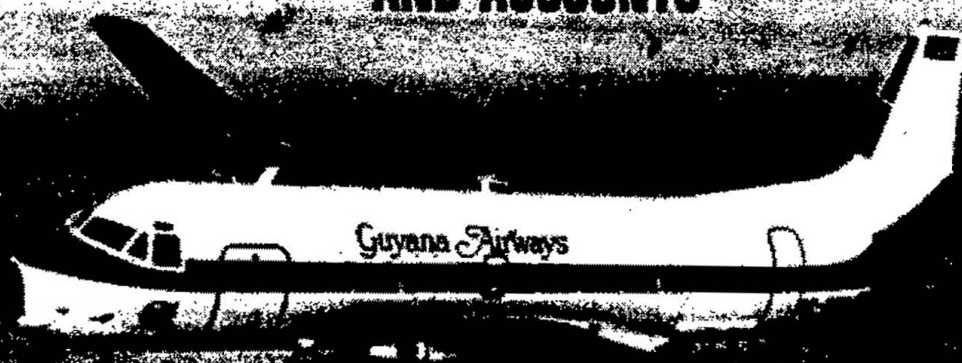




**GUYANA AIRWAYS  
CORPORATION**

**1976  
ANNUAL REPORT  
AND ACCOUNTS**



GUYANA AIRWAYS CORPORATION

ANNUAL REPORT 1976

Cde. Prime Minister

I am pleased to present the Annual Report, to which is attached the Audited Accounts and Statistics for the year ended December 31, 1976.

The year began on a note of extreme optimism. The previous year witnessed a steady growth of our operations and in keeping with our objectives to provide a safe and reliable service to our Hinterland citizens, the Corporation, with the backing of the Government, placed an order for two (2) 748 Hawker-Siddeley Aircraft for delivery in 1977. At that time the level of our Domestic operations was in excess of the capacity of the Airline's fleet and to fulfil the demands of the service privately owned aircraft had to be chartered. Our main customers were the Upper Mazaruni Road Project (U.M.R.P.) and the Upper Mazaruni Development Authority (U.M.D.A.).

Towards the end of the year, regrettably, both Authorities began a planned reduction of their activities, which continued in 1977. Although our performance in all sectors showed an improvement over 1975 level, the drop in demand for chartered services and the reduction of our load factor on the scheduled services began to erode our optimism.

At the same time the viability of the International Freight was being weakened by sizeable reductions in export loads of tropical fish and exotic birds and animals to North America. So significant was this cargo to the vitality of the service, that revenue declined by some \$500,000 during this year and instead of a profit the International operations made a loss of \$16,000.

This turn around will force the Corporation to re-examine the usefulness of the operations to our Country and Guyana Airways Corporation, and unless it can break-even, we shall have to seriously consider removing the Georgetown/Miami service.

In summary, the Airlina continued its valuable contribution to the Hinterland by flying nearly 800 additional hours.

The necessity to maintain this high level of performance is the sole reason for the existence of the Corporation and the advent of new aircraft types into the fleet will enhance the comfort of our passengers and their confidence in the equipment of the Corporation. We need however to match these inputs with better ground facilities and in the new year greater emphasis must be placed in improving the accommodation at Timahri for Staff and for storages and handling of cargo.

The Board of Directors recognises that the viability of the Airline hinges substantially on the pace of economic activity in the Hinterland mainly, and in Guyana to a lesser extent. We have detected certain lapses in the co-ordination among Government Agencies responsible for co-ordinating services in the Hinterland, with the result that the economy does not benefit fully from the development programmes in some areas. In particular, is the absence of forward planning for the movement of perishables from certain areas, resulting in wide spread waste of edible commodities, not to mention freight for the airline.

We would like to urge on Government the establishment of some authority which would be charged with the task of developing sites in the Hinterland as holiday outlets.

A noticeable decline in our load is two way passenger traffic; if such traffic were to develop the utilisation of the 748 aircraft could be improved considerably.

D.I. Yankane  
Executive Chairman

F O R E W A R D

Guyana Airways Corporation was established on 1st September, 1973, by Ordinance No. 71 of 1963, made under the Public Corporation's Ordinance No. 23 of 1962, taking over the assets and liabilities from British Guiana Airways (Govt.).

The Objective of Guyana Airways Corporation is to carry out safe and regular air transportation services within the country and between Guyana and other countries, and to ensure that such services are operated at reasonable prices. This airline serves as an essential communications link for the various areas of development and settlement of people throughout the interior.

In September 1971, under the Public Corporations Amendment Act No:14 of 1971, Guyana Airways, along with other Corporations, came under the direction of Guystac. The Vice President of Guystac became the Corporation's Chairman and the General Manager, its Deputy Chairman,

In March 1976, an Executive Chairman, Public Utilities and Services, which included Guyana Airways, was appointed and who replaced the Vice President, Guystac as Chairman.

The Airline is divided into six departments, viz. Engineering, Operations, Ground Services, Commercial, Finance and Accounts and Management.

Apart from its own domestic passenger and cargo services, the Corporation operates an international scheduled freighter service to Miami in the U.S.A., Manaus in Brazil and through other Caricom Countries. It also acts as General Sales Agent and/or Handling Agents for a number of International Airlines - British Airways, B.W.I.A., SLM/ALM, Air France, Air Cubana and Pan Am.

GUYANA AIRWAYS CORPORATION  
ANNUAL REPORT 1976

Submitted herewith is the Annual Report of Guyana Airways Corporation for the year 1976.

Activities in the various departments were as follows:-

ENGINEERING

2. Because of the increase in the number of aircraft maintained by the Corporation - 28 as against 21 during the previous year - and the necessity for the required maintenance support for the new 748 aircraft early in the year, a series of employees were sent on training courses for periods of six weeks to six months. The Workshop Superintendent and the Avionics and Communications Superintendent attended training courses in Britain while five Line Engineers attended maintenance and radio course at the Cessna Aircraft Company, Wichita, Kansas, U.S.A.

3. Preparations were made during the latter months of the year for the arrival of the 748 aircraft. There was need for the provision of increased storage space for the spares and updating of the Technical Records and Planning sections to provide improved facilities for the monitoring of maintenance costs.

4. For the greater part of the year one DC-3 was grounded for C of A and in the latter stage, had to undergo several engine changes. Maintenance difficulties were generally experienced with the piston engine aircraft types - DC-3, and Caribous - and in respect of the Caribous in particular, the Corporation experienced great difficulties in the acquisition of spares. Similar problems were experienced with the Twin Otter.

## OPERATIONS

5. At the end of 1976, the Pilots establishment stood at twenty-including one part-time Captain. Two pilots had resigned during the year. There were fifteen ground staff, including one who was attending U.G. fulltime.

6. The total flying hours done in 1976 as against that of 1975 indicated an improvement of 367:39 hours. The C-46 did approximately 842:02 flying hours while the International freighter, 1,769:03 block hours. The DC-3, under the registration BR-GEC, ceased operations from July. The Electra was used on an adhoc basis from the beginning of the year but from July it was used exclusively for the freighter service. Operations under the Guyana Registration BR-GEW started on 18th October, 1976.

7. There were various factors which precluded greater increases for the Corporation in its operations during this year. Some of these were:-

- (a) Bad weather, which affected loading, maintenance and navigation of the aircraft.
- (b) Flooding caused many airfields to be closed.
- (c) Maintenance problems.
- (d) Shortage of trained personnel.

## GROUND SERVICES

### Timehri

8. Operations at this point were not without their problems such as cancellation of flights, late departures, late arrivals and so many others which were occasioned by factors such as un-favourable weather, maintenance, passenger irregularities, the Principals' inability to maintain prompt arrivals and to some extent, staff problems. The lack of adequate handling equipment contributed largely to ground handling problems.

Ogle

9. Operations at this station were relatively satisfactory, despite the inadequacies of the Terminal building which included limited bond space, pax. handling facilities - space and convenience for which funds were not available.

10. In an effort to further cut costs and to have better financial control, it was decided to introduce a shift system at this station.

11. Traffic at this location reached an all time high proportion, due to the operation of the U.M.D.A. and U.M.R.P. projects and this necessitated an all round increase in staff.

12. Ramp, Ruimveldt

This section catered for the receiving and delivering of all export, import and domestic cargo and was also the base for the Transport, Claims and Cargo Sales Offices.

13. The Import Cargo section handled about 90,000 consignments during the year while domestic and export cargo increased over 1975. There was great need for larger cargo space for import cargo especially in view of the fact that GAC is virtually General Sales and/or Handling Agent for all airlines operating into Guyana.

14. 1,380 flights operated from Ogle and 1,935 out of Timehri for the year. Set out below is the amount of traffic in and out of Ogle and Timehri:-

	<u>Pax.</u>	<u>Mail</u>	<u>Cargo</u>
Ogle	32,220	38,793 Lbs.	1,615,650 Lbs.
Timehri	25,056	15,303 Lbs.	14,174,507 Lbs.



15. Interior Stations

There are nineteen such stations through which this Corporation is able to distribute its goods and services to varying parts of the Interior.

16. With the acquisition of the Avro 748 Aircraft, quite a few of the more important strips have to be generally up-graded by way of widening, lengthening and resurfacing so as to meet required operational standards for this more sophisticated and rather expensive Aircraft.

17. Generally at these locations, the operation was up to an appreciable standard despite lack of facilities.

18. Appendix 'A' (figures 1, 2 and 3) sets out the comparison of Domestic traffic - passenger, cargo and mail - carried over the years 1972 - 1976.

COMMERCIAL

19. This department captured 43% of the total International passenger Sales for the year - an increase of 2% over 1975.

Agency Sales - GAC vs. Travel Agencies

Carrier	Year	1976 and 1975			
		GAC Sales	Market Share %	Travel Agency	Market Share %
B.W.I.A.	1976	5,040,000	42	7,057,000	58
	1975	3,748,685	40	5,673,280	60
Br. Airways	1976	3,261,000	43	4,310,000	57
	1975	2,698,281	42	3,785,415	58
Other	1976	853,000	48	914,000	52
	1975	747,678	51	720,328	49
TOTAL:	1976	9,154,000	43	12,281,000	57
	1975	7,194,644	41	10,179,023	59

(See appendix B - Figure 4)

The overall 2% increase in sales over the total project for 1976, can be attributed to a higher volume of traffic because of -

1) The movement of a large number of Guyanese students for training overseas.

2) The return home for Guyanese students' tour of duty with National Service.

District Offices

<u>District</u>	<u>International Passenger Sales</u>		<u>Increase/Decrease</u>	
	<u>Projection</u>	<u>Actual</u>	<u>Actual</u>	<u>%</u>
New Amsterdam	\$ 202,184	\$263,063	+ \$ 60,879	+ 30
Rosshall	374,753	544,705	+ 179,952	+ 48
Linden	294,157	195,807	98,350	- 33

20. The increase of 30% and 48% in New Amsterdam and Rosehall Offices was due to persistent movement of families to reside in North America as well as the general 10% mid Atlantic fare increase.

21. The total deficit experienced at Linden for this year resulted from loss of Guybau's business to Cacique Travel Service.

(see appendix B - figure 5)

MANAGEMENT

22. On 22nd March 1976, Cde. G.E. Perry, was seconded from the Guyana Telecommunication Corporation to act as General Manager.

23. During the year negotiations were concluded with the CCWU and LAEA Unions for increased salaries and conditions of service. Agreements were signed for a two year period, i.s. to the end of 1977. Negotiations were also carried out with a new Association representing senior non-technical staff.

24. With the exception of three "Go Slows", which were quickly remedied, the industrial relations climate was healthy. An Asst. Personnel Officer was appointed on 1st November, 1976.

25. There were 549 employees at the end of the year as against 484 at the end of 1975.

26. Operational Statistics for the year are attached.

Training

Overseas

27. Twenty-two Reservations/Ground Services employees attended various training courses at British Airways during the year. Nine pilots attended Hawker Siddeley Courses in Britain and three did their ALTA Course in the USA. Twenty-four courses of training were attended by engineers in the UK, USA, Canada and the Caribbean which included H5748, Helicopter, Maintenance, Twin Otter Ground School and A/C Radio Maintenance training.

Local

28. Training courses and seminars for various levels of staff were held throughout the year at Critchlow Labour College, Kuru Kuru Co-operative College, Guyana Rice Board and Guyana Airways Corporation Board Room.

FINANCE & ACCOUNTS

29. The total revenue earned in 1976 was \$12,714,929 which was an increase of \$1,453,347 or 12.9% over 1975. Expenditures for the year was \$12,353,120 which was an increase of \$1,716,190 or 16.1% over 1975. The surplus on 1976 operations amounted to \$361,809 compared with the 1975 surplus of \$624,652, a decrease of \$262,843 or 42.08% over 1975. (see appendix C figures 6 and 7).

Domestic Operations

30. Revenue from Domestic operations during 1976 was \$6,464,250 an increase of \$1,308,694 or 25.4% over revenue earned in 1975. Expenditure excluding provision for taxation and obsolescence and depreciation was \$ 5,791,984 an increase of \$1,486,762 or 34.5% over 1975. Surplus before provision for taxation and obsolescence and depreciation was \$672,266 a decrease of \$158,068 or 19%.

31. International Operations

The level of activity in International operations dropped in 1976. Revenue earned was \$3,721,588 compared with \$4,201,555 in 1975, a decrease of \$479,967 or 11.4%. Expenditure amounted to \$3,737,828 compared with \$3,542,134 in 1975, an increase of \$195,694 or 5.5%. There was a deficit of \$16,240 in International Operations in 1976, compared with a surplus of \$659,421 in 1975, a decrease of \$675,661 or 102.46%.

32. Agency Operations

Revenue on Agency operations increased in 1976 appreciably to \$2,529,090 compared with \$1,933,784 in 1975, an increase of \$595,306 or 30.78%. Expenditure also increased from \$1,107,232 in 1975 to \$1,381,585 in 1976. The quantity of increase was \$274,353 or 24.8%. Surplus on Agency Operations in 1976 was \$1,147,505 compared with \$826,552 in 1975, an increase of \$320,953 or 38.8%.

33. Overheads

Again overheads increased from \$658,820 in 1975 to \$908,930 in 1976. The actual increase was \$205,118 or 37.96%.

34. Flying Hours

Domestic flying hours again increased. In 1976, 8,435 hours were recorded compared with 7,629 in 1975, an increase of 806 hours or 10.56%. International flying hours dropped dramatically to 1,777 in 1976 from 2,277 in 1975. Actual decrease was 500 hours or 22%, some of which was due to the use of more productive - larger, faster Electra - aircraft.

35. Outstanding Debts

A lot of effort was made in 1976 to regularise the position of the outstanding debts, and it is hoped that still greater effort will be made in 1977. The balance on the debtors accounts taking into account credits thereon were as follows:-

(a) Government debtors	\$509,603.98
(b) General Debtors	612,085.24
(c) Interline	<u>839,226.60</u>
	\$1,960,995.82

The 1975 figures were:-

(a) Government debtors	\$858,102.56
(b) General Debtors	764,524.37
(c) Interline	<u>580,672.62</u>
	\$2,203,299.55

36. The increase and/or decrease in amount and percentages are as follows:-

	<u>Increase (Decrease)</u>	<u>Percentage</u>
(a) Government Debtors	(\$384,416.58)	(40.6)
(b) General Debtors	( 152,439.13)	(19.9)
(c) Interline	<u>258,553.98</u>	<u>44.5</u>
	(\$242,303.73)	(11 )

37. Bank Balances

The Corporation was again able to carry on its operation without the use of borrowed funds. The surplus funds were invested throughout the year and yielded interest to the tune of \$62,348.18. The balance at 31st December 1976 was:-

Current account - Georgetown	\$ 796,623.36
Fixed deposits - Georgetown	1,456,848.95
Current Account Miami	<u>178,700.83</u>
	\$2,432,173.14

38. All funds in Georgetown were held at the Guyana National Co-operative Bank.

GUYANA AIRWAYS CORPORATION

MEMBERS OF THE BOARD

AT DECEMBER 1976

Cde. D.I. Yankana, A.A.	-	Executive Chairman
Cde. G.E. Perry		General Manager(ag)
Cde. G.N. Spance		Asst. to the General Manager
Cde. A. Halla	-	Financial Controller
Cde. M.G. Chan-A-Sue	-	Chief Pilot
Cde. G. Loy		Chief Engineer
Cde. J. Lambert	-	Commercial Manager
Cde. E. Wbo-Ming		Secretary
Cde. C. Marrison		Member
Cde. J.R. Vieira, A.A.		Member
Cde. C.H. DaSilva, FCIS		Member

GUYANA AIRWAYS CORPORATION

OPERATIONAL STATISTICS

1 9 7 6

BLOCK HOURS FLOWN BY AIRCRAFT_TYPE_	SCHEDULE	<u>SPECIAL</u>	<u>CHARTER</u>	<u>TOTAL</u>
1. DC-3	1,445	89	807	2,341
2. CARIBOU	386	515	1,003	1,904
3. TWIN OTTER	1,743	649	676	3,068
4. C-46		<u>737</u>	80	<u>817</u>
TOTAL:	<u>3,574</u>	<u>1,990</u>	<u>2,566</u>	<u>8,130</u>

MILEAGE FLOWN BY <u>AIRCRAFT TYPE</u>				
1. DC-3	209,525	12,905	117,015	339,445
2. CARIBOU	55,970	74,675	145,435	276,080
3. TWIN OTTER	244,020	90,860	94,640	429,526
4. C-46		<u>147,400</u>	<u>16,000</u>	<u>163,400</u>
TOTAL:	<u>509,515</u>	<u>325,840</u>	<u>373,090</u>	<u>1,203,445</u>

PASSENGERS CARRIED	48,069	2,408	11,378	61,855
PASSENGER MILES FLOWN	7,210,350			
SEAT MILES AVAILABLE	12,565,400			
PASSENGER LOAD FACTOR	57.4%			

TOTAL WEIGHT CARRIED	10,648,425	7,818,014	7,897,694	26,364,133
(a) PAX & BAGGAGE	7,931,385	397,320	1,877,370	10,206,015
(b) EXCESS BAGGAGE	171,260			171,260
(c) CARGO	2,492,212	7,420,266	6,019,446	15,931,924
(d) MAIL	53,568	428	878	54,874
AVAILABLE TON MILES	1,139,197	1,169,081	962,699	3,270,977
TON MILES FLOWN	758,524	656,040	636,369	2,050,933
WEIGHT LOAD FACTOR	66.6%	56.1%	66.1%	62.7%



APPENDIX A  
FIGURE 1

DOMESTIC OPERATION  
NO OF PAX  
(THOUSANDS)

PAX TRAFFIC 1972 1976

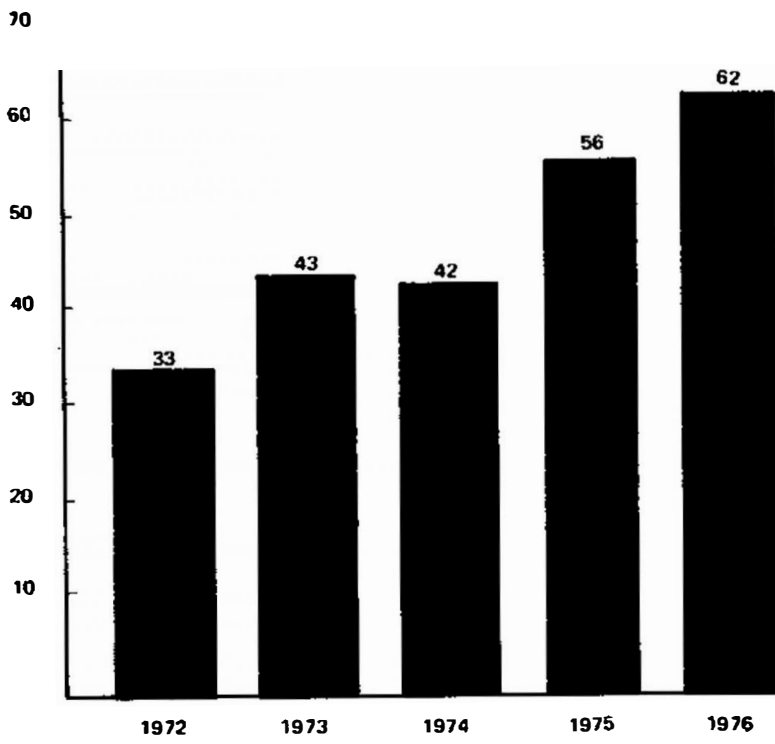
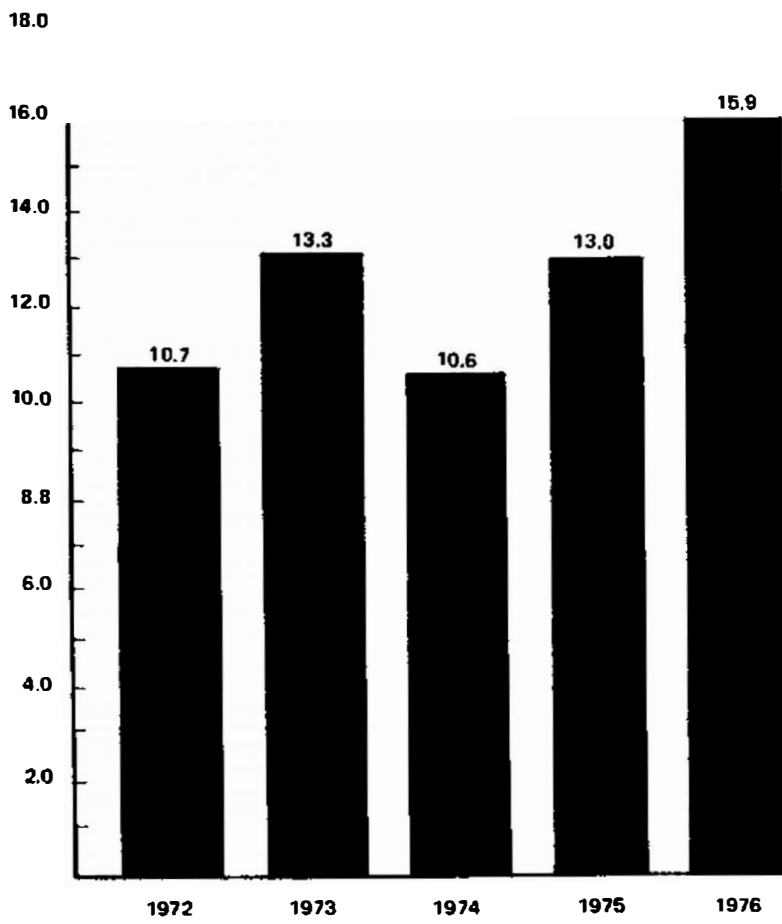


FIGURE 2  
CARGO TRAFFIC 1972 - 1976

VOLUME OF CARGO  
(MN LBS.)



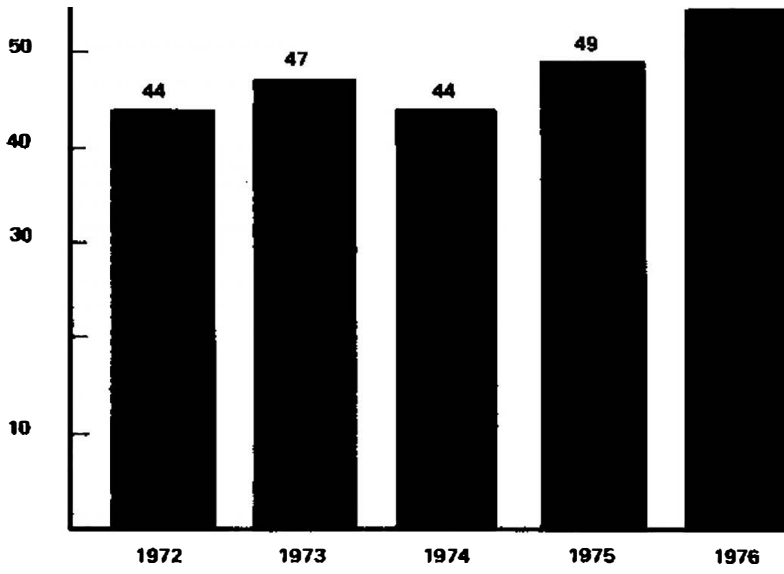
APPENDIX A (cont'd)

FIGURE 3

MAIL TRAFFIC 1972 - 1976

MAIL  
(000 lbs.)

70



APPENDIX B

FIGURE 4  
G A C VS. TRAVEL AGENTS  
1972 - 1976

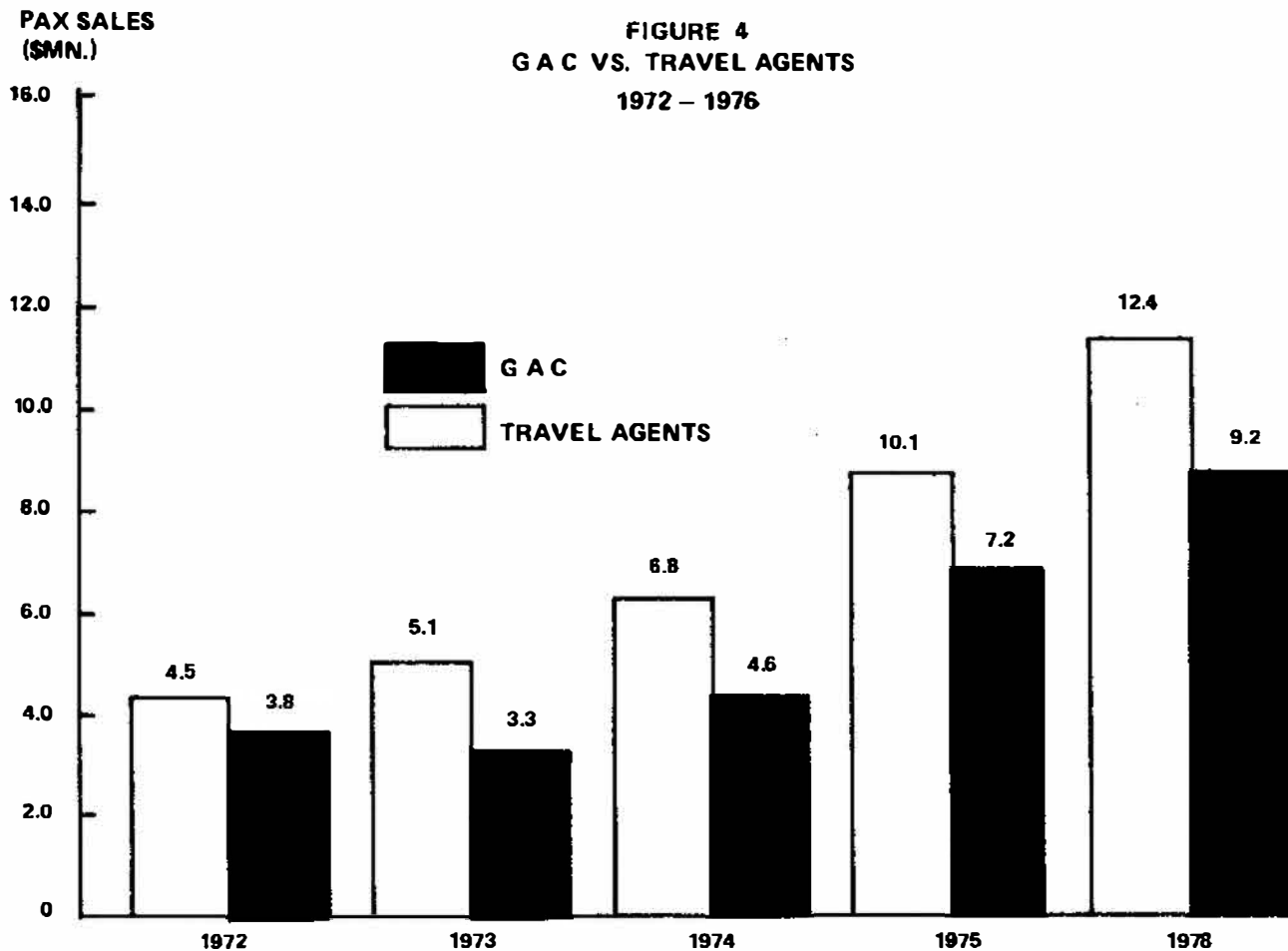
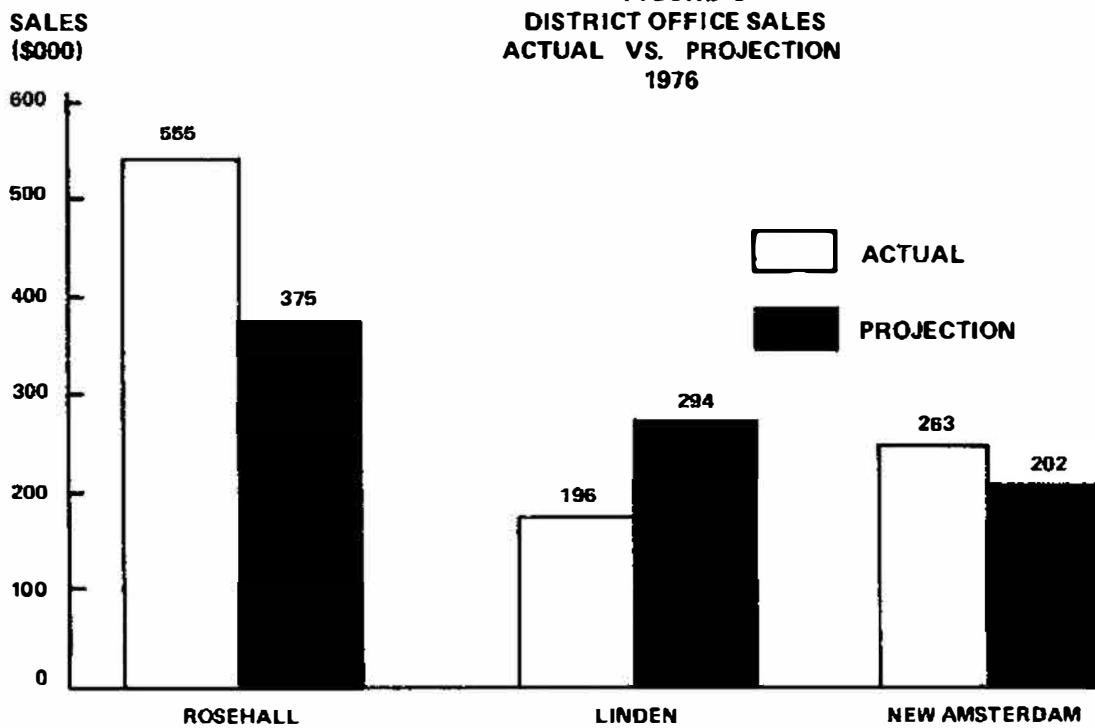


FIGURE 5  
DISTRICT OFFICE SALES  
ACTUAL VS. PROJECTION  
1976



FINANCIAL RESULTS

APPENDIX C  
FIGURE 6  
OPERATING REVENUE  
1972 - 1976

MILLIONS OF DOLLARS

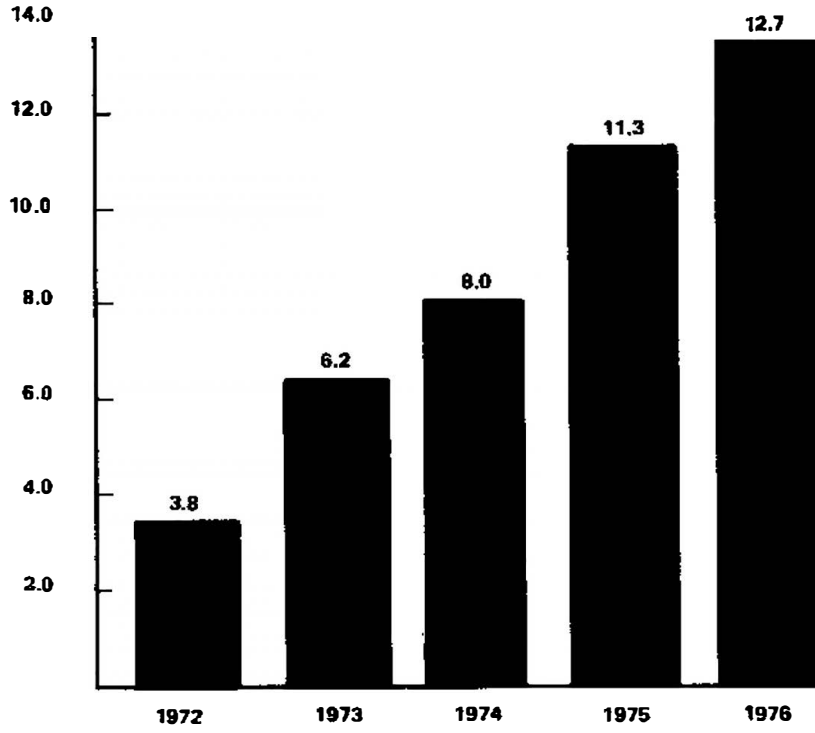
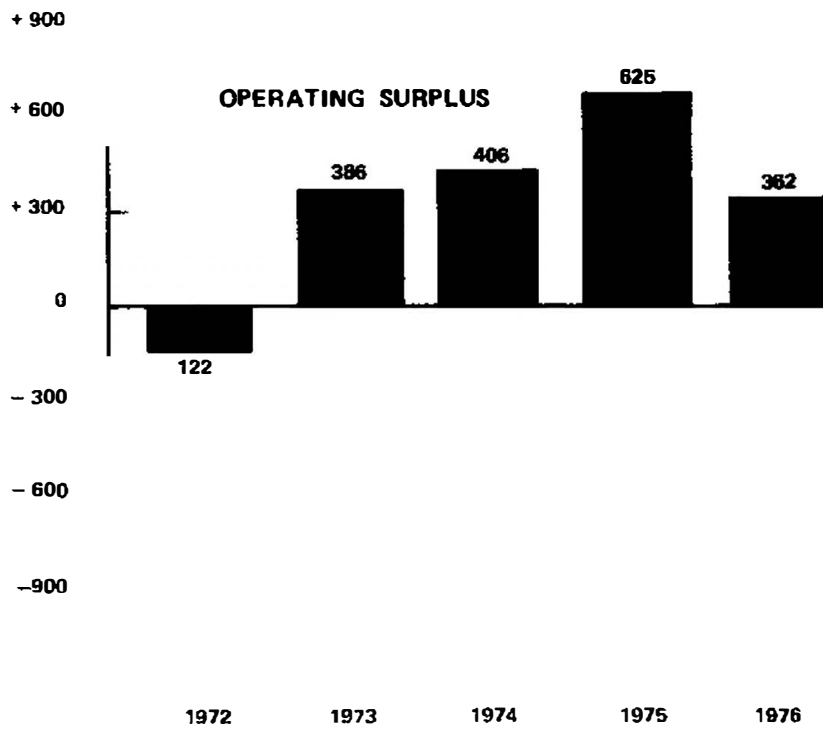


FIGURE 7  
OPERATING SURPLUS/DEFICIT (-)

THOUSANDS OF DOLLARS



APPENDIX C (cont'd.)

FIGURE 8  
PERCENTAGE OF TOTAL DEBT  
BY DEBTORS  
1976 x 1975

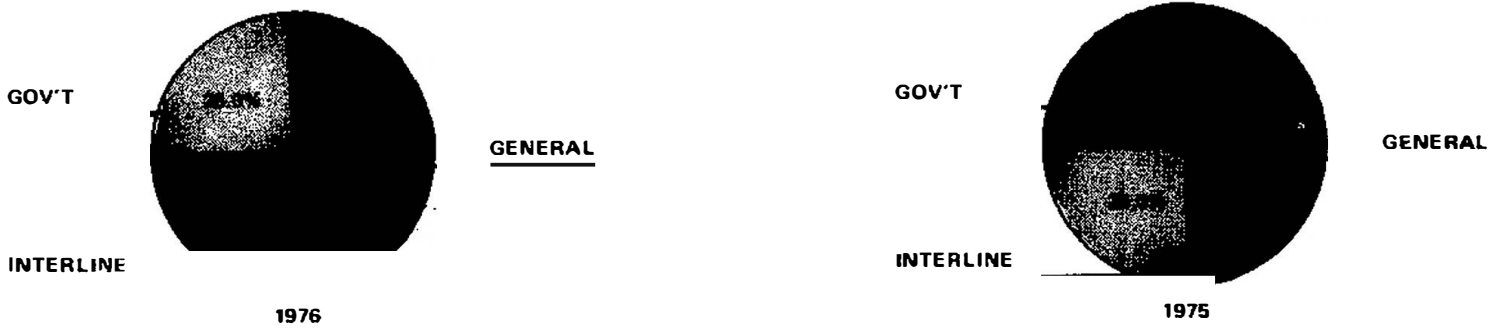
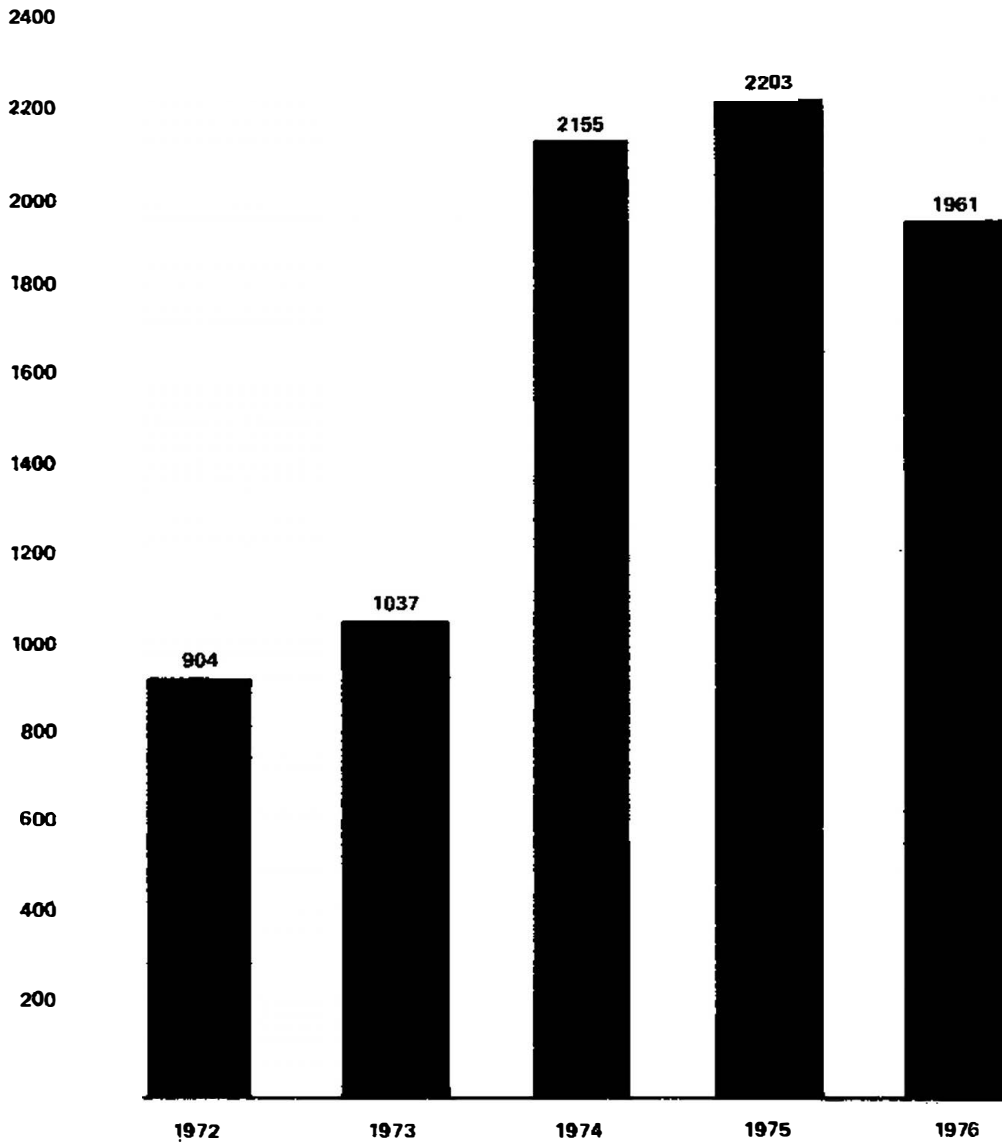


FIGURE 9  
OUTSTANDING DEBTS  
1972 - 1976

THOUSANDS OF DOLLARS



THOMAS, STOLL, DIAS & CO.

ACCOUNTANTS

5 America Street,  
Georgetown,  
Guyana.

11th November, 1977.

REPORT OF THE AUDITORS ON THE ACCOUNTS OF  
GUYANA AIRWAYS CORPORATION

We have examined the annexed accounts which are in agreement with the books of the Corporation and have obtained all the information and explanations which we have required.

In our opinion, these accounts which have been prepared on the historical cost basis of accounting give, on this basis, a true and correct view of the state of affairs of the Corporation at 31st December, 1976 and of the results of its operations and the source and application of its funds for the year ended on that date

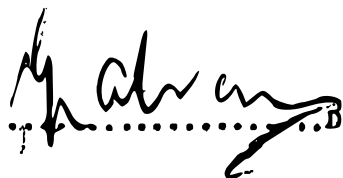
*Thomas Stoll, Dias & Co.*  
THOMAS, STOLL, DIAS & CO.

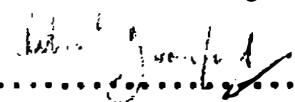
GUYANA AIRWAYS CORPORATION

BALANCE SHEET

31ST DECEMBER, 1976

	<u>Notes</u>	<u>1976</u>	<u>1975</u>
Fixed assets	1	\$ 7,603,516	\$ 7,391,039
Deferred revenue expenditure	2	61,290	
<b>Current assets:</b>			
Stocks and stores		\$ 349,288	230,05
Debtors and prepayments		9,577,598	5,835,52
Cash on deposit		1,456,849	1,400,000
Cash in hand and at bank		<u>3,011,196</u>	<u>4 586 362</u>
		<u>\$14,394,931</u>	<u>12 051,935</u>
<b>Deduct:</b>			
<b>Current liabilities:</b>			
Creditors and accruals		\$ 5,167,851	3,926,53
Taxation		<u>323,130</u>	378 13
		<u>\$ 5,490,981</u>	<u>4 304 66</u>
Net current assets		<u>8,903,950</u>	<u>7,747,274</u>
Total assets employed		<u>\$16,568,756</u>	<u>\$15,138,313</u>
<b>Financed by:</b>			
Capital	3	\$ 8,300,619	\$ 8,300,619
<b>Revenue reserves:</b>			
Profit and loss balance		<u>341,740</u>	<u>404,620</u>
Capital and reserves		\$ 8,642,359	\$ 8,705,239
Loans	4	<u>7,926,397</u>	<u>6,433,074</u>
		<u>\$16,568,756</u>	<u>\$15,138,313</u>

  
.....Director

  
.....Director

GUYANA AIRWAYS CORPORATION  
 PROFIT AND LOSS ACCOUNT  
 FOR THE YEAR ENDED 31ST DECEMBER, 1976

	<u>1976</u>	<u>1975</u>
Aircraft revenue	\$10,058,442	\$9,281,063
Deduct:		
Aircraft expenses	\$7,018,197	\$5,951,607
Depreciation - aircraft	531,166	686,145
	<u>7,549,363</u>	<u>6,637,752</u>
	\$ 2,509,079	\$2,643,311
Deduct:		
Departmental costs	<u>2,387,456</u>	<u>1,830,188</u>
Surplus on aircraft operation	\$ 121,623	\$ 813,123
Agency revenue	\$2,529,090	1,933,787
Deduct:		
Agency expenses	<u>2,290,523</u>	1 766.05
	<u>238,567</u>	<u>167,732</u>
	\$ 360,190	\$ 980,855
Add:		
Other income:		
Gain on exchange	\$ 40,158	-
Gain on disposal of fixed assets	4,148	1,041
Interest	82,348	45,694
	<u>126,654</u>	<u>46,735</u>
	\$ 486,844	\$1,027,590
Deduct:		
Expenses in respect of previous years	\$ 293,565	\$ 182,850
Bad debts	85,383	113,000
Depreciation	125,776	107,088
Property tax	<u>45,000</u>	89 480
	<u>549,724</u>	<u>492,418</u>
Profit/(loss) before taxation	\$( 62,880)	\$ 535,172
Taxation		<u>300,000</u>
Profit/(loss) after taxation	\$( 62,880)	\$ 235,172
Add:		
Balance brought forward	<u>404,620</u>	<u>169,448</u>
Balance carried forward	\$ <u>341,740</u>	\$ <u>404,620</u>



GUYANA AIRWAYS CORPORATION  
 STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
 FOR THE YEAR ENDED 31ST DECEMBER, 1976

	<u>1976</u>	<u>1975</u>
<b>Source of Funds</b>		
Profit/(loss) before taxation	\$ (62,880)	\$ 535,172
Adjustment for items not involving movement of funds		
<b>Depreciation:</b>		
Aircrafts	\$ 531,166	\$ 686,145
Other	125,776	107,088
	<u>656,942</u>	<u>793,233</u>
<b>Total generated from operations</b>	<b>\$ 594,062</b>	<b>\$1,328,405</b>
<b>Fund from other sources</b>		
Loans	\$ 1,493,323	\$ 4,520,834
Sale of assets	1,452	11,529
	<u>1,494,775</u>	<u>4,532,363</u>
	<b>\$2,088,837</b>	<b>\$5,860,768</b>
<b>Application of Funds</b>		
Purchase of assets	\$ 840,663	\$ 921,196
Capital work-in-progress	30,208	106,191
Income tax paid	100,000	124,383
	<u>970,871</u>	<u>1,151,770</u>
	<b>\$1,117,966</b>	<b>\$4,708,998</b>
<b>Increase/decrease in working capital</b>		
Increase in inventories	\$ 119,237	\$ 99,651
Increase in debtors	3,803,366	2,735,583
Increase in creditors excluding taxation	(1,286,320)	(2,004,608)
<b>Movement of net liquid funds:</b>		
Increase in cash in hand	2,067	( 1,173)
Decrease in cash at bank	<u>(1,520,384)</u>	<u>3,879,545</u>
	<b>\$1,117,966</b>	<b>\$4,708,998</b>

GUYANA AIRWAYS CORPORATION

SIGNIFICANT ACCOUNTING POLICIES

1. Depreciation

(a) Depreciation of fixed assets except for aircraft is on a straight line basis calculated on cost at the rates specified below which are estimated to write off the assets over their expected useful lives:-

(i) Buildings	14.28%
(ii) Plant and machinery	33.33%
(iii) Furniture and fittings	14.28%
(iv) Office equipment	33.33%
(v) Motor vehicles	14.28% - 20%

(b) Aircraft are written down over their expected useful lives to their residual values as determined by the directors.

2. Stocks, stores and work-in-progress

These are valued at the lower of cost and net realisable value. Cost has been arrived at as follows:

- (a) Consumable stores    landed cost plus storage and transportation charges.
- (b) Goods-in-transit    purchase price, freight and insurance.

3. Translation of foreign currency

Foreign currency transactions are currently translated to Guyana dollars at the rates of exchange ruling at the date of such transactions. At each balance sheet date all amounts denominated in foreign currencies are translated to Guyana dollars at the exchange rates ruling on that date.

4. Pension funding

The Guyana Airways Corporation participates in a contributory Pension Plan which is administered by a life insurance company under a Group Insurance Policy.

5. General

These accounts have been prepared on an historical cost basis. No attempt has been made to adopt replacement or current cost accounting procedures, which would overcome the distorting effects of inflation.

GUYANA AIRWAYS CORPORATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1976

1. Fixed assets

	<u>Buildings</u>	<u>Aircraft</u>	<u>Engines, plant machinery &amp; equipment</u>	<u>Total</u>
Cost or valuation:				
At 1st January	\$487,864	\$7,189,409	\$2,227,006	\$ 9,904,279
Additions	2,200		838,463	840,663
Disposals			<u>( 13,562)</u>	<u>( 13,562)</u>
At 31st December	<u>\$490,064</u>	<u>\$7,189,409</u>	<u>\$3,051,907</u>	<u>\$10,731,380</u>
Depreciation:				
At 1st January	\$205,070	\$1,733,177	\$ 684,036	\$ 2,622,283
Charged during the year	27,467	407,008	222,467	656,942
Retired on disposal			<u>( 12,640)</u>	<u>( 12,640)</u>
At 31st December	<u>\$232,537</u>	<u>\$2,140,185</u>	<u>\$ 893,863</u>	<u>\$ 3,266,585</u>
				\$ 7,464,795
Capital work-in-progress				<u>138,721</u>
Per balance sheet				\$ 7,603,516

2. Deferred revenue expenditure

This represents training costs on new aircraft and would be charged against the income from such aircraft when it is put into normal commercial use.

3. Capital

	<u>1976</u>	<u>1975</u>
7½% Perpetual debentures	\$ 930,000	\$ 930,000
Timehri Development	75,000	75,000
Government of Guyana loan	972,804	972,804
1st Twin Otter aircraft	525,360	525,360
2nd Twin Otter aircraft	817,244	817,244
Caribou and spares	4,753,993	4,753,993
Radio equipment	<u>226,218</u>	<u>226,218</u>
	<u>\$8,300,619</u>	<u>\$ 8,300,619</u>

Interest on perpetual debentures amounting to \$69,750 per annum have not been paid by the Corporation or provided for in the accounts since the formation of the Corporation on 1st September, 1963.

GUYANA AIRWAYS CORPORATIONNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31ST DECEMBER, 1976

## 4. Loans

	<u>1976</u>	<u>1975</u>
(a) Canadian Government	\$2,352,152	\$2,285,177
(b) Guyana State Corporation	<u>5,574,245</u>	<u>4,147,897</u>
	<u>\$7,926,397</u>	<u>\$6,433,074</u>

(a) This loan was granted in 1974 through the Canadian International Development Agency. It is interest free with a ten years moratorium and is repayable in 80 equal half-yearly instalments commencing August 1984.

(b) This amount represents advances made to the Corporation for the purchase of new aircraft. The conditions affecting interest and repayment of capital have not yet been determined.