

**AUDITED FINANCIAL STATEMENTS OF THE
GUYANA POST OFFICE CORPORATION**

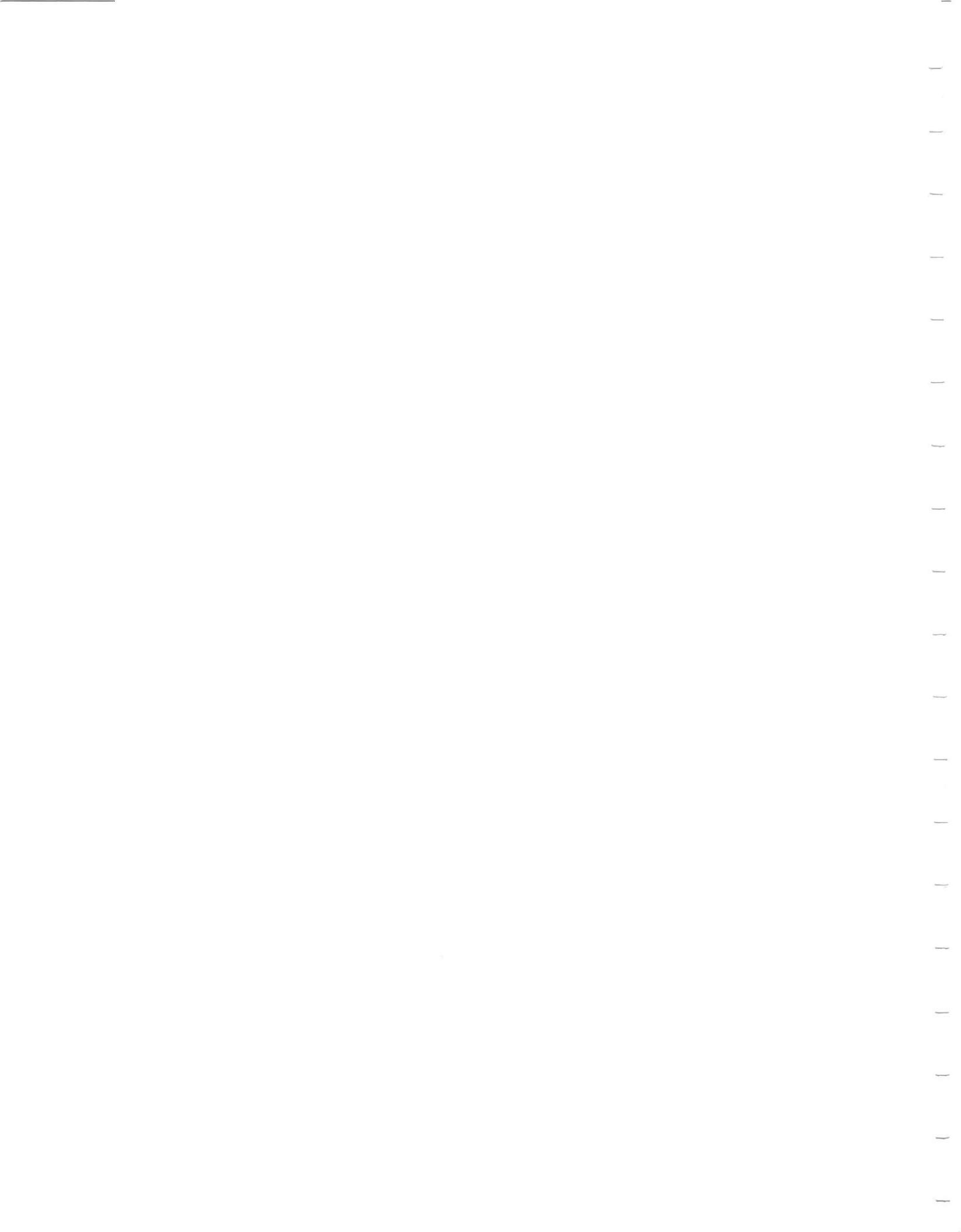
**FOR THE YEAR ENDED
31 DECEMBER 2020**

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

AUDITED FINANCIAL STATEMENTS OF THE
GUYANA POST OFFICE CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2020

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Audit Office of Guyana

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188/PC:53/2/2023

28 March 2023

Ms. Karen Brown
Postmaster General
Guyana Post Office Corporation
Robb Street
Georgetown.

Dear Ms. Brown,

AUDIT OF THE FINANCIAL STATEMENTS
OF THE GUYANA POST OFFICE CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2020

Please find attached ten copies of the audited financial statements of the Guyana Post Office Corporation for the year ended 31 December 2020, 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,

N Harcourt
Nichette Harcourt
Audit Manager





Audit Office of Guyana

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AG: 88/2023

28 March 2023

REPORT OF THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE
GUYANA POST OFFICE CORPORATION
FOR THE YEAR ENDED 31 DECEMBER 2020

Disclaimer of Opinion

I have audited the accompanying financial statements of the Guyana Post Office Corporation, which comprise the statement of financial position as at 31 December 2020, 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 on pages 1 to 25.

I do not express an opinion on the accompanying financial statements of the Guyana Post Office Corporation. 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 of Opinion

Property, Plant and Equipment

The title deeds for properties with net book values totaling \$178,995,510 were not available and a list of office furniture and equipment and motor vehicles with net book values of \$79,226,523 and \$26,011,214 respectively were not available for audit verification. I am therefore uncertain of the ownership, existence and valuation of property and equipment stated at \$284,233,246 in the financial statements.

Amounts owed by Agencies

I was unable to ascertain the accuracy of amounts owing by Agencies amounting to \$83,409,648 since independent confirmation of balances requested were not all obtained. This amount includes amounts brought forward from previous years. Further, provision for bad and doubtful debts was not assessed. There were no satisfactory alternative audit procedures that I could have adopted to determine the accuracy of this amount.

Inventory

The Corporation had inventory of \$87,677,741 as at 31 December 2020. Inventory schedules detailing quantities and cost were not available for audit verification. I was therefore unable to determine the accuracy, completeness, and valuation of inventories in the financial statements.

Amounts owed to Agencies

The Corporation had \$872,408,242 owing to Agencies. I was unable to verify the accuracy of this amount since independent confirmations sent out were not all responded to. Further, no details and reconciliation statements of Agency balances were provided. There were no satisfactory alternative audit procedures that I could have adopted to determine the accuracy of this amount.

Equity

Included in the statement of financial position is a static amount of \$9,311,355 coming forward from previous years representing Government of Guyana contribution. This amount should have been converted to debentures or debentures stock of such nominal value bearing such interest rates and repayment dates as may be agreed upon. As stated in note 20, the debentures were not issued and interest and repayment terms not agreed. I was therefore uncertain of the classification of this amount.

Payable and Accruals

Included in accounts payable and accruals balance of \$227,694,341 is an amount of \$16,709,416 that could not have been verified since schedules and confirmation of balances owed by the Corporation were not all provided for audit scrutiny. I am therefore unable to determine whether accounts payable and accruals were fairly stated in the financial statements.

Pension

The Guyana Post Office Corporation did not participate in a formal pension plan. As stated in note 2 (e) to the financial statements, persons employed prior to 1 January 1977 were paid pensions and gratuities by the Ministry of Finance for the period prior to 1 January 1977 and by the Post Office from 1 January 1977 to date of retirement. The Corporation calculated pensions for staff employed after 1 January 1977 at the date of their retirement and payments were made when due. Provision was not made in the financial statements for any future pension liability.

Taxation Recoverable

I was unable to determine the accuracy of the taxation recoverable amount of \$153,905,131 as stated in note 14. This amount is overstated by \$14,267,726, since a tax liability statement from the Guyana Revenue Authority confirms tax overpaid and recoverable by the Guyana Post Office Corporation is \$139,637,405.

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

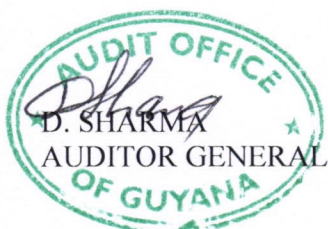
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of the Financial Statements

My Responsibility is to conduct an audit of the Corporation's financial statements in accordance with International Standards on 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.



AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

GUYANA POST OFFICE CORPORATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

<u>ASSETS</u>	<u>Notes</u>	<u>2020</u> G\$	<u>2019</u> G\$
Non Current Assets			
Tangible Fixed Assets	13	284,233,246	267,716,750
Total Non Current Assets		284,233,246	267,716,750
Current Assets			
The Revenue Authority	14	153,905,131	153,905,131
Inventories	15	87,677,741	86,456,209
Amount owed by Agencies	16	83,409,648	7,610,861
Receivables	19	751,273,608	715,819,423
Cash	18(a)	304,564,171	396,935,566
Cash in Transit	18(b)	484,557,367	268,348,883
Bank	18(c)	593,740,930	775,306,769
Total Current Assets		2,459,128,596	2,404,382,842
TOTAL ASSETS		<u>2,743,361,842</u>	<u>2,672,099,592</u>
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserve			
Government of Guyana Contribution	20	9,311,355	9,311,355
Accumulated Deficit		(533,681,818)	(686,067,398)
Total Capital and Reserve		(524,370,463)	(676,756,043)
Current Liabilities			
Amount owing to Agencies	17	872,408,242	961,347,024
Payables	21	227,694,341	217,695,444
Deferred Income	22	-	23,392,449
Taxes Payable	23(i)	65,626,645	44,417,641
Total Current Liabilities		1,165,729,228	1,246,852,558
Long-Term Liabilities	23(ii)	2,102,003,077	2,102,003,077
TOTAL EQUITY AND LIABILITIES		<u>2,743,361,842</u>	<u>2,672,099,592</u>

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

The financial statements were approved for The Guyana Post Office Corporation by:

Postmaster General - Guyana Post Office Corporation 

Date 27/3/2023

Permanent Secretary - Office of the Prime Minister 

Date 2023-03-27

Permanent Secretary
OFFICE OF THE PRIME MINISTER

GUYANA POST OFFICE CORPORATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Notes</u>	<u>2020</u> G\$	<u>2019</u> G\$
Income	5	1,353,527,066	1,455,070,566
Operating Expenses	6	<u>210,833,087</u>	<u>217,792,558</u>
Profit from Operations		1,142,693,979	1,237,278,008
Employment costs	7	750,401,810	767,251,556
Conveyance of mail	8	33,199,950	36,643,342
Administrative Expenses	9	196,964,411	214,385,660
Depreciation	10	17,592,116	16,205,246
Withholding tax		116,781	164,364
Other Expense	11	<u>145,517</u>	<u>394,925</u>
Total Expenditure for the year		<u>998,420,585</u>	<u>1,035,045,093</u>
Net Profit from operations		144,273,394	202,232,915
Other Income	12	<u>29,321,190</u>	<u>13,054,106</u>
Profit before taxation		173,594,584	215,287,021
Corpration tax	23	<u>21,209,004</u>	<u>26,733,990</u>
Profit for the year		<u><u>152,385,580</u></u>	<u><u>188,553,031</u></u>



GUYANA POST OFFICE CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Government of Guyana Contribution G\$	Accumulated Surplus/(Deficit) G\$	Total G\$
Balance - January 1, 2019	9,311,355	(874,620,429)	(865,309,074)
Net comprehensive Profit for the year	<u>-</u>	<u>188,553,031</u>	<u>188,553,031</u>
Balance - December 31, 2019	<u>9,311,355</u>	<u>(686,067,398)</u>	<u>(676,756,043)</u>
Balance - January 1, 2020	9,311,355	(686,067,398)	(676,756,043)
Net comprehensive Profit for the year	<u>-</u>	<u>152,385,580</u>	<u>152,385,580</u>
Balance - December 31, 2020	<u>9,311,355</u>	<u>(533,681,818)</u>	<u>(524,370,463)</u>

GUYANA POST OFFICE CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u> G\$	<u>2019</u> G\$
Cash flow from operating activities		
Net comprehensive Profit/(Loss) before taxation	173,594,584	215,287,021
Adjustment for:		
Depreciation	17,592,116	16,205,246
Gain on disposal	-	-
	<u>17,592,116</u>	<u>16,205,246</u>
Operating Profit/(loss) before working capital changes	191,186,700	231,492,267
(Increase)/Decrease in Inventories	(1,221,532)	60,622,167
Decrease in Receivables and Prepayments	(35,454,185)	137,602,510
Decrease in amounts owing by Agencies	(75,798,787)	6,353,094,568
Increase/(Decrease) in Payables and Accruals	9,998,897	(2,043,435,033)
(Decrease) in Deferred Income	(23,392,449)	23,392,449
(Decrease) in amounts owing to Agencies	(88,938,782)	(6,551,450,739)
Increase in Long-Term Liabilities	-	2,102,003,077
	<u>(214,806,838)</u>	<u>81,829,000</u>
Cash generated/(used) from operations	(23,620,138)	313,321,267
Taxation		
Taxes paid	-	-
Net cash provided by/(used in) operating activities	(23,620,138)	313,321,267
Cash flow from investing activity		
Adjustment	-	323,000
Disposal of fixed assets	-	-
Purchase of tangible fixed assets	(34,108,612)	(47,731,044)
Net cash used in investing activities	(34,108,612)	(47,408,044)
Net decrease in cash and cash equivalents	(57,728,750)	265,913,223
Cash and cash equivalents - January 1	1,440,591,218	1,174,677,995
Cash and cash equivalents - December 31	<u>1,382,862,468</u>	<u>1,440,591,218</u>
Analysis of cash and cash equivalents - December 31		
Cash in hand	304,564,171	396,935,566
Cash in transit	484,557,367	268,348,883
Cash at bank	593,740,930	775,306,769
	<u>1,382,862,468</u>	<u>1,440,591,218</u>



GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Incorporation and activities

The Post Office was established on January 1, 1977 by the Public Corporation (Post Office) Order 1976.

The objectives of the Post Office are:

- (a) To promote the economic development of the post system in accordance with, as far as practicable, standard practice recognized internationally and by public demand.
- (b) To promote a postal system in accordance with Guyana's obligation as a member of the Universal Postal Union.
- (c) To advise the Government on all matters relating to the postal system.
- (d) To act as an agent of the Government, or of any Corporation established under the Act or any other authority established for public purpose in such matters as may be agreed between the Government and The Post Office and any other of the above-mentioned bodies as the case may be, provided that the Post Office can do so appropriately and consistently with its functions under the Act.

2. Significant accounting policies

(a) Statement of Compliance and basis of preparation

The financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The areas involving critical accounting estimates or a higher degree of judgement are identified in note 3.

New standards, amendments and interpretations adopted

A number of new standards, amendment to standards and interpretations effective for annual periods beginning on or after January 1, 2021, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Significant accounting policies, continued

(b) Property and equipment

Property and equipment are stated generally at historical cost, except for those measured at fair value, when they are tested for impairment. Historical cost includes expenditure directly attributable to the acquisition of the items.

Property and equipment are tested for impairment whenever there is objective evidence that the carrying amount of the asset may exceed its recoverable amount. Any resulting impairment loss is recognised immediately in the statement of comprehensive income.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the corporation and the cost of the item can be measured reliably. The carrying amount of replaced parts are derecognised. All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of other property and equipment is based on their estimated useful lives and is charged from the date of acquisition. Depreciation is provided on the reducing-balance method at the following annual rates:

Buildings	-	5%
Office furniture and equipment	-	10%
Motor vehicles	-	25%

(c) Inventories

Inventories are valued at the lower of cost and net realisable value based on the weighted average method. Cost comprise of the fair value of consideration payable and other costs incurred in bringing the inventories to their present location and condition.

(d) Foreign currency

Foreign currency transactions, other than foreign money orders are translated to Guyana dollars at rates of exchange prevailing at the dates of the transactions.

Foreign money order encashments and sales are translated to Guyana dollars at rates moderately lower and higher respectively than the rates of exchange prevailing at the dates of the transaction.

At Statement of Financial Position date all amounts denominated in foreign currencies are translated to Guyana dollars at the rates of exchange determined by the Universal Postal Union and Bank of Guyana.

Gains and losses arising from the translation of foreign currencies are included in the statement of comprehensive income for the year.

(e) Pension and gratuities

The Post Office does not participate in a formal pension plan. Persons employed by the Post Office Department, Ministry of Communications at December 31, 1976 and whose service continued with the Corporation on its establishment on January 1, 1977 have their pensions and gratuities computed at the time of their retirement from the Post Office and pro-rated on the basis of service. Payment is made by the Ministry of Finance for the period prior to January 1, 1977 to time of retirement.

Pensions for staff employed after January 1, 1977 are calculated at the time of their retirement and payments made by the Post Office when due. Staff may decide to receive full gratuity upon retirement or three-quarters of the sum due in gratuity and the remainder as pension.

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Significant accounting policies, continued

(f) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and short term highly liquid investments that are both readily convertible into known amounts of cash and so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

(g) Revenue recognition

Revenue from sales and services are recognised upon performance of services or delivery of products and customer acceptance. Interest income is recognised as it accrues.

(h) Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(i) Accounts receivables

Accounts receivable are recorded at the invoiced amount and do not bear interest. The Corporation reviews the trade accounts receivable and determine the necessity and amount of an allowance for doubtful accounts as their best estimate of probable credit losses in existing accounts receivable. The Corporation does not have any off-balance sheet credit exposure related to its customers.

(j) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

(i) Current Tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted in Guyana at statement of financial position date.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of the deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Significant accounting policies, continued

(k) Financial Instruments

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

(i) Accounts Receivables

Accounts receivables are measured at amortised cost. Appropriate allowances for estimated unrecoverable amounts are recognised in statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is based on management's evaluation of the collectability of the receivables.

(ii) Accounts Payables

Accounts payables is recognised at amortised cost.

(iii) Cash on hand and at bank

Cash is comprised of cash on hand and at bank.

3. Significant accounting estimates and judgements

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(i) Impairment of assets

When there are indications that an asset may be impaired, the Corporation is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Corporation to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value.

(ii) Useful life of property and equipment

Property and equipment are amortised over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of equipment.

Critical accounting judgements

In the preparation of these financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognised in the financial statements.

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

3. Significant accounting estimates and judgements, continued

Critical accounting judgements, continued

(i) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

5. Income	<u>2020</u> G\$	<u>2019</u> G\$
Stamps foreign	5,073,987	5,016,000
Terminal dues	22,046,383	29,879,662
Postages stamp sales	61,711,561	71,377,340
Bulk postage	404,897,987	463,999,867
Neo post stamp sales	651,039	5,630,027
Inland money order commission	149,508,224	170,430,889
Rental of boxes and bags	4,558,282	4,189,901
Agency fees	514,188,244	508,291,742
Handling charges	8,921,467	15,893,030
Storage fees	197,586	466,608
Rental of offices	81,638,415	82,270,168
Redirected fees	47,900	115,440
Swift shipping income	44,515,902	34,712,899
Commission on c-point sale	146,720	290,925
Receipts from electricity	224,864	228,012
Commemorative stamp sales	3,567,220	4,620,808
Call to office	814,900	807,400
Business priority mail	10,000	56,200
Commission on top-up sale	2,560,766	3,018,060
Revenue stamps commission	48,245,619	53,775,588
	<u>1,353,527,066</u>	<u>1,455,070,566</u>

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
	G\$	G\$
6. Operating Expenses		
Rates and taxes - General	11,218,541	8,730,922
- Water	5,036,243	5,193,257
Repairs and Maintenance - Motor Vehicle	521,309	765,992
- Furniture and Office Equipment	2,165,674	3,284,458
- Safes	307,674	277,589
- Building compound	9,242,535	12,828,058
- Computers	16,000	331,761
- Generator	435,704	450,580
- Others	317,523	93,992
- Motor cycle	260,132	70,322
Motor Vehicle running expense	2,364,414	2,462,632
Swift shipping expense	31,283,152	23,362,060
Insurance	4,608,187	4,104,369
Rent	8,148,905	8,719,405
Telephone charges	8,151,935	9,177,868
Electricity charges	24,900,501	26,091,761
Internet services	9,417,808	9,928,765
Terminal Dues	-	3,660,912
Computer expenses	818,807	2,251,904
Conveyance of values	90,695,373	91,861,886
Generator running expense	922,670	4,144,065
	<u>210,833,087</u>	<u>217,792,558</u>

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
	G\$	G\$
7. Employment costs		
Staff uniform	4,798,012	6,799,086
Salaries - Gross	544,417,726	556,521,629
Wages	14,184,295	11,532,831
Overtime	18,207,280	32,189,971
Bonus	12,600,000	-
Traveling and subsistence	6,167,361	8,968,022
Traveling allowance	11,805,096	12,137,369
Meal allowance	4,558,540	8,876,385
Telephone allowance	253,761	288,867
Station/Responsibility allowance	3,339,082	2,694,685
House allowance	3,662,400	3,730,272
Entertainment allowance	900,000	860,038
Staff welfare	5,111,956	4,166,328
Severance	402,381	59,108
Employers contribution nis	47,533,964	46,045,243
Vacation allowance	44,699,831	44,248,684
Acting allowance	10,502,740	8,577,279
Duty allowance	4,390,110	3,499,386
Risk Allowance	510,000	540,000
Employers contribution medical	3,903,405	3,564,688
Gratuity	8,453,870	11,951,685
	<u>750,401,810</u>	<u>767,251,556</u>

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
	G\$	G\$
8. Conveyance of Mail		
Mail Conveyance Internal	16,769,384	25,583,129
Mail Conveyance External	16,430,566	11,060,213
	<u>33,199,950</u>	<u>36,643,342</u>
9. Administrative Expenses		
Stationery and office supplies	6,815,765	11,205,283
Purchase of stamps	601,168	866,666
Training and development	280,750	1,611,445
Pension	73,978,242	81,359,835
Contribution to UPU	12,399,407	12,702,738
Contribution to CPU	1,193,500	1,146,750
Bank charges	6,311,668	7,330,904
Philatelic services	318,005	39,379
Advertisement	1,949,332	2,983,200
Audit fees	3,621,403	(1,594,931)
Legal fees	-	674,500
Consultancy fees	1,155,400	1,425,193
Dues and subscription	200,002	134,120
Directors fees	72,000	1,536,900
Brokerage fees	398,782	-
Conference	471,264	1,981,775
Security expenses	53,061,893	50,476,498
Sanitation expenses	10,862,791	10,079,727
Customs expenses	727,700	900,472
Compensation	(2,673)	48,774
Miscellaneous expenses	1,779,891	2,306,446
License fees	680,562	425,000
Management meeting	83,446	677,163
Board meeting	167,685	2,146,248
Directors traveling	9,900	93,800
World post day	413,636	477,600
Materials and supplies	9,235,875	5,662,311
Agency fees	6,490,658	10,775,346
Miscellaneous Ice	166,735	262,225
Miscellaneous Project	175,050	951,344
Transportation expense	1,267,505	4,092,659
UPU others	262,939	664,116
Leases	300,000	-
Minor office equipment	1,514,130	942,174
	<u>196,964,411</u>	<u>214,385,660</u>

GUYANA POST OFFICE CORPORATION
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	<u>2020</u>	<u>2019</u>
	G\$	G\$
10. Depreciation		
Building	8,805,592	7,141,576
Motor vehicle	508,469	677,959
Furniture and equipment	<u>8,278,055</u>	<u>8,385,711</u>
	<u>17,592,116</u>	<u>16,205,246</u>
11. Other Expense		
Contribution to community - Other	100,000	334,800
Contribution to community - Education	<u>45,517</u>	<u>60,125</u>
	<u>145,517</u>	<u>394,925</u>
12. Other Income		
Other Income	116,084	7,144,061
Interception fees	5,000	5,500
Income from investment	351,510	785,227
Stationery sales	136,125	175,195
Miscellaneous	3,223,331	4,277,402
Interest	292,785	79,698
Franking license fees	15,000	30,000
Philatelic Income	-	35,900
Penalty Charges	379,992	521,123
Donation received	<u>24,801,363</u>	<u>-</u>
	<u>29,321,190</u>	<u>13,054,106</u>

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FOR THE YEAR ENDED DECEMBER 31, 2020

13. Tangible fixed assets	Land and Buildings G\$	Furniture and Equipment G\$	Motor Vehicles G\$	Total G\$
Cost/Valuation				
January 1, 2019	224,131,038	140,392,093	68,104,771	432,627,902
Adjustment	-	(323,000)	-	(323,000)
Additions	40,421,898	7,309,146	-	47,731,044
Disposal December 31, 2019	-	-	-	-
December 31, 2019	<u>264,552,936</u>	<u>147,378,239</u>	<u>68,104,771</u>	<u>480,035,946</u>
January 1, 2020	264,552,936	147,378,239	68,104,771	480,035,946
Additions	4,898,777	4,724,029	24,485,806	34,108,612
Disposal December 31, 2020	-	-	-	-
December 31, 2020	<u>269,451,713</u>	<u>152,102,268</u>	<u>92,590,577</u>	<u>514,144,558</u>
Depreciation				
January 1, 2019	74,509,035	56,211,979	65,392,935	196,113,949
Charged for the year	7,141,576	8,385,711	677,959	16,205,246
Written back on disposal	-	-	-	-
December 31, 2019	<u>81,650,611</u>	<u>64,597,690</u>	<u>66,070,894</u>	<u>212,319,195</u>
January 1, 2020	81,650,611	64,597,690	66,070,894	212,319,195
Charged for the year	8,805,592	8,278,055	508,469	17,592,116
Written back on disposal	-	-	-	-
December 31, 2020	<u>90,456,203</u>	<u>72,875,745</u>	<u>66,579,363</u>	<u>229,911,311</u>
Net book values:				
December 31, 2019	<u>182,902,325</u>	<u>82,780,549</u>	<u>2,033,877</u>	<u>267,716,751</u>
December 31, 2020	<u>178,995,510</u>	<u>79,226,523</u>	<u>26,011,214</u>	<u>284,233,247</u>

(i) The transfer documentation for Land and Building valuing G\$2,932,150 and taken over from the General Post Office Department of the Ministry of Works and Communication on January 1, 1977 has not been completed.

(ii) Clause 9 (1) of the Post Office Order 109 of 1976 which was made under section 46 of the Public Corporation ACT Chapter 19:05, states: "The assets of the Postal Department (including rights and interests) are hereby transferred to and shall vest in the Post Office.

Thus the order provides for the vesting of the assets of the Post Office. GPOC is currently working with the relevant agencies to regularized ownership.

Nevertheless, management commenced the process of acquiring ownership of the lands we occupy; via by lease/title/transport some 12 years ago. GPOC has lease for Danielstown, Parika and Anna Regina. GPOC has permission to occupy Vreed-en Hoop. The conveyance is filed for Bourda Post Office and currently lease applications are in for Providence, East La Penitance, Buxton and Soesdyke Post Offices.

GUYANA POST OFFICE CORPORATION
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	<u>2020</u>	<u>2019</u>
	G\$	G\$
14. Guyana Revenue Authority	<u>153,905,131</u>	<u>153,905,131</u>

The sum owed to the Guyana Post Office Corporation by the Guyana Revenue Authority for overpayment of Corporation taxes.

	<u>2020</u>	<u>2019</u>
	G\$	G\$
15. Inventories		
Stores - Office supplies	6,242,563	6,144,549
'- Stamps	72,634,008	70,218,588
SSO Stocks	(304,978)	(304,978)
Geopark cards	2,961,500	2,961,500
GT&T phone cards	(281,880)	166,800
Guyana Lottery Company - Scratch	3,328,008	3,328,008
Digicel cards	(327,475)	(223,255)
GT&T c-point	(113,663)	858,917
Digicel top-up	<u>3,539,658</u>	<u>3,306,080</u>
	<u>87,677,741</u>	<u>86,456,209</u>

16. Amount owing by Agencies		
Balance	<u>83,409,648</u>	<u>7,610,861</u>

This represents payments and sales made on behalf of various agencies.

17. Amount owing to Agencies	<u>2020</u>	<u>2019</u>
	G\$	G\$
Balance	<u>872,408,242</u>	<u>961,347,024</u>

This represents money received from Agencies net of payments.

GUYANA POST OFFICE CORPORATION
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	<u>2020</u> G\$	<u>2019</u> G\$
18(a) Cash		
Head office	166,981,904	310,873,978
District offices	137,547,767	86,042,588
Petty cash imprest	34,500	19,000
	<u>304,564,171</u>	<u>396,935,566</u>

These amount represents cash in hand at head office and district offices.

18(b) Cash in transit		
Remittance from head office	578,008,983	262,603,543
Remittance to chief office	(15,024,121)	(9,731,980)
Remittance to head office	(53,154,495)	
Remittance from chief office	(25,273,000)	15,477,320
	<u>484,557,367</u>	<u>268,348,883</u>

These amount represents cash sent from offices that will be acknowledge in the next year.

	<u>2020</u> G\$	<u>2019</u> G\$
18(c) Bank		
Commercial banks	509,570,736	621,539,877
Central bank	79,494,938	149,143,525
Trust	4,675,256	4,623,367
	<u>593,740,930</u>	<u>775,306,769</u>

These amounts represnts deposits held at various financial institutions.

GUYANA POST OFFICE CORPORATION
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	<u>2020</u>	<u>2019</u>
	G\$	G\$
19. Receivables		
Trade receivables	661,999,335	620,575,413
Prepayments and others	<u>91,332,661</u>	<u>97,302,398</u>
	753,331,996	717,877,811
Provision for doubtful debts	<u>(2,058,388)</u>	<u>(2,058,388)</u>
	<u><u>751,273,608</u></u>	<u><u>715,819,423</u></u>

20. Government of Guyana

Contribution	<u><u>9,311,355</u></u>	<u><u>9,311,355</u></u>
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According to Section 9.2 of the Public Corporation (Post Office) Order 1976, the Post Office shall issue to the Guyana State Corporation (which is now defunct) debentures or debenture stock of such nominal values and bearing such interest rates and repayment dates as may be agreed upon between the Minister responsible for Finance and the Post Office for assets vested in the Post Office. The debentures have not been issued and repayment terms and interest rates have not yet been agreed.

	<u>2020</u>	<u>2019</u>
	G\$	G\$
21. Payables		
Trade payables	129,048,352	131,891,122
Accruals and others	<u>98,645,989</u>	<u>85,804,322</u>
	<u><u>227,694,341</u></u>	<u><u>217,695,444</u></u>



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	<u>2020</u> G\$	<u>2019</u> G\$
22. Deferred income		
Opening balance	23,392,449	-
Grants received	<u>-</u>	<u>23,392,449</u>
	23,392,449	23,392,449
Amortization	<u>(23,392,449)</u>	<u>-</u>
Closing balance	<u><u>-</u></u>	<u><u>23,392,449</u></u>

The amount received 2019 was granted by the Universal Postal Union Quality of Service Fund (QSF) for the purchase of three (3) motor vehicles to enhance our mail delivery service. The grant is only conditional for enhance mail delivery.

The amount was fully amortized in the current year because of the following:

- a) the vehicles were purchase and aquired in the current year.
- b) the condition for the grant is met.

Thus the entire sum is recognized as income in the current year.



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	<u>2020</u> G\$	<u>2019</u> G\$
23 (i) Reconciliation of tax expense and accounting profit		
Accounting profit	<u>173,594,584</u>	<u>215,287,021</u>
Corporation tax at 25%	43,398,646	53,821,755
Add:		
Tax effect of expenses not deductible in determining taxable profit		
Withholding tax	29,195	41,091
Depreciation for accounting purposes	<u>4,398,029</u>	<u>4,051,312</u>
	47,825,870	57,914,158
Deduct:		
Tax effect of depreciation for tax purposes	5,261,887	4,240,721
Tax exempt income	145,976	205,456
Set off	(21,209,004)	(26,733,990)
Corporation tax charge	<u>21,209,004</u>	<u>26,733,989</u>
Prior year tax	44,417,641	17,683,651
(i) Tax payable	<u>65,626,645</u>	<u>44,417,641</u>
(ii) Long-term liabilities		
Unreconciled differences	<u>2,102,003,077</u>	<u>2,102,003,077</u>

Unreconciled differences represents historical balances coming forward which no supporting documents are available to justify and reconcile same.

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
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23. FAIR VALUE ESTIMATION

The following table details the carrying costs of assets and liabilities and their fair values stated for disclosure purposes.

		2020		2019		
	IFRS 13 LEVEL	Carrying amount G\$	Fair value G\$	IFRS 13 LEVEL	Carrying amount G\$	Fair value G\$
Assets						
Property, plant and equipment	2	277,394,452	277,394,452	2	267,716,750	267,716,750
Taxes Recoverable	2	153,905,131	153,905,131	2	153,905,131	153,905,131
Amount owed by Agencies	2	83,409,648	83,409,648	2	7,610,861	7,610,861
Receivables	2	751,273,608	751,273,608	2	715,819,423	715,819,423
Cash	1	304,564,171	304,564,171	1	396,935,566	396,935,566
Cash in transit	1	484,557,367	484,557,367	1	268,348,883	268,348,883
Bank	1	593,740,930	593,740,930	1	775,306,769	775,306,769
		2,648,845,307	2,648,845,307		2,585,643,383	2,585,643,383
Financial liabilities						
Amount owing to Agencies	2	872,408,242	872,408,242	2	961,347,024	961,347,024
Payables	2	227,694,341	227,694,341	2	217,695,444	217,695,444
Taxes payable	2	65,791,491	65,791,491	2	47,341,697	47,341,697
		1,165,894,074	1,165,894,074		1,226,384,165	1,226,384,165

Valuation techniques and assumptions applied for the purposes of measuring fair value.

(i) The fair values of financial assets and financial liabilities were determined as follows:

- (a) Trade and other receivables are net of provisions for impairment. The fair value of trade and other receivables is based on expected realisation of outstanding balances taking into account the Corporation's history with respect to delinquencies.
- (b) Financial instruments where the carrying amounts are equal to fair value:- Due to their short-term maturity, the carrying value of certain financial instruments approximates their fair values. These include cash on hand and at bank, trade and other receivables and tax liability/recoverable and receivables and payables.

(ii) Tangible fixed assets are stated net of accumulated depreciation and subsequent impairment losses.

Tangible fixed assets and financial liabilities were determined as follows:

- (a) Fair value for assets and liabilities were obtained using level 2 fair value measurements.
 - Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities.
 - Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

GUYANA POST OFFICE CORPORATION
NOTES ON FINANCIAL STATEMENTS
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24. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Corporation's management monitors and manages the financial risk relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (interest rate risk, currency risk and price risk), liquidity risk, capital risk and credit risk.

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

Management reports monthly to the Board of Directors on matters relating to risk and management of risk

(a) Market risk

(i) Interest sensitivity analysis

A sensitivity analysis has determined that there is no material exposure to interest rate fluctuation at the end of the reporting period.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

This impacts directly on the Corporation's cash flow.

Average Interest rate	Maturity 2020		
	Within 1 year G\$	2 - 5 years G\$	Non-interest bearing G\$
Assets			
Taxes recoverable	-	-	153,905,131
Cash on hand	-	-	304,564,171
Cash in transit	-	-	484,557,367
Cash at bank	593,740,930	-	-
Receivables	-	-	751,273,608
Amount owing by Agencies	-	-	83,409,648
	593,740,930	-	1,777,709,925
			2,371,450,855
Liabilities			
Payables	-	-	227,694,341
Taxes payable	-	-	65,791,491
Amount owed to Agencies	-	-	872,408,242
Long-Term Liabilities	-	-	2,102,003,077
	-	-	3,267,897,151
			3,267,897,151
Interest sensitivity gap	593,740,930	-	

Average Interest rate	Maturity 2019		
	Within 1 year G\$	2 - 5 years G\$	Non-interest bearing G\$
Assets			
Taxes recoverable	-	-	153,905,131
Cash on hand	-	-	396,935,566
Cash in transit	-	-	268,348,883
Cash at bank	775,306,769	-	-
Receivables	-	-	715,819,423
Amount owing by Agencies	-	-	7,610,861
	775,306,769	-	1,542,619,864
			2,317,926,633
Liabilities			
Payables	-	-	217,695,444
Taxes payable	-	-	47,341,697
Amount owed to Agencies	-	-	961,347,024
Long-Term Liabilities	-	-	2,102,003,077
	-	-	3,328,387,242
			3,328,387,242
Interest sensitivity gap	775,306,769	-	

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24. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (Cont'd)

(ii) Currency risk

The Corporation's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from foreign receivables and payables. The currency where the Corporation is mainly exposed to is United States Dollars.

The aggregate amounts of assets and liabilities denominated in currencies other than Guyana dollars are as shown:

	<u>G\$</u>
31 December 2020	
Assets	<u>2,094,810</u>
Liabilities	<u>-</u>
31 December 2019	
Assets	<u>67,307,213</u>
Liabilities	<u>-</u>

Foreign currency sensitivity analysis

The following table details the company's sensitivity to a 2.5% increase and decrease in the Guyana dollar (GYD) against the United States dollar (US\$).

The sensitivity analysis includes only outstanding foreign denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A negative number indicates an increase in loss where the US\$ strengthens 2.5% against the GY\$. For a 2.5% weakening of the US\$ against G\$ there would be an equal and opposite impact on the profit, and the balances below would be positive.

	2020 G\$	2019 G\$
Profit/(loss)	<u>52,370</u>	<u>1,682,680</u>

(iii) Price risk

Price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk

The Corporation is not significantly exposed to price risks.

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24. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity

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

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

As at December 31, 2020	Maturity				
	Within 1 year				Total
	On Demand G\$	Due in 3 mths G\$	Due 3-12 mths G\$	2-5 years G\$	
<u>Assets</u>					
Taxes recoverable	153,905,131	-	-	-	153,905,131
Cash on hand	304,564,171	-	-	-	304,564,171
Cash in transit	484,557,367	-	-	-	484,557,367
Cash at bank	593,740,930	-	-	-	593,740,930
Receivables	751,273,608	-	-	-	751,273,608
Amount owing by Agencies	83,409,648	-	-	-	83,409,648
	2,371,450,855	-	-	-	2,371,450,855
<u>Liabilities</u>					
Payables	227,694,341	-	-	-	227,694,341
Taxes payable	65,791,491	-	-	-	65,791,491
Amount owed to Agencies	872,408,242	-	-	-	872,408,242
	1,165,894,074	-	-	-	1,165,894,074
Net assets/(liabilities)	1,205,556,781	-	-	-	1,205,556,781
As at December 31, 2019	Maturity				
	Within 1 year				Total
	On Demand G\$	Due in 3 mths G\$	Due 3-12 mths G\$	2-5 years G\$	
<u>Assets</u>					
Taxes recoverable	153,905,131	-	-	-	153,905,131
Cash on hand	396,935,566	-	-	-	396,935,566
Cash in transit	268,348,883	-	-	-	268,348,883
Cash at bank	775,306,769	-	-	-	775,306,769
Receivables	715,819,423	-	-	-	715,819,423
Amount owing by Agencies	7,610,861	-	-	-	7,610,861
	2,317,926,633	-	-	-	2,317,926,633
<u>Liabilities</u>					
Payables	217,695,444	-	-	-	217,695,444
Taxes payable	47,341,697	-	-	-	47,341,697
Amount owed to Agencies	961,347,024	-	-	-	961,347,024
	1,226,384,165	-	-	-	1,226,384,165
Net assets/(liabilities)	1,091,542,468	-	-	-	1,091,542,468

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24. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit Risk

This is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation's maximum potential exposure is G\$662,793,381 (2019 - G\$620,635,358) as represented by account receivables. The Corporation has no collateral held as security in respect to its financial assets.

The credit risk on bank balances is limited because the counterparties are financial institutions with no known liquidity problems.

	<u>2020</u>	<u>2019</u>
	G\$	G\$
Aging of accounts receivables		
0 to 30 days past due	75,027,144	66,131,438
30 days to 1 year past due	63,975,801	55,297,361
Over 1 year past due	<u>523,790,436</u>	<u>499,206,559</u>
Total	<u>662,793,381</u>	<u>620,635,358</u>

(d) Capital Risk Management

The Corporation's objective when managing its capital are to safeguard its ability to continue as a going concern in order to provide returns for the shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.