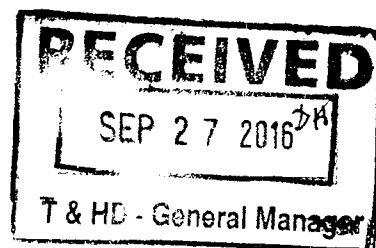


27/09/16

**AUDITED FINANCIAL STATEMENTS OF THE
TRANSPORT AND HARBOURS DEPARTMENT**

**FOR THE YEAR ENDED
31 DECEMBER 2008**

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



AUDITED FINANCIAL STATEMENTS OF THE
TRANSPORTS AND HARBOURS DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

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Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

265/SO: 15 /2/2016

22 September 2016

Ms. M. Merchant
General Manager
Transport and Harbours Department
Battery Road
Kingston
Georgetown.

Dear Ms. Merchant,



RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE
TRANSPORTS AND HARBOURS DEPARTMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

We wish to inform you that the audit of the above-mentioned Department has been completed. Accordingly, we are pleased to forward one copy of the audited financial statements, together with the Report of the Auditor General and the Management Letter thereon.

Should you need any clarification or explanation, please do not hesitate to let us know.

With kind regards.

Yours sincerely,



T. Pyle
Assistant Manager
for Auditor General



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AG: 57/2016

22 September 2016

REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE TRANSPORT AND HARBOURS DEPARTMENT FOR THE YEAR ENDED 31 DECEMBER 2008

I have audited the accompanying financial statements of the Transports and Harbours Department, which comprise the statement of financial position as at 31 December 2008, and the income statement and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles, 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 issued by International Federation of Accountants (IFAC) and those of the International Organization of Supreme Audit Institutions (INTOSAI). 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 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Disclaimer of Opinion

The amount of \$7,054,259,327 represents Property, Plant and Equipment as at 31 December 2008. A Fixed Assets Register was not maintained by the Department for the year under review. However, a schedule was presented but lacked pertinent information such as location, cost and date of acquisition, identification and serial number, together with detailed description of the assets in the case of furniture and fittings. As a result, the accuracy, completeness and validity of the amount of \$7,054,259,327 could not be verified.

Further, an examination of a sample of payment vouchers for additions revealed 15 payments totalling \$26,289,058 were not presented. As a result, it could not be determined as to whether values were received for monies expended.

Also, Certificates of Titles showing ownership of Buildings and Vessels to the value of \$6,580,872,385 as shown in the financial statements were not provided for audit verification. As a result, the ownership of the buildings and vessels could not be ascertained.

Further, the assets were last revalued in the year 1993, however, there was no evidence that the valuation was done by a qualified personnel. This was reported in the previous accounting period and no action was taken by Management to correct this situation. As such, it could not be determined if the assets were stated at a realistic value.

The sum of \$401,102,509 was shown as stocks. This amount represents the actual purchases made for the stores section, since a stock taking exercise was never carried out to ascertain the actual stock on hand. The amount of \$401,102,509 shown as stocks did not reflect its true position. In addition, bills/receipts were not attached to ten payment vouchers valued at \$76,300,313 for the purchase of fuel. As a result, the accuracy, completeness and validity of these payments could not be determined.

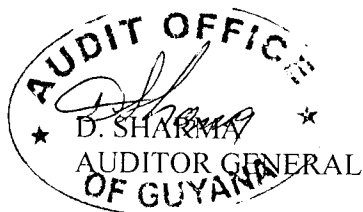
The amount of \$28,606,122 represents debtors and prepayments as at 31 December 2008. The Department does not have a policy in place for the provision for bad debts should they become uncollectable.

The amount of \$(12,324,017) was shown as the cash on hand and at bank balances as at 31 December 2008. This figure represents the balance of \$252,877,113 shown as the balance of the bank account No.0294 held at the Bank of Guyana and a negative balance of \$(265,201,130) representing the collection of Revenue at Stellings not yet deposited. In addition, a certified statement representing this amount was not presented. As a result, the accuracy, completeness and validity of the amount shown could not be determined.

The amount of \$177,936,528 represents creditors as at 31 December 2008. This figure comprises of the sums of (\$52,194,738) and \$230,131,266 representing credit balances respectively. However, a detailed schedule was not presented. As a result, the completeness, accuracy and validity of the amount shown could not be verified. In addition, included in the figure of \$230.131M are amounts totalling \$214.708M representing amounts owing to the National Insurance Scheme and the Guyana Revenue Authority for statutory deductions for employees of the Department. According to the creditors' age analysis report, this amount was due and payable for more than 90 days. It should be noted that failure to pay over deductions to the National Insurance Scheme in a timely manner can cause implications for employees' benefits, and penalties imposed by the Agencies.

Disclaimer of Opinion

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



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

TRANSPORT AND HARBOURS DEPARTMENT

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER, 31, 2008

		2008	2007
	<u>NOTES</u>	<u>GS</u>	<u>GS</u>
<u>ASSETS</u>			
<u>Non Current Assets</u>			
Property, Plant & Equipment	3	7,054,259,327	7,395,657,428
		7,054,259,327	7,395,657,428
<u>Current Assets</u>			
Stocks	4	401,102,509	421,809,535
Receiveables	5	28,606,122	1,145,669,360
Total current Assets		429,708,631	1,567,478,895
Total Assets		7,483,967,958	8,963,136,323
 <u>EQUITY</u>			
Equity contribution	6	12,231,368,533	11,808,431,268
Accumulated Surplus/Deficit	7	(5,209,520,360)	(5,718,735,545)
Reserve	8	430,000	430,000
Revaluation Reserve		271,429,239	271,429,239
Total Equity		7,293,707,412	6,361,554,962
 <u>Current Liabilities</u>			
Payables	9	177,936,528	2,557,312,639
Bank overdraft	10	12,324,017	44,268,722
Total Current Liabilities		190,260,545	2,601,581,361
Total Equity and Liabilities		7,483,967,957	8,963,136,323

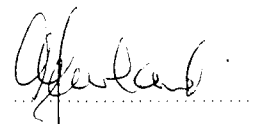
The Managers approve these financial statement for issue on September 21, 2016



M. Merchant

General Manager

GENERAL MANAGER
Transport & Harbours Department



S. Newland

Chief Accountant (ag)

Transport & Harbours Department
Chief Accountant

TRANSPORT AND HARBOURS DEPARTMENT
INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2008

		2008	2007
<u>OPERATING INCOME</u>	<u>NOTES</u>	<u>GS</u>	<u>GS</u>
Passengers		161,064,514	165,515,056
Freight Notes		285,516,738	248,254,998
Vehicles		336,789,571	377,267,512
Goods	11	<u>59,315,621</u>	<u>39,395,769</u>
		842,686,444	830,433,335
LESS OPERATING EXPENSES			
<u>STEAMER AND LAUNCHES</u>			
Ships and Launches		495,952,213	466,859,336
Traffic Expenses (stellings)		156,078,524	138,683,081
Other	12	<u>1,498,938,731</u>	<u>107,435,338</u>
		(2,150,969,468)	(712,977,755)
<u>NET INCOME FROM OPERATIONS</u>		(1,308,283,024)	117,455,580
Add: Other Income	13	<u>2,817,641,988</u>	<u>57,110,337</u>
		1,509,358,964	174,565,917
Less ADMINISTRATION EXPENSES	14	<u>207,871,147</u>	<u>161,187,165</u>
SURPLUS/DEFICIT FOR YEAR		1,301,487,817	13,378,752
Less: DEPRECIATION EXPENSES		<u>(764,335,367)</u>	<u>(790,301,465)</u>
		537,152,450	(776,922,713)
Transfer to capital (equity)	15	<u>(27,937,265)</u>	<u>(112,382,247)</u>
NET INCOME/LOSS FOR THE YEAR		<u>509,215,185</u>	<u>(889,304,960)</u>

TRANSPORT AND HARBOURS DEPARTMENT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
<u>OPERATING ACTIVITIES</u>		
Net Income/Loss	509,215,185	(889,304,960)
Depreciation	764,335,367	790,301,465
Stocks	20,707,026	(9,018,081)
Debtors	1,117,063,238	(146,880,537)
Creditors	<u>(2,379,376,111)</u>	<u>(14,234,690)</u>
Net Cash Flow from operating activities	<u>31,944,705</u>	<u>(269,136,803)</u>
 <u>INVESTING ACTIVITY</u>		
Net cash outflow - investment activities	(422,937,265)	(512,382,247)
 <u>FINANCING ACTIVITY</u>		
Ministry of Finance	395,000,000	400,000,000
Transport & Harbours Department	<u>27,937,265</u>	<u>112,382,247</u>
Net cash inflow from financing activities	<u>422,937,265</u>	<u>512,382,247</u>
 INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT		
Cash and Cash equivalent at beginning of year	(44,268,722)	(91,069,991)
Cash and cash equivalent at end of year	<u>(12,324,017)</u>	<u>(44,268,722)</u>
Net movement in cash and cash equivalent	<u>31,944,705</u>	<u>(135,338,713)</u>

TRANSPORT AND HARBOURS DEPARTMENT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2008

1) INCORPORATION AND PRINCIPAL ACTIVITIES

The Transport & Harbours Department was established on the 1st January, 1931 by the Transport & Harbours Act, Chapter 49.04 of the Laws of Guyana for the purpose of managing and carrying on the railway and Government vessels and controlling and regulating the use of the Harbours of Guyana.

The Demerara/Essequibo Railway covering 18.5 miles from Vreed-en-Hoop to Parika and the Demerara/Berbice railway covering 60.5 miles from Georgetown to Rosignol were acquired from the Colonial Transport Department. In 1931 it was nationalised by Ordinance 31 and run by the Transport and Harbours Department.

The Demerara/Essequibo railway was closed in 1971 and the Demerara/Berbice railway was closed in 1972 by the then President Forbes Burnham and these routes were replaced by bus services. However, these public bus services were subsequently closed. To date the Department still maintains the ferry services (Berbice, Parika/Adventure, Parika/Wakenaam, Parika/Bartica, Paika/Leguan) and controls and regulates the harbours of Guyana.

TRANSPORT AND HARBOURS DEPARTMENT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2008

2 SIGNIFICANT ACCOUNTING POLICIES

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

(a) COST CONVENTION

These accounts have been prepared in accordance with the Generally Accepted Accounting Principles under the historical cost convention.

(b) FIXED ASSETS

Fixed Assets are recorded at cost and extraordinary repairs that will extend the useful life of an asset beyond the original estimated life are capitalised. No depreciation is provided on freehold land. Other fixed assets are depreciated on the Reduced Balancing Method Basis. No Depreciation is charged on assets acquired or on additions during the year. Assets are depreciated as follows: -

Buildings - 5%	Furniture & Fixtures - 25%
Plant & Equipment - 10%	Motor Vehicles & Vessels - 15%
Barges - 15%	

{C} STOCKS

Stocks are valued at the lower of cost and net realizable value. Cost is determined using the LIFO method, but since no actual stock count was done the figure stated is actual purchases for the year.

TRANSPORT & HARBOURS DEPARTMENT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31ST, 2008

FIXED ASSETS

3

2008	Buildings	Motor Vessels/ Vehicles	Plant, Equipment, Machinery	Furniture & Fixtures	TOTAL
	\$	\$	\$	\$	\$
Balance B/F	3,695,098,655	4,592,252,430	513,348,000	148,000,000	8,948,699,085
Addition Capital	30,000,000	340,000,000		25,000,000	395,000,000
T & H. D		27,937,265			27,937,265
Disposal					-
Balance as at 31.12.2008	3,725,098,655	4,960,189,695	513,348,000	173,000,000	9,371,636,350
Depreciation for the year 31/12/2008	167,055,077	530,980,352	41,581,188	24,718,750	764,335,367
Accumulated Depreciation as at 2008	521,052,196	1,583,363,769	139,117,308	73,843,750	2,317,377,023
Net Book Value 2008	3,204,046,459	3,376,825,926	374,230,692	99,156,250	7,054,259,327
Net Book Value 2007	3,341,101,536	3,539,869,012	415,811,880	98,875,000	7,395,657,428

4 STOCK - \$401,102,509

This amount represents actual purchases made for the stores section. Since no stock taking was previously done to ascertain the correct stock values. It is mandatory that we continue to use these figures until such time that an actual stock count/verification is executed. This amount represent the following: -

	<u>2008</u>	<u>2007</u>
	\$	\$
Unallocated stores	401,102,509	421,809,535
Add: Adjustable Accounts		-
	<u>401,102,509</u>	<u>421,809,535</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008

5 RECEIVABLES- \$ 28,606,122

	<u>2008</u>	<u>2007</u>
	\$	\$
Bitumen Plant Expenses		1,064,763,687
Works & Transport (T/Port)	242,424	242,424
Transport & Harbours Department (see Appendix IA)	28,363,698	78,180,413
Life Insurance		2,482,836
	28,606,122	1,145,669,360
	28,606,122	1,145,669,360

6 EQUITY CONTRIBUTION - \$12,231,368,534

	<u>2008</u>	<u>2007</u>
	\$	\$
This amount comprises of the following: -		
Opening balance 2007	11,808,431,269	11,296,049,022
Revaluation 2006 (Capital receipts & T & HD Capital)	422,937,265	512,382,247
	12,231,368,534	11,808,431,269
Less: Disposal	-	-
Closing Balance	12,231,368,534	11,808,431,269

7 ACCUMULATED SURPLUS/DEFICIT - **-\$5,209,520,360**

	<u>2008</u>	<u>2007</u>
At January 1st, 2008	(5,718,735,545)	(4,829,430,585)
Surplus/Deficit for the year	509,215,185	(889,304,960)
Correction/bank balances (see cash at bank)	-	-
	(5,209,520,360)	(5,718,735,545)

TRANSPORT AND HARBOURS DEPARTMENT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED DECEMBER 31, 2008

8 <u>RESERVE - \$430,000.</u>	<u>2008</u>	<u>2007</u>
	\$ 430,000	430,000

This is the stipulated provision for expenditure on Capital Works.

9 PAYABLES- \$177,936,528

This amount comprises of the following: -

	<u>2008</u>	<u>2007</u>
	\$	\$
Amount Payable	(52,194,738)	(51,442,809)
Credit Balance (see Appendix 2 A & 2B)	<u>230,131,266</u>	<u>2,608,755,448</u>
	<u>177,936,528</u>	<u>2,557,312,639</u>

	<u>2008</u>	<u>2007</u>
	\$	\$
10 <u>CASH ON HAND AND AT BANK -</u> -\$12,324,017		
BOG Bal from General Ledger	252,877,113	140,967,810
Collection at Stelling	(265,201,130)	(185,236,532)
	<u>(12,324,017)</u>	<u>(44,268,722)</u>
	<u>(12,324,017)</u>	<u>(44,268,722)</u>

TRANSPORT & HARBOURS DEPARTMENT
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31ST, 2008

11 GOODS - \$59,315,621

This represents the following revenue: -

	<u>2008</u>	<u>2007</u>
	\$	\$
Goods Traffic	59,178,346	39,342,489
Parcels/Deck Chairs	137,275	53,280
	<u>59,315,621</u>	<u>39,395,769</u>

12 STEAMERS & LAUNCHES - OTHER EXPENDITURE - \$1,498,938,731

	<u>2008</u>	<u>2007</u>
	\$	\$
Repairs to Stelling & Buildings	14,221,455	9,388,158
Engineering Department - Supt M & M	41,376,310	32,335,232
Traffic Superintendent	10,127,159	10,259,151
Bitumen Plant	1,306,262,864	
Insurance	3,171,727	
Other expenditure (Clerks & acc rec general)	95,479,061	
Refund of revenue	1,050,000	
Marine Superintendent	10,126,378	35,817,516
Mazaruni Docks	17,123,777	19,635,281
	<u>1,498,938,731</u>	<u>107,435,338</u>

TRANSPORT & HARBOURS DEPARTMENT
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31ST, 2008

	2008	2007
	\$	\$
13 <u>OTHER INCOME -</u>	\$2,817,641,988	
Excursion & Special Services	-	400,000
Other income (clerks & ARG)	2,745,686,348	-
Rental & Facilities	71,955,640	56,710,337
	<u>2,817,641,988</u>	<u>57,110,337</u>

14 <u>ADMINISTRATION EXPENSES</u>	\$207,871,147	
	2008	2007
	\$	\$
General charges	178,760,936	141,844,705
National Insurance	29,110,211	19,342,460
	<u>207,871,147</u>	<u>161,187,165</u>

15 This amount represents transfer of current revenue for capital expenditures as listed below:-

	2008	2007
	\$	\$
Motor Vessels/ Vehicles	<u>27,937,265</u>	<u>112,382,247</u>
	<u>27,937,265</u>	<u>112,382,247</u>