

AUDITED FINANCIAL STATEMENTS
OF THE MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY

FOR THE YEAR ENDED
31 DECEMBER 2003

AUDITORS: AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA



Office of the Auditor General

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112/SL:17/2

16 June 2005

The Chairman,
Mahaica Mahaicony Abary
Agricultural Development Authority,
Onverwagt,
West Coast Berbice.

Dear Chairman,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE MAHAICA MAHAICONY
ABARY AGRICULTURAL DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED 31 DECEMBER 2003

I am pleased to forward a copy of the audited Financial Statements, together with the Report of the Auditor General and the Management Letter.

Should any clarification be needed, please do not hesitate to let us know.

With kind regards,

Yours sincerely,


THOMAS A. NESTOR
DEPUTY AUDITOR GENERAL (ag)
for AUDITOR GENERAL



Office of the Auditor General

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
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AG:42/2005

16 June 2005

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE MAHAICA-MAHAICONY-ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

I have audited the attached financial statements of the Mahaica-Mahaicony-Abary Agricultural Development Authority for the year ended 31 December 2003, as set out on pages 4 to 17 in accordance with the MMA-ADA Act No. 27 of 1977. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies as set out on page 7.

Respective Responsibilities of Management and Auditors

The preparation of the financial statements, including assertions relating to their completeness, accuracy and validity, and compliance with applicable laws, regulations and contractual obligations, is the responsibility of Management. My responsibility is to express an independent opinion on the statements, based on these assertions, and to report my opinion thereon.

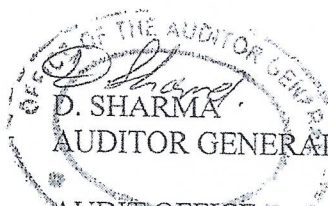
Basis of Opinion

I conducted my audit in accordance with generally accepted auditing standards, including those of INTOSAI. Those standards and guidelines require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Qualified Opinion arising out of Limitation in Scope

The amount of \$18.434 M shown as Stock count in the Balance Sheet could not be verified as against physical count since a stock take was not done. Management explained that due to the intensive loss suffered by the Authority by a fire in 2001 they could not afford to carryout an accurate stock take for the period. Similarly, the amount of \$22.640 M and \$16.510 M shown as Debtors and Creditors, amounts falling due within a year respectively, could not be verified because of the destruction of the subsidiary ledgers and relevant schedules in support of the above amounts.

Except for any adjustments which might have been shown to be necessary as a result of the matters referred to in the preceding paragraph, in my opinion, the financial statements present fairly, in all material respects, the financial position of the Mahaica-Mahaicony-Abary Agricultural Development Authority as at 31 December 2003, and its deficit and cash flows for the year then ended in conformity with generally accepted accounting principles.


D. SHARMA
AUDITOR GENERAL (ag.)
AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

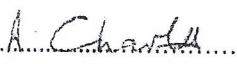
MAHAICA MAHAICONY ABARY
 AGRICULTURAL DEVELOPMENT AUTHORITY
 STATEMENT OF INCOME AND EXPENDITURE
 AS AT DECEMBER 31, 2003


OPERATING REVENUE	NOTES	2003	2002
Drainage and Irrigation Charges		\$ 46,523,309	\$ 43,610,576
Land Rent		\$ 3,024,209	\$ 3,056,952
Equipment Hire		\$ 33,500	
Rental of Premises		\$ 16,027,828	\$ 3,721,000
		<hr/>	<hr/>
		\$ 65,608,846	\$ 50,388,528
Government of Guyana Subvention	2 (a)	\$ 50,826,000	\$ 31,654,000
Other Releases - Salary increases 4% & 5%	(b)	\$ 4,713,245	\$ 3,243,865
Other Government of Guyana Releases			\$ 1,950,000
Special D&I Works - Sea Defences			\$ 25,000,000
Payment from Ministry of Public Works & Comm.	(c)	\$ 5,000,000	\$ 60,539,245
		<hr/>	<hr/>
		\$ 126,148,091	\$ 112,236,393
<hr/>			
OPERATING EXPENDITURE			
Employment Costs:	3		
Salaries		\$ 36,371,328	\$ 26,809,239
Termination/Pension/V Allowance etc.		\$ 27,335,634	\$ 21,190,755
		<hr/>	<hr/>
Casual/Contract Labour		\$ 13,098,669	
Fuel, Lubricant & Power		\$ 6,623,040	\$ 13,599,978
Repairs & Maintenance	4	\$ 22,727,698	\$ 45,911,585
Depreciation	5	\$ 36,474,213	\$ 30,049,839
Expendables		\$ 1,126,151	\$ 410,446
		<hr/>	<hr/>
		\$ 143,756,733	\$ 137,971,842
Operating Surplus/ (Deficit)		\$ (17,608,642)	\$ (25,735,449)
Administrative Expenses	6	\$ 6,439,804	\$ (7,871,429)
		<hr/>	<hr/>
		\$ (24,048,446)	\$ (33,606,878)
Other Income	7	\$ 4,933,036	\$ 5,001,769
		<hr/>	<hr/>
Surplus/ (Deficit)on Ordinary Activities		\$ (19,115,410)	\$ (28,605,109)
<hr/>			
EXTRA ORDINARY ITEMS			
Gain/Loss in Foreign Exchange	8		\$ 32,051
		\$ -	
		<hr/>	<hr/>
Net Surplus/(Deficit)		\$ (19,115,410)	\$ (28,573,058)
		<hr/>	<hr/>


MAHAICA MAHAICONY ABARY
 AGRICULTURAL DEVELOPMENT AUTHORITY
 BALANCE SHEET
 AS AT DECEMBER 31, 2003

FIXED ASSETS	NOTES	2003 G\$	2002 G\$
Tangible Assets	9	\$509,597,226	\$479,571,439
Permanent Infrastructure	9	\$167,314,619	\$167,314,619
		<u>\$676,911,845</u>	<u>\$646,886,058</u>
CURRENT ASSETS			
Stocks	10	\$18,434,473	\$12,259,363
Debtors & Prepayments	11	\$22,640,251	\$21,969,988
Investments		\$1,143,689	\$1,086,640
Cash at Bank /in hand	12	\$31,558,922	\$19,883,733
		<u>\$73,777,335</u>	<u>\$55,199,724</u>
CREDITORS FALLING DUE WITHIN ONE YEAR	13	(\$16,510,467)	(\$15,352,064)
Net Current Assets		\$57,266,868	\$39,847,660
		<u>\$734,178,713</u>	<u>\$686,733,718</u>
FINANCED BY			
Government of Guyana	14	\$1,358,492,158	\$1,291,992,158
Accumulated Deficit	15	\$ (624,313,445)	(\$605,258,440)
		<u>\$734,178,713</u>	<u>\$686,733,718</u>

The notes on pages 5 to 12 form
 an integral part of these accounts


 A. CHARLES
 GENERAL MANAGER (AG)


 B. PETERKIN
 SECRETARY (AG)


 R. GAJRAJ
 CHAIRMAN OF THE BOARD

MAHAICA MAHAICONY ABARY
 AGRICULTURAL DEVELOPMENT AUTHORITY
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2003

	2003 G\$	2002 G\$
NET INFLOW FROM OPERATING ACTIVITIES		
Net Surplus/(Deficit)	\$ (19,115,410)	(\$28,573,058)
Depreciation	\$36,474,213	\$30,049,839
Interest Received	\$57,049	
Adjustment from prior year	\$3,356	
	<hr/>	<hr/>
	\$ 17,419,208	\$1,476,781
(Increase)/Decrease in Stock	(\$6,175,110)	(\$3,196,427)
(Increase)/Decrease in Debtors	(\$670,263)	(\$2,501,962)
Increase/(Decrease) in Creditors	\$1,158,403	\$0
Profit on sale of Assets		\$0
	<hr/>	<hr/>
	(\$5,686,970)	(\$5,698,389)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<hr/>	<hr/>
	\$11,732,238	(\$4,221,608)
INVESTING ACTIVITIES		
Increase in Pension Investments	(\$57,049)	(\$186,640)
Increase in Fixed Assets	(\$66,500,000)	(\$51,000,000)
Sale of Fixed Assets		\$0
	<hr/>	<hr/>
	(\$66,557,049)	(\$51,186,640)
FINANCING		
Government Contribution	\$66,500,000	\$51,000,000
	<hr/>	<hr/>
	\$11,675,189	(\$4,408,248)
	<hr/>	<hr/>
INCREASE/(DECREASE) IN CASH & EQUIVALENTS		
BALANCE AT 01:01:2003	\$19,883,733	\$24,291,981
NET CASH INFLOW	\$11,675,189	(\$4,408,248)
	<hr/>	<hr/>
BALANCE AT 31:12:2003	\$31,558,922	\$19,883,733
	<hr/>	<hr/>

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2003

1. PRINCIPAL ACCOUNTING POLICIES

a) ACCOUNTING CONVENTION

These accounts have been prepared under the historical cost convention.

b) DRAINAGE AND IRRIGATION CHARGES AND LAND RENT

Revenue from Drainage and Irrigation Services, and Land Rent are recognised on a cash basis.

Chargeable acreages:

1.	Abary/Berbice	81,727.26
2.	Mahaicony/Abary:	
	MARDS	7,537.82
	South Park Abary/North Hyde Park	5,208.97
	South Jugdeo Canal to Gordon Table	7,651.26

		102,125.31
		=====

Charges appropriate for each year depending on area.

c) DEPRECIATION

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of last year, are based upon the following periods:

	<u>YEAR</u>
Drainage and Irrigation Infrastructural works	40
Buildings	20
Plant, Machinery and Equipment	5
Vehicles	5
Water Transport	5

Depreciation is not charged for the year of acquisition.

d) STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out (FIFO) basis.

e) FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies have been translated into their Guyana dollar equivalents based on the rates of exchange ruling at the end of the financial year.

f) DISCLOSURE OF LOAN LIABILITIES: 536/SF-GY 1978 AND 465/OC-GY 1986

(i) *A decision has been taken by the Secretary to the Treasury to treat the above referenced Loans from the IDB to the Government of Guyana as the Government of Guyana Capital Contribution to MMA-ADA.*

(ii) *The ten (10) year period for reporting and representing the Authority's annual financial statement to the IDB ended on 31.12.2000.*

2. (a) GOVERNMENT OF GUYANA SUBVENTION:- \$50,826,000

This amount consists of funds disbursed by the Government of Guyana for the provision of State Services on its behalf. (Lands Administration,

Surveys/Environmental Monitoring & Control and payment of Pensions/Superannuation Benefits).

(b) OTHER GOVERNMENT OF GUYANA RELEASES: - \$4,713,245

This amount represents funds from Government (Ministry of Finance) for 2003 increase of 5 % on salary and pension for employees.

(c) OTHER GOVERNMENT OF GUYANA PAYMENT: - \$5,000,000

This amount represents payment from the Ministry of Public Works for Sea Defence works executed on their behalf.

3. EMPLOYMENT COSTS: \$63,706,962

The emoluments for the year amounted to \$63,706,962.

PAYROLL COSTS COMPRISE:

<i>Salaries</i>	<i>36,371,328</i>
<i>Pensions/Termination</i>	<i>25,399,771</i>
<i>Vacation Allowance</i>	<i>1,935,863</i>
	<i>-----</i>
	<i>63,706,962</i>
	<i>=====</i>

AVERAGE NUMBER OF EMPLOYEES

<i>Administrative</i>	<i>4</i>
<i>Senior Technical</i>	<i>2</i>
<i>Other Technical and craft skilled</i>	<i>5</i>
<i>Clerical and Office Support</i>	<i>1</i>
<i>Semi-skilled and Unskilled</i>	<i>20</i>
<i>Contract Employees</i>	<i>37</i>
	<i>-----</i>
	<i>69</i>
	<i>=====</i>

7. OTHER INCOME:- \$4,933,036

The above mentioned amount for other income is made up as follows:-

Surveying and Filing Fees	312,500
Paddy Processing	1,988,235
Other	2,632,301
	<hr/>
	4,933,036
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8. GAIN/LOSS IN FOREIGN EXCHANGE

There was no gain/loss in foreign exchange for year 2003.

9. FIXED ASSET:- \$676,911,845.

The schedule of Fixed Assets and Permanent Infrastructure is as follows:

CLASSIFICATION	PERMANENT INFRASTRUCTURE	D&I WORKS	BUILDINGS	PLANT, MACH & EQUIPMENT	VEHICLES	WATER TRANSPORT	TOTAL
COST AS AT 01.01.03	167,314,619	536,255,732	102,958,984	99,777,327	17,130,288	3,645,415	927,082,365
ADDITIONAL		55,785,340	3,204,913	3,753,747	3,756,000		66,500,000
COST AS AT 31.12.03	167,314,619	592,041,072	106,163,897	103,531,074	20,886,288	3,645,415	993,582,365
ACCUMULATED DEPRECIATION AS AT 01.01.03		186,034,892	35,520,539	45,464,866	11,053,969	2,122,041	280,196,307
CHARGES FOR THE YEAR		13,406,491	4,636,113	15,562,152	2,443,363	426,094	36,474,213
ACCUMULATED DEPRECIATION AS AT 31.12.03		199,441,383	40,156,652	61,027,018	13,497,332	2,548,135	316,670,520
NET BOOK VALUE AS AT 31.12.03	167,314,619	392,599,689	66,007,245	42,504,056	7,388,956	1,097,280	676,911,845

NOTE: **Permanent Infrastructure: \$167,314,619**

The stated amount represents Capital Expenditure incurred under Loans 536/SF-GY, 465/OC-GY and the Agreement for Non-reimbursement Technical Cooperation ATN/SF-2371-GY. A significant component related to the Seed Plant, which was handed to GRDB and returned in 2001 to MMA/ADA. With the ending of both the Loans and the Agreement, the intention was to reclassify the amount and appropriate it to the Fixed Assets schedule. However, the fire took away all our records and we have since maintained this unchanged amount as value for Permanent Infrastructure in the accounts. We propose to finalise this issue in the 2004 Accounts.

10. **STOCKS:- \$18,434,473**

The above amount comprises of the following:

Obsolete Stock (i.e. amount from prior years)	11,053,207
Active Stock	7,381,266
	<hr/>
	18,434,473
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11. **DEBTORS AND PREPAYMENT:- \$22,640,251**

The following is an analysis of debtors and prepayments:-

General Debtors	12,558,841
Hire Debtors	6,909,185
Less provision for bad debts	(4,549,331)
	<hr/>
	14,918,695
Staff Debtors	1,375,099
Deposits	68,227
Prepayments	199,974
Cash Advances	880,652
Local Debtors	4,324,800
Payroll Debtors	710,824
Foreign Debtors	161,980
	<hr/>
	22,640,251
	<hr/>

12. CASH AT BANK AND IN HAND:- \$31,558,922

The breakdown of cash at bank and in hand is shown below:

NBIC Rosignol Account (Current & Saving)	21,904,971
GNCB External Account	140,176
NBIC Current Account Property	9,513,775

	<u>31,558,922</u>

13. CREDITOR AMOUNT FALLING DUE WITHIN ONE YEAR:- \$16,510,467

The above amount comprises of the following:

Amount for prior years	15,352,064
Payroll Creditors	1,158,403

	<u>16,510,467</u>

14. GOVERNMENT OF GUYANA CONTRIBUTION :-\$1,358,492,158

The above amount is made up as shown below:-

a)	Local contributions by GOG	G\$
b)	Grants to GOG by IDB	838,878,813
c)	Loans to GOG by IDB	18,801,117

	US\$	G\$
Loan 536/SF-GY	49,475,822	150,356,543
Loan 465/OC-GY	40,699,523	350,455,685
	-----	-----
	90,175,345	500,812,228

500,812,228

1,358,492,158
=====

15. ACCUMULATED SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE:- (\$624,313,445)

Balance as at January 01, 2003	(\$605,198,035)
Add Deficit for the year 2003	(\$19,115,410)

Cumulative Deficit as at 31:12:2003	(\$624,313,445)
	=====