

**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
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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.





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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 Abari 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			
Drainage and Irrigation Charges	\$ 40,809,054	\$ 81,654,592	\$ 60,740,349
Rental of Premises	\$ 22,022,872	\$ 40,669,613	\$ 40,669,613
Proceeds from SeedPlant	\$ 15,476,850	\$ 11,875,956	\$ 11,875,956
Rental for Wharf	\$ 198,900	\$ 8,194,780	\$ 8,194,780
Others	\$ 3,146,916		
Fees, Fines etc			
Surveying & Filing Fees	\$ 62,800	\$ 62,800	\$ 182,793
Rents, Royalties etc			
Land Rent	\$ 9,401,454	\$ 9,401,454	\$ 11,738,121
Other Recurrent Revenue			
Interest Received	\$ 281,381	\$ 281,381	\$ 256,692
Miscellaneous Receipt			
Others	\$ 5,795,579	\$ 18,384,405	\$ 256,692
Other from GOG	\$ 12,588,826		\$ 27,581,868
Subsidies & Contrib from Central Gov't -			
Provision of State Services	2	\$ 69,574,000	\$ 47,827,000
		\$ 179,358,632	\$ 148,326,823
RECURRENT EXPENDITURE			
Employment Cost	3	\$ 84,962,851	\$ 77,253,759
Salary	\$ 49,299,721	\$ 42,398,902	\$ 42,398,902
Vacation Allowances	\$ 6,217,889	\$ 5,892,058	\$ 5,892,058
Pension	\$ 24,896,745	\$ 25,073,752	\$ 25,073,752
Gratuity/Severance Pay	\$ 4,548,496	\$ 3,889,047	\$ 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	\$ 4,255,207
Fuel & Lubricant	\$ 18,704,452	\$ 9,431,809	\$ 9,431,809
Rental & Maintenance of Buildings	\$ 12,850,179	\$ 9,568,946	\$ 9,568,946
Maintenance of Infrastructure	\$ 19,657,018	\$ 13,241,798	\$ 13,241,798
Transport, Travel & Postages	\$ 5,486,634	\$ 3,839,116	\$ 3,839,116
Utility Charges	\$ 6,318,824	\$ 5,431,587	\$ 5,431,587
Other Goods & Services Purchased	\$ 14,763,552	\$ 12,019,207	\$ 12,019,207
Paddy Cultivation Expenses	\$ 7,922,682	\$ 960,100	\$ 960,100
Other Operating Expenses	\$ 2,680,468	\$ 1,678,050	\$ 1,678,050
Increase in Provision for Bad & Doubtful Debt	\$ 619,684	\$ 570,510	\$ 570,510
Education Subvention & Training	\$ 491,095	\$ 863,903	\$ 863,903
Subsidies & Contribution to Local Organisation	\$ 135,000	\$ 2,525,513	\$ 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
		<hr/>	<hr/>
TOTAL ASSETS & LIABILITIES		<hr/> \$956,759,238	<hr/> \$899,853,926
		<hr/> <hr/>	<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/>	<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)

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

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.	<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
<hr/>	

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

		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>
<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:- \$ 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 :-

Salaries (Fixed & Contracted Employees)	49,299,721
Pensions/Gratuities/Terminations	29,445,241
Vacation Allowance	6,217,889

Overhead Expenditure	84,962,851
(Other direct labour cost, security etc.)	14,508,981

	99,471,832

AVERAGE NUMBER OF EMPLOYEES

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

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

This amount comprises of the following costs:

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

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

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

	161,980

	25,491,091

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

The breakdown of cash and bank balance is shown below:

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

	18,947,037

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

The above amount comprises of the following:-

<i>Amount for prior years</i>	15,352,113
<i>Trade Creditors</i>	2,905,975
<i>Payroll Creditors</i>	1,724,392
	<hr/>
	19,982,480
	<hr/>

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

The above amount is made up as shown below:-

a) <i>Local contributions by GOG</i>	G\$
	1,197,978,813
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
	<hr/>	<hr/>
	90,175,345	500,812,228
		500,812,228
		<hr/>
		1,717,592,158
		<hr/>

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

<i>Balance as at January 01, 2006</i>	(\$702,638,232)
<i>Add Deficit for the year 2006</i>	(\$58,194,688)
<i>Cumulative Deficit as at 31:12:2006</i>	<hr/> (\$760,832,920) <hr/> <hr/>