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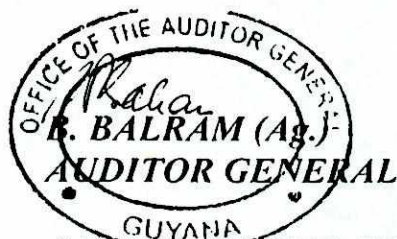
13 November 2003

**REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF  
THE POST OFFICE  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1997**

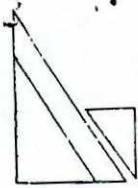
*Chartered Accountants, Nizam Ali and Company, have audited on my behalf the financial statements of The Post Office for the year ended 31 December 1997, as set out on pages 4 to 10. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993.*

*The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements based on these assertions and to report my opinion to you.*

*As required by the Financial Administration and Audit (Amendment) Act 1993, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the disclaimer of opinion, as attached of Chartered Accountants, Nizam Ali and Company.*



**OFFICE OF THE AUDITOR GENERAL  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA**



## **Nizam Ali & Company**

**Chartered Accountants**

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Georgetown  
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**REPORT OF CHARTERED ACCOUNTANTS  
NIZAM ALI & COMPANY  
TO THE AUDITOR GENERAL  
ON THE FINANCIAL STATEMENTS OF  
THE POST OFFICE  
FOR THE YEAR ENDED DECEMBER 31, 1997**

We were engaged to audit the attached financial statements of the Post Office for the year ended December 31, 1997 as set out on pages 2 to 10. These financial statements are the responsibility of management of the Post Office.

Except as explained in the following paragraphs, we conducted our audit in accordance with the Auditor General's auditing standards and other generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. The evidence available to us was limited as is described below.

Title deeds for land and buildings with net book values of \$36,389,140 were not available and a list of office furniture and equipment with net book values of \$20,293,393 was not available for audit verification. We are therefore uncertain of the ownership, existence and valuation of fixed assets stated at \$57,986,435 in the financial statements.

We were unable to ascertain the accuracy of amounts owing from agencies amounting to \$1,284,562,880 as independent confirmation of balances were requested and were not obtained. Further, this amount includes amounts coming forward for several years, however, an aged analysis was not available and provision for bad and doubtful debts was not assessed. There were no satisfactory alternative audit procedures that we could have adopted to determine the accuracy of this amount.

We were unable to determine the accuracy of amounts due from local and foreign debtors amounting to \$357,911,025 since independent confirmations were not received. Further, an aged analysis of debtors was not available. There were no satisfactory alternative audit procedures that we could have adopted to determine the accuracy of this amount.

Stock sheets for stores valued at \$27,226,675 were not available for audit verification. We are therefore uncertain of the accuracy of the amount stated as inventories in the financial statements.

Included in the amount stated as cash on hand and at bank is a credit amount of \$59,003,697 representing remittances, which could not be verified since the relevant supporting documentation was not available. Further we were not provided with one of the bank reconciliations and the relevant bank statements; nor did we receive independent confirmation of the bank balance that was requested. There were no practicable alternative verification procedures that could have been applied. We are therefore uncertain of the accuracy of the amount of \$82,621,517 stated as cash on hand and at bank in the financial statements.

We were unable to verify amounts owing to agencies of \$ 1,907,255,486 since we did not receive response to third party confirmation requests and no practicable alternative verification procedures could have been applied. Further, several of the balances that are included in this amount is denominated in currencies other than Guyana dollars, however, these amounts were not retranslated using the exchange rate at year end to take account of any gains or loss.

Third party confirmation was not obtained for creditors amounting to \$225,820,995; there were no practicable alternative verification procedures that could have been applied.

Interest and penalty on previous year's overdue tax were not provided for as this matter is being discussed with the tax authorities.

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

Included in the balance sheet is an amount of \$9,311,355 representing Government of Guyana amounts, which should have been converted to debentures or debentures stock. As stated in note 6, the debentures have not been issued and interest and repayment terms not agreed. We are therefore uncertain of the classification of this amount.

Further, the financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the liquidation of liabilities in the normal course of business. As shown in the financial statements accumulated deficit was \$241,958,908 and net current liabilities were \$290,633,988 at December 31, 1997. Continuation of the corporation as a going concern will depend on a significant inflow of capital and increased profitability.

Because of the significance of the matters discussed in the preceding paragraphs, we do not express an opinion on the financial statements.

The comparative figures for 1996 were reported on by another firm of Chartered Accountants.

*Nizam Ali & Company*  
Chartered Accountants  
Georgetown, Guyana

May 13, 2003

6<sup>th</sup> February, 2004

Mr. Samuel Hinds, M.P.  
Honourable Prime Minister,  
Office of the Prime Minister,  
Wight's lane,  
Kingston,  
Georgetown - 413111.

Dear Prime Minister,

I have the honour to submit the Annual Report of the Post Office Corporation for the Financial year ending December, 1997.

1. General

The Organisation was restructured to cater for improvements in the quality of service with special reference to improved speed and reliability, customer satisfaction, access to service, security and liability and treatment of enquiries.

1.1 Brief History of the Corporation

The POST OFFICE CORPORATION was established on 1<sup>st</sup> January, 1977 (Order No. 109 of 1976, under section 46 of the Public Corporation ACT chapter 19:05 Laws of Guyana).

1.2 Functions of the Post Office

The functions of the Corporation as set out in the order made under the Public Corporation Act are as follows:-

- (i) Subject to the Post and Telegraph Act and without prejudice to any rights or privileges conferred on any other person under the said Act including the expansion thereof, in accordance with the said Act, and this Order (See 1.1 above) and in so far as they are applicable, in accordance with Guyana's obligations as a member of the Universal Postal Union;

- (ii) to promote the economic development of the postal system in accordance with, as far as practicable, standard practices recognized internationally and public demand;
- (iii) to advise the Government on all matters relating to the postal system; and
- (iv) to act as the agent of the Government, or of any Corporation established under the Act, or of any other authority established for public purposes in such matters as may be agreed between the Government and the Post Office, or between the Post Office and any other of the aforementioned bodies, as the case may be, provided that the Post Office can do so appropriately and consistently with its functions under the Act.

### 1.3 Locations of Business

The Head Office of the Corporation is located at:-

Block 'C',  
North Road and Robb Street,  
Georgetown – 413741.

### 1.4 Mission of the Guyana Post Office Corporation

To provide prompt, reliable postal and related service at prices generally acceptable to the public, due regards being given to the viability of the Corporation.

### 1.5 Services Provided

- Collections for Utilities Services & Banks
- Cash on Delivery (Parcels)
- Express Mail Local and International
- Insurance
- Letter Post
- Money Order (Local/International)
- Payment of Old Age Pension, N.I.S & Payment for other Agencies.
- Parcel Post
- Philatelic
- Postage Paid

- Postal Order (British/Local)
- Postal Stationery
- Private letter Box and Bags
- Redirection Notice
- Registration
- Reply Coupons

2.1 The Corporation's permanent establishment consisted of:-

- 1 - Postmaster General
  - 1 - Deputy Postmaster General
  - 1 - Assistant Postmaster General
  - 1 - Postal Controller Planning and Statistics
  - 1 - Finance Manager
  - 1 - Personnel and Industrial Relations Manager
  - 3 - Regional Controllers
- and Postal staff of 600 officers.

2.2 The Board

The Board was resuciated, under the Chairmanship of Dr. Ivor Mitchell, the other Directors of the Board were:-

- (1) Ms. Michelle Carter
- (2) Mr. Milton Drepaul
- (3) Mrs. Lynette Amsterdam
- (4) Mr. Edward Noble
- (5) Mrs. Sabra Basir
- (6) Mr. Richard Kanhai
- (7) Mr. Kum Karan Ramdas
- (8) Mr. St. Clair George
- (9) Mr. Linden Charles
- And
- (10) Mrs. Marlene Persaud

2.3 The following Officers proceesed on retirement in 1997:

- (1) Robert Neblett - Postmaster
- (2) Shirley Ragobeer - Cleaner
- (3) George I Hipplewith - Security Guard
- (4) Muriel Hollingsworth - Sup. Cleaners
- (5) William Lewis - Security Guard
- (6) Cyril A. Chichester - Senior Postmaster
- (7) Winston James - Supt. Of Post Office

## 2.4 Union Representation

Employees were represented by two Unions – Guyana Postal and Telecommunication Workers' Union and Guyana Public Service Union.

## 3. Post Offices and Postal Agencies

### 3.1 NO. OF FACILITIES POST OFFICES (PO) POSTAL AGENCY (PA) TRAVELLING POST OFFICES (TPO) AND TRAVELLING POSTAL AGENCIES (TPA)

		<u>P.O</u>	<u>P.A</u>	<u>TPO</u>	<u>TPA</u>
Region	i	3	5		
Region	ii	6	2		1
Region	iii	10	3		
Region	iv	20			2
Region	v	4			1
Region	vi	10	2	1	3
Region	vii	2	6		
Region	viii	1	2		
Region	ix	1	9		
Region	x	3	11		
		60	30	1	7

### 3.2 Inspection of Post Offices

The Inspector of Post Offices and three Regional Controllers carried out operational and financial checks at Post Offices and Agencies at least once per quarter.

## 4. Training

Officers of the Post Office Corporation attended training programmes both locally and internationally. Training was done at the University of Guyana, Institute of Distance and Continuing Education, Critchlow Labour College as well as those sponsored and conducted by the Universal Postal Union and Caribbean Postal Union.



5. Finance

Collections done on behalf of Government Agencies totaled \$181,627,760.50.

6. Operations

6.1 Collection of Mail

Mail collection was done mainly through 250 Post Office letter boxes strategically located around the country by postmen.

6.2 Sortation

Sortating of mail was done manually by Postal Clerk and GPO and delivery staff under supervision at our various locations.

6.3 Conveyance of Mail

Mail was conveyed by our own vehicles, contract vehicles, Transport and Harbours Department and GAC on a daily basis.

6.4 Delivery of Mail

Door to door delivery was done by delivery staff twice daily in Georgetown and once daily in the rural areas.

6.5 Counter Service

All Post Offices provided counter service, from 7:00 a.m. to 4:00 p.m. The number of counters varies from office to office.

6.6 Registration Service

Registration provided accountability and security to postal articles sent by post. Registration was done at every post office within the country.

6.7 Postage Stamp

Postage stamps were sold to be used on postal articles and is the main revenue earner for traditional Post Office business.

6.8 Parcel Service

Parcel Post service provided facilities to members of the public and commercial and industrial firms sending and receiving parcels. A total of 12,633 parcels weighing 86,496.8 Kg were received, while 1751 parcels weighing 7,699.5Kg were dispatched.

6.9 Overseas Mail Traffic

2,725,103 items weighing 75,573.4Kg were received, whilst 1,330,290 items weighing 36,925.5Kg were dispatched.

6.10 Express Mail Service

A special unit was established to treat with International Express Mail. This Administration entered into agreement with 62 member countries to receive and dispatch EMS mail. This was with the aim of expanding links of a fast, reliable and economical service.

The receipt of letters, business, papers, samples and merchandise totaled 9053 pieces, whilst dispatch was 4378 pieces.

Delivery of these packets was made on same day received up and including University of Guyana on the East Coast Demerara and Thirst Park on the East Bank Demerara, by the Corporation's vehicle.

7. Philately

Twenty commemorative stamps were released, among them were:-

- Lunar Year of the O
- Royal Wedding Golden Anniversary
- Flowers
- Princess Diana
- Birds
- Fogarty's Building
- Winter Olympic
- St Roses High School

# THE POST OFFICE

**Balance Sheet**  
**December 31, 1997**  
**(With comparative figures for 1996)**

	Note	1997 G\$	1996 G\$
<b>Fixed assets</b>	3	<u>57,986,435</u>	<u>61,073,350</u>
Current assets			
Amount owing by agencies	8	1,284,562,880	1,214,610,187
Debtors and prepayments		357,911,025	304,338,786
Tax recoverable		92,531,129	77,625,129
Inventories	4	27,299,798	23,079,321
Defence premium bonds		300,000	300,000
Cash on hand and at bank		<u>82,621,517</u>	<u>77,559,622</u>
		<u>1,845,226,349</u>	<u>1,697,513,045</u>
<b>Current liabilities</b>			
Amounts owing to agencies	8	1,907,255,486	1,707,636,280
Creditors and accruals		225,820,995	210,192,107
Taxation	5	<u>2,783,856</u>	<u>2,783,856</u>
		<u>2,135,860,337</u>	<u>1,920,612,243</u>
Net current liabilities		<u>(290,633,988)</u>	<u>(223,099,198)</u>
		<u>(232,647,553)</u>	<u>(162,025,848)</u>
<b>Financed by:</b>			
Government of Guyana	6	9,311,355	9,311,355
Accumulated deficit		<u>(241,948,908)</u>	<u>(171,337,203)</u>
		<u>(232,647,553)</u>	<u>(162,025,848)</u>

On behalf of the Board:

Chairman: .....

Secretary: .....

The accompanying notes form an integral part of these financial statement

## THE POST OFFICE

**Statement of Net Deficit and Deficit**  
**For the year ended December 31 1997**  
**(With comparative figures for 1996)**

	Note	1997 G\$	1996 G\$
<b>Revenue</b>			
Sale of postage stamps		78,762,410	83,581,930
Terminal dues and credits	7	47,007,826	47,130,743
Agency fees		2,884,067	20,034,625
Commission		2,911,353	2,347,464
Miscellaneous income		79,519,278	93,236,726
Gain on exchange		<u>18,000</u>	<u>1,057,762</u>
		<u>211,102,934</u>	<u>247,389,250</u>
<b>Expenditure</b>			
Operating		51,077,318	47,690,625
Conveyance of mails		20,324,206	17,104,782
Employment		182,267,992	154,846,722
Depreciation		3,557,634	3,990,357
Administration		19,693,011	20,047,157
Service charge		<u>4,804,478</u>	<u>73,024</u>
		<u>281,724,639</u>	<u>243,752,667</u>
Net surplus/(deficit) for the year		(70,621,705)	3,636,583
Deficit, beginning of year		(171,337,203)	(172,973,786)
Dividends		<u>-</u>	<u>(2,000,000)</u>
Deficit, end of year		<u><u>(241,958,908)</u></u>	<u><u>(171,337,203)</u></u>

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

# THE POST OFFICE

**Cash Flow Statement**  
**For the year ended December 31, 1997**  
**(With comparative figures for 1996)**

	1997	1996
	G\$	G\$
Cash flow from operating activities		
Net surplus/(deficit)	(70,621,705)	3,636,583
Adjustment for depreciation	<u>3,557,634</u>	<u>3,990,357</u>
<i>Operating Profit (loss) before working Capital changes</i>	(67,064,071)	7,626,940
Increase in inventories	(4,220,477)	(3,316,067)
Increase in debtors and prepayments	(53,572,239)	(132,473,523)
(Increase) decrease in amounts owing by agencies	(69,952,693)	(515,159,920)
Increase in creditors and accruals	15,628,888	3,277,388
Increase in amounts owing to agencies	<u>199,619,206</u>	<u>599,543,405</u>
<i>Net cash from operating activities</i>		
<b>Returns on investments and servicing of finance</b>		
Taxes paid	<u>(14,906,000)</u>	<u>(17,601,000)</u>
Cash flows from investing activities		
Payments to acquire tangible fix assets	<u>(470,719)</u>	<u>(5,928,450)</u>
<i>Net cash used in investing activities</i>	<u>(470,719)</u>	<u>(64,030,227)</u>
<b>Cash flows from financing activities</b>		
Dividends paid	<u>-</u>	<u>(2,000,000)</u>
<i>Net cash used in financing activities</i>	<u>-</u>	<u>(2,000,000)</u>
Increase (decrease) in cash and cash equivalents	5,061,895	(66,030,227)
Cash and cash equivalents, beginning of year	<u>77,859,622</u>	<u>143,889,849</u>
Cash and cash equivalents, end of year	<u>82,921,517</u>	<u>77,859,622</u>
Cash and cash equivalents comprise:		
Cash on hand and at bank	82,621,517	77,559,622
Investments	<u>300,000</u>	<u>300,000</u>
	<u>82,921,517</u>	<u>77,859,622</u>

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

# THE POST OFFICE

## Notes to Financial Statements

December 31, 1997

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### 1. Incorporation and activities

The Post Office was incorporated on January 1, 1997 by the Public Corporation (Post Office) Order 1976.

The objectives of the Post Office are:

- (a) To promote the economic development of the postal system in accordance with, as far as practicable, standard practice recognized internationally and by the 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) Accounting convention

The financial statements have been presented in Guyana dollars. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and the accounting policies conforming with generally accepted accounting principles.

#### (b) Fixed assets and depreciation

No depreciation is provided on freehold land and construction work-in-progress.

Depreciation on other fixed assets is based on their estimated useful lives and is charged from the date of acquisition. Depreciation is provided on the straight-line method at the following annual rates.

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

# THE POST OFFICE

## Notes of Financial Statements December 31, 1997

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### 2. Significant accounting policies (cont'd)

#### (c) Inventories

These are valued at the lower of cost and net realizable value. The weighted average cost method is used to determine cost.

#### (d) Foreign currency

Foreign currency transactions other than foreign money orders completed during the year are translated at rates of exchange prevailing at the date of the transactions.

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

At balance sheet 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 net surplus for the year.

#### (e) Pensions 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 Post Office 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, 1997 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.

# THE POST OFFICE

Notes of Financial Statements  
 December 31 1977  
 (With comparative figures for 1996)

### 3. Fixed assets

(a)	<u>Land and buildings</u> G\$	<u>Motor vehicles</u> G\$	<u>Furniture and equipment</u> G\$	<u>Total</u> G\$
<b>Cost/valuation</b>				
At January 1, 1997	46,489,089	10,523,007	25,643,207	82,655,303
Additions	<u>-</u>	<u>-</u>	<u>470,719</u>	<u>470,719</u>
At December 31, 1997	<u>46,489,089</u>	<u>10,523,007</u>	<u>26,113,926</u>	<u>83,126,022</u>
<b>Depreciation</b>				
At January 1, 1997	7,646,468	8,616,947	5,318,538	21,581,953
Charge for the year	<u>2,453,481</u>	<u>602,158</u>	<u>501,995</u>	<u>3,557,634</u>
At December 31, 1997	<u>10,099,949</u>	<u>9,219,105</u>	<u>5,820,533</u>	<u>25,139,587</u>
<b>Net book values</b>				
At December 31, 1997	<u>36,389,140</u>	<u>1,303,902</u>	<u>20,293,393</u>	<u>57,986,435</u>
At December 31, 1996	<u>38,842,621</u>	<u>1,906,060</u>	<u>20,324,669</u>	<u>61,073,350</u>

(b) The transfer documentation for land and buildings valuing \$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.

(c) A valuation was carried out by the Chief Valuation Officer for the land and buildings taken over from the general Post Office Department of the Ministry of Communication on January 1, 1977. The value arrived at was \$2,791,450.

Other land and buildings for which no valuation reports were received were valued by the Post Office at \$140,700.



## THE POST OFFICE

**Notes of Financial Statements**  
**December 31, 1997**  
**(With comparative figures for 1996)**

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	1997 G\$	1996 G\$
<b>4. Inventories</b>		
Stamps	60,205	65,747
Stores	27,226,675	23,000,655
Inland Postal Orders	12,918	12,919
	27,299,798	23,079,321

5. The Post Office has not provided for interest and penalty on overdue income and corporation taxes for the year of assessment 1984 to 1997 as it is expected that the amount will be waived.

	1997 G\$	1996 G\$
<b>6. Government of Guyana</b>	9,311,355	9,311,355

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 the repayment terms and interest rates have not yet been agreed.

**7. Terminal dues and credits**

These represent amounts receivable from foreign postal administration for distributing a larger quantity of letters and parcels than Guyana sends for distribution.

**8. Agencies**

The Post Office transacts business on behalf of several entities including payment of teachers' and nurses' salaries on behalf of the respective ministries, payment of supplements on behalf of SIMAP, deposits and withdrawals from Guyana National Co-operative Bank in the hinterland area where no GNCB branch exists and various transactions on behalf of the Ministry of Finance.

The balance represents amounts due to and from agencies with respect to these transactions.