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Nine years late:

Caribbean Airlines' latest audit shows massive losses

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CARIBBEAN Airlines has finally submitted its audited financial statements for the year ended December 31, 2016, nearly nine years after the financial period closed.

The independent audit by KPMG Chartered Accountants, completed in April 2025, resulted in a qualified opinion after the auditors were unable to fully verify the accuracy of several key financial items reported by the airline for that year, in part due to the prolonged duration of the audit.

The auditors stated that, with both opening and closing balances unverifiable, they could not determine what adjustments might be needed to accurately reflect the airline's financial position for that period.

For the year ended December 31, 2016, Caribbean Airlines reported an accumulated deficit of $2.175 billion, following a total comprehensive loss of $695.4 million for the period.

That loss represented a 543% increase from the total comprehensive loss of $108.1 million recorded for the year ended December 31, 2015.

The State-owned carrier still has eight sets of audited financial statements outstanding, covering the years 2017 to 2024.

Finance Minister Davendranath Tancoo laid Caribbean Airlines' Consolidated Audited Financial Statements for the financial year ended December 31, 2016 during Monday's sitting of the House of Representatives, before delivering the national budget.

Reasons for qualified opinion

According to the audit by KPMG, Caribbean Airlines listed$137millionininventory, but the auditors said they could not confirm whether this figure was accurate due to missing documentation and incomplete records.

'Due to the length of time the audit has been ongoing, sufficient and appropriate audit evidence to support the accuracy of the carrying amounts is not available. We were also not provided with a subledger that has been valued appropriately as at December 31, 2016,'it stated.

'As a result, we were unable to satisfy ourselves by alternative means the carrying amount of the inventory recorded at December 31, 2016. In addition to these reasons, we were not provided with an inventory subledger that was complete, and we were unable to satisfy ourselves by alternative means the carrying amount of the inventory presented at December 31, 2015, and January 1, 2015,'KPMG stated.

KPMG said its audit opinion on the consolidated financial statements for the period ended December 31, 2015, dated February 3, 2020, was modified accordingly. 'Since opening and closing inventories impact the determination of the financial performance and cash flows, we were unable to determine whether any adjustments might have been necessary to the amounts shown in the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income as at and for the year ended December 31, 2016,'it stated.

KPMG also reported that the airline recorded $24 million in vacation leave owed to employees, but said they were unable to obtain sufficient evidence to confirm the validity of that liability.

'Consequently, we are unable to determine whether any adjustments to the vacation accrual is necessary. Management did not record an accrual for vacation leave for the year ended December 31, 2015. Our audit opinion on the consolidated financial statements for the period ended December 31, 2015, dated February 3, 2020, was modified accordingly," KPMG stated.

'Since opening and closing accruals for vacation leave impacted the determination of the financial performance and cash flows, we were unable to determine whether any adjustments might have been necessary to the amounts shown in the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income as at and for the year ended December 31, 2016,'it stated.

KPMG also noted that lease arrangements for land and ground facilities may not have been fully disclosed, citing gapsintheairline'scompliance with international accounting disclosure standards.

'We were unable to obtain sufficient and appropriate audit evidence to determine the completeness and accuracy of required IAS 17 Leases disclosures relating to ground facilities, including land. We conducted our audit in accordance with International Standards on Auditing (ISAs),'it stated.

'Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants' including International Independence Standards (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Trinidad and Tobago, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code,' KPMG stated.

KPMG stated it believes that the audit evidence it obtained was "sufficient and appropriate'to provide a basis for its qualified opinion.

Tancoo defends board

Since being elected, Prime Minister Kamla Persad-Bissessar has taken CAL to task for their financials.

Persad-Bissessar described CaribbeanAirlinesas'acorrupt mess" with no profitable routes and years of unaudited financial statements.

She said Caribbean Airlines' financial department comprised 86 people, yet the company has spent over $60 million hiring Ernst & Young and PricewaterhouseCoopers to conduct audits.

'I am giving the management of CAL two years to sort it out; otherwise, everyone there will be looking for a new job,'she said, stressing that taxpayers would no longer bankroll underperforming State enterprises.

Caribbean Airlines' management documents for the audit were signed by Garvin Medera as chief executive officer and Varuna Kuarsngh as chief financial officer on April 3.

BothMederaandKuarsingh have in recent weeks resigned from the Caribbean Airlines' management team, along with chief commercial officer Martin Aeberli, and corporate secretary Nalini Lalla.

Since the United National Congress' (UNC) general election victory on April 28, there have been major shifts in both Caribbean Airlines'board and leadership team.

Reyna Kowlessar was appointed chairman of a restructured board on June 24, replacing Shameer 'Ronnie' Mohammed, who resigned after the general election.

Mohammed had been on the board since November 2016.

The other members of the Caribbean Airlines board are vice-chairman Videsh Praim, Sharlene Maharaj, Prof Selwyn Cudjoe, Amit Krishan Mahabir, Larren Peart, Alicia Edwards and Adam Moss, according to the airline's website.

Tancoo defended the board during the national budget presentation, saying it has been making 'hard decisions" to fix the national airline, which had become a 'national liability'after years of mismanagement.

Tancoo said former finance minister Colm Imbert not only ignored the fiscal mismanagement at the airline, but actively fuelled it.

'Shockingly, even in the absence of these audited accounts, the former Minister of Finance repeatedly approved financing for CAL in 2017, 2018, 2019 and as recently as March 2025 to cover operational shortfalls,' Tancoo said.

'The former Minister of Finance closed his eyes as CAL descended into inefficiency, non-compliance and fiscal indiscipline, leaving behind not a national airline but a national liability. Worse yet, he actively fueled this reckless behaviour by repeatedly approving billions in financing without demanding accountability,'Tancoo said.

He said Imbert facilitated mismanagement, normalised waste and corruption, and abandoned his responsibility of fiduciary oversight. 'This is nothing short of criminal negligence. But we are now fixing it. We have now installed a strong board of directors who are making the hard decisions required to fix our national airline,'he said.

Audit of departments ongoing

On Monday, Caribbean Airlines stated that chief operating officer Nirmala Ramai has been appointed actingCEO,followingMedera's resignation.

Caribbean Airlines said it would be doing 'full and thorough audits' of all of its departments and processes to strengthen 'governance, safety, and accountability.'

It said that under the guidance of its board, Ramai would work closely with the senior leadership team to support the airline through the transition.

The airline stated that it would continue to operate its full schedule, with no disruption to customers or partners.

As part of this transition, it said its board and senior leadership team would focus on the following five key initiatives:

- supporting employees and stakeholders with open communication and care
- reviewing operations to increase efficiency and modernisation
- enhancing the customer experience with improved services
- developing a long-term, financially responsible and sustainable growth plan
- doing full, thorough audits of all departments and processes, to strengthen governance, safety, and accountability.

Caribbean Airlines also reaffirmed its commitment to developing and promoting talent from within the organisation before seeking externalcandidates,toprovide employees with opportunities for career advancement.

'Caribbean Airlines will continue to serve the region with pride, reliability and a steadfast commitment to safety. The board of directors remains committed to open and timely communication with employees, customers and stakeholders as this leadership transition and strategic plan are implemented,'it stated.