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GUYANA SUGAR CORPORATION LIMITED

BOARD OF DIRECTORS

Chairman

M A J Brassington, AA

Directors

P E Fredericks, CCH, J.P.

I Hamilton

Dr. L Chin, AA

G N Hilary (Chief Executive)

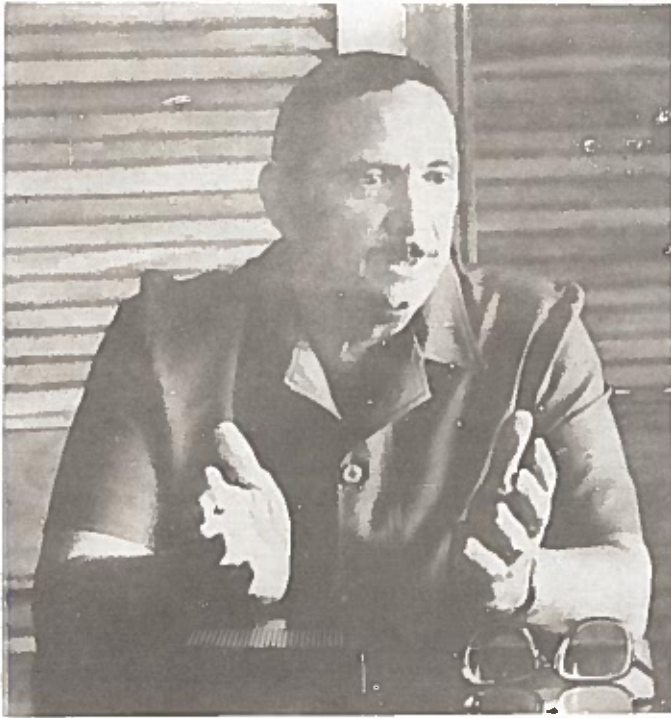
B N Newton

R M D Glasford

Secretary

C J Lawrence

CHAIRMAN'S STATEMENT



GUYSUCO CHAIRMAN M.A.J. BRASSINGTON, A.A.

Due to unusually high rainfall during the Spring crop when 42.66 inches of rain fell as against an average of 13.36 inches in the previous five years, production closed at 129,920 tons for 1990. This was substantially down against the budgeted target of 160,000 tons and 1989's production of 164,800 tons.

The shortfall did not allow the Corporation to meet its commitments in both the local and overseas markets. It was therefore necessary to prepare once more a detailed force majeure claim for submission to the EEC Commission seeking to retain Guyana's EEC quota for the future.

Despite the foregoing the Corporation achieved an after tax profit for the year of G\$35.7 million compared with G\$34.2 million in 1989. This was mainly due to an increase in the sales revenue of 20.46% amounting to G\$3,066.5 million as a result of the devaluation of the Guyana dollar.

The Export Sugar Levy payable by the Corporation was G\$711.1 million and the Profit Share to workers was G\$9.5 million. The direct employment cost rose to G\$686.0 million as against G\$434.8 million for 1989, an increase of 57.8%.

Gross foreign exchange earnings were G\$3,271.5 million as against G\$2,316.2 million in 1989.

Despite spending G\$247.3 million during the year (1989, G\$252.8 million) on new capital assets and refurbishment in real terms due to inflation there was a reduction of 32% as against the previous year. This serves to highlight the continuing difficulty which the Corporation faces in maintaining its assets of vital importance to the industry's survival. Steps are being taken to correct this deficiency.

Negotiations which had started in late 1989 continued with Booker Plc and Booker Tate Limited and culminated with an agreement which was signed in October 1990 vesting the management of the Corporation in Booker Tate Limited. The agreement also provides that Booker Tate Limited will present to Government its proposals for the future of the Sugar Industry in Guyana, including its possible divestment.

A number of key personnel have since arrived from Booker Tate Limited and are working in harmony with local staff towards the revitalisation of the industry. The former Chairman, Mr. H.B. Davis, in his 1989 report, said that the immediate future presents an interesting and major challenge for the management of the Corporation. I wholeheartedly agree with this statement and I am sure that the management team will respond to the challenge with renewed vigour.

I would like to thank all the workers, managerial and non-managerial, plus those who have provided services to the industry, for their efforts during one of the most difficult years. The level of commitment displayed during these last months gives me great confidence that the sugar industry will once again rise to great heights producing benefits for all which they so richly deserve.

I would like to thank the outgoing Chairman and his fellow Directors for their valuable contributions over the years to the industry.

Finally, I would like to thank the members of the reconstituted Board for their support.

Michael Brassington
Chairman
07-7-1991

REPORT OF THE DIRECTORS

The Directors submit their report for the year ended 31st December 1990.

PRINCIPAL ACTIVITY

The principal activity of the Corporation was the production of sugar and its by-product molasses.

SUGAR PRODUCTION

11,372 acres of cane were reaped during the year yielding 129,920 tons sugar at an average of 1.42 tons sugar per acre. This compares with 86,303 acres reaped in 1989 producing 164,800 tons sugar at an average of 1.91 tons sugar per acre.

FINANCIAL RESULTS

The turnover for the year was G\$3,794 million compared with G\$2,546 million in 1989. The net profit for the year before taxation was G\$38.5 million compared with G\$34.9 million in 1989.

The net profit before taxation was arrived at after making provision for the following:

	<u>1990</u> G\$ million	<u>1989</u> G\$ million
Provision for ex-gratia		
Pensions	18.3	11.7
Audit fees	0.7	0.4
Interest - net	(1.1)	16.6

The charge for taxation was G\$2.9 million compared with G\$0.8 million in 1989.

The net profit after taxation was G\$35.6 million against G\$34.1 million in 1989.

EXPORTS SALES LEVY

The amount payable (provisional) for Exports Sales Levy for 1990 is G\$711.1 million compared with G\$753.4 million for 1989.

RETAINED PROFIT FOR 1990

The retained profit for the year to be carried forward from 1990 was G\$35.7 million. This compares with a retained profit carried forward at the end of 1989 of G\$34.2 million.

DIRECTORS

The Board of Directors was reconstituted at the end of September 1990. Directors who served during the year prior to that date were as follows:-

Mr. H.B. Davis, CCH, MA, B.Sc. — Chairman
 Mr. J.S.L. Browman, DECIAF, M.Sc., B.Sc., DPA.
 Mr. B. Chandra, AA, DECIAF.
 Mr. E.O.S. Hanoman, FCCA.
 Mr. I.A. McDonald, AA, MA.
 Mr. D.P. Sankar
 Mr. W.E.H. Tyrell
 Mr. J.R. Vieira, AA, CI Agr. E.
 Mr. F.C. McLean, B.Sc., FSS.
 Mr. J.F.J. Blackman

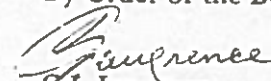
All the above Directors resigned and were replaced by the newly appointed Directors on 1st October 1990 as below:-

Mr. M.A.J. Brassington, AA — Chairman
 Mr. P.E. Fredericks, CCH, J.P.
 Mr. I. Hamilton
 Dr. L. Chin, AA
 Mr. G.N. Hilary — Chief Executive (Ex-Officio)
 Mr. B.N. Newton
 Mr. R.M.D. Glasford

AUDITORS

The Auditors, Thomas, Stoll, Dias & Co., a member firm of Touche Ross International, have indicated their willingness to continue in office and have offered themselves for re-appointment.

By Order of the Board


 E.J. Lawrence
 Secretary

REVIEW OF OPERATIONS



GUYSUCO CHIEF EXECUTIVE G.N. HILARY.

	1985	1986	1987	1988	1989	1990	Average 1985-89
January	2.38	1.70	2.63	5.86	8.76	13.81	4.27
February	0.97	4.09	0.97	2.65	7.35	5.51	3.21
March	6.37	1.65	0.44	0.96	9.65	8.83	3.81
April	0.68	1.16	6.29	0.57	1.64	14.51	2.07
Total	10.40	8.60	10.33	10.04	27.40	42.66	13.36

The heavy rains continued right through to August thereby exacerbating the general drainage problems and causing the 2nd Crop to suffer almost constant "wet feet". This resulted in a severe depression in yield and a reduction of 30,000 tons sugar against estimate.



AGRICULTURAL OPERATIONS

Sugar

Very heavy rains reduced the 1990 1st Crop by some 20,000 tons of sugar, down from an estimated 76,000 tons to 56,488 tons. The following table illustrates the unseasonably high rainfall.



A FEW SCENES OF THE FLOODED CANEFIELDS CAUSED BY UNUSUALLY HIGH RAINFALL WHICH SEVERELY AFFECTED THE FIRST CROP.

REVIEW OF OPERATIONS Continued

Production

	<u>1st Crop</u>	<u>2nd Crop</u>	<u>Year</u>
Acres	35,051	49,378	84,429
Tons Cane	836,954	1,047,525	1,884,479
Tons Sugar	54,310	67,676	121,984
TC/Acre	23.88	21.21	22.32
TS/Acre	1.55	1.37	1.44
TC/TS	15.41	15.48	15.45
Tons Sugar (Farmers)	2,178	5,766	7,934
Total Tons Sugar	56,488	73,432	129,920

Land Preparation and Planting

<u>Acres</u>	<u>Land Preparation</u>	<u>Replanting</u>
1st Crop	835.4	1,046.2
2nd Crop	7,123.8	5,883.0
Total	7,959.2	6,929.2

The land preparation achievement of 7,123.8 acres against a budget of 9,545.3, must be considered satisfactory after a wet August which did not allow for work to get into full swing until late September and the fact that November turned out to be wet and brought a premature halt to the programme.

Planting continued into December. Although this can be considered late it was felt necessary in the interests of getting back maximum acreage in cane in an effort to improve on production in 1991 and 1992.

Again, the 2nd Crop achievement of 5,883.0 acres out of a budget of 8,388.5 acres must be considered satisfactory against the background of very little prepared land being available under fallow at the start of the crop and the late start of the land preparation programme. Approximately 1,500 acres of land will be available for early planting in 1991. It is hoped to build on this over the next few crops to get the flood fallow cycle back again.

Mechanisation Studies

1990 was a very poor year for the mechanisation programme. Much effort was spent on salvage operations to clear extensive acreage of over-run cane which had begun to accumulate from the first crop of 1989. All carry over canes had been reaped by the end of the second crop when better weather conditions prevailed from September onwards.

Hydraulics Department

Routine maintenance works on the Drainage and Irrigation Systems continued throughout the estates. Excavation works were handicapped by inadequate availability of hydraulic excavators. Works continued on the rehabilitation of Dams, repairs and replacement of field structure, repairs to wharf, buildings, etc.. Approximately sixty percent of the planned Civil Works for 1990 were completed.

Aircraft Department

As in 1989 the department operated with less than 50% of its fleet available due to lack of spare parts. Nevertheless it was able, using the one available Thrust Commander, to apply herbicide to 35,940 acres of sugar cane and fertilize 10,462 acres.

FACTORY OPERATIONS

As in previous years, problems continued to confront the operations of the Corporation's factories during 1990, including the following:—

1. Inadequate finance for spare parts or a planned capital replacement programme for obsolete plant.
2. Grinding continued to be intermittent with an average weekly run of only 74.25 hours. This resulted in a shortage of bagasse fuel at most factories and inadequate steam generation. As a result, increased running of diesel generators was necessary; also the maintenance requirements for these units.
3. Unstable workforce due to resignations and the inability to recruit persons with the necessary skills or potential.
4. Quality of cane continued to be below the long term averages; in addition unseasonal rains caused further increases in trash levels due to the difficulty in burning canes.

Against this background, considerable efforts were required to keep factories operational.

Process Control

During 1990, 2,016,185 tons of caneweremilled (Farmers — 131,706 tons) compared with 2,541,506 in 1989 indicating a downturn in cane availability of 20.6%. There was a corresponding decrease in the volume of sugar made of 21.17%, production falling from 164,800 tons (1989) to 129,920 tons (1990).

Pol in cane for the year was at the 1989 level of 8.80 with a marginal difference in mixed juice purities. Fibre in cane increased by 5.33% to 18.76%.

Consolidated factories throughput dropped from 101.94 TCH (1989) to 99.83 (1990).

Efficiencies and recoveries remain at more or less the same levels as 1989 and are listed below.

	<u>1989</u>	<u>1990</u>
Mill extraction	87.96	87.15
Boiling House recovery	82.47	82.42
Overall recovery	72.43	71.89

The above figures are based on the % pol in cane.

Factory downtime increased to 16.08% (1990) from 12.097% (1989). The crop weeks were 34 (1990) against 40 (1989).

REVIEW OF OPERATIONS Continued



SAVING FOREIGN EXCHANGE: WITH THE SHORTAGE OF FOREIGN EXCHANGE, MUCH ATTENTION IS BEING PLACED ON FABRICATING REPLACEMENTS FOR WORN OUT PARTS WHENEVER POSSIBLE. HERE, THE MEN AT SKELDON FACTORY WORKSHOP SHOW OFF A LOW GRADE PUGMILL THEY MADE FROM SCRAP METAL (RIGHT) TO REPLACE THE ONE AT LEFT.

For the immediate future the agriculture operations will concentrate on managing 1,000 acres consisting of 900 acres commercial and 100 acres seed padi. Annual padi intake to the mill will be targeted at 6,300 tons of which 5,157 tons will be purchased from farmers. Current annual rice production is projected to be 4,410 tons from two crops.

Livestock Operations

During 1990 Guysuco's four dairy operations at Rose Hall, Liliendaal, Versailles and Uitvlugt produced a total of 286,275 gallons (1.30 million litres) of milk compared with 243,625 gallons (1.11 million litres) in 1989.

The cheese and butter plant went into operation during the year. Initially, the quality of cheese processed was impaired by the poor performance of the boiler installed, and a substantial quantity of cheese had to be later discarded. Following the installation of a new boiler towards the end of the year, quality standards were improved and standardising of the processing procedures achieved a consistent quality of product. The plant produced 54,555 lbs (24,753 kg) of cheese, 9,012 lbs (4,088 kg) of butter and 4,166 gallons (18,939 litres) of skimmed milk during the year.

The other livestock operations at Uitvlugt Estate (Beef) and Liliendaal (Sheep) continue to make good progress.

Other Crops

Because of known performance and prospects for the future a decision was taken to terminate certain diversified crops activities. Only Blairmont, Uitvlugt and Rose Hall are now involved in tilapia production where performance continued to be satisfactory. Total tilapia production for 1990

was 48,745 lbs (22,111 kg) with Blairmont producing 86.2% of the total.

There are prospects that the continuation of the legume programme at Enmore (cowpea and soya bean) will provide some important benefits for sugar cane production in terms of the control of pests and improvement in soil culture.

The citrus orchard programme at Uitvlugt/Leonora where 60 acres of orange and grapefruit plants are coming into production will be put on hold for the time being until its viability is confirmed. The existing acreage will provide the requisite bud-wood material to support a future expansion.

SUGAR MARKETING

For the third successive year production at 129,920 tons (1989, 164,800 tons) fell well below the level needed to meet Guyana's basic commitments to supply the local market, the EEC quota (167,000 tons) and the US quota (14,000 tons).

Local Market

In order to supply the local market it was necessary to import 28,411 tons of sugar (1989, 25,623 tons) thereby releasing the equivalent tonnage produced by Guysuco to meet the EEC commitments. Total sales for 1990 in the local market was 27,493 tons (1989, 28,510 tons).

EEC Quota

In view of the necessity for Guyana to declare a shortfall for the year to June 30, 1991 a detailed force majeure claim is being prepared for submission to the EEC Commission. It is hoped that the claim will be accepted and that Guyana's quota will remain intact until such time as the industry recovers.

REVIEW OF OPERATIONS Continued

Development and Engineering

Most of the work undertaken during the year has been the repair and modification of plant.

Under the IADB Programme, boiler instruments were received and installed giving a more accurate assessment of their operation. The results obtained will be used in the co-generation study being undertaken by F.C. Schaffer Inc..

Areas of significant improvement during the year were as follows:—

1. Major repairs/modifications to boilers at Skeldon, Albion, Blairmont, LBI, Wales and Uitvlugt.
2. Replacement of Centrifugals obtained under the IADB Programme;
High Grade — Rose Hall, LBI and Wales
Low Grade — Enmore.
3. Modification and transfer of the ex Diamond Estate Mill House Crane to Rose Hall.
4. Installation and commissioning of a Punt Dumper at Skeldon (purchased under the IADB Programme).
5. Major repairs/replacement of Vacuum Pans at Albion and Enmore.
6. Modification of Evaporator stations at LBI and Uitvlugt.

Workshops

Much routine work continues to be carried out in the Workshop facilities.

With the continued shortage of foreign exchange it is essential that Workshop facilities are improved, thereby making it possible for some spare parts to be made and repaired locally.

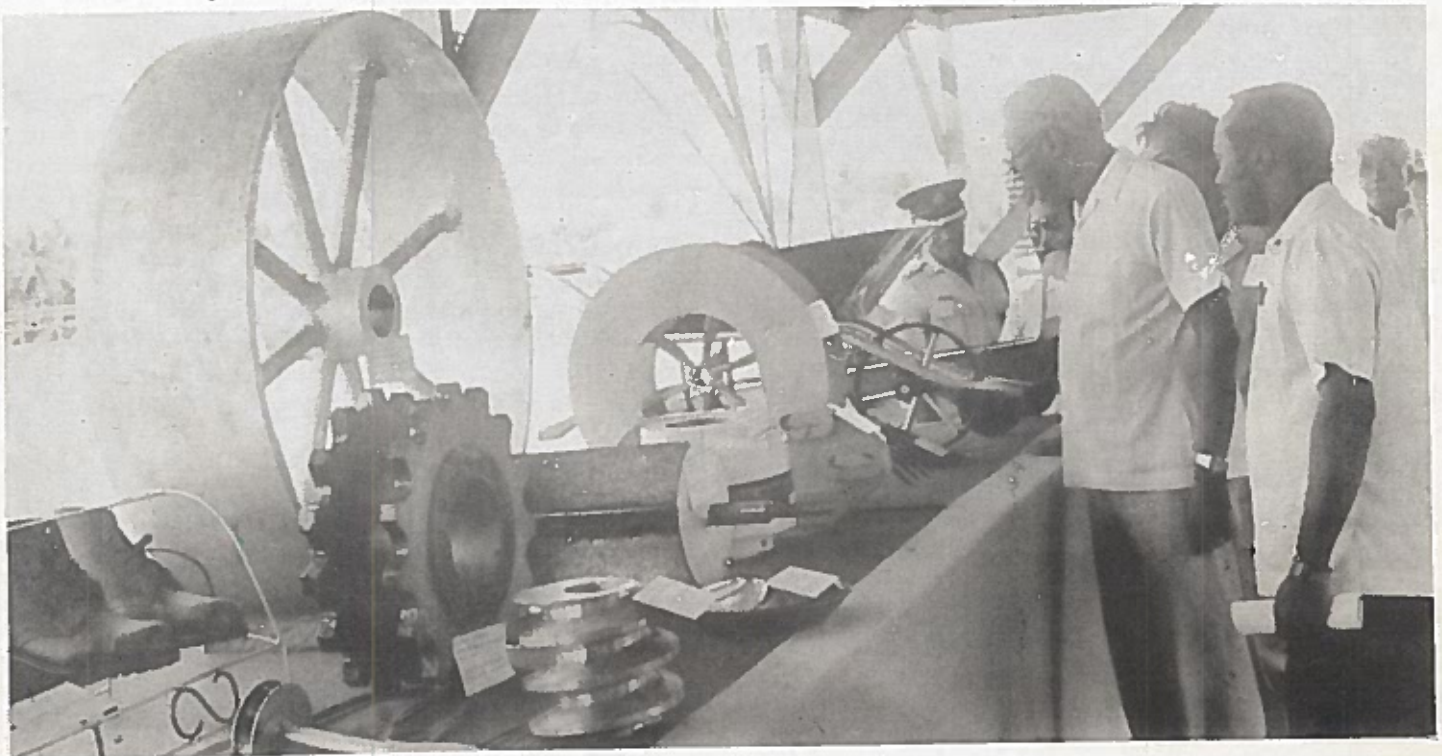
As part of the IADB Programme, some useful machine tools were added to the Equipment Conservation Centre and Estate Workshops.

DIVERSIFIED CROPS

Grain Crops Division

A G\$71 million Rice Mill Complex at Blairmont was commissioned by His Excellency the President on May 27, 1990. During the year the Complex processed 1,328 tons of padi from Guysuco and 1,563 tons from farmers. 1,800 tons of rice were produced and sold on the local market.

As with the sugar crop, Guysuco's padi production was severely affected by the adverse weather that prevailed throughout the year and this, together with problems of an inadequate machinery fleet, resulted in severe losses. Of the 1,654 acres planted during the year 45 acres were lost because of severe lodging and 515 acres by prolonged flooding in the MMA/ADA.



PRESIDENT HUGH DESMOND HOYTE WAS IMPRESSED BY THE WIDE RANGE OF FACTORY AND OTHER MACHINE PARTS FABRICATED BY OUR WORKSHOPS. THIS WAS PART OF AN EXHIBITION AT THE 1989-1990 HONOURS ROLL FUNCTION AT ALBION. AT RIGHT IS OPERATIONS MANAGER BRINMORE PHAUL WHO BRIEFED THE PRESIDENT ON THE USES OF THE PARTS.

REVIEW OF OPERATIONS Continued

In 1990 the guaranteed price expressed in Sterling Pounds increased by 11% but there has been a corresponding reduction in the monetary compensation amounts (MCA's) received compared with the previous year.

US Quota

Because of the inability of the Corporation to meet the EEC Quota requirements Guyana has had to give up its US quota for the year.

Caricom and World Markets

Guyana has supplied no sugar to the Caricom and World markets during 1990.

Molasses

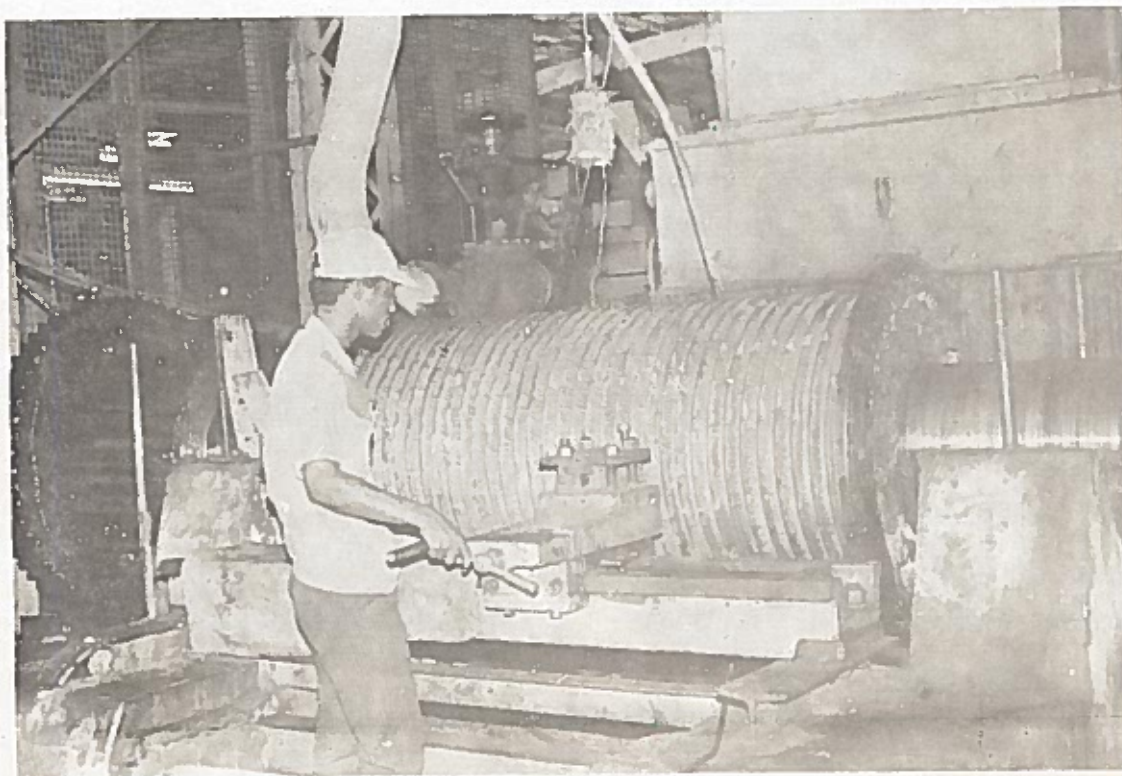
Guysuco produced 11.5 million gallons of molasses in 1990 (1989, 15.4 million gallons). 7.3 million gallons were sold to the Caribbean Molasses Company (1989, 10.2 million gallons) and 3.5 million gallons to Guyana Liquor Corporation (Demerara Distillers Limited) for distillery use (1989, 5.0 million gallons).

INDUSTRIAL RELATIONS

Mandays lost through work stoppages and strikes were 222,225 in 1990 (1989, 737,713 mandays). The strikes resulted in a loss of earnings of employees of G\$23.3 million compared to G\$37.2 million in 1989.



SUGAR FOR EXPORT: ANOTHER SHIPMENT OF SUGAR BEING LOADED AT DEMERARA SUGAR TERMINALS WHARF FOR THE EEC QUOTA, THE MAINSTAY OF THE SUGAR INDUSTRY.



A MILL BEING RE-GROOVED IN THE FACTORY DURING AN OUT OF CROP MAINTENANCE PROGRAMME.

REVIEW OF OPERATIONS Continued



**SOME OF THE AWARD-
EES OF PUNCTUALITY
AND ATTENDANCE
CERTIFICATES PROUD-
LY DISPLAY THEIR
AWARDS. THIS IS AN
ANNUAL FEATURE IN
WHICH GUYSUCO
HONOURS ITS EM-
PLOYEES.**

Wages were increased in January by 10% and again in July by a further 15%. This increased the minimum wage from G\$40 to G\$50 per day. There was a further increase of 50% in October increasing the minimum wage to G\$75 per day.

Employees earned an aggregate of 99 days tax free pay under the Corporation's Weekly Production Incentive. The Annual Production Incentive amounted to the equivalent of 4 days pay and Blairmont and Enmore earned 8 days pay and Wales 5 days pay on the basis of individual performance.

PERSONNEL

Manpower Resourcing

Resourcing the Corporation with adequate levels of personnel, both managerial and non-managerial, continued to be a major problem. Of particular concern is the far from satisfactory levels of employment amongst the general agricultural workers, cane harvesters, planters, weeders and fertilizer hands.

Health/Environment and Safety

During the year the emphasis has been on improvement to water supply, solid and liquid waste disposal, swimming pools and canteens. In particular, the use of pesticides and weedicides has been the focus of attention so as to improve the general health of employees, their safety and the environment in which they live and work.

Safety and environmental inspections of Factories, Field Workshops and Staff Compounds were carried out on a regular basis. There has been a noticeable improvement in housekeeping standards.

Training sessions in fire prevention have been conducted in collaboration with the Guyana Fire Service. Estate fire

tenders assisted with fires within their respective communities. Training of First Aiders continues on all estates with the assistance of the Guyana Red Cross Society.

Medical Services

The standard of the Health Services deteriorated during the year, largely as a result of financial constraints resulting in a shortage of drugs and essential spare parts for medical equipment and vehicles. Some improvements have since been made and the position is now much better than that which pertained during the latter half of 1990.

There was a high turnover of medical staff during the year with many experienced staff leaving the country or moving to more lucrative areas. Nevertheless, despite this problem it was still possible to recruit two full time Estate Medical Officers, one for Berbice and one for Demerara.

Two persons are presently undergoing training in practical nursing.

Worker Participation

Workers Councils continue to function well.

Internal Communications

There has been a significant improvement in internal communications during 1990. Most estates have been able to reintroduce their monthly news letters. "Guysuco News" continues to provide a wide range of information to all employees.

Community Relations

Two of the five Community Centres, at Skeldon and Enmore Estates, which were taken over by Guysuco with effect from December 1, 1990 are now fully operational. Rehabilitation works are expected to commence at Blairmont, Bath and

REVIEW OF OPERATIONS Continued

Uitvlugt Estates this year. It is expected that at least two Community Welfare Officers will be appointed before the end of the year to assist in the management of these centres.

Human Resource Development

In view of the high rate of turnover, particularly amongst the skilled employees, emphasis was placed on recruiting school-leavers as trainees, utilising the Work Study Programme and the training programme developed for the unskilled and semi-skilled.

Three distinct training programmes have been developed for the purpose of increasing the skills of supervisory grades.

Two Regional Training Officers were appointed during the year.

The Guysuco Training Centre – Port Mourant produced 54 graduating apprentices for the industry. The Cadetship programme continued apace with 11 overseas Cadets, 6 at the University of Guyana, 5 at the Guyana School of Agriculture and 3 at the Regional Educational Programme for Animal Health Assistants (REPAHA).

Sports

All programmed activities for the year were successfully completed and sporting activities at the Skeldon and Enmore Community Centres continued to gain momentum. At the conclusion of the Inter-Estates Competitions, Uitvlugt/Leonora and Blairmont Estates emerged champions of their respective regions. Demerara defeated Berbice in the Guysuco Championship Games.

At the Guysuco Athletic and Cycling Championships held at Blairmont Estate Sports Ground nine new Championship records were set and Albion Estate emerged Champion Estate. Cyclist, Wilbert Benjamin and Sprinter, Angela Boatswain were the Champion Athletes. The Guysuco Road Relays were won by Rose Hall and Blairmont Estates and Yusuf Khan (LBI) and Gary Benjamin (Albion) were victors in the 10 miles Road Race and Upright Cycle Road Race respectively.

Blairmont Estate retained the Chairman's Volleyball Trophy and Uitvlugt/Leonora retained the Cecil Gravesande Security Cricket Trophy and the Alan Forster Association Cup for Soccer. Joylon Williams of Head Office retained the W.R. Gainall Table Tennis Trophy with Desiree Davis of Albion winning the Aubrey Roberts Trophy for the newly introduced Female Table Tennis Competition.

In the Inter Zone Cricket Competition, the Joe Solomon Trophy was won by Zone 1, comprising Guysuco Training Centre, Skeldon and Albion Estates.

Athlete Chandrapaul Sharma (Enmore) won the "Go Guyana Endurance Marathon" and Sasenarine Singh (LBI) won his category in the Classic Marathon.

Guysuco won "The Agri Sector Games 1990".

Levi Nedd (Blairmont) and Joan Carew (Uitvlugt/Leonora) were selected Guysuco Male and Female Sports Personalities for 1990.



EXCELLENCE IN SPORTS IS VITAL TO THE INDUSTRY'S SUCCESS WHEN CARRIED OVER TO THE FIELD OF WORK AND GUYSUCO HONOURS ITS OUTSTANDING ATHLETES AT A SPECIAL FUNCTION EACH YEAR IN APPRECIATION OF THEIR DISCIPLINE AND DEDICATION. HERE, 1990 SPORTS PERSONALITY LEVI NEDD (FROM BLAIRMONT ESTATE) RECEIVES THE COVETED TROPHY FROM CHAIRMAN MIKE BRASSINGTON. WHILE, AT RIGHT, FEMALE SPORTS PERSONALITY 1990 JOAN CAREW IS PRESENTED WITH HER TROPHY BY CHIEF EXECUTIVE NEVILLE HILARY.

STATISTICAL SUMMARY 1981 - 1990

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Number of Factories	10	10	10	10	10	10	8	8	8	8
Acreage harvested	136,213	129,609	119,429	125,926	107,526	112,875	106,039	85,823	86,303	91,372
Tons Cane Milled ('000)	4,125	3,845	3,571	3,469	3,218	3,348	3,100	2,480	2,548	2,019
Yield:										
Tons Cane/Acre	30.28	29.67	29.90	27.54	29.93	29.66	29.23	28.90	29.56	22.10
Tons Cane/Tons Sugar	13.71	13.36	14.18	14.34	13.24	13.64	14.03	14.80	15.41	15.54
Tons Sugar/Acre	2.31	2.22	2.11	1.92	2.26	2.17	2.08	1.95	1.91	1.42
Sugar Production (Tons)	300,790	287,725	251,870	241,861	243,000	245,440	220,995	167,550	164,800	129,920
Molasses Production ('000 gals.)	23,282	22,957	23,026	21,406	19,506	21,614	19,962	16,741	15,375	11,474
Home consumption: Sugar (Tons)	36,518	33,193	36,266	34,731	28,396	31,243	42,252	35,846	28,511	27,610
Molasses ('000 gals.)	10,021	4,785	10,598	8,874	12,240	11,380	13,201	12,529	13,932	10,561
Exports: Sugar (Tons)	262,855	252,542	213,227	205,371	214,543	213,609	176,463	134,828	160,979	129,767
Molasses ('000 gals.)	13,261	18,172	12,428	12,532	7,266	10,234	6,757	4,181	1,214	906
Sales - Sugar:										
Local - Total revenue (G\$M)	11.00	9.90	10.70	26.70	40.40	50.30	68.00	58.30	173.00	406.00
Average Price/ton (G\$)	301.00	298.00	195.00	769.00	1,422.00	1,610.00	1,610.00	1,626.00	6,070.00	14,708.00
Export - Total Revenue (G\$M)	285.80	258.80	212.10	271.50	286.60	356.70	971.70	710.20	2,309.76	3,265.80
Average Price/Ton (G\$)	1,087.00	1,025.00	994.00	1,322.00	1,336.00	1,670.00	5,506.00	5,267.00	14,348.00	25,167.00
Sales - Molasses:										
Total revenue (G\$M)	19.40	5.60	6.70	7.50	5.20	20.50	34.90	23.40	42.80	70.20
Average Price/Gallon (G\$)	0.84	0.24	0.29	0.35	0.26	0.95	1.75	1.40	2.78	6.11
Expenditure:										
Employment costs (G\$M)	196.00	189.30	185.70	201.90	184.30	207.60	294.20	302.90	515.10	980.50
Materials and other (G\$M)	126.00	115.20	104.50	137.30	171.30	186.50	295.00	305.10	984.10	1,780.71
Operating Results Before Local Subsidy and Interest (G\$M)	(5.30)	(28.60)	(59.10)	(31.80)	(22.10)	35.40	83.20	106.10	293.10	321.87
Local subsidy (G\$M)	33.70	32.20	1.00	31.30	0.00	0.00	53.10	89.90	241.60	282.20*
Interest expense (G\$M)	22.90	32.40	21.60	39.20	55.70	21.60	9.60	4.80	16.60	1.20
Surplus/(Deficit) before tax (G\$M)	(61.90)	(93.20)	(119.80)	(102.30)	(77.80)	13.80	20.50	11.40	34.90	38.47
Exchange rate G\$/US\$: Average for year	2.81	3.00	3.00	3.86	4.25	4.27	9.77	10.00	27.25	39.00

1986 Employment costs includes Profit Share of G\$7.2 Million
 1987 Employment costs includes Profit Share of G\$10.5 Million
 1989 Employment costs includes Profit Share of G\$6.0 Million

NOTES:
 (1)
 (2)
 (3)
 (4)

REPORT OF THE AUDITORS

**TO THE MEMBERS OF
GUYANA SUGAR CORPORATION LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1990**

We have examined the financial statements set out on pages 14 to 25 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 1990 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
DRT INTERNATIONAL
Deloitte Ross Tohmatsu**

**77 Brickdam,
Stabroek, Georgetown,
Guyana**

24 May 1991

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1990

	Notes	1989	1988
		G\$000	G\$000
Sales	2	<u>3,083,134</u>	<u>1,792,284</u>
Profit before taxation		38,471	34,877
Taxation	3	<u>2,861</u>	<u>800</u>
Net profit after taxation	4	35,610	34,077
Valuation surplus on disposal of fixed assets transferred from reserves	5	<u>109</u>	<u>142</u>
Retained profit for the year		<u>35,719</u>	<u>34,219</u>

STATEMENT OF ACCUMULATED LOSSES

At 1 January	(410,034)	(444,253)
Retained profit for the year	<u>35,719</u>	<u>34,219</u>
At 31 December	<u>(374,315)</u>	<u>(410,034)</u>

BALANCE SHEET

At 31 December 1990

Notes

1989

		G\$000	G\$000
Share capital			
Authorised Ordinary shares of G\$1.00 each		<u>500,000</u>	<u>500,000</u>
Issued and fully paid 498,536,775 Ordinary shares of G\$1.00 each		498,537	498,537
Capital reserves	5	145,511	144,128
Deposit on shares	6	14,885	14,885
Accumulated losses		<u>(374,315)</u>	<u>(410,034)</u>
Shareholders' funds		284,618	247,516
Debenture	7	143,636	143,636
Loans	8	<u>55,357</u>	<u>63,718</u>
		<u>483,611</u>	<u>454,870</u>
Represented by:			
Fixed assets	9	844,960	658,903
Investments	10	2,514	2,514
Deferred receivable	11	601	518
Deferred cultivation costs		3,103	5,539
Net current liabilities	12	<u>(367,567)</u>	<u>(212,604)</u>
		<u>483,611</u>	<u>454,870</u>

M A J BRASSINGTON, AA Director

G N HILARY Director

COMMUNICATIONS UNIT

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 31 December, 1990

1989

	G\$000	G\$000	G\$000	G\$000
SOURCE OF FUNDS				
Net profit for the year		38,471		34,877
Adjustment for items not involving the movement of funds:				
Depreciation	57,374		42,460	
Provision for ex-gratia pensions	18,344		11,720	
Unrealised loss on exchange on loan	67,158		73,438	
Loss on disposal of fixed assets	<u>3,881</u>		<u>716</u>	
		<u>146,757</u>		<u>128,334</u>
Total funds generated from operations		185,228		163,211
Funds from other sources				
Receipts from the Sugar Industry Rehabilitation Fund	1,492		2,177	
Refund of ex-gratia pensions	269		3,669	
Loans received	146,221		169,076	
Deferred cultivation costs	<u>2,436</u>		<u>-</u>	
		<u>150,418</u>		<u>174,922</u>
		335,646		338,133
APPLICATION OF FUNDS				
Taxes paid	976		-	
Loan repayments	174,753		38,166	
Purchase of fixed assets	247,312		252,824	
Ex-gratia pensions	18,696		12,119	
Deferred cultivation costs	<u>-</u>		<u>4,207</u>	
		<u>441,737</u>		<u>307,316</u>
		<u>(106,091)</u>		<u>30,817</u>
INCREASE/(DECREASE) IN WORKING CAPITAL				
Inventories		435,895		207,027
Cattle		1,820		582
Unsold produce		(130,970)		213,805
Debtors and prepayments		55,376		100,956
Accrued interest		(66,619)		(89,269)
Creditors and accruals		(70,693)		(170,147)
Export sales levy		(232,426)		(528,103)
MOVEMENT IN NET LIQUID FUNDS				
Cash on hand and at bank	35,226		6,337	
Cash on deposit	(352,593)		502,450	
Bank overdrafts	<u>218,893</u>		<u>(212,821)</u>	
		<u>(98,474)</u>		<u>295,966</u>
		<u>(106,091)</u>		<u>30,817</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, capital work-in-progress and livestock.

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.

NOTES ON THE ACCOUNTS Continued

(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.

(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.

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS Continued

2. SALES

	G\$000	<u>1989</u> G\$000
Sugar and molasses	3,742,062	2,525,542
Other crops	<u>52,197</u>	<u>20,145</u>
	<u>3,794,259</u>	<u>2,545,687</u>
Export sales levy		
Amount payable (provisional)	1,735,988	1,201,503
Remitted by Government	<u>(1,024,863)</u>	<u>(448,100)</u>
	<u>711,125</u>	<u>753,403</u>
	<u>3,083,134</u>	<u>1,792,284</u>

Under Section 6 (1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit G\$1,024,863 (1989 – G\$448,100) of the Sugar Levy payable under the Sugar Levy Act of 1974 (as amended).

3. TAXATION

	G\$000	<u>1989</u> G\$000
Income tax at 20%	774	—
Corporation tax at 25%	<u>967</u>	—
	1,741	—
Property tax	<u>1,120</u>	<u>800</u>
	<u>2,861</u>	<u>800</u>

4. NET PROFIT AFTER TAXATION

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

	<u>35,610</u>	<u>34,077</u>
Depreciation	57,374	42,460
Audit fees	720	400
Difference on exchange	128,406	212,778
Interest payable	96,909	31,029
*Provision for ex-gratia pensions	18,344	11,720
Provision for profit share	9,500	6,000
Stock provision	16,000	2,378
Prior year stock provision written back	—	(7,849)
Interest receivable	(97,976)	(14,418)
Management fees (Note 15)	<u>37,886</u>	<u>—</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.

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS Continued

5. CAPITAL RESERVE

	(a)	Sugar Industry		(b)	
	Rehabilitation and Development Fund	Rehabilitation Fund	Valuation	Other	Total
	G\$000	G\$000	G\$000	G\$000	G\$000
At 1 January 1990	50,000	30,104	48,264	15,760	144,128
Receipts during the year	—	1,492	—	—	1,492
Valuation surplus on disposal of fixed assets transferred to the profit and loss account	—	—	(109)	—	(109)
at 31 December 1990	<u>50,000</u>	<u>31,596</u>	<u>48,155</u>	<u>15,760</u>	<u>145,511</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 represents monies received from the Guyana Government for the purpose of financing projects in the Corporation's diversification programme.

6. DEPOSIT ON SHARES

	G\$000	<u>1989</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 obligations for the value of the net assets taken over.

7. DEBENTURE

	G\$000	<u>1989</u> G\$000
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>1989</u> G\$000
8. LOANS		
(i) Tennant Guaranty Limited		
Loan II. A US dollar loan with interest payable at the rate of 17% per annum on amounts due but unpaid	25,831	18,943
Loan III. A US dollar loan with interest payable at the rate of 17% per annum on amounts due but unpaid	81,619	59,854
(ii) Lloyds Bank Limited		
Loan I. A Sterling loan with interest payable at the rate of 7.25% per annum on the outstanding balance	1,950	1,950
Loan II. A Sterling loan with interest payable at the rate of 7.5% per annum on the outstanding balance	13,681	13,681
(iii) Others	2,142	98,856
(iv) Government of Guyana	1,000	2,000
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.		
(v) Guyana Agricultural and Industrial Development Bank	-	21,000
This loan was fully repaid during the year.		
(vi) Inter-American Development Bank		
Fixed Asset Loan		
A US dollar 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	<u>189,443</u>	<u>62,718</u>
Carried forward	315,666	278,802

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

	G\$000	<u>1989</u> G\$000
8. LOANS – cont'd.		
Brought Forward	315,666	278,802
(vi) Inter-American Development Bank – cont'd		
Working Capital Loan		
A US dollar loan with interest at the rate of 25% per annum and repayable in 3 half-yearly instalments	16,214	—
(vii) Supplier's credits – Thompson International Company	—	14,452
This loan was fully repaid during the year	<u> </u>	<u> </u>
	331,880	293,254
Loans repayable within one year	<u>276,523</u>	<u>229,536</u>
Loans repayable after one year	<u>55,357</u>	<u>63,718</u>

All external loans are guaranteed by the Government of Guyana.

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS Continued

9. 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 1990	124,853	3,778	32,590	404,661	17,894	282,624	866,400
Additions	8,453	—	—	102,152	12,288	124,419	247,312
Disposals	(42)	—	—	(2,522)	(2,525)	—	(5,089)
Transfers	19,461	—	—	7,692	—	(27,153)	—
At 31 December 1990	<u>152,725</u>	<u>3,778</u>	<u>32,590</u>	<u>511,983</u>	<u>27,657</u>	<u>379,890</u>	<u>1,108,623</u>
Comprising:							
Valuation	32,363	2,549	25,420	46,885	27,657	—	134,874
Cost	<u>120,362</u>	<u>1,229</u>	<u>7,170</u>	<u>465,098</u>	<u>—</u>	<u>379,890</u>	<u>973,749</u>
	<u>152,725</u>	<u>3,778</u>	<u>32,590</u>	<u>511,983</u>	<u>27,657</u>	<u>379,890</u>	<u>1,108,623</u>
Depreciation:							
At 1 January 1990	4,671	1,148	8,926	192,752	—	—	207,497
Charge for the year	571	103	483	56,217	—	—	57,374
Retirement on disposals	(3)	—	—	(1,205)	—	—	(1,208)
At 31 December 1990	<u>5,239</u>	<u>1,251</u>	<u>9,409</u>	<u>247,764</u>	<u>—</u>	<u>—</u>	<u>263,663</u>
Net Book Values:							
At 31 December 1990	<u>147,486</u>	<u>2,527</u>	<u>23,181</u>	<u>264,219</u>	<u>27,657</u>	<u>379,890</u>	<u>844,960</u>
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>

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

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS Continued

1989

10. INVESTMENTS

	G\$000	G\$000
Lochaber Limited 1,280 Ordinary shares of G\$20.00 each — at cost	23	23
Cane Farming Development Corporation Limited 18,500 'B' Ordinary shares of G\$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 G\$1.00 each — at cost	50	50
Emile Woolf College of Accountancy (Guyana) Limited 10,000 Ordinary shares of G\$1.00 each — at cost	10	10
National Bank of Industry and Commerce Limited 200,000 stock units of G\$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.

11. DEFERRED RECEIVABLE

	G\$000	<u>1989</u> G\$000
Sugar Industry Price Stabilisation Fund — Ex-gratia pensions less provision	<u>601</u>	<u>518</u>

NOTES ON THE ACCOUNTS Continued

	1989	
12. NET CURRENT LIABILITIES	G\$000	G\$000
Current assets		
Inventories	900,924	465,029
Cattle	2,866	1,046
Unsold produce	154,967	285,937
Trade debtors	181,914	43,821
Other debtors and prepayments	47,525	130,242
* External payments deposits	11,963	11,963
Cash on deposit	150,006	502,599
Cash on hand and at bank	<u>43,036</u>	<u>7,810</u>
	<u>1,493,201</u>	<u>1,448,447</u>
Current liabilities		
Trade creditors	284,038	216,756
Other creditors and accruals	86,767	83,356
Export sales levy	962,065	729,639
Accrued interest	234,611	167,992
Loans repayable within one year (Note 8)	276,523	229,536
Taxation	5,295	3,410
Bank overdrafts (unsecured)	<u>11,469</u>	<u>230,362</u>
	<u>1,860,768</u>	<u>1,661,051</u>
	<u>(367,567)</u>	<u>(212,604)</u>

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

13. FUTURE CAPITAL EXPENDITURE

	G\$000	1989 G\$000
Expenditure authorised by the Directors and committed	<u>929,847</u>	<u>231,800</u>
Expenditure authorised by the Directors but not committed	<u>457,777</u>	<u>291,200</u>

14. During the year shares were issued to the company resulting in Demerara Sugar Terminals Limited becoming a wholly owned subsidiary. The Company has decided not to consolidate the results of Demerara Sugar Terminals Limited operations until the future of both companies have been determined.

15. NEGOTIATIONS WITH BOOKER PLC

During 1990, an agreement was signed by the Government of Guyana and Booker Plc and Booker Tate Limited whereby Booker Tate Limited will provide management services and technical assistance to Guyana Sugar Corporation Limited.

16. POST BALANCE SHEET EVENT

Effective 21 February 1991 the Guyana dollar was devalued from US\$1.00 = G\$45.00 to US\$1.00 = G\$101.75 and is adjusted weekly so as to be in line with the prevailing Cambio rates. The effects of this devaluation have not yet been quantified.

STATEMENT OF EMPLOYMENT AND COMMUNITY COSTS

	1988	1989	
	G\$M	G\$M	G\$M
EMPLOYMENT COSTS:			
Direct Employment Benefits			
Wages and Salaries	256.5	377.5	618.0
* Incentive Payments	7.8	57.3	80.4
Other Employment Benefits	38.6	80.3	282.1
Labour Transport Costs	17.8	28.0	139.7
	<u>320.7</u>	<u>543.1</u>	<u>1,120.2</u>
COMMUNITY COSTS:			
Central Government Taxation and Levies	86.4	754.3	714.0
Local Government Rates and Taxes	1.5	1.5	2.1
Local Sugar Sales Subsidy	89.9	241.6	282.2
Sugar Industry Special Funds	3.6	4.3	3.4
Community Services	3.2	4.1	12.2
	<u>184.6</u>	<u>1,005.8</u>	<u>1,013.9</u>
TOTAL	<u>505.3</u>	<u>1,548.9</u>	<u>2,134.1</u>
NUMBER OF EMPLOYEES	23,133	23,435	25,576
TONS SUGAR PRODUCED	<u>167,550</u>	<u>164,800</u>	<u>129,920</u>
* Includes provision for Profit Share	<u>0.0</u>	<u>6.0</u>	<u>9.5</u>

GUYANA SUGAR CORPORATION LIMITED



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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.

