

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

**FOR THE YEAR ENDED
31 DECEMBER 2005**

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



Audit Office of Guyana

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214/SL: 17/2/2007

7 September 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 2005

We wish to inform you that we have completed the audit of the above- mentioned Authority for the year ended 31 December 2005. 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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AG: 108/2007

7 September 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 2005

I have audited the attached financial statements of the Mahaica-Mahaicony-Abary Agricultural Development Authority for the year ended 31 December 2005, as set out on pages 4 to 13 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 6.

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 \$20.447M 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 \$24.529M and \$15.681M 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 2005, 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
 FOR THE YEAR ENDED DECEMBER 31, 2005

<u>REVENUE FROM OPERATIONS</u>		NOTES	2005	\$	2,004
Sales of Goods & Services			\$ 60,740,349	\$	89,130,767
Drainage and Irrigation Charges		\$ 40,669,613		\$	48,612,034
Rental of Premises		\$ 11,875,956		\$	19,712,252
Proceeds from Seed Plant		\$ 8,194,780		\$	5,017,880
Other from GOG				\$	15,788,601
Fees, Fines etc			\$ 182,793	\$	1,302,325
Surveying & Filing Fees		\$ 182,793		\$	1,302,325
Rents, Royalties etc			\$ 11,738,121	\$	6,722,362
Land Rent		\$ 11,738,121		\$	6,722,362
Other Recurrent Revenue			\$ 256,692	\$	544,858
Interest Received		\$ 256,692		\$	544,858
Miscellaneous Receipt			\$ 27,581,868	\$	1,112,685
Others		\$ 27,581,868		\$	1,112,685
Subsidies & Contrib from Central Gov't - Provision of State Services	2		\$ 47,827,000	\$	35,073,000
			\$ 148,326,823	\$	133,885,997
<u>RECURRENT EXPENDITURE</u>					
Employment Cost	3		\$ 77,253,759	\$	63,002,018
Salary		\$ 42,398,902		\$	39,750,391
Vacation Allowances		\$ 5,892,058		\$	2,037,073
Pension		\$ 25,073,752		\$	19,128,688
Gratuity/Severance Pay		\$ 3,889,047		\$	2,085,866
Other Overhead Expenditure	3		\$ 11,172,764	\$	12,917,394
Other Direct Labour Cost (Casual)		\$ 10,600,458		\$	11,882,782
Benefit and Allowances		\$ 572,306		\$	1,034,612
<u>OTHER RECURRENT CHARGES</u>					
Materials, Equipment & Supplies	4		\$ 4,255,207	\$	2,051,737
Fuel & Lubricant		\$ 9,431,809		\$	5,192,432
Rental & Maintenance of Buildings		\$ 9,568,946		\$	3,455,038
Maintenance of Infrastructure		\$ 13,241,798		\$	10,328,328
Transport, Travel & Postages		\$ 3,839,116		\$	5,309,720
Utility Charges		\$ 5,431,587		\$	4,628,382
Other Goods & Services Purchased		\$ 12,019,207		\$	9,623,434
Paddy Cultivation Expenses		\$ 960,100			
Other Operating Expenses		\$ 1,678,050		\$	723,857
Increase in Provision for Bad & Doubtful Debt		\$ 570,510		\$	468,906
Education Subvention & Training		\$ 863,903		\$	189,770
Subsidies & Contribution to Local Organisation	4		\$ 64,385,746	\$	41,971,604
			\$ 152,812,269	\$	117,891,016
Surplus/ (Deficit) on Ordinary Activities			\$ (4,485,446)	\$	15,994,981
Depreciation			\$ 44,663,963	\$	45,177,859
<u>EXTRA ORDINARY ITEMS</u>					
Gain/Loss in Foreign Exchange				\$	7,500
Net Surplus/(Deficit)			\$ (49,149,409)	\$	(29,175,378)

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
BALANCE SHEET
AS AT DECEMBER 31, 2005

NON CURRENT ASSETS	NOTES	2005 G\$	2004 G\$
Tangible Assets	5	\$766,070,024	\$708,733,986
		<hr/>	<hr/>
		\$766,070,024	\$708,733,986
CURRENT ASSETS			
Inventories	6	\$20,447,426	\$23,637,836
Receivable & Prepayments	7	\$24,529,215	\$25,167,375
Investments		\$1,237,406	\$1,189,812
Cash at Bank /in hand	8	\$103,250,490	\$39,036,221
		<hr/>	<hr/>
		\$149,464,537	\$89,031,244
CURRENT LIABILITIES			
Payables	9	(\$15,680,635)	(\$15,761,895)
		<hr/>	<hr/>
Net Current Assets		\$133,783,902	\$73,269,349
		<hr/>	<hr/>
TOTAL ASSETS & LIABILITIES		<hr/> <hr/> \$899,853,926	<hr/> <hr/> \$782,003,335
FINANCED BY			
Government of Guyana	10	\$1,602,492,158	\$1,435,492,158
Accumulated Deficit	11	(\$702,638,232)	(\$653,488,823)
		<hr/>	<hr/>
		\$899,853,926	\$782,003,335
		<hr/> <hr/>	<hr/> <hr/>

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)

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
ZOOVERWAGT, WEST COAST BEENDICE
R. Gajraj
R. GAJRAJ
CHAIRMAN OF THE BOARD

MAHAICA MAHAICONY ABARY
 AGRICULTURAL DEVELOPMENT AUTHORITY
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2005

	2005 G\$	2004 G\$
CASH FLOW FROM OPERATING ACTIVITIES		
Net Deficit		
ADJUSTMENT FOR:	\$ (49,149,409)	(\$29,175,378)
Depreciation	\$ 44,663,963	\$45,177,859
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	\$ (4,485,446)	\$16,002,481
WORKING CAPITAL CHANGES		
Stock		
Debtors	\$ 3,190,410	(\$5,203,363)
Creditors	\$ 638,160	(\$2,527,124)
	\$ (81,260)	(\$748,572)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	\$ 3,747,310	(\$8,479,059)
INVESTING ACTIVITIES	\$ (738,136)	\$7,523,422
Increase in Pension Investments	\$ (47,594)	(\$46,123)
Increase in Fixed Assets	\$ (102,000,000)	(\$77,000,000)
FINANCING	(\$102,047,594)	(\$77,046,123)
Government Contribution	\$ 167,000,000	\$77,000,000
INCREASE IN CASH & CASH EQUIVALENTS	\$ 64,214,270	\$7,477,299
CASH & CASH EQUIVALENTS - 01:01:2004	\$ 39,036,221	\$31,558,922
CASH & CASH EQUIVALENTS - 31:12:2005	\$ 103,250,491	\$ 39,036,221

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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.	Abary-Berbice (including Project Areas 1-5)	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
		<hr/>
		102,125.31
		<hr/>

Land Rent Chargeable acreages:

1.	Abary-Berbice (including Project Areas 1-5)	8,931.99
2.	Mahaicony/Abary	13,674.70
3.	Left Bank Mahaica	468.61
4.	East Coast Demerara	260.00
		<hr/>
		23,335.30
		<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>ASSETS</u>	<u>NO. OF YEARS</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 statements to the IDB ended on 31.12.2000.

2. GOVERNMENT OF GUYANA SUBVENTION:- \$ 47,827,000

This amount represents funds allocated in the recurrent estimates under Programme 2, Agency 21, 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: \$88,426,523

The emoluments for the year amounted to \$88,426,523, comprising of :-

<i>Salaries (Fixed & Contracted Employees)</i>	<i>42,398,902</i>
<i>Pensions/Gratuities/Terminations</i>	<i>28,962,799</i>
<i>Vacation Allowance</i>	<i>5,892,058</i>
	<i>-----</i>
	<i>77,253,759</i>
<i>Overhead Expenditure</i>	<i>11,172,764</i>
<i>(Other direct labour cost, security etc.)</i>	<i>-----</i>
	<i>88,426,523</i>
	<i>=====</i>

AVERAGE NUMBER OF EMPLOYEES

	EMPLOYEES		TOTAL
	FIXED	CONTRACTED	
Administrative	4	1	5
Senior Technical & Craft Skilled	1	3	4
Other Technical and Craft Skilled	6	3	9
Clerical and Office Support	1	9	10
Semi-skilled and Unskilled	15	30	45
TOTAL	27	46	73

4. OTHER RECURRENT CHARGES:- \$64,385,746

This amount comprises of the following costs:

<i>Materials, Equipment & Supplies</i>	<i>4,255,207</i>
<i>Fuel & Lubricants *</i>	<i>9,431,809</i>
<i>Maintenance of Buildings</i>	<i>9,568,946</i>
<i>Maintenance of Infrastructure</i>	<i>13,241,798</i>
<i>Transport, Travel and Postage</i>	<i>3,839,116</i>
<i>Utility Charges</i>	<i>5,431,587</i>
<i>Other Goods & Services Purchased</i>	<i>12,019,207</i>
<i>Other Operating Expenses</i>	<i>1,678,050</i>
<i>Education Subvention & Training</i>	<i>863,903</i>
<i>Subsidies & Contribution to Local Organisation</i>	<i>2,525,513</i>
<i>Paddy Cultivation Expenses (Economic ventures)</i>	<i>960,100</i>
<i>Increase in Provision for Bad & Doubtful Debts</i>	<i>570,510</i>
	<hr/>
	<i>64,385,746</i>

*Note *: Fuel & Lubricants are separate additional expenditures for capital projects.*

5. FIXED ASSET:- \$766,070,024

The schedule of Fixed Assets is as follows:

CLASSIFICATION	D&I WORKS	BUILDINGS	PLANT, MACH & EQUIPMENT	VEHICLES	WATER TRANSPORT	TOTAL
COST AS AT 01.01.05	787,426,102	139,626,820	117,207,740	22,286,288	4,035,415	1,070,582,365
ADDITIONAL	77,678,562		17,334,438	5,693,000	1,294,000	102,000,000
COST AS AT 31.12.05	865,104,664	139,626,820	134,542,178	27,979,288	5,329,415	1,172,582,365
ACCUMULATED DEPRECIATION AS AT 01.01.04	217,588,800	46,626,155	78,831,164	15,888,362	2,913,895	361,848,379
CHARGES FOR THE YEAR	19,685,750	6,469,504	15,669,760	2,395,189	443,760	44,663,963
ACCUMULATED DEPRECIATION AS AT 31.12.05	237,274,550	53,095,659	94,500,924	18,283,551	3,357,655	406,512,342
NET BOOK VALUE AS AT 31.12.03	627,830,114	86,531,161	40,041,254	9,695,737	1,971,757	766,070,023

6. INVENTORIES:- \$20,447,426

The above amount comprises of the following:

Obsolete Stock (i.e. amount from prior years)

Active Stock

11,053,207

9,394,219

20,447,426

7. RECEIVABLES:- \$24,529,215

The following is an analysis of debtors and prepayments:-

General Debtors	12,558,841
Hire Debtors	6,909,185
Less provision for bad debts	(5,588,702)

	13,879,324
Staff Debtors	1,320,575
Deposits	68,227
Prepayments	199,974
Cash Advances	1,257,624
Local Debtors	6,664,132
Payroll Debtors	977,379
Foreign Debtors	161,980

	<u>24,529,215</u>

8. CASH AND BANK :- \$103,250,490

The breakdown of cash and bank balance is shown below:

NBIC Rosignol Account (Current & Saving)	77,546,215
NBIC Current Account (Property)	25,704,275

	<u>103,250,490</u>

9. PAYABLES:- \$15,680,635

The above amount comprises of the following:

Amount for prior years	15,362,113
Payroll Creditors	318,522
	<hr/>
	15,680,635
	<hr/>

10. GOVERNMENT OF GUYANA CONTRIBUTION:-\$1,602,492,158

The above amount is made up as shown below:-

	G\$
a) Local contributions by GOG	1,082,878,813
b) Grants to GOG by IDB	18,801,117

c) Loans to GOG by IDB:-

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

500,812,228

1,602,492,158

11. ACCUMULATED SURPLUS/(DEFICIT) OF INCOME OVER
EXPENDITURE:- (\$702,638,232)

Balance as at January 01, 2005	(\$653,488,823)
Add Deficit for the year 2005	(\$49,149,409)
Cumulative Deficit as at 31:12:2005	<u>(\$702,638,232)</u>