

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

**FOR THE YEAR ENDED
31 DECEMBER 2006**

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

OPINION NO: 16/2012



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>

56/SL: 17/2/2012

27 November 2012

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

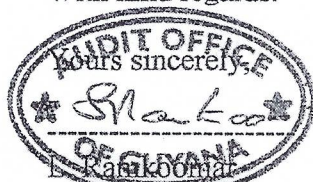
Dear Mr. Gajraj,

RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE MAHAICA
MAHAICONY ABARY AGRICULTURAL DEVELOPMENT AUTHORITY FOR
THE YEAR ENDED 31 DECEMBER 2006

We wish to inform you that we have completed the audit of the above-mentioned Authority for the year ended 31 December 2006. 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,
* S. K. *
R. Rajkumar
Audit Manager



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: 16 /2012

30 November 2012

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS OF THE
MAHAICA MAHAICONY ABARY AGRICULTURAL DEVELOPMENT AUTHORITY
(MMA/ADA) ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

I have audited the accompanying financial statements of the Mahaica Mahaicony Abary Agricultural Development Authority (MMA/ADA) which comprises the balance sheet as at 31 December 2006, and the statement of income and expenditure, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit was conducted in accordance with the MMA/ADA Act No. 27 of 1977.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organization of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Qualified Opinion arising out of Limitation in Scope

The amount of \$28.749M was shown as Inventories, of this amount \$11.053M represents obsolete stock held by the Authority and \$17.696M represents active stock. The active stocks were separately accounted for, but no physical count was done of the obsolete stocks, as such their value could not have been accurately verified.

Receivables and prepayments amounted to \$25.491M. Of this amount, the accuracy and validity of \$17.039M could not be substantiated, due to the destruction of the subsidiary ledgers in 2001 by fire. In addition, amounts totaling \$3.176M which represents debtors from seed plant and paddy cultivation were excluded from this figure, thus, understating the amount shown as receivables and prepayments. As a result of the foregoing, the completeness, accuracy and validity of the amount could not be verified.

Payables amounted to \$19.982M; however the accuracy and validity of this amount could not be substantiated, due to the destruction of the subsidiary ledgers in 2001 by fire.

Except for any adjustments which might have been shown to be necessary as a result of the matters referred to in the preceding paragraphs, in my opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Mahaica Mahaicony Abary Agricultural Development Authority (MMA/ADA) as at 31 December 2006, and its financial performance and cash flows for the year then ended in conformity with International Financial Reporting Standards.



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, 2006**


<u>REVENUE FROM OPERATIONS</u>	NOTES	2006	2005
Sales of Goods & Services		\$ 81,654,592	\$ 60,740,349
Drainage and Irrigation Charges	\$ 40,809,054		\$ 40,669,613
Rental of Premises	\$ 22,022,872		\$ 11,875,956
Proceeds from Seed Plant	\$ 15,476,850		\$ 8,194,780
Rental for Wharf	\$ 198,900		
Others	\$ 3,146,916		
Fees, Fines etc		\$ 62,800	\$ 182,793
Surveying & Filing Fees	\$ 62,800		\$ 182,793
Rents, Royalties etc		\$ 9,401,454	\$ 11,738,121
Land Rent	\$ 9,401,454		\$ 11,738,121
Other Recurrent Revenue		\$ 281,381	\$ 256,692
Interest Received	\$ 281,381		\$ 256,692
Miscellaneous Receipt		\$ 18,384,405	\$ 27,581,868
Others	\$ 5,795,579		\$ 27,581,868
Other from GOG	\$ 12,588,826		
Subsidies & Contrib from Central Gov't - Provision of State Services	2	\$ 69,574,000	\$ 47,827,000
		\$ 179,358,632	\$ 148,326,823
<u>RECURRENT EXPENDITURE</u>			
Employment Cost	3	\$ 84,962,851	\$ 77,253,759
Salary	\$ 49,299,721		\$ 42,398,902
Vacation Allowances	\$ 6,217,889		\$ 5,892,058
Pension	\$ 24,896,745		\$ 25,073,752
Gratuity/Severance Pay	\$ 4,548,496		\$ 3,889,047
Other Overhead Expenditure	3	\$ 14,508,981	\$ 11,172,764
OTHER RECURRENT CHARGES	4		
Materials, Equipment & Supplies	\$ 4,421,442		\$ 4,255,207
Fuel & Lubricant	\$ 18,704,452		\$ 9,431,809
Rental & Maintenance of Buildings	\$ 12,850,179		\$ 9,568,946
Maintenance of Infrastructure	\$ 19,657,018		\$ 13,241,798
Transport, Travel & Postages	\$ 5,486,634		\$ 3,839,116
Utility Charges	\$ 6,318,824		\$ 5,431,587
Other Goods & Services Purchased	\$ 14,763,552		\$ 12,019,207
Paddy Cultivation Expenses	\$ 7,922,682		\$ 960,100
Other Operating Expenses	\$ 2,680,468		\$ 1,678,050
Increase in Provision for Bad & Doubtful Debt	\$ 619,684		\$ 570,510
Education Subvention & Training	\$ 491,095		\$ 863,903
Subsidies & Contribution to Local Organisation	\$ 135,000		\$ 2,525,513
	4	\$ 94,051,030	\$ 64,385,746
		\$ 193,522,862	\$ 152,812,269

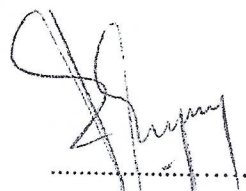
MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
BALANCE SHEET
AS AT DECEMBER 31, 2006

NON CURRENT ASSETS	NOTES	2006 G\$	2005 G\$
Tangible Assets	5	\$902,139,566	\$766,070,024
		<hr/>	<hr/>
		\$902,139,566	\$766,070,024
CURRENT ASSETS			
Inventories	6	\$28,749,122	\$20,447,426
Receivable & Prepayments	7	\$25,491,091	\$24,529,215
Investments		\$1,414,902	\$1,237,406
Cash at Bank /in hand	8	\$18,947,037	\$103,250,490
		<hr/>	<hr/>
		\$74,602,152	\$149,464,537
CURRENT LIABILITIES			
Payables	9	(\$19,982,480)	(\$15,680,635)
		<hr/>	<hr/>
Net Current Assets		\$54,619,672	\$133,783,902
TOTAL ASSETS & LIABILITIES		<hr/>	<hr/>
		\$956,759,238	\$899,853,926
		<hr/>	<hr/>
FINANCED BY			
Government of Guyana	10	\$1,717,592,158	\$1,602,492,158
Accumulated Deficit	11	(\$760,832,920)	(\$702,638,232)
		<hr/>	<hr/>
		\$956,759,238	\$899,853,926
		<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, 2006

	2006 G\$	2005 G\$
CASH FLOW FROM OPERATING ACTIVITIES		
Net Deficit		
ADJUSTMENT FOR:	\$ (58,194,688)	(\$49,149,409)
Depreciation	\$ 44,030,458	\$ 44,663,963
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	\$ (14,164,230)	(\$4,485,446)
WORKING CAPITAL CHANGES		
Stock		
Debtors	\$ (8,301,696)	\$3,190,410
Creditors	\$ (961,876)	\$638,160
	\$ 4,301,845	(\$81,260)
	\$ (4,961,727)	\$3,747,310
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	\$ (19,125,957)	(\$738,136)
INVESTING ACTIVITIES		
Increase in Pension Investments	\$ (177,496)	(\$47,594)
Increase in Fixed Assets	\$ (180,100,000)	(\$102,000,000)
	(\$180,277,496)	(\$102,047,594)
FINANCING		
Government Contribution	\$ 115,100,000	\$167,000,000
INCREASE IN CASH & CASH EQUIVALENTS	\$ (84,303,453)	\$64,214,270
CASH & CASH EQUIVALENTS - 01:01:2006	\$ 103,250,490	\$39,036,220
CASH & CASH EQUIVALENTS - 31:12:2006	\$ 18,947,037	\$ 103,250,490

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

102,125.31
=====

Drainage and Irrigation charges are further subject to approved waivers

Varying charges are appropriated for each area depending on level of service provided.

Land Rent Chargeable acreages:

1.	Abary-Berbice (Project Areas 1-5)	5,326.65
2.	Left Bank Abary	1,756.46
3.	MARDS	2,968.66
4.	North MARDS	128.59
5.	South MARDS	234.30
6.	Left Bank Berbice River	14,421.37
7.	Right Bank Abary River	422.74
		<hr/>
		25,258.77

Land rents are only payable where lands are held under titles.

Land rents also vary depending on the 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:- \$ 69,574,000

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 viz – environmental monitoring & control, special land administration & survey matters.

3. EMPLOYMENT COSTS: \$99,471,832

The emoluments for the year amounted to \$99,471,832, comprising of :-

<i>Salaries (Fixed & Contracted Employees)</i>	<i>49,299,721</i>
<i>Pensions/Gratuities/Terminations</i>	<i>29,445,241</i>
<i>Vacation Allowance</i>	<i>6,217,889</i>
	<i>-----</i>
	<i>84,962,851</i>
<i>Overhead Expenditure</i>	<i>14,508,981</i>
<i>(Other direct labour cost, security etc.)</i>	<i>-----</i>
	<i>99,471,832</i>
	<i>=====</i>

AVERAGE NUMBER OF EMPLOYEES

	EMPLOYEES		TOTAL
	FIXED	CONTRACTED	
<i>Administrative</i>	4	1	5
<i>Senior Technical & Craft Skilled</i>	1	3	4
<i>Other Technical and Craft Skilled</i>	4	6	10
<i>Clerical and Office Support</i>	1	6	7
<i>Semi-skilled and Unskilled</i>	12	37	49
TOTAL	22	53	75

4. OTHER RECURRENT CHARGES:- \$94,051,030

This amount comprises of the following costs:

<i>Materials, Equipment & Supplies</i>	4,421,442
<i>Fuel & Lubricants *</i>	18,704,452
<i>Maintenance of Buildings</i>	12,850,179
<i>Maintenance of Infrastructure</i>	19,657,018
<i>Transport, Travel and Postage</i>	5,486,634
<i>Utility Charges</i>	6,318,824
<i>Other Goods & Services Purchased</i>	14,763,552
<i>Other Operating Expenses</i>	2,680,468
<i>Education Subvention & Training</i>	491,095
<i>Subsidies & Contribution to Local Organisation</i>	135,000
<i>Paddy Cultivation Expenses (Economic ventures)</i>	7,922,682
<i>Increase in Provision for Bad & Doubtful Debts</i>	619,684

	94,051,030
	=====

*Note *: Fuel & Lubricants does not include here expenditure for Capital Project.*

5. FIXED ASSET:- \$902,139,566

The summary of Fixed Assets is as follows:

CLASSIFICATION	D&I WORKS	BUILDINGS	PLANT, MACH & EQUIPMENT	VEHICLES	WATER TRANSPORT	TOTAL
COST AS AT 01.01.06	865,104,664	139,626,820	134,542,178	27,979,288	5,329,415	1,172,582,365
ADDITIONAL	143,323,880		14,285,021	21,291,099	1,200,000	180,100,000
COST AS AT 31.12.06	1,008,428,544	139,626,820	148,827,199	49,270,387	6,529,415	1,352,682,365
ACCUMULATED DEPRECIATION AS AT 01.01.06	237,274,550	53,095,659	94,500,924	18,283,551	3,357,655	406,512,341
CHARGES FOR THE YEAR	21,621,440	6,469,498	12,622,820	2,614,140	702,560	44,030,458
ACCUMULATED DEPRECIATION AS AT 31.12.06	258,895,990	59,565,157	107,123,744	20,897,691	4,060,215	450,542,799
NET BOOK VALUE AS AT 31.12.06	749,953,554	80,061,663	41,703,455	28,372,696	2,469,200	902,139,566

6. INVENTORIES:- \$28,749,122

The above amount comprises of the following:

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

11,053,207

Active Stock

17,695,915

28,749,122
=====

7. RECEIVABLES:- \$25,491,091

The following is an analysis of debtors and prepayments:-

General Debtors	12,858,841
Hire Debtors (prior years)	6,909,185
Less provision for bad debts	(6,208,386)

Staff Debtors (prior years)	13,559,640
Deposits (prior years)	1,320,575
Prepayments (prior years)	68,227
Cash Advances	164,774
Local Debtors (prior years)	1,255,187
Payroll Debtors (prior years)	7,983,329
Foreign Debtors (prior years)	977,379
	161,980

	25,491,091
	=====

8. CASH AND BANK :- \$18,947,037

The breakdown of cash and bank balance is shown below:

NBIC Rosignol Account (Current & Saving)	10,423,073
NBIC Current Account (Property)	8,523,964

	18,947,037
	=====

9. PAYABLES:- \$19,982,480

The above amount comprises of the following:

Amount for prior years	15,352,113
Trade Creditors	2,905,975
Payroll Creditors	1,724,392

	<u>19,982,480</u>

10. GOVERNMENT OF GUYANA CONTRIBUTION:-\$1,717,592,158

The above amount is made up as shown below:-

a)	Local contributions by GOG	G\$ 1,197,978,813
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
	-----	-----
	90,175,345	500,812,228

500,812,228

1,717,592,158

11. ACCUMULATED SURPLUS/(DEFICIT) OF INCOME OVER
EXPENDITURE:- (\$760,807,210)

Balance as at January 01, 2006 (\$702,638,232)

Add Deficit for the year 2006 (\$58,194,688)

Cumulative Deficit as at 31.12.2006 (\$760,832,920)