

G U Y A N A
A I R W A Y S
C O R P O R A T I O N

A N N U A L R E P O R T
A N D
A U D I T O F A C C O U N T S
1971

ANNUAL REPORT FOR GAC FOR THE YEAR 1971

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Guyana Airways Corporation was established on 1st September, 1963, by Order in Council No. 71 of 1963, under the Public Corporations Ordinance No.23 of 1962. The Registered Office is at present - 32, Main Street, Georgetown.

2. The life of the Corporation's Board came to an end on the 30th September, 1971, and by the Public Corporations (Amendment) Act No. 14 of 1971, a new Board was established comprising the following:-

Dr. K. King, Vice-Chairman of Guystac	- Chairman
Mr. R.L. Abrams, General Manager, GAC	- Vice-Chairman
Mr. J.R. Vieira	- Member
Mr. K. Percival	- "
Mr. C.H. DaSilva, FCIS	- "
Mr. E.P. Christiani, Deputy General Manager/ Financial Controller, GAC	- "
Mr. A.G. Martins, Commercial Manager	- "
Captain G. Spence, Operations Manager	- "
Mr. R. Dornford, Chief Engineer	- "
Mrs. E. Woo-Ming	- Secretary.

3. There were 17 meetings of the old Board and three meetings of the new Board during 1971.

OPERATIONS DEPARTMENT

4. There was no change in the number and type of aircraft comprising the fleet, as compared with 1970.

5. Overstaffing in the pilots' establishment became apparent due mainly to a reduction in flying hours and the return from training of 7 cadet pilots. Offsetting this, however, four contract Captains and two Second Officers resigned, while three of the former were retrenched. The Carifta operations again proved a disappointment and for economic reasons, they were discontinued at the end of the year.

6. A heavy training programme was carried out during the year mainly due to the large intake of cadet pilots. Further efforts were made to obtain a link trainer but in the meantime, the Cessna 310G was re-equipped in order to provide the immediate instrument training necessary.

7. Private Operators continued to prove a hindrance and because their illegal operations went unchecked, much revenue was lost to the Corporation. The contract with Bookers for use of Ogle airstrip had been signed, but due to some reconstruction work which had to be carried out, flights were not scheduled to commence from there until 1972.

8. The new Fares and Rates structure came into operation during August 1971.

9. The Agreement for Service between Management and A.L.P.A. (Guyana) was signed on 12th May, 1971.

FINANCE AND ACCOUNTS DEPARTMENT

10. The total deficit for 1971 amounted to \$984,163. Flying was less than 1970 by 1,022 hours and against budget the shortfall was 1,024 hours. Aircraft revenue was over 1970 by \$179,552 and Agency Revenue was better than the previous year by \$84,716. The overall increase in expenditure amounted to \$526,855 over 1970 and this, coupled with the drop in flying, accounted for the total deficit.

11. It should be noted that the Corporation was carrying substantial overheads in respect of too much capacity - too many aircraft - too many types (five), with the attendant large inventories and manpower to maintain the aircraft, pilots and other staff who were becoming surplus to requirements due to reduction in flying. The Corporation could not at that time clearly identify whether the reduced scale of operations was temporary and of short duration.

12. Two items had a profound effect on the size of the deficit. Firstly, the operation of the Caribous continued to be expensive. The subsidy billed the Ministry of Finance, being the difference in cost between operating the Caribous and the DC3 aircraft for the year was \$521,866. Secondly, the implementation of our revised fares and rates structure was delayed until the second half of the year. The effect on our finances was reflected by the fact that the average revenue per hour rose from \$243.82 for the first three months of the year to \$347.66 for the last three months.

13. The staff turnover did not improve such as there were 4 senior resignations during the year. A staff training programme was started in all aspects of the Corporation's accounting but, due mainly to staff shortages, this had to be discontinued.

AGENCIES DEPARTMENT

14. Agency Sales in 1971 amounted to \$2.7 million as against \$2.4 million in 1970, while the Corporation's share of the BWIA, BOAC and Cruzeiro Do Sul sales was equivalent to 40% of the total market - as against 42% in 1970. Commission earned increased by 12% in 1971 over 1970.

15. Advertising was programmed to promote sales at the Corporation's Linden and Rose Hall offices, sales for the former being \$84,234.07 in 1971 and for the latter, totalling \$44,793.52 from August 1971.

ENGINEERING DEPARTMENT

16. The year 1971 was a significant year for the Engineering Department. With the advent of a new Chief Engineer, modern maintenance concepts were advocated and to a large extent embodied, in order to provide efficiency. Despite this transition period, productivity within the Department was at its highest.

17. Various workshops were established to which all engineering personnel were allocated on a rotary basis. This enabled all personnel to be fully conversant with the maintenance and repair of most airframes, engine and electrical components during overhaul and routine maintenance of aircraft.

18. Two (2) Britten Norman Islanders were added to the fleet of the Guyana Defence Force - Air Wing to which our Engineering Department are contracted for maintenance. Spares programming, engineers' licensing and setting up of the maintenance of these aircraft were undertaken without additional staff and with increased revenue for the Corporation.

19. Installation of eight (8) Ground Stations providing H.F. communication for agents in the Interior were completed by our Communications Department.

20. Below are detailed the flying hours done by each type of aircraft:

Douglas Dakota C47	-	4,007.54
Twin Otter DHC-6	-	2,355.00
Caribou DHC-4	-	2,188.44
Grumman Goose G 21A	-	219.46
Cessna 310G	-	304.00

Total flying hours: 9,075.24

Aircraft maintenance was as follows:

Douglas Dakota C47	-	40 Check A
		18 Check 2
		14 Check 3
		4 Check 4
		3 Certificate of Airworthiness Renewals
Twin Otter DHC-6	-	24 Check A
		11 Check B
		12 Check C
		2 Certificate of Airworthiness Renewals
Caribou DHC-4	-	32 - 50 hr. checks
	10	- 200 hr. "
	3	- 300 hr. "
	1	- 600 hr. "
	1	- 1,200 hr. "
	2	- Certificate of Airworthiness Renewals
Grumman Goose G21A	-	7 - No. 1 Checks
	4	- No. 2 Checks
	1	- No. 3 Check
	1	- Certificate of Airworthiness Renewal
Britten Norman Islanders BN2A-6	-	13 - Checks No. 1
	8	- Check No. 2
	2	- Check No. 3
Cessna 310G	-	9 - No. 1 Checks
	3	- No. 2 Checks
	1	- Certificate of Airworthiness Renewal

The above maintenance necessitated a total of twenty-four (24) engine changes and thirty-three (33) propeller renewals.

21. At the end of 1971 there were 423 employees in the Corporation as compared with 437 at the end of 1970.

22. Attached are the statistics for 1971.

GUYANA AIRWAYS CORPORATION

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MILEAGE FLOWN

DC3	..	566,515
GRUMMAN	..	27,500
TWIN OTTER	..	329,980
CESSNA	..	50,160
CARIBOU	..	317,260

1,291,415

HOURS FLOWN

DC3	..	3,907
GRUMMAN	..	220
TWIN OTTER	..	2,357
CESSNA	..	304
CARIBOU	..	2,188

8,976

PASSENGERS CARRIED	..	52,570
PASSENGER MILES FLOWN	..	5,940,510
SEAT MILES AVAILABLE	..	20,016,930
PASSENGER LOAD FACTOR	..	29.7%
TOTAL WEIGHT CARRIED	- (a) Passenger & Baggage	.. 8,674,050 Lbs
	(b) Excess Baggage	.. 101,300 "
	(c) Cargo	.. 14,379,500 "
	(d) Mail	.. 64,926 "

TOTAL 23,219,776 Lbs

AVAILABLE TON MILES	..	2,845,725
WEIGHT LOAD FACTOR	..	68.5%

Guyana Airways Corporation,
32, Main Street,
Georgetown.

4th October, 1972

GUYANA AIRWAYS CORPORATION

AUDITORS' REPORT

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Corporation so far as appears from our examination of those books.

We have examined the annexed Balance Sheet and Profit and Loss Account which are in agreement with the books and accounts. In our opinion and to the best of our information and according to the explanations given to us the Balance Sheet gives a true and fair view of the state of the Corporation's affairs as at 31st December, 1971 and the Profit and Loss Account gives a true and fair view of the Deficit for the year ended 31st December, 1971.

THOMAS STOLL & CO.
ACCOUNTANTS.

		GUYANA AIRWAYS BALANCE SHEET AS AT		CORPORATION. 31ST DECEMBER, 1971					
1970	LIABILITIES	\$	\$	1970	ASSETS FIXED ASSETS	AT COST	OBSOLESCENCE DEPRECIATION	BALANCE	
	<u>CAPITAL</u>								
930,000	7% Perpetual Debenture issued to the Government of Guyana	930,000.00		171,286	Land & Buildings	278,544.42	111,092.29	167,452.13	
477,400	Accrued Interest on Capital	477,400.66		4,721,225	Aircraft	5,948,605.66	1,261,542.00	4,687,063.66	
1,407,400			1,407,400.00	1,024,956	Airframe, Engine & Radio Spares	1,182,487.14	434,120.44	748,366.70	
	<u>CAPITAL RESERVE</u>			250,105	Engineering, Radio Plant & Equipment	406,090.42	169,947.10	316,943.32	
525,360	1st Twin Otter	525,360.66		71,402	Furniture & Office Equipment	184,525.64	111,894.14	72,631.50	
75,000	Atkinson Development	75,000.00		6,238,974		8,081,053.28	2,088,595.97	5,992,457.31	
600,360			600,360.00		<u>CAPITAL WORKS IN PROGRESS</u>				
2,007,760			2,007,760.00	300	Freight Bond - Ramp		--		
1,367,474	Less Deficit		2,201,636.72	400	Timehri Hangar		1,400.00		
640,286	Net Capital		(193,876.72)	900	Ogle Airstrip		900.00		
				-	Other Airstrips Survey		516.00		
	<u>LONG TERM LIABILITIES</u>			1,470	Main Office Building		--		
	<u>CANADIAN GOVT/ LOANS</u>			1,173	Cessna 310G Aircraft		--		2,016.00
817,244	2nd Twin Otter Aircraft & Spares	817,243.98		4,243					
4 516 006	Caribou Aircraft & Spares	4,516,006.65							
226,219	Radio Equipment	226,218.46							
5,559,469			5,670,400.09						
	<u>SHORT TERM LOAN</u>		972,804.00						
	<u>GOVT/ OF GUYANA</u>								
	<u>CURRENT LIABILITIES</u>				<u>CURRENT ASSETS</u>				
306,545	Sundry Creditors & Credit Balances	462,830.16		88,391	Stocks & Stores		105,609.87		
697,568	British West Indian Airways Ltd.	314,855.86		1,089,422	Sundry Debtors & Debit Balances		917,658.82		
358,301	British Overseas Airways Corporation	389,640.05		242,017	Cash at Bank		548,539.99		
215,157	Accrued Expenses	130,084.11		3,269	Cash on Hand		4,759.54		
1,577,571			1,297,410.18	1,423,099					1,576,568.22
				91,710	<u>PREPAID EXPENSES</u>				
				3,257	Insurance		85,972.81		
				94,967	Other		60,691.78		146,064.59
				16,043					
					<u>DEFERRED REVENUE EXPENDITURE</u>				
					Kaieteur Airstrip				12,293.32
					<u>ACCRUED REVENUE</u>				
					Carifta Freight				16,618.11
7,777,326			7,746,817.55	7,777,326					7,746,817.55

GUYANA AIRWAYS

PROFIT & LOSS ACCOUNT FOR THE YEAR

CORPORATION

ENDED 31ST DECEMBER, 1971

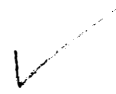
1970	Direct Allocated Costs	Carifta	Dakota	Caribou	Twin Otter	Grumman	Cessna	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
155,355	Aircraft Insurance	28,857.59	21,962.77	93,364.65	41,404.77	2,297.08	2,160.64	190,047.50
345,330	Fuel & Oil	47,115.06	120,196.45	82,383.27	50,200.14	3,526.08	2,148.16	305,577.16
261,286	Consumption of Engine	33,539.51	106,970.58	54,157.27	18,520.50	2,977.88	118.83	216,284.57
277,057	Consumption of Spares	39,433.76	90,913.48	156,823.27	95,277.37	4,689.77	2,774.56	389,912.21
61,935	Landing Fees	32,183.04	3,824.32	5,432.32	3,616.79	-	14.50	45,070.97
3,947	Licences	980.82	2,153.70	1,035.75	907.71	351.17	215.42	5,644.57
2,231	Outside Repairs	-	376.00	40.00	230.00	-	-	654.00
84,229	Miscellaneous	108,083.54	1,794.72	3,620.54	421.41	80.00	226.96	114,235.17
1,191,370		\$ 290,193.32	\$ 348,192.02	\$ 396,873.07	\$ 210,586.69	\$ 13,921.98	\$ 7,659.07	\$ 1,267,426.15
	UNALLOCATED COSTS							
765,690	Operations						698,756.26	
526,261	Engineering						512,531.84	
155,198	Radio & Electrical						156,091.81	
506,656	Ground Services						290,878.15	
							1,666,258.06	
3,225,175								\$ 2,933,684.21
788,050	Loss on Aircraft Operation B/down							356,059.74
	Engineering						90,446.80	
	Ground Services						192,252.10	
245,970	Commercial Department						301,105.07	
139,123	Finance & Accounts						134,492.45	
188,871	Management - Administrative						218,423.55	
28,983	Management - Board						20,128.52	
1,390,997							963,848.49	
65,100	Interest on Capital						-	
23,118	Expenditure relative to previous years						34,173.77	
\$1,479,215								\$ 1,354,082.00
799,456	Deficit before Depreciation & Obsolescence						477,100.98	
60,012	Provision for Depreciation						88,219.92	
270,021	Provision for Obsolescence						418,842.31	
1,129,489								\$ 984,163.21
312,984	Deficit Brought Forward						1,367,473.51	
1,129,489	Deficit for the Year						984,163.21	
\$1,442,473								\$ 2,351,636.72

PROFIT & LOSS APPROPRIATION ACCOUNT

1970	Aircraft Revenue	Carifta	Dakota	Caribou	Twin Otter	Grumman	Cessna	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
807,095	Passages		242,704.91	232,201.61	336,684.88	112.00	309.75	812,013.15
12,774	Ex. Baggage	-	3,302.86	3,550.21	8,038.01	-	10.60	14,901.68
1,072,260	Freight	198,923.39	618,061.78	233,778.49	63,291.98	61.74	7.17	1,114,124.55
48,369	Mail	15,304.20	3,892.00	7,131.00	29,332.00	-	11.20	60,670.40
421,724	Charters	-	156,495.53	238,827.57	121,637.94	33,178.83	20,105.69	570,237.46
4,079	Landing Fees	-	-	-	640.48	93.00	103.20	836.60
8,172	Miscellaneous	-	-	481.13	1,152.67	1,143.70	175.00	2,957.50
23,972	Training	-	-	-	-	-	-	-
2,390,245		\$ 214,227.59	\$ 1,029,457.08	\$ 715,970.01	\$ 560,777.88	\$ 34,586.27	\$ 20,722.51	2,575,741.34
48,879	Revenue from Operation of Chartered Aircraft							1,883.13
788,051	Loss on Aircraft Operation							356,059.74
\$ 3,225,175								\$ 2,933,684.21
375,432	Commission Receivable							375,855.80
217,322	Handling Charges							237,451.00
	Trucking - Domestic							41,213.63
4,844	Trucking - International & Bond Rental							56,730.93
	Engineering Service Charges							130,084.00
18,632	Rents Received							-
27,131	Miscellaneous							35,645.66
18,348	Profit on Disposal of Assets							-
619,759								
799,456	Deficit before providing for Depreciation & Obsolescence							477,100.98
\$1,479,215								\$ 1,354,082.00
1,129,489	Deficit after providing for Depreciation & Obsolescence							984,163.21
1,129,489								984,163.21
98,000	Subsidy from Government of Guyana							158,000.00
1,337,473	Deficit carried forward							2,201,636.72
1,442,473								2,351,636.72

FOR THE YEAR ENDED 31ST DECEMBER, 1971

GUYANA AIRWAYS CORPORATION.
SUMMARY OF DEPARTMENTAL COSTS FOR THE YEAR ENDED
31ST DECEMBER, 1971



<u>Operations</u>	700,271.11	
Less Depreciation of Buildings & Contents	<u>1,514.85</u>	698,756.26
<u>Engineering</u>	621,231.07	
Less Depreciation of Buildings & Contents	<u>18,252.43</u>	602,978.64
<u>Radio & Electrical</u>	183,563.20	
Less Depreciation of Buildings & Contents	<u>27,471.39</u>	156,091.81
<u>Ground Services</u>	513,510.13	
Less Depreciation of Buildings & Contents	<u>15,379.88</u>	498,130.25
<u>Commercial</u>	308,899.29	
Less Depreciation of Buildings & Contents	<u>7,794.22</u>	301,105.07
<u>Finance & Accounts.</u>	143,797.17	
Less Depreciation of Buildings & Contents	<u>9,304.72</u>	134,492.45
<u>Management - Administrative</u>	224,992.86	
Less Depreciation of Buildings & Contents	<u>6,569.31</u>	218,423.55
<u>Management - Board</u>	22,061.64	
Less Depreciation of Buildings & Contents	<u>1,933.12</u>	20,128.52
		<u>2,630,106.55</u>