

**AUDITED FINANCIAL STATEMENTS OF THE  
DEMERARA HARBOUR BRIDGE CORPORATION**

**FOR THE YEAR ENDED  
31 DECEMBER 2010**

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

AUDITED FINANCIAL STATEMENTS OF THE  
DEMERARA HARBOUR BRIDGE CORPORATION  
FOR THE YEAR ENDED 31 DECEMBER 2010

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## *Audit Office of Guyana*

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

*Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

304/PC: 70/2/2013

27 September 2013

Mr. Rawlston Adams  
General Manager  
Demerara Harbour Bridge Corporation  
Peters Hall  
East Bank Demerara.

Dear Mr. Adams,

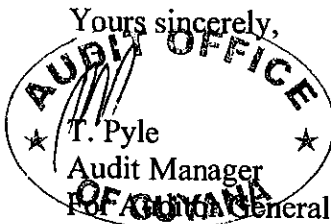
AUDIT OF THE BOOKS AND ACCOUNTS OF THE  
DEMERARA HARBOUR BRIDGE CORPORATION  
FOR THE YEAR ENDED 31 DECEMBER 2010

Please find attached three copies of the audited financial statements, 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,





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AG: 98/2013

27 September 2013

**REPORT OF THE AUDITOR GENERAL**  
**TO THE MEMBERS OF THE BOARD OF DIRECTORS**  
**OF THE DEMERARA HARBOUR BRIDGE CORPORATION**  
**ON THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

I have audited the accompanying financial statements of Demerara Harbour Bridge Corporation, which comprise the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The audit was conducted in accordance with the Audit Act 2004.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

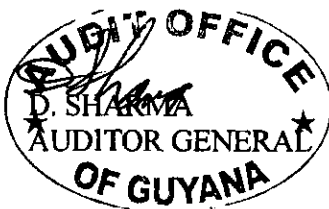
*Qualified Opinion arising from Uncertainties and Limitation in Scope*

The audited balance for the Inventories as at 31 December 2009 is stated as \$320,180,033. However, the opening balance as at 1 January 2010 reflected in the general ledger was \$261,197,238 resulting in the opening balance being understated by \$58,982,795. In addition, for the period reviewed, Inventories were overstated by \$4,163,541 resulting in an overall net difference of \$54,819,254 being understated in the closing balance as at 31 December 2010.

The amount of \$967,785,181 represents the value of Inventories shown in the financial statements, as required by the existing regulations, certified year end stock sheets with valuation were not presented for audit examination.

Included in the amount of \$967,785,181 stated as inventory, is the sum of \$699,149,805 which represents stock of deck plates as at 31 December 2010. However, these deck plates were not subjected to a year-end inventory count because they were not stored in order of sizes but were stored together. It was also observed that new plates were deteriorating due to the fact that these plates are exposed to the weather elements. In the circumstance, the completeness, accuracy and validity of the amount shown could not be verified.

Except for any adjustments which might have been shown to be necessary as a result of the matters referred to in the preceding paragraphs, in my opinion, the financial statements gives a true and fair view, of the financial position of Demerara Harbour Bridge Corporation as at 31 December 2010, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

2010

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

| <u>ASSETS</u>                       | <u>NOTES</u> | <u>31/12/2010</u>           | <u>31/12/2009</u>           |
|-------------------------------------|--------------|-----------------------------|-----------------------------|
| <u>NON CURRENT ASSETS</u>           |              | G\$                         | G\$<br>Restated             |
| Property, plant and equipment       | 3            | 1,331,819,883               | 1,330,227,424               |
| <b>Total Non-Current Assets</b>     |              | <b><u>1,331,819,883</u></b> | <b><u>1,330,227,424</u></b> |
| <u>CURRENT ASSETS</u>               |              |                             |                             |
| Inventories                         | 5            | 967,785,181                 | 320,180,033                 |
| Debtors                             |              | 12,773,067                  | 1,879,360                   |
| Prepayments - G.O.G                 | 4            | 355,726,355                 | 684,600,072                 |
| Prepayments - Toll Revenue          |              | 9,284,716                   | 1,674,046                   |
| Cash and Bank Balances              | 6            | 111,321,751                 | 38,876,546                  |
| <b>Total Current Assets</b>         |              | <b><u>1,456,891,070</u></b> | <b><u>1,047,210,057</u></b> |
| <b>Total Assets</b>                 |              | <b><u>2,788,710,953</u></b> | <b><u>2,377,437,481</u></b> |
| <u>EQUITY AND LIABILITIES</u>       |              |                             |                             |
| <u>FINANCED BY</u>                  |              |                             |                             |
| European Union Contribution         | 7            | 55,869,472                  | 122,970,316                 |
| Government of Guyana Contribution   | 8            | 2,992,132,760               | 2,302,647,347               |
| Accumulated Surplus                 |              | <u>(299,973,790)</u>        | <u>(59,394,887)</u>         |
| <b>Total Equity</b>                 |              | <b><u>2,748,028,442</u></b> | <b><u>2,366,222,776</u></b> |
| <u>CURRENT LIABILITIES</u>          |              |                             |                             |
| WSG-M.o.W                           | 9            | 28,318,880                  | 5,855,000                   |
| Creditors                           | 11           | 6,163,631                   | 5,359,705                   |
| Advance                             | 10           | <u>6,200,000</u>            | <u>-</u>                    |
| <b>Total Equity and Liabilities</b> |              | <b><u>2,788,710,953</u></b> | <b><u>2,377,437,481</u></b> |

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

These financial statements were signed to on SEP 27 2013 by:

.....  
**R. Adams**  
**GENERAL MANAGER**

.....  
**J. Jagnanan**  
**FINANCE / ADMIN MANAGER**

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

| <b><u>REVENUE GENERATED<br/>FROM OPERATIONS</u></b> | <b><u>Note</u></b> | <b><u>2010<br/>G\$</u></b>  | <b><u>2009<br/>G\$</u></b>  |
|---|--------------------|-----------------------------|-----------------------------|
| Vehicular Toll                                      |                    | 337,065,460                 | 312,495,788                 |
| Marine Toll   |                    | 17,686,000                  | 19,446,000                  |
| Special Crossing                                    |                    | 8,322,400                   | 6,862,500                   |
| Truck Scale   |                    | 6,173,000                   | 8,306,000                   |
| Other Revenue                                       | 2                  | <u>64,788,157</u>           | <u>76,477,343</u>           |
| <b>Total Revenue Generated</b>                      |                    | <b><u>434,035,017</u></b>   | <b><u>423,587,631</u></b>   |
| <br><b><u>OPERATING EXPENDITURE</u></b>             |                    |                             |                             |
| Traffic Management Services                         |                    | 94,061,582                  | 79,109,831                  |
| Structural Maintenance Services                     |                    | 55,483,563                  | 68,111,191                  |
| Electro/Mechanical Services                         |                    | 63,709,020                  | 63,348,709                  |
| Security Services                                   |                    | 8,186,240                   | 9,208,720                   |
| Salaries & Admin Costs                              |                    | 66,390,495                  | 62,402,633                  |
| Dredge Operations Services                          |                    | 11,882,642                  | 15,110,696                  |
| Contractual Works                                   |                    | 46,127,873                  | 58,733,427                  |
| Depreciation  |                    | <u>328,772,505</u>          | <u>236,613,994</u>          |
| <b>Total Operating Expenditure</b>                  |                    | <b>674,613,920</b>          | <b>592,639,201</b>          |
| <b>Surplus /( Deficit )for the year</b>             |                    | <b><u>(240,578,903)</u></b> | <b><u>(169,051,570)</u></b> |

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

|   | European Union<br>Funding | Govt. of Guyana<br>Funding | Retained<br>Earnings | Total<br>Equity      |
|---|---------------------------|----------------------------|----------------------|----------------------|
|   | G\$                       | G\$                        | G\$                  | G\$                  |
| Balance at 31-12-2009                                 | 122,970,316               | 2,302,647,347              | (53,539,887)         | 2,372,077,776        |
| Subvention for year                                   | -                         | 700,500,562                |                      | 700,500,562          |
| Adjustment for Fixed Assets<br>acquired prior to 2005 | (67,100,844)              | (11,015,149)               |                      | (78,115,993)         |
| Adjustment for Expense<br>Advance for 2009 Omitted    |                           |                            | (5,855,000)          | (5,855,000)          |
| Total Comprehensive Income<br>for the year            |                           |                            | (240,578,903)        | (240,578,903)        |
| <b>Balance at 31-12-2010<br/>carried forward</b>      | <b>55,869,472</b>         | <b>2,992,132,760</b>       | <b>(299,973,790)</b> | <b>2,748,028,442</b> |



**DEMERARA HARBOUR BRIDGE CORPORATION**

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER 2010**

|   | <u>G\$</u>           | <u>G\$</u>                       |
|---|----------------------|----------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>            |                      |                                  |
| Profit /(Loss) from operations                                | (240,578,903)        |                                  |
| Depreciation  | <u>328,772,505</u>   |                                  |
| <b><u>Operating profit before working capital changes</u></b> | <b>88,193,602</b>    |                                  |
| Increase in stock   | (647,605,148)        |                                  |
| Increase in debtors   | (10,893,707)         |                                  |
| Increase in creditors   | 7,003,926            |                                  |
| Decrease in prepayments                                       | <u>321,263,047</u>   |                                  |
| <b>Net cash from operating activities</b>                     |                      | <b>(242,038,280)</b>             |
| <br><b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>        |                      |                                  |
| Purchase of non Current Assets -R.B.L                         | (57,710,064)         |                                  |
| - G.O.G   | <u>(350,770,893)</u> |                                  |
| <b>Net cash used in investing activities</b>                  |                      | <b>(408,480,957)</b>             |
| <br><b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>         |                      |                                  |
| Work Servicess Group-Min.of.Works                             | 22,463,880           |                                  |
| Proceeds from Government of Guyana                            | <u>700,500,562</u>   |                                  |
| <b>Net cash used in financing activities</b>                  |                      | <b><u>722,964,442</u></b>        |
| <br>Net Increase/(decrease) in cash and cash equivalents      |                      | <br><b>72,445,205</b>            |
| <br>Cash and cash equivalents at the beginning of the period  |                      | <br><u>38,876,546</u>            |
| Cash and cash equivalents at the end of the period            |                      | <b><u><u>111,321,751</u></u></b> |

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31**  
**DECEMBER 2010**

**1. ACCOUNTING POLICIES**

1.1 The Demerara Harbour Bridge is a steel floating structure 6,074ft in length, 23ft width and spans the Demerara River from Bagotstown on the East to Meer-zorgen on the West. It was commission 2<sup>nd</sup> August 1978. An Average of about 8,500 Vehicle transit the bridge daily.

1.2 The financial statements are prepared in accordance with International Financial Reporting Standards.

1.3 These accounts are prepared using the historical cost convention method.

1.4 The Financial Statements is prepared on an accrual basis.

**1.5 STOCKS**

(1) Stocks are stated at the lower cost and net realizable values.

(11) Cost is determined on a first in-first out basis

**1.6 FOREIGN PAYMENTS**

Payments made to foreign contractors were computed at the rate of exchange which was stipulated in their respective contracts.

**1.7 DEPRECIATION**

**ASSETS ACQUIRED FROM 2005**

(1) The DHB was corporatised on 30<sup>th</sup> April 2003 and is subject to the Demerara Harbour Bridge Corporation Act No 2/2003.

(11) Approval has been given by the DHBC Board of Directors in May 2006 for the undermentioned list of Depreciation Rates to be charged on DHBC Fixed Assets.

The depreciation of Fixed Assets commenced with Fixed Assets acquired in 2005.

### **DEPRECIATION RATES**

| No | Fixed Assets                                     | Rate  | Years to be written off |
|----|--|-------|-------------------------|
| 1. | Buildings  | 2%    | 50                      |
| 2. | Vehicles   | 25%   | 4                       |
| 3. | Furniture/fittings                               | 15%   | 6½                      |
| 4. | Electronic Equipment (computer, calculators etc) | 33 ⅓% | 3                       |
| 5. | Equipment (Office, Mechanical, Electrical)       | 15%   | 6½                      |
| 6  | <b><u>Bridge Components</u></b>                  |       |                         |
|    | (i) End post/junction post, sheaves etc.)        | 25%   | 4                       |
|    | (ii) Pontoons                                    | 6.67% | 15                      |
|    | (iii) Wire Ropes                                 | 50%   | 2                       |

### **ASSETS ACQUIRED PRIOR TO 2005**

- (i) No provision was made for depreciation in respect of the project assets during the rehabilitation period.

Thereafter the Harbour Bridge would have been managed by an established Bridge Authority as outlined in the Memorandum of Understanding dated 25-09-1994 between the Government of Guyana and European Commission.

Fixed Assets acquired prior to 2005 will have to be revalued and then depreciated thereafter before inclusion in the Financial Statements.

- (ii) Request was made to the DHBC Board of Directors on 14<sup>th</sup> September, 2010 for approval to implement the present list of depreciation rates and a new list of additional rates which will be applicable to assets acquired prior to 2005 and thereafter.

After approval of these depreciation rates, a Revaluation of the Fixed Assets acquired prior to 2005 will be carried out by DHBC Technical staff. This Revaluation will then be submitted to the Board of Directors for their approval before adjustments to the Fixed Asset Register and Financial Statements.

This Revaluation was carried out and submitted thereafter to the Board of Directors on 13<sup>th</sup> January, 2011.

Approval was subsequently given by the Board of Directors for Fixed Assets acquired prior to 2005 to be depreciated by \$2,218,222,296 in the 2009 Financial Statement and the remaining net book value of \$156,687,693 to be depreciated at the approved depreciation rates thereafter.

**Demerara Harbour Bridge Coporation**

**Notes to the financial Statement for the year ended December 31 2010.**

**NOTES**

|                                       | <b><u>31/12/2010</u></b>        | <b><u>31/12/2009</u></b>        |
|---------------------------------------|---------------------------------|---------------------------------|
|                                       | <b>G\$</b>                      | <b>G\$</b>                      |
| <b>2 <u>OTHER REVENUE</u></b>         |                                 |                                 |
| Sale of Disposable Materials          | 3,531,400                       | 6,484,850                       |
| Refund for Damages                    | 141,000                         | 2,895,613                       |
| Sale of Tender Documents              | 77,000                          | 14,000                          |
| Miscellaneous Income                  | 550,000                         | 114,000                         |
| Rental of Equipment                   | 416,000                         | 968,000                         |
| Public Convenience                    |                                 | 880                             |
| Loam Pit                              | 226,900                         | -                               |
| Contractual Work (bridge repairs etc) | <u>59,845,857</u>               | <u>66,000,000</u>               |
| <b>Total Other Revenue</b>            | <b><u><u>64,788,157</u></u></b> | <b><u><u>76,477,343</u></u></b> |

**DEMERARA HARBOUR BRIDGE CORPORATION**  
**Notes to the Financial Statement for the Year Ended December 31 2010.**

**Property, Plant & Equipment**

**NOTE 3**

|                          | Foreign Funded            | Government of Guyana      |                               |                  |                               | Toll Revenue                  |                               |                  |                               |                              | TOTAL<br>G \$ |
|--------------------------|---------------------------|---------------------------|-------------------------------|------------------|-------------------------------|-------------------------------|-------------------------------|------------------|-------------------------------|------------------------------|---------------|
|                          | Development Works<br>G \$ | Maintenance Works<br>G \$ | Rehab / Develop Works<br>G \$ | Vehicles<br>G \$ | Equipment & Machinery<br>G \$ | Rehab / Develop Works<br>G \$ | Furnitures & Fixtures<br>G \$ | Vehicles<br>G \$ | Equipment & Machinery<br>G \$ | Electronic Equipment<br>G \$ |               |
| <b>Cost or Valuation</b> |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              |               |
| <b>Prior to 2005</b>     | 1,380,134,650             | 304,822,007               | 644,912,900                   |                  |                               | \$ 8,429,290                  | \$ 1,021,368                  | \$ 13,738,815    | \$ 11,815,628                 | \$ 10,035,331                | 2,374,909,989 |
| <b>2005 &amp; after</b>  |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              |               |
| As At 1.1.2010           |                           |                           | 1,340,905,873                 | 4,480,500        | 10,338,480                    | 159,603,745                   | 3,649,224                     | 14,983,500       | 17,150,601                    | 13,352,639                   | 1,564,464,562 |
| Additions                |                           |                           | 350,770,893                   | -                | -                             | 35,301,783                    | 1,936,677                     | -                | 4,390,491                     | 16,081,113                   | 408,480,957   |
| Disposal                 |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              | -             |
| Revaluation              |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              | -             |
| At 31.12.2010            | 1,380,134,650             | -                         | 2,336,589,666                 | 4,480,500        | 10,338,480                    | 203,334,818                   | 6,607,269                     | 28,722,315       | 33,356,720                    | 39,469,083                   | 4,347,855,508 |
| <b>Depreciation</b>      |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              |               |
| <b>Prior to 2005</b>     |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              |               |
| At 31.12.2009            | 1,257,164,334             | 304,822,007               | 611,195,523                   |                  |                               | \$ 8,429,290                  | \$ 1,021,368                  | \$ 13,738,815    | \$ 11,815,628                 | \$ 10,035,331                | 2,218,222,296 |
| Charged in year          | 67,100,844                |                           | 11,015,149                    |                  |                               |                               |                               |                  |                               |                              | 78,115,993    |
| <b>2005 &amp; after</b>  |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              |               |
| At 31.12.2009            |                           |                           | 292,330,656                   | 1,120,125        | 1,550,772                     | 76,200,243                    | 777,874                       | 3,868,875        | 5,963,805                     | 9,112,481                    | 390,924,831   |
| Charged in year          |                           |                           | 289,490,479                   | 1,120,125        | 1,550,772                     | 20,846,477                    | 837,885                       | 3,704,875        | 3,231,164                     | 7,990,728                    | 328,772,505   |
| Disposal                 |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              | -             |
| Revaluation              |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              | -             |
| At 31.12.2010            | 1,324,265,178             | -                         | 1,204,031,807                 | 2,240,250        | 3,101,544                     | 105,476,010                   | 2,637,127                     | 21,312,565       | 21,010,597                    | 27,138,540                   | 3,016,035,625 |
| <b>Net Book Value</b>    |                           |                           |                               |                  |                               |                               |                               |                  |                               |                              |               |
| At 1.1.2010              | 122,970,316               |                           | 1,082,292,594                 | 3,360,375        | 8,787,708                     | 83,403,502                    | 2,871,350                     | 11,114,625       | 11,186,796                    | 4,240,158                    | 1,330,227,424 |
| At 31.12.2010            | 55,869,472                | -                         | 1,132,557,859                 | 2,240,250        | 7,236,936                     | 97,858,808                    | 3,970,142                     | 7,409,750        | 12,346,123                    | 12,330,543                   | 1,331,819,883 |

**Demerara Harbour Bridge Corporation**  
**Notes to the Financial Statement for the year end December 31 2010.**

| <b><u>CURRENT ASSETS</u></b>                                   | <b><u>31/12/2010</u></b><br>G\$ | <b><u>31/12/2009</u></b><br>G\$ |
|--|---------------------------------|---------------------------------|
| <b>4 <u>PREPAYMENT</u></b>                                     |                                 |                                 |
| Prepayment (G.O.G)   | 355,726,355                     | 684,600,072                     |
| Prepayment (Toll Revenue)                                      | 9,284,716                       | 1,674,046                       |
| <b>Total Work-in - Progress</b>                                | <b><u>365,011,071</u></b>       | <b><u>686,274,118</u></b>       |
| <br>   |                                 |                                 |
| <b>5 <u>INVENTORIES</u></b>                                    |                                 |                                 |
| Inventories (G.O.G)  | 900,560,307                     | 259,507,482                     |
| Inventories (Toll Revenue)                                     | 67,224,874                      | 60,672,551                      |
| <b>Total Inventories</b>                                       | <b><u>967,785,181</u></b>       | <b><u>320,180,033</u></b>       |
| <br>   |                                 |                                 |
| <b>6 <u>CASH AND BANK BALANCES</u></b>                         |                                 |                                 |
| RBL Bank A/C (Operations)                                      | 68,338,639                      | 38,716,546                      |
| RBL Bank A/C (G.O.G)   | 36,396,212                      |                                 |
| RBL Bank A/C (Loam Pit)  | 6,426,900                       |                                 |
| Cash at Bank   | 160,000                         | 160,000                         |
| <b>Total Cash and Bank Balances</b>                            | <b><u>111,321,751</u></b>       | <b><u>38,876,546</u></b>        |
| <br>   |                                 |                                 |
| <b><u>EQUITY AND LIABILITIES</u></b>                           |                                 |                                 |
| <br>   |                                 |                                 |
| <b>7 <u>European Union Funding</u></b>                         |                                 |                                 |
| Accumulated Contribution 31-12-2010                            |                                 | 122,970,316                     |
| Adjustment for Fixed Assets acquired<br>prior to 2005 (Note 1) |                                 | (67,100,844)                    |
|  |                                 | <b><u>55,869,472</u></b>        |

## Demerara Harbour Bridge Corporation

### Notes to the Financial Statement for the year ended December 31 2010.

#### Government of Guyana Funding

|           |  |                             |
|-----------|--|-----------------------------|
| <b>8</b>  | Accumulated Subvention 01-01-2010  | 2,302,647,347               |
|           | Subvention 2010  | 700,500,562                 |
|           |  | <u>3,003,147,909</u>        |
|           | Adjustment for Fixed Assets acquired<br>prior to 2005 (Note 1)   | (11,015,149)                |
|           | <b>Balance 31-12-2010</b>  | <u><u>2,992,132,760</u></u> |
| <br>      |  |                             |
| <b>9</b>  | <b>Works Services Group - Min.of.Works</b>   | 28,318,880                  |
|           | Amount being advance Received from M.o.W.  |                             |
| <br>      |  |                             |
| <b>10</b> | <b>Advance</b>   | 6,200,000                   |
|           | Amount being advance Received from Public Works  |                             |
| <br>      |  |                             |
| <b>11</b> | Amount of 5,855,000 restated to reflect the true liability for 2009<br>and adjust Accumulated surplus. |                             |
| <br>      |  |                             |
| <b>12</b> | The corporation paid directors remuneration totaling \$624,000 for the<br>year ended December 31 2010. |                             |
|           | U. Ramanah   | 144,000                     |
|           | S. Hussain   | 120,000                     |
|           | M. Fernandes   | 120,000                     |
|           | T. Baksh   | 120,000                     |
|           | C. Rogers  | 120,000                     |
|           |  | <u>624,000</u>              |

The corporation employed four (4) key management personnel, which received a gross remuneration & benefits amounting to \$19,359,400

## Demerara Harbour Bridge Corporation

### Notes to the Financial Statement for the year ended December 31 2010.

#### Government of Guyana Funding

|           |  |                                    |
|-----------|--|------------------------------------|
| <b>8</b>  | Accumulated Subvention 01-01-2010  | 2,302,647,347                      |
|           | Subvention 2010  | <u>700,500,562</u>                 |
|           |  | <b>3,003,147,909</b>               |
|           | Adjustment for Fixed Assets acquired<br>prior to 2005 (Note 1)   | (11,015,149)                       |
|           | <b>Balance 31-12-2010</b>  | <b><u><u>2,992,132,760</u></u></b> |
| <br>      |  |                                    |
| <b>9</b>  | <b>Works Services Group - Min.of.Works</b>   | 28,318,880                         |
|           | Amount being advance Received from M.o.W.  |                                    |
|           | Amount of 5,855,000 restated to reflect the true liability for 2009<br>and adjust Accumulated surplus. |                                    |
| <br>      |  |                                    |
| <b>10</b> | <b>Advance</b>   | 6,200,000                          |
|           | Amount being advance Received from Public Works  |                                    |
| <br>      |  |                                    |
| <b>11</b> | The creditors balance for the year ended.  | 6,163,631                          |
| <br>      |  |                                    |
| <b>12</b> | The corporation paid directors remuneration totaling \$624,000 for the<br>year ended December 31 2010. |                                    |
|           | U. Ramanah   | 144,000                            |
|           | S. Hussain   | 120,000                            |
|           | M. Fernandes   | 120,000                            |
|           | T. Baksh   | 120,000                            |
|           | C. Rogers  | 120,000                            |
|           |  | <u><u>624,000</u></u>              |

The corporation employed four (4) key management personnel, which received a gross remuneration & benefits amounting to \$19,359,400.





## *Audit Office of Guyana*

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana  
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>*

124/PC: 70/2/2013

27 September 2013

Mr. Rawlston Adams  
General Manager  
Demerara Harbour Bridge  
Peter's Hall,  
East Bank Demerara  
Guyana

Dear Mr. Adams,

**AUDIT OF THE BOOKS AND ACCOUNTS OF THE  
DEMERARA HARBOUR BRIDGE CORPORATION  
FOR THE YEAR ENDED 31 DECEMBER 2010**

Following the audit of the financial statements of the Demerara Harbour Bridge Corporation (DHBC) for the year ended 31 December 2010, the findings hereunder were discussed with the accounting personnel within your organization and are now referred to you for appropriate action.

2. Our audit was conducted in accordance with Generally Accepted Auditing Standards, including those of the International Organisation of Supreme Audit Institutions (INTOSAI) and the International Standards on Auditing, issued by the International Federation of Accountants (IFAC). These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

3. The main purpose of the audit was to express an opinion on the financial statements and evaluate the operations of DHBC to ascertain whether:

- (i) The financial statements have been properly prepared, in accordance with applicable laws, and properly present the operations and affairs of the DHBC;
- (ii) The accounts have been faithfully and properly kept;
- (iii) The rules, procedures and internal management controls are sufficient to secure effective control on the assessment, collection, and proper allocation of revenue;

- (iv) All monies expended and charged to the account were applied to the purpose or purposes for which they were intended; and
- (v) Essential records are maintained, and the internal management controls and rules and procedures established and applied are sufficient to safeguard the control of stores and other property.

### Findings and Recommendations

#### A. Statement of Comprehensive Income

#### Revenue \$434,035,017

4. Examination of the general ledger, receipts and other related records pertaining to revenue revealed the following:

(i) Reports were not generated for “drawers not in use” as was reported on during our 2009 audit. As a result, it could not be determined if all revenue collected were properly accounted for;

(ii) In relation to the preparation of manual receipts, it was observed that there was lack of segregation of duties, since receipts were prepared and approved by the same officer, for the period reviewed. As a result, there was no effective control over the issuance of manual receipts;

(iii) From the sample taken, there were a total of 390 void tickets totaling \$84,510. However, it could not be determined whether they were genuinely voided, since the reason(s) for these voids could not be ascertained. As a result it could not be determined whether the amount said to have been collected were actually collected; and

(iv) As required by the Stores Regulation of 1993, the DHBC did not seek the approval of the Ministry of Finance for the sale of unserviceable deck plates totaling \$3,531,400 which is reflected as other revenue in the financial statements. As a result, there has been a breach of established procedures.

#### Recommendation:

The Audit Office recommends that the management of the Corporation: (a) implement proper segregation of duties; (b) institute supervisory control measures over the issuance of manual receipts and void tickets and; (c) ensure measures are put in place for strict compliance with the requirements of the Stores Regulation of 1993 as it relates to the accounting for items of Stores.

#### Management's Response:

(i) After the 2009 audit was finalized, these reports are being generated.

(ii) This has ceased with effect from October, 2010 after the 2008 Audit was finalized.

- (iii) After the 2009 audit was finalized, the Shift Supervisor was tasked with verifying the voided tickets, stating the reason at the back of the tickets and signing on same.
- (v) From since the inception of the DHB- MMU Project (1995), a disposal committee system procedure was established and used for the sale of disposable materials and this system continued with the Corporatization of the bridge in 2003 to present. This System Procedures was audited from 1995 up to 2009 and there was never any reference to another procedure/regulation. (Please refer to ML 2009 whereby it was stated that this established procedures was breached).

After being fully aware of the above for the 2010 ML to now refer to another "procedure" and to alleged that this "procedure" was being breached is not only unreasonable but not being realistic.

5. It was previously explained by the General Manager and the Finance Manager that there was a disposal committee, but further audit checks revealed that there are no such provision in the DHBC procedures manuals as it relates to disposal of unserviceable materials, as such the stores regulation of 1993 takes precedent. In addition, our ML 2009 stated "the approval of the disposal committee was not obtained for the sale as required by the established procedures" which placed emphasis on the established procedures.

Operating Expenditure \$674,613,920

6. An examination of Operating Expenditure revealed the following:

(i) With regards to Salaries and Administrative Costs, an examination of personal files revealed that all of the twelve new employees employed during the period under review did not have all the relevant information in their files. These information included applications, certificates, police clearances, references and contracts of employment as required;

(ii) From the sample taken, audit examination revealed that among final benefits calculated, vacation allowances totaling \$50,780 were not paid to two officers; and

(iii) In relation to contractual works, six contracts under Goods & Services totaling \$32,597,250 were awarded by the Ministerial Tender Board of the Ministry of Public Works instead of being awarded by the National Procurement & Tender Administration Board (NPTAB). Also, there was an apparent sub division of two contracts totaling \$15,411,500 which were awarded by the Ministerial Tender Board instead of NPTAB.

Recommendation:

The Audit Office recommends that the management of the Corporation: (a) take steps to ensure that all the necessary documentations including proof of qualification, meeting the job specifications are obtained before persons are employed; (b) all benefits are properly calculated and paid accordingly; and (c) ensure measures are put in place for strict compliance with the

requirements of the Procurement Act of 2003.

Management's Response:

- (i) This will be investigated and system put in place to avoid re-occurrence.
- (ii) The existing system for the payment of vacation allowance did not allow for partial payment on time apportioned period.  
However, this will be now be rectified and all affected employees will be paid.
- (iii) Based on the Limits of the Ministerial Tender Board of the Ministry of Public Works, request for approval for these contracts were forwarded to the Learned Board for their adjudication and awards were subsequently issued.

B. Statement of Financial Position

Fixed Assets \$1,331,819,883

7. An examination of Fixed Assets and the related documents the following were observed:

- (i) With regards to additions, a detailed breakdown of the components of the Closed Circuit Television System and one Server System valued at \$6,781,784 and \$5,419,998 respectively were not included in the Fixed Asset Register. Also, included in this amount is the sum of \$390,000 which represented the value of a laptop, which was paid for with the provisional sum, audit checks revealed there was no evidence that this purchase was part of the original contract and this purchase was not approved by the Ministerial Tender Board; and
- (ii) Vehicle registration numbers were not listed in the Fixed Asset Register; hence, of a total of sixteen vehicles owned and controlled by the Corporation, only two were traced to the Fixed Asset Register. As a result the accuracy, validity and completeness for the value of vehicles totalling \$7.410M shown as Non-Current Assets in the financial statement could not be determined.

Recommendation

The Audit Office recommends that the Corporation takes immediate steps to ensure strict accountability for all assets acquired.

Management's Response:

- (i) The Fixed Assets Register will be updated to include full details of the CCTV and Server components (inclusive of the laptop) which were inadvertently not listed.

- (ii) The Fixed Assets Register will be updated to reflect all Vehicle registration numbers.

• Current Assets \$1,456,891,070

• (a) Inventories \$967,785,181

8. An examination of the stores record and other related documents revealed the following:

(i) As reported on previously, three, five, and ten feet deck plates valued at \$699,149,805 were not included in the yearend inventory count because they were not stored in order of sizes but were stored together. It was also observed that new plates were deteriorating due to the fact that these plates are exposed to the weather elements. In the circumstance, the completeness, accuracy and validity of the deck plates as at 31 December 2010 could not be ascertained;

(ii) As required by the Stores Regulations, certified year end stock sheets with valuation were not presented for audit examination. As a result, the accuracy of the amount of \$967,785,181 shown as Inventories in the financial statements could not be determined;

(iii) The audited balance for the Inventories as at 31 December 2009 is stated as \$320,180,033. However, the opening balance as at 1 January 2010 reflected in the general ledger was \$261,197,238 resulting in the opening balance being understated by \$58,982,795. In addition, for the period reviewed, Inventories were overstated by \$4,163,541 resulting in an overall net difference of \$54,819,254 being understated in the closing balance as at 31 December 2010. As a result, the completeness, accuracy and validity of the amount shown as Inventories could not be determined; and

(iv) As required by the Stores Regulation 1993:

- An immediate use register was not maintained during the period January to September 2010, for items purchased and shown to be for such purposes. It could not be ascertained whether these items were actually received and put into immediate use;
- It was observed that items were stored in a haphazard manner making it very difficult, time consuming and in some instances impossible to physically verify the existence of some items. In addition, several items which were deemed to be slow moving items were found stored together with the serviceable items;
- A record of unserviceable items including deck plates was not kept and maintained during the period under review. As such, we were unable to determine the quantity and value of these items; and
- Reconciliation of stores records and other related documents for the period 1 January

2008 to 15 January 2013 revealed a total shortage of four hundred and ten deck plates totalling \$82,392,363. As a result, the completeness, accuracy and validity of the amount shown as inventories could not be determined.

Recommendation

The Audit Office recommends that the management of the Corporation: (a) immediately investigate the discrepancies; and (b) ensure measures are put in place for strict compliance with the requirements of the Stores Regulation of 1993 as it relates to the accounting for items of stores.

Management's Response:

- (i) As stated in our response to ML 2009, all deck plates were packed in August 2011 whereby they can be counted thereafter.

Some of the new deck plates are stored in a Bond whilst the remaining balance of stock could not be placed in such facility since there is no other. However, efforts will be made to have a protective covering placed over them.

- (ii) Whilst this was not requested, please see certified year end stock sheets with Valuation which were certified by the General Manager and Finance/Admin Manager.

- (iii) The opening balances were inadvertently not updated in the General Ledger to reflect the previous year audited balances. However, from 2011 onwards, this will be updated and reflected according.

- (iv) Responses are as follows:

- This Register was implemented in October, 2010 after the 2008 audit was finalised.
- Except for the deck plates (packed in August, 2011), all other stocks are properly stored and can be physically verified.
- Noted.
- The ML 2010 reported a shortage of 410 deck plates valuing \$82M after reconciliation was done for the period 1 January, 2008 to 15 January, 2013. However, the differences as at 31 December, 2010 were not stated.

The DHBC had acknowledged that there were differences due to System Procedures errors which occurred during the critical installation period for the replacement of deck plates (please see enclosed DHBC Report which was submitted to the Audit Office in 2011, after the 2009 Audit).

In order to rectify the differences in stock balances and records, the DHBC will

be bringing this matter to its Board of Directors attention.

In this regard, we had requested that a present day stock count/reconciliation be done for the deck plates in the presence of and agreement with the Audit Office staff, which will be presented to the Board. The agreement to differences will prevent future disagreement when the matter is being dealt with.

(b) Cash and Bank Balances \$111,321,751

9. An examination of the Cash and Bank balances and other related documents revealed that a Bank Account No. 670-170-0 was opened in December 2010 for the operations of a Loam Pit, however, the authority to open this account was not presented for audit verification. As a result the validity of the amount shown as cash and bank could not be determined.

Recommendation

The Audit Office recommends that the management of the Corporation: (a) implement measures to have all Bank accounts properly reconcile; and (b) make all documentation available for audit scrutiny, as it relates to the new bank account.

Management's Response:

A decision was made by the Management Committee of the Ministry of Public Works for the DHBC to be responsible for the operations of the Loam Pit and a sum was advanced for this purpose.

(c) Prepayments \$365,011,071

Audit Examination of the schedule of debtors revealed that three payments totalling \$25,603,392 for the supply of goods and services, which were paid for in the year 2008 remained outstanding at the time of reporting. In addition, no security bonds were in place. As a result, the completeness, accuracy and validity of the amount shown as debtors could not be ascertained.

Management's Response:

- (i) Please see enclosed a copy of Bond dated 17 May, 2013 from Courtney Benn Contracting Services Ltd for the sum of \$15,998,784 for the rehabilitation of 4 XL pontoons.
- (ii) Please see enclosed a copy of correspondence dated 29 May, 2013 from Courtney Benn Contracting Services Ltd with regards to the non- supply of one Winch (\$400,000) with their offer of repayment and DHBC acceptance reply Dated 30 May, 2013.

- (iii) With regards to MARAD (\$17,204,000), the DHBC is having consultations with this entity in order to bring a closure to this transaction.

#### Recommendation

The Audit Office recommends that the Corporation vigorously follow-up this matter with the supplier to have the items delivered immediately or recover in full the sum expended.

10. In relation to the Management's response at (a)(ii) verbal request was made and discussions at length were held with the Finance Officer and Finance Manager, however the attached submission, represents a system generated stores ledger and not the certified year end stock sheets which were signed by the Audit Office representative and the staff of the DHBC. In addition, the amount stated in the attached copy amounted to \$991,285,390 as against \$967,785,181 which was stated in the Financial Statements, resulting in a difference of \$23,500,209.

11. As it relates to the Management's response at (iv) as previously reported, deck plates were not counted as at 31st December 2010, however reconciliation was done at as at 15<sup>th</sup> January 2013 so as to get an up to date balance.

#### C. Other Matters

12. An examination of the cash book revealed the following:

(i) The cash book was not maintained in a manner so as to easily identify entries made in accordance with the various categories of receipts and operating expenditures. As a result, it was tedious and time consuming to verify amounts transferred to the general ledger; and

(ii) Adjusted entries via journals were not entered into the general ledger resulting in difficulties in verifying amounts recorded in the general ledger with the amounts stated in financial statement. It was therefore tedious and time consuming to verify amounts stated in the financial statements.

#### Recommendation

The Audit Office recommends that the Corporation take immediate steps to have this situation corrected.

#### Management's Response:

- (i) The comments have being noted and effort will be made to rectify this.
- (ii) The comments have being noted and effort will be made to rectify this.

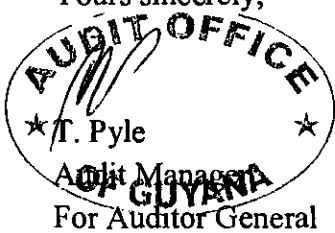


D. General

13. The Audit Office wishes to express its gratitude for the cooperation given to its officers during the course of the audit. In keeping with the Audit Office's policy, a reply is expected within thirty (30) days of the receipt of this management letter.

With best regards,

Yours sincerely,



A circular stamp with the text "AUDIT OFFICE" at the top and "OF GUYANA" at the bottom. Inside the circle, there is a handwritten signature and the name "T. Pyle" flanked by two stars. Below the stamp, the text "Audit Manager" and "For Auditor General" is printed.