

**AUDITED FINANCIAL STATEMENTS OF  
THE MAHAICA/MAHAICONY ABARY AGRICULTURAL  
DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED  
31 DECEMBER 2004**

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



## *Audit Office of Guyana*

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana  
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14/SL:17/2/2007

21 February 2007

Mr. R. Gajraj  
Chairman  
Mahaica Mahaicony Abary  
Agricultural Development Authority  
Onverwagt  
West Coast Berbice.

Dear Mr. Gajraj,

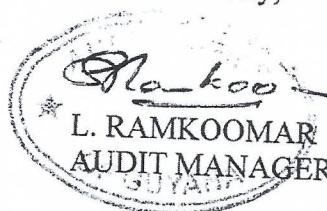
RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE MAHAICA  
MAHAICONY ABARY AGRICULTURAL DEVELOPMENT AUTHORITY FOR  
THE YEAR ENDED 31 DECEMBER 2004.

We wish to inform you that we have completed the audit of the above- mentioned Authority for the year ended 31 December 2004. Accordingly, we are pleased to forward one (1) copy of the audited Financial Statements, together with the Report of the Auditor General and Management Letter thereon.

Should you need any clarification or explanation, please do not hesitate to let us know.

With kind regards

Yours sincerely,

  
L. RAMKOOMAR  
AUDIT MANAGER (ag.)  
GUYANA



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21 February 2007

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 2004

I have audited the attached financial statements of the Mahaica-Mahaicony-Abary Agricultural Development Authority for the year ended 31 December 2004, as set out on pages 4 to 14 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.

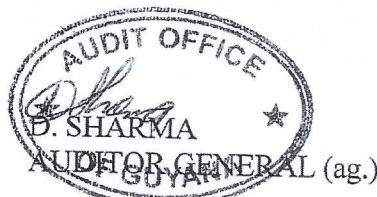
Basis of Opinion

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 \$23.638M 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 \$25.167M and \$15.762M 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 2004, and its deficit and cash flows for the year then ended in conformity with generally accepted accounting principles.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA

MAHAICA MAHAICONY ABARY  
 AGRICULTURAL DEVELOPMENT AUTHORITY  
 STATEMENT OF INCOME AND EXPENDITURE  
 AS AT DECEMBER 31, 2004

<u>REVENUE FROM OPERATIONS</u>	NOTES	2004	2003
<b>Sales of Goods &amp; Services</b>		<b>\$ 89,130,767</b>	
Drainage and Irrigation Charges		\$ 48,612,034	\$ 46,523,309
Rental of Premises		\$ 19,712,252	\$ 16,027,828
Proceeds from SeedPlant		\$ 5,017,880	
Other from GOG		\$ 15,788,601	\$ 9,713,245
<b>Fees, Fines etc</b>		<b>\$ 1,302,325</b>	
Surveying & Filing Fees		\$ 1,302,325	
<b>Rents, Royalties etc</b>		<b>\$ 6,722,362</b>	
Land Rent		\$ 6,722,362	\$ 3,024,209
<b>Other Recurrent Revenue</b>		<b>\$ 544,858</b>	
Interest Received		\$ 544,858	
<b>Miscellaneous Receipt</b>		<b>\$ 1,112,685</b>	
Others		\$ 1,112,685	\$ 4,966,536
<b>Subsidies &amp; Contrib from Central Gov't -</b>			
<b>Provision of State Services</b>	2 (a)	<b>\$ 35,073,000</b>	<b>\$ 50,826,000</b>
		<b>\$ 133,885,997</b>	<b>\$ 131,081,127</b>
 <u>RECURRENT EXPENDITURE</u>			
<b>Employment Cost</b>	3	<b>\$ 63,002,018</b>	<b>\$ 63,706,962</b>
Salary		\$ 39,750,391	
Vacation Allowances		\$ 2,037,073	
Pension		\$ 19,128,688	
Gratuity/Severance Pay		\$ 2,085,866	
<b>Other Overhead Expenditure</b>		<b>\$ 12,917,394</b>	<b>\$ 13,098,669</b>
<b>OTHER RECURRENT CHARGES</b>	4	<b>\$ 41,971,604</b>	<b>\$ 36,916,693</b>
Materials, Equipment & Supplies		\$ 2,051,737	
Fuel & Lubricant		\$ 5,192,432	
Rental & Maintenance of Buildings		\$ 3,455,038	
Maintenance of Infrastructure		\$ 10,328,328	
Transport, Travel & Postages		\$ 5,309,720	
Utility Charges		\$ 4,628,382	
Other Goods & Services Purchased		\$ 9,623,434	
Other Operating Expenses		\$ 723,857	
Increase in Provision for Bad & Doubtful Debt		\$ 468,906	
Education Subvention & Training		\$ 189,770	
		<b>\$ 117,891,016</b>	<b>\$ 113,722,324</b>
 Surplus/ (Deficit )on Ordinary Activities		<b>\$ 15,994,981</b>	<b>\$ 17,358,803</b>
 <b>Depreciation</b>	5	<b>\$ 45,177,859</b>	<b>\$ 36,474,213</b>
 <u>EXTRA ORDINARY ITEMS</u>			
 Gain/Loss in Foreign Exchange	6	\$ 7,500	
 Net Surplus/(Deficit)		<b>\$ (29,175,378)</b>	<b>\$ (19,115,410)</b>

MAHAICA MAHAICONY ABARY  
 AGRICULTURAL DEVELOPMENT AUTHORITY  
 BALANCE SHEET  
 AS AT DECEMBER 31, 2004

NON CURRENT ASSETS	NOTES	2004 G\$	2003 G\$
Tangible Assets	7	\$708,733,986	\$509,597,226
		-----	\$167,314,619
		\$708,733,986	-----
			\$676,911,845
<b>CURRENT ASSETS</b>			
Inventories	8	\$23,637,836	\$18,434,473
Receivable & Prepayments	9	\$25,167,375	\$22,640,251
Investments		\$1,189,812	\$1,143,689
Cash at Bank /in hand	10	\$39,036,221	\$31,558,922
		-----	
		\$89,031,244	\$73,777,335
<b>CURRENT LIABILITIES</b>			
Payables	11	(\$15,761,895)	(\$16,510,467)
		-----	
Net Current Assets		\$73,269,349	\$57,266,868
<b>TOTAL ASSETS &amp; LIABILITIES</b>		\$782,003,335	\$734,178,713
<b>FINANCED BY</b>			
Government of Guyana	12	\$1,435,492,158	\$1,358,492,158
Accumulated Deficit	13	(\$653,488,823)	(\$624,313,445)
		-----	
		\$782,003,335	\$734,178,713
		=====	=====

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

*A. Charles*  
 A. CHARLES  
 GENERAL MANAGER (AG)

*B. Peterkin*  
 B. PETERKIN  
 SECRETARY (AG)

*R. Gajraj*  
 R.GAJRAJ  
 CHAIRMAN OF THE BOARD

MAHAICA MAHAICONY ABARY  
 AGRICULTURAL DEVELOPMENT AUTHORITY  
 CASH FLOW STATEMENT  
 FOR THE YEAR ENDED DECEMBER 31, 2004

	2004 G\$	2003 G\$
<b>NET INFLOW FROM OPERATING ACTIVITIES</b>		
Net Deficit	\$ (29,175,378)	(\$19,115,410)
Depreciation	\$ 45,177,859	\$36,474,213
Interest Received		\$57,049
Adjustment from prior year		\$3,356
	-----	-----
	\$ 16,002,481	\$17,419,208
Increase in Stock	\$ (5,203,363)	(\$6,175,110)
Increase in Debtors	\$ (2,527,124)	(\$670,263)
Decrease in Creditors	\$ (748,572)	\$1,158,403
	-----	-----
	\$ (8,479,059)	(\$5,686,970)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	\$ 7,523,422	\$11,732,238
<b>INVESTING ACTIVITIES</b>		
Increase in Pension Investments	\$ (46,123)	(\$57,049)
Increase in Fixed Assets	\$ (77,000,000)	(\$66,500,000)
Sale of Fixed Assets		\$0
	-----	-----
	(\$77,046,123)	(\$66,557,049)
<b>FINANCING</b>		
Government Contribution	\$ 77,000,000	\$66,500,000
	-----	-----
	\$ 7,477,299	\$11,675,189
	=====	=====
<b>INCREASE IN CASH &amp; CASH EQUIVALENTS</b>		
BALANCE AT 01:01:2004	\$ 31,558,922	\$19,883,733
NET CASH INFLOW	\$ 7,477,299	\$11,675,189
	-----	-----
BALANCE AT 31:12:2004	\$ 39,036,221	\$31,558,922
	=====	=====

MAHAICA MAHAICONY ABARY  
AGRICULTURAL DEVELOPMENT AUTHORITY  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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.*

*Drainage & Irrigation Chargeable acreages:*

1.	<i>Project Area 1-5</i>	81,727.26	<i>1638</i>
2.	<i>Mahaicony/Abary:</i>		
	<i>MARDS</i>	7,537.82	
	<i>South Park Abary/North Hyde Park</i>	5,208.97	
	<i>South Jugdeo Canal to Gordon Table</i>	7,651.26	
			<hr/>
		102,125.31	<hr/>

*Land Rent Chargeable acreages:*

1.	<i>Project Area 1-5</i>	8,620.87
2.	<i>Mahaicony/Abary</i>	11,410.07
3.	<i>Left Bank Mahaica</i>	293.09
4.	<i>East Coast Demerara</i>	260.00
		<hr/>
		20,584.03

*Varying charges are appropriated 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) INVENTORIES

*Inventories 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 was taken by the Government of Guyana 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:- \$35,073,000

*This amount represents funds allocated in the recurrent estimates under subsidies and contributions to Local Organisation for the payment of Pensions and the provision of State Services via – environmental monitoring & control, land administration & surveys.*

3. EMPLOYMENT COSTS: \$76,172,788

*The emoluments for the year amounted to \$76,212,788, comprising of :-*

Salaries	39,737,828
Pensions/Gratuity/Termination	21,465,493
Vacation Allowance	2,037,073
	-----
Overhead Expenditure	63,240,394
(other direct labour cost, security etc.)	12,972,394
	-----
	72,212,788
	-----

AVERAGE NUMBER OF EMPLOYEES

Administrative	3
Senior Technical	2
Other Technical and craft skilled	5
Clerical and Office Support	1
Semi-skilled and Unskilled	17
	-----
Contract Employees	28
	44
	-----
	72
	-----

4. OTHER RECURRENT CHARGES:- \$41,872,298

*This amount comprises of the following costs:*

Materials, Equipment & Supplies	2,179,677
Fuel & Lubricant	5,192,432
Maintenance of Buildings	3,455,038
Maintenance of Infrastructure	10,328,328
Transport, Travel and Postage	5,304,070
Utility Charges	4,454,782
Other Goods & Services Purchased	9,700,434
Other Operating Expenses	1,067,767
Education Subvention & Training	189,770
	-----
	41,872,298
	=====

5. DEPRECIATION:- \$45,177,859

- (i) The substantial increase over the previous year relates to the appropriation of the amount of \$167,314,619 which was before posted as Permanent Infrastructure. This amount has now been reclassified under D&I Works and Seed Plant in the fixed assets schedule.
- (ii) Section 28 (4) of the Act stipulates that the tariffs fixed must not include charges for depreciation.

6. GAIN/LOSS IN FOREIGN EXCHANGE: \$7,500

The gain in foreign exchange resulted from the translation of the ruling rate of exchange at the balance Sheet date.

7. FIXED ASSET:- \$708,733,986

The schedule of Fixed Assets is as follows:

CLASSIFICATION	D&I WORKS	BUILDINGS	PLANT, MACH & EQUIPMENT	VEHICLES	WATER TRANSPORT	TOTAL
COST AS AT 01.01.04	725,892,768	139,626,820	103,531,074	20,886,288	3,645,415	993,582,365
ADDITIONAL	61,533,334		14,066,666	1,400,000		77,000,000
COST AS AT 31.12.04	787,426,102	139,626,820	117,597,740	22,286,288	3,645,415	1,070,582,365
ACCUMULATED DEPRECIATION AS AT 01.01.03	199,441,383	40,156,651	61,027,019	13,497,329	2,548,135	316,670,520
CHARGES FOR THE YEAR	18,147,417	6,469,504	17,804,145	2,391,033	365,760	45,177,859
ACCUMULATED DEPRECIATION AS AT 31.12.03	217,588,800	46,626,156	78,831,163	15,888,365	2,917,894	361,848,379
NET BOOK VALUE AS AT 31.12.03	569,837,302	93,000,664	38,766,577	6,397,923	671,186	708,733,986

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

Permanent Infrastructure in the amount of \$167,314,619, as stated in the previous year accounts is now to Tangible Assets as follows:

D&I Works	133,851,696
Seed Plant	33,462,923
<hr/>	
	167,314,619
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8. INVENTORIES:- \$23,637,836

*The above amount comprises of the following:*

Obsolete Stock (i.e. amount from prior years)	11,053,207
Active Stock	12,584,629
	-----
	23,637,836
	=====

9. RECEIVABLES:- \$23,692,325

*The following is an analysis of debtors and prepayments:-*

General Debtors	12,558,841
Hire Debtors	6,909,185
Less provision for bad debts	(5,018,192)
	-----
Staff Debtors	14,449,834
Deposits	1,360,575
Prepayments	68,227
Cash Advances	199,974
Local Debtors	620,326
Payroll Debtors	7,485,785
Foreign Debtors	710,824
	161,980
	-----
	25,057,525
	=====

10. CASH AND BANK :- \$39,036,221

*The breakdown of cash and bank balance is shown below:*

NBIC Rosignol Account (Current & Saving)	18,739,510
GNCB External Account	136,336
NBIC Current Account (Property)	20,160,375
	-----
	39,036,221
	=====