

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

**FOR THE YEAR ENDED  
31 DECEMBER 2019**

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

AUDITED FINANCIAL STATEMENTS OF THE  
GUYANA POST OFFICE CORPORATION  
FOR THE YEAR ENDED 31 DECEMBER 2019

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## *Audit Office of Guyana*

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

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187/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 2019

Please find attached ten copies of the audited financial statements of the Guyana Post Office Corporation for the year ended 31 December 2019, 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



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REPORT OF THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF THE  
GUYANA POST OFFICE CORPORATION  
FOR THE YEAR ENDED 31 DECEMBER 2019

### *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 2019, 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 \$182,902,325 were not available and a list of office furniture and equipment and motor vehicles with net book values of \$82,780,548 and \$2,033,877 respectively were not available for audit verification. I am therefore uncertain of the ownership, existence and valuation of property and equipment stated as \$267,716,750 in the financial statements.

#### *Amounts owed by Agencies*

I was unable to ascertain the accuracy of amounts owing by Agencies amounting to \$7,610,861 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 \$86,456,209 as at 31 December 2019. Inventory schedules amounting to \$83,494,709 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 \$961,347,024 owing to Agencies of which an amount of \$228,683,627 could not be verified 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 \$217,695,444 is an amount of \$57,914,967 that could not have been verified since schedules and confirmation of balances owed by the Corporation to various Agencies 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*

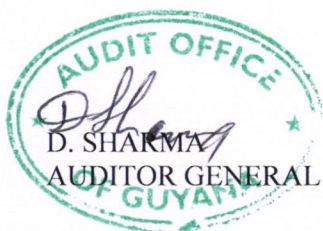
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are 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, 2019

<u>ASSETS</u>	<u>Notes</u>	<u>2019</u> G\$	<u>2018</u> G\$
<b>Non Current Assets</b>			
Tangible Fixed Assets	13	267,716,750	236,513,953
<b>Total Non Current Assets</b>		267,716,750	236,513,953
<b>Current Assets</b>			
The Revenue Authority	14	153,905,131	153,905,131
Inventories	15	86,456,209	147,078,376
Amount owed by Agencies	16	7,610,861	6,360,705,429
Receivables	19	715,819,423	853,421,933
Cash	18(a)	396,935,566	330,409,124
Cash in Transit	18(b)	268,348,883	-
Bank	18(c)	775,306,769	844,268,871
<b>Total Current Assets</b>		2,404,382,842	8,689,788,864
<b>TOTAL ASSETS</b>		2,672,099,592	8,926,302,817
<u><b>EQUITY AND LIABILITIES</b></u>			
<b>Capital and Reserve</b>			
Government of Guyana Contribution	20	9,311,355	9,311,355
Accumulated Deficit		(686,067,398)	(874,620,429)
<b>Total Capital and Reserve</b>		(676,756,043)	(865,309,074)
<b>Current Liabilities</b>			
Amount owing to Agencies	17	961,347,024	7,512,797,763
Payables	21	217,695,444	2,261,130,477
Deferred Income	22	23,392,449	-
Taxes Payable	23(i)	44,417,641	17,683,651
<b>Total Current Liabilities</b>		1,246,852,558	9,791,611,891
<b>Long-Term Liabilities</b>	23(ii)	2,102,003,077	-
<b>TOTAL EQUITY AND LIABILITIES</b>		2,672,099,592	8,926,302,817

*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 21/3/2023

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, 2019

	<u>Notes</u>	<u>2019</u> G\$	<u>2018</u> G\$
Income	5	1,455,070,566	1,167,203,810
Operating Expenses	6	<u>217,792,558</u>	<u>190,239,034</u>
<b>Profit from Operations</b>		1,237,278,008	976,964,776
Employment costs	7	767,251,556	739,937,526
Conveyance of mail	8	36,643,342	36,989,373
Administrative Expenses	9	214,385,660	223,979,824
Depreciation	10	16,205,246	13,249,507
Withholding tax		164,364	207,885
Other Expense	11	<u>394,925</u>	<u>250,431</u>
<b>Total Expenditure for the year</b>		<u>1,035,045,093</u>	<u>1,014,614,546</u>
<b>Net Profit from operations</b>		202,232,915	(37,649,770)
Other Income	12	<u>13,054,106</u>	<u>11,426,312</u>
<b>Profit before taxation</b>		215,287,021	(26,223,458)
Corpration tax		<u>26,733,990</u>	<u>-</u>
<b>Profit for the year</b>		<u><u>188,553,031</u></u>	<u><u>(26,223,458)</u></u>

GUYANA POST OFFICE CORPORATION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Government of Guyana Contribution G\$	Accumulated Surplus/(Deficit) G\$	Total G\$
Balance - January 1, 2018	9,311,355	(848,396,971)	(839,085,616)
Net comprehensive Loss for the year	<u>-</u>	<u>(26,223,458)</u>	<u>(26,223,458)</u>
Balance - December 31, 2018	<u>9,311,355</u>	<u>(874,620,429)</u>	<u>(865,309,074)</u>
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>

GUYANA POST OFFICE CORPORATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u> G\$	<u>2018</u> G\$
<b>Cash flow from operating activities</b>		
Net comprehensive Profit/(Loss) before taxation	215,287,021	(26,223,458)
<b>Adjustment for:</b>		
Depreciation	16,205,246	13,249,507
Gain on disposal	-	(184,717)
	<hr/> 16,205,246	<hr/> 13,064,790
<b>Operating Profit/(loss) before working capital changes</b>	231,492,267	(13,158,668)
(Increase)/Decrease in Inventories	60,622,167	(2,722,728)
Decrease in Receivables and Prepayments	137,602,510	(51,762,019)
Decrease in amounts owing by Agencies	6,353,094,568	596,311,943
Increase/(Decrease) in Payables and Accruals	(2,043,435,033)	162,459,301
Increase in Deferred Income	23,392,449	-
(Decrease) in amounts owing to Agencies	(6,551,450,738)	(278,027,092)
Increase in Long-Term Liabilities	2,102,003,077	-
	<hr/> 81,829,000	<hr/> 426,259,405
<b>Cash generated/(used) from operations</b>	313,321,267	413,100,737
<b>Taxation</b>		
Taxes paid	-	-
Net cash provided by/(used in) operating activities	<hr/> 313,321,267	<hr/> 413,100,737
<b>Cash flow from investing activity</b>		
Adjustment	323,000	-
Disposal of fixed assets	-	600,000
Purchase of tangible fixed assets	(47,731,044)	(53,065,596)
Net cash used in investing activities	<hr/> (47,408,044)	<hr/> (52,465,596)
<b>Net decrease in cash and cash equivalents</b>	265,913,223	360,635,141
Cash and cash equivalents - January 1	<hr/> 1,174,677,995	<hr/> 814,042,854
Cash and cash equivalents - December 31	<hr/> <hr/> 1,440,591,218	<hr/> <hr/> 1,174,677,995
<b>Analysis of cash and cash equivalents - December 31</b>		
Cash in hand	396,935,566	330,409,124
Cash in transit	268,348,883	844,268,871
Cash at bank	<hr/> 775,306,769	<hr/> -
	<hr/> <hr/> 1,440,591,218	<hr/> <hr/> 1,174,677,995



GUYANA POST OFFICE CORPORATION  
NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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, 2020, 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, 2019

**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, 2019

**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, 2019

**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**

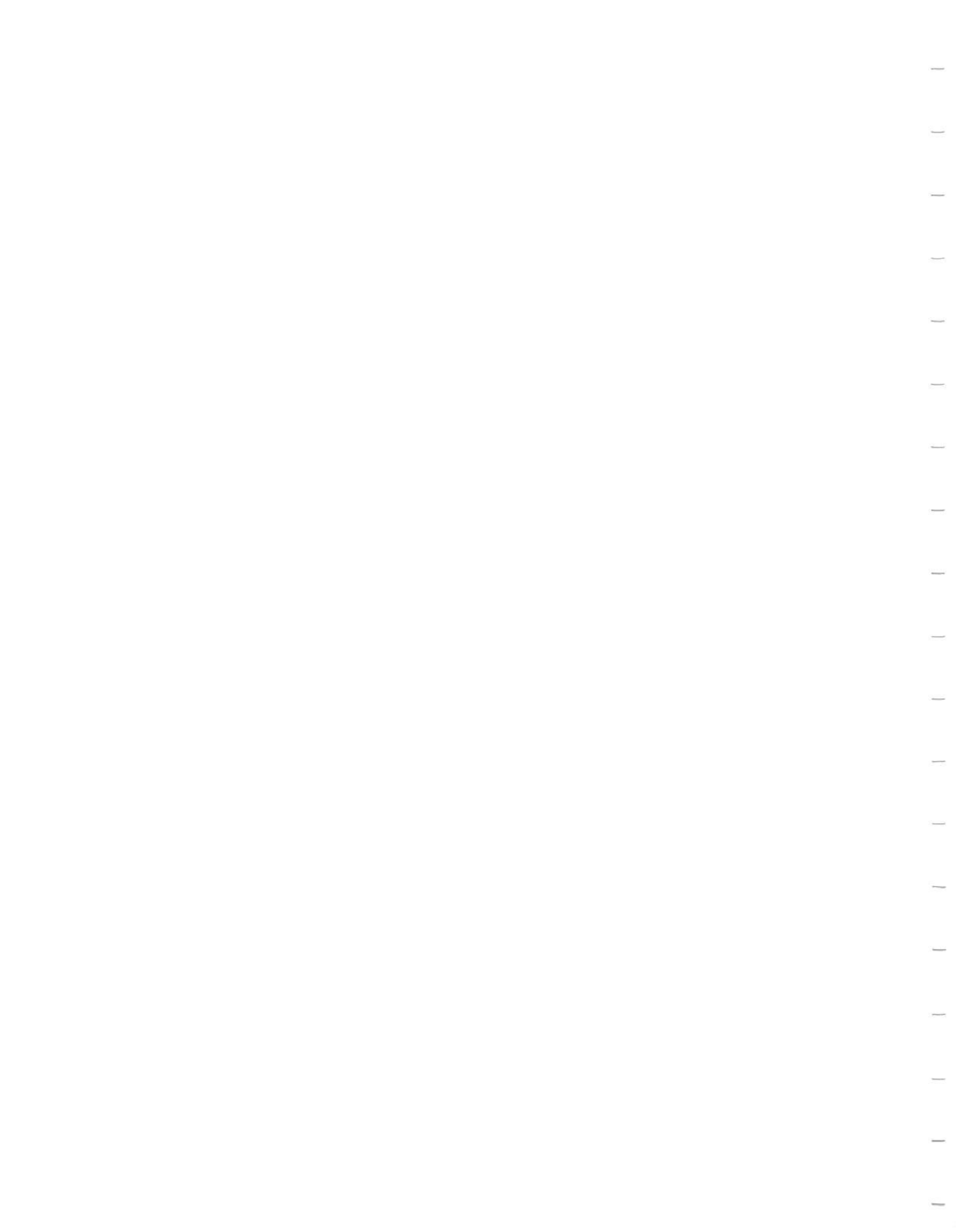
When there are indications that an asset may be impaired, the Corporation is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Corporation to estimate expected future cash 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, 2019

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, 2019

	<u>2019</u>	<u>2018</u>
	G\$	G\$
5. Income		
Stamps foreign	5,016,000	5,744,062
Terminal dues	29,879,662	21,940,872
Foreign money order commission	-	2,116
Postages stamp sales	71,377,340	75,445,980
Bulk postage	463,999,867	463,804,035
Neo post stamp sales	5,630,027	768,512
Inland money order commission	170,430,889	161,058,735
Rental of boxes and bags	4,189,901	5,582,726
Agency fees	508,291,742	255,291,306
Handling charges	15,893,030	16,239,476
Storage fees	466,608	399,795
Rental of offices	82,270,168	82,803,488
Redirected fees	115,440	257,400
Swift shipping income	34,712,899	22,352,510
Commission on c-point sale	290,925	530,950
Receipts from electricity	228,012	250,161
Commemorative stamp sales	4,620,808	5,878,415
Call to office	807,400	714,540
Business priority mail	56,200	41,600
Commission on top-up sale	3,018,060	2,948,000
Revenue stamps commission	53,775,588	45,149,131
	<u>1,455,070,566</u>	<u>1,167,203,810</u>

GUYANA POST OFFICE CORPORATION  
NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
	G\$	G\$
6. Operating Expenses		
Rates and taxes - General	8,730,922	6,769,054
- Water	5,193,257	6,504,389
Repairs and Maintenance - Motor Vehicle	765,992	922,054
- Furniture and Office Equipment	3,284,458	2,955,653
- Safes	277,589	756,709
- Building compound	12,828,058	12,992,180
- Computers	331,761	810,145
- Generator	450,580	307,129
- Others	93,992	90,974
- Motor cycle	70,322	207,516
Motor Vehicle running expense	2,462,632	2,499,622
Swift shipping expense	23,362,060	12,657,238
Insurance	4,104,369	4,068,946
Rent	8,719,405	7,542,562
Telephone charges	9,177,868	9,271,371
Electricity charges	26,091,761	31,193,272
Internet services	9,928,765	7,510,001
Terminal Dues	3,660,912	-
Computer expenses	2,251,904	1,034,250
Conveyance of values	91,861,886	79,147,833
Generator running expense	4,144,065	2,994,830
Discounts allowed	-	3,306
	<u>217,792,558</u>	<u>190,239,034</u>

GUYANA POST OFFICE CORPORATION  
NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u> G\$	<u>2018</u> G\$
7. Employment costs		
Staff uniform	6,799,086	5,224,786
Salaries - Gross	556,521,629	526,393,623
Wages	11,532,831	10,203,888
Overtime	32,189,971	36,114,769
Traveling and subsistence	8,968,022	9,911,242
Traveling allowance	12,137,369	13,412,667
Meal allowance	8,876,385	10,516,530
Telephone allowance	288,867	301,829
Station/Responsibility allowance	2,694,685	3,698,304
House allowance	3,730,272	3,767,331
Entertainment allowance	860,038	851,063
Staff welfare	4,166,328	3,833,250
Severance	59,108	297,640
Employers contribution nis	46,045,243	45,326,772
Vacation allowance	44,248,684	42,759,740
Acting allowance	8,577,279	6,490,875
Duty allowance	3,499,386	3,615,458
Risk Allowance	540,000	640,000
Employers contribution medical	3,564,688	3,435,310
Gratuity	11,951,685	13,142,449
	<u>767,251,556</u>	<u>739,937,526</u>

GUYANA POST OFFICE CORPORATION  
NOTES ON FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u> G\$	<u>2018</u> G\$
8. Conveyance of Mail		
Mail Conveyance Internal	25,583,129	24,407,997
Mail Conveyance External	11,060,213	12,581,376
	<u>36,643,342</u>	<u>36,989,373</u>
9. Administrative Expenses		
Stationery and office supplies	11,205,283	9,634,615
Purchase of stamps	866,666	2,822,486
Training and development	1,611,445	1,346,683
Pension	81,359,835	77,988,407
Contribution to UPU	12,702,738	14,716,851
Contribution to CPU	1,146,750	1,099,000
Bank charges	7,330,904	6,388,220
Philatelic services	39,379	313,506
Advertisement	2,983,200	3,486,193
Audit fees	(1,594,931)	4,959,848
Legal fees	674,500	1,285,500
Consultancy fees	1,425,193	1,649,807
Dues and subscription	134,120	172,701
Directors fees	1,536,900	1,596,000
Conference	1,981,775	539,617
Security expenses	50,476,498	57,274,436
Sanitation expenses	10,079,727	10,291,972
Customs expenses	900,472	1,059,018
Compensation	48,774	56,023
Miscellaneous expenses	2,306,446	1,434,056
License fees	425,000	549,000
Management meeting	677,163	1,164,293
Board meeting	2,146,248	2,290,873
Directors traveling	93,800	108,200
World post day	477,600	447,532
Materials and supplies	5,662,311	5,985,872
Agency fees	10,775,346	10,688,474
Miscellaneous Ice	262,225	345,460
Miscellaneous Project	951,344	328,001
Transportation expense	4,092,659	2,411,795
UPU others	664,116	764,125
Leases	-	85,000
Minor office equipment	942,174	696,261
	<u>214,385,660</u>	<u>223,979,824</u>

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	<u>2019</u>	<u>2018</u>
	G\$	G\$
10. Depreciation		
Building	7,141,576	6,358,349
Motor vehicle	677,959	987,002
Furniture and equipment	8,385,711	5,904,156
	<u>16,205,246</u>	<u>13,249,507</u>
11. Other Expense		
Contribution to community - Other	334,800	243,882
Contribution to community - Education	60,125	6,549
	<u>394,925</u>	<u>250,431</u>
12. Other Income		
Other Income	7,144,061	-
Interception fees	5,500	26,400
Gain on foreign exchange	-	65,773
Income from investment	785,227	903,107
Stationery sales	175,195	191,350
Miscellaneous	4,277,402	4,040,134
Interest	79,698	210,424
Franking license fees	30,000	90,000
Philatelic Income	35,900	-
Penalty Charges	521,123	685,500
Disposal of assets	-	184,717
Donation received	-	5,028,907
	<u>13,054,106</u>	<u>11,426,312</u>

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13. Tangible fixed assets	Land and Buildings G\$	Furniture and Equipment G\$	Motor Vehicles G\$	Total G\$
Cost/Valuation				
January 1, 2018	202,108,156	109,349,379	70,904,771	382,362,306
Additions	22,022,882	31,042,714	-	53,065,596
Disposal December 31, 2018	-	-	(2,800,000)	(2,800,000)
December 31, 2018	<u>224,131,038</u>	<u>140,392,093</u>	<u>68,104,771</u>	<u>432,627,902</u>
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>
Depreciation				
January 1, 2018	68,150,686	50,307,823	66,790,650	185,249,159
Charged for the year	6,358,349	5,904,156	987,002	13,249,507
Written back on disposal	-	-	(2,384,717)	(2,384,717)
December 31, 2018	<u>74,509,035</u>	<u>56,211,979</u>	<u>65,392,935</u>	<u>196,113,949</u>
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>
Net book values:				
December 31, 2018	<u>149,622,003</u>	<u>84,180,114</u>	<u>2,711,836</u>	<u>236,513,953</u>
December 31, 2019	<u>182,902,325</u>	<u>82,780,548</u>	<u>2,033,877</u>	<u>267,716,750</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.

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	<u>2019</u>	<u>2018</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>2019</u>	<u>2018</u>
	G\$	G\$
15. Inventories		
Stores - Office supplies	6,144,549	109,109,159
'- Stamps	70,218,588	70,218,588
SSO Stocks	(304,978)	-
Geopark cards	2,961,500	2,961,500
GT&T phone cards	166,800	(29,127,852)
Guyana Lottery Company - Scratch	3,328,008	3,328,008
Digicel cards	(223,255)	232,000
GT&T c-point	858,917	(12,248,736)
Digicel top-up	<u>3,306,080</u>	<u>2,605,709</u>
	<u>86,456,209</u>	<u>147,078,376</u>

16. Amount owing by Agencies		
Balance	<u>7,610,861</u>	<u>6,360,705,429</u>

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

17. Amount owing to Agencies	<u>2019</u>	<u>2018</u>
	G\$	G\$
Balance	<u>961,347,024</u>	<u>7,512,797,763</u>

This represents money received from Agencies net of payments.



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	<u>2019</u> G\$	<u>2018</u> G\$
18(a) Cash		
Head office	310,873,978	241,190,214
District offices	86,042,588	89,218,910
Petty cash imprest	19,000	-
	<u>396,935,566</u>	<u>330,409,124</u>

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

18(b) Cash in transit		
Remittance from head office	262,603,543	-
Remittance to chief office	(9,731,980)	-
Remittance to head office	15,477,320	-
	<u>268,348,883</u>	<u>-</u>

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

	<u>2019</u> G\$	<u>2018</u> G\$
18(c) Bank		
Commercial banks	621,539,877	473,169,848
Central bank	149,143,525	366,527,779
Trust	4,623,367	4,571,244
	<u>775,306,769</u>	<u>844,268,871</u>

These amounts represnts deposits held at various financial institutions.

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	<u>2019</u>	<u>2018</u>
	G\$	G\$
19. Receivables		
Trade receivables	620,575,413	632,250,383
Prepayments and others	<u>97,302,398</u>	<u>223,229,938</u>
	717,877,811	855,480,321
Provision for doubtful debts	<u>(2,058,388)</u>	<u>(2,058,388)</u>
	<u><u>715,819,423</u></u>	<u><u>853,421,933</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>2019</u>	<u>2018</u>
	G\$	G\$
21. Payables		
Trade payables	131,891,122	45,706,684
Accruals and others	<u>85,804,322</u>	<u>36,811,655</u>
	<u><u>217,695,444</u></u>	<u><u>82,518,339</u></u>
Overdrafts		
Net cash deficit	<u>-</u>	<u>2,178,612,137</u>
	<u><u>217,695,444</u></u>	<u><u>2,261,130,476</u></u>

Net cash deficit was arrived at by combining cash on hand balances from the various Post Offices with remittances to/from PMG of the offices.



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	<u>2019</u> G\$	<u>2018</u> G\$
22 Deferred income		
Opening balance	-	-
Grants received	<u>23,392,449</u>	<u>-</u>
	23,392,449	-
Amortization	<u>-</u>	<u>-</u>
Closing balance	<u><u>23,392,449</u></u>	<u><u>-</u></u>

The amount received 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.

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	<u>2019</u> G\$	<u>2018</u> G\$
23 (i) Reconciliation of tax expense and accounting profit		
Accounting profit	<u>215,287,021</u>	<u>(26,223,458)</u>
Corporation tax at 25%	53,821,755	-
Add:		
Tax effect of expenses not deductible in determining taxable profit		
Withholding tax	41,091	-
Depreciation for accounting purposes	<u>4,051,312</u>	<u>-</u>
	57,914,158	-
Deduct:		
Tax effect of depreciation for tax purposes	4,240,721	-
Tax exempt income	205,456	-
Set off	(26,733,990)	-
Corporation tax charge	<u>26,733,990</u>	<u>-</u>
Prior year tax	17,683,651	17,683,651
(i) Tax payable	<u>44,417,641</u>	<u>17,683,651</u>
(ii) Long-term liabilities		
Unreconciled differences	<u>2,102,003,077</u>	<u>-</u>

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

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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.

		2019		2018		
	IFRS 13 LEVEL	Carrying amount G\$	Fair value G\$	IFRS 13 LEVEL	Carrying amount G\$	Fair value G\$
Assets						
Property, plant and equipment	2	267,716,750	267,716,750	2	236,513,953	236,513,953
Taxes Recoverable	2	153,905,131	153,905,131	2	153,905,131	153,905,131
Amount owed by Agencies	2	7,610,861	7,610,861	2	6,360,705,429	6,360,705,429
Receivables	2	715,819,423	715,819,423	2	853,421,933	853,421,933
Cash	1	396,935,566	396,935,566	1	330,409,124	330,409,124
Cash in transit	1	268,348,883	268,348,883	1	-	-
Bank	1	775,306,769	775,306,769	1	844,268,871	844,268,871
		<u>2,585,643,383</u>	<u>2,585,643,383</u>		<u>8,779,224,441</u>	<u>8,779,224,441</u>
Financial liabilities						
Amount owing to Agencies	2	961,347,024	961,347,024	2	7,512,797,763	7,512,797,763
Payables	2	217,695,444	217,695,444	2	88,354,680	88,354,680
Taxes payable	2	<u>47,341,697</u>	<u>47,341,697</u>	2	<u>17,683,650</u>	<u>17,683,650</u>
		<u>1,226,384,165</u>	<u>1,226,384,165</u>		<u>7,618,836,093</u>	<u>7,618,836,093</u>

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).

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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 2019	
	Within 1 year G\$	2 - 5 years G\$	Non-interest bearing G\$	Total G\$
<b>Assets</b>				
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
	775,306,769	-	1,542,619,864	2,317,926,633
<b>Liabilities</b>				
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
Long-Term Liabilities	-	-	2,102,003,077	2,102,003,077
	-	-	3,328,387,242	3,328,387,242
Interest sensitivity gap	775,306,769	-	-	-

	Average Interest rate		Maturity 2018	
	Within 1 year G\$	2 - 5 years G\$	Non-interest bearing G\$	Total G\$
<b>Assets</b>				
Taxes recoverable	-	-	153,905,131	153,905,131
Cash on hand	-	-	330,409,124	330,409,124
Cash at bank	844,268,871	-	-	844,268,871
Receivables	-	-	853,421,933	853,421,933
Amount owing by Agencies	-	-	6,360,705,429	6,360,705,429
	844,268,871	-	7,698,441,617	8,542,710,488
<b>Liabilities</b>				
Payables	-	-	88,354,680	88,354,680
Taxes payable	-	-	17,683,650	17,683,650
Amount owed to Agencies	-	-	7,512,797,763	7,512,797,763
Overdraft/Cash in transit	-	-	2,178,612,137	2,178,612,137
	-	-	9,797,448,230	9,797,448,230
Interest sensitivity gap	844,268,871	-	-	-



GUYANA POST OFFICE CORPORATION  
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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 2019	
Assets	<u>67,307,213</u>
Liabilities	<u>-</u>
31 December 2018	
Assets	<u>82,671,395</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.

	2019 G\$	2018 G\$
Profit/(loss)	<u>1,682,680</u>	<u>2,066,785</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, 2019	Maturity				
	Within 1 year				
	On Demand	Due in 3 mths	Due 3-12 mths	2-5 years	Total
	G\$	G\$	G\$	G\$	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
As at December 31, 2018	Maturity				
	Within 1 year				
	On Demand	Due in 3 mths	Due 3-12 mths	2-5 years	Total
	G\$	G\$	G\$	G\$	G\$
<u>Assets</u>					
Taxes recoverable	153,905,131	-	-	-	153,905,131
Cash on hand	330,409,124	-	-	-	330,409,124
Cash at bank	844,268,871	-	-	-	844,268,871
Receivables	853,421,933	-	-	-	853,421,933
Amount owing by Agencies	6,360,705,429	-	-	-	6,360,705,429
	8,542,710,488	-	-	-	8,542,710,488
<u>Liabilities</u>					
Payables	88,354,680	-	-	-	88,354,680
Taxes payable	17,683,650	-	-	-	17,683,650
Amount owed to Agencies	7,512,797,763	-	-	-	7,512,797,763
Overdraft/Cash in transit	2,178,612,137	-	-	-	2,178,612,137
	9,797,448,230	-	-	-	9,797,448,230
Net assets/(liabilities)	(1,254,737,742)	-	-	-	(1,254,737,742)

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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\$620,635,358 (2018 - G\$687,129,367) 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>2019</u>	<u>2018</u>
	G\$	G\$
Aging of accounts receivables		
0 to 30 days past due	66,131,438	78,410,569
30 days to 1 year past due	55,297,361	27,452,111
Over 1 year past due	<u>499,206,559</u>	<u>581,266,687</u>
<b>Total</b>	<u>620,635,358</u>	<u>687,129,367</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.