

**AUDITED FINANCIAL STATEMENTS OF THE
NATIONAL FREQUENCY MANAGEMENT UNIT**

**FOR THE YEAR ENDED
31 DECEMBER 2002**

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

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NATIONAL FREQUENCY MANAGEMENT UNIT
FOR THE YEAR ENDED 31 DECEMBER 2002**

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196/PC:23/2

12 June 2003

Mr. Valmikki Singh,
Chief Executive Officer,
National Frequency Management Unit,
Hadfield Street,
Georgetown.


Dear Mr. Singh,

**AUDIT OF THE FINANCIAL STATEMENTS OF THE
NATIONAL FREQUENCY MANAGEMENT UNIT
FOR THE YEAR ENDED 31 DECEMBER 2002**

We are pleased to inform you that the above-mention audit has been completed. Accordingly, we are pleased to forward one(1) copy of the audited financial statements, together with the Report of the Auditor General and the Management Letter thereon.

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

With kind regards.

Yours sincerely,

M. WILSON

DEPUTY AUDITOR GENERAL



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AG:100/2003

12 June 2003

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE
NATIONAL FREQUENCY MANAGEMENT UNIT
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002**

I have audited the attached financial statements of the National Frequency Management Unit for the year ended 31 December 2002 as set out on pages 1 to 9. These statements have been prepared under the historical cost convention and in accordance with the accounting policies as set out on Page 7.

Respective Responsibilities of Management and Auditors

The responsibility of 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 that of management. My responsibility is to express an independent opinion on the statements, based on these assertions and to report my opinion to you.

Basis of Opinion

I conducted my audit in accordance with generally accepted auditing standards (including those of INTOSAI). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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. I believe that my audit provides a reasonable basis for my opinion.

Opinion

In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of the National Frequency Management Unit as at 31 December 2002 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.



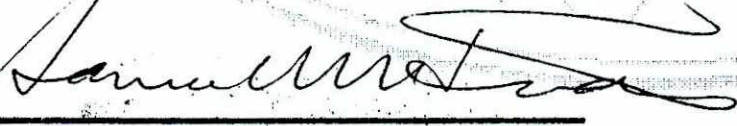
**OFFICE OF THE AUDITOR GENERAL
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GUYANA**

**National Frequency Management Unit
Balance Sheet
As at December 31, 2002**

	Notes	Dec. 31, 2002	Dec. 31, 2001
		G\$	
Tangible Fixed Assets	2(d) & 3	18,266,952	20,271,199
<u>Current Assets</u>			
Stock		304,006	212,561
Debtors	6	9,647,680	9,848,720
Cash at Bank		239,482,705	168,724,020
Cash in Hand		97,835	73,163
Prepayments		0	190,000
		249,532,316	179,048,464
<u>Less: Current Liabilities</u>			
Creditors & Accruals		3,129,310	4,084,794
Deferred Income - Licence Fees		7,945,431	6,811,998
Provision for Taxation		45,974,710	45,974,710
		57,049,451	56,871,502
Net Current Assets		192,482,865	122,176,962
Net Assets		210,749,817	142,448,161
<u>Represented By:</u>			
Capital	4	2,044,255	2,044,255
Net Profit		68,301,654	32,253,577
Accumulated Surplus		140,403,908	108,150,329
		210,749,817	142,448,161



Valmiki S. Singh
Chief Executive Officer (ag)



Hon. Samuel H. Hinds
Prime Minister of Guyana

The notes on pages 4 to 7 form an integral part of these accounts

**National Frequency Management Unit
Income and Retained Earnings
For the year ended December 31, 2002**

Income	Notes	Dec. 31, 2002		Dec. 31, 2001
		G\$	G\$	G\$
Investment Income			13,051,176	19,230,477
Other Income			168,220	144,913
License Fees			136,243,037	109,436,861
Processing Fees			191,500	0
			149,653,933	128,812,251
<u>Less - Administrative & General Expenses</u>				
Salaries		28,932,125		34,407,784
Uniform Expenses		620,927		955,540
Training Course		108,289		723,412
Advertising		324,700		148,000
Telephone & Internet		1,100,657		1,096,820
Electricity		2,564,806		1,879,811
Overseas Travelling		0		1,434,516
Rent		3,665,500		1,533,000
Auditing Fees		190,394		150,000
Consultancy Fees		1,444,069		3,657,700
Motor Vehicle Expenses		405,096		583,313
R & M - Building etc.	5	945,286		17,538,226
Miscellaneous		1,163,607		1,601,836
Stationery & Office Supplies		683,090		577,538
Meals and Accommodation		26,510		46,895
Seminar & Conference		504,088		3,692,336
Donation & Subscription		10,606,199		11,132,431
Depreciation		3,027,945		3,416,494
GOG Contribution - Mod. of Tel. Exp.		8,064,523		9,321,022
Technological Development		94,844		20,000
Security Charges		963,840		1,119,000
Reform Telecoms		0		1,523,000
Bad debt		0		0
Advisory Comm. on Broadcasting		14,637,756		0
Equipment Accessories & Upgrade		108,014		0
			81,352,277	96,558,674
Net Profit before Taxation			68,301,656	32,253,577
Taxation			0	0
Net Profit after Taxation			68,301,656	32,253,577
Accumulated Surplus Jan. 1, 2002			140,403,906	258,150,329
Sub Total			208,705,562	290,403,906
Less transfer to Consolidated Funds			0	150,000,000
Accumulated Surplus Dec. 31, 2002			208,705,562	140,403,906

**National Frequency Management Unit
Statement of Cash Flows
For the year ended December 31, 2002**

	<i>Notes</i>	2002	2001
		G \$	G \$
Net Cash Inflow from Operating Act.		71,807,055	192,876,018
Transfer of Appropriated Profit to Consolidated Funds		0	(150,000,000)
Investing Activities - Payment for Capital expense		1,023,698	(11,499,824)
Increase in Cash	7(b)&©	70,783,357	31,376,194



**National Frequency Management Unit
Notes to the Financial Statements
For the year ended December 31, 2002**

1

Incorporation and Principle Activity

The Unit was Incorporated in the Co-operative Republic of Guyana under the Public Corporations Act on December 13, 1990. The functions of the Unit include:-

- (a) long term radio frequency spectrum management policy and planning;
- (b) establishment of national radio frequency allocations and regulation of the same;
- (c) assignment of radio frequencies;
- (d) licensing and authorisation of the use of radio communications;
- (e) establishment of relations with institutions or authorities outside Guyana in the area of radio frequency spectrum management;
- (f) establishment of technical standards and engineering support facilities necessary or appropriate in relation to the above;
- (g) keeping records relevant to the performance of its functions;
- (h) inspection of installations related to its functions;
- (i) monitoring the use of the radio frequency spectrum.

2

(a) Statement of Accounting Policies

These Financial Statements have been prepared under the Historical Cost Convention and no account has been taken of inflation. These Accounting Policies conform with International Accounting Standards.

(b) Income & Expenditure

Income and Expenditure are dealt with in the Financial Statements on the Accruals Basis and no account has been taken of inflation.

(c) Foreign Currency Transactions

Foreign currency transactions are translated to Guyana Dollars at the rates ruling on the date of the transactions. Amounts outstanding at the Financial Year end are translated at the rate of exchange ruling at that date.

(d) Tangible Fixed Assets

Tangible Fixed Assets are stated at Historical Cost. Depreciation is provided on the Reducing Balance Basis at rates sufficient to write off the Assets over their estimated useful lives. A full years depreciation is charged in the year of acquisition and none in the year of disposal.

The rates are as follows:

Technical / Monitoring Equipment	15%
Motor Vehicle	20%
Computers	15%
Furniture / Fixture / Fittings	15%
Others	15%

National Frequency Management Unit
Depreciation Charges
For the Year ended December 31, 2002

3 Tangible Fixed Assets

	Monitoring Equipment G\$	Motor Vehicle G\$	Fur./Fix./Fit. Office Equip. G\$	Computer G\$	Others G\$	WIP G\$	Total G\$
<u>Cost</u>							
At January 01,2002	12,074,412	5,840,600	6,145,430	4,138,066	1,151,666	1,898,702	31,248,876
Additions	1,894	0	242,800	378,400	400,604	0	1,023,698
At December 31,2002	<u>12,076,306</u>	<u>5,840,600</u>	<u>6,388,230</u>	<u>4,516,466</u>	<u>1,552,270</u>	<u>1,898,702</u>	<u>32,272,574</u>
<u>Depreciation</u>							
At January 01,2002	2,542,164	3,470,286	3,062,930	1,561,015	341,282	0	10,977,677
Charges for the year	1,430,121	474,063	498,795	443,318	181,648	0	3,027,945
At December 31,2002	<u>3,972,285</u>	<u>3,944,349</u>	<u>3,561,725</u>	<u>2,004,333</u>	<u>522,930</u>	<u>0</u>	<u>14,005,622</u>
<u>Net Book Value</u>							
At January 01,2002	<u>9,532,248</u>	<u>2,370,314</u>	<u>3,082,500</u>	<u>2,577,051</u>	<u>810,384</u>	<u>1,898,702</u>	<u>20,271,199</u>
At December 31,2002	<u>8,104,021</u>	<u>1,896,251</u>	<u>2,826,505</u>	<u>2,512,133</u>	<u>1,029,340</u>	<u>1,898,702</u>	<u>18,266,952</u>

**National Frequency Management Unit
Notes to the Financial Statements
For the year ended December 31, 2002**

4 Capital

The Capital of the Unit represents Fixed Assets taken over from the Guyana Telephone Corporation on December 13, 1990. These Assets have been value at their market values as at December 13, 1990. Also included in the Capital, is the amount for G\$634,674.00 as operating capital.

5 Repairs and Maintenance

	2002	2001
Building	208,870	16,541,665
Computers	31,022	209,321
Equipment	105,378	118,282
Motor Vehicle	489,771	569,690
Fur./Fix./Fittings	129,755	99,268
Total	945,896	17,538,226

6 Debtors as at December 31, 2002

Licensee	9,046,430
Reform of Telecoms	268,600
Deposit on Security	184,800
Deposit for Building (South Road)	86,850
Others - return cheque	61,000
Total	9,647,680

National Frequency Management Unit
Notes to the Financial Statement
For the year ended December 31, 2002

7 Notes to the Cash Flow Statement

	2002	2001		
	G\$	G\$		
(a) Reconciliation of Operating Profit to Net Inflow from Operating Activity				
Operating Profit	68,301,858	32,253,577		
Depreciation	3,027,945	3,416,494		
Disposal	0	0		
Decrease in Debtors	201,040	147,976,026		
Increase in Stock	(91,535)	48,850		
Increase in Accruals	(955,484)	890,443		
Increase in Prepayments - Lic. Fees	1,133,433	(215,557)		
Decrease in Prepayments	190,000	8,506,185		
	71,807,055	192,876,018		
(b) Analysis of changes in Cash during the Year				
Opening Balance	168,797,183	137,420,989		
Change	70,783,357	31,376,194		
Closing Cash	239,580,540	168,797,183		
(c) Analysis of Balances as shown on the Balance Sheet				
	Dec. 31	Jan. 01	Change	Change
Cash in Hand and at Bank	239,580,540	168,797,183	70,783,357	31,376,194