

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

**FOR THE YEAR ENDED
31 DECEMBER 2007**

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

OPINION NO: 17/2012



Audit Office of Guyana

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57/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 2007

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



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AG: 17/2012

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 2007

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 2007, 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.

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>REVENUE FROM OPERATIONS</u>	NOTES	2007	2006
Sales of Goods & Services		\$ 146,145,956	\$ 81,654,592
Drainage and Irrigation Charges	\$ 90,771,545		\$ 40,809,054
Rental of Premises	\$ 29,611,996		\$ 22,022,872
Proceeds from Seed Plant	\$ 11,611,225		\$ 7,401,200
Proceeds from Paddy Cultivation	\$ 13,472,190		\$ 8,075,650
Rental for Wharf	\$ 45,000		\$ 198,900
Others	\$ 634,000		\$ 3,146,916
Fees, Fines etc		\$ 351,230	\$ 62,800
Surveying & Filing Fees	\$ 351,230		\$ 62,800
Rents, Royalties etc		\$ 21,889,693	\$ 9,401,454
Land Rent	\$ 21,889,693		\$ 9,401,454
Other Recurrent Revenue		\$ 266,198	\$ 281,381
Interest Received	\$ 266,198		\$ 281,381
Miscellaneous Receipt		\$ 86,190,389	\$ 18,384,405
Others	\$ 7,436,284		\$ 5,795,579
Other from GOG	\$ 78,754,105		\$ 12,588,826
Subsidies & Contrib from Central Gov't -			
Provision of State Services	2	\$ 72,163,000	\$ 69,574,000
		\$ 327,006,466	\$ 179,358,632
<u>RECURRENT EXPENDITURE</u>			
Employment Cost	3	\$ 87,474,938	\$ 84,962,851
Salary	\$ 54,686,405		\$ 49,299,721
Vacation Allowances	\$ 2,353,385		\$ 6,217,889
Pension	\$ 23,715,497		\$ 24,896,745
Gratuity/Severance Pay	\$ 6,719,651		\$ 4,548,496
Other Overhead Expenditure	3	\$ 14,302,431	\$ 14,508,981
<u>OTHER RECURRENT CHARGES</u>	4		
Materials, Equipment & Supplies	\$ 9,578,155		\$ 4,421,442
Fuel & Lubricant	\$ 34,466,274		\$ 18,704,452
Rental & Maintenance of Buildings	\$ 22,575,573		\$ 12,850,179
Maintenance of Infrastructure	\$ 23,769,489		\$ 19,657,018
Maintenance of Roads	\$ 142,250		
Maintenance of Bridges			
Maintenance of D&I Works	\$ 22,184,445		
Maintenance of Other Infrastructure	\$ 1,442,794		
Transport, Travel & Postages	\$ 12,564,151		\$ 5,486,634
Utility Charges	\$ 7,185,782		\$ 6,318,824
Other Goods & Services Purchased	\$ 24,335,739		\$ 14,763,552
Paddy Cultivation Expenses	\$ 6,676,970		\$ 7,922,682
Other Operating Expenses	\$ 4,322,508		\$ 2,680,468
Increase in Provision for Bad & Doubtful Debt		\$ 637,277	\$ 619,684
Education Subvention & Training		\$ 477,886	\$ 491,095
Subsidies & Contribution to Local Organisation		\$ 390,340	\$ 135,000
	4	\$ 145,474,641	\$ 94,051,030
		\$ 248,757,513	\$ 193,522,862
Surplus/ (Deficit)on Ordinary Activities		\$ 78,248,953	\$ (14,164,230)
Depreciation		\$ 48,149,060	\$ 44,030,458
<u>EXTRA ORDINARY ITEMS</u>			
Gain/Loss in Foreign Exchange			
Net Surplus/(Deficit)		\$ 30,099,893	\$ (58,194,688)

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

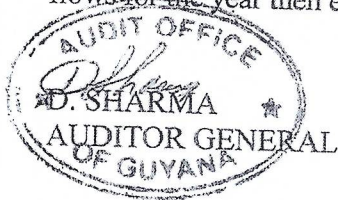
The amount of \$32.868M was shown as Inventories. Of this amount \$11.053M represents obsolete stock held by the Authority and \$21.815M represents active stock. The active stocks were separately accounted for, but no physical count was done of the obsolete stocks, as such their value could not have been accurately verified.

Receivables and prepayments amounted to \$35.747M. The accuracy and validity of \$16.268M of this amount could not be substantiated, due to the destruction of the subsidiary ledgers in 2001 by a fire.

Payables amounted to \$18.370M; however the accuracy and validity of this amount could not be substantiated, due to the destruction of the subsidiary ledgers in 2001 by a fire.

Opinion

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 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 2007, 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
BALANCE SHEET
AS AT DECEMBER 31, 2007

NON CURRENT ASSETS	NOTES	2007 G\$	2006 G\$
Tangible Assets	5	\$958,581,409	\$902,139,566
		<u>\$958,581,409</u>	<u>\$902,139,566</u>
CURRENT ASSETS			
Inventories	6	\$32,867,558	\$28,749,122
Receivable & Prepayments	7	\$35,747,455	\$25,491,091
Investments		\$1,418,732	\$1,414,902
Cash at Bank /in hand	8	\$80,614,023	\$18,947,037
		<u>\$150,647,768</u>	<u>\$74,602,152</u>
CURRENT LIABILITIES			
Payables	9	(\$18,370,046)	(\$19,982,480)
		<u>(\$18,370,046)</u>	<u>(\$19,982,480)</u>
Net Current Assets		\$132,277,722	\$54,619,672
TOTAL ASSETS & LIABILITIES		<u><u>\$1,090,859,131</u></u>	<u><u>\$956,759,238</u></u>
FINANCED BY			
Government of Guyana	10	\$1,821,592,158	\$1,717,592,158
Accumulated Deficit	11	(\$730,733,027)	(\$760,832,920)
		<u><u>\$1,090,859,131</u></u>	<u><u>\$956,759,238</u></u>

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, 2007

	2007 G\$	2006 G\$
CASH FLOW FROM OPERATING ACTIVITIES		
Net Deficit	\$ 30,099,893	(\$58,194,688)
ADJUSTMENT FOR:		
Depreciation	\$ 48,149,060	\$ 44,030,458
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	\$ 78,248,953	(\$14,164,230)
WORKING CAPITAL CHANGES		
Stock	\$ (4,118,436)	\$ (8,301,696)
Debtors	\$ (10,256,364)	\$ (961,876)
Creditors	\$ (1,612,434)	\$ 4,301,845
	\$ (15,987,234)	(\$4,961,727)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	\$ 62,261,719	(\$19,125,957)
INVESTING ACTIVITIES		
Increase in Pension Investments	\$ (3,830)	\$ (177,496)
Increase in Fixed Assets	\$ (104,590,903)	\$ (180,100,000)
	(\$104,594,733)	(\$180,277,496)
FINANCING		
Government Contribution	\$ 104,000,000	\$ 115,100,000
INCREASE IN CASH & CASH EQUIVALENTS	\$ 61,666,986	(\$84,303,453)
CASH & CASH EQUIVALENTS - 01:01:2007	\$ 18,947,037	\$ 103,250,490
CASH & CASH EQUIVALENTS - 31:12:2007	\$ 80,614,023	\$ 18,947,037

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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.

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:- \$ 72,163,000

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: \$101,777,578

The emoluments for the year amounted to \$101,777,578, comprising of :-

Salaries (Fixed & Contracted Employees)	54,686,614
Pensions/Gratuities/Terminations	30,435,148
Vacation Allowance	2,353,385

	87,475,147
Overhead Expenditure	14,302,431
(Other direct labour cost, security etc.)	-----
	101,777,578
	=====

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

		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

AVERAGE NUMBER OF EMPLOYEES

	EMPLOYEES		TOTAL
	FIXED	CONTRACTED	
Administrative	4	1	5
Senior Technical & Craft Skilled	1	2	3
Other Technical and Craft Skilled	2	5	7
Clerical and Office Support	1	7	8
Semi-skilled and Unskilled	13	40	52
TOTAL	21	55	76

4. OTHER RECURRENT CHARGES:- \$147,080,144

This amount comprises of the following costs:

Materials, Equipment & Supplies	9,578,155
Fuel & Lubricants *	34,466,274
Maintenance of Buildings	22,575,573
Maintenance of Infrastructure	23,869,489
Transport, Travel and Postage	12,564,151
Utility Charges	7,185,782
Other Goods & Services Purchased	24,335,739
Other Operating Expenses	4,322,508
Education Subvention & Training	477,886
Subsidies & Contribution to Local Organisation	390,340
Paddy Cultivation Expenses (Economic ventures)	6,676,970
Increase in Provision for Bad & Doubtful Debts	637,277
	<hr/>
	147,080,144

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

5. FIXED ASSET:- \$960,481,409

The summary of Fixed Assets is as follows:

CLASSIFICATION	D&I WORKS	BUILDINGS	PLANT, MACH & EQUIPMENT	VEHICLES	WATER TRANSPORT	TOTAL
COST AS AT 01.01.07	1,008,428,544	139,626,820	148,827,199	49,270,387	6,529,415	1,352,682,365
ADDITIONAL	76,157,677		23,741,986		4,691,240	104,590,903
COST AS AT 31.12.07	1,084,586,221	139,626,820	172,569,185	49,270,387	11,220,655	1,457,273,268
ACCUMULATED DEPRECIATION AS AT 01.01.07	258,895,990	59,565,157	107,123,744	20,897,691	4,060,215	450,542,799
CHARGES FOR THE YEAR	25,204,537	6,360,562	13,652,561	2,354,600	576,800	48,149,060
ACCUMULATED DEPRECIATION AS AT 31.12.07	284,100,527	65,925,719	120,776,305	23,252,291	4,637,015	498,691,859
NET BOOK VALUE AS AT 31.12.07	800,185,694	73,701,101	51,792,880	26,018,096	6,583,640	958,581,409

6. INVENTORIES:- \$32,867,558

The above amount comprises of the following:

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

11,053,207

Active Stock

21,814,351

32,867,558

7. RECEIVABLES:- \$35,822,819

*The following is an analysis of debtors and prepayments:-
Prior years (before the fire):*

General Debtors	12,558,841
Hire Debtors	6,909,185
Staff Debtors	1,320,575
Deposits	68,227
Prepayments	199,974
Cash Advances	680,454
Local Debtors	503,573
Payroll Debtors	710,824
Foreign Debtors	161,980

Local Debtors	23,113,633
General Debtors	18,631,592
Payroll Debtors	300,000
Cash Advance	266,555
	281,338
Less provision for bad debts	(6,845,663)

	<u><u>35,747,455</u></u>

8. CASH AND BANK :- \$80,614,023

The breakdown of cash and bank balance is shown below:

NBIC Rosignol Account (Current & Saving)	54,079,302
NBIC Current Account (Property)	26,534,721

	<u><u>80,614,023</u></u>

9. PAYABLES:- \$18,369,943

The above amount comprises of the following:

Amount for prior years (before the fire)	15,352,113
General Creditors	905,975
Payroll Creditors	2,111,958
	<hr/>
	18,370,046
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10. GOVERNMENT OF GUYANA CONTRIBUTION:-\$1,717,592,158

The above amount is made up as shown below:-

a)	Local contributions by GOG	G\$ 1,301,978,813
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
	<hr/>	<hr/>
	90,175,345	500,812,228

500,812,228

1,821,592,158

11. ACCUMULATED SURPLUS/(DEFICIT) OF INCOME OVER
EXPENDITURE:- (\$730,647,919)

Balance as at January 01, 2007 (\$760,832,920)

Add Surplus for the year 2007 30,099,893

Cumulative Deficit as at 31:12:2007 (\$730,733,027)