

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

**FOR THE YEAR ENDED
31 DECEMBER 2008**

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



Audit Office of Guyana

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

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105/SO-MMA/2022

8 March 2022

Mr. Mahendranauth Ramjit
General Manager (ag)
Mahaica Mahaicony Abary
Agricultural Development Authority
Onverwagt
West Coast Berbice.

Dear Mr. Ramjit,

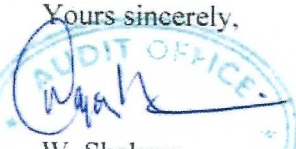
RE: AUDIT OF THE FINANCIAL STATEMENTS OF THE MAHAICA
MAHAICONY ABARY AGRICULTURAL DEVELOPMENT AUTHORITY FOR
THE YEAR ENDED 31 DECEMBER 2008

We wish to inform you that we have completed the audit of the above- mentioned Authority for the year ended 31 December 2008. 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,


W. Shakeer
Audit Manager(ag).



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AG: 56/2022

8 March 2022

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 2008

I have audited the accompanying financial statements of the Mahaica Mahaicony Abary Agricultural Development Authority (MMA/ADA) which Statement of Financial Position as at 31 December 2008, the income statement, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles (GAAPs), 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 (ISAs) issued by the International Federation of Accountants (IFAC), and those of the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. 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 risks 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.

Basis for Qualified Opinion

The amount of \$2.008 billion was reflected as Government Contribution – Capital in the Statement of Financial Position, of this amount \$186M was utilized on recurrent expenditure and should have been reflected as expenditure in the Income Statement.

The amount of \$147.660M expended on Drainage and Irrigation (D&I) works and reflected as capital expenditure in Fixed Assets in the Statement of Financial Position was recurrent expenditure for maintenance works that should have been accounted for in the Income Statement.

The amount of \$44.942M shown as Inventories included \$11.053M of obsolete stock held by the Authority, however, no physical count was done of the obsolete stocks, as such, their value could not have been accurately verified and recorded.

The sum of \$32.824M represented receivables and prepayments. Documentation to ascertain completeness, accuracy and validity of \$23.114M of this amount was not available for audit verification.

The completeness, accuracy and validity of \$15.352M of \$17.827M representing Payables, could not be substantiated, due to the absence of records.

Qualified Opinion

Except for any adjustments which have been shown to be necessary as a result of the matters referred to in the preceding paragraphs, in my opinion, the financial statements present fairly, in all material respects, the financial position of the Mahaica Mahaicony Abary Agricultural Development Authority (MMA/ADA) as at 31 December 2008, and its financial performance and cash flows for the year then ended in conformity with Generally Accepted Accounting Principles.

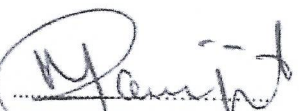


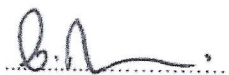
AUDIT OFFICE OF GUYANA
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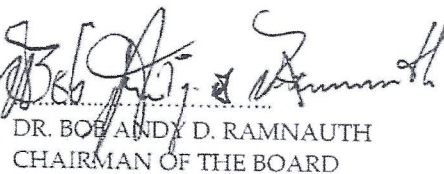
MAHAICA MAHAICONY ABARY
 AGRICULTURAL DEVELOPMENT AUTHORITY
 STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2008

NON CURRENT ASSETS	NOTES	2008 G\$	2007 G\$
Tangible Assets	6	1,096,879,021	958,581,409
		<u>1,096,879,021</u>	<u>958,581,409</u>
CURRENT ASSETS			
Inventories	7	44,941,796	32,867,558
Receivable & Prepayments	8	32,823,892	35,747,455
Investments		1,456,371	1,418,732
Cash at Bank /in hand	9	64,728,765	80,614,023
		<u>143,950,824</u>	<u>150,647,768</u>
CURRENT LIABILITIES			
Payables	10	(17,827,323)	(18,370,046)
		<u></u>	<u></u>
Net Current Assets		126,123,501	132,277,722
		<u></u>	<u></u>
TOTAL ASSETS & LIABILITIES		<u>1,223,002,522</u>	<u>1,090,859,131</u>
FINANCED BY			
Government of Guyana	11	2,007,592,158	1,821,592,158
Accumulated Deficit	12	(784,589,636)	(730,733,027)
		<u>1,223,002,522</u>	<u>1,090,859,131</u>

The notes on pages 4 to 14 form
 an integral part of these accounts


 MR. MAHENDRANAATH RAMJIT
 GENERAL MANAGER (ag)


 MR. CHITRANJAN JAIKISSOON
 SECRETARY


 DR. BOE ANDY D. RAMNAUTH
 CHAIRMAN OF THE BOARD

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>INCOME</u>	NOTES	2008 G\$	2007 G\$
Sales of Goods & Services		285,094,441	146,145,956
Drainage and Irrigation Charges	229,066,945		90,771,545
Rental of Premises	29,080,896		29,611,996
Proceeds from SeedPlant	9,984,800		11,611,225
Proceeds from Paddy Cultivation	12,891,800		13,472,190
Rental for Wharf	3,151,000		45,000
Others	919,000		634,000
Fees, Fines etc		658,437	351,230
Surveying & Filing Fees	658,437		351,230
Rents, Royalties etc		20,432,021	21,889,693
Land Rent	20,432,021		21,889,693
Other Recurrent Revenue		466,498	266,198
Interest Received	466,498		266,198
Miscellaneous Receipt		24,750,932	86,190,389
Others	2,505,617		7,436,284
Other from GOG	2,245,315		78,754,105
Releases from Region 5	20,000,000		
Subsidies & Contrib from Central Gov't -			
Provision of State Services	3	79,277,000	72,163,000
		410,679,329	327,006,466
 <u>EXPENDITURE</u>			
Employment Cost	4	110,712,101	87,474,938
Salary	70,492,259		54,686,405
Vacation Allowances	2,460,350		2,353,385
Pension	30,439,430		23,715,497
Gratuity/Severance Pay	7,320,062		6,719,651
Other Overhead Expenditure	4	17,665,805	14,302,431
OTHER RECURRENT CHARGES	5		
Materials, Equipment & Supplies	10,326,143		9,578,155
Fuel & Lubricant	49,252,665		34,466,274
Rental & Maintenance of Buildings	13,453,130		22,575,573
Maintenance of Infrastructure	126,707,633		23,769,489
Transport, Travel & Postages	14,148,152		12,564,151
Utility Charges	7,361,166		7,185,782
Other Goods & Services Purchased	30,383,476		24,335,739
Paddy Cultivation Expenses	19,942,254		6,676,970
Other Operating Expenses	4,711,844		4,322,508
 Increase in Provision for Bad & Doubtful Debt		669,863	637,277
Education Subvention & Training		1,520,308	477,886
Subsidies & Contribution to Local Organisation		1,903,407	390,340
	5	280,380,041	146,980,144
		408,757,947	248,757,513
 Surplus/ (Deficit)on Ordinary Activities		1,921,382	78,248,953
 Depreciation		55,777,991	48,149,060
<u>EXTRA ORDINARY ITEMS</u>			
Gain/Loss in Foreign Exchange			
Net Surplus/(Deficit)		(53,856,609)	30,099,893

MAHAICA MAHAICONY ABARY
 AGRICULTURAL DEVELOPMENT AUTHORITY
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED DECEMBER 31, 2008

	2008 G\$	2007 G\$
CASH FLOW FROM OPERATING ACTIVITIES		
Net Deficit	(53,856,609)	30,099,893
ADJUSTMENT FOR:		
Depreciation	55,777,991	48,149,060
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	1,921,382	78,248,953
WORKING CAPITAL CHANGES		
Stock	(12,074,238)	(4,118,436)
Debtors	2,923,563	(10,256,364)
Creditors	(542,723)	(1,612,434)
	(9,693,398)	(15,987,234)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(7,772,016)	62,261,719
INVESTING ACTIVITIES		
Increase in Pension Investments	(37,639)	(3,830)
Increase in Fixed Assets	(194,075,603)	(104,590,903)
	(194,113,242)	(104,594,733)
FINANCING		
Government Contribution	186,000,000	104,000,000
INCREASE IN CASH & CASH EQUIVALENTS	(15,885,258)	61,666,986
CASH & CASH EQUIVALENTS - 01:01:2008	80,614,023	18,947,037
CASH & CASH EQUIVALENTS - 31:12:2008	64,728,765	80,614,023

MAHAICA MAHAICONY ABARY
AGRICULTURAL DEVELOPMENT AUTHORITY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. **BACKGROUND**

The MMA/ADA is a semi-autonomous agency under the Ministry of Agriculture, governed by a Board of Directors. The Board is responsible for the formulation of policies for the efficient functioning and operations of the MMA/ADA.

The MMA/ADA was established in 1978 by Act No. 77 of 1977. The Authority was formed as the executing agency for the construction of all drainage and irrigation works in Region No. 5, Mahaica/Berbice on the north-eastern Atlantic seacoast of Guyana. The agency is also responsible for the allocation of State Lands between the Berbice and Mahaica Rivers.

Primary goals of the MMA/ADA are to manage, operate and maintain all drainage and irrigation works in Region No. 5, Mahaica/Berbice and to administer all State and Government lands for the benefit of farmers/residents and National Development. Overall, the MMA/ADA supports nearly half of the national rice production, about 30-35% of all livestock (most cattle) production and 10-15% of national sugar production

The Authority is governed by a Board of Directors, with a full time chairman appointed by Cabinet.

BOARD OF DIRECTORS AS AT DECEMBER 31, 2008:

NO.	NAME	DESIGNATION
1.	Rudolph Gajraj	Chairman, MMA/ADA Board of Directors
2.	Harrinarine Baldeo	Regional Chairman, Region No. 5, Vice Chairman, MMA Board of Directors
3.	Aubrey Charles	General Manager (ag.), MMA-ADA, Member
4.	Andrew Bishop *	Commissioner, Guyana Lands & Surveys Commission, Member
5.	Dhanramkumar Seeraj	Representative, Guyana Rice Producers' Association, Member
6.	Walter Willis	Chairman, National Drainage & Irrigation Board, Member
7.	George Howard	Chief River & Sea Defence Officer, Ministry of Public Works & Communication, Member
8.	Dr Dwight Walrond	Programme Director, National Dairy Development Programme, Member
9.	Lakenauth Bissoon	Representative, Guyan Rice Development Board

NOTES: * Chairman - Lands & Surveys Sub-Committee

2. NOTES TO THE ACCOUNTS

a) ACCOUNTING CONVENTION

These accounts have been prepared under the Generally Accepted Accounting Principles (GAAP).

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:

	2008	2007
1. Abary-Berbice (including Project Areas 1-5)	81,727.26	81,727.26
2. Mahaicony/Abary:		
MARDS	7,537.82	7,537.82
South Park Abary/North Hyde Park	5,208.97	5,208.97
South Jugdeo Canal to Gordon Table	7,651.26	7,651.26
	<hr/>	<hr/>
	102,125.31	102,125.31
	<hr/>	<hr/>

Drainage and Irrigation charges are further subjected to approved waivers.

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

Land Rent Chargeable acreages:

	2008	2007
1. Abary-Berbice (Project Areas 1-5)	5,354.80	5,326.65
2. Left Bank Abary	1,787.43	1,756.46
3. MARDS	2,968.66	2,968.66
4. North MARDS	128.59	128.59
5. South MARDS	254.47	234.30
6. Left Bank Berbice River	14,421.37	14,421.37
7. Right Bank Abary River	422.74	422.74
	<hr/>	<hr/>
	25,338.06	25,258.77
	<hr/>	<hr/>

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 in 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.

3. GOVERNMENT OF GUYANA SUBVENTION:- \$ 79,277,000

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.

4. EMPLOYMENT COSTS: \$128,377,906

The emoluments for the year amounted to \$128,377,906, comprising of :-

	2008	2007
Salaries (Fixed & Contracted Employees)	70,492,259	54,686,614
Pensions/Gratuities/Terminations/Severance Pay	37,759,492	30,435,148
Vacation Allowance	2,460,350	2,353,385
	-----	-----
	110,712,101	87,475,147
Overhead Expenditure	17,665,805	14,302,431
(Other direct labour cost, security etc.)	-----	-----
	128,377,906	101,777,578
	=====	=====

AVERAGE NUMBER OF EMPLOYEES - 2008

	EMPLOYEES		TOTAL
	FIXED	CONTRACTED	
<i>Administrative</i>	4	2	6
<i>Senior Technical & Craft Skilled</i>	1	2	3
<i>Other Technical and Craft Skilled</i>	1	4	5
<i>Clerical and Office Support</i>	1	8	9
<i>Semi-skilled and Unskilled</i>	13	45	58
<i>Trainee</i>		6	6
TOTAL	20	67	87

AVERAGE NUMBER OF EMPLOYEES- 2007

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

5. **OTHER RECURRENT CHARGES:- \$280,380,041**

This amount comprises of the following costs:

	2008	2007
Materials, Equipment & Supplies	10,326,143	9,578,155
Fuel & Lubricants ¹	49,252,665	34,466,274
Maintenance of Buildings	13,453,130	22,575,573
Maintenance of Infrastructure ²	126,707,633	23,869,489
Transport, Travel and Postage	14,148,152	12,564,151
Utility Charges	7,361,166	7,185,782
Other Goods & Services Purchased	30,383,476	24,335,739
Other Operating Expenses	4,711,844	4,322,508
Education Subvention & Training	1,520,308	477,886
Subsidies & Contribution to Local Organisation	1,903,407	390,340
Paddy Cultivation Expenses (Economic ventures)	19,942,254	6,676,970
Increase in Provision for Bad & Doubtful Debts	669,863	637,277
	<u>280,380,041</u>	<u>147,080,144</u>

Notes: 2008

1. Included in this amount is the sum of \$9,850,533 being Fuel & Lubricant recurrent expenditure from Region No 5 allocation, also this amount does not include here expenditure for Capital Project.
2. Included in this amount is the sum of \$10,149,467 being Maintenance of Infrastructure recurrent expenditure from Region No 5 allocation.

6. FIXED ASSET: 2008 - \$1,096,879,021

The summary of Fixed Assets is as follows:

CLASSIFICATION	D&I WORKS	BUILDINGS	PLANT, MACH & EQUIPMENT	VEHICLES	WATER TRANSPORT	TOTAL
COST AS AT 01.01.08	1,084,586,221	139,626,820	172,569,185	49,270,387	11,220,655	1,457,273,268
ADDITIONAL	101,659,622 ¹ 46,000,000 ²		46,415,981			194,075,603
COST AS AT 31.12.08	1,232,245,843	139,626,820	218,985,166	49,270,387	11,220,655	1,651,348,871
ACCUMULATED DEPRECIATION AS AT 01.01.08	284,100,527	65,925,719	120,776,305	23,252,291	4,637,015	498,691,859
CHARGES FOR THE YEAR	27,108,479	6,167,271	14,559,173	6,428,020	1,515,048	55,777,991
ACCUMULATED DEPRECIATION AS AT 31.12.08	311,209,006	72,092,990	135,335,478	29,680,311	6,152,063	554,469,850
NET BOOK VALUE AS AT 31.12.08	921,036,837	67,533,830	83,649,688	19,590,076	5,068,592	1,096,879,021

- Notes: 1. From Capital appropriation to MMA-ADA
2. Capital appropriation warranted from Region 5.

FIXED ASSET: 2007

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

7. INVENTORIES:- \$44,941,796

The above amount comprises of the following:

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

Active Stock

	2008	2007
Obsolete Stock (i.e. amount from prior years)	11,053,207	11,053,207
Active Stock	33,888,589	21,814,351
	<u>44,941,796</u>	<u>32,867,558</u>

8. RECEIVABLES:- \$32,823,892

The following is an analysis of debtors and prepayments:-

Prior years (before the fire):

	2008	2007
General Debtors	12,558,841	12,558,841
Hire Debtors	6,909,185	6,909,185
Staff Debtors	1,320,575	1,320,575
Deposits	68,227	68,227
Prepayments	199,974	199,974
Cash Advances	680,454	680,454
Local Debtors	503,573	503,573
Payroll Debtors	710,824	710,824
Foreign Debtors	161,980	161,980
	<hr/>	<hr/>
	23,113,633	23,113,633
Local Debtors	16,483,612	18,631,592
General Debtors	300,000	300,000
Payroll Debtors	266,555	266,555
Cash Advance	175,618	281,338
Less provision for bad debts	(7,515,526)	(6,845,663)
	<hr/>	<hr/>
	32,823,892	35,747,455
	<hr/> <hr/>	<hr/> <hr/>

9. CASH AND BANK :- \$64,728,765

The breakdown of cash and bank balance is shown below:

	2008	2007
NBIC Rosignol Account (Current & Saving)	17,575,324	54,079,302
NBIC Current Account (Property)	47,153,441	26,534,721
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	64,728,765	80,614,023
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10. PAYABLES:- \$17,827,323

The above amount comprises of the following:

	2008	2007
Amount for prior years (before the fire)	15,352,113	15,352,113
General Creditors	1,033,225	905,975
Payroll Creditors	1,441,985	2,111,958
	<u>17,827,323</u>	<u>18,370,046</u>

11. GOVERNMENT OF GUYANA CONTRIBUTION:-\$2,007,592,158

The above amount is made up as shown below:-

a)	Local contributions by GOG	G\$
		1,487,978,813
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
	<u>90,175,345</u>	<u>500,812,228</u>
		500,812,228
		<u>2,007,592,158</u>

12. ACCUMULATED SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE:- (\$784,589,636)

Balance as at January 01, 2008	(\$730,733,027)
Add Surplus for the year 2008	(53,856,609)
Cumulative Deficit as at 31:12:2008	<u>(\$784,589,636)</u>

13. *The Chairman of the Board, Dr. Bob Andy D. Ramnauth and the Secretary are current members of the Board of Directors for the Mahaica Mahaicony Abary-Agricultural Development Authority (MMA-ADA) and accordingly sign these Financial Statements for the year 2008 for audit purposes.*