

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

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,

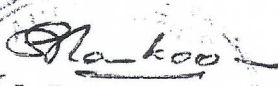
RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE MAHAICA
MAHAICONY ABARY AGRICULTURAL DEVELOPMENT AUTHORITY FOR
THE YEAR ENDED 31 DECEMBER 2004.

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.)



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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.



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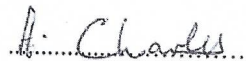
MAHAICA MAHAICONY ABARY
 AGRICULTURAL DEVELOPMENT AUTHORITY
 STATEMENT OF INCOME AND EXPENDITURE
 AS AT DECEMBER 31, 2004


<u>REVENUE FROM OPERATIONS</u>	NOTES	2004	2003
Sales of Goods & Services		\$ 89,130,767	
Drainage and Irrigation Charges	\$ 48,612,034		\$ 46,523,309
Rental of Premises	\$ 19,712,252		\$ 16,027,828
Proceeds from Seed Plant	\$ 5,017,880		
Other from GOG	\$ 15,788,601		\$ 9,713,245
Fees, Fines etc		\$ 1,302,325	
Surveying & Filing Fees	\$ 1,302,325		
Rents, Royalties etc		\$ 6,722,362	
Land Rent	\$ 6,722,362		\$ 3,024,209
Other Recurrent Revenue		\$ 544,858	
Interest Received	\$ 544,858		
Miscellaneous Receipt		\$ 1,112,685	
Others	\$ 1,112,685		\$ 4,966,536
Subsidies & Contrib from Central Gov't -			
Provision of State Services	2 (a)	\$ 35,073,000	\$ 50,826,000
		<u>\$ 133,885,997</u>	<u>\$ 131,081,127</u>
 <u>RECURRENT EXPENDITURE</u>			
Employment Cost	3	\$ 63,002,018	\$ 63,706,962
Salary	\$ 39,750,391		
Vacation Allowances	\$ 2,037,073		
Pension	\$ 19,128,688		
Gratuity/Severance Pay	\$ 2,085,866		
Other Overhead Expenditure		\$ 12,917,394	\$ 13,098,669
OTHER RECURRENT CHARGES	4	\$ 41,971,604	\$ 36,916,693
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		
		<u>\$ 117,891,016</u>	<u>\$ 113,722,324</u>
 Surplus/ (Deficit) on Ordinary Activities		<u>\$ 15,994,981</u>	<u>\$ 17,358,803</u>
 Depreciation	5	\$ 45,177,859	\$ 36,474,213
<u>EXTRA ORDINARY ITEMS</u>			
Gain/Loss in Foreign Exchange	6	\$ 7,500	
 Net Surplus/(Deficit)		<u><u>\$ (29,175,378)</u></u>	<u><u>\$ (19,115,410)</u></u>

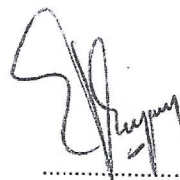
MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
BALANCE SHEET
AS AT DECEMBER 31, 2004

NON CURRENT ASSETS	NOTES	2004 G\$	2003 G\$
Tangible Assets	7	\$708,733,986	\$509,597,226
			\$167,314,619
		<hr/> \$708,733,986	<hr/> \$676,911,845
CURRENT ASSETS			
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
		<hr/> \$89,031,244	<hr/> \$73,777,335
CURRENT LIABILITIES			
Payables	11	(\$15,761,895)	(\$16,510,467)
		<hr/>	<hr/>
Net Current Assets		\$73,269,349	\$57,266,868
		<hr/>	<hr/>
TOTAL ASSETS & LIABILITIES		<hr/> \$782,003,335	<hr/> \$734,178,713
		<hr/>	<hr/>
FINANCED BY			
Government of Guyana	12	\$1,435,492,158	\$1,358,492,158
Accumulated Deficit	13	(\$653,488,823)	(\$624,313,445)
		<hr/> \$782,003,335	<hr/> \$734,178,713
		<hr/>	<hr/>

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, 2004

	2004 G\$	2003 G\$
NET INFLOW FROM OPERATING ACTIVITIES		
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
	<hr/> \$ 16,002,481	<hr/> \$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
	<hr/> \$ (8,479,059)	<hr/> (\$5,686,970)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<hr/> \$ 7,523,422	<hr/> \$11,732,238
INVESTING ACTIVITIES		
Increase in Pension Investments	\$ (46,123)	(\$57,049)
Increase in Fixed Assets	\$ (77,000,000)	(\$66,500,000)
Sale of Fixed Assets		\$0
	<hr/> (\$77,046,123)	<hr/> (\$66,557,049)
FINANCING		
Government Contribution	\$ 77,000,000	\$66,500,000
	<hr/> \$ 7,477,299	<hr/> \$11,675,189
INCREASE IN CASH & CASH EQUIVALENTS		
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	<hr/> \$ 39,036,221	<hr/> \$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.	Project Area 1-5	81,727.26	1678
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	
		<hr/>	
		102,125.31	
		<hr/>	

Land Rent Chargeable acreages:

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

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

	63,240,394
Overhead Expenditure	12,972,394
(other direct labour cost, security etc.	-----
	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

	28
Contract Employees	44

	72
	=====

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

This amount comprises of the following costs:

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

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

	167,314,619
	=====

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
