property, plant and equipment balance of \$1,589,517,603 is fairly stated as at 31 December 2018.

Basis for Disclaimer of Opinion – cont'd

3. Income and expense

Expense supporting documents totaling G\$8,490,529 were outstanding.

Included in income is a balance of G\$99,096,828 for adjustment made to property, plant and equipment. We were unable to satisfy ourselves that the basis used to determine this adjustment was appropriate.

In view of the foregoing we are unable to satisfy ourselves on the amount of G\$124,913,159 stated as net deficit for the year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Report on Other Legal and Regulatory Requirements

The financial statements did not comply with the requirements of Section 14 of the Guyana Civil Aviation Act 2000 which states that the Authority shall keep accounts of its transactions to the satisfaction of the Minister and the accounts should be audited annually by the Auditor General. This was not done as the audit was not completed within the stipulated time.

TSD Lal & Co.
TSD LAL & CO.
CHARTERED ACCOUNTANTS

Date: June 15, 2021

77 Brickdam,
Stabroek, Georgetown,
Guyana.

GUYANA CIVIL AVIATION AUTHORITY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Notes</u>	<u>2018</u> G\$	<u>2017</u> G\$
Income			
Revenue	5 (a)	1,174,287,725	927,151,455
Other income	5 (b)	130,752,687	6,992,940
		<hr/>	<hr/>
		1,305,040,412	934,144,395
Less expense:			
Administrative expenses	6	(1,171,536,131)	(1,124,682,396)
Operating expenses	7	(258,417,440)	(194,273,842)
		<hr/>	<hr/>
Net deficit for the year		<u>(124,913,159)</u>	<u>(384,811,843)</u>

"The accompanying notes form an integral part of these financial statements"

GUYANA CIVIL AVIATION AUTHORITY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>Note</u>	<u>Capital</u> G\$	<u>Accumulated surplus</u> G\$	<u>Total</u> G\$
Balance as at 01 January 2017		2,188,736,469	1,021,000,062	3,209,736,531
Government capital funds	13	24,000,000	-	24,000,000
Net deficit for the year		-	(384,811,843)	(384,811,843)
Balance as at 31 December 2017		2,212,736,469	636,188,219	2,848,924,688
Transfer to consolidated fund		(200,000,000)	-	(200,000,000)
Government capital funds	13	41,700,000	-	41,700,000
Net deficit for the year		-	(124,913,159)	(124,913,159)
Balance as at 31 December 2018		<u>2,054,436,469</u>	<u>511,275,060</u>	<u>2,565,711,529</u>

"The accompanying notes form an integral part of these financial statements"

GUYANA CIVIL AVIATION AUTHORITY

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	<u>Notes</u>	<u>2018</u> G\$	<u>2017</u> G\$
ASSETS			
Non current assets			
Property, plant and equipment	8(a)	1,589,517,603	1,550,313,716
Intangible assets	8(b)	54,097,609	61,069,195
		<u>1,643,615,212</u>	<u>1,611,382,911</u>
Current assets			
Inventories		8,402,504	6,382,039
Accounts receivable and prepayments	9	619,876,597	485,762,635
Cash on hand and at bank	10	375,443,509	817,838,362
		<u>1,003,722,610</u>	<u>1,309,983,036</u>
TOTAL ASSETS		<u>2,647,337,822</u>	<u>2,921,365,947</u>
EQUITY AND LIABILITIES			
Equity			
Capital reserve		2,054,436,469	2,212,736,469
Accumulated surplus		511,275,060	636,188,219
		<u>2,565,711,529</u>	<u>2,848,924,688</u>
Current liabilities			
Accounts payable	11	25,922,360	35,040,485
Accruals	12	55,703,933	37,400,774
		<u>81,626,293</u>	<u>72,441,259</u>
TOTAL EQUITY AND LIABILITIES		<u>2,647,337,822</u>	<u>2,921,365,947</u>

On behalf of the Board of Directors:

.....
Director General

.....
Director Finance and Administration

'The accompanying notes form an integral part of these financial statements'

GUYANA CIVIL AVIATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	<u>2018</u>	<u>2017</u>
	G\$	G\$
Cash flow from operating activities		
Deficit for the year	(124,913,159)	(384,811,843)
Adjustment for:		
Depreciation	111,934,506	111,014,971
Loss on disposal of asset	-	500,000
Adjustment to depreciation	(99,096,828)	-
Adjustment to fixed assets	<u>32,993</u>	<u>-</u>
Operating loss before working capital changes	(112,042,488)	(273,296,872)
Increase in inventory	(2,020,465)	(6,382,039)
(Increase)/decrease in accounts receivable and prepayments	(134,113,961)	155,457,533
Increase/(decrease) in accounts payable	(9,118,123)	9,562,196
Increase in accruals	<u>18,303,159</u>	<u>6,476,649</u>
Net cash used in operating activities	<u>(238,991,878)</u>	<u>(108,182,533)</u>
Cash flows from investing activities		
Acquisition of property, plant & equipment	(41,667,100)	(255,146,772)
Acquisition of intangible assets	<u>(3,435,875)</u>	<u>(20,291,834)</u>
Net cash used in investing activities	<u>(45,102,975)</u>	<u>(275,438,606)</u>
Cash flows from financing activities		
Government capital fund	41,700,000	24,000,000
Transfer to consolidated fund	<u>(200,000,000)</u>	<u>-</u>
Net cash flows from financing activities	<u>(158,300,000)</u>	<u>24,000,000</u>
Net decrease in cash and cash equivalents	(442,394,853)	(359,621,139)
Cash and cash equivalents at the beginning of the year	<u>817,838,362</u>	<u>1,177,459,501</u>
Cash and cash equivalents at the end of the year	<u><u>375,443,509</u></u>	<u><u>817,838,362</u></u>
Cash and cash equivalent comprise of:		
Cash at bank	17,000	2,457,364
Cash on hand	<u>375,426,509</u>	<u>815,380,998</u>
	<u><u>375,443,509</u></u>	<u><u>817,838,362</u></u>

"The accompanying notes form an integral part of these financial statements"

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE ACCOUNTS

1 *Incorporation and activities*

The Guyana Civil Aviation Authority was established in March 2002 by Act No. 10 of 2000. The accounting functions were transferred from the Ministry of Public Works in August, 2002. The Authority is divided into five Directorates namely;

- Air Navigation Services
- Aviation Safety Regulations
- Air Transport Management
- Finance & Administration
- Corporate Development

The primary functions of the Civil Aviation Authority include, the provision of air navigation and safety services. This involves ensuring that Guyana's aviation safety and security standards are established through regulations and in compliance with the International Civil Aviation Organization (ICAO).

2 *New and revised standards and interpretations*

Amendments effective for the current year end

*Effective for annual
periods beginning
on or after*

New and Amended Standards

IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
Annual improvements to IFRS 2014-2016	1 January 2018
IFRS 2 Share based Payment: Classification and measurement of share based transactions	1 January 2018

New and revised interpretations

IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
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Of the above, the following are relevant to the entity:

IFRS 9 - Financial instruments

In July 2014, the IASB issued IFRS 9 which replaces the guidance in IAS 39. The standard includes the requirements for the classification and measurement of financial assets and financial liabilities. It also includes an expected credit loss model that replaces the incurred loss impairment model used currently. The standard also contains general hedge accounting requirements.

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE ACCOUNTS

2. *New and revised standards and interpretations – cont'd*

IFRS 9 - Financial instruments – cont'd

Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, except equity instruments, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories of financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity and amortised cost) have been replaced by:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI), with gains or losses recycled to profit or loss on de-recognition
- Equity instruments at FVTOCI, with no recycling of gains or losses to profit or loss on de-recognition
- Financial assets at FVPL

The accounting for financial liabilities remains largely the same as it was under IAS 39.

Management has made an irrevocable election as at 1 January 2018 to account for equity instruments as fair value through other comprehensive income with changes in fair value being recognized in other comprehensive income. This does not differ from the treatment under IAS 39 which classified these instruments as available for sale with movements in fair value being recognized in other comprehensive income.

The Authority's classification of its financial assets and liabilities are shown in Note 24 Changes to classification and measurement.

Changes to impairment

From January 1, 2018 the Authority assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost.

For trade receivables, the Authority applies the general approach to assess expected credit losses based on whether there has been a significant increase in credit risk. The Authority considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of future cash flows.

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE ACCOUNTS

New and revised standards and interpretations – cont'd

IFRS 9 - Financial instruments – cont'd

In applying this forward-looking approach, a distinction is made between:

- financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial asset.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

- i) Identify the contract(s) with a customer
- ii) Identify the performance obligations in the contract
- iii) Determine the transaction price
- iv) Allocate the transaction price to the performance obligations in the contract
- v) Recognise revenue when (or as) the entity satisfies a performance obligation

Annual improvements to IFRS 2014-2016

Standard
IFRS 1 First Time Adoption of IFRS

Amendment(s)
This amendment deletes the short term exemptions covering transition provisions of IFRS 7, IAS19 and IFRS 10 available to entities for passed reporting periods and therefore no longer applicable.

GUYANA CIVIL AVIATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

2. *New and revised standards and interpretations – cont'd*

IFRS 15 Revenue from Contracts with Customers – cont'd

IAS 28 Investments in Associates and Joint Ventures

IAS 28 allows venture capital organizations mutual funds, unit trusts and similar entities to elect measuring investments in associates or joint ventures at fair value through profit or loss (FVTPL).

Annual improvements to IFRS 2014-2016 – cont'd

IFRS 2 Share based Payment: Classification and measurement of share based transactions

The amendment clarifies the measurement basis for cash-settled, share based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation applies where an entity either pays or receives consideration in advance for foreign currency denominated contracts and considers how to determine the date of the transaction when applying IAS 21. The following conclusions were reached:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

Pronouncements effective in future periods available for early adoption

<i>New and Amended Standards</i>	<i>Effective for annual periods beginning on or after</i>
IFRS 16 Leases	1 January 2019
Annual Improvements 2015-2017	1 January 2019
IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28 Investments in Associates: Long Term Interests in Associates and Joint Ventures	1 January 2019
IFRS 17 Insurance contracts	1 January 2021

GUYANA CIVIL AVIATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

2 *New and revised standards and interpretations – cont'd*

Pronouncements effective in future periods available for early adoption – cont'd

The Company has not opted for early adoption.

The standards and amendments that are expected to have an impact on the Company's accounting policies when adopted are explained below.

Annual Improvements 2015-2017

Standard

Amendment(s)

IFRS 3 Business Combinations

The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.

IFRS11 Joint Arrangements

The amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.

IAS 12 Income Taxes

The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends.

IAS 23 Borrowing Costs

The amendment clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

This amendment enables companies to measure at amortised cost, some prepaid financial assets with negative compensation. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest.

The directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

GUYANA CIVIL AVIATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

3 *Summary of significant accounting policies*

(a) *Accounting convention*

The financial statements have been prepared under the historical cost convention and the accounting policies conform to International Financial Reporting Standards.

(b) *Items of assets are measured at cost less accumulated depreciation and any impairment losses.*

Tangible fixed assets are stated at historical cost. Depreciation is provided on the reducing balance method at rates sufficient to write off the assets over their estimated useful lives. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.

Building	-	2.5 %
Plant & machinery	-	4%
Fixtures & fittings	-	5%
Computer equipment	-	6.5%
Electrical equipment	-	5%
Motor vehicle	-	5.5%
Office furniture	-	5%
General equipment	-	10%
Computer software	-	10%

(c) *Foreign currency transactions*

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized directly in equity.

(d) *Revenue and expense recognition*

Revenue and expenses are recognized on an accruals basis.

(e) *Impairment of tangible assets*

At each reporting date, the Authority reviews the carrying amounts of its 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 Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

GUYANA CIVIL AVIATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

3 *Summary of significant accounting policies – cont'd*

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

(f) *Provisions*

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Authority 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 reporting date, taking into account the risks and uncertainties surrounding the obligation.

(g) *Financial instruments*

Financial assets and liabilities are recognized on the Authority's statement of financial position when the Authority becomes a party to the contractual provisions of the instruments.

Accounts receivable and prepayments

Accounts receivable and prepayments are measured at amortised cost.

Accounts payable

Accounts payable are recognized at amortised cost.

Cash and cash equivalents

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

(h) *Taxation*

The Guyana Civil Aviation Authority is exempt from Corporation and Property Taxes.

(i) *Capital*

Capital reserves represent subventions for capital items received from the Government of Guyana. This is not repayable.

GUYANA CIVIL AVIATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

4 *Critical accounting judgements and key sources of estimation uncertainty*

In the application of the Authority's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

i) *Accounts receivable and prepayments*

On a regular basis, management reviews accounts receivable and prepayments to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairment.

ii) *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 of property, plant and equipment should remain the same.

iii) *Impairment of financial assets*

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

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

	<u>2018</u>	<u>2017</u>
	G\$	G\$
5 (a) Income		
Licenses	3,372,030	5,487,936
Airworthiness certificates	25,775,000	25,625,000
ATM charter	8,050,479	9,815,000
Aircraft maintenance organizations	-	3,375,000
AOC's	3,000,000	675,000
International overflights	781,495,794	610,693,250
International arrivals and departures	154,700,114	149,462,559
Itinerants	42,404,111	30,674,709
Domestic flights	35,710,440	31,773,250
Fees and fines	11,129,490	8,660,075
AIP	142,830	296,010
Air transport meeting sponsorship	31,737,487	-
Other	76,769,950	50,613,666
	<u>1,174,287,725</u>	<u>927,151,455</u>
5 (b) Other income		
Customer bank charges	5,612,346	6,992,940
Exchange gain	1,177,225	-
Interest earned	24,866,288	-
Adjustment to depreciation	99,096,828	-
	<u>130,752,687</u>	<u>6,992,940</u>
6 Administrative expenses		
Employment cost	963,519,638	879,001,282
Transport, travel and postage	38,743,829	41,185,931
Utility charges	26,557,792	28,600,189
Training	28,780,366	58,922,207
Professional fees	2,000,000	2,000,000
Depreciation	111,934,506	111,014,971
Exchange loss	-	3,957,816
	<u>1,171,536,131</u>	<u>1,124,682,396</u>
7 Operating expenses		
Materials, equipment and supplies	18,023,422	20,034,796
Fuel & lubricants	4,908,690	3,590,057
Rental & maintenance of building	43,089,249	48,057,277
Maintenance of infrastructure	-	7,164
Other goods and services purchased	117,295,107	93,823,864
Other operating expenses	53,822,910	26,585,834
Air transport meeting	21,278,062	-
Refund of revenue	-	2,174,850
	<u>258,417,440</u>	<u>194,273,842</u>

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

8 (a) Property, plant and equipment

Cost	Land & building G\$	Plant & machinery G\$	Furniture & fixtures G\$	Computer equipment G\$	Electrical equipment G\$	Motor vehicle G\$	Office furniture G\$	General equipment G\$	Total G\$
As at 1 January 2017	255,196,748	985,665,773	66,642,544	44,301,675	587,501,167	49,434,719	62,357,719	680,886,623	2,731,986,968
Additions	8,675,943	-	3,226,552	1,762,215	4,778,912	30,378,124	8,294,222	198,030,804	255,146,772
Disposal	-	-	-	-	-	(500,000)	-	-	(500,000)
As at 31 December 2017	263,872,691	985,665,773	69,869,096	46,063,890	592,280,079	79,312,843	70,651,941	878,917,427	2,986,633,740
Adjustment	-	-	-	(13,020)	-	-	-	(19,973)	(32,993)
Additions	25,030,000	-	-	4,225,088	6,484,688	-	2,516,833	3,410,491	41,667,100
As at 31 December 2018	288,902,691	985,665,773	69,869,096	50,275,958	598,764,767	79,312,843	73,168,774	882,307,945	3,028,267,847
Accumulated depreciation									
As at 1 January 2017	136,903,000	913,522,539	29,100,278	18,091,373	182,227,817	22,268,432	17,955,613	15,313,660	1,335,382,712
Adjustment to depreciation	-	-	-	-	5,764	-	-	12,540	18,304
Charge for the year	6,500,102	39,426,631	3,446,709	2,994,153	22,954,092	4,214,118	3,532,597	17,850,606	100,919,008
As at 31 December 2017	143,403,102	952,949,170	32,546,987	21,085,526	205,187,673	26,482,550	21,488,210	33,176,806	1,436,320,024
Adjustment to depreciation	-	(99,096,828)	-	(846)	-	-	-	(1,997)	(99,099,671)
Charge for the year	6,500,102	39,426,631	3,446,709	3,268,784	23,073,298	4,214,118	3,658,439	17,941,810	101,529,891
As at 31 December 2018	149,903,204	893,278,973	35,993,696	24,353,464	228,260,971	30,696,668	25,146,649	51,116,619	1,438,750,244
Net Book Values									
At 31 December 2018	138,999,487	92,386,800	33,875,400	25,922,494	370,503,796	48,616,175	48,022,125	831,191,326	1,589,517,603
At 31 December 2017	120,469,589	32,716,603	37,322,109	24,978,364	387,092,406	52,830,293	49,163,731	845,740,621	1,550,313,716

8 (b) Intangible assets

	2018 G\$	2017 G\$
Opening NBV	61,069,195	50,855,020
Additions	3,435,875	20,291,834
Amortization charge for the year	(10,407,461)	(10,077,659)
Closing NBV	54,097,609	61,069,195

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

9	Accounts receivable and prepayments	<u>2018</u> G\$	<u>2017</u> G\$
	Accounts receivable	617,728,752	484,602,043
	Suspense account	14,862	103,233
	Prepayments	1,917,947	952,323
	Staff loan/advances	215,036	105,036
		<u>619,876,597</u>	<u>485,762,635</u>
10	Cash on hand and at bank	<u>2018</u> G\$	<u>2017</u> G\$
	Bank of Guyana	375,426,509	793,997,194
	Scotiabank	-	21,383,804
	Cash on hand	17,000	2,457,364
		<u>375,443,509</u>	<u>817,838,362</u>
11	Accounts payable	<u>2018</u> G\$	<u>2017</u> G\$
	Employment costs	20,821,612	26,755,804
	Rental & maintenance of buildings	-	1,018,804
	Other goods & services	61,840	978,350
	Other operating expenses	345,544	275,015
	Education subvention & training	456,475	920,979
	Inventory	1,738,430	109,324
	Capital expenses	2,498,459	4,982,209
		<u>25,922,360</u>	<u>35,040,485</u>

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

	2018 G\$	2017 G\$
12 Accruals		
Employment cost	19,606,413	13,641,734
Materials, equipment & supplies	136,800	2,077,782
Fuel & lubricant	822,418	259,162
Transport, travel & postage	20,000	94,400
Utility charges	2,506,053	2,131,758
Other goods & services	23,929,667	6,130,372
Other operating expenses	6,682,582	565,566
Professional fees	2,000,000	12,500,000
	<u>55,703,933</u>	<u>37,400,774</u>

13 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

The Authority considers the directors and key management personnel as related parties.

Emoluments paid to key management personnel are as follows:

	2018 G\$	2017 G\$
Director's allowance (a)	50,337,171	50,337,171
Key management personnel (b)	71,718,634	71,718,634
Stipend for board members (c)	1,021,000	1,021,000
(a) Director's allowance:		
C. Heeralall	12,726,454	12,726,454
R. Samaroo	18,402,335	18,402,335
S. Sulaman	13,050,022	13,050,022
E. Field	-	-
J. Persaud	6,158,360	6,158,360
	<u>50,337,171</u>	<u>50,337,171</u>
(b) Key management personnel salary and allowance:		
A. Dorris	10,056,007	10,056,007
C. Frank	12,879,758	12,879,758
R. Sookhoo	11,626,362	11,626,362
C. Primus	5,769,795	5,769,795
M. Simon	8,712,248	8,712,248
D. Jodhan	12,511,638	12,511,638
C. Fowler	10,162,826	10,162,826
	<u>71,718,634</u>	<u>71,718,634</u>
(c) Board members stipend and allowances:		
L. London	119,000	119,000
B. Balram	35,000	35,000
R. Ghir	77,000	77,000
R. Paul	187,000	187,000
D. Pollard	187,000	187,000
S. Amin	187,000	187,000
C. Byrne	187,000	187,000
K. Jordan	42,000	42,000
	<u>1,021,000</u>	<u>1,021,000</u>
Ministry of Public Infrastructure		
- Government capital funds	<u>41,700,000</u>	<u>24,000,000</u>

14 Financial risk management

Financial risk management objectives

The Authority's management monitor and manage the financial risks relating to the operations of the Authority through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Authority seeks to minimize the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

The Authority's management reports at statutory meetings to the Board of Directors on matters relating to risk and management of risk.

(a) Market risk

The Authority's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Authority uses interest rate sensitivity to financial instruments to manage its exposure to foreign currency risk. There has been no change in the Authority's exposure to market risks or the manner in which it manages these risks.

(i) Interest rate risk

The Authority is not exposed to various risks that are associated with the effects of variations in interest rates.

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

14 Financial risk management - cont'd

(b) Liquidity risk

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

The Authority 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:

	Maturing		
	2018		
	On demand	Within 1 year	Total
	G\$	G\$	G\$
Assets			
Accounts receivable and prepayments	-	619,876,597	619,876,597
Cash on hand and at bank	375,443,509	-	375,443,509
	<u>375,443,509</u>	<u>619,876,597</u>	<u>995,320,106</u>
Liabilities			
Accounts payable	-	25,922,360	25,922,360
Accruals	-	55,703,933	55,703,933
	<u>-</u>	<u>81,626,293</u>	<u>81,626,293</u>
Net assets	<u>375,443,509</u>	<u>538,250,304</u>	<u>913,693,813</u>

	Maturing		
	2017		
	On demand	Within 1 year	Total
	G\$	G\$	G\$
Assets			
Accounts receivable and prepayments	-	485,762,635	485,762,635
Cash on hand and at bank	817,838,362	-	817,838,362
	<u>817,838,362</u>	<u>485,762,635</u>	<u>1,303,600,997</u>
Liabilities			
Accounts payable	-	35,040,485	35,040,485
Accruals	-	37,400,774	37,400,774
	<u>-</u>	<u>72,441,259</u>	<u>72,441,259</u>
Net assets	<u>817,838,362</u>	<u>413,321,376</u>	<u>1,231,159,738</u>

(c) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Authority.

The Authority faces credit risk in respect of its cash and cash equivalents and its accounts receivables. However, this risk is controlled by close monitoring of these balances by the Authority. The maximum credit risk faced by the Authority is the balance reflected in the financial statements.

GUYANA CIVIL AVIATION AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

14 Financial risk management - cont'd

(c) Credit risk cont'd

Cash and cash equivalent are held by Central and Commercial banks. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due.

The related risk is therefore considered very low.

Accounts receivable consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable on a regular basis

The table below shows the company's maximum exposure to credit risk:

	<u>2018</u> G\$	<u>2017</u> G\$
Cash at bank	375,426,509	815,380,998
Accounts receivable	<u>617,728,752</u>	<u>484,602,043</u>
Total credit risk exposure	<u>993,155,261</u>	<u>1,299,983,041</u>

The accounts receivable balances are classified as follows:

Current	86,608,557	48,054,519
Past due but not impaired	<u>531,120,195</u>	<u>436,547,524</u>
	<u>617,728,752</u>	<u>484,602,043</u>

Ageing of accounts receivable which was past due but not impaired

365+ days	<u>531,120,195</u>	<u>436,547,524</u>
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15 Analysis of financial assets and financial liabilities by measurement basis

	<u>Financial assets and liabilities at amortised cost</u> G\$	<u>Total</u> G\$
2018		
Assets		
Accounts receivable and prepayments	619,876,597	619,876,597
Cash on hand and at bank	<u>375,443,509</u>	<u>375,443,509</u>
	<u>995,320,106</u>	<u>995,320,106</u>
Liabilities		
Accounts payable	25,922,360	25,922,360
Accruals	<u>55,703,933</u>	<u>55,703,933</u>
	<u>81,626,293</u>	<u>81,626,293</u>
2017		
Assets		
Accounts receivable and prepayments	485,762,635	485,762,635
Cash on hand and at bank	<u>817,838,362</u>	<u>817,838,362</u>
	<u>817,838,362</u>	<u>1,303,600,997</u>
Liabilities		
Accounts payable	35,040,485	35,040,485
Accruals	<u>37,400,774</u>	<u>37,400,774</u>
	<u>72,441,259</u>	<u>72,441,259</u>

GUYANA CIVIL AVIATION AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

16 Fair value of financial instruments

The fair values of assets and liabilities were determined as follows:

- (i) Financial instruments where the carrying amounts are equal to fair values:- Due to their short-term maturity, the carrying amounts of certain financial instruments are assumed to approximate their fair values. These include accounts receivable and prepayments, cash on hand and at bank, accounts payable.
- (ii) Property, plant and equipment are stated at cost less accumulated depreciation.
- (iii) Intangible assets are stated at cost less amortisation.

17 Reclassification of prior year presentation

Certain prior year balances have been reclassified for consistency with the current year presentation. These reclassifications had no effect on reported results of operations. This change in classification does not affect previously reported cash flows from operating activities in the statement of cash flows.

18 Pending legal matters

There are no pending litigations.