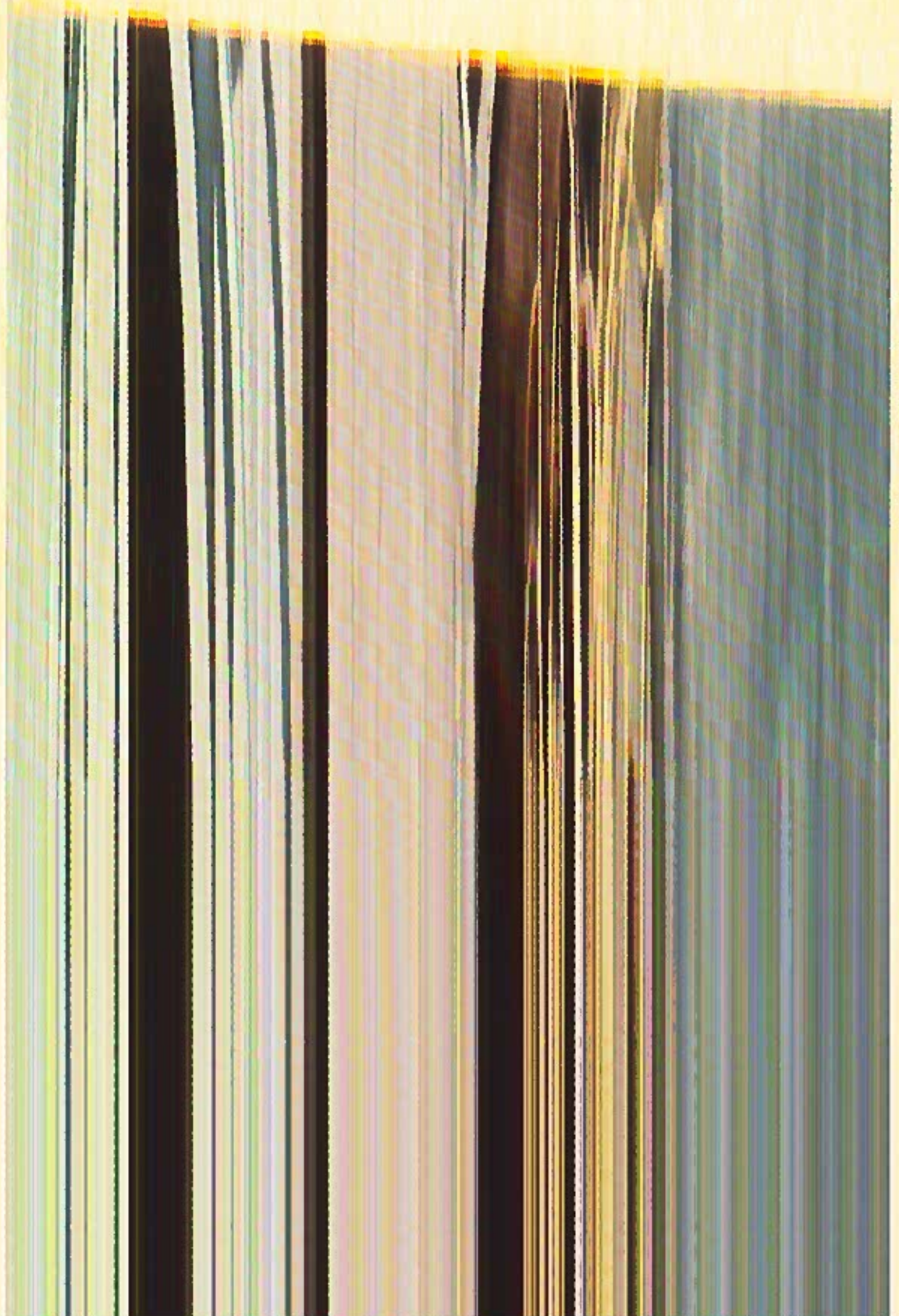


Report and Accounts  
1977





## CHAIRMAN'S STATEMENT



Our first report covered a seven month period. This, our second report covers a full financial year, January to December 1977. It was hoped that 1977 would have been a year of consolidation; a year when progress would have been made. As it turned out, because of a confrontation which need not have been, the year could be called a year of frustration — frustration because ideal weather conditions were frittered away. The excellent conditions would have allowed us to harvest all the cane and carry out our tillage programme and at the same time eliminate the sizeable acreages of Smut infested cultivation, which have adversely affected the industry.

Notwithstanding the falling price of sugar, given stability, we could have shown a surplus even though the surplus would not have been of the order which would have made us extremely jubilant. Our gross earnings in 1977 were \$191.0M. Employment costs absorbed 60 percent of this, community costs used up 15 percent, while other operating expenses accounted for a further 33 percent. Total costs were \$206.5M or 8 percent in excess of gross earnings. Our report shows that we produced some 80,000 tons short of our estimate. As a result, we incurred a loss of \$15.5M compared with a surplus after tax of \$3.1M in 1976. Our financial results therefore reflect several factors among them being:

- a. Inflation because of the foreign inputs; and
- b. The effects of the prolonged strike.

Whilst we have shown a loss, our contributions to the critical foreign exchange situation in the country should not be overlooked. Of the total revenue of \$191.0M our gross foreign exchange earnings amounted to \$182.5M or 95 percent of total revenue. Our workers lost \$15.6M in wages as a result of strikes.

The period under review was a difficult one, difficult because of the lost opportunities. It will take a high sense of discipline and dedication to recoup the situation in 1978 and the years ahead.

Notwithstanding these difficulties, it is surprising how much

was achieved behind the glare of publicity surrounding the prolonged strike.

Thanks to the loyal and dedicated workers and the volunteers and recruits who manned our operations, we were able to achieve the reported production and at the same time to do some major works. We would have liked to have recorded a higher percentage achievement in mechanical tillage but to have achieved 62 percent of our programme and 58 percent of the replant programme is creditable even though this short-fall in our programme will have some adverse effects on yields in 1978 and probably in 1979.

Despite the problems experienced, the Corporation was able to complete its expansion programme at Skeldon, bringing a further 2,320 acres under cultivation.

All our factories performed well, notwithstanding the problems of unpredictable cane supplies, low quality, and high extraneous matter content. One positive result emerged from the confrontation in the second crop, and that is, that we were able by temporarily shutting down two factories to utilise the capacities of factories in the East Demerara and West Coast Demerara most efficiently in the circumstances of the strike. This proved to be a good decision, and it showed that when the factory is closed at Versailles, we can satisfactorily handle the cane from Versailles, Uitvlugt and Leonora on the two locations.

We continued in our diversification programme which gained some further momentum, and I believe that we are now poised for further progress in this direction. Indeed, at the time of writing, we have begun working assiduously to expand the Other Crops Division.

Marketing of sugar was difficult under the given conditions. Indeed, it has been a most serious time for the Guyana Sugar Industry as the world price fell to its lowest level since 1973. We suffered a setback in the U.S. Market because of two actions taken by the United States Government, namely, the increase of the duty, and secondly, the denial to Guyana along with other countries of special treatment under the Generalised System of Preferences (GSP) for our sugar. Notwithstanding all our problems, no contract or quota was left unsatisfied during 1977, and we are proud to state that with the help of loyal and dedicated workers as well as the volunteers and recruits, who in the hour of need supported the Corporation, we were able to maintain our credibility and reputation as suppliers of sugar in the International Sugar Markets.

We made progress in our communications and whilst we did not achieve the objective of fully establishing Regional Boards, Works Councils and Productivity Committees functioned effectively on several estates. Our Participative Forums made modest progress and our relationship with the Community has improved. It is distressing to report, however, that our relationships with the Unions operating in the Industry did not show any significant improvement.

Earlier in this statement and throughout our review, the reader will note a deep sense of frustration and disappointment seeping through. Nonetheless, having regard to the work which we have done and the new horizons opened up during 1977, I am optimistic of the future. This optimism can, however, be fulfilled only with the full co-operation of all our employees.

During 1977, an outstanding event in the world of sugar was the conclusion of the new International Sugar Agreement. Guyana played a prominent role within the group of Caricom Countries as a representative of the smaller developing sugar exporters. The Agreement is a comprehensive one, but the main points of interest to Guyana could be outlined as follows:

1. The price range in the Agreement is 11 – 21 cents (US) per pound (\$G) 627 – 1,210 per ton). This is the objective, and the mechanisms of the Agreement are designed to achieve the minimum as quickly as possible. However, because of great pressure of surplus sugar overhanging the market, it is estimated that the price will only gradually get to the minimum of 11 cents (US) and as a result this minimum might not be achieved until late 1978 or early 1979. It should be noted that a rise of 1 cent (US) per pound in price, given Guyana's quota of 145,000 tons, yields an additional \$G) 8 million per annum for Guyana.
  2. Guyana has been allocated a quota of 145,000 metric tons raw value. In the Agreement quotas are subject to cuts if the price is low and our quota will therefore be subject to the maximum cut in 1978. The maximum quota cut applicable to Guyana is 18.5 percent thus reducing our quota to 112,246 long tons.
  3. Special stocks amounting to 2.5 million metric tons are to be built up under the Agreement. Guyana's share of special stocks would be 13,000 tons. These special stocks will be built up over three years in proportion 40:40:20. Such stocks cannot be used until the price reaches a level of 19 cents (US) per pound. The holding of special stocks will be financed by payment from a Stock Financing Fund established under the new Agreement. Payments from this Fund will be 1.5 cents (US) per pound per annum to the holders of special stock and the Fund will be built up by a levy on sugar exported or imported of 0.28 cent (US) per pound. This Stock Financing Fund does not finance the actual value of the sugar which will be kept off the market.
- Arising from the new Agreement, two implications stand out very clearly for Guyana. The first is the need for Guyana to produce the maximum in 1978 and 1979. The new Agreement is highly performance oriented, and if we do not produce enough sugar in 1978 and 1979 to meet our quota entitlement and stock obligations, plus enough to take up other exporters' shortfalls and prove our expansion projects we might well lose our full share of the quota in the 1980 review, and will tend to lose credibility as a performer in the world free sugar Market. Secondly, we have to take into account that from 1978 we

must be able to build up special stocks amounting eventually to a maximum of 13,000 tons in 1980.

## THE FUTURE

Whilst the long term view for the Corporation can be regarded as promising, 1978 for sugar will not be a rosy year. We will continue along with other organisations to be plagued by the foreign exchange problem which is a national problem, and notwithstanding the best efforts of our colleagues in the International Forums, e.g., GEPLACEA and the I.S.O., I do not believe that the full impact of the I.S.A. will be felt until 1979 or even 1980. In spite of this, we must maintain or even improve on our production levels. We will have tough negotiations in the EEC, and we will continue to play our part in working with our ACP colleagues to get the best possible prices from this market.

Up to the time of writing, there are no indications that the duty for sugar to be sold in the United States of America will decrease, nor is there any indication that we will gain exemption under the GSP treatment. Additionally, the world price of sugar has not risen significantly and has not yet risen to the level that will meet our cost of production. Whilst we have to look for markets outside the traditional ones, namely China, the Democratic Peoples Republic of Korea, the German Democratic Republic and the U.S.S.R., I believe that the present world price together with other developments emphasise the need for continued close working relationships between our Marketing Committee and our Marketing Agents in order to ensure that we are selling the commodity in the most remunerative markets; at the same time we must ensure that the product we are selling will be of the highest possible quality. The work in this direction started in 1977 must be continued and improved upon in 1978.

At the same time we must recognise that we have made a major breakthrough in our other crops and whilst the Sugar Division will continue to be the main division, it is intended that the Other Crops Division will grow and assist in not only maintaining our local food supplies, but also increase the organisation's capabilities as a foreign exchange earner. At the time of writing, we have absorbed certain sections of the Guyana Agricultural Products Corporation, and we are now engaged in expansion work, which comprises Oil Palm Cultivation, Edible Oil Extraction, the production of Cassava Flour along with its by-products – Middlings, Starch and Cassareep. The development of state farms both on-estate and off-estate locations and the consequential production of Corn, Legumes, including Black-eye peas, Mung and Urid Dhol, as well as cash crops such as Cucumbers, and the production of inland fish are proceeding apace.

These are exciting developments in the organisation and it is my considered view that given favourable weather, good seed material, and the dedication and commitment of our staff, both in the Sugar and the Other Crops Divisions, we would

achieve the objectives which have been set for 1978, and at the same time move our dependence from a single crop to a broader base, thereby making the Corporation a truly Agri-Business Corporation. It follows, therefore, that the name of the Corporation will be changed to reflect its varied activities. It is our intention to not only become a major supplier of food in the region, but to collaborate with our sister organisations, towards making a contribution not only in helping the nation to become self-sufficient in the whole area of food but also to making a further step in the march of building a truly Socialist State.

The long term future looks reassuring, and we estimate that we will produce approximately 360,000 tons of sugar in 1978, and at the same time produce some 4 million pounds of Legumes, Corn and other market produce.

What, however, is necessary if we are to achieve this objective is a stable industrial relations climate. On the one hand, we are keeping our commitments to pay better wages and improve conditions for all our employees, and we expect on the other hand, that all our workers, both managerial and non-managerial will recognise that they have a duty and obligation to assist us in achieving our production goals. We expect, therefore, greater productivity in all divisions and sectors of the industry.

I again express the hope that during the new year we can make some further progress in the establishment of our worker participation models. We again invite the Unions operating in the Industry to meaningful discussions on this programme. We hope too to work on improving our relationships with the Unions in the Industry.

1978 is again going to be a difficult year. It is my view that we have the resilience to meet the challenges. All employees, both managerial and non-managerial must have a greater understanding and appreciation of the difficulties facing the nation of which GUYSUCO is a part, and as a consequence the difficulties facing the Corporation. Given good will and understanding, I am confident that we will not fail.

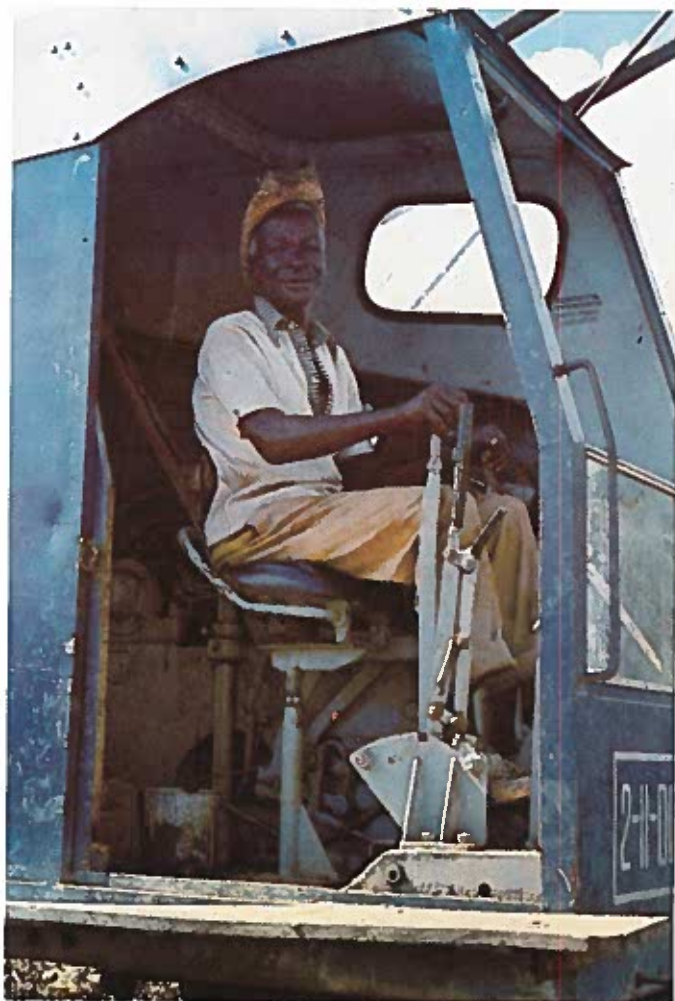
Like 1977, I wish to again repeat the pledge on behalf of my Board, my Management colleagues and myself, that we will work constructively for the good of the Corporation and for the good of the country, thereby making our contribution to the Nation. We are going to develop into an all encompassing Agri-Business Corporation and I know that I can count on all levels of employees for their support in the exciting and challenging task ahead. We have a cadre of highly trained people committed to getting things done well for the benefit of the country as a whole.

I wish in conclusion to record my thanks to all the employees and to reiterate my gratitude to the scores of volunteers who numbered among them, Ministers of Government, Parliamentarians, as well as people from other walks of life, and recruits who helped us through the difficult period in 1977, to keep the Corporation going and assisted us in fulfilling our contractual marketing obligations. I know that all will strive

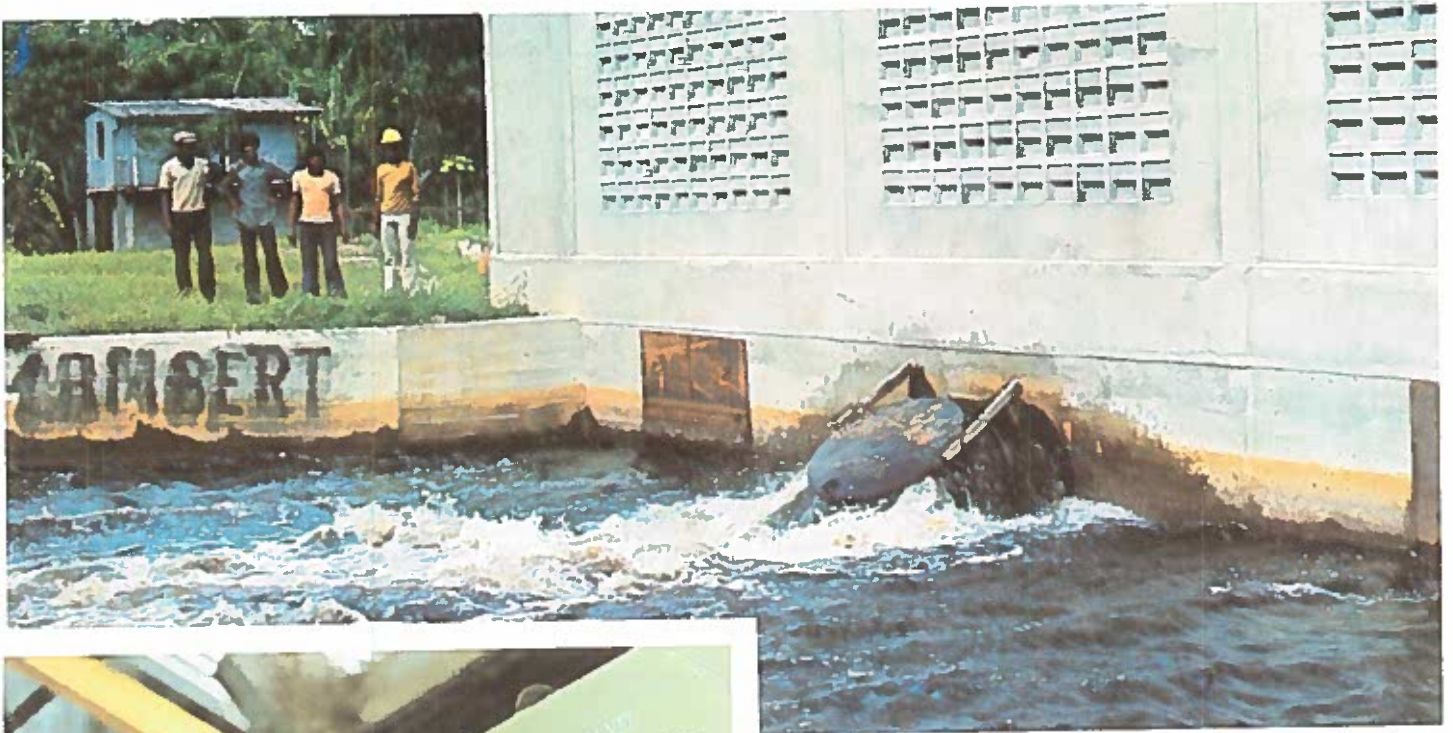
harder to make 1978 a year of forward movement and a year of fulfillment.



*This ambulance, which replaced the old one at Rose Hall early in 1977, is another facility which will serve the estate as well as the community in which an estate is located.*



*Dragline Operator David Lambert sits in the cabin of his 22 RB Dragline aback of Skeldon where he has been working on excavations for the Sandaka project.*



*The new pumping station at Sandaka on the Canje Creek is capable of pumping 50,000 gallons every minute and provides much needed water for the recently expanded Skeldon Estate cultivation.*



*Many young men have found responsible jobs in the industry and perform efficiently, as this young man who works at the No. 1 Boiler Instrument Panel at Skeldon.*

*More women are playing greater roles in the industry, particularly in the trades. Welder, Faye Liverpool, 26, is one of them. She works at the Albion Field Workshop.*



# REVIEW OF OPERATIONS

## FINANCE

**Operating Results:** The financial year of 1977 was a year of disappointment. We had estimated earlier in the year to manufacture 312,000 tons of sugar, but due to the 135-day strike we produced 241,527 tons.

The financial results reflect essentially the effects of the strike and inflation which has continued to spiral.

In the final analysis we suffered a loss of \$15.5M compared with a surplus after taxation of \$3.1M in 1976.

**Dividends and Reserves:** The revenue reserves brought forward from the previous period were utilised to pay a dividend of \$3.1M.

**Levy:** The total export sugar levy for the year amounting to \$77.5M was remitted by Government.

**Liquidity:** The overdraft position at 31 December 1977 was \$27.5M compared with \$1.7M in 1976. The overdraft position deteriorated because of the prolonged strike in the second crop 1977 and the retrospective payment of wages and salaries arising from the minimum wage agreement.

**Capital Expenditure:** Capital expenditure during the year was \$12.9M (1976 - \$7.1M) of which \$9.2M was financed by internally generated funds and the remaining \$3.7M by external loans.

One of the major areas of expenditure was the field and factory expansion at Skeldon which accounted for \$5.1M or 39% of the current year's expenditure.

Capital expenditure for 1978 is expected to be in the region of \$20.1M, of which \$4.6M has already been contracted.

## AGRICULTURE

In 1977, the strike in the second crop seriously reduced sugar production, disrupted mechanical tillage, planting, and other agricultural operations, and hindered progress in the implementation of the Corporation's plans for development and diversification. Measured against what could have been achieved, 1977 was therefore in many ways a frustrating year for Guysuco.

Even so, it is surprising how much continued to be achieved out of the glare of publicity surrounding the prolonged strike. The majority of workers at all levels continued to work with dedication and in fact maintained production at 60% of estimate throughout the strike. Essential agricultural operations, including the application of fertilisers and the control of pests and weeds, continued to be pursued in order to safeguard future crops. The programme of research into new varieties made good progress. The expansion programme at Skeldon was completed. Drainage and irrigation works were substantially improved. A major pilot scheme for assessing the mechanisation

of harvesting in the fields commenced at Diamond. An encouraging start was made in crop diversification and 186,595 lbs of blackeye peas from an acreage of 400 were produced in Guysuco's first effort in the production of a variety of agricultural products for local consumption.

Much progress was therefore achieved, signifying the underlying strength and vigour in Guysuco which only needs a settled industrial climate to produce for the nation as a whole.

**Production:** The industry produced 241,527 tons sugar during 1977. 104,344 tons sugar were produced during the first crop and 137,183 tons sugar during the second crop. Estates production for the year was 206,502 tons sugar, whilst cane farmers contributed 35,025 tons sugar or 15% of total production. The year's total production fell short of the estimated target by 79,371 tons sugar or 25%.

**Rainfall and Water Control:** 1977 was a comparatively dry year, with well distributed rainfall. Precipitation over the sugar belt totalled 65.46" in 1977 compared with 103.31" in 1976 and the historic mean of 89.54". Distribution during 1977 was 33.56" in the first six months and 31.70" in the second six months. The corresponding pattern for 1976 was 75.29" and 28.02" respectively, whilst the historic average was 50.04" and 39.50" respectively. As a result of the lower than average rainfall, some irrigation was necessary to maintain the desired moisture levels of the soil.

Internal water control structures and field works completed during the year included two concrete check sluices, an irrigation water intake and six heavy-duty bridges.

Major works include the completion of the new Sandaka Pumping Station on the Canje Creek designed to accommodate three 200 tons per minute irrigation pump units. One has already been installed and is functional; additional units will be installed as demand requires. The structure is certainly an imposing one and is an integral part of the Skeldon Expansion Project, which brought into cultivation about 3,800 acres over the last three years.

Work commenced during 1977 on the construction of the Waterway to enable cane to be transported from Versailles to Leonora or Uitvlugt factories. Construction will be completed by mid-1978. Cane punt haulage will be by shallow draught paddle tugs which have been designed, developed and constructed for this purpose by our Experimental Workshop.

Substantial improvements have been made to the drainage of several estates. Detailed hydraulic designs for every mile of drainage trench on the estates are now available. At Enmore the old Strathspey drainage pump has been completely rehabilitated and is now the largest capacity single unit in the country. The gravity drainage capacity at Blairmont and Diamond is being increased by additional sluice capacity at Rosignol and Peters Hall respectively.

**Mechanical Tillage and Replanting:** Because of the strike, only 16,289 acres or 62% of the total tillage programme was achieved during the year despite the good weather conditions prevailing. The shortfall of 9,858 acres in the tillage programme will have a substantial effect on the cycle age and hence yields of the 1978 and subsequent crops.

Our policy is to replant 20% of harvested acres per annum. However, the industry only achieved 58% of overall replant target for the year despite the achievement of about 94% of the programme during the first crop. The new land planted at Skeldon during the year should significantly contribute to production during 1978.

**Breeding and Selection:** Our Sugar Experimental Station had another active year in breeding and selection practices.

Seedling production has been a great disappointment. This resulted from poor germination of the Demerara and Demerara-Barbados fuzzi, together with early attacks on the seedlings by pests. The total seedling population planted was 53,468.

Selections were completed on all the different series, and varieties advanced from stage to stage. Thirty-five variety trials were successfully harvested throughout the industry during the year. The most promising varieties were DB 66/113 in the second crop and D 273/65 and B 69549 in the first crop.

An extensive heritability study involving 1,532 seedlings from thirty-nine crosses was undertaken in collaboration with the West Indies Central Sugar Cane Breeding Station at Leonora Estate. Hopefully, information will be obtained to guide us in the use of parents for disease resistance in the breeding programme.

A further six hundred and eighteen clones were placed in another smut resistance trial. This brings to seven the number of screening trials undertaken.

**Smut:** The area infected by smut increased by 2% over last year and the serious effects of the disease were felt during the dry second crop.

Mainly because of the prolonged strike in the second half year, some 5,300 acres of diseased cane will have to be eradicated in the first crop of 1978. This factor will create an added strain on the effective utilisation of the field equipment.

Smut has been the single most influential factor which determined varietal change. The resistant B 41227 retained and increased its majority position by some 5,500 acres, whilst the highly susceptible but high yielding HJ 5741 was further diminished by approximately 5,700 acres.

With further distribution of DB 849/61 and B 69163 for rapid multiplication and extension, estates now have eleven new smut resistant varieties for field scale evaluation.

Irradiation studies continue in the search for non-flowering and smut resistant mutants of D 158/41 and HJ 5741. Further testing and purification will be done in 1978.

**Pest and Weed Control:** Throughout the year pest infestation, in general, was mild, but rats remain a problem in the Berbice region. Leaf-eating caterpillars which affected both crops were the only pests of any consequence; suitable control measures were taken whenever necessary. Research continues on finding alternative control techniques for *Castnia licoides* and screening new insecticides for caterpillars, hardback beetles and frog-hoppers.

The routine programme involving the application of chemicals to plants and early ratoons at an early post-emergent stage continued. Because of the problem of weed succession, various combinations of herbicides were tested, including some of the newer formulations. Overall usage of herbicides was lower than in 1976 due predominantly to the strike which limited harvesting and general spraying work.

**Field Mechanisation:** At Diamond, a full-scale pilot project is in the process of being established to test the techniques and viability of a totally mechanised approach to the planting, cultivation and harvesting of sugarcane. Different treatments of sub-surface drainage and surface drainage are also being evaluated. Solutions to the many problems, which have to be solved to render such a system workable under Guyana conditions, offer a fascinating challenge to specialist staff.

## CROP DIVERSIFICATION

**Legumes:** We embarked on a Crop Diversification Programme with the planting of 400 acres of blackeye peas in mid-year. Each estate was involved in the first crop, which was harvested in early August. Total production was 186,595 lbs dry peas, at an average yield of 470 lbs per acre.

There was no serious incidence of pest or disease due mainly to the unceasing vigilance of estate staff and the timely control measures which were implemented. However, praedial larceny accounted for some loss on most estates.

Seed material for planting was provided by the Ministry of Agriculture, who also provided technical advice at various stages of the crop.

The second blackeye crop consisting of 469 acres was planted in late November through early December. Plant population increased from an average of 30,000 plants per acre in the first crop to in excess of 50,000 for the second crop. Unlike the first crop, production effort was concentrated on only six estates. Our first attempt at mechanised planting and harvesting will be carried out on this crop at Skeldon and Albion.

**Cash Crops:** In keeping with the national food crops production drive, we set aside specific areas on all estates for planting food



crops, from July onwards. At 31 December over 150 acres of food crops have been planted, ranging from root crops to vegetables. Praedial larceny accounted for a high percentage of crop losses, with the result that new planting of these cash crops will now be concentrated in certain selected areas.

## FACTORIES

Although the industrial unrest in the second crop of 1977 more significantly affected field operations, it was nevertheless a difficult year for factory operations, with unpredictable cane supplies, low cane quality and high extraneous matter content. At some locations, though fortunately not all, factory labour performance was unpredictable, and grinding operations required extraordinary performance by both non-management and management workers alike. The constant risk of sabotage imposed security duties additional to the administrative and technical tasks normally carried out by factory staff. Out of these adverse conditions at least one major benefit emerged, in that our younger factory staff responded admirably to the challenge and emerged more mature and knowledgeable as a result.

A concerted training effort by the field department during mid-year brought about some reduction in cane extraneous matter content which had been a great problem during the first crop, but cane quality as delivered to the factories continued to be poor. During the strike-affected second crop, it was to be expected that despite the excellent efforts to keep the mills supplied, cane would be somewhat staler than usual, and this would constitute another problem area during processing. It was not surprising, therefore, that several factories experienced congested boiling houses, which resulted not only in stoppages but in the adoption of measures which increased the loss of sugar in the final molasses. Blairmont was hardest hit in this respect; their cane was generally over age, but a considerable part of this factory's problems continued to be the unsatisfactory standard of maintenance.

Heartening improvement in plant performance was noted at LBI, Diamond, and to a lesser extent at Leonora, although there is still room for improvement especially in respect of sugar recoveries. Planned maintenance at the latter two factories did not develop at the pace anticipated, but new staff at these locations are considered quite capable of recovering the momentum. Skeldon was unfortunate in having to commission the new plant under circumstances not ideal for such an exercise, but after several weeks of "teething troubles" seems to have mastered the new equipment.

Early in the second crop, it was decided to suspend operations at Enmore and Leonora with available cane from the two estates being milled at LBI and Uitvlugt. The results demonstrated that higher performance levels at both factories are achievable with better cane supply, and in respect of Uitvlugt, that Versailles cane can be satisfactorily handled when that factory closes.

**Quality Control:** We have not had an entirely satisfactory year in respect of the quality of our products, although during the latter part of the second crop colour values were good, having regard to the material being processed. U.S. shipments attracted some penalties which were not unexpected since they were made early in the second crop.

**Reclamation:** For some time now, we have appreciated that efforts must be directed at prolonging the working life of factory plant and equipment by better operational and maintenance practices, including the use of hardfacing techniques. An example of this has been the hardfacing of cane knives which not only significantly reduced the amount of knives used, but also ensured better cutting edges for cane preparation. There is still considerable scope for this type of activity, and a member of the department is presently undergoing training overseas in this direction.

**Skeldon Expansion:** Our main effort as far as expansion is concerned has been at Skeldon. In order to meet the commissioning deadline of mid-August, a number of major jobs had to be completed during the mid-year stoppage. An Arrol cane crane and an Avery cane scale, both ex-Albion factory, were erected and a complete new cane carrier constructed. A cane knife set of a very modern design, complete with turbine drive, was installed. The most critical job was completion of the foundations for, and the installation of, a new four roller mill with drive. The boiling house programme included the installation of two new juice heaters, resiting of the old heaters, a new Oliver Campbell filter, two new evaporator vessels and various process pumps. We also completed the installation of a diesel and a turbo alternator set in the power house.

The programme was, to say the least, an ambitious one, and it was only through the sterling efforts of all concerned that the majority of these jobs were completed within the prescribed time. It was a great disappointment to all concerned that commissioning had to be delayed to mid-September 1977 because of the short-shipment of a critical mill drive component, which eventually had to be fabricated locally by the Guyana National Engineering Corporation. Commissioning of the new equipment was carried out under the adverse conditions of an industrial strike and its success is a credit to the Skeldon factory and project workers as well as all engineering staff concerned.

Operations during the second crop were hampered by the strike, but indications are that Skeldon will easily achieve its new production capacity of 95 tons cane per hour in 1978.

**Research and Development:** Our factory operations department, although not equipped for basic research, continued to keep abreast of technological advances in sugar manufacture. The well-established "Talofloc" process for improving the performance of the "White End" of a Raw Sugar Factory will be tested at Uitvlugt during 1978. Requiring only minor additional equipment, the process which is principally one of extra

chemical treatment is expected to increase output and improve product quality.

The "Terotechnology" study in March 1978 seeks to identify where reclamation and rebuild techniques, together with the establishment of appropriate centres within the industry, will result in foreign exchange savings in expenditure on machinery spares.

**By-Products:** The department will maintain its interest in the development of the by-products of sugar manufacture, and collaborate with other national agencies in the planning and execution of identified projects. Power alcohol from molasses or juice, paper and board from bagasse are two areas of study engaging our attention.

### SUGAR MARKETING

In 1977 Guysuco had to overcome severe marketing problems, the most serious that have faced the Guyana sugar industry for years.

The world market price for sugar sank to its lowest level since 1973. The average I.S.A. daily price for 1977 was only 8.10 cents US per lb compared with 11.51 cents in 1976, 20.37 cents in 1975 and 29.66 cents in 1974.

The U.S. continued to deny Guyana, along with other countries, Generalised System of Preference (GSP) treatment for sugar. Also, during the course of the year, the U.S. further increased the duty on sugar imports.

Exactingly, almost hourly, attention had to be paid, especially throughout the period of the strike in the second crop, to ensure that production, marketing commitments and scheduled shipments were kept in balance. In the event it is notable that in 1977 no charges were incurred for dead freight or demurrage, and that stocks were nevertheless kept to a minimum. At the same time, we contributed significantly towards satisfying the country's urgent need for foreign exchange and augmenting Guysuco's cash flow.

Also, despite the low production, no contract or quota was left unsatisfied and Guysuco's credibility and reputation as a supplier of sugar in the international sugar markets was preserved. In particular, our commitment under Guyana's EEC quota were fully met.

**Sugar Marketing Committee:** The Minister of Foreign Affairs and International Trade is Chairman of this Committee, and the efficient implementation of sugar marketing strategy depends a great deal on the close and constructive relationship which is maintained between the Ministry and Guysuco.

### THE MARKETS

Our Production of 241,527 tons was marketed as follows:

Market	Tons
Home	31,461
Caricom	307
UK/EEC --	
UK -- Bulk Raws	173,072
Specials	4,005
Holland	300
West Germany	44
Canada	20,296
China	817
Andre Contract (to the USA)	11,000
Japan	5
Losses	220
	<hr/>
Total	<u>241,527</u>

**Home Market:** Our first marketing priority is to supply to the home market. In 1977 this market was kept fully supplied with its requirements. Despite the prolonged strike in the second crop which led to a serious shortfall in production, the home market was never without sugar. The price of DC sugar was kept at \$126.50 per ton. The subsidy to the home consumer in respect of DC sugar in 1977 was \$20.4 million. The production of white sugar from the plant at Uitvlugt in 1977 was less than we had hoped mainly because of the strike in the second crop. As a result, although the home market was supplied, we could not develop our markets in CARICOM countries for this grade of sugar as we had hoped to do. The price of white sugar on the home market has continued at \$560.00 per ton during 1977.

**UK/EEC:** Guyana has an annual quota of 167,000 tons in the EEC (quota period 1 July / 30 June).

In 1977 Guysuco planned its shipments to make sure that this commitment was met in full. In particular, in the second crop when the strike was reducing production, we directed all our efforts to shipping sugar to meet our EEC quota commitments. The result was that by 6 January 1978 we had already shipped 122,472 tons of our 1977/78 quota of 167,000 tons.

The price in this market is linked to the price obtained by beet farmers in the EEC. The price is also protected by being expressed in units of account and not in sterling. If we can ensure that our costs are kept under reasonable control, the price obtained in the EEC market should remain a satisfactory one.

Our contract with the UK refiners, by which we get additional payments over and above the basic EEC price, continued to be closely monitored during 1977 to ensure that we obtained the fullest possible benefits through this contract. A very useful meeting between the UK refiners and industry representatives of the CARICOM sugar-producing countries was held in Guyana at the end of May.

**The U.S. Market:** In 1977 Guyana sold only 11,000 tons of sugar to the U.S. This compares with 102,722 tons in 1974, 93,825 tons in 1975 and 48,572 tons in 1976. This steady decline in sales to the U.S. is due primarily to the effect of the recent legislative Acts which could have disastrous effects on the economy of sugar producing territories which had traditionally exported to the U.S.

**Canada:** In 1977 Guyana sold 20,296 tons of sugar to Canada, compared with 8,480 tons in 1976 and nil in the period 1972 – 1975. The Canadian market has become more attractive than it was, especially because of the preference over world price that is receivable in that market. There are good freight opportunities to Canada and Guyana sugar has a good reputation with the Canadian refiners. We shall certainly continue to sell sugar to this market.

**International Sugar Agreement:** A new International Sugar Agreement was negotiated in 1977 and will last for five (5) years effective 1 January 1978. In this Agreement, Guyana has a quota of 145,000 metric tons. The price range in the Agreement is 11 – 21 cents (U.S.) per lb.

**Inter-Regional and International Sugar Marketing Forums:** It should be noted that in 1977 Guysuco continued to play a full part in international sugar marketing through our relationship with various regional and international sugar organisations.

Guysuco representatives attended GEPLACEA meetings held in Cuba in February/March and Jamaica in September/October. Geplacea is becoming an increasingly useful forum for the discussion of international sugar matters, for the exchange of sugar marketing and technological information, and for the co-ordination of sugar policies on a regional basis.

## PERSONNEL

Guysuco operated its first full year in 1977 under one consolidated management structure. Some twenty-two young qualified Guyanese were recruited into senior managerial positions into the organisation during the year.

The orientation of staff towards achieving the goals set by the Government and the Corporation continued apace and the resultant high level of motivation contributed largely to the organisation achieving the level of production which would not normally have been anticipated in the face of the prolonged strike during the second crop.

**Communications: Briefing Groups –** The pattern of communications varied during the year to meet the exigencies of the situation. There was a particular accent on face to face communication and this was evidenced by the significant frequency with which briefing sessions were held on all locations. These briefing sessions are a means of ensuring consistent communication and feedback from the top to the lowest level of the organisation and, of course, the circumstances of 1977 underlined the usefulness of this mode of communication.

**Works Councils and Productivity Committees –** Works Councils which are the forum for formal worker participation in the organisation, were for obvious reasons limited in their activities. Nevertheless, on three estates regular discussion and action were maintained by their Works Councils. Where Works Councils were inactive, Productivity Committees were established and these met with moderate success.

As a result of the work of these committees, particular attention was given to Quality Control in cane cutting. Procedures were established for the elimination of waste in identified areas and at the same time recommendations for improvements in productivity in some factories were implemented. These committees examined improved means in accident prevention, as well as agreed procedures for better fire protection.

During the year, opportunity was taken to review the constitution of Works Councils and the structure of worker participation generally in the industry. The draft of an improved model for worker participation was completed as a basis for future discussion with the Unions concerned. During the year under review, 72 Chairmen and vice Chairmen (and alternates) of Works Councils attended four courses in chairing and leading meetings.

Other participative forums included Factory Production Committees, Sports Committees, Canteen Committees and Safety Committees.

In addition to Sugar News distributed throughout all estates, estates themselves published regular Newsletters keeping workers informed of developments in the industry. These publications were well received and there is an increasing demand for more frequent issues.

**Industrial Welfare:** Our staff of 10 Industrial Welfare Officers on estates gave support and meaning to our programme of improving working conditions and welfare facilities such as canteens and libraries. They were also involved in the implementation of our safety and accident prevention programme.

While the emphasis has been on the welfare of the employee in his working environment, some of our welfare activities have, of course, been extended to the community, of which the employee is an integral part. The Welfare Officer therefore assists in the general efforts of adjusting the attitude of employees not only of a particular operating unit but as citizens of the community and of the nation at large.

**Safety:** The promotional aspects of safety, health and welfare were hindered as a result of the strike during the greater part of the second crop. However, the main thrust of the Corporation's efforts was directed towards three principal areas:

The promotion of measures for the protection of workers' health;

Improvement of our systems of fire prevention; and

The reorganisation and improvement of emergency transport for injured field workers.

The Guyana Fire Service rendered invaluable assistance by holding seminars on Fire Prevention on various locations with special demonstrations during Fire Prevention Week. In turn, estates' Fire Services were able to render most useful help in 29 instances of fire, both in the surrounding communities and in Georgetown. This was nearly double the number of fires attended in the industry itself during the year.

Training in of fire prevention techniques was extended to all levels of the work force and permanent fulltime fire crews were established. It is proposed to increase the number of mobile units on a phased basis. In the case of emergency, estates are continually examining their existing arrangements to institute changes appropriate to their particular situation.

**Sport:** Although affected by weather and by the prolonged strike, estates were able to complete their interdepartmental and inter-estates sports. This programme included a wide range of indoor and outdoor games. Unfortunately, athletic meetings including a mini cavalcade of sports were either rained off or cancelled because of the strike, but a most successful three-way tournament was completed between Guymine (Berbice), Guystac (Berbice) and the Berbice Sugar Estates during our anniversary week of 1977. The inter-Corporation sports planned between the three major Corporations – Guymine, Guystac and ourselves – had to be postponed.

**Swimming Pools:** With the opening of swimming pools to the community and to schools, swimming has become a popular sport amongst employees and families. Lifeguards, who now man the pools, were trained during the year.

**Medical Care:** Our programme for the continuous medical examination of employees aged 45 years and over continued in spite of the strike. All our 20 Dispensaries operated fully and, since our last report, our cadre of medical officers has been strengthened. Towards the end of the year, approval was formally given for the Diagnostic Centre at Lusignan to be resited at Ogle where it will be more accessible to all employees. Construction of the new Centre is expected to start by mid-1978.

Consideration is being given to improving medical benefits to our employees. This will be part of the upgrading of the Medical Services in the industry with more attention being given to preventative medical care.

## MANPOWER DEVELOPMENT

Our Manpower Development Programme in 1977 was again significantly successful. It was comprehensively geared to include planned experience development through a process of coaching, classroom teaching, attachment, on-the-job training and participation in Institutions of Higher Learning.

As far as classroom training is concerned, we conducted a total of 16 courses for middle and upper management staff in the organisation at central level. In addition, 4 supervisory courses were conducted. A total of 16 technical courses were also conducted mainly for personnel employed in the Field Equipment Department. These courses catered for the training needs of 295 employees of all levels in the organisation.

All estates conducted training courses in 1977. Special emphasis was placed on the training of cane cutters, with specific reference to Quality Control and Harvesting.

Generally, the courses conducted on estates were designed to improve the skills of employees, to provide workers with information and to solve specific operational problems.

1. **Apprentice Training:** In 1977, we awarded a total of 66 apprenticeships to young persons in the age group 15 – 17 years. 53 apprentices graduated during the year making a total of 586 for the entire industry since the establishment of the Scheme. The retention rate of apprentices continues to be over 90%.
2. **Employee Development:** In 1977, 6 Agriculturists graduated from the ECIAF and GSA making a total of 75 graduates currently employed in the industry.
3. **Assistance to Study:** A total of 21 employees at various levels in the organisation were granted loans in 1977 to assist them in meeting the cost of correspondence courses.
4. **Overseas Training:** At the end of 1977, 5 persons of whom 4 were Cadets, were in training overseas.

## INDUSTRIAL RELATIONS

The 135-day strike called by the GAWU from 24 August 1977 was the major event on the industrial relations scene in the sugar industry and indeed the nation. The strike substantially affected production. Together with other work stoppages some one and a half million man days were lost, while workers in turn lost \$15.6M in earnings.

It was noteworthy that the strike ended with Guysuco keeping intact the principles the Corporation enumerated during the intensive conciliation discussions as a basis for ending the strike.

It should be noted too that the Prime Minister's Special Bonus offered to employees provided an effective incentive for the industry achieving a production of 241,527 tons sugar to which all estates contributed well, having regard to their particular circumstances.

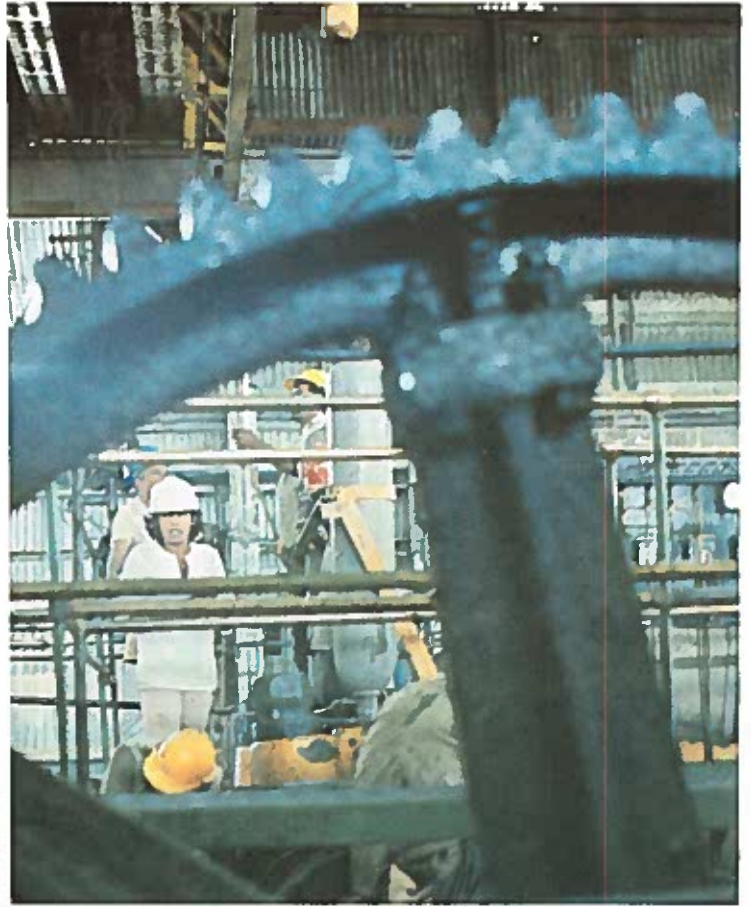
During the year an Agreement was reached between the Government and the TUC for a Minimum Wage to be applied in the Public Sector for the period 1977 – 1979.

Also, early in the year, the Corporation granted recognition to the NAACIE for certain categories of its Head Office staff. At the end of the year negotiations for a new Agreement with this Union were still in progress. This was also the situation with the Guyana Headmen's Union.

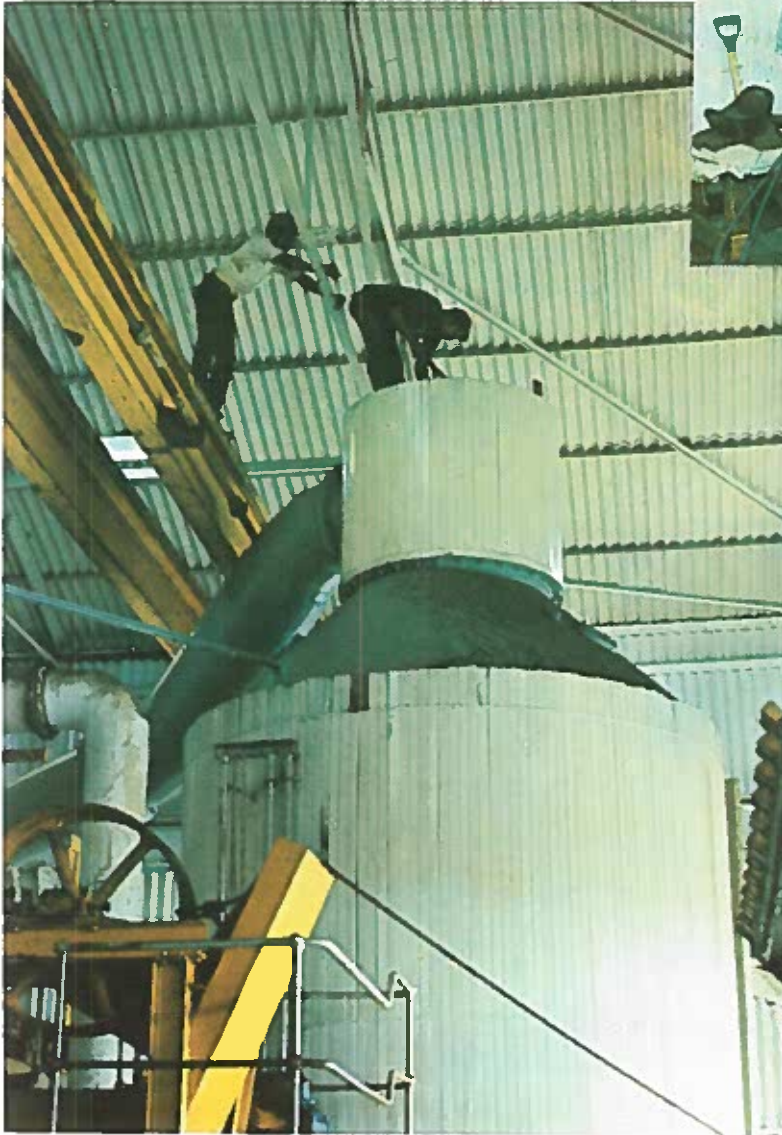
At the time of writing an Agreement has been signed by the Corporation and GAWU for a 13% increase on wage rates payable to the workers they represent in respect of 1976. The Agreement further confirms the Union's acceptance of the terms of Government/TUC Minimum Wage Agreement for the period 1977 – 1979. Negotiations will continue regarding other conditions of service.

*A worker is seen through one of the giant wheels of production in the factory. It is incorporated in the Guysuco crest.*

*Lifeguards undergoing training at L.B.I. estate swimming pool to cope with school children in the community who can now enjoy this facility.*



*Welding repairs being effected to an induced draught fan used in our boilers.*



*Factory maintenance is a primary requisite for a smooth production flow. Here, workers are seen working on an evaporator.*



*Medal of service winners Hari Prasad and Donald Halal after receiving their awards from President Arthur Chung.*

# REPORT OF THE AUDITORS

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## TO THE MEMBERS OF GUYANA SUGAR CORPORATION LIMITED

We have examined the accounts set out on pages 16 to 25, which have been prepared under the historical cost convention, including the valuation of the fixed assets vested on 26 May 1976 as explained in Note 1 of the Accounting Policies on page 19.

In our opinion, these accounts give, under the accounting convention stated above, a true and correct view of the state of affairs of Guyana Sugar Corporation Limited at 31 December 1977 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

*THOMAS, STOLL, DIAS & CO.*  
*5, America Street,*  
*Georgetown,*  
*Guyana.*

*TOUCHE ROSS & CO.*  
*10, East 53rd Street,*  
*New York,*  
*U.S.A.*

*31 March 1978*

## STATEMENT OF INCOME AND DEFICIT

	Notes	Year ended 31 December 1977	Seven months ended 31 December 1976
		\$000	\$000
SALES	1	<u>191,034</u>	<u>128,637</u>
(LOSS)/NET INCOME BEFORE TAXATION	2	( 15,631)	6,231
TAXATION	3	—	3,150
(LOSS)/NET INCOME AFTER TAXATION		( 15,631)	3,081
VALUATION SURPLUS ON DISPOSAL OF FIXED ASSETS TRANSFERRED FROM RESERVES		152	11
(LOSS)/NET INCOME		<u>( 15,479)</u>	<u>3,092</u>

## STATEMENT OF RESERVES

	Total	Operating	Sugar Industry Rehabilitation Fund	Valuation
	\$000	\$000	\$000	\$000
1976				
<b>BALANCE — 26 MAY 1976</b>				
Fixed Assets	50,056	—	—	50,056
Stores	5,807	—	—	5,807
Add: Net income for period	3,092	3,092	—	—
Less: Valuation surplus on disposal of fixed assets transferred to income statement	( 11)	—	—	( 11)
<b>BALANCE — 31 DECEMBER 1976</b>	<b>58,944</b>	<b>3,092</b>	<b>—</b>	<b>55,852</b>
1977				
Receipts from Sugar Industry Rehabilitation Fund	2,868	—	2,868	—
Less: Dividend paid	( 3,092)	( 3,092)	—	—
Less: Loss for year	(15,479)	(15,479)	—	—
Less: Transfer of valuation surplus on stores at Vesting Day to provision for stores obsolescence	( 5,807)	—	—	( 5,807)
Less: Valuation surplus on disposal of fixed assets transferred to income statement	( 152)	—	—	( 152)
<b>BALANCE — 31 DECEMBER 1977</b>	<b>37,282</b>	<b>(15,479)</b>	<b>2,868</b>	<b>49,893</b>



## BALANCE SHEET

	Notes	31 December 1977	31 December 1976
<b>SHARE CAPITAL</b>		\$000	\$000
<b>AUTHORISED</b>			
72,000,000 ordinary shares of \$1.00 each		72,000	72,000
<b>ISSUED AND FULLY PAID</b>			
47,978,172 ordinary shares of \$1.00 each		47,978	47,978
<b>RESERVES</b>		37,282	58,944
<b>CAPITAL AND RESERVES</b>		85,260	106,922
<b>DEFERRED LIABILITIES</b>	4	14,313	14,713
<b>NON-CURRENT LOANS</b>	5	3,967	11,555
		103,540	133,190
<b>REPRESENTED BY</b>			
<b>FIXED ASSETS</b>	6	113,498	110,127
<b>INVESTMENTS</b>	7	126	693
<b>DEFERRED RECEIVABLES</b>		132	23
<b>DEFERRED CULTIVATION COSTS</b>		3,367	1,662
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	8	( 13,583)	20,685
		103,540	133,190

*Directors:*

*Harold B. Davis  
A. Y. Luck  
Joseph R. Vieira*

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year ended 31 December 1977	Seven Months ended 31 December 1976
	\$000	\$000
<b>SOURCE OF FUNDS</b>		
(Loss)/Net Income before taxation	(15,631)	6,231
Depreciation – non-cash item	9,081	5,007
<b>FUNDS (USED)/GENERATED FROM OPERATIONS</b>	<b>( 6,550)</b>	<b>11,238</b>
<b>FUNDS FROM OTHER SOURCES</b>		
Receipts from the Sugar Industry Rehabilitation Fund	2,868	—
Disposal of Fixed Assets	462	46
Non-Current Loans	—	9,771
Investments	567	2
<b>TOTAL (USE)/SOURCE OF FUNDS</b>	<b>( 2,653)</b>	<b>21,057</b>
<b>APPLICATION OF FUNDS</b>		
Dividend Paid	3,092	—
Taxation Paid	3,137	—
Transfer from Reserves	5,807	—
Deferred Liabilities	400	779
Movement in Non-Current Loans	7,588	—
Purchase of Fixed Assets	12,914	7,141
Deferred Receivables	109	23
Deferred Cultivation Costs	1,705	1,662
<b>TOTAL APPLICATION OF FUNDS</b>	<b>34,752</b>	<b>9,605</b>
<b>(DECREASE)/INCREASE IN WORKING CAPITAL</b>	<b>(37,405)</b>	<b>11,452</b>
<b>REPRESENTED BY</b>		
Increase in Stocks and Unsold Produce	2,508	35,904
Increase in Debtors	5,430	3,666
(Increase)/Decrease in Creditors	316	(33,370)
(Increase) in loans repayable within one year	(10,637)	(15,229)
<b>Movement in Net Liquid Funds</b>	<b>( 2,383)</b>	<b>( 9,029)</b>
	<b>(35,022)</b>	<b>20,481</b>
	<b>(37,405)</b>	<b>11,452</b>
Cash in Hand and at Bank	1,262	198
Deposits and Treasury Bills	(10,479)	16,479
Bank Overdraft	(25,805)	3,804
	<b>(35,022)</b>	<b>20,481</b>

# SUMMARY OF ACCOUNTING POLICIES

## INCORPORATION

On 21 May 1976 Guyana Sugar Corporation Limited was incorporated under the Companies Act, Chapter 89:01. On 26 May 1976 the Government of Guyana acquired from Booker McConnell Limited at compensation price the fixed assets and stock, and undertook to discharge certain liabilities. The assets and liabilities were vested on the same day in the Guyana Sugar Corporation Limited. The Company then issued 47,978,172 ordinary shares of \$1.00 each in exchange for the net assets vested.

In addition, on the same date, the assets and liabilities of Demerara Sugar Company Limited and Guyana Sugar Producers' Association were acquired by Guyana Sugar Corporation Limited and deferred liabilities for the net assets were set up in the books.

## 1 FIXED ASSETS AND DEPRECIATION

Fixed assets vested on 26 May 1976 are stated at the book values of the predecessor owners, which were in excess of compensation price by \$50,055,942, less provision for depreciation and amortisation computed on those values. All fixed assets acquired after that date are stated at cost less provision for depreciation and amortisation.

The excess of book value over compensation price referred to in the preceding paragraph, was set up as the opening balance of the valuation reserve.

Depreciation is provided on the straight line basis calculated to write off each asset over its estimated useful life as follows:

Freehold buildings	Over 50 years
Leasehold properties	Over the lives of the leases
Land expansion costs	Over 10 years
Plant and equipment	From 5 to 16 years
Motor vehicles	Over 4 years
Aircraft	Over 3 years

The value of ratoon crop is recognised only when reaped, thus all costs for this item have been written off at the balance sheet dates.

## 2. INVENTORIES AND UNSOLD PRODUCE

Unsold produce is valued at estimated realisable value less deductions for sugar industry special funds contributions, shipping and selling expenses, where applicable.

Consumable spares and supplies are valued at standard cost, which approximates average cost.

The value of standing cane is not included in inventories. The estimated net realisable income before taxation from the reaping, processing, and sale of this cane at 31 December 1977 and 1976 is estimated to be \$13.1M and \$0.6M respectively.

## 3. DEFERRED CULTIVATION COSTS

Cultivation costs related to newly developed land are written off against revenue in the first year in which income is generated.

## 4. DEBTORS

No provision for doubtful accounts is required for trade debtors. Provision is set up for doubtful debtors, while bad debts are written off to profit and loss when determined.

**5. RESEARCH AND DEVELOPMENT**

Research and development expenditure is charged against revenue in the year in which it is incurred.

**6. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions are recorded in Guyana currency at the rates of exchange ruling at the dates of such transactions. At the balance sheet dates, foreign currency assets and liabilities were translated at the rates of exchange ruling at those dates and resulting gains and losses were recognised in the income statement.

**7. SALES**

Sales represent the amounts received and receivable from the sale of sugar and molasses produced during the year, net of sugar industry special funds contributions, stevedoring and loading charges.

## NOTES TO THE ACCOUNTS

	Year ended 31 December 1977	Seven months ended 31 December 1976
	\$000	\$000
<b>1. SALES</b>		
Sugar and molasses	191,034	156,211
Export sales levy		
Amount payable	77,530	58,666
Remitted by Government	( 77,530)	( 31,092)
	<u>—</u>	<u>27,574</u>
	<u>191,034</u>	<u>128,637</u>

Under Section 6(1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit \$77,530,000 (1976 \$31,092,000) of the Sugar Levy payable pending amendment of the Sugar Levy Act 1974.

**2. (LOSS)/NET INCOME BEFORE TAXATION**

This amount is determined after the following items have been dealt with:

**REVENUE**

Gains on exchange	—	256
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**EXPENSES**

Depreciation	9,081	5,007
Audit Fees	127	80
Loss on sale of fixed assets	92	12
Loss on exchange	733	—
Interest expense — net	2,569	1,500
Property tax	350	540
Research and development	529	745
Formation expenses	<u>—</u>	<u>360</u>

**3. TAXATION**

Income Tax at 20%	<u>—</u>	1,400
Corporation Tax at 25%	<u>—</u>	1,750
	<u>—</u>	<u>3,150</u>

Losses carried forward which can be set off against future income amounted to \$13,266,508. However, utilisation of such losses is restricted to 50% of the chargeable income of the particular year.

No provision has been made for deferred taxation arising out of capital allowances claimed in advance of depreciation owing to the credit for losses carried forward exceeding the charge.

**GUYANA SUGAR CORPORATION LIMITED**  
**NOTES TO THE ACCOUNTS** *Continued*

	31 December 1977	31 December 1976
	\$000	\$000
<b>4. DEFERRED LIABILITIES</b>		
Guyana Sugar Producers' Association	559	559
Demerara Sugar Company Limited	13,754	14,154
	<u>14,313</u>	<u>14,713</u>
<b>5. LOANS</b>		
The following loans are guaranteed by the Government of Guyana:		
(a) <b>NON-CURRENT:</b>		
(i.) Tennant Guaranty Limited		
Loan I: A sterling loan repayable in equal half yearly instalments ending in December 1980. Interest is payable at the rate of 7% per annum.	3,100	3,433
Loan II: A U.S. dollar loan repayable in equal half yearly instalments ending in December 1982. Interest is payable at the rate of 7.25% per annum.	1,544	—
(ii.) Citizens and Southern International Bank		
A U.S. dollar loan repayable in equal half yearly instalments ending in December 1982. Interest is payable at a rate of 2% per annum over the Bank's prime rate, which at 31 December 1977, was an effective rate of 8.75% per annum.	1,838	—
(iii.) Barclays Bank International Limited		
A U.S. dollar loan repayable in March 1978. Interest is payable at the rate of 8.75% per annum.	—	9,057
	<u>6,482</u>	<u>12,490</u>
Less:		
Loans repayable within one year	2,515	935
<b>TOTAL NON-CURRENT LOANS</b>	<u>3,967</u>	<u>11,555</u>
(b) <b>CURRENT — REPAYABLE WITHIN ONE YEAR:</b>		
(i.) Royal Bank of Canada		
A U.S. dollar loan repayable in March 1978. Interest is payable at the rate of 8.75% per annum.	15,395	15,395
(ii.) Barclays Bank International Limited	9,057	—
(iii.) Loans repayable within one year (per (a) above)	2,515	935
	<u>26,967</u>	<u>16,330</u>

GUYANA SUGAR CORPORATION LIMITED

NOTES TO THE ACCOUNTS *Continued*

	Total	Freehold	LAND AND BUILDINGS		LAND EXPANSION	PLANT
			Leasehold	State Lands	COSTS	MACHINERY & EQUIPMENT
	\$000	\$000	\$000	\$000	\$000	\$000
<b>6. FIXED ASSETS</b>						
<b>COST OR VALUATION</b>						
Valuation at 26.5.76	107,993	31,447	2,560	18,799	6,586	48,601
Cost at 1.1.77	7,141	306	—	—	136	6,699
Additions	12,914	342	85	—	24	12,463
Disposals	(502)	(168)	(13)	—	(108)	(213)
At 31 December 1977	<u>127,546</u>	<u>31,927</u>	<u>2,632</u>	<u>18,799</u>	<u>6,638</u>	<u>67,550</u>
Comprising:						
Valuation at 26.5.76	107,491	31,279	2,547	18,799	6,478	48,388
Cost	20,055	648	85	—	160	19,162
	<u>127,546</u>	<u>31,927</u>	<u>2,632</u>	<u>18,799</u>	<u>6,638</u>	<u>67,550</u>
<b>DEPRECIATION</b>						
Accumulated Depreciation						
1 January 1977	5,007	157	52	—	414	4,384
Provision for Year	9,081	259	90	—	784	7,948
Retirements and Disposals	(40)	(1)	—	—	—	(39)
At 31 December 1977	<u>14,048</u>	<u>415</u>	<u>142</u>	<u>—</u>	<u>1,198</u>	<u>12,293</u>
<b>NET BOOK VALUES</b>						
31 DECEMBER 1977	<u>113,498</u>	<u>31,512</u>	<u>2,490</u>	<u>18,799</u>	<u>5,440</u>	<u>55,257</u>
31 DECEMBER 1976	<u>110,127</u>	<u>31,596</u>	<u>2,508</u>	<u>18,799</u>	<u>6,308</u>	<u>50,916</u>

GUYANA SUGAR CORPORATION LIMITED

NOTES TO THE ACCOUNTS *Continued*

	31 December 1977	31 December 1976
	\$000	\$000
<b>7 INVESTMENTS</b>		
<b>ASSOCIATES</b>		
Lochaber Limited		
1,280 ordinary shares of \$20.00 each (37%)	23	23
Approximate equity value \$101,000.		
Cane Farming Development Corporation Limited		
18,500 'B' ordinary shares of \$5.00 each (25%)	92	174
(1976 – 37,000 'B' ordinary shares of \$5.00 each)		
Approximate equity value \$31,000.		
Demerara Sugar Terminals Limited		
Ordinary shares of \$5.00 each	—	400
	<u>115</u>	<u>597</u>
<b>OTHER</b>		
Livestock Development Company Limited		
5,000 ordinary shares of \$1.00 each	5	50
(1976 – 55,000 ordinary shares of \$1.00 each)		
British Transport 3% Guaranteed Stock	—	38
Government of Guyana 7% equated annuity debentures repayable half yearly	6	8
	<u>11</u>	<u>96</u>
	<u>126</u>	<u>693</u>
<b>8. NET CURRENT (LIABILITIES)/ASSETS</b>		
Stock, stores and goods in transit	22,924	24,376
Unsold produce	40,287	36,327
Debtors	14,170	8,740
Short term deposits and treasury bills	6,000	16,479
Cash in hand and at bank	1,597	335
	<u>84,978</u>	<u>86,257</u>
Less		
Creditors	44,121	44,437
Loans repayable within one year	26,967	16,330
Bank overdraft	27,456	1,651
Taxation	17	3,154
	<u>98,561</u>	<u>65,572</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<u>(13,583)</u>	<u>20,685</u>



**GUYANA SUGAR CORPORATION LIMITED**  
**NOTES TO THE ACCOUNTS** *Continued*

	31 December 1977	31 December 1976
	\$000	\$000
<b>9. CONTINGENT LIABILITIES</b>		
Guarantees given to Banks and Insurance Companies in respect of staff loans	77	138
<b>10. FUTURE CAPITAL EXPENDITURE</b>		
Expenditure authorised by the directors and contracted	4,646	2,139
Expenditure authorised by the directors but not contracted	15,456	16,758

**11. RECLASSIFICATION OF ACCOUNTS**

The accounts for 1976 have been reclassified to conform with those of 1977.

## STATEMENT OF EMPLOYMENT AND COMMUNITY COSTS

	Year 1977	7 Months 1976
	SM	SM
<b>EMPLOYMENT COSTS</b>		
Direct Employee Benefits		
Wages & Salaries	91.9	58.5
Bonus Payments	5.6	7.8
Other Employee Benefits	11.3	6.8
Labour Transport Costs	3.8	2.5
	<u>114.6</u>	<u>75.6</u>
<b>COMMUNITY COSTS</b>		
Central Government Taxation & Levies	1.3	31.5
Local Government Rates & Taxes	0.8	0.5
Local Sugar Sales Subsidy	20.4	8.9
Sugar Industry Special Funds	5.6	4.4
Community Services	1.0	0.3
	<u>29.1</u>	<u>45.6</u>
<b>TOTAL</b>	<u>142.1</u>	<u>121.2</u>
<b>NUMBER OF EMPLOYEES</b>	33,345	28,406
<b>TONS SUGAR PRODUCED</b>	241,527	194,976

# SHARING OF EARNINGS

