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CHAIRMAN'S STATEMENT



This, our third Report and Accounts, is the second Report which covers a full financial year, January to December 1978. The results for 1978 reflect the operations of the Sugar Division for the whole year, and the Other Crops Division for the period March to December 1978. This year could be called the beginning of the years of recovery, because the effects of the strike in 1977 cannot be eliminated in one year.

We have accomplished much, and we have gone a long way towards doing two things —

- (a) Eliminating smut infected varieties; and
- (b) Completing the harvesting of over-ripe cane.

The world price of sugar did not show any recovery, notwithstanding the operation of the International Sugar Agreement.

It will be true to say that given all the circumstances, we have done well in 1978. Group sales for the year were \$261.4M. compared with \$191.0M in 1977. Net income from operations before taxation was \$4.2M. compared with a loss of \$15.6M. in the previous year. Taxation accounted for \$0.9M. or 20 per cent of net income before taxation. This low effective rate of taxation was due mainly to the fact that we were able to set off against chargeable income tax losses amounting to 50 per cent thereof.

Net income after taxation, including surplus on disposal of assets transferred from reserve at 31 December 1978, was \$3.5M. compared with a loss of \$15.5M. at the end of 1977. It would be true to say, therefore, that through extremely strict controls and prudent management, we were able to make a turn around in our profit/loss position.

Capital expenditure for the year was \$23.8M. compared with \$12.9M. in 1977. Of the \$23.8M., \$7.5M. was financed by external loans. Some of the major areas of expenditure were \$6.0M. spent on plant and machinery, and \$5.1M. on the replacement of agricultural equipment. Assets taken over from GAPC at 1 March 1978 amounted to \$5.5M. Capital expenditure for 1979 is expected to be in the region of \$20.0M. of which \$6.4M. has already been contracted.

At the end of 1978, our total borrowing increased from \$58.4M. to \$74.4M. This deterioration in our liquidity position can be attributed to the spill over effect of the 135 days' strike in 1977, and the payment of some \$30.0M. in retrospective wages and salaries arising from the minimum wage agreement in respect of 1977 and 1978, and the agreement with the GAWU for 1976.

Our surplus before taxation represents only 3.8 per cent of capital employed, and is by no means at a level that we would wish a lively, vibrant and viable agricultural industry to achieve. Our total foreign exchange earnings, however, amounted to \$239.1M. or 91 per cent of total revenue.

1978 was a difficult year. All our employees both managerial and non-managerial responded well. We fell short, however, by some 10 per cent of our projected production target. Our production was 324,805 tons compared with 241,527 tons in 1977, and 194,776 tons for the seven months of 1976. (1976 industry — 332,457 tons). The quality of juice suffered because of the composition of the crop which we had to harvest. Our mechanical tillage and replant programmes were affected by financial constraints which affected the nation and naturally had its consequences on the sugar industry. We were only able to complete 66 per cent of the projected mechanical tillage programme. Whilst our policy is to replant 20 per cent of harvested acreage per annum, we only achieved 15.6 per cent. Some of the shortfall in the tillage programme was partly due to a conscious management decision based on economic constraints.

Our work, however, in breeding and selection and in pest and weed control continued apace. Given stability and dedication in 1979, we should see significant developments in our plant protection unit, which in itself is a new concept in the industry.

With the exception of one or two locations our relationship with cane farmers has improved significantly. At the time of writing all estates have established cane farming liaison committees.

Factory performance was as good as could have been expected in the circumstances. Notwithstanding all the disadvantages of poor cane quality, carry-over cane, and high percentage of extraneous matter, the factories' rate of recovery was marginally better than the average over the past five years. Our factories also milled 4,218,302 tons cane, a total achieved only once before, in 1971, when the industry's factories milled 4,244,900 tons cane and produced the industry record of 368,843 tons sugar. From these statistics it can be seen that our initial projection of 360,000 tons sugar was achievable, if only the juice quality had been better. Indeed, the poor juice quality was a direct result of the prolonged strike in 1977.

Another significant statistic is the factory time utilisation which improved from 55.3 per cent in 1977 to 63.7 per cent in 1978,

which is better than the average of 59.2 per cent for the last five years. Whilst I regard this improvement as good, it is still below our objective of 80 per cent utilisation. We have, therefore, if we are to achieve our objective, to intensify our efforts to improve maintenance standards and to ensure an adequate supply of machinery spare parts. The achievement of our objective should ensure that the sugar harvest would be completed within 35 to 36 weeks, which corresponds to the period which I wish to call the maximum utilisation of opportunity days. With the closure of the factory at Versailles, we now operate ten factories.

Whilst the Versailles/Uitvlugt waterway did not perform as effectively as we had hoped in 1978, with the improvements which we have made, we believe that better performance in transportation of cane between Versailles and Uitvlugt would be achieved in 1979.

The work in quality control begun in 1977 continued apace and, having regard to the age of the cane and the general poor quality, we have been pleased with the polarization and colour of sugar produced in 1978 which was much better than in 1977. We recognise that the world sugar market is becoming more competitive and to stay in the race, we must produce high quality raws. We must maintain our polarization at approximately 98° if we are to recapture and maintain our share of the Canadian market.

We note with some pleasure that the white sugar quality at Uitvlugt has improved. We have been using the Taloffloc process on a trial basis, but we can only determine the success of this if the Uitvlugt factory can eliminate its intermittent operation. This is an area to which we shall be concentrating our attention in 1979.

Having done our feasibility studies, we have taken two major decisions, firstly to do our own punt repairs on all our estates, and secondly, to establish a reclaim and rebuild workshop for certain factory equipment. We believe that we have now embarked on the road to ensure an adequate punt fleet for cane supplies on our estates. In so far as the reclaim and rebuild workshop is concerned, we believe that significant savings in cost and foreign exchange can be effected. This development, planned since 1977, will be monitored closely in order to prove the justification of the decision made during 1978.

The Other Crops Division settled in well in 1978 and we have been able to integrate the staff. Some definite progress has been made in establishing a fish farm in one of our locations. We have, through the help of the Indian Government, had the benefit of a fish expert and his report has given us some pointers in the direction we should go in aquaculture. 1979 should see us making greater strides in this area.

We have been able to commission another cassava mill and we now have three mills operational, though only one is operating

to what could be called near full capacity. We have from late 1978 been able to supply enough cassava flour to the National Milling Company to ensure a two per cent mix of flour. Shortly after the establishment of the Other Crops Division, we increased the price paid to farmers for the purchase of cassava. We believe that this has had some effect in stimulating farmers to deliver to our mills. Steps will be taken in 1979 to increase the supply of cassava to the factories so that we can increase the percentage utilisation of these three mills.

Some improvement works have been done at both our Oil Palm locations and crude palm oil is now being shipped out of Wauna and San Jan. We have produced 49 short tons of crude pericarp oil in 1978.

Our most significant area of progress, however, has been in the development of legumes. We have produced last year 648,000 pounds of legumes and 240,000 pounds of corn compared with 186,000 pounds legumes in 1977. No corn was produced in 1977. Additionally we produced 582,750 pounds of other food crops.

Our diversification programme was strengthened with the arrival on secondment of a legume agronomist from India, and with the work which is currently being done, we believe that the Division in the near future should begin to show some significant benefits.

During the year under review, Guyana continued to face serious problems in the marketing of sugar. Despite these problems, however, 1978 was in many respects a satisfactory one for sugar marketing. Increased production meant that we were able to meet not only our vital EEC commitments, but also all our obligations under the ISA, which came into force at the beginning of the year. Guyana's credibility and reputation as a sugar exporter was thereby maintained, thus strengthening our hand at international sugar meetings. We have become not only the largest sugar exporter in Caricom, but also the largest producer in the region. As an active member of the ISO we will continue to play a full part in this forum. Guyana has been elected a member of the Executime Committee in 1979, and we are also in the chair of the ACP Sugar Committee in Brussels. We continue to be one of the strong members in GEPLACEA and our role in international sugar forums has taken on great importance.

Though in 1978 the world price remained substantially below the minimum of the price range set out in the International Sugar Agreement and also substantially below cost of production there are indications that the mechanisms of the Agreement are gradually bringing greater stability into the world sugar market, giving the promise of higher prices in the future.

Like many corporations, we have suffered loss of staff, but we have been able to recruit young Guyanese in the senior managerial positions. Our manpower development programme has



GUYSUICO Chairman, Harold Davis (right) and Finance Director, Allan Luck (left) conclude loan agreement with Chase Manhattan Bank Officials, Carol C. Brown, Second Vice President, International Department, New York, and Augusto Sigarreta, Vice President and General Credit Manager, Eastern Caribbean Region, Miami.

assisted in cushioning the effects of the loss. Morale remains high.

We have sought to improve worker participation and we believe that some progress has been made in our communications with all our employees. Our radio programme initiated in 1978 has received much acclaim, and is a further attempt on our part to link the Corporation with the larger community.

Whilst our safety programme in 1978 improved, we were particularly concerned at the death of so many of our colleagues in one accident at Enmore Estate during the year. We will during the year ahead pay particular attention to this question of vehicular accidents. Our special sympathies go out to all those families who during 1978 lost their loved ones under tragic circumstances.

Our manpower development programme continues apace and in addition to the normal internal training programmes, we have in 1978 done considerable work on national policy and ideological education. Our apprenticeship programme is being improved and for the first time in the history of training in the industry at this level, female apprentices were recruited.

The industrial relations scene has been relatively stable throughout the year and we continue to work in close collaboration with the unions in the industry. If this stability repeats itself in 1979, given good weather, we hope to achieve the objectives which have been set.

THE FUTURE

1979 will be another difficult year. We would like to think it would be the end of what I would like to call, for us in the Corporation, the recovery period and the beginning of forward movement, but all of this depends on improved weather condi-

tions, stable labour relations, increased production, as well as an important factor – the market price for sugar. We believe that the present low levels of the world sugar price will be improved only when the total mechanisms of the ISA become fully effective.

In 1979, we have to work even harder with our ACP colleagues to ensure that the negotiations with the EEC are brought to a successful conclusion. We also have to face the task of strictly maintaining access for our sugar to the U.K. With access to this market maintained at reasonable prices, and with an anticipated improved world price, our returns in the Sugar Division should in 1980 be greatly improved.

The break-through made during the year in terms of organising the Other Crops Division has been significant and we must keep up the momentum. We aim to begin expansion work of our oil palm cultivation and production. Work also is to be done on the erection of the edible oil mill.

I hope that within the next two years our aquaculture programme will begin to show some good results, thereby making some contribution to the availability of cheap protein in the surrounding areas where inland fish will be produced. Our first harvest of flood-fallowed fields and the 10 acre commercial pond will be done in 1979, and we look forward to these results which will help us in our research and development work. Our work in legumes and corn will continue to be developed, and our programme calls for a substantial contribution in legume production in the immediate years ahead.

These are exciting developments in the Corporation and given favourable weather among other things, the objectives which we have set ourselves can be achieved.

Whilst I have said that 1979 would be a difficult year, I believe that the long term looks reassuring. However, like every other

Corporation or organisation, we face significant constraints of finance. Our borrowing is of a high order, and this is something which we will have to continue for the immediate future.

However, we have to seek to ensure that the interest burden does not make too heavy an inroad in our resources.

We believe that we must increase our production and productivity in both divisions, indeed, in the Sugar Division, we must increase our production in order to maintain our international credibility, and in the Other Crops Division our objective of making substantial contribution to feeding the nation must depend also on increased production and productivity.

I believe that all our employees — managerial and non-managerial — are dedicated and committed to the tasks ahead. They all recognise their responsibility to assist in achieving our production goals and I have no doubt that they will respond. But all of this must be dependent on the improved relationships between ourselves and the unions and cane farmers operating in the industry. We believe that the cane farmers' liaison committees will work together with the managements of the estates in order to —

- a) Improve the yields of cane farmers;
- b) Bring about a better understanding in so far as husbandry and delivery of cane to the factories are concerned;
- c) Improve the working relationships between cane farmers and the several managements on estates.

This participative effort should, we believe, be able to pay great dividends, since it is hoped that the membership of the National Cane Farming Committee will be drawn from the respective liaison committees.

We are committed to improving and developing our worker participation models and it is our hope that all will cooperate so that we can make a giant stride in this particular area of our concern.

The Nation at present faces serious difficulties and GUYSUCO as part of the nation cannot escape these difficulties. I believe that, we the employees of this Corporation, appreciate the problems and because this appreciation flows from a full understanding of the problems, and given the will to manage, I believe that we will rise to meet the occasion. I am confident that the Corporation will succeed. We press on in difficult circumstances in 1979 hoping that our dedication, loyalty and commitment will help us make a contribution towards achieving the growth which the economy must show if we — all of us in the Nation — are to achieve the goals set.

I must record my gratitude for all the help and assistance given me and the Corporation during this difficult year. To Ministers of Government and to the Board of Directors for their continued support and guidance and, above all, to all our em-

ployees — managerial and non-managerial — without whose help the results for 1978 could not have been achieved, I wish to express my personal gratitude.



The Medal of Service was awarded to Cde. Robert Leitch and Cde. Barakat Ally as well as Rose Hall Estate.

REVIEW OF OPERATIONS

SUGAR DIVISION

AGRICULTURE

Production: The industry produced 324,805 long tons sugar during 1978 compared with 241,527 tons in 1977: 159,678 tons in the first crop and 165,127 tons in the second crop. Estates' production for the year was 280,688 tons sugar and cane farmers' contribution was 43,864 tons or 13.5% of total production. Production for the year fell short of the target by some 10%.

The long strike in the latter part of 1977 caused a total imbalance of the crops in 1978 and seriously affected juice quality. Of the acreage reaped, only 60% was true crop of correct age and 28% was over-aged cane, while 12% was under-aged cane. The effect of the strike in the second crop 1977 will continue to be felt at least for the next two years on all estates.

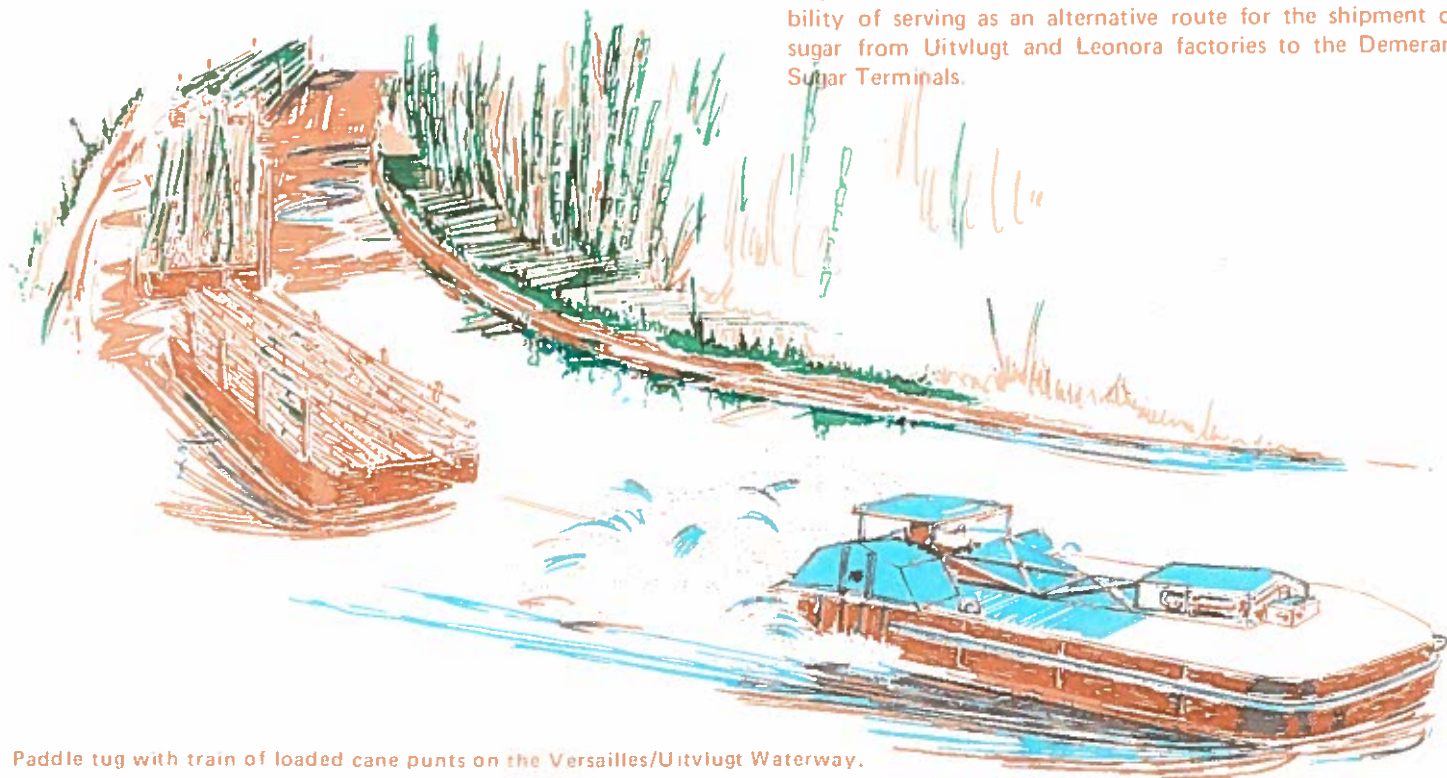
Rainfall and Water Control: The average rainfall on all estates for 1978 was 78.05 inches, which was about 12 inches below the long term average. The average rainfall for four-month periods from January to April, May to August and September to December was 12, 49 and 17 inches respectively. This compared with 14, 35 and 17 inches for the same periods in 1977.

The estates' systems which have been designed to drain rainfall up to 6 to 8 inches in 72 hours were not fully tested because rainfall of such intensity was not experienced. No prolonged flooding was experienced on most of the cultivations. However, late in August, rainfall exceeding 4 inches in 24 hours was recorded on four estates.



Maintenance and servicing of equipment.

Versailles/Uitvlugt Waterway: The construction of the Waterway for the transportation of cane from Versailles to either Leonora or Uitvlugt factories was completed and officially opened by the Minister of Agriculture on 15 July 1978 in time for the commencement of the 1978 second crop. This Waterway with some further development also opens up the possibility of serving as an alternative route for the shipment of sugar from Uitvlugt and Leonora factories to the Demerara Sugar Terminals.



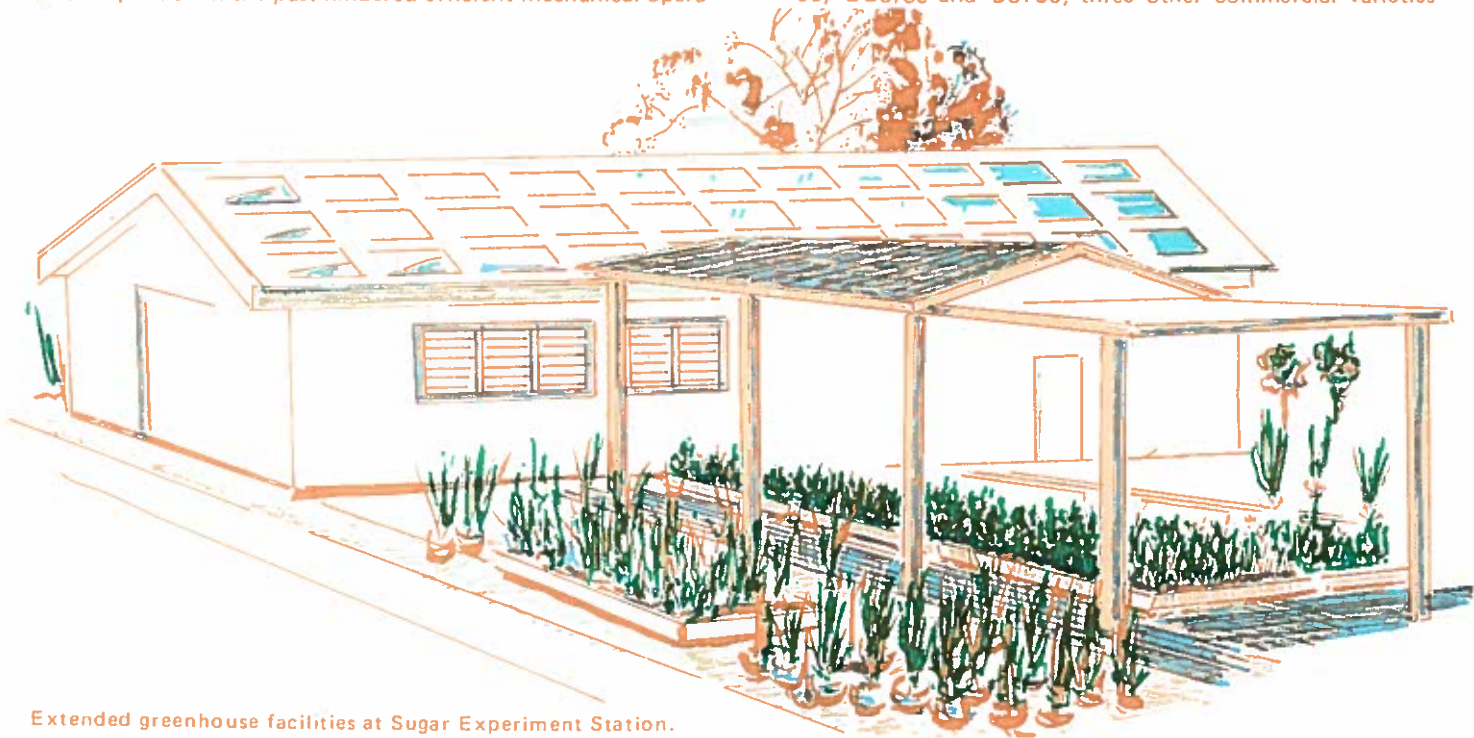
Paddle tug with train of loaded cane punts on the Versailles/Uitvlugt Waterway.

Mechanical Tillage and Replanting: Only 15,163 acres or 66% of the total tillage programme was achieved during the year, despite the good weather conditions prevailing. Some of the shortfall was partly due to a conscious management decision based on economic considerations.

A rigorous attempt is being made to remove some of the constraints, which in the past hindered efficient mechanical opera-

Smut: Over the last four years, some 20,000 acres of smut-infected cane were reploughed. An additional 6,000 acres are scheduled for rehabilitation in the first crop 1979; by which time, little acreage should remain under varieties highly susceptible to smut.

Apart from the very heavily infected varieties, HJ5741, DB414/60, DB5/55 and B5780, three other commercial varieties —



Extended greenhouse facilities at Sugar Experiment Station.

tions, by establishing larger blocks and setting up superior back-up maintenance facilities for equipment.

Our policy is to replant 20% of harvested acres per annum. In 1978 we achieved 15,155 acres or 78% of our replant programme.

153 acres of new land were planted at Enmore, and at Skeldon the expansion area was completed by clearing and planting bush beds and dam beds.

Breeding and Selection: The search continued for non-flowering and smut-resistant mutants which were produced through the use of gamma or X-rays. Three shy-flowering mutants of D141/46 treated in 1972 are presently in final yield trials, while seven mutants of B57150 and B60267 are being extended and will be put into yield trials in 1979. Four selections were made for non-shy-flowering characteristics from 643 irradiated buds of D158/41 which were planted into subclonal rows.

Of the good yielding varieties in the second crop trials reaped, DB66/113 and DB420/60 maintained their superiority. Unfortunately, two of the most promising first crop varieties proved susceptible to smut. The most exciting series emerging are the Demerara and Demerara/Barbados 1970's. Clones of these series have significantly out-yielded the standard variety in yield trials.

D38/57, B51116 and D141/46 — have shown counts exceeding 2,000 whips per acre, the most serious being D38/57, with an increase of 2,603 acres over the last year.

Of the eleven promising smut-resistant varieties distributed to estates for field evaluation, three viz. DB849/61, DB644/61 and B69613, were discarded because of Leaf Scald susceptibility. Seven varieties have been planted on a field scale, while DB66/113 has reached the commercial level. The variety — DB 513/62 — has given encouraging field scale yields with very good juice quality. This variety has desirable agronomic characteristics and seems a promising prospect for the ridge and furrow fields.

Pest and Weed Control: A study was initiated with the chemical Tego 51 to evaluate whether the Leaf Scald pathogen could be eliminated from sugar cane planting material. If successful, this could well result in the freer movement of varieties within the Caribbean.

Some positive results in pest awareness management resulted from the greater emphasis placed on extension services. Such services were also required in pulses and maize — two other crops grown by the Corporation.

There were marked increases in hardback beetles (*Dyscenus spp.*), caterpillars (*Spodoptera frugiperda* and *Mocis punctular-*

is) and the savannah rat (*Holochilus brasiliensis*).

Large rat outbreaks occurred on the West Demerara Estates and at Diamond on the East Bank. At Blairmont the build up of the rat population on the over-aged cane resulting from the strike in the second crop 1977 posed a serious problem. In a further attempt to overcome this problem, substandard blackeye peas and cassava middlings have been incorporated into rat bait formulations and are being field tested for palatability.

The routine weed control programme involving the application of chemicals to plants and early ratoons at an early post emergence stage continued. A programme of herbicide trials was initiated in the second crop to examine new pre-emergence chemicals together with previously tested ones that hitherto did not find a place in our weed control programme either because of costs or relative effectiveness. These trials are continuing.

For aquatic weeds, samples of two new aquatic herbicides were provided for evaluation and were examined in trials on the West Demerara Estates where the Cabomba moss (*Cabomba Aquatica*) and Chinese beard (*Anachares sp.*) are a perennial problem. Observations are continuing and with the receipt of additional samples in the latter part of the year, these trials were extended to other estates.

With the setting up of the Plant Protection Unit, which will be responsible for all aspects of Pest Control and Management, a Weeds Agronomist will be appointed to oversee and co-ordinate all weed control and herbicide evaluation work on estates.

Our fertiliser policy in respect of basic applications remained substantially unchanged during 1978. During the latter part of the year, estates were instructed to apply Urea as a basic nitrogen dressing in selected areas on a trial basis. The objective was to examine the efficacy of Urea as a substitute for the standard Sulphate of Ammonia. The evaluation will include not only the comparative yield response of the two forms of nitrogen, but soil pH reaction over a period.

Field Equipment Experimental Unit: This Unit was established during the year. In addition to the work of the Ogle Experimental Workshop, the Unit was vested with the additional re-

sponsibility to train and test agricultural machinery Operators.

During the year one of the major inputs involved tug experimentation and construction to meet the needs particularly of the new Versailles/Uitvlugt Waterway.

CANE FARMING

Relocation of Cane Farmers: Versailles' factory ceased operations at the end of the 1978 first crop. As a result, it was arranged that cane farmers who had previously sent their cane to that factory would send them in future to Wales factory. Exceptions to this were certain farmers at Windsor Forest who move their cane by punts and who now send their cane to Uitvlugt factory via the Waterway. Also, it was arranged that all farmers who up to the 1978 first crop moved their cane by trailer to Uitvlugt factory should thereafter send their cane to Leonora factory.

An over-riding consideration in the re-organisation of cane farmers in West Demerara was the need to establish and maintain flexibility so that, if circumstances at any time should make it necessary, farmers' cane can be sent to whichever factory is the most advantageous. This criterion was made clear to the farmers. It will also be applied in other areas as needed.

Cane Farming Liaison Committees: In 1978 a Cane Farming Liaison Committee, made up of representatives chosen by cane farmers and meeting under the chairmanship of the Cane Farming Liaison Officer, was set up. The success of this Committee at Wales has led to the conclusion that similar Committees, functioning similarly, might with advantage be established on other estates. Accordingly, active steps have been taken to set up Cane Farming Liaison Committees on other estates, and at the time of writing it has been possible to start Committees at Diamond, Leonora/Uitvlugt, LBI and Albion/Port Mourant estates.

FACTORIES

Factory performance in 1978, although disappointing in some ways, was in general better than 1977. Poor cane quality, a



Farmers' cane being transported to the factory by tractor and trailer.

direct result of last year's industrial unrest, prevailed throughout the year and the average pol. % cane of 9.71 was the lowest on record for the industry in Guyana. Additionally, the large acreage of cane carried over from 1977 contributed in no small way to cane being delivered with a high percentage of extraneous matter. In spite of these disadvantages, the average overall factory recovery, adjusted to constant fibre % cane and juice quality, was marginally better than the average over the past five years.

Factory time utilisation improved considerably in 1978 to 63.7% compared with 55.3% in 1977 and the five-year average of 59.2%. There is still, however, a big gap between this achievement and our objective of 80%. To narrow this gap, we must continue to intensify our efforts to improve maintenance standards and ensure an adequate supply of machinery spare parts. Punt utilisation must be improved and more emphasis placed on maximising mill throughput to reduce the length of our crops. The 1978 sugar harvest covered 42 weeks — for optimum productivity this must be reduced to 35 weeks.

The Corporation's sugar factory at Versailles Estate was finally closed in mid-1978. This factory, with a maximum cane throughput of 40 tons per hour, was proving more and more uneconomical to run and its closure will undoubtedly help to improve our viability. The cane, which is 100% farmers' cane, is now transported to Uitvlugt factory for milling.

The added advantage of an improved cane supply and hence better utilisation at Uitvlugt did not materialise in the second crop because of logistical problems in the Waterway connecting the two estates. A high priority is being given to solving this problem in 1979.

Individual factory performance was varied, with significant improvement being noted at Leonora and Blairmont. Blairmont's performance in the second crop was its best for many years and augurs well for the future. Wales, Albion, Rose Hall, LBI and Enmore all performed creditably, although some quite serious problems developed at Enmore during the second crop.



Corrective measures were, however, successfully implemented.

Skeldon factory has not as yet started to produce at anywhere near its potential but having regard to the quantity of over-aged cane harvested, resulting in extremely poor cane quality, the results obtained were encouraging.

Diamond and Uitvlugt were our main problem areas and steps have already been taken to improve this situation. Diamond's problems are the more serious in that the estate has insufficient cane cutters and out-of-cane time is high — in excess of 25% gross time. Solving this problem is also being given a high priority.

Quality Control: Sugar quality was fairly satisfactory throughout the year and this is an achievement of which we can be justifiably proud, having regard to age of cane and the generally poor quality. Our average raw sugar shipping polarisation was 98.03° and colour was much better than 1977.

We shall be paying close attention to this aspect of our operations in 1979 with a view to producing raw sugar of a high polarisation — 98° minimum — with a much lower colour and ash than in the past.

Expansion/Modification: Work on putting the finishing touches to Skeldon Expansion continued throughout the year. Work on extension to the Bulk Sugar Shipping Bins will continue in 1979.

The expansion at Uitvlugt continued with the installation of the 1000 KW TA Set and modifications to the Evaporator Station. Two new continuous centrifugals have also been installed. The final phase will be completed in 1979 with the erection of a Cane Mud Filter ex Versailles.

Two 460 KW Diesel Generating Sets were installed and commissioned at Diamond and Leonora and these two estates are now completely self-sufficient in power generation, both in and out of crop.

Work on the expansion of the Boiler Station at Wales was continued in 1978 with the erection of a 38,000 lbs Bigelow Boiler. The expansion of this factory to 120 TCH to allow for the projected agricultural expansion by 6,000 acres has been deferred by at least one year. This has been brought about primarily by the low world sugar price.

Engineering Services: Since the diversification of Guysuco's activities, Factory Operations Department has been providing engineering services on a limited scale to our three cassava factories and two "Cottage" sized Palm Oil Plants. We hope to provide an expanded service in 1979.

Development: Trials, using the "Talofloc" process for improving white sugar quality at Uitvlugt, were commenced during the second crop 1978. The intermittent grinding pattern at Uitvlugt, however, made progress extremely difficult and the trial will be continued in 1979. Results so far are, however, very encouraging both with regard to increasing output and sugar quality.

Increasing failures of cast steel knife bosses have led us to investigate the use of fabricated steel bosses. We shall be evaluating three sets of locally designed and fabricated bosses as well as one imported set in the first crop of 1979. Success of the locally produced sets will not only result in some foreign exchange saving but will significantly reduce time loss due to this type of failure.

Reclamation: We plan in early 1979 to establish a "reclaim and rebuild" Workshop at Versailles factory site. The decision to establish this facility was taken after a feasibility study was undertaken by Tero Weld Inc., a member of the Eutectic Group. Significant savings both in costs and foreign exchange are indicated. We shall be contracting with Tero Weld, both for Technical assistance and Consultancy Services, for the operations of this Workshop which, in the first instance, will concentrate on reclaiming ten major-use pieces of factory equipment.

MARKETING

Sugar: In 1978 Guyana continued to face serious problems in the marketing of sugar. However, in the face of these problems, a good recovery was made from 1977.

The world market price for sugar remained at an extremely low level, well below the cost of production. The average ISA daily price for 1978 was only 7.8 cents US per lb compared with 8.10 cents in 1977, 11.51 cents in 1976 and 20.37 cents in 1975.

The U.S. continued to deny Guyana, along with other countries, Generalised System of Preference (GSP) terms for sugar. The U.S. also further increased already high import tariffs on sugar.

The annual negotiations with the EEC regarding price were unsatisfactory and yielded only an effective 2 percent increase for 1978/79 quota sugar. It is clear that negotiations with the EEC, both over price and to maintain secure future access, will in 1979 be as difficult as they have ever been.

These are serious problems which Guyana is not alone in facing. Solutions will not be easy, but in co-operation with other sugar exporting countries, every effort must and will be made to get a better deal for sugar in the markets of the industrialised countries. In achieving progress, our co-operation with others in the ACP group and with the countries of the Latin American and Caribbean Group of Sugar Exporters (GEPLACEA), continues to be vital.

Marketing Policy: Sugar marketing strategy as a whole comes under the direction of the Sugar Marketing Committee which is appointed by Cabinet. In 1978 the Minister of Trade and Consumer Protection became Chairman of this Committee.

Markets: Our production of 324,805 long tons was marketed as follows:

Market	Tons
Home	31,240
Caricom	910
UK (EEC Quota)	
— Bulk Raws	167,123
— Specials	2,295
Portugal	13,778
Canada	53,965
U.S.A.	54,484
Losses	<u>1,010</u>
	<u><u>324,805</u></u>

Home Market: In 1978 the home market was kept fully supplied with all its requirements. The price of white sugar continued at \$560 per ton during 1978 but with effect from 8 August the price of DC sugar was increased from \$126.50 to \$260.85 per ton. Despite this increase the subsidy as a whole to the consumer in 1978 continued at a very high level and amounted to \$17.0 million.



The Sugar Producer lifting a record shipment of 9,429 tons sugar for the United Kingdom

REVIEW OF OPERATIONS *Continued*

Caricom: Though there was some increase in exports to Caricom in 1978, these continued to disappoint. This is not for want of trying on Guyana's part, but the fact remains that the sugar-importing countries in Caricom can get their supplies at cut rate world prices and are therefore reluctant to buy at the higher price set by the Caricom Council of Ministers.

EEC: Under the Sugar Protocol of the Lome Convention, Guyana has an annual quota of 167,000 tons in the EEC.

This quota is vital to Guyana. Without an assured outlet at a remunerative price for a major portion of its exports the sugar industry, efficient though it is, would hardly be viable. Sugar-cane is a crop with a long cycle and sugar is a long-term industry. It therefore needs to have the assurance of long-term outlets. This is why the assurance in the Lome Sugar Protocol of an outlet 'for an indefinite period' is so important.

In 1978 Guysuco fully met its EEC quota commitments by 30 June 1978 and by the end of 1978 we had also already supplied the larger part of our 1978/79 quota.

The U.S. Market: In 1978 Guyana sold 54,484 tons sugar to the U.S. compared with 11,000 tons sold in 1977, and this is much less than sales in 1974/75 when Guyana's sugar exports to this market averaged 100,000 tons.

Guyana does not enjoy GSP treatment for its exports of sugar to the U.S.A. — though the case for Guyana being included in the list of countries receiving GSP treatment for sugar is a very strong one. At the same time protectionist pressures in the U.S.

have led to the steady growth of import tariffs.

Canada: In 1978 Guysuco sold 53,965 tons of sugar to Canada, compared with 20,296 in 1977, 8,480 in 1976 and nil in the period 1972 — 1975. The Canadian market has become more attractive because of the preference over the world price receivable in this market. There are also good freight opportunities to Canada and Guyana's sugar has a good reputation with the Canadian refiners.

New Markets: Guysuco is eager to develop new markets for its sugar. In 1978, 13,778 tons were sold to Portugal and it is hoped to sell more. The search for new markets will continue.

International Sugar Agreement: The International Sugar Agreement which was negotiated in 1977 came into force on 1 January 1978. Guyana is a signatory of the International Sugar Agreement and in 1978 fully observed the provisions of this important international commodity agreement. Guyana met its export quota commitment under the I.S.A. and also met its Special Stocks obligations. In 1978 also, expansion projects amounting to 30,000 tons were registered and accepted by the International Sugar Organisation.

Molasses: The Molasses market strengthened considerably during the course of 1978. Guyana's exports of molasses reached the record total of 19.6 million gallons and the price received was 50 cents per gallon compared with the price of 32.5 cents per gallon in 1977 when only 12.2 million gallons were exported. The market for our export molasses promises to strengthen even further in 1979.



An Estate Factory Works Council in session

PERSONNEL

Staffing: 1978 saw the upgrading of some 57 staff, while 36 young Guyanese were recruited into senior managerial positions.

Despite the difficulties which beset the organisation, morale remained high throughout and the commitment to achieving the goals set by the Government and the Corporation remained steadfast.

Communications: With the establishment of a Central as well as Estates Communications Committees, the management of all aspects of our Communications System considerably improved during the year.

Works Councils which are the forum for formal worker participation in the organisation continued to function well on the three estates where they have been established. Notwithstanding the impediments to extending these Councils, the Corporation sought to involve non-managerial workers in participation by reinforcing established forums and setting up new ones. Some of the new Committees established included: Field Safety and Accident Prevention Committees, Factory Safety Committees, Estates Communications Committees and Productivity Committees.

All estates continued to conduct formal information seminars for all levels of workers. These sessions serve to inform workers of the current policies and practices of the Corporation as a whole and the estate in particular.

The distribution of our house journal 'Sugar News' to all workers on Estates and at Head Office continued throughout the year. In addition, an average of ten issues of Newsletters was published by estates during the year. The Port Mourant Training Centre also issued a regular monthly publication.

The radio programme – Sugar and the Nation – was initiated in 1978 and became a weekly feature on the Guyana Broadcasting Service. The programme complements 'Sugar News' and is beamed to reach the wider internal and external public. In addition to disseminating information about the operations of Guysuco, it provides an opportunity for the workers to send greetings to their fellow workers as well as their families.

Industrial Welfare: Our Industrial Welfare staff of nine male and two female officers continued to be actively involved in the wide ranging industrial welfare activities such as Safety and Accident Prevention, Sports, Visiting the Sick, and Canteen Supervision. They were also involved in the counselling of workers, preparing workers for retirement and assisting our pensioners.

Safety: The Safety performance in the organisation improved encouragingly during 1978. It is recognised, however, that increased vigilance and attention are needed to correct areas of weakness and further improve performance.

Preparation of a formal and comprehensive safety code for Factory and Field Operations was undertaken for introduction in 1979.

Factory Safety performance improved over that of the previous years by 8.28 per cent, while in the Field the margin of improvement was 4.23 per cent

The overall industry frequency of lost time accidents in the Field decreased by 79.4 per cent

There were ten fatalities during this year, five of which arose from use of vehicles. Our vehicles were involved in 123 accidents during the year. This is an area to which increasing attention is being paid.

The Guyana Police Traffic Department has assisted in training drivers of the Corporation's vehicles, while a more careful programme of driver selection and training is to be supplemented by more intensive supervision and systematic preventative maintenance procedures.

Two Safety Seminars were held with the emphasis on the storage and handling of flammable materials and substances, and stacking and piling of stores.

During 1978, the International Labour Office Regional Adviser on Occupational Safety and Health for the Caribbean toured one of our estates as part of his visit to Guyana and commented favourably on our organisation for safety and the effectiveness of our control and monitoring procedures.

As part of our drive towards improved safety, we appointed an Occupational Health Nurse and Hygienist, part of whose job is done in collaboration with the Safety Officer.

In 1979 we hope to pay special attention to noise abatement in our factories. Some five hundred earplugs have already been purchased for allocation to estates for use by Power House Operators and Boiler Operators. They will be assessed for suitability for continued use.

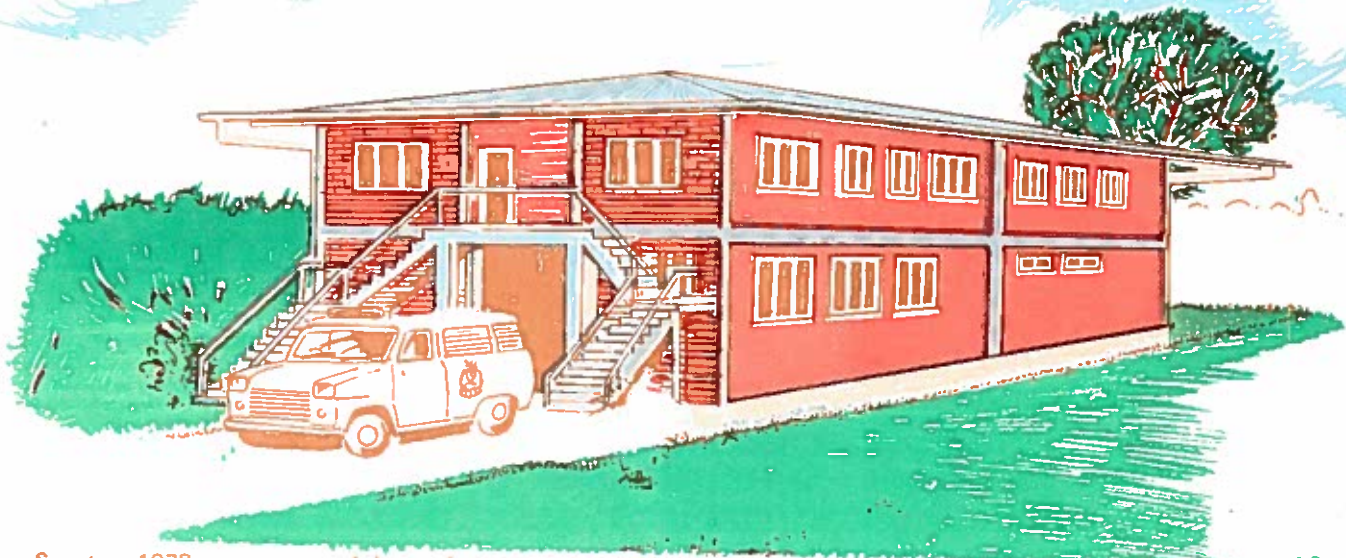
The suitability and effectiveness of existing forms of protection are being evaluated in terms of climatic conditions.

A new type of respirator hood has been ordered for trial in the field. A similar evaluation of respiratory protection for Pilots engaged in spraying is being undertaken.

Estates continued to hold regular fire practice sessions in addition to the statutory fire drills required under the Factories Regulations. Estate Brigades responded to seven community calls.

The Guyana Fire Service continues to provide valuable assistance in training our personnel in techniques of fire prevention and fire-fighting. Twenty-seven of these training sessions were held. A fulltime six weeks course for members of our Fire Crews has been arranged at the Guyana Fire Service for early 1979

Artist's impression of the new Diagnostic Centre at Ogle.



Sports: 1978 was a successful year for sports. A varied programme of inter-estate and inter-regional competitions was run off on schedule; female workers also participated in these competitions. We look forward to their even greater participation in the future.

The sporting highlight of the year was the successful completion of the Inter-Corporation Competition.

Medical Care: A review was undertaken during the year of the organisation and effectiveness of our medical services. As a result of this review, steps were taken to cope with the shortage of qualified medical practitioners and drugs. In spite of the difficulties, improvements are being considered to upgrade the quality of service to all employees and dependants.

During the year construction began on the new Diagnostic Centre at Ogle. It is hoped that this institution will be in operation by mid-1979.

MANPOWER DEVELOPMENT

Our Manpower Development continues to be geared to include planned experience development through a process of coaching, classroom teaching, attachments, and attendance at Institutions of higher learning.

One hundred supervisory and non-supervisory Head Office staff participated in a number of courses designed to induct and re-orientate them into the philosophy and policies of the organisation. Special induction courses were held for fifty senior management staff.

Thirty-eight management staff throughout the organisation underwent training in Capital Budgeting. Three seminars were held on the importance of data-gathering and maintenance; 100 executives from Head Office and estates attended.

All estates continued to conduct training courses to improve technical and supervisory skills of different levels of employees. Courses were also conducted with the aim of solving specific operational problems.

National Policy and Ideological Education: Eleven of our staff were amongst twenty-six public sector personnel who attended

an intensive two-week course designed to equip trainers with a thorough understanding of the Socialist Philosophy and its application to the Guyanese situation.

Cadetship Scheme: Our Cadetship Scheme was expanded in 1978 with the selection of twelve students to be trained in the following fields:

Engineering	—	Mechanical	—	4
		Electrical	—	1
		Agricultural	—	2
Agronomy	—			2
Accountancy	—			3

With the exception of two already studying at Universities, these cadets will commence their formal training in 1979, after completing their stint of National Service.

During the year, three of four cadets returned after completing their studies overseas. Of the two who have remained with the organisation, one completed a BSc in Engineering and the other an MSc in Tero-Technology. The fourth cadet is completing a BSc (Hons) Programme in Electrical and Electronic Engineering.

Apprentice Training: A significant development in the area of apprentice training was the official reduction by the Board of Industrial Training of the statutory period of apprenticeship from five to four years. The trades involved are — Fitter Machinists, Electricians, Agricultural Mechanics, Instrument Repair Mechanics.

For the first time in its 21-year history, female applicants were enrolled at the Port Mourant Training Centre. Six young women are now undergoing the two-year programme at the Centre and like their sixty-four male counterparts, will now graduate after a total four-year programme. Eight of the sixty-four male apprentices are being trained for other public sector agencies.

Fifty-nine apprentices graduated in 1978, making a total of 602 for the industry since the establishment of the Scheme. The retention rate for apprentices continues to be over 90%.

Employee Development: During 1978 four students graduated



The first intake of female apprentices by Guysuco Training Centre at Port Mourant

from the Guyana School of Agriculture while five new students were sponsored. It is hoped that in 1979 we will be able to obtain entry of our agreed quota of eight places.

One student graduated from the ECIAF in 1978 and four new students gained entry.

Assistance to Study Scheme: A total of \$7,477 was disbursed to twelve employees under this Scheme. Successful students were reimbursed a total of \$3,309. More than half of the twenty-four courses taken were in the field of Accountancy.

Guysuco Scholarships: Two awards of Guysuco Scholarships in the fields of Chemistry and Biology were made during the year by the Scholarship Committee of the University of Guyana. This brought the total to twenty awards — ten each in Chemistry and Biology.

INDUSTRIAL RELATIONS

The Industrial Relations scene has been relatively stable throughout the year. Man-days lost through work stoppages and strikes accounted for 154,879 days with a loss of earnings to workers of \$2.1M, compared with \$15.6M in 1977 and \$3.1M in 1976.

The highlight of the year was the conclusion of a four-year

Agreement with GAWU covering the period 1976 — 1979. The Agreement provides for a wage increase of 13% for 1976 and the application of the Government/TUC Agreement. The implementation of the Agreement in 1978 signed on 23 March 1978 increased the industry's minimum wage from \$6.61 to \$11.85 per day.

New conditions of employment were established for Field Equipment Department's workers.

Annual Production Bonus Incentive was agreed with the Union and provided for a payment of 12 days' wages on all estates in the industry for achieving a production of 324,805 tons. A special award of two additional days' pay was made to Albion and Rose Hall estates for surpassing their production targets. The total amount paid out as incentives was \$6.3M.

OTHER CROPS DIVISION

As part of our crop diversification programme, we took over some of the staff and operations of the former Guyana Agricultural Products Corporation (GAPC) with effect from 1 March 1978 and established the Other Crops Division. This Division is responsible for implementing our crop diversification activities, which include the production of cassava flour and such by-products as starch and cassareep; the cultivation of oil

palm and the extraction of oil therefrom; and the cultivation of corn and legumes on a system of State Farms, as well as the cultivation of fish in inland fisheries.

Cassava: During the period March to December 1978, 415,800 lbs of cassava flour were produced from cassava purchased from farmers at the mills at Charity and Look-Out. In addition to cassava flour, 2,347 lbs of plantain flour were also produced at Look-Out. Another cassava mill at Kaituma was commissioned in September 1978.

Insufficient supplies of cassava resulted in the mills operating below their normal capacity. In order to boost the supply of cassava and thereby improve the utilisation of the mills, the Corporation introduced a grading system for cassava and increased the price from 5c per lb to 7c and 8c per lb for wet roots delivered to the mill by farmers in the locality of the mills. A system to ensure quicker payment to farmers was also introduced. We have also introduced Extension Services to educate the farmers in the selection and treatment of cassava planting materials, pest and weed control, and improved methods of planting. The Division also established nurseries at Diamond and Kaituma to provide planting material for State Farms to be developed in these locations.

Oil Palm: Oil Palm is cultivated and processed on two locations: an area of 183.5 acres at San Jan on the Demerara River and an area of up to 2,100 acres at Wauna in the North West District. In addition, oil palm is cultivated by farmers in the Wauna area.

While the area at San Jan was fully planted, the cultivation at Wauna was still being extended. During the period March to December 1978, 601 acres were windrowed and 489 acres planted increasing the area planted to 1,289 acres.

While the Wauna plantation was still being extended, the San Jan location is beginning to mature and its production is rising steadily. Over the last year, San Jan processed 216 short tons of fresh fruit bunches (FFB), producing 42 short tons of crude pericarp oil.

The older trees at Wauna produced 20 short tons of fresh fruit bunches (FFB). Wauna factory also processed 34 short tons of FFB which were purchased from the farmers in the area. The total production of crude oil was 7 short tons. The oil produced on both locations was sold in Georgetown for refining. The entire process of extraction of crude oil is being investigated. We have had the benefit of advice from a Consultant of the Tropical Products Institute and plan to implement some of his recommendations within the next year.

Inter-cropping of the cultivation at Wauna yielded 11 short tons of pumpkins. It is proposed to repeat this exercise in 1979 using pumpkins, watermelons and peanuts.

Corn/Legumes: During the year 200 acres, out of a proposed State Farm at Blairmont, were planted in corn — variety

Tuxpeno/Charity. This acreage yielded 97.5 short tons some of which was used as seed for replanting. In November 438 acres were planted in blackeye peas for harvesting in February/March 1979. We produced 648,000 lbs of blackeye peas in 1978.

Results obtained from the Blackeye peas crops planted on estates indicate that the varieties used might not be suited to our conditions. To this end, experimental work is planned to determine both the cultivation practices and the varieties of corn and blackeye best suited to our conditions.

At Manarabisi, the main activity was developmental. By the end of the year, 500 acres were empoldered, cleared and windrowed. It is planned to put this acreage under blackeye peas during 1979.



Land preparation at Mauarabisi State Farm.

Fish: During the year two four-acre brood ponds and one ten-acre production pond were excavated and stocked with Tilapia. In addition, one twenty-acre flood-fallowed field was stocked with fingerlings. The fish will be harvested in 1979.

Marketing: Apart from cassava flour and its by-products, corn and palm oil produced by this Division, other crops produced by the estates for marketing included mung, urid dhol, sweet potatoes, cucumbers, and pumpkins. The arrangements previously made for the sale of cassava flour to the National Milling Company and palm oil for refinement by Wieting & Richter Ltd continued. It is clear, however, that better prices for these would have to be negotiated.

Without our own retail outlets, we experienced some initial difficulties in disposing of the majority of the other crops. These difficulties were, however, satisfactorily overcome after agreement was reached with the principal Supermarkets in the country as well as with the Guyana Marketing Corporation.

REPORT OF THE AUDITORS

TO THE MEMBERS OF
GUYANA SUGAR CORPORATION LIMITED

We have examined the accounts set out on pages 19 to 28 which are in agreement with the books of the company, and have been prepared under the historical cost convention, including the revaluation of the fixed assets as explained in Note 7 on page 26. We have obtained all the information and explanations we have required.

In our opinion these accounts give under the accounting convention stated above, a true and correct view of the state of affairs of the company at 31 December 1978, and of the net income and source and application of funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THOMAS STOLL DIAS & CO.
Member Firm
TOUCHE ROSS INTERNATIONAL
5 America Street
Georgetown
Guyana.

31 March 1979

STATEMENT OF INCOME AND LOSS

	Notes	1976	1977
SALES	1	<u>261,405</u>	<u>191,034</u>
NET INCOME/(LOSS) BEFORE TAXATION	2	4,200	(15,631)
TAXATION	3	<u>851</u>	<u>—</u>
NET INCOME/(LOSS) AFTER TAXATION		3,349	(15,631)
VALUATION SURPLUS ON DISPOSAL OF FIXED ASSETS TRANSFERRED FROM RESERVES		<u>151</u>	<u>152</u>
NET INCOME/(LOSS)		<u>3,500</u>	<u>(15,479)</u>

STATEMENT OF RESERVES

	Total	Operating	Sugar Industry Rehabilitation Fund	Valuation
	\$000	\$000	\$000	\$000
BALANCE – 1 January 1978	37,282	(15,479)	2,868	49,893
Receipt from Sugar Industry Rehabilitation Fund	400	—	400	—
Net Income for year	3,500	3,500	—	—
Less: Valuation Surplus on Disposal of Fixed Assets transferred to Income Statement	<u>(151)</u>	<u>—</u>	<u>—</u>	<u>(151)</u>
BALANCE – 31 December 1978	<u>41,031</u>	<u>(11,979)</u>	<u>3,268</u>	<u>49,742</u>

BALANCE SHEET

AT 31 DECEMBER 1978

	Notes	1978	1977
		\$000	\$000
SHARE CAPITAL			
AUTHORISED			
72,000,000 ordinary shares of \$1.00 each		<u>72,000</u>	<u>72,000</u>
ISSUED AND FULLY PAID			
48,536,775 ordinary shares of \$1.00 each	4	48,537	47,978
RESERVES		<u>41,031</u>	<u>37,282</u>
CAPITAL AND RESERVES		89,568	85,260
DEFERRED LIABILITIES	5	13,566	14,313
NON-CURRENT LOANS	6	<u>8,085</u>	<u>3,967</u>
		<u>111,219</u>	<u>103,540</u>
REPRESENTED BY			
FIXED ASSETS	7	126,650	113,498
INVESTMENTS	8	167	126
DEFERRED RECEIVABLES		14	132
DEFERRED CULTIVATION COSTS		2,202	3,367
NET CURRENT LIABILITIES	9	<u>(17,814)</u>	<u>(13,583)</u>
		<u>111,219</u>	<u>103,540</u>

Directors:

Harold B. Davis

A. Y. Luck

I.A. McDonald

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1978

	1977	
	\$000	\$000
SOURCE OF FUNDS		
Net Income/ (Loss) before taxation	4,200	(15,631)
Depreciation — Non-cash item	<u>10,225</u>	<u>9,081</u>
FUNDS GENERATED/(USED) FROM OPERATIONS	14,425	(6,550)
FUNDS FROM OTHER SOURCES		
Issue of Share Capital	559	—
Receipts from the Sugar Industry Rehabilitation Fund	400	2,868
Disposal of Fixed Assets	392	462
Non-Current Loans	4,118	—
Deferred Receivables	118	—
Deferred Cultivation Costs	1,165	—
Investments	<u>—</u>	<u>567</u>
TOTAL SOURCE/(USE) OF FUNDS	<u>21,177</u>	<u>(2,653)</u>
APPLICATION OF FUNDS		
Dividend Paid	—	3,092
Taxation Paid	7	3,137
Transfer from Reserves	—	5,807
Deferred Liabilities	747	400
Non-Current Loans	—	7,588
Purchase of Fixed Assets	23,769	12,914
Investments	41	—
Deferred Receivables	—	109
Deferred Cultivation Costs	<u>—</u>	<u>1,705</u>
TOTAL APPLICATION OF FUNDS	<u>24,564</u>	<u>34,752</u>
DECREASE IN WORKING CAPITAL	<u>(3,387)</u>	<u>(37,405)</u>
REPRESENTED BY		
Increase in Stocks and Unsold Produce	12,385	2,508
Increase in Debtors	9,301	5,430
(Increase)/Decrease in Creditors	(5,970)	316
(Increase) in loans repayable within one year	<u>(15,053)</u>	<u>(10,637)</u>
	663	(2,383)
Movement in Net Liquid Funds	<u>(4,050)</u>	<u>(35,022)</u>
	<u>(3,387)</u>	<u>(37,405)</u>
Cash in Hand and at Bank	(1,242)	1,262
Deposits and Treasury Bills	(6,000)	(10,479)
Bank Overdraft	<u>3,192</u>	<u>(25,805)</u>
	<u>(4,050)</u>	<u>(35,022)</u>

SUMMARY OF ACCOUNTING POLICIES

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 values 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.

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

Provision is made for doubtful accounts of debtors as required, while bad debts are written off against income 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. Sales also include amounts received and receivable from the sale of other crops produced during the year.

NOTES ON THE ACCOUNTS

	1976	1977
	\$000	\$000
1. SALES		
Sugar and Molasses	261,103	191,034
Other Crops	<u>302</u>	<u>—</u>
	<u>261,405</u>	<u>191,034</u>
Export Sales Levy		
Amount Payable	99,193	77,530
Remitted by Government	<u>(99,193)</u>	<u>(77,530)</u>
	<u>—</u>	<u>—</u>
	<u>261,405</u>	<u>191,034</u>

Under Section 6(1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit \$99,192,984 (1977 – \$77,530,000) of the Sugar Levy payable pending amendment of the Sugar Levy Act 1974.

2. NET INCOME/(LOSS) BEFORE TAXATION	<u>4,200</u>	<u>(15,631)</u>
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This amount is determined after the following items have been dealt with:

EXPENSES

Depreciation	10,225	9,081
Audit Fees	127	127
Loss on Sale of Fixed Assets	241	92
Loss on Exchange	227	733
Interest Expense – net	5,614	2,569
Property Tax	555	350
Research and Development	<u>371</u>	<u>529</u>

3. TAXATION

Income Tax at 20%	380	—
Corporation Tax at 25%	470	—
Capital Gains Tax at 20%	<u>1</u>	<u>—</u>
	<u>851</u>	<u>—</u>

Losses carried forward which can be set off against future income amounted to \$10,783,817. 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.

4. SHARE CAPITAL

In consideration for the net assets of the Guyana Sugar Producers' Association Limited, which were acquired by the Guyana Sugar Corporation Limited on 26 May 1976, 558,603 Ordinary Shares of \$1.00 each were issued.

Prior to the enactment of the Guyana Sugar Producers' Association Limited (Dissolution) Act 1978, the liability for these assets was treated as a deferred liability.

	1977
	\$000

5. DEFERRED LIABILITIES

Guyana Sugar Producers' Association Limited		559
Demerara Sugar Company Limited	13,566	13,754
	<u>13,566</u>	<u>14,313</u>

6. LOANS

The following loans are guaranteed by the Government of Guyana:

(a) NON-CURRENT:

(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.

2,027	3,100
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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.

3,727	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 1978, was an effective rate of 11% per annum.

1,520	1,838
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(iii) Chase Bank International -- Chicago

A U.S. dollar loan repayable in equal half yearly instalments ending in April 1983. Interest is payable at a rate of 9% per annum

1,163	—
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(iv) Lloyds Bank Limited

A Sterling loan repayable in equal half yearly instalments ending in October 1983. Interest is payable at a rate of 7½% per annum.

2,959	—
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(v) Guyana Co-operative Agricultural and Industrial Development Bank

The loan is repayable in sixteen (16) equal half yearly instalments ending in December 1987. Interest is payable at the rate of 10% per annum.

<u>531</u>	<u>—</u>
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11,927	6,482
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Less:

Loans repayable within one year

<u>3,842</u>	<u>2,515</u>
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<u>8,085</u>	<u>3,967</u>
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	1977
	S000
(b) CURRENT – REPAYABLE WITHIN ONE YEAR	
(i) Royal Bank of Canada	
A U. S. dollar loan repayable in February 1979. Interest is payable at the rate of 1 $\frac{3}{4}$ % over LIBOR which, at 31 December 1978, was an effective rate of 13 $\frac{15}{16}$ % per annum	15,395
(ii) The Chase Manhattan Bank (National Association)	
A U.S. dollar loan repayable in four (4) equal quarterly instalments ending in April 1979. Interest is payable at the rate of 1 $\frac{3}{4}$ % over LIBOR which, at 31 December 1978, was an effective rate of 14 $\frac{9}{16}$ % per annum.	5,385
(iii) Lloyds Bank Limited	
A U.S. dollar loan repayable by deduction of 25% of the sale proceeds of sugar exported to the EEC on or after 1 July 1978. Interest is payable at the rate of 1 $\frac{3}{4}$ % over LIBOR which, at 31 December 1978, was an effective rate of 13 $\frac{3}{4}$ % per annum.	17,398
(iv) Barclays Bank International Limited	9,057
(v) Loans repayable within one year (per (a) above)	<u>2,515</u>
TOTAL CURRENT LOANS – REPAYABLE WITHIN ONE YEAR	<u>42,020</u>
	<u>26,967</u>

NOTES ON THE ACCOUNTS *continued*

	TOTAL	Freehold	LAND AND BUILDINGS Leasehold	State Lands	LAND EXPANSION COSTS	PLANT MACHINERY & EQUIPMENT
	\$000	\$000	\$000	\$000	\$000	\$000
7. FIXED ASSETS						
COST OR VALUATION						
Valuation at 26.5.76	107,491	31,279	2,547	18,799	6,478	48,388
Cost at 1.1.78	20,055	648	85	—	160	19,162
Reclassification	—	(6)	—	—	76	(70)
Additions	23,769	2,640	—	—	558	20,571
Disposals	(480)	(227)	—	—	—	(253)
At 31.12.78	<u>150,835</u>	<u>34,334</u>	<u>2,632</u>	<u>18,799</u>	<u>7,272</u>	<u>87,798</u>
Comprising:						
Valuation	112,570	33,326	2,547	18,799	6,554	51,344
Cost	<u>38,265</u>	<u>1,008</u>	<u>85</u>	<u>—</u>	<u>718</u>	<u>36,454</u>
	<u>150,835</u>	<u>34,334</u>	<u>2,632</u>	<u>18,799</u>	<u>7,272</u>	<u>87,798</u>
DEPRECIATION						
At 1.1.78.	14,048	415	142	—	1,198	12,293
Reclassification	—	—	—	—	7	(7)
Provision for Year	10,225	305	95	—	854	8,971
Retirements and Disposals	(88)	(4)	—	—	—	(84)
At 31.12.78	<u>24,185</u>	<u>716</u>	<u>237</u>	<u>—</u>	<u>2,059</u>	<u>21,173</u>
NET BOOK VALUES						
31 DECEMBER 1978	<u>126,650</u>	<u>33,618</u>	<u>2,395</u>	<u>18,799</u>	<u>5,213</u>	<u>66,625</u>
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>

	1977	1977
	\$000	\$000
8. INVESTMENTS		
ASSOCIATES		
Lochaber Limited		
1,280 ordinary shares of \$20.00 each (37%) Approximate equity value \$154,000 (1977 – \$101,000)	23	23
Cane Farming Development Corporation Limited		
18,500 'B' ordinary shares of \$5.00 each (25%) Approximate equity value \$31,000. (This Company is in liquidation. No provision has been made for any possible losses arising therefrom).	92	92
	<u>115</u>	<u>115</u>
OTHER		
Livestock Development Company Limited		
55,000 ordinary shares of \$1.00 each (8%) Approximate market value \$42,000 (1977 – \$4,000)	50	5
Government of Guyana 7% equated annuity debentures repayable half yearly	2	6
	<u>52</u>	<u>11</u>
	<u>167</u>	<u>126</u>
9. NET CURRENT LIABILITIES		
Stock, stores and goods in transit	29,814	22,924
Unsold produce	45,782	40,287
Debtors	23,471	14,170
Short term deposits and treasury bills	—	6,000
Cash in hand and at Bank	355	1,597
	<u>99,422</u>	<u>84,978</u>
Less:		
Creditors	50,091	44,121
Loans repayable within one year	42,020	26,967
Bank overdraft	24,264	27,456
Taxation	861	17
	<u>117,236</u>	<u>98,561</u>
NET CURRENT LIABILITIES	<u>(17,814)</u>	<u>(13,583)</u>

		1977
10. CONTINGENT LIABILITIES	\$000	\$000
Guarantees given to Banks and Insurance Companies in respect of staff loans	57	77
11. FUTURE CAPITAL EXPENDITURE		
Expenditure authorised by the directors and contracted	6,445	4,646
Expenditure authorised by the directors but not contracted	13,555	15,456

STATEMENT OF EMPLOYMENT AND COMMUNITY COSTS

	7 Months 1976	1977	1978
	SM	SM	SM
EMPLOYMENT COSTS			
Direct Employee Benefits			
Wages and Salaries	58.5	93.9	132.3
Bonus Payments	7.8	5.6	6.5
Other Employee Benefits	6.8	11.3	11.8
Labour Transport Costs	<u>2.5</u>	<u>3.8</u>	<u>5.3</u>
	<u>75.6</u>	<u>114.6</u>	<u>155.9</u>
COMMUNITY COSTS			
Central Government Taxation and Levies	31.5	1.3	1.6
Local Government Rates and Taxes	0.5	0.8	0.8
Local Sugar Sales Subsidy	8.9	20.4	17.0
Sugar Industry Special Funds	4.4	5.6	7.8
Community Services	<u>0.3</u>	<u>1.0</u>	<u>1.1</u>
	<u>45.6</u>	<u>29.1</u>	<u>28.3</u>
TOTAL	<u>121.2</u>	<u>143.7</u>	<u>184.2</u>
NUMBER OF EMPLOYEES	28,406	33,545	31,651
TONS SUGAR PRODUCED	194,976	241,527	324,805

SHARING OF EARNINGS

