

**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

*P.O. Box 1002, 63 High Street, Kingston, Georgetown, 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,

A handwritten signature in black ink, appearing to read "L. Ramkoomar".
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 | | | |
| Drainage and Irrigation Charges | | \$ 146,145,956 | \$ 81,654,592 |
| Rental of Premises | | \$ 29,611,996 | \$ 40,809,054 |
| Proceeds from SeedPlant | | \$ 11,611,225 | \$ 22,022,872 |
| Proceeds from Paddy Cultivation | | \$ 13,472,190 | \$ 7,401,200 |
| Rental for Wharf | | \$ 45,000 | \$ 8,075,650 |
| Others | | \$ 634,000 | \$ 198,900 |
| Fees, Fines etc | | | |
| Surveying & Filing Fees | | \$ 351,230 | \$ 62,800 |
| Rents, Royalties etc | | | |
| Land Rent | | \$ 21,889,693 | \$ 9,401,454 |
| Other Recurrent Revenue | | | |
| Interest Received | | \$ 266,198 | \$ 281,381 |
| Miscellaneous Receipt | | | |
| Others | | \$ 86,190,389 | \$ 18,384,405 |
| Other from GOG | | \$ 7,436,284 | \$ 5,795,579 |
| Subsidies & Contrib from Central Gov't - | | | |
| Provision of State Services | 2 | \$ 72,163,000 | \$ 69,574,000 |
| | | \$ 327,006,466 | \$ 179,358,632 |
| RECURRENT EXPENDITURE | | | |
| 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 |
| OTHER RECURRENT CHARGES | 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 | | | |
| Maintenance of Other Infrastructure | | | |
| Transport, Travel & Postages | | \$ 22,184,445 | |
| Utility Charges | | \$ 1,442,794 | |
| Other Goods & Services Purchased | | \$ 12,564,151 | \$ 5,486,634 |
| Paddy Cultivation Expenses | | \$ 7,185,782 | \$ 6,318,824 |
| Other Operating Expenses | | \$ 24,335,739 | \$ 14,763,552 |
| Increase in Provision for Bad & Doubtful Debt | | \$ 6,676,970 | \$ 7,922,682 |
| Education Subvention & Training | | \$ 4,322,508 | \$ 2,680,468 |
| Subsidies & Contribution to Local Organisation | 4 | \$ 637,277 | \$ 619,684 |
| | | \$ 477,886 | \$ 491,095 |
| | | \$ 390,340 | \$ 135,000 |
| | | \$ 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 |
| EXTRA ORDINARY ITEMS | | | |
| 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

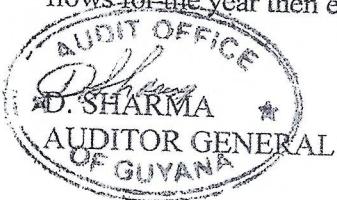
The amount of \$32.868M was shown as Inventories. Of this amount \$11.053M represents obsolete stock held by the Authority and \$21.815M represents active stock. The active stocks were separately accounted for, but no physical count was done of the obsolete stocks, as such their value could not have 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 Abari 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 |
| | | <hr/> | <hr/> |
| | | \$958,581,409 | \$902,139,566 |
| 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 |
| | | <hr/> | <hr/> |
| | | \$150,647,768 | \$74,602,152 |
| CURRENT LIABILITIES | | | |
| Payables | 9 | (\$18,370,046) | (\$19,982,480) |
| | | <hr/> | <hr/> |
| Net Current Assets | | \$132,277,722 | \$54,619,672 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS & LIABILITIES | | \$1,090,859,131 | \$956,759,238 |
| | | <hr/> | <hr/> |
| FINANCED BY | | | |
| Government of Guyana | 10 | \$1,821,592,158 | \$1,717,592,158 |
| Accumulated Deficit | 11 | (\$730,733,027) | (\$760,832,920) |
| | | <hr/> | <hr/> |
| | | \$1,090,859,131 | \$956,759,238 |
| | | <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, 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 |
| | ----- |
| Overhead Expenditure | 87,475,147 |
| (Other direct labour cost, security etc.) | 14,302,431 |
| | ----- |
| | 101,777,578 |
| | ----- |

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

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 |
| | ----- |
| | 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 |
| <hr/> | |
| | 32,867,558 |
| <hr/> | |

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

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

| | |
|-------------------------------------|-------------|
| <i>General Debtors</i> | 12,558,841 |
| <i>Hire Debtors</i> | 6,909,185 |
| <i>Staff Debtors</i> | 1,320,575 |
| <i>Deposits</i> | 68,227 |
| <i>Prepayments</i> | 199,974 |
| <i>Cash Advances</i> | 680,454 |
| <i>Local Debtors</i> | 503,573 |
| <i>Payroll Debtors</i> | 710,824 |
| <i>Foreign Debtors</i> | 161,980 |
| ----- | ----- |
| <i>Local Debtors</i> | 23,113,633 |
| <i>General Debtors</i> | 18,631,592 |
| <i>Payroll Debtors</i> | 300,000 |
| <i>Cash Advance</i> | 266,555 |
| <i>Less provision for bad debts</i> | 281,338 |
| | (6,845,663) |
| ----- | ----- |
| | 35,747,455 |
| ----- | ----- |

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

The breakdown of cash and bank balance is shown below:

| | |
|---|------------|
| <i>NBIC Rosignol Account (Current & Saving)</i> | 54,079,302 |
| <i>NBIC Current Account (Property)</i> | 26,534,721 |
| ----- | ----- |
| | 80,614,023 |
| ----- | ----- |

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

The above amount comprises of the following:

| | |
|---|------------|
| <i>Amount for prior years (before the fire)</i> | 15,352,113 |
| <i>General Creditors</i> | 905,975 |
| <i>Payroll Creditors</i> | 2,111,958 |
| | <hr/> |
| | 18,370,046 |
| | <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\$ |
| | 1,301,978,813 |
| b) <i>Grants to GOG by IDB</i> | 18,801,117 |

c) *Loans to GOG by IDB:-*

| | 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/> |
| | | 1,821,592,158 |
| | | <hr/> |

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

| | |
|--|-----------------|
| <i>Balance as at January 01, 2007</i> | (\$760,832,920) |
| <i>Add Surplus for the year 2007</i> | 30,099,893 |
| <i>Cumulative Deficit as at 31:12:2007</i> | (\$730,733,027) |