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Chairman's Statement



Chairman of the Board of Directors,
Mr. Vickram Oditt

1994 was another year of substantial achievement in Guysuco. Sugar production climbed to 252,615 tons, the highest since 1982. The important tons cane/tons sugar productivity ratio improved significantly. Wages and salaries increased by 20% and incentive payouts were higher than in 1993. Production time lost in industrial disputes declined significantly. The marketing outlook improved and export revenue was exceptionally buoyant. Profit before tax and levy again exceeded \$4 billion. In 1994 the sugar industry's remarkable recovery since the depths of its decline in 1990 continued in all areas.

The achievements of 1994, however, must be seen in context. In particular, exceptionally buoyant export revenue was due to an unusual combination of favourable movements in exchange rates. Because in 1994 the £ weakened against the Deutschmark in the EU monetary system, the £ per ton price in our most important market, the U.K. market, increased. Since the £ in the second half of the year then strengthened against the US\$ and the Guyana \$ weakened against the US\$, the resulting price per ton received in Guyana dollars increased significantly. This fact should not be allowed to mask the underlying stagnation in the

basic Sugar Protocol price which continued in 1994. Employment costs rose sharply in 1994. A cash shortage which developed by mid-year was relieved through a pre-crop financing loan from Citibank for US\$5 million (repaid in full by February 1995). The need to reduce costs remains as important a priority as ever.

Comparative figures for 1993 and 1994 were as follows:

	1993	1994
Production	242,640 tons	252,615 tons
EU (Sugar Protocol) shipments	167,389 tons	155,169 tons
US shipments	12,000 tons	14,128 tons
Sugar Export revenue	\$15.0 billion	\$16.8 billion
Material and Services costs	\$ 5.8 billion	\$ 5.9 billion
Employment costs	\$ 5.4 billion	\$ 6.5 billion
Profit (before tax and levy)	\$ 4.1 billion	\$ 4.1 billion

A YEAR OF CONSIDERABLE ACHIEVEMENTS

In 1994 we can be proud of our many achievements:

- production exceeded 250,000 tons for the first time since 1983 when 251,870 tons were produced at 11 factories, compared with 252,615 tons produced at eight (8) factories in 1994.
- cane yields in the field at 30.45 tons cane per acre suffered from heavy rainfall at critical crop establishment periods in 1993 but, though lower than the 32.6 tons cane per acre achieved in 1993, were substantially better than the yields following similarly high rainfall in the late 1980s/early 1990s.
- sugar yields at 12.47 tons cane/tons sugar improved significantly over the 1993 ratio of 12.75 tons cane/tons sugar.
- all the main factory efficiency indicators showed improvement in 1994 compared with 1993: grinding rate rising from 104.58

Chairman's Statement

tons cane per hour to 106.34; overall factory recovery from 76.69 to 78.24; overall time efficiency from 74.29 to 76.47.

- land preparation and planting, vital to future crop yields, remained at a historically high level. The 18,298 acres prepared for planting in 1994 was the third best achieved for 21 years.
- an independent environmental audit in 1994 declared Guysuco's environmental standards to be high in absolute terms and superior to those of all other Caribbean sugar industries included in the study.
- 10 water control structures, costing \$50 million, were rehabilitated as the programme of replacing and repairing drainage and irrigation infrastructure continued.
- Guysuco played an important role in assisting Government to repair serious breaches in the seawall at Strathspey and Mon Repos in the latter part of 1994.
- US\$2.0 million was spent or committed in replacing and refurbishing field machinery and equipment; in the last 4 years the delivery of 561 field machinery items varying from crawler tractors to filter mud spreaders, valued in total at US\$12.3 million, has made possible the much higher levels of planting, tillage, and cane delivery to the factories now being achieved.
- rehabilitation of the factories went a step further with the expenditure of US\$3.9 million on the replacement of out-of-date plant and equipment: punt dumpers were commissioned at Blairmont and Uitvlugt factories; new turbo-alternators were installed at Rose Hall and Wales and a new diesel alternator installed at Enmore; a new boiler steam receiver was commissioned at Albion; pumps were replaced at 6 factories; the No.5 Boiler and bagasse carrier was upgraded at Uitvlugt.
- the establishment of the new Coldingen complex made good progress and when

completed will serve to centralise and streamline stores control and workshop operations leading to considerable savings.

Our major effort to rehabilitate and modernise the sugar industry in all its areas of operations made good progress in 1994.

FINANCE

Revenue and Expenditure

Guysuco's revenue before sugar levy was \$18.1 billion in 1994 compared with \$16.6 billion in 1993, whilst expenditure was \$14.0 billion compared with \$12.5 billion in 1993.

Profit

Guysuco earned a profit before tax and sugar levy of \$4.1 billion, the same as in 1993. This represents earnings per share of G\$8.22.

Profit after tax and sugar levy was \$691 million in 1994 compared with \$529 million in 1993.

Capital Expenditure

Implementing a coordinated capital expenditure programme to rehabilitate assets in field and factory remains a high priority in GUYSUCO. Nearly \$1,600 million was spent in 1994 on capital projects:

	\$ million
Buildings	106
Agricultural equipment	154
Cane punts	123
Factory equipment	551
Drainage and irrigation	56
Transport	253
Other	355
	1,598
	=====

The Board's short-term objective of securing Guysuco's production capability on all eight (8) estates at current rated factory capacities has been achieved. The aim must now be to increase rated factory capacity at an improved level of overall efficiency.

Chairman's Statement

SUBSIDIES

Guysuco's revenue and profitability are reduced because it subsidises the domestic consumer of sugar and cane farmers in the industry to a significant degree.

Local Sales Subsidy

The price of brown sugar has remained unchanged since February, 1991. Since then the effect of inflation has substantially reduced the real value of sugar earnings in the domestic market. The local price is now well below the cost of production. The amount of this subsidy in 1994 was \$124 million.

Cane Farming Subsidy

When farmers' cane is processed, gross revenue per ton - before sugar levy - is shared 70% to the farmer (no levy deducted) and 30% to Guysuco (subject to levy). Every ton of sugar made from farmers' cane costs Guysuco \$12,000. The amount of this subsidy in 1994 was \$225 million.

DEVELOPMENT OF HUMAN RESOURCES

The people who work in the industry are our most important resource. Therefore, our employees are regarded as assets to be safeguarded, developed, and improved. Our policies will always tend in that direction.

- training and education programmes are given high priority: in 1994, 74 apprentices graduated from the Apprentice Training Centre, 55 education bursaries were awarded, 14 cadets were in training in the fields of sugar technology, mechanical and electrical engineering and agriculture; courses in management training and skills development were held throughout the year on estates and at the Management Training Centre at Ogle.
- improving safety and environmental standards is a priority concern: expenditure devoted to achieve high standards is steadily increasing; Safety Committees have been established on all estates and at Head Office units.

- the delivery of health services continues to improve: primary health care centres on all estates and the special chronic diseases clinics are now fully operational; the Ogle Diagnostic Centre achieved a full complement of staff and improved its services during the year; the provision of drugs has been further up-graded; all estates are now served by fully equipped ambulances.
- the cess paid into the Sugar Industry Welfare Fund now amounts to \$120 million per annum: programmes to provide considerably more housing for sugar workers and water supply and welfare services are being developed.
- in the meanwhile Guysuco is providing 450 developed lots for sugar workers in 9 housing areas on estates.
- the rehabilitation and improvement of Community Centres, 9 of which are now under Guysuco's control, continues apace: rehabilitation of the Centre at Uitvlugt was completed in 1994 and considerable progress made in rehabilitating the Centres and playing grounds at Albion, LBI and Wales.
- cricket and other sports are being vigorously promoted on all estates: 7 Guysuco members represented Guyana in the 1994 Northern Telecom under-19 competition; a three-week coaching visit by the legendary McDonald Bailey gave athletics a considerable boost.
- there is full recognition that increased production and productivity should be rewarded by improved wages and increased incentives: sugar workers' earnings have significantly outstripped inflation and they share in the industry's profits; non-wage benefits include meal allowances, provision of tools and boots, free transportation and medical services.
- strikes, particularly in prime production periods, seriously affect the industry's

Chairman's Statement

productivity: the industry therefore benefitted from the sharp reduction in man-days of work lost through strikes and stop-pages from 200,000 in 1992 and 126,000 in 1993 to 72,000 in 1994.

SUGAR'S IMPORTANCE TO GUYANA

Guysuco's impact on the Guyanese economy and throughout society is wide-ranging. The sugar industry's recovery has contributed significantly to the nation's overall economic recovery.

- sugar accounts for approximately 18% of GDP
- Guysuco contributes very substantially to public revenue: in 1994 \$2.0 billion was paid in Sugar Export Levy, \$262 million in taxation, \$450 million in Consumption Tax and Duties, and \$433 million in employees' PAYE.
- Guysuco provides direct employment for approximately 30,000 persons, including cane farming employment, and an estimated 8,000 persons are employed in businesses which supply and service the

industry and utilise the industry's by-product, molasses.

- sugar is the largest earner of retained foreign exchange in Guyana: in 1994 foreign exchange earned from sugar represented 26 % of export earnings.
- sugar develops a wide range of agricultural and industrial skills and provides substantial educational and training opportunities for the benefit not only of the industry but also the nation as a whole.
- sugar is a crop excellently suited to the areas where it is grown in Guyana and is an outstanding example of an industry in which the principles of sustainable development apply.
- Guysuco actively promotes policies in health, safety and environmental protection which will increasingly incorporate the best modern practices and thus provide an example to public and private enterprises in the country.
- Guysuco makes substantial contributions



The successful management of water is essential for coastland agriculture and sugar cane cultivation: His Excellency, President Cheddi Jagan; the United Nations Food and Agricultural Organisation Resident Representative, Mr. Lance Hayles; and the Ministers of Agriculture, were among those who viewed a video documentary on water management in the sugar industry at the National Agricultural Exhibition.

Chairman's Statement

to the widest possible range of charitable and religious organisations, to educational, sporting, youth development, health improvement, cultural and heritage preservation projects, and to helping sponsor conferences, seminars, and events which contribute to the nation's progress in many fields of endeavour. Guysuco's human and material resources are also made available to assist innumerable projects and improvements in communities around estates and to help to tackle local emergencies which frequently arise. We take our role as a good corporate citizen seriously.

THE FUTURE IN PERSPECTIVE

Much has been achieved in the recovery which has taken place in the sugar industry. Since 1990 production has doubled. Productivity in field and factory has improved. Rehabilitation of run-down assets, especially in the field, has made progress. Management has been strengthened. Improved levels of remuneration, increased incentives and better conditions of employment have brought workers back into the industry and encouraged better performance. A reasonable level of profitability has been restored.

But much remains to be done. There is a long way yet to go in improving productivity and increasing efficiencies in field, factory and office operations. Our factories in particular require a substantial injection of capital over a period of years in order to secure their reliability and equip them to achieve internationally competitive standards of performance. The cost of production in the industry must be reduced over the next few years so that we enter the 21st century with our ability to compete and generate profits much enhanced.

As we pursue our programmes of recovery the marketing outlook has improved. 1994 marked the conclusion of a new GATT agreement which incorporated access for Sugar Protocol quotas (in Guyana's case 163,000 tons), thus further securing this most important of all markets for Guyana's sugar. Also, from 1st July, 1995, for a period of 6 years, ACP countries will enjoy additional access in the European Union which for

Guyana will mean a new market for 30,000 to 40,000 tons of sugar at a preferential price well above current world market prices. Combined with our Sugar Protocol quota, our preferentially priced US quota of approximately 12,000 tons, and the markets in Caricom which we are developing, this new market in the EU gives Guysuco a strengthened marketing outlook in the immediate future.

However, we should not be led into policies based on an over-optimistic view of future marketing prospects. That, indeed, might be a particular danger after a year like 1994 when exceptionally favourable movements in exchange rates gave rise to much higher than budgeted revenue and at a time when the industry has gained an entirely new, preferentially priced market. But the underlying fundamentals must be kept in mind. Most importantly, the EU's restrictive price policy continues. This has meant sugar prices frozen since 1986 and will tend to reduce prices received both for Sugar Protocol sugar and for sugar delivered under the new preferential arrangement over the next few years. Rising costs will therefore not be balanced by increasing prices. If costs are not controlled and productivity improved, profitability will be progressively eroded and the industry will be unable to generate the funds to continue the essential rehabilitation of its operating assets.

I wish to thank my fellow Directors for the support and cooperation which I have received during the year. I particularly wish to record my sadness at the recent death of our colleague on the Board, Ivan Hamilton, whose services to the Corporation were considerable and whose thoughtful advice played an important part in our discussions. I extend my deepest sympathy to Ivan's wife and family in their bereavement.

I also thank management and workers in Guysuco most warmly for their outstanding achievements in 1994. Together they are building a stronger and more productive industry and contributing greatly to the well-being and progress of the nation.

VICKRAM ODITT
Georgetown,
28 June, 1995.

Directors

The Board of Directors during 1994 was:

Mr. V. Oditt, A.A.	-	Chairman
Mr. I.S. Hamilton, A.A.	-	Member
Mr. R. Alli	-	Member
Mr. D. Ramotar	-	Member
Mr. B. Newton	-	Member
Mr. R.M.D. Glasford	-	Member
Mr. G.N. Hilary	-	Chief Executive

Note:

All members of the Board of Directors were reappointed for a second term of office at the expiry of their first term on 30th June, 1994.

Auditors

The 1994 Accounts were audited by the Auditor General in accordance with the provisions of the Financial Administration and Audit (Amendment) Act, 1993.

A.L. Lancaster
Secretary

Report of the Directors

The Directors submit their report for the year ended 31st December, 1994.

Principal Activities

The principal activities of the Corporation were the growing of sugar cane and the conversion of its own and farmers' cane to sugar and its by-product, molasses.

Sugar Production/Sales

The sugar production data for 1994 compared with the previous year were:

	<u>1994</u>	<u>1993</u>	<u>Change</u>
Total acres harvested	95,303	89,797	6.14%
Tons cane acre	30.46	32.6	(6.56%)
Tons sugar acre	2.45	2.50	(2.0%)
Tons* sugar made (*incl. from farmers' cane)	252,615	242,640	4.11%

Sugar Sales in 1994 amounted to G\$17.5 billion as against G\$16.1 billion in 1993.

Molasses Production/Sales

Molasses production in 1994 was 116,803 tons which was less than the 1993 production of 128,226 tons. The decrease in molasses production was related to the improvement in factory recoveries. Molasses sales in 1994 amounted to G\$608 million as against G\$399 million in 1993.

Financial Results

The turnover for the year before export sales levy was G\$18.1 billion compared with G\$16.6 billion in 1993.

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

	G\$M	*G\$M
Provision for stock obsolescence	200	-
Depreciation	783	643
Audit Fees	3.9	2.2
Net Loss on exchange	181.4	6.1
Interest expense	225.8	85.4
Provision for ex-gratia pensions	108.3	77.6
Interest income	(52.2)	(65.7)
Management fees and expenses	463.1	526.2

(*comparative 1993 provision)

The charge for taxation was G\$410 million compared with G\$231.6 million in 1993.

The net profit after taxation was G\$691 million compared with G\$529 million in 1993.

The Export Sales Levy for 1994 amounted to G\$3.03 billion compared with G\$3.36 billion in 1993.

Retained Profit

The profit carried forward to 1995 was G\$41.2 billion as against G\$516 million carried forward from 1993.

Review of Operations

Agricultural Operations

PRODUCTION AND WEATHER

In 1994 GUYSUCO's estates and private farmers' lands produced 252,615 tons sugar, some 9,975 tons (4.1 percent) more than the 242,640 tons achieved in 1993 and 2,556 tons ahead of the budget production target for 1994 of 250,059 tons. GuySuCo's estates contributed 233,871 tons sugar (92.6 percent of total production, as in 1993) while private farmers' contributed 18,744 tons (7.4 percent of total production). The private farmers' production total thus continued its recent increase in absolute terms and farmers maintained their relative contribution to national production.

GuySuCo's production exceeded 250,000 tons sugar for the first time since 1983 when 251,870 tons were produced at 11 factories, compared with the 252,615 tons produced at eight factories in 1994.

In 1983 private farmers supplied 33,777 tons sugar while GuySuCo estates supplied 218,093 tons from 102,721 harvested acres at an average of 2.12 tons sugar per acre, compared with 233,871 tons sugar from 95,303 acres at an average of 2.45 tons sugar per acre in 1994.

The GuySuCo estates harvested 95,303 acres for

the mill in 1994 compared with a budget of 91,733 acres. The 3,570 additional-to-budget acres that were reaped included 2,562 acres brought forward from the first crop of 1995 to second crop 1994 mainly to rebalance the harvesting schedules in blocks thrown into imbalance by the substantial areas of cane carried forward to first crop 1994 during the heavy rains in November and December 1993.

Mean yields for the year on estate lands at 30.45 tons cane per acre (72.7 tc/ha) and 2.45 tons sugar per acre (5.85 ts/ha) were lower than in 1993 (32.6 tons cane per acre and 2.50 tons sugar per acre). However, given the heavy rainfall experienced at critical periods of crop establishment in 1993, particularly in Demerara during the second crop period, the 1994 yields represent a reasonable achievement especially in comparison with the yields achieved following high rainfall in the late 1980s /early 1990s.

With an industry average of 81.89 inches, total rainfall in 1994 was only 4.6 percent higher than the average for the preceding 35 years but there were particularly heavy storms in Berbice and Demerara in March and in Demerara in November. The rainfall

Estate Production	CANE AND SUGAR PRODUCTION - 1994				
	1st Crop Actual	2nd Crop Actual	1994 Total Actual	1994 Budget	1993 Total Actual
Acres (1) Reaped for mill	40,931	54,372	95,303	91,733	89,787
Tons (2) Cane Milled	1,246,918	1,655,836	2,902,754	2,945,744	2,925,012
Tons Sugar Produced	101,213	132,658	233,871	229,754	224,711
Tons Cane/Acre	30.5	30.4	30.4	32.1	32.6
Tons Sugar/Acre	2.47	2.44	2.45	2.50	2.50
Tons Cane/Ton Sugar	12.32	12.48	12.41	12.82	13.02
Tons Sugar From Farmers	7,967	10,777	18,744	20,305	17,929
TOTAL TONS SUGAR	109,180	143,435	252,615	250,059	242,640

- (1) "Acres" are Rhymland acres, where 1 Rhymland acre = 1.051 Imperial acres = 0.4253 ha
 (2) "Tons" are long tons = 2240 pounds = 1.016 tonnes.

Agricultural Operations

MONTH	Industry Average Rainfall (Inches)			
	1994	1993	1992	35-YEAR MEAN
January	6.72	9.80	5.46	6.98
February	3.37	3.28	4.26	3.42
March	7.63	11.56	2.93	4.04
April	2.90	2.44	1.74	5.63
May	10.00	7.77	11.12	10.10
June	8.00	12.24	8.04	11.57
TOTAL 1ST CROP PERIOD	38.62	47.09	33.55	41.74
July	13.43	5.02	8.97	9.81
August	5.10	5.42	8.17	6.81
September	3.40	3.64	1.61	3.06
October	4.70	4.48	1.68	3.11
November	10.03	15.14	2.21	5.24
December	6.63	7.13	5.11	8.46
TOTAL 2ND CROP PERIOD	43.29	40.83	27.75	36.49
TOTAL YEAR	81.91	87.92	61.30	78.2

in March may have a slight adverse effect on cane yields in the first crop 1995 but the rainfall in November is unlikely to have had any significant adverse effect. After the middle of December the weather began to change and the last two-to-three weeks of the year were particularly dry, especially in Berbice, with the promise of drier-than-average weather extending through to January 1995.

Rainfall in 1994 had very little effect on cane deliveries overall, although there were isolated instances where rain did interfere with the harvesting programme, as at the LBI/Diamond "Pilot Area". It was therefore disappointing that for the year only 56 percent of cane transport punts were discharged within two days of the cane being burnt, compared with 54.6 percent in 1993 and 62.2 percent in 1992. It would seem that too much cane was being burnt at any one time, often in anticipation of rainfall that did not come.

Cutting and loading standards maintained the improvements of the past three years with average extraneous matter levels of 4.7 percent and 2.9 percent in the first and second crops respectively. Average estate punt load was 6.10 tons cane in the first crop and 6.13 tons in the second for an annual

average of 6.12 tons, which compare favourably with the 5.90 tons and 6.02 tons for estates in the first and second crops respectively in 1993 and far exceeds the 5.38 tons cane per punt average for the year by farmers. The latter was lower than the farmers' average of 5.55 tons cane in 1993 and was particularly low at Enmore where the Pioneer Farmers averaged only 3.06 tons cane per punt. In contrast Houston averaged 6.21 tons cane per punt and the Skeldon farmers 5.73 tons cane.

LAND PREPARATION AND PLANTING

The availability of the Caterpillar D6ESR crawler tractors increased steadily throughout the year as Central Workshop rectified hydraulic problems. As a result, and despite the wetter-than-average months of March and November, some 90 percent of the budget target for land preparation was achieved with the 18,298 acres prepared for planting representing the best on the GuySuCo estates in any of the past 20 years with the exceptions of 1992 (23,184 acres).

Agricultural Operations

	ACRES - ESTATE LANDS 1994				ACRES
	1st Crop Actual	2nd Crop Actual	1994 Total Actual	1994 Budget	1993 Total Actual
Land Preparation	9293	9005	18298	20342	17573
Planting	6957	9954	16911	17524	19544

Planting progressed well throughout the year and 96 percent of the budget planting target was achieved. The budget planting target had been set lower than the land preparation target with the aim of taking lands out of cane to increase the area under fallow and thus assist the planting programme in 1995. In the event at the end of 1994 estates had 93,781 acres of cane and 6,293 acres under wet fallow compared with 95,168 acres of cane and 5,085 acres of wet fallow at the end of 1993 and 94,287 acres of cane and 7,456 acres of wet fallow at the end of 1992. The increased fallow land area should enable planting to progress smoothly in 1995.

Since the beginning of 1991 GuySuCo has planted 69,335 acres, or 74 percent of the land area under cane at the end of 1994. It is anticipated that by the end of 1995 some 94 percent of total cane area will be under plant to 4 ratoon cane, with the desired complete cropping cycle of a plant and four ratoons being achieved during 1996.

In 1994, as in 1993, DB 7869 was the most widely planted variety accounting for 6,630 acres (39.2 percent) of the 16,911 acres planted, followed by DB 66113 (16.4 percent) DB 7047 (13.8 percent) and DB 75159 (12.3 percent). There was comparatively little planting of DB 7160 (4.4 percent) but planting of this excellent variety will resume in 1995 following extensive establishment of nurseries across the industry in 1994. Some 165 acres of D 8415 were planted in 1994 and it is expected that this vigorous variety will cover about 1 percent of total cane area at the end of 1995.

At the end of the year DB 66113 remained the most widely grown variety, occupying 21,458 acres (22.9 percent) of total cane area, compared with 26.5 percent of total cane area at the end of 1993, followed by DB 7869 at 16,500 acres (17.6 percent) up from 10.7 percent at the end of 1993 and B 41227 at 12,567 acres (13.4 percent) down from 15.8 percent of total area at the end of 1993. There was

an increase in the area occupied by DB 7047 while DB 75159 increased its percentage occupancy from 8.0 to 10.8 percent. There is no doubt that the success of the planting programme since 1990 has enabled the industry to greatly broaden its variety base and thus be better placed to manage pests and diseases and develop more flexible harvesting programmes than was previously possible.

At the end of the year plants to, and including, fourth ratoon cane covered 72,425 acres (77.2 percent of total cane area) and some of the oldest ratoon cycles (15 + Ratoon) were, at last, disappearing from production.

ENVIRONMENTAL ASSESSMENTS

The agricultural aspects of the industry were subjected to environmental monitoring assessments by three outside parties. The Canadian Government commissioned an environmental impact study of the fertilizer support programme, the Pan American Health Organisation at the request of the Minister of Health carried out an investigation into claims that pesticide use by GuySuCo had been a major cause of male sterility in a fraction of the population and Zeneca Agrochemical studied the systems in place for the storage and handling of pesticides at GuySuCo's estates.

In each case the assessments were generally satisfactory particularly in the case of the Zeneca study where GuySuCo's standards were shown to be high in absolute terms and superior to those of the other Caribbean Sugar Industries included in the study.

Towards the end of the year an Environmental Audit of the industry to be carried out under World Bank funding was tendered to selected groups of international consultants. It is expected that this study will be carried out early in 1995.

Agricultural Operations

AIRCRAFT DEPARTMENT

The year saw the Department with a seventy five percent fleet availability. The Thrush Commander (8R-GFD) damaged in December 1993 remained unserviceable throughout the year because of an extended time required to acquire major components. By the end of the year the aircraft was under repair and it is expected to fly before the middle of 1995.

In 1994 the fleet achieved a total flying time of 879 hours 40 mins., compared with 698 hours 27 mins. in 1993, an increase in flying time of approximately 26%.

From fleet operating reports it is clear that in 1994, Thrush Commander 8R-GFC (which was rebuilt in 1993) achieved 405 hours 50 mins. flying time and attained the highest air time of any single Thrush Commander for the past decade, an achievement which reflects much credit on the ground staff and pilots.

The Corporation's aircraft in 1994 achieved 396 hours and 30 minutes for agriculture operations and 450 hours 38 minutes for passenger traffic compared with 228 hours and 470 hours and 27 minutes respectively in 1993.

The agricultural work involved the application of a range of crop control and growth regulatory chemicals to 15,756 acres and the fertilising of 19,582 acres of cane compared with the spraying of 19,192 acres and fertilising of 6,000 acres in 1993.

In addition to the 35,338 acres treated by the Corporation's aircraft some 5,695 acres were sprayed and 1,471 acres fertilised by an outside contractor.

A total of 42,504 acres was, therefore, treated in 1994, comprising 21,451 acres sprayed and 21,053 acres fertilized, compared with 1993 when 32,727 acres were treated by the Corporation and the contractor.

The treatment of 35,338 acres of sugar cane by GuySuCo was due to a second pilot becoming fully proficient on the Thrush Commander thus permitting maximum utilisation of the one serviceable aircraft.

Engineering coverage improved during the year and all engineers are now fully qualified on the airframe and engines of the Thrush Commander and the Cessna 185F. Type coverage on the Cessna 402B still remains the responsibility of the Chief Engineer.

During the year the Government of Guyana accepted the recommendations of the International Civil Aviation Organisation study on the future of Ogle Aerodrome. The Aerodrome is to be developed as a Municipal Airport and the transfer of the Aerodrome from GuySuCo's ownership to the ownership of the Ministry of Transport and Communications has been initiated. The legal formalities governing the transfer of land are expected to be completed before mid-1995 and until that time GuySuCo will continue to manage the airfield on behalf of the Civil Aviation Department.

HYDRAULICS DEPARTMENT

The Hydraulics Department provided advice on Drainage and Irrigation works to the Ministry of Agriculture as well as to the Boerasirie and Lama Conservancies. Indeed, the Hydraulics Manager was appointed Chairman of the National Drainage and Irrigation (D & I) Board which was resuscitated in October 1994 and has commenced a three-year rehabilitation programme for the entire Country. Relevant to GuySuCo is a D & I pump rehabilitation programme for stations pertaining to GuySuCo estates, of which the pre-conditions for first disbursement of the CDB financed loan were approximately 50 % completed by the end of the year.

As a result of these additional external responsibilities it proved necessary to reorganise the Department with the Civil Engineering Division being transferred to an extended Engineering Services Department.

The accumulated number of flood days for the year for the industry indicated that the drainage system problems at Rose Hall, Uitylugt and Enmore need to be addressed as matters of urgency, with particular attention directed towards Rose Hall.

Agricultural Operations

Overtopping of sea defences at high tides at Strathspey, Buxton and Mon Repos resulted in flooding in these areas and GuySuCo assisted the Hydraulics Department, Ministry of Agriculture in repairs to breaches at Strathspey and Mon Repos in the latter part of the year.

TOPCON EDM. LAND SURVEY SYSTEM (Digital Terrain Model System), and ARTECH SURVEY TRANSFER UTILITIES SYSTEM. LSS is interactive with AUTOCAD and it is proposed to install this programme during 1995.

EXPENDITURE ON WATER CONTROL STRUCTURES 1988 TO 1994

YEAR	NO. OF STRUCTURES	TOTAL VALUE G\$
1988	2	663,171.00
1989	1	74,480.00
1990	4	7,069,852.00
1991	2	4,122,232.00
1992	6	59,824,418.00
1993	6	52,719,231.00
1994	10	48,427,270.00
TOTAL	31	G\$172,900,604.00

Since 1988 G\$172.9 million has been expended on the repair or replacement of 31 water control structures of which nine were aqueducts and the remaining 22 were sluices, revetment for sluices or culverts.

The high expenditures for 1992 and 1993 resulted from the rehabilitation of the Hope/Enmore sluices and the No. 23 Road Bridge and Culvert at Skeldon.

In 1994 contracts were issued for the replacement of five aqueducts at a cost of G\$34.1M and other structural works were costed at G\$14.3M to give a total of G\$48.4M for the year.

The Peters Hall sluice gate and the Bagotstown sluice, both on the East Bank, failed at high water in the Demerara river in October with some flooding in adjacent communities. Repair works to these, and other East Bank, sluices were initiated towards the end of the year and a foot bridge at Providence was replaced.

The Surveys Division authorized the payment of G\$15.23M in rates, taxes and rents to Local Authorities and Regional Administrations compared with G\$15.14 M paid in 1993.

A Survey Systems Manager was appointed at the beginning of the year with a brief to train Surveyors, and other engineering staff, in computerized survey systems. The systems available at present are

During 1994 Survey Systems completed the sideline drain longitudinal sections at Enmore Estate, surveyed a large fraction of Providence Estate to produce accurate field areas and establish a system of benchmarks, trained the Head Office Survey staff in the use of TOPCON EDM equipment and in LSS software together with the ARTECH SURVEY TRANSFER UTILITIES SYSTEM. In addition estate field staff were trained in conventional survey methods and other projects, including house lot surveys on 10 locations, were completed.

ENGINEERING SERVICES

During the year the Civil Engineering and Agricultural Engineering Departments were combined to form the Engineering Services Department. Within this department the Field Equipment Experimental Unit (FEEU) was disbanded and the technical staff were redeployed to other agricultural engineering duties.

The civil engineering department completed all projects carried forward from 1993. An additional 62 projects, valued at G\$203 million were awarded during the year, compared with 46 projects valued at G\$172 million in 1994. Of these 62 projects 17, valued at G\$111 million, represented new capital structures while the remainder were repair and maintenance works of existing structures. At the

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end of the year 42 of these projects had been completed and 20 in progress were carried forward to 1995.

Apart from water control structures the most significant works undertaken or completed during the year included a new field workshop at Skeldon, a new fertilizer bond at Blairmont and the refurbishment of the stores facilities at Coldingen (a project that will continue into 1995) together with the building of a new field laboratory at Uitvlugt. In addition work commenced on a new fertilizer store at Uitvlugt and agrochemical bonds at several estates.

The Agricultural Engineering Section continued to co-ordinate the purchase of replacement and new items for the agricultural vehicle fleet. Apart from five lorries for labour transport, which were expected to be delivered early in 1995, all of the agricultural machinery and equipment supplies purchased via the IADB loan 839 had been delivered by the end of 1994. During the four-year programme a total of 561 separate items, ranging from crawler tractors to a filter mud spreader, valued in total at some US\$12.30 million were obtained. There is no doubt that without the purchases made under this programme the tillage, planting and cane delivery targets of the past three years would not have been achieved.

Apart from field equipment purchased with the IADB loan the Corporation purchased other items, including four school buses, two ambulances, two fire-tenders, several sugar lorries and 167 new punts for cane transport.

Studies into alternative materials for field structures led to the construction of a galvanized steel bridge at Enmore and to a trial to compare concrete and plastic drainage boxes with wooden drainage boxes at Blairmont. The galvanised steel arch bridge proved to be an attractive alternative to either wooden or concrete bridges and it is expected that in 1995 there will be a move towards this type of robust, low-cost unit. Similarly the concrete drainage boxes have proved cost-effective and a mould was purchased to enable production to be carried out to regional requirements.

Operator training became increasingly important as the industry introduced new equipment. The department organized 13 courses, and awarded 237 proficiency certificates, to all grades of

operators. There is no doubt that with the new equipment and operating concepts under consideration for the near future this training, perhaps linked with workshop training, will become even more important.

FLEET MAINTENANCE

Some 175 pieces of equipment ranging in age from 6 to 32 years were deleted from the asset register. Some of the units were dismantled for spares and others were donated to deserving institutions, such as the Guyana School of Agriculture and the Linmine Technical Training Complex, for use as training aids. The majority were however, sold either by public tender or, and exceptionally as in the case of seven SP1800 Cameco grab loaders surplus to requirements, by direct negotiation with an interested purchaser. These sales raised some G\$32.7 million in 1994 and will continue through 1995 as the industry moves to divest itself of the (still far too) many pieces of scrapped equipment at various locations.

The fleet received 183 items of new equipment and average availability of field units throughout the year was 79.0 percent, compared with 72.5 percent in 1993. This improvement reflects not only the lowering of the fleet age but also the efforts of estate field workshops to keep the fleet in operation, despite the (often very long) lead time required for the purchase of spare parts.

Particular attention was paid to the improvement of workshop buildings and facilities under the guidance of a workshop inspection and development team. Major works were undertaken to enhance the buildings at Uitvlugt and Albion while a completely new workshop was built at Skeldon.

The role of the Service Car Workshop was reviewed and the unit will close early in 1995. Cars will then be serviced at approved workshops in Georgetown. The workshop employees will be redeployed within the industry as appropriate and the workshop building and equipment returned to Enmore Estate.

In 1995 particular attention will be paid to the management, and disposal, of the stocks of unwanted and obsolete spare parts which are at present in estate and workshop stores.

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RESEARCH AND CROP CONTROL

Variety Development - Sugarcane Breeding and Selection

The Demerara 1994 crossing programme began in July and lasted for 16 weeks achieving 312 crosses. This compared well with the 288 crosses of 1993 and the 156 of 1992. Crosses of particular interest included 80 for the base-broadening programme utilizing exotic varieties and 55 for the high-quality programme.

The DB 1993 series fuzz was received from Barbados in February and sown in the greenhouse over the following four months. Germination was low at 45% of expectation and only 44,000 seedlings were potted. Low recovery of 1993 series crosses has been reported by all member countries of the Central Breeding Station's programme.

At the end of 1994 some 199,300 seedlings were being evaluated in Stage I selection trials, 6,399 clones were in Stage II trials and 919 at Stage III. The majority of these are D and DB series genotypes.

Assessment of selection and disease susceptibility rating trials has confirmed that several D-series canes continue to perform well relative to the standard variety DB 66113 and D 8687, D 8684 and D 8664 are to be released to estates for Stage V selection trials.

In the 27 trials reaped at estates during the year D 8415 continued to outyield DB 66113 in terms of tons cane per acre but was not significantly different from the standard as regards tons sugar per acre. None of the other varieties in these trials competed with the standard.

Plant Protection

There was no significant incidence of any major disease in the 1994 crop. At the end of 1994 the 1995 crop appeared healthy with an average smut disease level across the industry of only 0.03% on stalks and no other major disease at any level of significance.

Neither the Berbice estates nor LBI/GD and Uitvlugt suffered significant insect or rat damage during the 1994 crop and all indications are that at these estates the 1995 crop has not been exposed to significant damage.

At Enmore, where cane had suffered extensively from froghopper (*Aneolamia flavilatera*) damage in 1992 and 1993 the problem was under control by early 1994. Only 1,308 acres sprayed with insecticide for the year (and only 175 acres after March) compared with the 11,882 and 7,626 acres sprayed in 1992 and 1993 respectively. At the end of the year the froghopper life stage populations were so low that a series of trials established to study varietal tolerance and cultural control methods for this particular pest were in abeyance.

Towards the end of the year there were pleasing indications that the efforts adopted to control *Castniomera licus* (giant borer) damage at Enmore were beginning to show success as damage and infestation levels were lower than at any time over the previous two years.

All estates suffered from minor outbreaks of leaf-eating insects throughout the year. In accordance with now established policy these insects were not sprayed with any insecticide and the outbreaks were rapidly disrupted by a range of indigenous natural enemies. Similarly, a heavy attack by the grey aphid (*Longiungius sacchari*) on young cane at Skeldon was rapidly restricted by a range of predators, most notably the lady bird beetle *Coleomegilla maculata*.

The most serious pest damage recorded for the year was at Wales where the rat outbreak noted at the start of 1994 was not fully under control at the end of the year. Rat populations and damage levels had been brought to acceptable levels overall but there still remained areas of high infestation within the cultivation. Baiting with Klerat and Storm rodenticides proved highly effective in this campaign, as did hunting and ring burning at harvest. It was noted that the attractiveness of Klerat to the rats could be much improved by dipping it into coconut oil prior to placing in baiting boxes.

The outbreak enabled several cane varieties that appear relatively unpalatable to rats to be identified

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and these, including DB 7160 and DB 7047 are now recommended for planting in rat endemic areas and on migration trails.

At the end of the year there were indications of increases in rat populations and damage at Enmore and a control programme, based on the experiences at Wales, was initiated.

The *Allorhogas pyralophagus* biocontrol programme for *Diatraea sp.* was discontinued at Albion, Rose Hall and Uitvlugt estates and replaced by the production and release of *Cotesia flavipes* for the same purpose.

Recovery surveys for *A. pyralophagus* indicated that only 0.05% of *Diatraea* larvae were parasited in 1994 compared with 0.15% and 0.09% in 1993 and 1992 respectively.

Over the period of the programme (1989 to 1994) some two million adults of this putative parasitoid have been released and mean field parasitism has been 0.29%. These acquisition levels are much too low to engender any confidence in the ability of the female adult to parasitise *Diatraea* larvae in cane in the fields (as opposed to the high level of acquisition in an artificial system) and it may be that *A. pyralophagus* could prove a more effective biocontrol agent in a narrower stemmed grass, such as rice. To this end discussions were initiated with interested parties with the aim of transferring the *A. pyralophagus* rearing technology to the rice industry, with only a small culture being maintained thereafter by the GuySuCo Agricultural Research Unit.

Weed control standards continued to improve with particular attention paid to the management of problem weeds.

At Enmore the programme established in 1992 and based on flood following coupled with the use of Ally herbicide has reduced the total area infested with *Antidesma ghaesembella* from 5,755 acres (3,696 acres heavily infested) at the start of 1992 to 1,693 acres (162 acres heavily infested) by the end of 1994. There will be no easing of this effective programme and the techniques will be employed at Blairmont to prevent the spread of this noxious weed which was identified at this estate in 1994.

Effective control of *Rottboellia cochinchinensis*, which has still not been declared a notifiable pest, continued at Wales although it has not yet proved possible to eradicate the weed from the relatively small number of infested fields. Should *Rottboellia* escape from Wales, and to-date there have been no proven instances of this, despite a number of mistaken reports, then it will certainly be possible to control it, on sugar estates at least, by long-term flood following which has a severe, adverse effect on seed viability.

A large number of herbicides was evaluated at various stages of weed and crop growth and a number of herbicides either alone or in combination, proved significantly superior to those now in use. Several of these combinations were successfully introduced to estates during the year and it is anticipated that there will be further extensions in 1995.

Field studies with various items of protective clothing for pesticide workers continued, with particular, and as yet only partially successful, attention to the need to identify a form of eye protection which is comfortable to wear while at the same time providing the required protection. The full face shield has proved acceptable to chemical mixers but is not comfortable for people walking on cambered beds and crossing drains. Conventional goggles, even with ventilation holes, proved too hot for use by mid-morning. This apart, it appears that the efforts of the past three years to identify superior and worker-acceptable protective equipment have proved successful. The new equipment has been generally accepted by workers and managers alike.

The programme to reduce stock-holdings of obsolete and unwanted pesticide stocks continued and ought to be satisfactorily completed by the end of 1995.

AGRONOMY DEPARTMENT

Central Laboratory:

Laboratory operations were interrupted by frequent power outages, shortages of water and dysfunctional fume exhaust equipment. These resulted in

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The Manager of the Central Analytical and Environmental Monitoring Services Unit, Dr. Faye Homer, prepares to perform an analysis utilising the High Pressured Liquid Chromatograph.

reductions in work rate and occasionally in damage to equipment. Despite these problems Central Laboratory analysed 13,094 samples during 1994 yielding 56,622 analyses. Corresponding values in 1993 were 16,000 and 66,565 respectively.

Lime recommendations were made for 16,692 acres at an average rate of 1.95 tons low grade phosphate lime per acre. Supplementary nitrogen recommendations were made for 11,146 acres compared with 5,624 in 1993.

Six batches of the International Plant Analytical Exchange samples were analysed on a bimonthly basis, continuing the programme started in 1993. Central Laboratory results showed good agreement with those of the other laboratories in the scheme. There was also good agreement between Central Laboratory analyses and certified values for shipped sugar.

The laboratory acquired a High Pressure Liquid Chromatograph (HPLC) and a Freeze Dryer. The HPLC equipment was installed by Chromaspec (Trinidad) Ltd., who also provided training for all technical staff. Conductivity meters were distributed to the Berbice estates for water salinity studies and Agronomists and Laboratory Technicians from these estates were trained in the use of these instruments by the Chief Analyst.

Good quality surplus laboratory chemicals were donated to Queen's College and St. Stanislaus College.

Environmental Analyses

A long term programme for monitoring the variations in composition and quality of estate irrigation and drainage waters, as well as water in the factory environs commenced during the year.

Samples were taken and analysed in June and September. Analyses revealed generally safe levels of inorganic constituents. There were however, a few notable observations:

- a) Iron (Fe) concentrations at Enmore, Rose Hall, Albion and Skeldon were high at both sampling dates. These elevated Fe concentrations may be related to natural soil composition.
- b) Lead (Pb) levels greatly in excess of the United Kingdom limit were recorded at specific locations within Uitvlugt, Enmore, Blairmont and Skeldon. Disposal of leaded sugar solutions at field and factory laboratories may have contributed to these elevated Pb levels.
- c) Phosphorus (P) concentrations in the June samples were generally within the UK limit. However, September samples from four estates yielded P concentrations in excess of this limit.
- d) The ammonium ($\text{NH}_4\text{-N}$) and nitrate ion ($\text{NO}_3\text{-N}$) nitrogen levels recorded for the June

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samples were within the UK limits but these were greatly exceeded in the September samples. $\text{NH}_4\text{-N}$ and $\text{NO}_3\text{-N}$ concentrations in drainage waters, with a few exceptions, were about 20% higher than in irrigation water over the two samplings. The high $\text{NO}_3\text{-N}$ levels of the September samples were unexpected since NO_3 fertilisers are not used in the industry and nitrification in Guyana soils has been demonstrated to occur at a slow rate.

Iron, lead, phosphorus and nitrogen levels will be closely monitored in future.

Cane Nutrition

A small plot nitrogen by variety interaction trial was reaped at Blairmont as first ratoons while a similar trial at LBI was reaped as plant canes. The data supported the established foliar critical values as relevant to the newer commercial varieties.

A Biochemical Fertilizer study commenced at LBI. The trial will evaluate the potential of Agrispon and Cropmax to enhance sugar yields singularly or in combination with inorganic nitrogenous fertilizers. There were no significant ($P > 0.05$) differences in the number of tillers for the different treatments at 3 and 6 months after planting.

Land Management

The ridge and furrow management block at MT6 - 16A at Enmore was harvested in October 1994. The fields had been subjected to high *Castniomera* infestation and during the growing season the ground water tables were within 15" inches of the soil surface from November 1993 to mid February 1994 and from late May 1994 to late August 1994. Sideline levels appeared to respond much faster to drainage than did the subsoil water. This is indicative of the very low permeability of the Whittaker series soils. Yields were depressed and yield variations appeared insensitive to bed width.

Soil Management Reference Blocks were established at all estates and on the major sugar cane soils across the industry. This long term project will evaluate the impact that land

management practices have had and continue to have on the more sensitive soil properties. In conjunction with this project a study to determine the mineralogical, physical and chemical properties of bench mark soils in the industry was initiated.

During 1994 a series of filter mud trials was planned although only one at Skeldon, was established. The trials are planned to be conducted on a particular soil series on each estate. The major objective is to obtain data for utilizing filter mud in the most useful agronomic and cost effective manner. A recently acquired mechanical muck spreader will enhance the efficiency of distributing the filter mud infield.

Towards the end of 1994 a legume fallow experiment was established on a reef sand at Enmore. It is planned to evaluate the impact of this practice as a long term strategy for improving the fertility and physical condition of difficult soils, as well as an ecological control system for froghopper.

Plant Physiology

A paper entitled "Experiences with Ripener Chemical Applications in Guyana from 1991 - 1993" was presented at the Belize meeting of the West Indies Sugar Technologists in April. This work and subsequent experimentation demonstrated the potential of glyphosate and Fusilade Super to improve juice quality and sugar recoveries in Guyana. Work in 1994 focused on commercial scale evaluation of new ripener chemicals and also varietal responses.

The initial stage of a study to assess and optimise the Biological Nitrogen Fixing (BNF) capabilities of the major sugar cane varieties grown in Guyana has been completed. Investigations centered around confirming the presence of the BNF bacteria; *Herbaspirillum Sp.*, *Azospirillum Sp.* and the *Acetobacter diazotrophicus* in leaf, stem and root tissues and the rhizosphere of 18 commercial varieties. The results indicated the presence of three distinct nitrogen-fixing bacterial species within all commercial varieties. A subsequent screening of a "wild cane" from West Demerara also indicated prolific growth of these bacteria. The emphasis of future work will focus on the contributions of nitrogen-fixation to sugar cane nutrition in Guyana and determine whether there is potential for exploiting this commercially.

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DIVERSIFIED CROPS

With the pending divestment of Versailles and Liliendaal Dairy operations, attention was given to redeploying as many of the dairy employees as sugar operations could absorb, while still maintaining activities at the dairies on a current basis.

Livestock Operations

During April 1994 all breeding stock at Liliendaal was transferred to Versailles where milking operations were concentrated. Consequently the 1994 production of 88,303 Imperial gallons recorded at Versailles was significantly greater than the 58,198 gallons produced the previous year. In the period January to April, before the transfer of the breeding animals to Versailles, Liliendaal produced 10,688 Imperial gallons of milk. Combined milk production for Versailles and Liliendaal in 1994 was therefore 98,991 gallons compared with 108,957 gallons in 1993.

For the period under review animal productivity at Versailles was 1.19 gals/cow/day and at Liliendaal 1.60 gals/cow/day., indicating a slight improvement at Versailles when compared with levels recorded for the past two years. Not only was there a reduction in the overall number of breeding cows from 508 head in 1993 to 445 in 1994, but productivity was adversely affected by lack of adequate forage, all contributing to the lower production level in 1994 than in the previous year.

No pasture rehabilitation work was carried out at Versailles in 1994, and the operation of transporting grass from Liliendaal across the Demerara Harbour bridge was continued during 1994 as a means of supplementing forage supplies to the stock at Versailles.

Feed adequacy was further exacerbated by the excess of young stock at Liliendaal arising from the slow movement in sales of these animals. This resulted in a relatively large number of animals competing for a very limited supply of forage. Availability of feed concentrates at reasonably affordable prices also placed a severe limitation on the quality of nutrition provided the animals.

At Versailles the mortality level of 12.7% among breeding cows during 1994 showed a reduction on the previous year's level of 22.7%. The reduction in mortality was accounted for mainly by the low incidence of Tick Fever in the herd during the year. Breeding cow mortality at Liliendaal was just 4.0% in 1994 compared with 5.7% in 1993, indicating that disease tolerance, particularly to Tick fever, continued to be established.

Calf mortality at Versailles of 16.6% in 1994 compared with 17.0% in 1993, persisted as an area of concern, with the pre-weaned being the category most affected. The construction design of one of the pens in which these calves were housed was found to be a predisposing factor to animal morbidity and subsequent succumbing. This defect was corrected during the year. At Liliendaal calf mortality was down to 7.8%, compared with 19.0% in 1993.

A total of 362 calves were born during the year at both locations - 327 at Versailles and 25 at Liliendaal. This calf crop from a breeding herd of 445 head represented a significant increase in births and conception level when compared with 241 calves produced from 508 breeding head in 1993. The trend was clearly indicative of better reproduction management in 1994.

Stock level for the two locations was 1,017 head of cattle at the beginning of the year, and 1,018 at the close of 1994.

During the year farmers from various parts of Guyana purchased a total of 111 head of breeding stock, including young heifers and bulls, while 40 culled breeding cows were sold to butchers. A small number of old breeding cows which could not be utilized by butchers were donated to the Zoo for animal consumption.

Sheep

The earlier decision to terminate sheep rearing activity at Liliendaal was reviewed during the year, and it was thereafter agreed to maintain a nucleus unit of ewes until divestment. At the beginning of

Agricultural Operations

the year, the flock comprised 143 animals, which was reduced to 69 animals at the end of 1994. During 1994 a total of 169 lambs were born, whereas sales for the year accounted for 126 animals, including breeding ewes and lambs.

Dairy Processing

The Cheese and Butter Factory at the Versailles Dairy Complex continued to produce Cheddar Cheese and Butter during the period under review. Cheese production for 1994 was 26,220.0 kg. from 67,680 gallons of milk at a conversion rate of 1.17 gallons milk/lb cheese. During the previous year 42,357 kg of cheese was produced from 110,377.5 gallons of milk at a conversion rate of 1.18 gallons milk/lb. cheese. The reduced cheese production in 1994 was due mainly to the cessation in milk supply from the Uitvlugt/Leonora Dairy. All milk processed during the year arose from the Liliendaal and Versailles locations.

Of the total cheese production, 25,342 kg. consisted of Full Fat Cheddar and 946.0 kg. Low Fat Cheddar.

Towards the last quarter of the year a decision was taken to restrict cheese processing to milk with a 3.5% maximum fat. Milk with a higher fat content was found to be giving rise to cheese with a relatively soft texture. Cream was therefore skimmed from milk containing fat above the level of 3.5%, and processed into butter. Butter production for the year amounted to 683 kg. compared with 416 kg. produced in 1993.

Educational Tours and Visits

Throughout the year requests were made for, and granted to, primary and secondary school students to undertake educational tours of the dairy locations. The three tertiary educational institutions of the University of Guyana, REPAHA and the Cyril Potter College of Education continued to utilise the facilities and material at the two farms to provide practical exposure and training for students.

Several visits were made during the year by the various interests to view and assess the assets in

the context of pending divestment of the dairy operations.

Other Diversified Crops Activities

Uitvlugt/Leonora and Rose Hall estates continued operating modest dairy units, providing milk to workers and staff at market prices, while Uitvlugt/Leonora and Albion estates have been supplying beef to employees on a regular basis from their small beef units.

These livestock activities although deemed to be satisfying a social need on these locations, are being maintained at a level that minimises their effect on sugar operations. The citrus orchard at Uitvlugt/Leonora and the tilapia ponds at Blairmont also provide for the domestic market on a similar basis. It is expected that these activities will continue into the immediate future provided the land on which they are located is not required or suited for sugar cane expansion.

Factory Operations

Factory cane supplies during 1994 were marginally lower than 1993 (-0.7%). However, this was more than offset by improvements in quality. The average polarisation of cane received by the Corporation's eight factories in 1994 increased by 2.8% compared with the previous year.

A contributing factor to this improvement in pol % cane was a better in-crop weather pattern allowing the cane to ripen, also causing less factory 'out of cane' stoppages and a less interrupted grinding pattern. It will be noted that the mean crop weeks were reduced by two compared with 1993.

Production time lost for industrial disputes during 1994 was dramatically reduced compared with 1993. 921 hours compared with 1,821 hours in 1993. The worst affected estate in 1994 was Uitvlugt with 190 hours.

The production time lost for non factory stoppages in 1994 totalled 5,230 hours compared with 5,987 hours in 1994.

Sufficient funds were available to cover high cost mill and boiler spare parts. However, funds for a major rehabilitation of factories were still not in place. Factory reliability therefore still gives cause for concern. The 1994 Factory Capital Budget could not be started due to problems in accessing World Bank Funds. This will place further strain on ageing factory machinery and delay modifications to improve factory recoveries.

STAFF

Management attrition rates during 1994 continued at much the same rate as 1993, 5 in 1994 vs 7 in 1993. Once again losses of senior experienced staff is a worry. Included in the 5 lost in 1994 were 1 - Factory Manager, 1 - Engineering Manager, 1 - Engineering Shift Manager and 2 - Chemist Shift Managers. There are currently 15 vacancies in the Factory Senior Staff organisation.

Once again no senior factory staff could be recruited to offset this attrition. However, 10 Management Trainees were recruited, but will not be ready for line responsibilities until completion of their 18 month training period. The total number of trainees is 15 and the first trainees to complete his/her training will be in November 1995.

FACTORY PRODUCTION PERFORMANCE

During 1994, 3,148,912 tons of cane were processed compared with 3,172,077 tons in 1993. This is a reduction of 0.7%.

Sugar production for the year was 252,615 tons compared with 242,640 tons in 1993. This increase in sugar from slightly less cane is due to improvements in both cane quality and factory performances.

It will be seen that all the main factory control

The consolidated Factory Recoveries for 1994 compared with 1993 are listed below:

	1994	1993	%Change
Cane Ground (tons)	3,148.912	3,172.077	(0.70)
Sugar Made (tons)	252,615	242,640	4.10
TC/TS	12.47	12.75	2.20
Pol % Cane	10.08	9.81	2.80
Fibre % Cane	17.12	17.57	2.60
Mixed Juice Purity	78.19	77.77	0.50
Final Molasses Purity	30.89	32.56	5.10
Grinding Rate TCH	106.34	104.58	1.68
Mill Extraction	90.16	90.00	0.20
Boiling House Recovery	86.79	85.24	1.80
Overall Recovery	78.24	76.69	2.00
Factory Time Efficiency	88.41	87.06	1.06
Overall Time Efficiency	76.47	74.29	2.90

Factory Operations

parameters showed a positive variation for the year. The improvement in factory Overall Recovery was mainly due to the improvements in Boiling House Recovery and is reflected in the drop in final molasses purity by 5.1%

Factory Time Efficiencies improved by 1.6%, while Overall Time Efficiency improved by 2.6% as a result of lower weather related and industrial relations lost time.

The total lost time due to factory breakdowns was 3,883 hours compared with 4,510 hours in 1993. Total grinding hours for the year was 29,611 hours for 1994 and 30,331 hours for 1993. The increase in throughput was a major factor in the reduction of cropping weeks.

DEVELOPMENT AND ENGINEERING

Maintenance standards continued to improve and contributed to lowering the lost time due to factory breakdowns. Further "On the job" training was given by Representatives from Thorne International Boilers Ltd. and Instrument training from Conutrol Engineering Ltd. and Eurotherm Ltd. In house training seminars continued during 1994 and played an important role in the development of factory staff at all levels.

Although some major planned Capital Projects were deferred due to problems accessing World Bank Funds, other Capital Works undertaken and commissioned during the year included the following:

- Punt Dumpers at Blairmont and Uitvlugt
- Upgrading No. 5 Boiler and Bagasse Carrier at Uitvlugt
- Renewal of factory cold water inlet flume, at Uitvlugt
- 2.0 MW Turbo Alternator at Rose Hall
- 1.4 MW Turbo Alternator at Wales
- Foundations for Molasses Tank and Chimney at Wales

- Boiler Steam Receiver at Albion
- Replacement of Power House roof at Blairmont
- Boiler Water Management Controls at Albion, Blairmont and Enmore
- Boiler retubes at Rose Hall and Wales
- 700 KW Diesel Alternator at Enmore
- Various pumps replacements at six factories.

A new location was identified for the Equipment Conservation Centre together with the LBI Electrical and Instrument Workshop to become part of the new Coldingen Complex. Planning was started during the year to relocate the ECC and the Electrical Workshop at Coldingen.

Both ECC and the Electrical Workshop contributed to ongoing Maintenance and Training at all factory locations. Inputs were also made to the capital projects listed above.

Energy Production and Fuel Utilisation

A total of 58,226 MW hours of energy was produced by estate power houses in 1994. This compares with 59,953 MW hours in 1993. Of the total power produced 42,029 MW hours was produced by Turbo Alternators, this represents an improvement of 5.17% in 1993 (40,505 MW hours).

Energy from Diesel Engines dropped from 19,248 MW hours in 1993 to 16,197 MW hours in 1994. The corresponding drop in diesel oil usage was from 1,219,332 to 1,198,719 gallons, and represents a drop in fuel oil costs of 1.69% compared with 1993.

The use of diesel fuel would have been lower but for problems experienced with some of the Corporation's Steam Turbine Generators:

- LBI bearing problem of 2.5 MW Alternator
- Uitvlugt with low throughput causing bagasse shortage

Factory Operations

- Blairmont with severe downtime on Weir T/A Set (1MW).
- Enmore with downtime on Elliott T/A Set (1MW).

The utilisation of fuel also contributed to a higher fuel usage than would normally have been expected and was recorded at 74 Glns/MW Hr. compared to 63.35 Glns/MW Hr. in 1993.

These results indicate that while efforts are being made on estates to generate more cheap power with steam, power house diesel engines are being used lightly loaded in support of steam generators during periods of low steam pressure and turbo alternator breakdowns.

Finance Department

COLDINGEN COMPLEX

Expectations for 1994:

On acquisition of this eighteen point eight (18.8) acres property in March 1994, the following were envisaged:-

The rehabilitation of the Central Store and other buildings.

The movement of Stocks from Central Depot - Ogle and CAMS - Enmore to Coldingen and full operation of one (1) Central Store.

The movement of stocks from Central Depot was scheduled for completion by 1994-11-30.

The movement of stocks from CAMS was scheduled for completion by 1995-02-15.

Achievements during 1994:

The following were achieved during 1994:-

The Central Stores Building, Agro-Chemical Stores Building and Administration Buildings were rehabilitated.

Two (2) Electrical Power generating sets were rehabilitated.

Approximately eighty percent (80%) of items were moved from Central Depot to Central Stores.

Several employees were transferred from CAMS - Enmore and Central Depot - Ogle to the Complex while others were employed.



Directors observe the progress in transforming Coldingen Complex into a modern central store.

Sugar Marketing

Because of favourable movements in exchange rates, GUYSUCO's Guyana dollar revenue in 1994 was exceptionally buoyant. In the EU the pound weakened, leading to devaluation of the Green pound and having the effect of increasing the price received in sterling for Sugar Protocol sales. At the same time the pound strengthened against the US\$ in the second half of the year, bringing an increase in US\$ revenue. Finally, the Guyana \$ moved from 125 to over 140 to the US\$ during 1994.

This substantial windfall in revenue through currency movements does not represent a fundamental improvement in GUYSUCO's marketing situation. At the same time with no improvement in the price of sugar sold locally, real earnings in the domestic market declined in 1994.

On the other hand, 1994 marked the conclusion of a new GATT agreement which incorporated access for Sugar Protocol quotas thus further entrenching this most important of all markets for Guyana's sugar. Also, by year's end, an important new market for Guyana's sugar had come closer as discussion of proposals for establishing a special preferential arrangement in the EU for ACP sugar by 1st July, 1995, entered the final stage. These developments promise to stabilise GUYSUCO's marketing prospects significantly for the rest of the century.

LOCAL MARKET

Sales of brown sugar for domestic use were 21,457 tons in 1994 compared with 21,172 tons in 1993. The producer's price of brown sugar sold locally at \$21.91 per lb has remained unchanged since February 1991. The value of sales in this market, therefore, has significantly eroded over this period.

GUYSUCO sold 2,395 tons of refined sugar at world price for industrial users who used this grade of sugar in their manufacturing processes. This compares with 1,852 tons sold in 1993.

EU MARKET

Guyana met its full commitment of approximately 163,000 tons under the Sugar protocol for the quota period ending 30th June, 1994. After shortfalls in meeting this vital commitment in the period 1988 to 1991, Guyana is again recognised as a reliable

supplier and one indeed ready to supply the shortfalls of others should these arise.

The basic EU price in ECUs, negotiated annually to take effect from 1st July, was again frozen in 1994. There has been no increase in this price since 1986. However, because in 1994 the pound weakened against the Deutschmark in the EU monetary system, the Sugar Protocol pound per ton price strengthened. Since the pound simultaneously strengthened against the US\$ and the Guyana \$ weakened against the US\$ the resulting average price per ton in Guyana \$ increased substantially from \$76,600 in 1993 to \$86,617 in 1994. It has to be stressed that this increase was providential. It should not be allowed to mask the underlying price stagnation in the basic Sugar Protocol price which continued in 1994.

US MARKET

In 1994 Guyana shipped its 1994/95 US quota of 14,128 tons. This compares with 11,214 tons shipped in 1993. The price received in 1994 was \$62,126 per ton compared with \$56,144 per ton in 1993.

CARICOM MARKET

In 1994 sales to Caricom markets (and Suriname, due to become a member of Caricom in 1995) increased to 20,377 tons compared with 1,747 tons in 1992 and 15,433 tons in 1993. A CET of 40% on sugar imported from outside the region is applicable in Caricom countries and is a factor in Guyana's efforts to increase markets in the region. The average price received in 1994 was \$44,617 per ton compared with \$38,714 per ton in 1993. Guyana's sugar sales in the regional market are now approaching \$1 billion annually.

WORLD MARKET

In 1994 sales to Canada at world market prices were 46,159 tons compared with 39,745 tons in 1993 and realised an average price of \$34,970 per ton in 1994 compared with \$28,815 per ton in 1993. The world market price is extremely volatile and even though prices were higher in 1994 they remained considerably below the cost of production. GUYSUCO cannot plan to market more

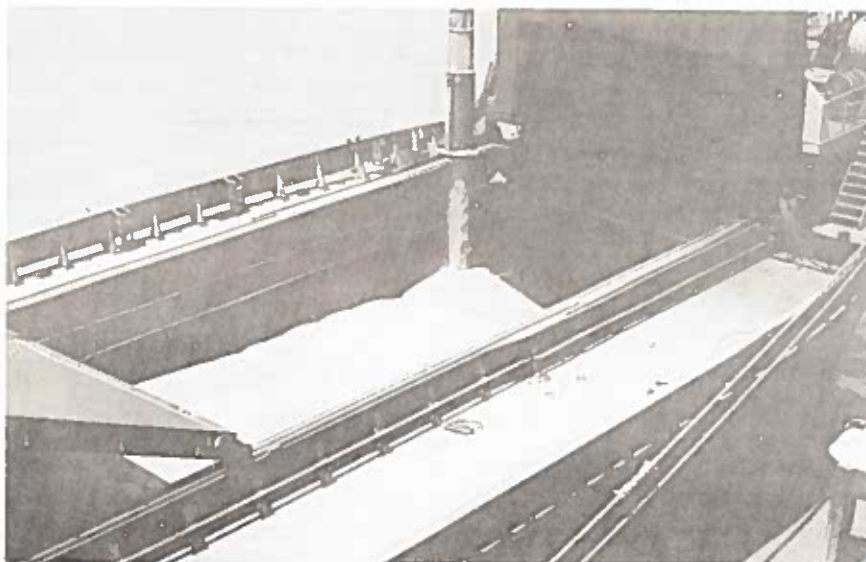
Sugar Marketing

than a relatively small proportion of its sugar at these residual and unstable prices.

PROSPECTS

From 1st July, 1995 for a period of six years, ACP countries will enjoy additional access in the EU for sugar. For Guyana this will mean a new market for 30,000 to 40,000 tons of sugar at a preferential price well above world market prices. Combined with the enhanced security which stems from the entrenchment of Sugar Protocol quotas in the recent GAAT agreement, this considerably strengthens GUYSUCO's marketing outlook in the immediate future.

A note of caution must be sounded. Unlike the Sugar Protocol, which is of indefinite duration, the new preferential arrangement in the EU lasts for 6 years and its extension is not assured. Further, the EU's restrictive price policy in agriculture, which has frozen sugar prices since 1986, continues to operate and will tend to reduce both the guaranteed Sugar Protocol price and the price obtained in the new preferential arrangement over the next few years. As a result if costs are allowed to escalate they will not be balanced by price increases and will simply translate into lower and lower profitability as the years progress.



Loading sugar for overseas markets.

Personnel

HUMAN RESOURCE MANAGEMENT:

Total Managerial Staff in the Organisation at 94-12-31 is as follows:-

	<u>1994</u>	<u>1993</u>
Executive & Estate Senior Staff	419	422
Staff Movement:		
Appointments	35	32
Promotions	19	10
Resignations	11	20
Retirements	7	7

Junior Staff - Estate

The following Junior Staff movements were approved:

	<u>1994</u>	<u>1993</u>
Appointments	52	52
Promotions	84	21

Medical Discharges

Senior Staff	20	11
Junior Staff	20	10

Ex-gratia pensions

310 awards were made in 1994 as compared with 396 in 1993.

Honours Roll Scheme

In 1994 eight (8) Champion Workers were elected, and, along with their spouses, were awarded a one week holiday. Visits were arranged in Georgetown and the hinterland.

National Awards

Mr. Kenneth Deonarayan Pariaug, retired Senior Dispenser Wales Estate, was awarded the Medal of Service on 94-05-25.

HUMAN RESOURCE DEVELOPMENT:

Apprentice Training

1994 Entrants

YEAR	FEMALE	MALE	TOTAL
1994	6	55	61
1993	2	67	69

1994 Graduates

Seventy-four (74) Apprentices including eleven (11) females graduated in July 1994 as follows:-

SUBJECT	FEMALE	MALE	TOTAL
FITTING AND MACHINING	-	17	17
AUTOMOTIVE ELECTRICITY	1	8	9
AGRICULTURAL MECHANICS	-	23	23
INSTRUMENT REPAIR			
MECHANICS	3	6	9
INDUSTRIAL ELECTRICITY	7	9	16
TOTAL	11	63	74

Other Training

- Senior Technical Trainees

Twenty-one (21) Management Trainees were in training in 1994, ten (10) of whom were recruited during the year. Six (6) have successfully completed their training and were posted, while one (1) tendered his resignation.

- Sugar Boiler Training

Vacancies for Sugar Boiler apprentices were advertised within the National Newspapers and on Estates. Ten (10) of the fourteen (14) applicants were shortlisted for selection.

Personnel

- Junior Sugar Boiler Certificate of Competence Exam

Seventeen (17) of twenty (20) employees who successfully completed the two-year Sugar Boiler Training during 1989 to 1993 graduated in 1994.

- Bursary Awards

Fifty-five (55) Awards were distributed in 1994 to the value of \$275,000 as the Company's contribution to the education of the employees' children at the Secondary School level. Ninety-one (91) awards were made in 1993 to the value of \$574,442.

Training Awards

- Cadetships

Five (5) Cadetships were awarded in 1994. This brought the total number of Cadets in training to fourteen (14) in the following disciplines: Sugar Technology 2; Mechanical Engineering 5; Electrical Engineering 4; Agriculture 3:

- Guyana School of Agriculture

Seven (7) GUYSUCO Employees were granted awards for entry to the Guyana School of Agriculture (GSA) in 1994 while nine (9) graduated during the same year. The total number of awardees was eleven (11) as against fourteen (14) in 1993: First Year 7; Second Year 4:

Centrally Organised Courses/Programmes

- The Association of Accounting Technicians (AAT)

In January 1994, thirty-two (32) employees were registered for the Level II classes, while thirteen (13) persons were registered for Level III. Twenty (20) participants wrote the Levels II and III examinations in

December 1994 under GUYSUCO's sponsorship. To date, fifteen (15) passes were recorded.

- Secretarial Staff Training

A group of seventeen (17) Secretarial staff attached to the Head Office successfully completed a GUYSUCO-sponsored Business English Course at the I.A.C.E which was of ten (10) weeks duration.

- Sugar Boiler Symposium

One hundred and two (102) Sugar Boilers, process Foremen and Assistant Factory Managers - Production participated in Sugar Boiler Symposia held in each region. A manual detailing the current procedures to process sugar in the reintroduced three boiling system was consequently developed.

- Factory Operations Training

A series of four-day Training Programmes was conducted on unit Factory Operations Procedures and Shift Management Techniques. 115 Shift Managers, Plant Foremen, process Foremen and Chargehands attended Seminars in both Berbice and Demerara.

- Field Safety Training

One hundred and ninety-seven (197) Field Superintendents and Field Supervisors attended two-day Seminars for Field Staff on safe work methods and practices in Cane Harvesting.

Training attachments to GTC/PM

- Five (5) Management Trainees benefitted from a six (6) month orientation stint in the Basic Craft areas.

- One (1) group of four (4) Foremen/Chargehands was trained in the annual six (6) months residential programme as compared with two groups of eight (8) in 1993.

Personnel

- Adult Technical Evening Classes: Two (2) eighteen-week courses were held in the following areas: Agricultural Mechanics; Electrical Engineering; Fitting and Machining. A total of 98 persons participated as against 104 in 1993.

Orientation to Estate Operations (Junior Staff)

A total of 68 (sixty-eight) employees from Uitvlugt, LBI/Diamond and Enmore Estates benefitted from 3 four-day Orientation programmes organised by the Training Unit.

HEALTH SERVICES

The Ogle Diagnostic Centre and Primary Health Care Centre continued to be active and productive during 1994, despite the shortage of Nursing Staff. Towards year-end; Estate Medical Officers were appointed at Uitvlugt and Wales Estates.

Ogle Diagnostic Centre

Ogle Diagnostic Centre achieved its full complement of staff by the end of 1994.

The out-patient and in-patient departments attended to three thousand, six hundred and seventeen (3,617) and three hundred and thirty-eight (338) patients respectively, while the Nursing Care Plan was fully implemented in the in-patient department.

Two hundred and fourteen (214) Senior Staff were examined at the Annual Medical Examinations.

Estate Health Service

There was a general increase in attendance by patients at the Primary Health Care Centres and to the special chronic diseases clinics: 275,226 in 1994 as compared with 245,915 in 1993.

Forty million dollars worth of Pharmaceuticals were issued in 1994 as compared with 39.5 million dollars worth in 1993.

All Estates were serviced by fully equipped ambulances.

-Contributory Hospitalisation and Maternity Scheme

The total membership of the Scheme was 4,713 at the end of 1994 as against 4,239 in 1993 reflecting an eleven percent (11%) increase.

OCCUPATIONAL HEALTH, SAFETY & ENVIRONMENT

Improving Health Safety and Environmental standards was underlined as a priority with the establishment of the Department of Occupational Health Safety and Environment in February headed by a Senior Administrative Manager located at Head Office and supported by Regional Health and Safety Officers. The Safety Programme instituted with the Support of Estate's Management and Employees saw a fall in the total number of accidents and Mandays Lost during production periods. Blairmont Factory operated for five (5) months in the year totally accident free. By the end of the year the contract for an Environmental Audit had been signed with Ecologistics Limited of Canada following International tender procedure.

COMMUNITY PROGRAMME

During 1994, Mr. McDonald Bailey, an Olympic Gold Medalist and former Athletic Coach in the Sugar Industry, visited a number of Community Centres where he held coaching clinics and shared his experiences working with Community Centres and staff on the respective locations. Mr. McDonald Bailey's visit was sponsored by GUYSUCO.

- Community Centres

The following seven (7) Community Centres continued to be managed by the respective Estate Management - Skeldon, Albion/Port Mourant, Blairmont, Enmore, LBI/Diamond, and Uitvlugt-Leonora.

Personnel

Rehabilitation of Uitvlugt's Community Centre was completed late 1994 while work at LBI/Diamond and Wales will continue during 1995.

- Sports

In sports, Demerara dethroned Berbice in the Corporation's Championship Games.

The level of Athletic involvement continued to be high as the Corporation's athletes returned excellent performances in the "Go Guyana Run" and the "Independence Half Marathon".

GUYSUCO continued to contribute significantly to cricket by sponsoring one (1) Red Stripe match between Guyana and the Leeward Islands at the Blairmont Community Centre ground, and one (1) Geddes Grant one-day match between Guyana and Trinidad and Tobago at the Enmore Community Centre ground.

Seven (7) of GUYSUCO's cricketers represented Guyana in the 1994 Northern Telecom under-19 competition while three (3) other players represented Guyana in the Red Stripe and Geddes Grant Competitions.

The Corporation retained the cricket trophy in the Agriculture Sector Cricket matches in 1994 and also won the Agricultural Sector Games for the sixth consecutive year.

GUYSUCO's HOUSING PROGRAMME

In June 1994 the Corporation embarked on a programme to provide housing lots for Sugar Workers in nine (9) areas of fifty (50) lots in each. Two thousand, eight hundred and seventy (2,870) applications were received from all Estates and arrangements are in place to finalise the list of successful applicants.

Industrial Relations

WAGES-SALARIES

Wages/Salaries were increased by 15% with effect from 1st March, 1994, and by a further 5% from 1st August, 1994. Both increases were based on Wages/Salaries as at February, 1994. The total increase was therefore 20%. The minimum wage was increased from \$300 to \$360 per day.

INCENTIVES

Employees earned an aggregate of 192 days' pay under the Corporation's Weekly Production Incentive Scheme. An Annual Production Incentive of 17 days' pay was paid for the production of 252,615 tons sugar, and 19 days in the case of the Berbice Estates which bore the brunt of the productive effort. Blairmont Estate which excelled in its effort was awarded an extra day's pay i.e. 20 days' pay. Labour requirements were met in both Field and Factory.

STRIKES AND MANDAYS LOST

The following comparable statistics are self-explanatory viz:-

	1994	1993
NO. of stpgs.	446	445
Mandays Lost	71,984	126,233
Wages Lost	\$48,804,508	\$71,967,307

It is significant that inasmuch as the number of strikes in both years were almost the same, there were improvements in Mandays and wages lost in 1994 vis-a-vis 1993 i.e. 71,984 mandays as against 126,233 mandays and wages lost \$48,804,508 as against \$71,967,307, respectively.

This trend of dialogue in preference to prolonged stoppages is a step in the right direction and should augur well for improved efficiency and benefits.



A revitalised community development programme has industry and national benefits: the Senior Minister of Agriculture, Mr. Reepu Daman Persaud, having rededicated the \$13M rehabilitated Uitvlugt Estate Community Development Centre, witness the cutting of the ribbon with the Chairman of the Board, Mr. Vickram Oditt, Chief Executive, Mr. Neville Hilary, and Administrative Manager, Mr. Aubrey Sylvester.

GUYANASUGAR CORPORATION LIMITED
STATISTICAL SUMMARY 1985-1994

Number of factories	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Acreege harvested	10	10	8	8	8	8	8	8	8	8
Tons Cane Milled ('000)	107,526	112,875	106,039	85,823	86,303	91,372	93,307	99,891	98,142	104,670
Yield:	3,218	3,348	3,100	2,480	2,548	2,019	2,293	3,081	3,172	3,149
Tons Cane/Acre	29.93	29.66	29.23	28.90	29.56	22.10	24.57	30.84	32.31	30.08
Tons Cane/Tons Sugar	13.24	13.64	14.03	14.80	15.41	15.54	14.36	12.68	13.07	12.47
Tons Sugar/Acre	2.26	2.17	2.08	1.95	1.91	1.42	1.71	2.43	2.47	2.41
Sugar production (Tons)	243,000	245,440	220,995	167,550	164,800	129,920	159,690	243,010	242,640	252,615
Molasses production ('000 gals)	19,506	21,614	19,962	26,741	15,375	11,474	13,363	18,741	19,311	18,192
Home Consumption: Sugar (Tons)	28,396	31,243	42,252	35,846	28,511	27,610	23,875	19,914	23,291	21,457
Molasses ('000 gals.)	12,240	11,380	13,201	12,529	13,932	10,561	13,363	18,084	17,979	17,278
Exports: Sugar (Tons)	214,543	213,609	176,463	134,828	160,979	129,767	159,430	232,711	219,093	235,654
Molasses ('000 gals)	7,266	10,234	6,757	4,181	1,214	906	.	657	1,326	914
Sales:										
Local Sugar (G\$M)	40.40	50.30	68.00	58.30	173.00	406.00	1,049.30	984.06	1,143.12	1,053.16
Average Price/Ton (G\$)	1,422.00	1,610.00	1,610.00	1,626.00	6,070.00	14,708.00	43,953.00	49,416.00	49,080.00	49,082.00
Export Sugar (G\$M)	286.60	356.70	971.70	710.20	2,309.76	3,265.80	11,973.90	15,965.00	14,971.88	16,812.36
Average Price/Ton (G\$)	1,336.00	1,670.00	5,506.00	5,267.00	14,348.00	25,167.00	75,105.00	68,604.00	68,336.00	71,343.00
Molasses (G\$)	5.20	20.50	34.90	23.40	42.80	70.20	293.10	384.44	398.86	607.59
Average Price/Gallon (G\$)	0.26	0.95	1.75	1.40	2.78	6.11	21.94	20.51	20.65	33.40
Expenditure:										
Employment Costs (G\$M)	184.30	207.60	294.20	302.90	515.10	980.50	2,703.70	4,873.10	6,041.00	7,092.00
Including Profit Share (G\$M)	.	7.2	10.5	.	6.0	9.5	30.0	40.0	37.4	38.5
Materials and other (G\$M)	171.30	186.50	348.00	395.00	1,225.7	2,062.91	6,071.34	6,954.94	6,415.94	6,732.57
Operating Results Before Interest (G\$M)	(22.10)	35.40	30.10	16.2	51.5	39.67	380.95	573.64	780.45	1,274.74
Interest Expense (G\$M)	55.70	21.60	9.60	4.80	16.60	1.20	322.78	179.34	19.73	173.59
Surplus (Deficit) before tax (G\$M)	(77.80)	13.80	20.50	11.40	34.90	38.47	58.17	394.30	760.72	1,101.15
Local Subsidy (G\$M)	0.00	0.00	53.10	89.90	241.60	282.20	178.92	0.00	0.00	136.0
Avg. Mid Market exchange rate G\$/US\$:	4.25	4.27	9.77	10.00	27.25	39.00	119.45	124.95	126.86	138.20

GUYANA SUGAR CORPORATION LIMITED
STATEMENT OF EMPLOYMENT AND COMMUNITY COSTS

	1991 G\$M	1992 G\$M	1993 G\$M	1994 G\$M
DIRECT EMPLOYMENT BENEFITS				
Wages and Salaries	1,828	3,229	4,162	4,679
Incentive Payments*	458	780	930	1,236
Other Employment Benefits	418	865	949	1,177
Labour Transport Costs	218	343	525	464
	<u>2,922</u>	<u>5,217</u>	<u>6,566</u>	<u>7,556</u>
COMMUNITY COSTS				
Government Taxation and Levies	4,264	5,049	3,591	3,438
Local Government Rates and Taxes	3	15	16	27
Local Sugar Sales Subsidy	179	-	-	136
Sugar Industry Special Funds	18	23	120	121
Community Services	19	39	42	44
	<u>4,483</u>	<u>5,126</u>	<u>3,769</u>	<u>3,766</u>
TOTAL	<u>7,405</u> =====	<u>10,343</u> =====	<u>10,335</u> =====	<u>11,322</u> =====
Number of employees	27,964	28,081	27,855	24,463
Tons sugar produced	159,690	243,010	242,640	252,615
*Includes provision for profit share	30	40	37	38

5915

7092

REPORT OF CHARTERED ACCOUNTANTS DELOITTE AND TOUCHE
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA SUGAR CORPORATION LIMITED
FOR THE YEAR ENDED 31 DECEMBER 1994

We have audited the attached financial statements of Guyana Sugar Corporation Limited for the year ended 31 December 1994 as set out on pages 2 to 13. These financial statements are the responsibility of the Management of Guyana Sugar Corporation Limited. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the Office of the Auditor General's auditing standards and other generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures on the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the state of affairs of Guyana Sugar Corporation Limited as at 31 December 1994 and its net surplus and cash flows for the year then ended, in conformity with generally accepted accounting principles.

Without qualifying our opinion, we wish to emphasise that the financial statements have been prepared using generally accepted accounting principles applicable to a going concern which contemplate the realisation of assets and liquidation of liabilities in the normal course of business. However, as explained in Note 14, the directors have taken a decision to divest the non-sugar activities of the Corporation but as at 31 December 1994 this divestment was not yet completed. No adjustment to assets or liabilities has been made as a result of this.

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

77 Brickdam,
Stabroek, Georgetown,
Guyana
8 May 1995

GUYANA SUGAR CORPORATION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1994

	<u>Notes</u>	G\$000	<u>1993</u> G\$000
Sales	2	15,099,310 =====	13,237,045 =====
Profit before taxation	3	1,101,148	760,716
Taxation	4	<u>409,995</u>	<u>231,580</u>
Net profit after taxation		691,153	529,136
Valuation surplus on disposal of fixed assets transferred from reserves	5	<u>307</u>	<u>25</u>
Retained profit for the year		<u>691,460</u> =====	<u>529,161</u> =====

STATEMENT OF ACCUMULATED EARNINGS

At 1 January	515,618	(13,543)
Retained profit for the year	<u>691,460</u>	<u>529,161</u>
At 31 December	<u>1,207,078</u> =====	<u>515,618</u> =====

2.

GUYANA SUGAR CORPORATION LIMITED

BALANCE SHEET

AT 31 DECEMBER 1994

	<u>Notes</u>	<u>1993</u>	<u>1993</u>
		G\$000	G\$000
Share capital			
Authorised			
Ordinary shares of \$1.00 each		500,000	500,000
		=====	=====
Issued and fully paid			
498,536,775 Ordinary shares of \$1.00 each		498,537	498,537
Capital reserves	5	6,411,314	5,368,935
Deposit on shares	6	-	14,885
Accumulated earnings		<u>1,207,078</u>	<u>515,618</u>
Shareholders' funds		8,116,929	6,397,975
Debenture	7	143,636	143,636
Loans	8	<u>46,225</u>	<u>299,535</u>
		8,306,790	6,841,146
		=====	=====
Represented by:			
Fixed assets	9	6,658,266	5,799,291
Investments	10	304	304
Net current assets	11	<u>1,648,220</u>	<u>1,041,551</u>
		8,306,790	6,841,146
		=====	=====
Vickram H. Oditt Director			
G.N. Hillary Director			

3.

GUYANA SUGAR CORPORATION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1994

	G\$000	G\$000	<u>1993</u> G\$000	G\$000
Net cash inflow from operating activities (Note a)		849,727		1,027,747
Returns on investments and servicing of finance				
Interest received	52,229		65,712	
Interest paid (225,816)	<u> </u>	(85,445)	<u> </u>	
Net cash outflow from returns on investments and servicing of finance		(173,587)		(19,733)
Taxation				
Taxes paid		(156,528)		(170,210)
Investing activities				
Payments to acquire tangible fixed assets	(1,660,587)		(2,281,106)	
Receipts from sale of tangible fixed assets	<u>35,548</u>		<u>68,969</u>	
Net cash outflow from investing activities		<u>(1,625,039)</u>		<u>(2,212,137)</u>
Net cash outflow before financing		(1,105,427)		(1,374,333)
Financing:				
Loan drawdown	714,443		64,890	
Repayment of loans	(1,059,666)		(403,564)	
Rehabilitation and Development Fund	<u>1,027,801</u>		<u>1,209,197</u>	
Net cash inflow from financing		<u>682,578</u>		<u>870,523</u>
Decrease in cash and cash equivalents (Note b))		<u>(422,849)</u>		<u>(503,810)</u>

4.

GUYANA SUGAR CORPORATION LIMITED

NOTES TO CASH FLOW STATEMENT

a. Reconciliation of operating profit to net cash inflow from operating activities:

	G\$000	<u>1993</u> G\$000
Operating profit	1,101,148	760,716
Interest paid net	173,587	19,733
Depreciation	783,096	642,714
Unrealised loss on exchange	55,936	19,342
Profit on disposal of fixed assets	(17,032)	(48,370)
Increase in inventories	(144,647)	(434,331)
(Increase)/decrease in cattle	1,912	(13,531)
(Increase)/decrease in unsold produce	368,290	(131,807)
(Increase)/decrease in debtors and prepayments	(1,082,708)	597,582
Increase/(decrease) in creditors and accruals	(380,672)	145,175
Decrease in export levy	-	(500,000)
Decrease in accrued interest	<u>(9,183)</u>	<u>(29,476)</u>
Net cash inflow from operating activities	<u>849,727</u>	<u>1,027,747</u>

b. Analysis of changes in cash and cash equivalents during the year

Balance at 1 January	793,816	1,297,626
Net cash outflow	<u>(422,849)</u>	<u>(503,810)</u>
Balance at 31 December	<u>370,967</u>	<u>793,816</u>

c. Analysis of cash and cash equivalents as shown in the balance sheet.

	<u>1994</u> G\$000	<u>1993</u> G\$000	Change in the year G\$000
Cash on hand and at bank	1,047,919	793,816	254,103
Bank overdraft	<u>(676,952)</u>	-	<u>(676,952)</u>
	<u>370,967</u>	<u>793,816</u>	<u>(422,849)</u>

5.

GUYANA SUGAR CORPORATION LIMITED

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 except where specifically stated.

(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.

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.

6.

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

1. Significant accounting policies - cont'd

(d) Livestock

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

(e) Research and development

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

(f) 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 and resulting gains and losses are recognised in the profit and loss account.

(g) 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 crops division during the year.

(h) Pension Scheme

i) The company participates in two contributory pension schemes for its employees. The contributions are held in trustee administered funds which are separate from the Company's finances. The last actuarial valuations done for the Pension Schemes as at 31 December 1992 revealed that the Schemes were in deficit of \$2.8 million and \$233.7 million respectively.

For the former pension scheme, contributions were increased by 15% with effect from 1 January 1993. For the latter pension Scheme, the Actuaries recommended that the participating companies increase their contribution rate to 13.5% of members' total salaries with effect from 1 January 1994 but this was not effected as the Actuarial report was not received until late in 1994.

The next actuarial valuations are due as at 31 December 1995.

ii) Employees who have retired and are not members of the pension schemes 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.

(i) Deferred Taxation

Deferred taxation is not provided for because there is a reasonable probability that a liability will not crystallise in the foreseeable future in view of the Company's expansion programme. At 31 December 1994 the major timing differences arose from capital expenditure and the amount not provided for amounted to \$684.4M.

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GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS

2. Sales and exports levy

	G\$000	<u>1993</u> G\$000
Sales		
Sugar and molasses	18,127,111	16,513,862
Diversified crops	-	82,380
	<u>18,127,111</u>	<u>16,596,242</u>
Export sales levy		
Amount payable (provisional)	9,097,824	7,968,409
Remitted by Government	<u>(6,070,023)</u>	<u>(4,609,212)</u>
	<u>3,027,801</u>	<u>3,359,197</u>
	15,099,310	13,237,045
	=====	=====

Under Section 6 (l) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit G\$ 6,070,023,000 (1993 - G\$4,609,212,262) of the Sugar Levy payable under the Sugar Levy Act of 1974 (as amended).

	G\$000	<u>1993</u> G\$000
3. Profit before taxation	1,101,148	760,716
	=====	=====
This amount is determined after the following items have been dealt with:-		
Provision for stock obsolescence	200,000	-
Depreciation	783,096	642,714
Audit fees	3,900	2,240
Net loss on exchange	181,495	6,129
Interest expense	225,816	85,445
*Provision for ex-gratia pensions	108,356	77,638
Interest income	<u>(52,229)</u>	<u>(65,712)</u>
Management fees and expenses	463,142	526,292
	=====	=====

*This amount is considered to be irrecoverable from the Sugar Industry Price Stabilisation Fund as the accounts of the Price Stabilisation Fund revealed that the amount recoverable from the Fund was greater than the balance in the Fund.

4. Taxation

	G\$000	<u>1993</u> G\$000
Corporation tax at 35%	187,043	22,723
Capital gains tax	3,939	9,674
Property tax	<u>135,401</u>	<u>120,460</u>
	326,383	152,857
Prior years' underprovision	<u>83,612</u>	<u>78,723</u>
	409,995	231,580
	=====	=====

8.

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS

5. Capital reserves

	(a)	(b)	(c)	(d)	
	Rehabilitation and Development Fund G\$000	Sugar Industry Rehabilitation Fund G\$000	Valuation G\$000	Other G\$000	Total G\$000
At 1 January 1994	4,393,845	34,503	47,742	892,845	5,368,935
Additions during the year	1,027,801	-	-	14,885	1,042,686
Valuation surplus on disposal of fixed assets transferred to the profit and loss account	-	-	(307)	-	(307)
At 31 December 1994	<u>5,421,646</u>	<u>34,503</u>	<u>47,435</u>	<u>907,730</u>	<u>6,411,314</u>

- (a) An 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 amounts received by Guyana Sugar Corporation Limited from the Sugar Industry Special Funds for rehabilitation work done on the Company's factories.
- (c) This amount represents the surplus of the net book values over the consideration paid for the acquisition of the Company's assets on nationalisation in 1976 less disposals.
- (d) i) G\$15.76M represent monies received from the Guyana Government for the purpose of financing projects in the Corporation's diversification programme.
- ii) G\$37.87M represent the value of the net assets of Demerara Sugar Terminals Limited. Demerara Sugar Terminals Limited ceased trading in 1991 but continued as a department of the Company.
- iii) G\$839.21M represent the value of loans and accrued interest assumed by the Government of Guyana.
- iv) G\$1.319M and G\$13.566M represent the value of the net assets of Guyana Agricultural Products Corporation and Demerara Sugar Company Limited which were acquired by the Government and the assets transferred to Guyana Sugar Corporation.

6. Deposit on shares

	G\$000	1993 G\$000
Guyana Agricultural Products Corporation	1,319	1,319
Demerara Sugar Company Limited	<u>13,556</u>	<u>13,566</u>
	14,885	14,885
Transferred to Other Capital Reserves	<u>(14,885)</u>	-
	-	14,885
	<u>=====</u>	<u>=====</u>

9.

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS

7. Debenture

	G\$000	<u>1993</u> G\$000
2% Government of Guyana debenture redeemable in the year 2000	143,636	143,636
	=====	=====

8. Loans

(i) National Bank of Industry and Commerce Limited

53,929

37,569

A loan for the purchase of computer equipment to modernise the Company's accounting and inventory systems. Interest is charged at 0.75% below the bank's prime rate and the loan is repayable over a 7 year period.

(ii) Inter-American Development Bank - Fixed Assets loan

A U.S. dollar loan for the purchase of fixed assets to rehabilitate the Company's sugar factories. Interest is now charged at 15% per annum and the loan is repayable in 8 half yearly instalments payable in April and October each year

286,876

459,459

Working Capital loan

A U.S. dollar loan with interest at the rate of 15% per annum which was repaid in 1994

-

190,887

(iii) Supplier's credit - International Resource Corporation

-

15,981

This loan was repaid in 1994

(iv) Citibank (Trinidad & Tobago Limited)

This is a short term loan to finance working capital and was repaid in 1995.

Interest rate fluctuated between 6.25% and 7.25%

73,804

414,609

703,896

Loans repayable within one year

368,384404,361

Loans repayable after one year

46,225

299,535

=====

=====

A Development Credit Agreement was signed between the Government of Guyana and the International Development Association with a subsidiary loan agreement signed between the Corporation and the Government of Guyana. This loan was intended to finance capital investment and technical assistance. An amount of US\$750,000 was disbursed by the International Development Association but could not be utilised by the Corporation as certain prerequisites to the loan were not satisfied as at 31 December 1994. Consequently, neither the loan nor the cash at bank has been reflected in these financial statements.

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS

9. Fixed assets	Land and buildings		State land and land expansion cost G\$000	Plant, machinery and equipment G\$000	Livestock G\$000	Work-in-progress G\$000	Total G\$000
	Freehold G\$000	Leasehold G\$000					
Cost or valuation							
At 1 January 1994	394,643	3,778	32,590	5,231,453	55,921	1,309,120	7,027,505
Additions	48,702	538	-	687,649	-	923,698	1,660,587
Disposals	(50,241)	-	(685)	(91,229)	-	(4,174)	(146,329)
Transfers	56,700	-	-	793,632	-	(850,332)	-
At 31 December 1994	<u>449,804</u>	<u>4,316</u>	<u>31,905</u>	<u>6,621,505</u>	<u>55,921</u>	<u>1,378,312</u>	<u>8,541,763</u>
Depreciation							
At 1 January 1994	11,184	1,350	10,744	1,204,936	-	-	1,228,214
Charge for the year	15,572	1,564	301	765,659	-	-	783,096
Retired on disposals	(2)	-	(178)	(127,633)	-	-	(127,813)
At 31 December 1994	<u>26,754</u>	<u>2,914</u>	<u>10,867</u>	<u>1,842,962</u>	<u>-</u>	<u>-</u>	<u>1,883,497</u>
Net book values:							
At 31 December 1994	<u>423,050</u>	<u>1,402</u>	<u>21,038</u>	<u>4,778,543</u>	<u>55,921</u>	<u>1,378,312</u>	<u>6,658,266</u>
At 31 December 1993	<u>383,459</u>	<u>2,428</u>	<u>21,846</u>	<u>4,026,517</u>	<u>55,921</u>	<u>1,309,120</u>	<u>5,799,291</u>

10.

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS

10. Investments

	G\$000	1993 G\$000
Lochaber Limited 1,280 Ordinary shares of \$20.00 each - at cost Note (a)	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 (in Liquidation) (Note (b))	-	-
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 (Note (b))	-	-
	<u>304</u>	<u>304</u>
	===	=====

(a) The Company has a 36.8% holding in Lochaber Limited.
As at 31 December 1994 the reserves of Lochaber Limited was \$79 million.

(b) The Company has written down to nominal amounts investments in Emile Woolf College of Accountancy (Guyana) Limited and National Edible Oil Company Limited since they were considered to have suffered diminution in value.

11. Net current assets

	G\$000	1993 G\$000
Inventories	4,403,861	4,259,214
Cattle	11,781	13,693
Unsold produce	279,006	647,296
Trade debtors	1,607,130	467,890
Other debtors and prepayments	168,338	224,870
Cash on hand and at bank	<u>1,047,919</u>	<u>793,816</u>
	<u>7,518,035</u>	<u>6,406,779</u>
Current liabilities		
Trade creditors	1,032,428	828,970
Other creditors and accruals	1,346,229	1,930,359
Export sales levy	2,000,000	2,000,000
Accrued interest	44,058	53,241
Loans repayable within one year (Note 8)	368,384	404,361
Taxation	401,764	148,297
Bank overdrafts (unsecured)	<u>676,952</u>	<u>-</u>
	<u>5,869,815</u>	<u>5,365,228</u>
	<u>1,648,220</u>	<u>1,041,551</u>
	=====	=====

GUYANA SUGAR CORPORATION LIMITED

NOTES ON THE ACCOUNTS

12. Capital commitments and contingent liabilities

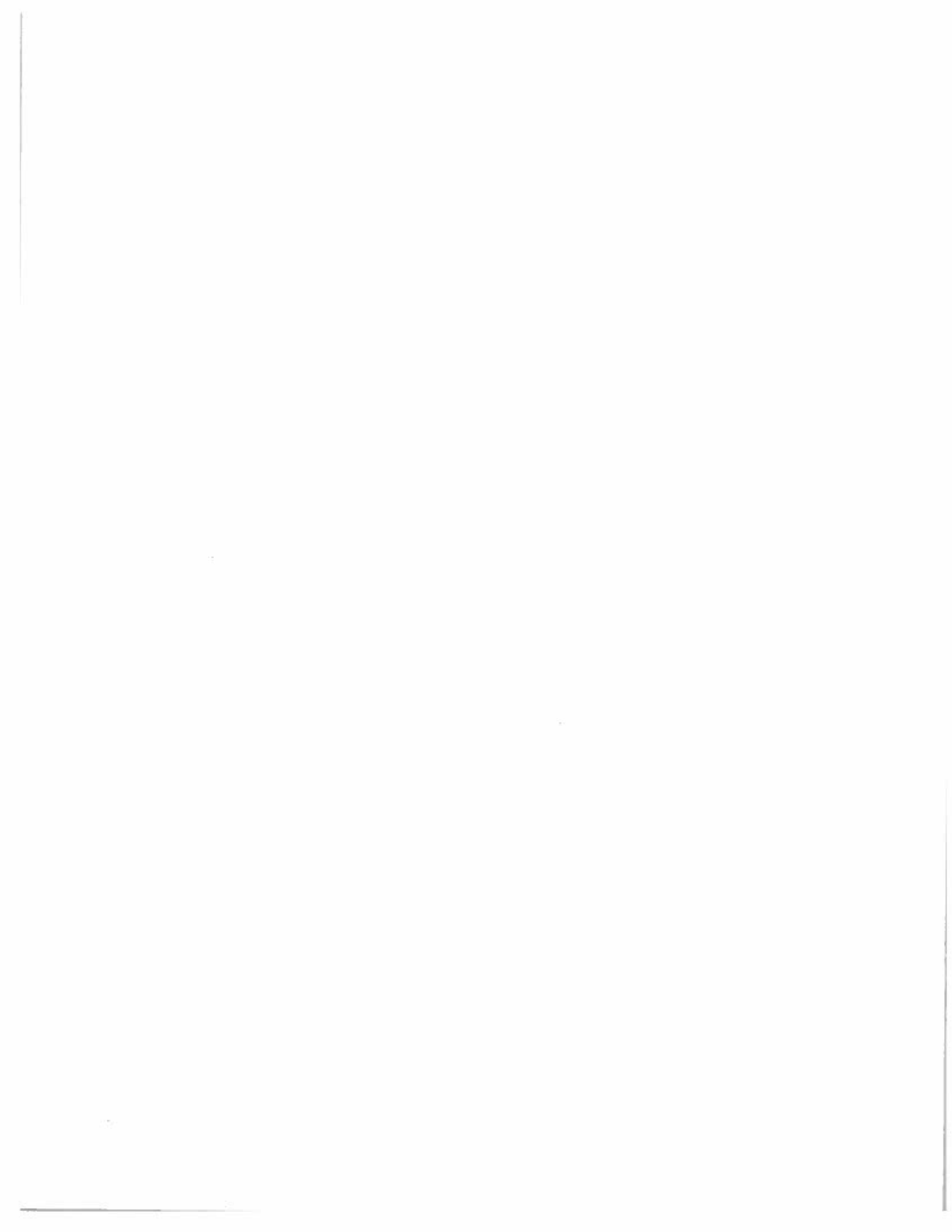
	G\$000	<u>1993</u> G\$000
Expenditure authorised by the Directors but not committed	5,545,000 =====	2,333,000 =====
Letters of credit	196,348 =====	- =====

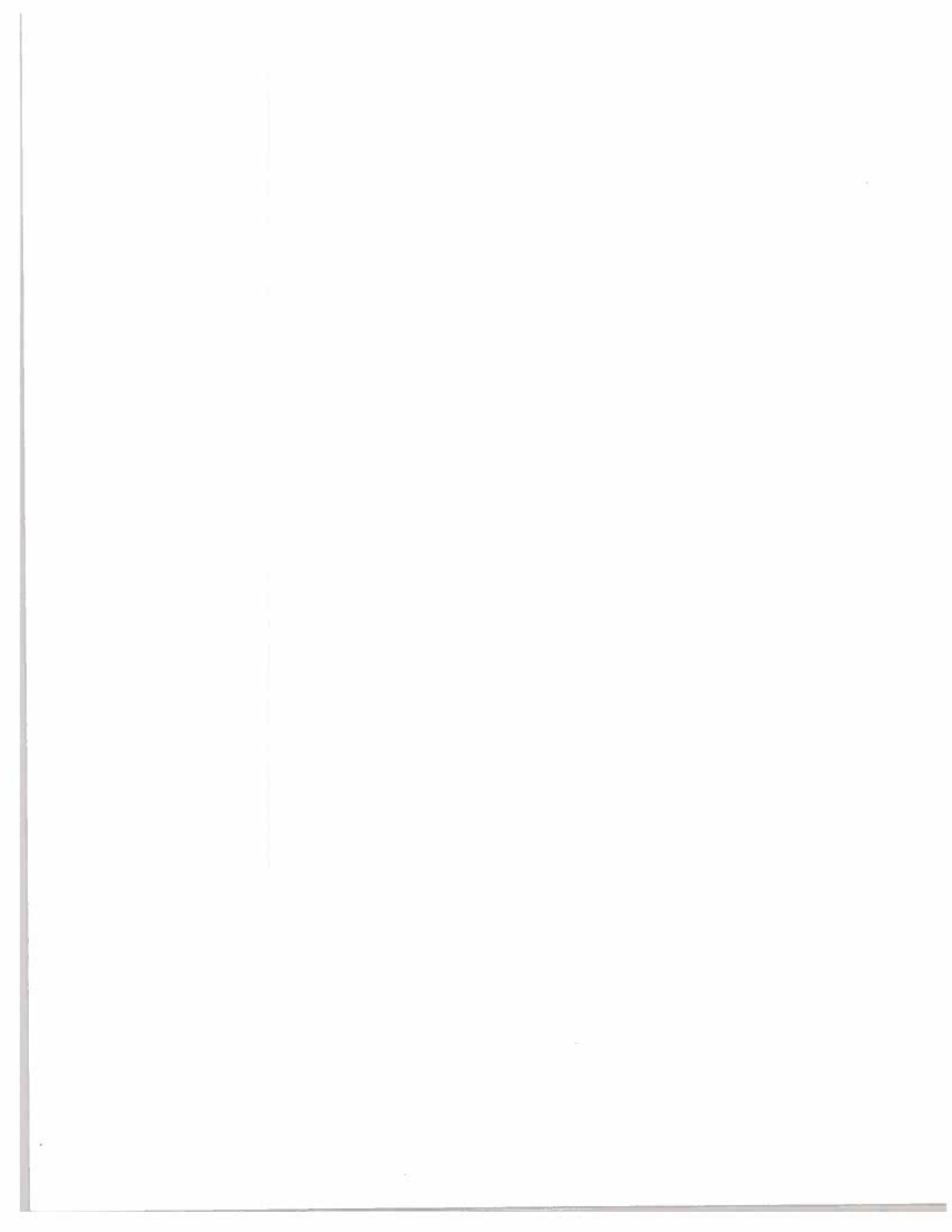
13. The Company is at present being managed by Booker Tate Limited.

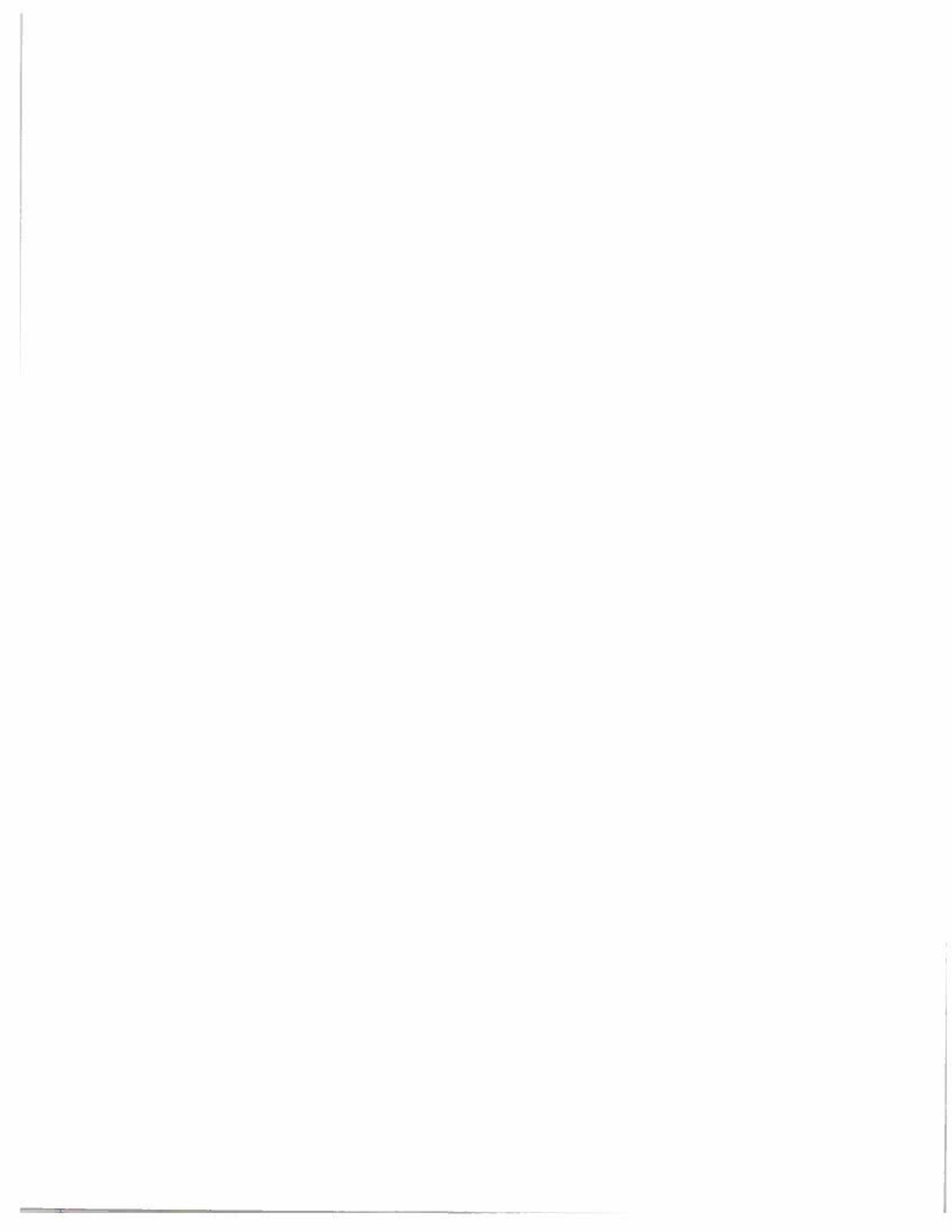
14. As a result of a decision of the directors to divest the non-sugar activities of the Company, the assets of Versailles Dairy Complex and Liliendaal Dairy Project have been put up for divestment. These two locations account for the major non-sugar assets of the company.

15. Pending litigations
There were several actions for which the liability of the company, if any, has not been determined.









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