



CONTENTS	PAGE
Guysuco's Mission	2
Board of Directors	3
Chairman's Statement	4
Review of Operations	5 – 13
Ten Year Record	14
Organisational Chart	15
Report of the Auditors	16
Statement of Net Surplus	17
Balance Sheet	18
Statement of Source & Application of Funds	19
Notes on the Accounts	20 – 27
Statement of Employment & Community Costs	28

GUYSUCO'S MISSION

The Mission of Guysuco is to transform a monocultural organisation into a diversified agro-industry, which will not only contribute to the Nation's foreign exchange earnings, but will maximise the benefits of the foreign exchange cost of the Corporation by utilising its resources to produce crops which will help the Nation in its import substitution programme.

As an efficient agro-business, its Mission will be to demonstrate to the communities in which its operating units are located, the techniques developed for the cultivation of various crops. As a well-developed agro-business the Corporation will also continuously strive to refine its products and to utilise the by-products of its operations for vertical integration and expansion.

In its activities the Corporation will work for greater participation and involvement of all the people who comprise its work force in achieving its objectives which have been set in consonance with the philosophy and aspirations of the Nation.

BOARD OF DIRECTORS

Chairman

H B Davis, CCH, MA, B.Sc.

Directors

J S L Browman, DECIAF, M.Sc., B.Sc., DPA.

B. Chandra, AA, DECIAF.

E O S Hanoman, FCCA.

I A Mc Donald, AA, MA.

D P Sankar

F Sukdeo, D Phil, MA, B.Sc.

W E H Tyrell

J R Vieira, AA, CI Agr. E.

F C Mclean, B.Sc., FSS

J F I Blackman

Secretary

C J Lawrence

CHAIRMAN'S STATEMENT



Gyusuco Chairman Harold Davis, CCH.

In 1989, for the second successive year, production at 164,800 tons of sugar – compared with 167,500 tons in 1988 and 220,995 tons in 1987 – fell well below our expectations and substantially below the level needed to meet Guyana's basic commitments. A comprehensive account of the Corporation's activities during the year follows in the Review of Operations.

We achieved an after-tax profit of G\$34.2M, compared with G\$10.3M in 1988. Sales from sugar, molasses and other crops totalled G\$2,545.7M, reflecting a 218.6 percent increase from 1988. The export sugar levy due and payable was G\$753.4M. Profit share to workers was G\$6.0M. The Corporation's wages and salaries bill inclusive of incentives for the year was G\$434.8M. Gross foreign exchange earning amounted to G\$2,316.2M, compared with G\$715.0M in 1988. Capital expenditure amounted to G\$252.8M, compared with G\$207.0M in 1988.

In December, discussions were held between the Government of Guyana and Booker PLC which resulted in a Memorandum of Understanding. The prime objective is to enhance the performance of the

sugar industry in Guyana, so that production of 250,000 tons sugar is achieved each year. Such a level would ensure the satisfaction of supply obligations to the EEC, to the United States of America and to the domestic market. Whilst sugar production will be the priority, Gyusuco will, with Booker Tate's technical assistance, continue to examine economically viable diversification.

The immediate future presents interesting challenges to our Managerial team. We have just completed another decade with its many trials and tribulations, a very crucial period in which we have endeavoured to prepare ourselves to enter the new decade of operations full of hope, determination, a sense of purpose and commitment.

I wish to thank the many workers – managerial and non-managerial alike – who stood loyally and steadfastly with the Corporation and gave of their best during the past year. While we continue to lose personnel at every level, I am confident that we still have many people who are resourceful and full of initiative and who will ensure that this Corporation continues to grow from strength to strength during the years ahead.

I wish also to thank the Executive President of the Co-operative Republic of Guyana, the Ministers of the Government, my fellow Directors and the Members of the Management Committee for their invaluable guidance and support during the past year, and I look forward to the continuance of this quality of support and co-operation to ensure that the Corporation retains its significance to the future of this nation.

REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

AGRICULTURAL OPERATIONS



Some of the action in the cane-fields, as two workers load a punt with canes for the factory.

Sugar

Sugar production in 1989 was a disappointing 164,800 tons; 61,865 tons for the First Crop and 102,935 tons during the Second Crop – 35,545 tons less than the estimated target for the year. It also reflects a slight drop from the previous year.

The main reason for the large production deficit was a six-week strike during the best harvesting period. The results were loss of canes due to arson, staling and overage during the First Crop and large acreages of canes scheduled for reaping being carried over to the Second Crop. The actual acreage reaped was 94.51% of the original estimate.

Tons cane per acre was 30.00 for 1989 compared with 29.72 for 1988, while tons cane per ton sugar was a high 15.33 compared with 14.69. While tons cane per acre was slightly higher, tons sugar per acre was 1.96 compared with 2.02 in the previous year. This trend of low yields will continue and could get worse unless there is substantial improvement in the acreage replanted and additional labour is available for other critical operations.

Rainfall, Land Preparation and Replanting

Rainfall recorded during 1989 was higher than the previous year, being at critical periods reducing both harvesting and land preparation operations. There was only 17% achievement in land preparation thus affecting the replanting programme which achieved only 30%. The replanting acreage represents less than 5% of the acreage in cultivation and less than one quarter of the policy of a 20% replanting programme per year.

The under achievements gave cause for concern as the build-up of older ratoons keep increasing to the extent that over 40% of the total area in cane is represented by 5th ratoons and over. Very little prepared land is available for flood fallow and early planting would not be achieved in the new year.

Mechanisation Studies

Despite conversion and harvesting equipment being added to the programme, the protracted strike in the First Crop and the unexpected early advent of heavy rainfall in October had a negative impact on conversion and harvesting targets.

REVIEW OF OPERATIONS Continued

Manual harvest machine load operations were introduced so that the carry over acreage would be greatly reduced. A total of 121,374 tons of cane were reaped from 4,185 acres prepared for machine harvesting during the year. However, large acreages of the true crop and some carry over canes remained unreaped and had to be carried over to Spring 1990.

Hydraulics Department

Maintenance work was stepped up on field infrastructure on all estates. Work continued on the upgrading of dams despite setbacks in the work progress and damage to some already completed areas due to the necessity to harvest and transport under wet conditions. Unavailability of materials contributed adversely on the programme.

General

The pattern of grinding was intermittent throughout the two crops with an average grinding hours per week of 78.0. This type of operation although better than 1988 continued to affect factory performance.

The absence of the necessary spares at moments of greatest need has been a main contributor to the 12.09% downtime realised for 1989 compared to 13.9% in 1988.

Notwithstanding the emphasis placed on staff development, a rapid exodus at all levels continued. The knowledge and experience of the remaining staff, particularly at Central Level ensured that training, operational systems and planning were maintained.

Process Control:

In 1989, 2,541,327.63 tons of cane was ground compared to 2,479,505.76 tons of cane in 1988, an increase of 2.49%. However, we produced 1.64% less sugar in 1989 when compared to 1988. This was due to the predominant factor of a higher ton cane per ton sugar (TC/TS) ratio of 15.37 against 14.66 in 1988. Mill throughput of 108.76 tons cane per hour was a marked improvement over 101.76 for the previous year. The reduced Mill Extraction and Boiling House Efficiency parameters compare favourably with that of the previous year. The intermittent operating pattern of the industry has resulted in the deterioration of the intermediate materials in process and the final product quality suffered.

Given a more continuous pattern of grinding, coupled with the installation of the newly acquired centrifugal baskets at Rose Hall, Enmore, La Bonne Intention and Wales, these inputs together with the Doubled Purging System, a better sugar quality is expected in 1990.



Aerial views of Champion Estate, 1988, Skeldon.



Aerial views of Blairmont Rice Milling Complex which was commissioned on Sunday, May 20 by President Desmond Hoyte.

Development and Engineering

Development works continued on all locations. Areas of significance included the power houses particularly in Demerara, the evaporator station at Wales, the pan station and the No. 3 boiler at Albion and a punt dumper installation at Skeldon.

An idea of a juice settling system has also been conceived for pilot scale trials in 1990 at Skeldon, Blairmont and La Bonne Intention. Also trials of various polyelectrolytes have been planned for use as juice clarifying agents to aid in the processing of mechanically harvested canes.

Workshop

With the continued expansion of the Equipment Conservation Centre, a greater flow of rehabilitated and fabricated spares and components was handled for the Estates and outside parties. Punt repairs and fabrication activities were carried out at the Ex-Diamond Factory, which is earmarked for development into a heavy machinery workshop.

Energy Conservation

Despite the non-arrival of the necessary instruments as part of the IDB package, attention in this area of operation and maintenance of boilers and turbines was intensified. With the arrival/installation of the instruments, even better performances are envisaged in 1990.

Experiments were conducted with mobile equipment to evaluate the effectiveness of the steam production and primary steam utilisation equipment. This resulted in more economic usage of bagasse fuel and significant saving in fossil fuel realised.

DIVERSIFIED CROPS Grain Crops Division

In 1989, the grain crops programme was adversely affected by the singular or combined effect of persistent and unseasonal rainfall, praedial larceny, cattle damage and inadequate equipment. The end result was that crops were either not planted or where planted were subjected to varying degree of damage or loss.

REVIEW OF OPERATIONS Continued

At Blairmont, 3,028 acres of paddy were planted in 1989 – 1,785 acres in the First Crop of which 235 acres were lost due to shattering and cattle damage, and 1,243 acres in the Second Crop of which 218 acres were lost due to similar circumstances. The average yield for the year was 20 bags per acre. Seed paddy production became firmly established and is expected to show dividends with increased yields and improved quality of paddy in future crops.

Construction work on the rice-processing complex at Blairmont continued during the year and although progress was again delayed by a diversity of problems with both labour and materials, by the close of the year the four silos, the dryer and the rice mill building were almost completed, leaving the bulk storage bond, the mill-house and other ancillary equipment to be put in place. It is expected that the receiving, drying and paddy storage sections of the complex would be operational by March 1990 to handle the 1st crop paddy harvest at Blairmont, while the complete Rice Mill Complex would be ready for commissioning by the middle of 1990. In the meantime, dialogue with rice farmers in the West Coast Berbice area commenced with the view of working out the logistics and the terms under which paddy may be acquired from them for processing at the Blairmont mill.

At Enmore, 48 acres of sorghum produced 16,615 lbs in the First Crop. Industrial action in the sugar belt early in the year affected land preparation for the Second Crop which resulted in no soya, corn or cowpea crops being produced.

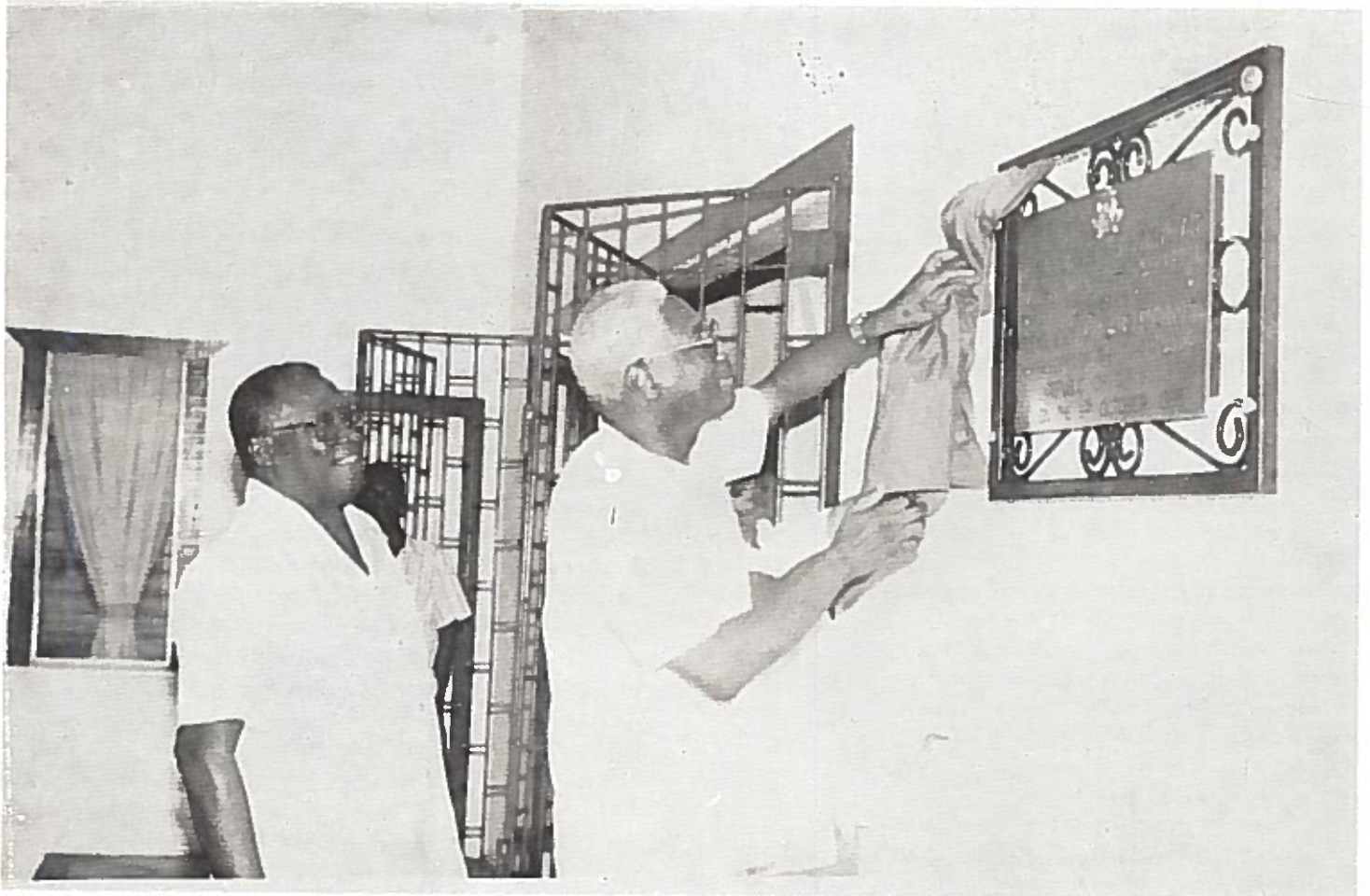
A grain crops complex capable of efficiently handling and storing all the grain produced at Enmore has been erected.

The Pigeon Peas programme earmarked for Skeldon continues to await finalisation of the joint venture project.

Livestock Division

Guysuco's four dairy operations at Rose Hall, Liliendal, Versailles and Uitvlugt produced a total of 243,625 Imperial gallons or 1,108 million litres of milk during 1989. Production was higher than the previous year on all locations except Versailles where it was projected, based on the calving cycle that there would have been a drop in production in 1989.

The Cheese and Butter Plant at Versailles was commissioned by His Excellency, President H.D. Hoyte, SC on October 8, 1989 and production of Cheese, Butter and Skimmed Milk commenced thereafter.



President Desmond Hoyte SC, unveils the plaque to commission Guysuco's Cheese and Butter Plant at Versailles, West Bank Demerara. Looking on is Guysuco's Chairman Harold Davis.

REVIEW OF OPERATIONS Continued

The extension programme developed to secure supplies of milk from farmers at Leguan has proved extremely successful and by the end of 1989, the average daily intake at Versailles was in excess of 200 gallons. At the end of 1989, 2,000 lbs of cheese had been processed and put in storage for curing. Butter and skim milk were produced and put on the market by the end of the year. The whey by-product will be utilised as a feed supplement for the dairy animals at Versailles. The dairy programme continued to provide beef from culled cows and steers arising from bulls not suitable for retaining as breeding animals.

Mutton production from Liliendaal realised 1,117 kg (2,462 lbs) from 69 head slaughtered. The flock at the end of the year was 316 at Liliendaal after transfers of 20 and 22 breeding animals to Rose Hall and Uitvlugt respectively. Additional transfers to Albion in early 1990 will be made to reduce the overcrowding. It is sanguine to note that the breeding stock at Liliendaal increased seven-fold in three years, even after allowing for removals for slaughter and natural mortality.

Aquaculture Division

Tilapia production realised 31,608 kg (69,682 lbs) during 1989, with Blairmont contributing 20,641 kg (45,507 lbs). There was an improvement in yields over the previous year, as efforts were consolidated on existing production ponds to reduce praedial larceny. There was evidence of appreciation on some locations of the contribution the programme was making towards the provision of a relatively inexpensive source of protein to the estate community.

Crawfish evaluation continued with the maintenance of broodstock in an artificial tank from which material for renewal pond population is provided. Investigative work has begun with hassar rearing, which is already showing some promise.

Vegetable/Root Crops Division

Onions and cassava cultivation which are now the two main crops in this sector was also affected during the year. At Enmore and Blairmont, 700 lbs of onion were harvested. The acquisition of a specialised onion planter for direct seeding would substantially increase cultivation in the near future.

Cassava cultivation at Enmore yielded 167,265 lbs for an average yield of 2,424 lbs per acre in 1989, representing particularly encouraging results despite losses through flooding and praedial larceny.

Orchard Crops Division

A total of 7,700 budded citrus seedlings have been extended to field scale at Leonora over 66 acres, and at the end of the year, another 3,000 plants were available for budding.

Passion fruit inter cropped on a transient basis with the

young budded seedlings in the field produced excellent results, and has the potential of a substantial commercial crop. During the year 3,570 lbs of fruit were reaped, yielding reasonable revenue. Undoubtedly, with a captive market and provided the economics of production prove attractive, crop expansion would be justified.

Seventy-five of the 100 acres earmarked for coconuts at Wales were planted with over 6,800 seedlings. There were some losses due to water logged conditions and larceny.

SUGAR MARKETING

In 1989, for the second successive year, production at 164,800 tons – compared with 167,500 tons in 1989 fell short well below the level needed to meet Guyana's basic commitments: the Local Market – 36,000 tons; E.E.C. quota – 167,000 and US quota – 14,000 tons. As a result, priorities had to be carefully weighed throughout the year in order to preserve quota markets and secure the long terms viability of the industry.

Local Market

It was decided to import sugar to meet domestic requirements so as to release the equivalent amount of local production for vital quota exports. In the event, 25,622.76 tons of sugar were imported in 1989 and this helped considerably in reducing the shortfall in meeting our EEC commitments for the quota year ended June 30, 1989.

Total sales on the local market in 1989 amounted to 28,510.88 tons, including 24,900.27 tons of imported sugar. This compared with total sales in 1988 of 35,845 tons including 3,446 tons of imported sugar.

E.E.C. Quota

The EEC sugar quota of 167,000 tons is absolutely vital to the success of the Guyana Sugar Industry. It was therefore decided that all production in the first half of 1989 should be devoted to meeting our EEC commitments as far as possible. In the event, because of the production shortfall caused by the six-week strike, we still had to declare a shortfall of 35,000 tons in meeting the EEC quota for the period July 1, 1988 to June 30, 1989. This is the first time since the Sugar Protocol of the Lome Convention came into force in 1975 that Guyana has ever declared a shortfall. A detailed force-majeure claim in respect of the shortfall was submitted to the EEC commission. This claim was accepted and Guyana's quota therefore remains intact. It will be essential to ensure that there is no repetition of any shortfall in this market in future.

In 1989, the guaranteed price was reduced by 2%. However, the monetary compensatory amounts (MCA's) payable increased in 1989 compared with 1988. The total EEC sugar price remains very remunerative.

REVIEW OF OPERATIONS Continued

Tate & Lyle continues to provide a secure physical access for our EEC quota sugar. Indeed Guyana supplies the major part of the sugar passing through the Tate & Lyle Refinery at Greenock. Our relationship with Tate & Lyle is a most constructive one and it is significant that, despite all the problems of a difficult year, we were able to schedule shipments to Tate & Lyle in an orderly and mutually acceptable fashion.

It should be noted also that our contract with Tate & Lyle provides for the payment of performance and market premiums over and above the basic EEC price.

US Quota

In 1988, because of the need to maximise EEC quota shipments, Guyana had to give up its US quota for that year. However, there should be no repetition of this and shipments to the US for the new quota period have been resumed. A total of 6,957.36 tons were shipped to the US in 1989 towards a US quota of 31,432 metric tonnes raw value eventually allocated to Guyana for the period January 1, 1989 to September 30, 1990. The shipment of US quota in full will be made by the due date at the end of September, 1990.

Caricom and World Markets

In 1989, Guyana supplied no sugar in the Caricom and World markets. Until production recovers to the point where we have surplus over domestic and quota requirements it will not be possible to sell sugar in either Caricom or World markets despite the fact that the world sugar price has improved substantially in recent times.

Molasses

Guysuco produced 15.4 million gallons of molasses in 1989 as compared with 16.7 million gallons in 1988. 10.2 million gallons were sold to Caribbean Molasses Company (1988 – 10.6 million gallons) and 5.0 million gallons to Guyana Liquor Corporation for distillery use (1988 – 5.9 million gallons) with the small amount remaining sold to other domestic users.

INDUSTRIAL RELATIONS

Mandays lost through work stoppages and strikes were 737,713 in 1989, compared with 255,471 in 1988. The main cause of increase was the six-week Anti-Budget Strike in April/May, resulting in 525,350 Mandays lost.

Additionally, there were three (3) other Protest Strikes, resulting in further Mandays lost of 113,272. The strike resulted in Wages lost of an estimated \$37.2M to workers in 1989 compared to \$9.2M in 1988.

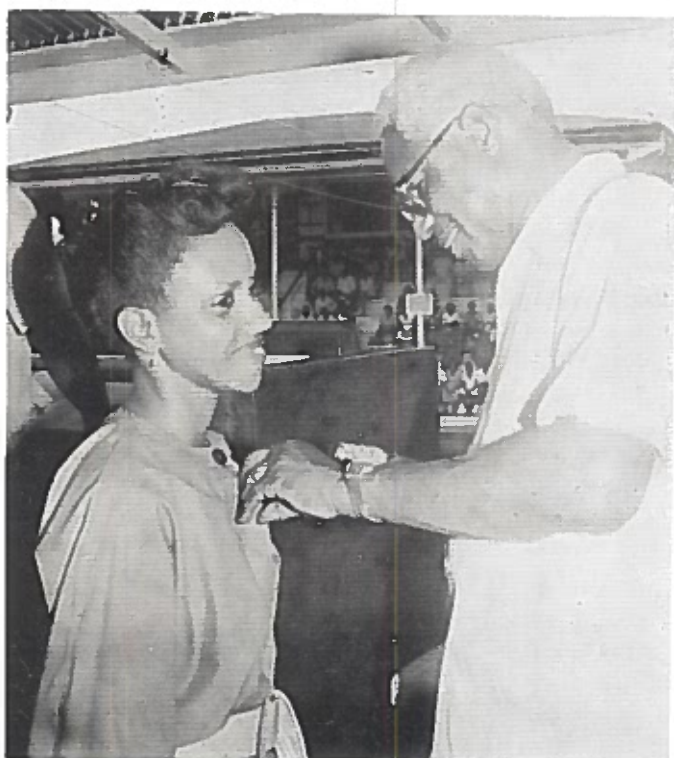
The April/May and Protest Strikes adversely affected production effort.

Wages were increased in April by 20% and again in September by a further 22.36%, retroactive to May 14th. The Minimum Wage was increased from \$27.24 to \$40.00 per day. Sugar workers earned an aggregate of 162 days tax free pay under the Corporation's modified Weekly Production Incentive Scheme. Annual Production Incentive of 5 days was paid with Skeldon earning 9 days, Albion 10 days and Blairmont 9 days on the basis of individual performance.



NATIONAL AWARDEES: Cde. Pirmal, Office Manager – Albion, recipient of the Republic Anniversary's Medal of Service, for long service with exceptional dedication in the

Also receiving the Award was Royston Randolph Ceres, cane harvester – Skeldon Estate.



Claire Adams, Champion Worker Personnel Department beams with pride as President Desmond Hoyte pins on her medal at the 1988 Honours Roll Function at Skeldon.

PERSONNEL DEPARTMENT

Manpower Resourcing

Manpower resourcing continued to be a major problem at all levels of the Corporation.

The total estate Senior Staff establishment was 265 persons and the number in employment at the end of the year was 228.

For the estate Junior Staff including clerical and allied grades, the establishment was 2,054 with 1,797 persons in employment.

The establishment for the non-managerial employees was 21,221 and the number on roll at December 1989 was 17,187.

The areas of concern were Cane Harvesting, Planting, Weeding and Fertilising:—

The employment figures were as follows:—

	Establishment	No. at Dec. 1989
Cane Harvesters	9,660	7,262
Planters	1,097	608
Weeders	1,325	821
Fertilisers Hands	433	312

Sports

All programmed sporting activities which included two additional competitions were successfully completed.

The Berbice Region emerged champion in the Guysuco Championship Games. In the other competitions, Blairmont retained the Athletic and Cycling Championship trophy and also defeated Uitvlugt/Leonora for the Chairman's Volleyball trophy.

The Joe Solomon Cricket trophy was won by Zone 1 Skeldon, GTC/PM and Albion/PM.

Uitvlugt/PL retained the Cecil Gravesande Security Cricket trophy and also won the newly introduced Guysuco Football League Competition and was presented with the Alan Forster Association Football Cup.

Joylon Williams, A.O.M. Wales Estate played unbeaten to win the Wilfred Gainlall Table Tennis trophy.

Rose Hall and LBI Estates each won one of the Road Relay races.

On the National Scene, the Corporation's Sports Persons continued to make their presence felt in Cross Country and Road racing events, Amateur Boxing, Cricket, Cycling, Weightlifting and Swimming.

Guysuco shared the top place in the Agricultural Sector Games with GAIBANK. Cricketer Nyeem Baksh (AN/PM) and athlete Wynette Crandon (GTC/PM) were the male and female Sports Personalities for 1989.

Blairmont was selected the Best Sports Group.



PRESENTATION OF CERTIFICATES – PUNCTUALITY

Guysuco's Chairman, Harold Davis presents Punctuality Certificate to outstanding employee during 1989 – WINSTON SPARROCK, Chauffeur. Other recipients were JOHN SINGH, Chauffeur, AYUBE YUSUF, Clerk and URSILLA BRUCE,

REVIEW OF OPERATIONS Continued



At Guysuco's Sports Personality Function held in January 1990, Male Sports Personality National Cricketer, NYEEM BAKSH of Albion Estate and Female Sports Personality, athlete, WYNETTE CRANDON of Guysuco Training Centre, Port Mourant were presented with their top Awards by Chairman Harold Davis.

Health/Environment and Safety

The Corporation continued to maintain its medical facilities at the nineteen (19) Estates Dispensaries and the Ogle Diagnostic Centre for all levels of employees.

In the area of environmental Health, emphasis was placed on water supply, solid and liquid wastes disposal, swimming pools, canteen and the use of pesticides and weedicides.

Special attention was also given to the Agricultural areas, Dairy Farms at Liliendaal and at Versailles where the Butter and Cheese making Plant is situated.

Safety and environmental inspections of the Factories and Field Workshops and Staff Compounds were carried out on a regular basis. There was a noticeable improvement of House-keeping standards in the various units.

In the Good Housekeeping Competition, Albion was placed first, Skeldon second and Blairmont third in respect of the Factories while Blairmont achieved first place, Wales second and Rose Hall third for the Field Workshops.

With regard to the Environmental Health Competition for Staff Compounds, Skeldon emerged first, Blairmont second and Albion third.

Training sessions in fire prevention were conducted in collaboration with the Guyana Fire Service. Estate fire tenders assisted with extinguishing fires in the community.

Training of first aiders continued on estates with the assistance of the Guyana Red Cross Society.

Honours Roll Scheme

Due to several weeks of Industrial unrest during the First Crop 1989, the end of the First Crop Honours Roll Function

was not held. Throughout the year, however, Estates were awarded placements on the Scheme. Albion Estate emerged Champion Estate for 1989.

Worker Participation

Workers Councils are now well established on all locations and are functioning satisfactorily. During 1989 however, only sixty percent of the scheduled meetings were held due to industrial unrest in the sugar industry. Election of new members for the year 1990 were completed in November 1989.

Internal Communication

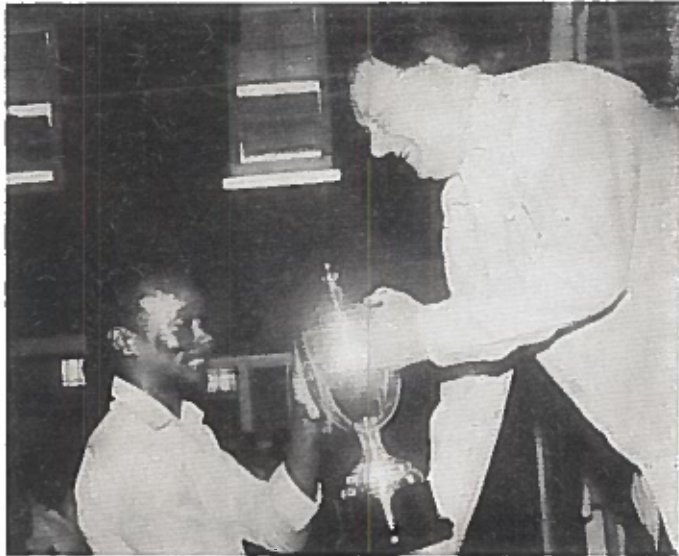
Efforts to resuscitate the briefing sessions and regular publication of newsletters met with limited success. Regular sessions were held on all Estates, but only two of the eight estates published regular News Bulletin. Availability of news print continued to be the main constraint.

Community Relations

Estates continued to be of assistance to schools, churches and local authority. Deeds of Gift were signed passing ownership of the following five (5) Community Centres to Guyana Sugar Corporation Limited with effect from 1989-12-01: (i) Skeldon, (ii) Gelderland, (iii) Bath, (iv) Enmore and (v) Ocean View, Uitvlugt. Rehabilitation works have begun at Skeldon and Enmore. It is proposed to employ full time Welfare Officers to assist in the management of these Centres. Guysuco's contribution to Community relations will therefore be extended in 1990.

CORPORATE PLANNING

The incorporation of the Projects Evaluation Unit, the Training Department (now Human Resource Development) and the Aircraft Department led to the establishment of the Corporate Planning Division in January.



Mr. Alan Forester, Managing Director of Bookers Sugar Company Ltd., Donor of the Football Trophy, presents it to Osmond Mc Kend of the Victorious Football Team from Uitvlugt/Leonora.

Projects

The initial co-ordination of sixty (60) Capital Projects was reduced to sixteen (16) following the National Budget. Seven (7) of these projects, including the Cheese and Butter Factory at Versailles, were completed during 1989.

The alternatives for sugar cane development studies were completed while the studies for the improvement of sugar cane bagasse utilisation in generating electricity were re-scheduled to early 1990. The rehabilitation of the sugar factories started following the arrival of some equipment.

Human Resource Development

The demands on this Department were great, thus allowing



Jim Garry, President of C. Czarnikow Inc. New York presents the Coveted Joe Solomon Cricket Trophy to Rampersaud Ramcharitar of AN/PM Estate.

it to only address critical issues within the organisation. These included Junior and Senior Management Programmes, training for factory and field workshop personnel and performance related seminars for specific disciplines involving the Electrical Engineers, Chemists, Maintenance and Operational Personnel of the Field Equipment Department and Mechanical Tillage employees.

For the development of Senior Managers, eight (8) Senior Executives/Managers attended courses, conferences and seminars overseas.

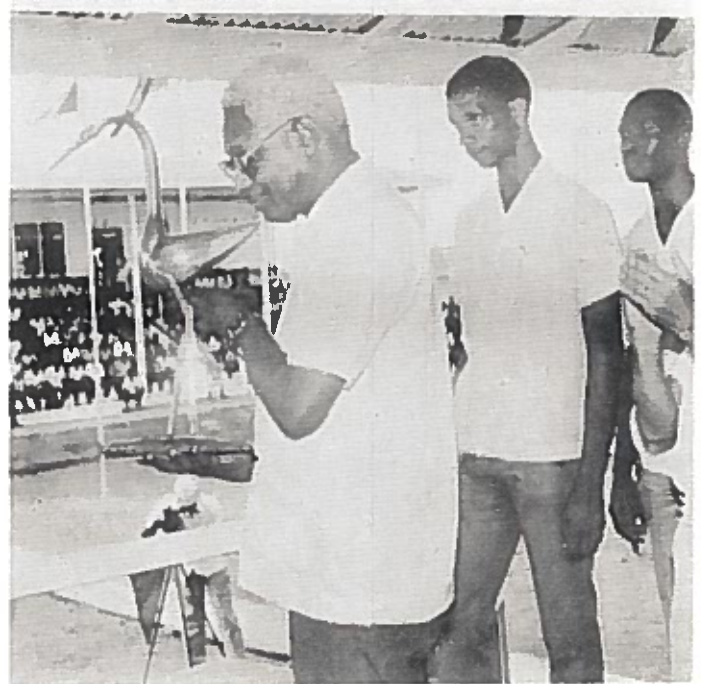
The Guysuco Training Centre produced fifty-four (54) graduating apprentices for the estates and specialised engineering units. Eleven (11) female in the Fitter Machinist, Electrical, Agricultural Mechanic and Auto Electrical disciplines were included among the graduates.

The Cadetship and other related sponsored programmes accounted for twenty (20) Cadets, four (4) students to REPAHA, eight (8) students to the Guyana School of Agriculture and seven (7) ex-Apprentices to the Government Technical Institute.

The workstudy attachments increased over the previous year, with many of the students assuming full time employment afterwards.

Aircraft Department

This Department operated with less than 50% of its fleet due to lack of spares. However it was able to treat 37,614 acres of sugar cane.



President Hoyte admires his gift after accepting it from Regional Director F.A. D'Almada A.A. (at right) at the 1988 Honours Roll Function at Skeldon Estate.

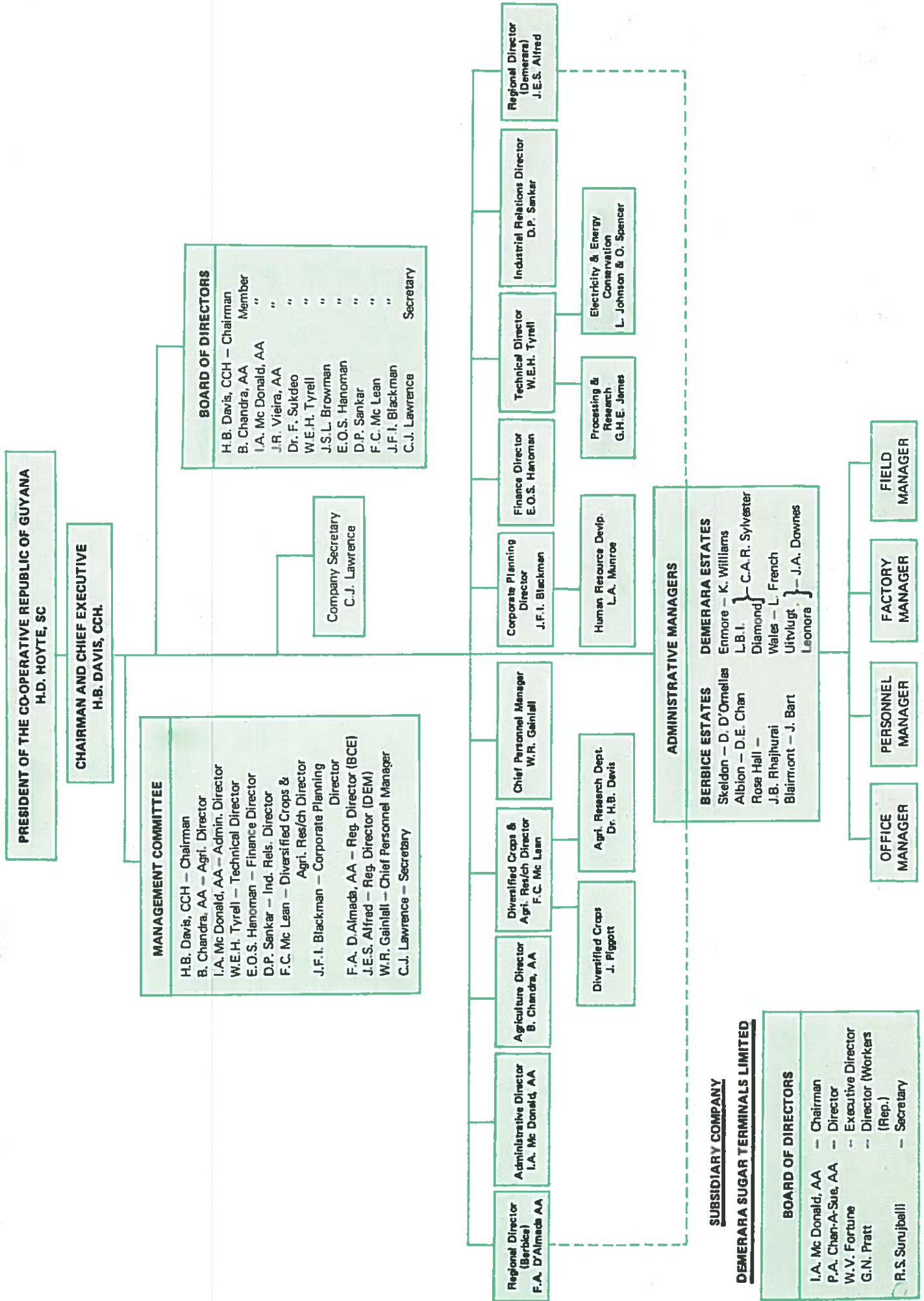
THE TEN YEAR RECORD

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Number of Factories	10	10	10	10	10	10	10	8	8	8
Acreage Harvested	123,143	136,213	129,609	119,429	125,926	107,526	112,875	106,039	85,823	88,605
Tons Cane Milled - ('000)	3,601	4,125	3,845	3,571	3,469	3,218	3,348	3,100	2,480	2,548
Yield:										
Tons Cane Per Acre	29.24	30.28	29.67	29.90	27.54	29.93	29.66	29.23	28.90	29.56
Tons Cane Per Ton Sugar	13.35	13.71	13.36	14.18	14.34	13.24	13.64	14.03	14.80	15.41
Tons Sugar Per Acre	2.19	2.31	2.22	2.11	1.92	2.26	2.17	2.08	1.95	1.92
Sugar Production (Tons)	269,634	300,790	287,725	251,870	241,861	243,000	245,440	220,995	167,550	164,900
Molasses Production ('000 Gals.)	21,430	23,282	22,957	23,026	21,406	19,506	21,614	19,962	16,741	15,375
Home Consumption - Sugar (Tons)	31,811	36,518	33,193	36,266	34,731	28,396	31,243	42,252	35,846	28,511
Molasses ('000 Gals)	9,351	10,021	4,785	10,598	8,874	12,240	11,380	13,201	12,529	13,932
Exports - Sugar (Tons)	236,344	262,855	252,542	213,227	205,371	214,543	213,609	176,463	134,828	160,979
Molasses ('000 Gals.)	12,079	13,261	18,172	12,428	12,532	7,266	10,234	6,757	4,181	1,214
Sales - Sugar										
Local - Total Revenue (G\$M)	9.7	11.0	9.9	10.7	26.7	40.4	50.3	68.0	58.3	173.0
Average Price Per Ton (G\$)	304	301	298	195	769	1422	1610	1610	1626	60 70
Export - Total Revenue (G\$M)	296.7	285.8	258.8	212.1	271.5	286.6	356.7	971.7	710.2	2309.7
Average Price Per Ton (G\$)	1,255	1,087	1,025	994	1,322	1,336	1,670	5,506	5,267	14,348
Molasses - Total Revenue (G\$M)	21.9	19.4	5.6	6.7	7.5	5.2	20.5	34.9	23.4	42.8
Average Price Per Gallon (G\$)	1.02	0.84	0.24	0.29	0.35	0.26	0.95	1.75	1.40	2.78
Expenditure:										
Employment Costs (G\$M)	174.2	196.0	189.3	185.7	201.9	184.3	* 207.6	# 294.2	302.9	515.1
Materials and other charges										
excluding Interest (G\$M)	106.2	126.0	115.2	104.5	137.3	171.3	186.5	295.0	305.1	984.1
Operating Results Before Local Subsidy										
and Interest (G\$M)	48.4	(5.3)	(28.6)	(59.1)	(31.8)	(22.1)	35.4	83.2	106.1	293.1
Local Subsidy (G\$M)	27.8	33.7	32.2	39.1	31.3	-	-	53.1	89.9	241.6
Interest Expense (G\$M)	14.4	22.9	32.4	21.6	39.2	55.7	21.6	9.6	4.8	16.6
Surplus/(Deficit) Before Tax	6.2	(61.9)	(93.2)	(119.8)	(102.3)	(77.8)	13.8	20.5	11.4	34.9

* Includes provision for Profit Share of \$7.2M

Includes provision for Profit Share of \$10.5M

ORGANISATION STRUCTURE OF THE GUYANA SUGAR CORPORATION LIMITED



REPORT OF THE AUDITORS

TO THE MEMBERS OF
GUYANA SUGAR CORPORATION LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1989

We have examined the financial statements set out on pages 17 to 27 which are in agreement with the books of the Company and have obtained all the information and explanations we have required. Our examination was made in accordance with generally accepted auditing standards and included such tests and procedures we considered necessary.

In our opinion, the financial statements give a true and correct view of the state of affairs of the Company at 31 December 1989, and of the results of its operations and source and application of funds for the year then ended.

THOMAS, STOLL, DIAS & CO.
Certified Accountants

Member Firm
DRT INTERNATIONAL
Deloitte Ross Tohmatsu

77 Brickdam,
Stabroek, Georgetown,
Guyana

3 May 1990

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1989

	Notes	1989	1988
		G\$000	G\$000
Sales	2	<u>1,792,284</u>	<u>714,056</u>
Profit before taxation		34,877	11,368
Taxation – property tax		800	1,064
Net profit after taxation	3	34,077	10,304
Valuation surplus on disposal of fixed assets transferred from reserves	4	<u>142</u>	<u>36</u>
Retained profit for the year		<u>34,219</u>	<u>10,340</u>
STATEMENT OF ACCUMULATED LOSSES			
At 1 January		(444,253)	(454,593)
Retained profit for the year		<u>34,219</u>	<u>10,340</u>
At 31 December		<u>(410,034)</u>	<u>(444,253)</u>

BALANCE SHEET

At 31 December 1989

	Notes	1988	1988
		G\$000	G\$000
Share capital			
Authorised Ordinary shares of \$1.00 each		<u>500,000</u>	500,000
Issued and fully paid 498,536,775 Ordinary shares of \$1.00 each		498,537	498,537
Capital reserves	4	144,128	142,093
Deposit on shares	5	14,885	14,885
Accumulated losses		<u>(410,034)</u>	<u>(444,253)</u>
Shareholders' funds		247,516	211,262
Debenture	6	143,636	143,636
Loans	7	<u>63,718</u>	<u>18,088</u>
		<u>454,870</u>	<u>372,986</u>
Represented by:			
Fixed assets	8	658,903	449,255
Investments	9	2,514	2,514
Deferred receivable	10	518	3,788
Deferred cultivation costs		5,539	1,332
Net current liabilities	11	<u>(212,604)</u>	<u>(83,903)</u>
		<u>454,870</u>	<u>372,986</u>

H.B. DAVIS

..... Director

E.O.S. HANOMAN

..... Director

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 31 December, 1989

1988

	G\$000	G\$000	G\$000	G\$000
SOURCE OF FUNDS				
Net profit for the year		34,877		11,368
Adjustment for items not involving the movement of funds				
Depreciation	42,460		30,344	
Provision for ex-gratia pensions	11,720		8,744	
Unrealised loss on exchange on loans	73,438		784	
Loss on disposal of fixed assets	716		1,520	
		<u>128,334</u>		<u>41,392</u>
Total funds generated from operations		163,211		52,760
Funds from other sources				
Receipts from the Sugar Industry Rehabilitation Fund	2,177		1,252	
Sugar quota compensation receipt	—		10,483	
Refund of ex-gratia pensions	3,669		370	
Loans received	169,076		54,948	
Deferred cultivation costs	—		409	
Sale of investments	—		675	
Rehabilitation and Development Fund	—		50,000	
		<u>174,922</u>		<u>118,137</u>
		338,133		170,897
APPLICATION OF FUNDS				
Loan repayments	38,166		13,198	
Purchase of fixed assets	252,824		206,971	
Ex-gratia pensions	12,119		9,158	
Deferred cultivation costs	4,207		—	
		<u>307,316</u>		<u>229,327</u>
		<u>30,817</u>		<u>(58,430)</u>
INCREASE/(DECREASE) IN WORKING CAPITAL				
Inventories		207,027		16,852
Cattle		582		464
Unsold produce		213,805		(36,009)
Debtors and prepayments		100,956		(73,369)
Accrued interest		(89,269)		(4,712)
Creditors and accruals		(170,147)		6,235
Export sales levy		(528,103)		204,987
MOVEMENT IN NET LIQUID FUNDS				
Cash on hand and at bank	6,337		642	
Cash on deposit	502,450		(164,981)	
Bank overdrafts	(212,821)		(8,539)	
		<u>295,966</u>		<u>(172,878)</u>
		<u>30,817</u>		<u>(58,430)</u>

NOTES ON THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the accounting policies conform with International Accounting Standards.

(b) Fixed assets and depreciation

Fixed assets vested on 26 May 1976 are stated at the book values of the previous owners (which were in excess of compensation price) 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.

No depreciation is provided on freehold land.

State land is written off as and when the titles are relinquished.

Depreciation on other assets is provided on the straight line method 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	—	From 5 to 10 years
Plant, machinery and equipment	—	From 5 to 16 years
Motor vehicles	—	Over 4 years
Aircraft	—	Over 3 years

No depreciation is provided in the year of acquisition while a full year's charge is taken in the year of disposal.

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

(c) Inventories and unsold produce

Inventories are valued at the lower of cost and net realisable value. Cost is arrived at using the weighted average cost method.

Unsold produce is valued at the lower of cost of production and estimated realisable value less deductions for sugar industry special funds contributions, shipping and selling expenses, where applicable. Where markets are identified for unsold produce, the net realisable value is used.

(d) Livestock

Livestock is classified either as current or fixed asset depending on the nature and purpose of the animals and taking into account the types of animal, age and market value.

(e) Deferred cultivation costs

Cultivation costs relating to non-sugar crops to be harvested in the following year are written-off against revenue in the year in which income is generated.

(f) Research and development

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

(g) Foreign currency transactions

Foreign currency transactions are recorded in Guyana dollars at the rates of exchange ruling at the date of such transactions. At the balance sheet date, foreign currency assets and liabilities are translated at the rates of exchange ruling at that date or as agreed by the Bank of Guyana and resulting gains and losses are recognised in the profit and loss account.

NOTES ON THE ACCOUNTS Continued

(h) Sales

Sales represent the amounts earned from the sale of sugar and molasses produced during the year, net of sugar industry special funds contributions, shipping and selling expenses and export sales levy. Sales also include amounts earned from the diversified division during the year.

(i) Pension scheme

(i) The Company participates in a contributory pension scheme for its employees. The contributions are held in trustee administered funds which are separate from the Company's finances.

(ii) Employees who have retired and are not members of the pension scheme are paid ex-gratia pensions which are recoverable from the Sugar Industry Price Stabilisation Fund. Amounts not considered to be recoverable are provided for in the profit and loss account.

2. SALES

	G\$000	1988 G\$000
Sugar and molasses	2,525,542	791,881
Other crops	<u>20,145</u>	<u>7,188</u>
	<u>2,545,687</u>	<u>799,069</u>
Export sales levy		
Amount payable (provisional)	1,201,503	334,117
Remitted by Government	<u>(448,100)</u>	<u>(249,104)</u>
	<u>753,403</u>	<u>85,013</u>
	<u>1,792,284</u>	<u>714,056</u>

Under Section 6 (1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit G\$448,100,000 (1988 – G\$249,104,163) of the Sugar Levy payable under the Sugar Levy Act of 1974 (as amended).

3. NET PROFIT AFTER TAXATION

	G\$000	1988 G\$000
	<u>34,077</u>	<u>10,304</u>
This amount is determined after the following items have been dealt with:—		
Depreciation	42,460	30,344
Audit fees	400	253
Difference on exchange	212,778	1,726
Interest payable	31,029	11,099
Research and development	1,937	5,153
*Provision for ex-gratia pensions	11,720	8,744
Provision for profit share	6,000	—
Provision for stock write off	2,378	10,227
Prior year stock provision written back	(7,849)	—
Interest receivable	(14,418)	(6,322)
Provision for arrears of employees' wages	<u>—</u>	<u>3,732</u>

* This amount is considered to be irrecoverable from the Sugar Industry Price Stabilisation Fund and represents the difference between ex-gratia pension payments made by the Corporation and contributions made to the Price Stabilisation Fund.

NOTES ON THE ACCOUNTS Continued

4. CAPITAL RESERVES

	(a)		(b)		<u>Total</u> G\$000
	Rehabilitation and Development Fund G\$000	Sugar Industry Rehabilitation Fund G\$000	Valuation G\$000	Other G\$000	
Balance at 1 January 1989	50,000	27,927	48,406	15,760	142,093
Receipts during the year	—	2,177	—	—	2,177
Valuation surplus on disposal of fixed assets transferred to the profit and loss account	—	—	(142)	—	(142)
Balance at 31 December 1989	<u>50,000</u>	<u>30,104</u>	<u>48,264</u>	<u>15,760</u>	<u>144,128</u>

- (a) During 1988 agreement was reached between the Ministry of Finance and the Company to set up a Rehabilitation and Development fund from levies paid.
- (b) This represent monies received from the Guyana Government for the purpose of financing projects in the Corporation's diversification programme.

5. DEPOSIT ON SHARES

	G\$000	<u>1988</u> G\$000
Guyana Agricultural Products Corporation	1,319	1,319
Demerara Sugar Company Limited	<u>13,566</u>	<u>13,566</u>
	<u>14,885</u>	<u>14,885</u>

These amounts arose as a result of the Government's acquisition of the above Companies, the net assets of which were accounted for in the books of the Company. It is the intention of the Company that shares would be issued to the Government of Guyana to discharge its obligation for the value of the net assets taken over.

6. DEBENTURE

2% Guyana Government debenture redeemable in the year 2000	<u>143,636</u>	<u>143,636</u>
---	----------------	----------------

NOTES ON THE ACCOUNTS Continued

	G\$000	<u>1988</u> G\$000
7. LOANS		
(i) Tennant Guaranty Limited		
Loan II. A U.S. dollar loan with interest payable at the rate of 7.25% per annum on additional 1.5% per month on amounts due but unpaid	18,943	5,751
Loan III. A U.S. dollar loan with interest payable at the rate of 7.25% per annum and an additional 1.5% per month on amounts due but unpaid	59,854	18,171
(ii) Lloyds Bank Limited		
Loan I. A Sterling loan with interest payable at the rate of 7.5% per annum on the outstanding balance	1,950	1,950
Loan II. A Sterling loan with interest payable at the rate of 7.25% per annum on the outstanding balance	13,681	13,681
(iii) Local Insurance Companies and others	98,656	22,718
(iv) GNCB Trust Corporation	—	11,700
This represented a mortgage loan of G\$17.6M to finance the construction of the New Head Office building. This loan was fully repaid in 1989.		
(v) Government of Guyana	2,000	3,000
This is a credit facility for the purchase of property at Kingston, Georgetown, which was occupied by Guyana Airways Corporation. The interest rate is 13% per annum on the unpaid balance. The loan is repayable by two yearly instalments.		
C/Forward	<u>195,084</u>	<u>76,971</u>

NOTES ON THE ACCOUNTS Continued

	G\$000	<u>1988</u> G\$000
7. LOANS (Cont'd)		
B/Forward	195,084	76,971
(vi) Guyana Agricultural and Industrial Development Bank	21,000	—
<p>This is a draw down on a medium term loan of G\$82.3M to finance the Company's working capital requirements. The interest rate is 25% per annum and the loan is repayable in three annual instalments commencing 13 June 1990</p>		
(vii) Inter-American Development Bank	62,718	—
<p>This is a draw down on a long term loan for the purchase of fixed assets to rehabilitate the Company's sugar factories. Interest is charged at 25% per annum and the loan is repayable in 10 equal half yearly instalments commencing 20 April 1991</p>		
(viii) Supplier's credits – Thompson International Company	14,452	11,935
<p>The interest rate is 2% per annum over and above the prevailing U.S. rate as published daily by the Wall Street Journal and the overall total rate of interest applicable to be floating daily. Repayment of the loan is by varying accounts on 31 March and 30 September</p>		
	<u>293,254</u>	<u>88,906</u>
Loans repayable within one year	<u>229,536</u>	<u>70,818</u>
Loans repayable over one year	<u>63,718</u>	<u>18,088</u>

All external loans are guaranteed by the Government of Guyana.

NOTES ON THE ACCOUNTS Continued

8. FIXED ASSETS

	LAND AND BUILDINGS		State land and land expansion cost	Plant Machinery and Equipment	Livestock	Work-in Progress	Total
	Freehold	Leasehold					
	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000	G\$000
Cost or valuation							
At 1 January 1989	119,823	3,741	32,590	274,880	14,671	169,938	615,643
Additions	1,653	37	—	120,916	3,797	126,421	252,824
Disposals	(7)	—	—	(1,486)	(34)	—	(1,527)
Transfers	3,384	—	—	10,351	—	(13,735)	—
Reclassification to current assets	—	—	—	—	(540)	—	(540)
At 31 December 1989	<u>124,853</u>	<u>3,778</u>	<u>32,590</u>	<u>404,661</u>	<u>17,894</u>	<u>282,624</u>	<u>866,400</u>
Comprising:							
Valuation	32,363	2,549	25,240	46,885	17,894	—	124,931
Cost	92,490	1,229	7,350	357,776	—	282,624	741,469
	<u>124,853</u>	<u>3,778</u>	<u>32,590</u>	<u>404,661</u>	<u>17,894</u>	<u>282,624</u>	<u>866,400</u>
Depreciation							
At 1 January 1989	4,172	1,068	8,418	152,730	—	—	166,388
Provision for the year	500	80	508	41,372	—	—	42,460
Retirements on disposals	(1)	—	—	(1,350)	—	—	(1,351)
At 31 December 1989	<u>4,671</u>	<u>1,148</u>	<u>8,926</u>	<u>192,752</u>	<u>—</u>	<u>—</u>	<u>207,497</u>
Net book values:							
At 31 December 1989	<u>120,182</u>	<u>2,630</u>	<u>23,664</u>	<u>211,909</u>	<u>17,894</u>	<u>282,624</u>	<u>658,903</u>
At 31 December 1988	<u>115,651</u>	<u>2,673</u>	<u>24,172</u>	<u>122,150</u>	<u>14,671</u>	<u>169,938</u>	<u>449,255</u>

Included in work-in-progress is an amount of \$21,801,076 in respect of interest capitalised.

NOTES ON THE ACCOUNTS Continued

9. INVESTMENTS

1988

	G\$000	G\$000
Lochaber Limited 1,280 Ordinary shares of \$20.00 each – at cost	23	23
Cane Farming Development Corporation Limited 18,500 'B' Ordinary shares of \$5.00 each – (This Company is in liquidation and provision has been made for possible losses arising therefrom)	31	31
Livestock Development Company Limited 55,000 Ordinary shares of \$1.00 each – at cost	50	50
Emile Woolf College of Accountancy (Guyana) Limited 10,000 Ordinary shares of \$1.00 each – at cost	10	10
National Bank of Industry and Commerce Limited 200,000 stock units of \$1.00 each – at cost	200	200
*Deposit on shares in National Edible Oil Company Limited	<u>2,200</u>	<u>2,200</u>
	<u>2,514</u>	<u>2,514</u>

* Represents part of purchase consideration for assets sold which would be settled by the issue of shares. These shares have not yet been issued.

10. DEFERRED RECEIVABLE

	G\$000	1988 G\$000
Sugar Industry Price Stabilisation Fund – Ex-gratia pensions less provision	<u>518</u>	<u>3,788</u>

NOTES ON THE ACCOUNTS Continued

	1988	
	G\$000	G\$000
11. NET CURRENT ASSETS/(LIABILITIES)		
Current assets		
Inventories	465,029	258,002
Cattle	1,046	464
Unsold produce	285,937	72,132
Trade debtors	43,821	23,944
Other debtors and prepayments	130,242	49,163
*External payments deposits	11,963	11,963
Cash on deposit	502,599	149
Cash on hand and at bank	7,810	1,473
	<u>1,448,447</u>	<u>417,290</u>
Current Liabilities		
Trade creditors	216,756	80,525
Other creditors and accruals	83,356	49,440
Export sales levy	729,639	201,536
Accrued interest	167,992	78,723
Loans repayable within one year (Note 7)	229,536	70,818
Taxation	3,410	2,610
Bank overdrafts (secured)	230,362	17,541
	<u>1,661,051</u>	<u>501,193</u>
	<u>(212,604)</u>	<u>(83,903)</u>

* Represent monies deposited with the commercial banks pending approval from the Central Bank to remit to overseas creditors/lenders.

12. FUTURE CAPITAL EXPENDITURE

	1988	
	G\$000	G\$000
Expenditure authorised by the Directors and committed	<u>231,800</u>	<u>100,500</u>
Expenditure authorised by the Directors but not committed	<u>291,200</u>	<u>79,500</u>

13. A decision has been taken for Demerara Sugar Terminals Limited to become a wholly owned subsidiary of the Company with effect from 1 January 1988. However, while the shares have not yet been transferred, the Company assumed administrative control of Demerara Sugar Terminals Limited with effect from that date.

14. NEGOTIATIONS WITH BOOKER PLC

During 1989, a Memorandum of understanding was signed by the Government of Guyana and Booker PLC to allow Booker PLC to provide management services and technical assistance to Guyana Sugar Corporation Limited for the enhancement of its performance and also make it possible for a range of investment in the Company through equity and loans.

STATEMENT OF EMPLOYMENT AND COMMUNITY COSTS

	1987	1988	1989
	\$M	\$M	\$M
EMPLOYMENT COSTS:			
Direct Employee Benefits			
Wages and Salaries	236.6	256.5	377.5
* Incentive Payments	21.3	7.8	57.3
Other Employee Benefits	36.3	38.6	80.3
Labour Transport Costs	13.2	17.8	28.0
	<u>307.4</u>	<u>320.7</u>	<u>543.1</u>
COMMUNITY COSTS:			
Central Government Taxation and Levies	407.7	86.4	754.3
Local Government Rates and Taxes	1.1	1.5	1.5
Local Sugar Sales Subsidy	53.1	89.9	241.6
Sugar Industry Special Funds	4.7	3.6	4.3
Community Services	1.8	3.2	4.1
	<u>468.4</u>	<u>184.6</u>	<u>1005.8</u>
TOTAL	<u>775.8</u>	<u>505.3</u>	<u>1548.9</u>
NUMBER OF EMPLOYEES	23,926	23,133	23,435
TONS SUGAR PRODUCED	220,995	167,550	164,800
* Includes provision for Profit Share	10.5M	—	6.0M

GUYANA SUGAR CORPORATION LIMITED



22 Church Street, Georgetown, Guyana.

Telephone 66171. Cables "SUGARCANE" Georgetown, Guyana. Telex GY 2265. Fax 02-57274

Auditors	Thomas, Stoll, Dias & Co. Member DRT International Deloitte Ross Tohmatsu 77 Brickdam Georgetown.
Bankers	The Guyana National Co-operative Bank National Bank of Industry and Commerce Limited Guyana Bank for Trade and Industry Limited
Marketing Agents	Bookers Sugar Company Limited 66 Mark Lane London EC3R 7BT England.
Solicitors	Clarke and Martin 7 Brickdam & Manget Place Georgetown.

