

**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*

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana  
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

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,  
AUDIT OFFICE  
L. RAMKOOMAR  
AUDIT MANAGER (ag.)



## *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.org.gy>*

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
<b>Sales of Goods &amp; Services</b>				
Drainage and Irrigation Charges		\$ 60,740,349	\$ 89,130,767	
Rental of Premises		\$ 40,669,613	\$ 48,612,034	
Proceeds from SeedPlant		\$ 11,875,956	\$ 19,712,252	
Other from GOG		\$ 8,194,780	\$ 5,017,880	
<b>Fees, Fines etc</b>				\$ 15,788,601
Surveying & Filing Fees		\$ 182,793	\$ 1,302,325	
Rents, Royalties etc		\$ 11,738,121	\$ 1,302,325	
Land Rent		\$ 256,692	\$ 6,722,362	
<b>Other Recurrent Revenue</b>				\$ 6,722,362
Interest Received		\$ 27,581,868	\$ 544,858	
Miscellaneous Receipt		\$ 27,581,868	\$ 544,858	
Others		\$ 27,581,868	\$ 1,112,685	
<b>Subsidies &amp; Contrib from Central Gov't -</b>				\$ 1,112,685
<b>Provision of State Services</b>	2	\$ 47,827,000	\$ 35,073,000	
		\$ 148,326,823	\$ 133,885,997	
<u><b>RECURRENT EXPENDITURE</b></u>				
<b>Employment Cost</b>	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	
<b>Other Overhead Expenditure</b>	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	
<b>OTHER RECURRENT CHARGES</b>	4			
Materials, Equipment & Supplies		\$ 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		
Education Subvention & Training		\$ 863,903	\$ 468,906	
Subsidies & Contribution to Local Organisation		\$ 2,525,513	\$ 189,770	
	4	\$ 64,385,746	\$ 41,971,604	
		\$ 152,812,269	\$ 117,891,016	
<b>Surplus/ (Deficit )on Ordinary Activities</b>		\$ (4,485,446)	\$ 15,994,981	
<b>Depreciation</b>		\$ 44,663,963	\$ 45,177,859	
<u><b>EXTRA ORDINARY ITEMS</b></u>				
<b>Gain/Loss in Foreign Exchange</b>				
<b>Net Surplus/(Deficit)</b>		\$ (49,149,409)	\$ 7,500	
			\$ (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
		-----	-----
		\$766,070,024	\$708,733,986
<b>CURRENT ASSETS</b>			
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
		-----	-----
		\$149,464,537	\$89,031,244
<b>CURRENT LIABILITIES</b>			
Payables	9	(\$15,680,635)	(\$15,761,895)
		-----	-----
Net Current Assets		\$133,783,902	\$73,269,349
<b>TOTAL ASSETS &amp; LIABILITIES</b>		\$899,853,926	\$782,003,335
		-----	-----
<b>FINANCED BY</b>			
Government of Guyana	10	\$1,602,492,158	\$1,435,492,158
Accumulated Deficit	11	(\$702,638,232)	(\$653,488,823)
		-----	-----
		\$899,853,926	\$782,003,335
		-----	-----

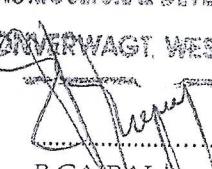
The notes on pages 5 to 12 form  
 an integral part of these accounts

*A. Charles*

A. CHARLES  
 GENERAL MANAGER (AG)

*B. Peterkin*

B. PETERKIN  
 SECRETARY (AG)

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

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.	<i>Abary-Berbice (including Project Areas 1-5)</i>	81,727.26
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
		-----
		102,125.31

*Land Rent Chargeable acreages:*

1.	<i>Abary-Berbice (including Project Areas 1-5)</i>	8,931.99
2.	<i>Mahaicony/Abary</i>	13,674.70
3.	<i>Left Bank Mahaica</i>	468.61
4.	<i>East Coast Demerara</i>	260.00
		-----
		23,335.30

*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>
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 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:-*

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

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
<b>TOTAL</b>	<b>27</b>	<b>46</b>	<b>73</b>

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

*This amount comprises of the following costs:*

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

*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 31.12.05	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)	11,053,207
Active Stock	9,394,219
	<hr/>
	20,447,426
	<hr/>

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

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

<i>General Debtors</i>	12,558,841
<i>Hire Debtors</i>	6,909,185
<i>Less provision for bad debts</i>	(5,588,702)
	-----
	13,879,324
<i>Staff Debtors</i>	1,320,575
<i>Deposits</i>	68,227
<i>Prepayments</i>	199,974
<i>Cash Advances</i>	1,257,624
<i>Local Debtors</i>	6,664,132
<i>Payroll Debtors</i>	977,379
<i>Foreign Debtors</i>	161,980
	-----
	24,529,215
	-----

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

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

<i>NBIC Rosignol Account (Current &amp; Saving)</i>	77,546,215
<i>NBIC Current Account (Property)</i>	25,704,275
	-----
	103,250,490
	-----

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

*The above amount comprises of the following:-*

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

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

*The above amount is made up as shown below:-*

	G\$
a) <i>Local contributions by GOG</i>	1,082,878,813
b) <i>Grants to GOG by IDB</i>	18,801,117
c) <i>Loans to GOG by IDB:-</i>	

	US\$	G\$
<i>Loan 536/SF-GY</i>	49,475,822	150,356,543
<i>Loan 465/OC-GY</i>	40,699,523	350,455,685
	-----	-----
	90,175,345	500,812,228
		500,812,228
		-----
		1,602,492,158
		=====

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

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