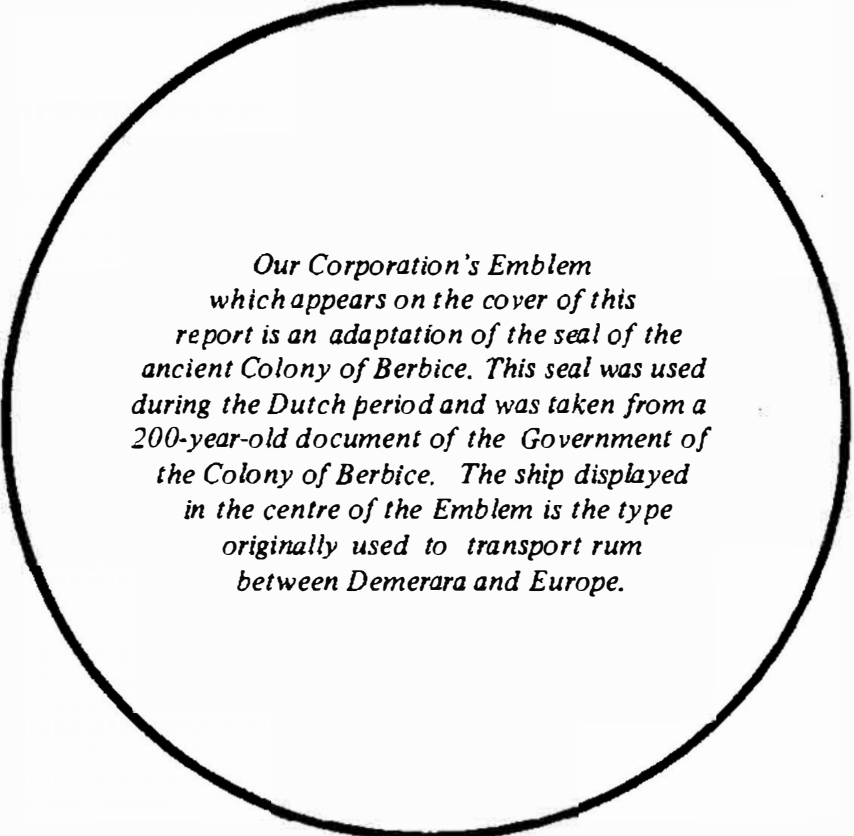




Annual Report and Accounts  
**1978**



*Our Corporation's Emblem  
which appears on the cover of this  
report is an adaptation of the seal of the  
ancient Colony of Berbice. This seal was used  
during the Dutch period and was taken from a  
200-year-old document of the Government of  
the Colony of Berbice. The ship displayed  
in the centre of the Emblem is the type  
originally used to transport rum  
between Demerara and Europe.*



# GUYANA LIQUOR CORPORATION LTD

## HIGHLIGHTS OF 1978

	\$000	1977
	\$000	\$000
Sales including duty and consumption tax	57,175	50,774
Pre-Tax Profits	<u>9,010</u>	<u>3,452</u>
Profit after Taxation	4,581	<u>1,728</u>
Gross Assets	48,475	38,555
Shareholders' Funds	<u>14,058</u>	12,397
Dividends Paid to State	1,793	925
Taxation Duty and Consumption Tax	25,044	19,766
Total Direct Payment to State	26,837	<u>20,691</u>
Pre-Tax Profits as % of Sales	15.8	6.8
Sales as % of Gross Assets	117.9	131.7
Pre-Tax Profit as % of Net Assets	64.1	27.8
Pre-Tax Profits as % of Gross Assets	18.6	9.0
Earnings per share.	<u>29.7c</u>	<u>11.1*</u>

\* Adjusted to take account of the capitalisation issue made in 1978.



# *GUYANA LIQUOR CORPORATION LTD*

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# GUYANA LIQUOR CORPORATION LTD

## STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION FOR 1978

	\$000	\$000	\$000	1977 \$000
Turnover		57,175		50,774
Deduct: Purchase of Goods and Services		<u>19,762</u>		<u>22,649</u>
<b>TOTAL VALUE ADDED</b>		<u><b>37,413</b></u>		<u><b>28,125</b></u>
Distributed as follows:—				
To Central Government				
Company Taxes	4,449		1,724	
Duty and Consumption Tax	<u>20,595</u>		<u>18,042</u>	
		25,044		19,766
To Employees				
Emoluments and Benefits		5,337		4,545
To Suppliers of Capital				
Interest on Borrowed Funds	1,284		964	
Dividends to Shareholders	<u>2,350</u>		<u>1,245</u>	
		3,634		2,209
Retained for the business				
Depreciation	1,187		1,167	
Retained Profits	<u>2,211</u>		<u>438</u>	
		3,398		1,605
		<u><b>37,413</b></u>		<u><b>28,125</b></u>



# GUYANA LIQUOR CORPORATION LTD

## STATEMENT BY THE CHAIRMAN

It gives me great pleasure to report that the Corporation had an exceedingly good year despite the many problems and constraints in 1978. Pre-Tax Profit was more than double that of the preceding year and even exceeded the budgeted profit for the year. This outstanding performance was due principally to higher sales volume, cost reductions from rigid management controls, additional contributions from the investment programme and the high level of performance achieved by our employees at all levels.

### RESULTS FOR THE YEAR:

The Group's Pre-Tax profit was \$9.010M compared with \$3.452M in 1977 – an increase of 161% – quite an achievement for the Corporation.

### RETURN ON CAPITAL EMPLOYED:

The return on gross assets was 18.6% and on net capital employed 38.1% – a very reasonable rate of return, and compares favourably with that of similar Companies overseas.

### VALUE ADDED STATEMENT:

This is the second year that the report includes a Statement of Value Added. This statement is most useful in that it shows the wealth generated by the operations during the year and the way it was distributed i.e. dividends to shareholders, interest to the Suppliers of loan capital, taxes to Government, wages and salaries to employees and reserves for expansion.

### DIVIDENDS:

The dividends paid by the Operating Companies totalled \$2.350M of which \$1.793M was paid to the State.

### EXCISE DUTY, TAXATION & CONSUMPTION TAX:

The Operating Companies paid to the State \$25.044M in Excise Duty, Consumption and Company Taxes, compared with \$19.766M in 1977, which when added to the dividend of \$1.793M, makes a total direct contribution to the State of \$26.837M, compared with \$20.691M in 1977.

### MARKETS: Bulk Rum:

There still exists a large oversupply of rum in the Caribbean looking for markets, and it should be noted that a new Distillery became operational in Caricom during the year but had to cease production because it could not find markets for its products. It is heartening to report that despite the severe competition, the Group did well in the bulk trade, increasing their Sales by over 30%. Our distributors have done a good job in the market place, and the promotional visits of our senior personnel also helped the Group to maintain and increase its share of the market.

In the case of the US Market the import tariff on West Indian rums is almost four times that payable on Scotch, Gins, Vodkas and other spirits imported from Europe.

The US which has a very liberal trading policy towards underdeveloped countries, should re-examine this position, since this tax in our view, is highly discriminatory in nature offering protection to Puerto Rican Rums and a distinct advantage to developed European countries.

It is hoped that the US will take a similar position to that of Canada and Europe by totally eliminating all tariff on West Indian rums.

### Caricom:

Sales of D.L.L.'s products – Gilbey's Gin, Smirnoff Vodka, Richmond and Bardinet Brandies increased by over 100%.

G.D.L.'s efforts in 1978 have improved considerably and the sales of Booths High & Dry Gin, Cossack Vodka, La France and La Fontaine Brandias, are expected to continue the upward trend in the future.



## **GUYANA LIQUOR CORPORATION LTD**

### **STATEMENT BY THE CHARIMAN (Continued)**

#### **Export of Bottled Rum:**

Glass is one of the main elements of cost in the production of rum and since bottles as well as cartons have to be imported and then re-exported with the finished products, the total cost to the buyer makes the product uncompetitive and therefore the distributor's Margin becomes very un-attractive. It is hoped that this position would change when glass is available from the local Glass Factory later this year.

#### **ACP/EEC:**

One of the most direct ways in which the developed countries can help the developing ones, is by trade and allowing access in the markets where there is effective demand for products from developing countries such as Rum. The ACP/EEC negotiations on Rum have started and it is hoped that the Caricom proposals on the whole subject of quotas and definition will be accepted by the EEC and therefore open up markets which exist, but which are inaccessible because of the existing system.

#### **Local Market:**

G.D.L.'s local rum sales increased marginally in 1978, and this was due principally to the electricity cuts which affected production during the year. The sale of Booths High & Dry and Blue Seal Gins continued to dominate the Gin Market.

D.L.L.'s local sales of its Diamond Club Whiskies, franchised products – Smirnoff Vodka, Gilbey's Gin—and other products, continued their upward trend in this market.

#### **PRODUCTION: Bulk:**

The Distilleries maintained a high level of production in 1978. In the case of Diamond, this Distillery operated at full capacity.

#### **Bottled Products:**

The Power failures had a severe impact on G.D.L.'s bottling production. Other than this, the Bottling Plant continued to work at full capacity. In the case of D.L.L. the Plant is very limited and operated well above its rated capacity.

#### **BULK TERMINAL:**

The Bulk Terminal was completed in April 1978 at its original budgeted cost despite local and imported inflation. The first bulk shipment left Guyana on the 13th May, 1978, and the Terminal has been functioning exceedingly well. In point of fact the Captain of the tank ship remarked during the third shipment that the loading of 262,000 proof gallons in 10½ hours was a record one and the best he had seen to date. The foresight in building the Terminal is of tremendous benefit as buyers prefer shipment in bulk while it contributes to the profitability of the Operating Companies.

#### **BARREL FURNITURE:**

The barrel furniture department has improved its range of furniture and I am happy to report that there is now acceptance of the products on the local market, while some exports have been made to Caricom during the year. Production facility is being streamlined and sales are expected to double in 1979.

#### **VINEGAR PLANT:**

Work commenced on the Vinegar project in December 1977, but because of shortages of cement and building materials, and certain other difficulties the Plant which was scheduled to start operations late last year, became operational March 1979. A new Company – Demerara Food Products—was incorporated to take over this operation.

The Plant has a capacity of 238,000 gallons, which is adequate to supply the local market and also to provide export potential for the product. It is hoped to add pickled food products to the range of products produced by this Company in 1980.

#### **OTHER PROJECTS.**

##### **(a) Winery:**

The Winery will be located at Diamond and table wines are expected to be on the market in the latter part of 1979, as ageing and shelf life are now being tested to ensure that the product is consistent and of a marketable quality.



## GUYANA LIQUOR CORPORATION LTD

### STATEMENT BY THE CHAIRMAN (Continued)

(b) **Bottling Plant:**

The installation of a new Bottling Line is now underway at G.D.L., Water & Schumaker Streets, and this will enable the Company to supply the needs of the Local, Caricom and International Markets. Finance for this project has already been obtained and the project should be completed by July 1979.

The G.D.L. semi-automatic Line is being transferred to Diamond and this is expected to be completed by July 1979. This will give Diamond the necessary capacity to produce its franchised products and Diamond Club Whiskies so highly in demand in the Caricom and Local Markets.

(c) **New Still at Diamond:**

The No. 2 Still at Diamond is obsolete, and a new one is being installed at a cost of over \$3M. This Still will give Diamond the flexibility of producing other types of spirits which are in demand in the world market, and will also be capable of producing neutral alcohol to meet the Group's requirements of franchised products.

(d) **Modification to the No. 2 Still at Uitvlugt:**

In order to make Uitvlugt Distillery more flexible in the types of spirits it produces, a new Column would be added to the No. 2 Still, and this is expected to be completed by the end of June 1979. This would ensure that this Still produces the types of spirits in demand in the International Market, thus resulting in a higher degree of utilisation.

(e) **Yeast:**

The Group has been able to obtain a contingent loan of US\$53,000 to purchase a Pilot Plant and provide the expertise in the production of Yeast. Research in this area is continuing for the production of Yeast for human and animal consumption, and it is hoped that production will commence in the latter part of 1981.

(f) **Cosmetics:**

In order to avoid duplication of efforts, the Guyana Pharmaceutical Corporation has taken over the Cosmetics Projects but the Corporation intends to continue to carry out studies in the production of alcohol based types of products for cosmetic usage.

(g) **Seals and Corrugated Cartons:**

The Caribbean Development Bank has indicated that it is quite prepared to finance the Seals and Corrugated Cartons project for the production of pilfer-proof Seals and Corrugated cartons. A feasibility study has been submitted to the Caribbean Development Bank and from all indications, the project will be approved, and should get underway early in 1980.

(h) **Food Products – Black Bush Polder:**

One of the Operating Companies – Diamond Liquors Limited has been marketing in Caricom, Jams, Jellies and Guava Cheese. These have been well received and a market exists for these products in Caricom and locally. The Company intends to move forward in this direction, and with this in mind the Corporation has acquired the Plant at Black Bush Polder which was originally intended to produce Tomato Ketchup. The Corporation intends to use the Plant for the production of Guava Jellies, Jams, Fruit Juices and other products which can be produced from agricultural produce available in the Black Bush Polder area.

(i) **Bond and Wharf – New Amsterdam**

The Corporation has also acquired the Transport & Harbours Bond and Wharf facilities at Stanleytown, New Amsterdam. This facility is in a state of disrepair and a rehabilitation programme is underway. When completed, the Bond will be used for the storage of alcoholic products in order to give a better service to the East Berbice region and will also be used as a storage area for the products from the Black Bush Polder.





# GUYANA LIQUOR CORPORATION LTD

## STATEMENT BY THE CHAIRMAN (Continued)

### (i) Power Alcohol:

In October 1978 a team of three experts arrived from Brazil, as guests of the Corporation to undertake a feasibility study on Power Alcohol. They visited all the major sugar estates and the three distilleries. A Preliminary Report was recently submitted by the Team. It should be noted however, that in the last few months, the cost of molasses — the basic input for the production of alcohol has more than doubled in price, and this trend is expected to continue for the next 18 months. The Brazilian Government Team is now working on a detailed feasibility study on the Project. A Technician will be sent for training on Cars operating strictly on power alcohol, and on his return to Guyana, the Brazilian Government will donate 3 vehicles, fully powered by alcohol.

### ACCOUNTING FOR INFLATION:

On page 28 is a statement showing the effects of inflation on the Corporation results. This Statement shows the impact in replacing assets at current day values which if totally ignored, may result in over-payments for services rendered, underpricing of products and over-distribution of dividends, thus adversely affecting future prospects of the Company in a competitive world.

### FINANCE FOR EXPANSION:

The Corporation has gained the confidence of the Banking system both locally and internationally, and finance for most of the projects has already been obtained.

### PROSPECTS:

Based on firm orders for bulk rum in 1979 and the marketing and production of other products, prospects for 1979 seem very promising and the results are expected to exceed those of 1978.

Promotional visits overseas would have to continue at the highest level and I am happy to report that the visit by Minister Kennard and I to Europe has been very successful as volume sales are expected to be greater in 1979.

Employees at all levels in the Operating Companies played their part under very difficult conditions in 1978, and it is hoped that this would continue into 1979. Severe competition is expected to continue in the markets; in addition, costs are expected to rise steeply because of imported and local inflation.

We can therefore only stay in business by producing a quality product at a competitive price and this could only be achieved by greater efforts on the part of all employees, by means of higher production and greater efficiency through improved productivity thereby reducing unit cost and improving overall profitability.

Finally, providing there are no major constraints or problems, and the team spirit of employees continues, the profit for 1979 should be well above that of 1978.

### ACKNOWLEDGEMENTS:

I would like to thank our employees at all levels for the contribution they made during the year, the Board of Directors and our Minister of Agriculture Cde. Gavin Kennard for their continued support and guidance, and above all, our customers at home and overseas without whose support these results would not have been possible.

Yesu Persaud  
Chairman



## GUYANA LIQUOR CORPORATION LTD



A Road Tank Wagon being prepared for discharge into the Bulk Terminal.

The M.T. Proof Trader being loaded with the third Bulk Shipment for export.



## GROWTH THROUGH FORWARD PLANNING

In an ever increasing search to improve our product and service to our Customers, the Corporation undertook a comprehensive market research in 1976.

Out of this research it was clearly obvious that our method of 'packaging' (barrels) for export was not only 'old fashioned' but costly to the buyers thus making it impossible for us to offer attractive prices in a competitive market.

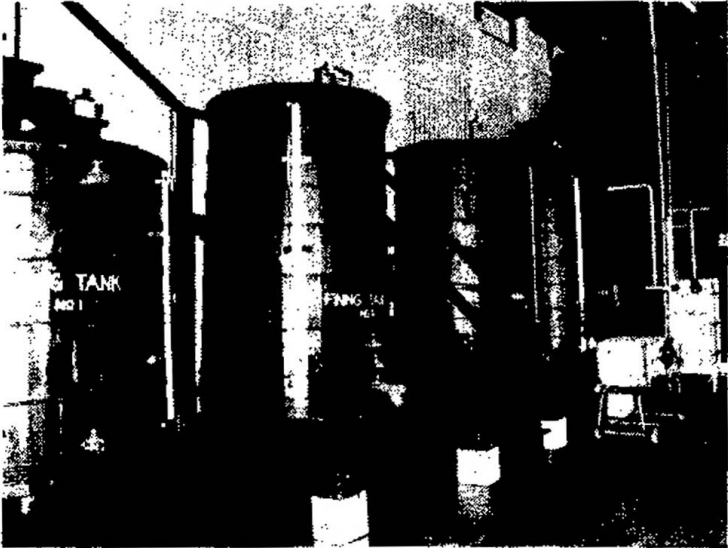
Handling and Ocean freight contributed significantly to the final cost — hence a new distribution system became imperative.

With our eyes on the future, and our concern for our customers, our "Bulk Terminal" became a reality. The various brands of our spirits are now moved from our various distilleries to our Bulk Terminal. This is located on the East Bank of the Demerara River, in Georgetown — the principal port of Guyana — thus providing ready access to the Bulk Tankers which are now used in our distribution network.

But of this entire exercise we were able to retain our markets, improve our operating efficiencies, and effect savings within the group.



An exterior photo of the entire Vinegar Complex constructed by our personnel.



An interior view of the Plant showing the acetifiers (Fermenting Vessels) and storage Vats used in the manufacturing process.



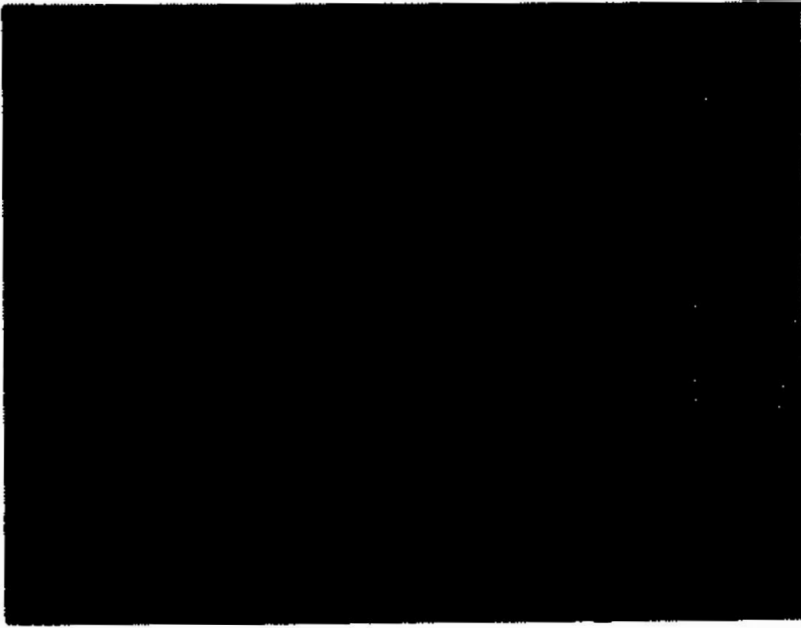
## GROWTH THROUGH FORWARD PLANNING Continued

### VINEGAR PLANT

Included in our plans for the future is a diversification programme. Under this programme a Vinegar Plant was installed at Enmore — adjacent to the Distillery. The building was constructed by our technical personnel, and houses a laboratory for quality control along with equipment with capacity to produce 238,000 gallons

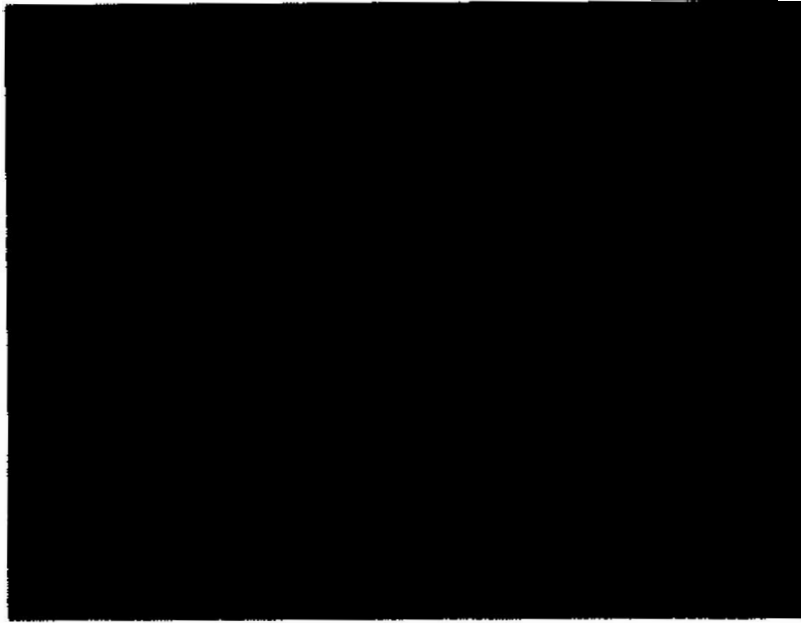
The fermenting & storage vessels were built by our coopers from greenheart wood.

Spirit Vinegar is now produced for the first time in Guyana. This provides a new outlet for the spirits from Enmore Distillery as well as creates new technology, and saves valuable foreign exchange while at the same time ensures our customers locally and overseas of a product with high international standards



**GROWTH THROUGH  
FORWARD PLANNING  
Continued**

The Plant was officially opened on February 19, 1979 by the Hon. Prime Minister of Guyana L.F.S. Burnham — who is seen unveiling the plaque to commemorate the opening ceremony



Our Supplier of the equipment used in the manufacturing process is Heinrich Frings GMBH & Co. KG of Germany. In picture the Prime Minister turns the switch to set the process in motion — while the Suppliers's representative and the Corporation's Engineer look on.

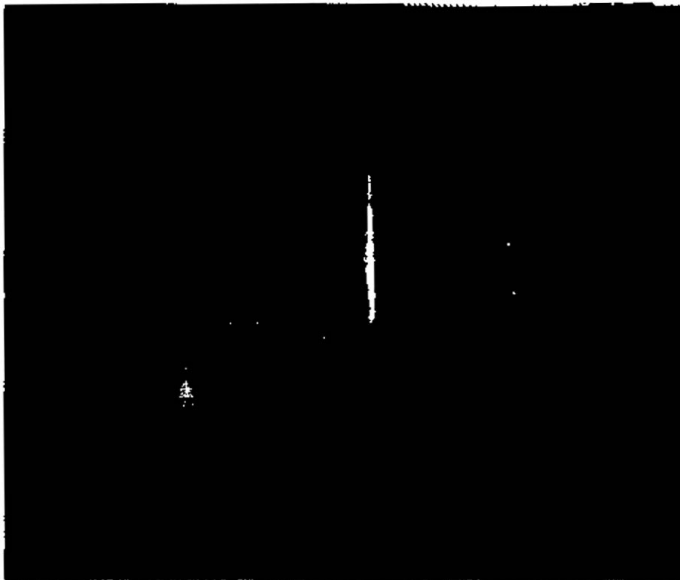


After Vinegar is produced, pasteurized and filtered it is bottled and labelled (at right) in two sizes — 16 ozs and 32 ozs for distribution to Consumers.



Coopers at work demonstrating their skills in this new and unique area of production.

The newly reconditioned 'Double Pot Still' over 150 years old now located at Enmore Distillery. This is one of the Original Demerara Rum type Stills – as we continue to blend the old with the new.



## GROWTH THROUGH FORWARD PLANNING Continued

### BARREL FURNITURE

Rums were traditionally shipped in barrels, but with the introduction of our Bulk Terminal (see page 9) it became necessary for us to provide alternative employment for our coopers – and at the same time utilise the excess barrel stocks on hand.

Their specialised skills were channelled into the production of a unique range of barrel furniture, for the local and export markets.

### BASIC EXPANSION

While we have embarked on a programme of diversification, our traditional areas of production are still under constant review, in an effort to keep pace with market demands.

A completely new Still is to be installed at Diamond replacing an obsolete one, and enabling this distillery to meet its demands for Neutral Spirits, while at the same time expanding its range of spirits.

An additional Column will also be added to the No. 2 Still at Uitvlugt Distillery, providing greater flexibility in the range of spirits this Still can produce.

The 'Double Pot Still' from Versailles which produces rum with peculiar characteristics has been transferred to Enmore distillery and completely reconditioned.

Expansion and improvements are also taking place on the Bottling Lines of both G.D.L. & D.L.L.



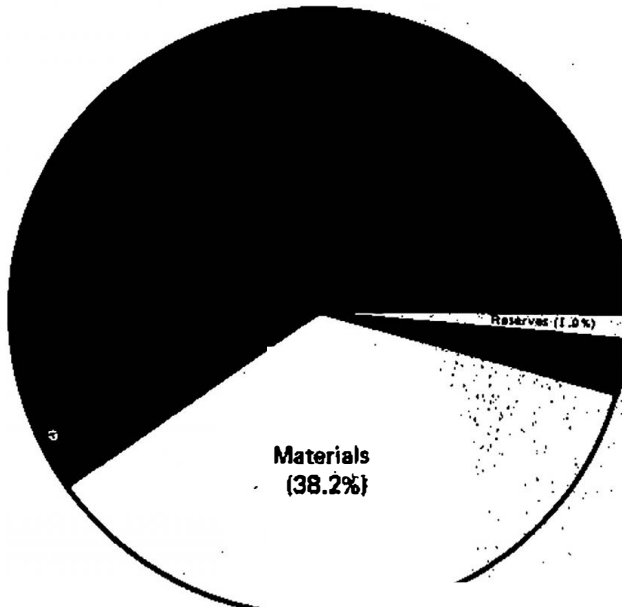
# GUYANA LIQUOR CORPORATION LTD

## GROUP REVENUE ANALYSIS (SALES : 100%)

1978



1977





# **GUYANA LIQUOR CORPORATION LTD**

## **REPORT OF THE AUDITORS**

**To the Members  
of Guyana Liquor Corporation Limited**

We have examined the accounts set out on pages 15 to 25 which are in agreement with the books of the Company and have been prepared under the historical cost convention, including the re-valuation of the fixed assets as explained in Note 8 on page 22. We have obtained all the information and explanations we have required.

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

**THOMAS, STOLL, DIAS & CO**  
Certified Accountants

**5 America Street,  
Georgetown, Guyana  
27 March 1979.**



# GUYANA LIQUOR CORPORATION LTD

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1978

	Notes	\$000	1977 \$000
Turnover including excise duty	2	57,175	50,774
Profit before interest and taxation	3	10,294	4,416
interest	4	<u>1,284</u>	<u>964</u>
Profit before taxation		9,010	3,452
Taxation	5	<u>4,449</u>	<u>1,724</u>
Net Profit after taxation		4,561	1,728
Minority Interest		<u>1,164</u>	462
Net Profit attributable to the Group		3,397	1,266
Dividends	6	<u>1,793</u>	<u>925</u>
Retained Group Profit for year		1,604	341
Retained Profit at 1 January		<u>881</u>	<u>540</u>
Retained Profit at 31 December		<u>2,485</u>	881
Earnings per share	7	29.7¢	11.1¢





# GUYANA LIQUOR CORPORATION LTD

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER, 1978

	Notes	\$000	\$000	1977 \$000	\$000
<b>FIXED ASSETS</b>	8		20,355		18,996
<b>INVESTMENTS</b>	9		77		77
<b>FORMATION EXPENSES</b>			27		25
<b>CURRENT ASSETS</b>					
Stocks and Work-in progress		16,113		12,094	
Debtors and Prepayments		8,208		6,016	
Investment – Treasury Bills		2,045			
Cash on hand and at bank		1,650		1,347	
		28,016		19,457	
<b>CURRENT LAIBILITIES</b>					
Creditors and Accruals		8,765		6,337	
Loans due within 12 months	10	2,791		3,454	
Proposed dividends		1,793		784	
Taxation		3,077		527	
Bank Overdraft		5,026		3,480	
		21,452		14,582	
<b>NET CURRENT ASSETS</b>			6,564		4,875
			27,023		23,973
<b>FINANCED BY</b>					
Share Capital:					
Authorised 15,000,000 (1977-8, 123,284)					
Ordinary \$1 shares			15,000		8,123
Issued and fully paid 11,427,086					
(1977-5,713,543) ordinary \$1 shares					
Capital Reserves	11		146		5,802
Retained Earnings			2,485		881
<b>SHAREHOLDERS FUNDS</b>			14,058		12,397
Minority Interests	12		5,392		4,553
Deferred Taxation			1,106		824
Loans due after 12 months	10		6,403		6,126
Pension Provision			64		73
			27,023		23,973



# GUYANA LIQUOR CORPORATION LTD

## BALANCE SHEET AT 31 DECEMBER, 1978

	Notes	\$000	\$000	1977 \$000	\$000
<b>FIXED ASSETS</b>	8		308		196
<b>INTERESTS IN SUBSIDIARIES</b>	13		14,038		7,281
<b>FORMATION EXPENSES</b>			17		25
<b>CURRENT ASSETS</b>					
Debtors		73			
Dividends Receivable		1,166			
Investment – Treasury bills		2,045			
Cash on hand and at bank		874		942	
		4,158		1,390	
<b>CURRENT LIABILITIES</b>					
Creditors and accruals		404			
Loans due within 12 months	10	594		577	
Proposed dividends		1,793			
Bank overdraft		12		6	
		2,803		1,446	
<b>NET CURRENT ASSETS (LIABILITIES)</b>			1,355		(56)
			<u>15,718</u>		<u>7,446</u>
<b>FINANCED BY</b>					
<b>Share Capital</b>					
Authorised 15,000,000 (1977–8,123,284) ordinary \$1 shares			<u>15,000</u>		<u>8,123</u>
Issued and fully paid 11,427,086 (1977–5,713,543) ordinary \$1 shares			11,427		5,714
Capital Reserves	11		84		
<b>SHAREHOLDERS FUNDS</b>			11,511		5,714
Loans due after 12 months	10		4,207		1,732
			15,718		<u>7,446</u>

Y Persaud  
R.D. Webster      Directors



# GUYANA LIQUOR CORPORATION LTD

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR 1978

	\$000	\$000	1977	
			\$000	\$000
<b>SOURCE OF FUNDS</b>				
Profit before taxation less minority interests		7,846		2,990
Adjustments for items not involving the movement of funds:				
Formation expenses		8		10
Depreciation		1,186		1,167
Minority interests in retained profits for the year		<u>829</u>		<u>197</u>
<b>TOTAL GENERATED FROM OPERATIONS</b>		<b>9,869</b>		<b>4,364</b>
<b>FUNDS FROM OTHER SOURCES</b>				
Net Proceeds on sale of fixed assets		80		6
Proceeds on sale of investments		—		24
Loans		<u>3,068</u>		<u>3,838</u>
		13,017		8,232
<b>APPLICATION OF FUNDS</b>				
Investments		—	77	
Dividends paid	784		778	
Tax paid	1,618		2,431	
Purchase of fixed assets	2,557		2,741	
Loan repayments	3,454		770	
Pension	9		9	
Formation expenses	<u>10</u>		—	
		<u>8,432</u>		<u>6,806</u>
<b>INCREASE IN WORKING CAPITAL:</b>		<u><b>4,585</b></u>		<u><b>1,426</b></u>
<b>REPRESENTED BY:</b>				
Increase in stocks and work-in-progress		4,019		462
Increase in debtors and prepayments		2,192		1,540
Increase in creditors and accruals		(2,428)		(404)
Movement in net liquid funds:				
Investment -- Treasury bills	2,045			
Increase in cash balances	303		917	
Increase in Bank Overdraft	<u>(1,546)</u>		<u>(1,089)</u>	
		<u>( 802)</u>		<u>(172)</u>
		<u><b>4,585</b></u>		<u><b>1,426</b></u>



# GUYANA LIQUOR CORPORATION LTD

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1978

### 1. ACCOUNTING POLICIES

#### (a) Basis of Consolidation

- (i) The consolidated accounts incorporate the accounts of the company, the consolidated accounts of the subsidiaries, Guyana Distilleries Ltd., and Diamond Liquors Ltd., and the accounts of its subsidiary, Demerara Food Products Ltd. Demerara Food Products Ltd., did not commence trading in the financial year.
- (ii) All inter company balances and transactions are eliminated on consolidation

#### (b) Depreciation

No depreciation is provided on freehold land and construction work in progress. Other fixed assets are depreciated on the straight line basis over their estimated useful lives as follows:—

Freehold building	2%
Plant and machinery — Distillery	6¼%
Plant and machinery — Others	7½%
Office Equipment	12½%
Furniture, fixtures & Fittings	10%
Sundry equipment	20%
Vehicles	25%

#### (c) Stocks, Stores and work-in-progress

Stocks and stores are valued at the lower of cost and net realisable value. Cost includes insurance and freight. Unsold produce of Guyana Distilleries Ltd., are valued at the net selling price for firm export orders received, and for local sales at cost of production including direct overheads.

Work-in-progress is valued at cost of materials and direct overheads.

#### (d) Deferred Taxation

Deferred Taxation is provided at current rates on the amount by which the book values of these assets which qualify for tax allowances exceeded their written down values for tax purposes.

#### (e) Foreign Currency Translation

Foreign currency transactions are converted to Guyana dollars at the rates of exchange ruling at the dates of such transactions.

At balance sheet date all amounts denominated in foreign currencies are translated to Guyana dollars at exchange rates ruling at that date.

Gains and losses arising from the translation of foreign currencies are included in net profit.

#### (f) Formation Expenses

Formation expenses are written off over a period of five years.

#### (g) Currency

These accounts have been prepared in Guyana dollars.



# GUYANA LIQUOR CORPORATION LTD

## NOTES TO THE ACCOUNTS (Continued)

### 2. TURNOVER

Turnover represents the value of goods and services sold to third parties.

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	1978 \$000	1977 \$000
<b>3. PROFIT BEFORE INTEREST AND TAXATION</b>		
is arrived at after accounting for:		
Depreciation	1,186	1,167
Directors' remuneration	17	21
Auditors' remuneration	46	49
(Gain)/Loss on sale of fixed assets	1	(6)
Unrealised exchange (gain)/loss	(48)	31

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### 4. INTEREST

On secured loans	140	93
On unsecured loans and overdraft	1,234	943
	<u>1,374</u>	<u>1,036</u>
Less interest received	90	72
	<u>1,284</u>	<u>964</u>



# GUYANA LIQUOR CORPORATION LTD

## NOTES TO THE ACCOUNTS (Continued)

	1978 \$000	1977 \$000
<b>5. TAXATION</b>		
Taxation charge based on profits for the year is made up as follows:—		
Income and Corporation Tax @ 45%	4,031	1,398
Property Tax	138	115
Deferred Tax	282	171
	4,451	1,684
Prior year adjustments	(2)	40
	<u>4,449</u>	<u>1,724</u>
<b>6. DIVIDENDS</b>		
Paid		141
Proposed	1,793	784
	<u>1,793</u>	<u>925</u>

## 7. EARNINGS PER SHARE

This is based on the net profit attributable to the Group divided by the ordinary shares issued and fully paid at the end of the year.

The earnings per share for the previous year was adjusted to take account of the capitalisation issue

	1978 \$000	1977 \$000
calculated as follows:—		
Net Profit attributable to Group	3,397	1,266
Ordinary Shares of \$1 each issued and fully paid	11,427	11,427
Earnings per \$1 Share in cents	29.7	11.1



# GUYANA LIQUOR CORPORATION LTD

## NOTES TO THE ACCOUNTS (Continued)

### 8. FIXED ASSETS

	Group			Company		
	Lands and Buildings	Equip-ment	Total	Lands and Buildings	Equip-ment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost or Valuation						
At 1 January						
1978	11,915	12,627	24,542	138	83	221
Additions	267	2,290	2,557	7	228	235
Revaluation	68		68			
Disposals	(75)	(17)	(92)	(92)		(92)
At 31 December						
1978	12,175	14,900	27,075	53	311	364
Comprising						
Valuation	6,435		6,435			
Cost	5,740	14,900	20,640	53	311	364
	12,175	14,900	27,075	53	311	364
Accumulated depreciation						
At 1 January						
1978	422	5,124	5,546	10	15	25
Provision for year	231	955	1,186	9	22	31
Retired on Disposals		(12)	(12)			
At 31 December						
1976	653	6,067	6,720	19	37	56
Net book values						
At 31 December						
1978	11,522	8,833	20,355	34	274	308
At 31 December						
1977	11,493	7,503	18,996	128	68	196

The Freehold Lands and Buildings of Guyana Distilleries Limited were revalued on 9 December, 1974 and those of Diamond Liquors Limited were revalued on 31 December, 1977 in accordance with professional advice to reflect market values.

Certain equipment acquired by Guyana Distilleries Limited during the year were revalued by the Directors to reflect current market values.

The surpluses created from these revaluations have been transferred to capital reserves which has since been partly utilised to issue bonus shares.



# GUYANA LIQUOR CORPORATION LTD

## NOTES TO THE ACCOUNTS (Continued)

	Group		Company	
	1978 \$000	1977 \$000	1978 \$000	1977 \$000
<b>9. INVESTMENTS</b>				
Guyana Distilleries (Canada) Limited 10 Shares at C\$100 each at cost	2	2		
3½% Guyana National Defence Bonds redeemable in 1987.	75	75		
	77	77		
<b>10. LOANS</b>				
(a) Offshore loan (US\$.23M) from Barclays Bank International Ltd. guaranteed by the Government of Guyana, re-paid in June, 1978		590		
(b) Local loan from Barclays Bank International Ltd. secured with interest rates at 9% and repaid in quarterly instalments of \$90,000		90		
(c) Offshore loan (US\$2.6M) from Guyana State Corporation repay- able in 3 equal annual instal- ments commencing 19 September, 1978	4,393	6,591		
(d) Offshore loan (US\$.9M) from Royal Bank of Canada repayable in four equal annual instalments commencing 31 December, 1978	1,732	2,309	1,732	2,309
(e) Offshore loan (US\$1.132M) from Royal Bank of Canada repayable in 6 semi annual instalments commencing April, 1981	2,905		2,905	
(f) Finance for Capital Goods from Lloyds Bank Ltd. through Guyana National Co-operative Bank repayable in 10 half-yearly instalments commencing 25 October, 1979,	164		164	
	9,194	9,580	4,801	2,309
Repayments due in 1979 classified as current liabilities	2,791	3,454	594	577
Repayable after 1979.	6,403	6,126	4,207	1,732





# GUYANA LIQUOR CORPORATION LTD

## NOTES TO THE ACCOUNTS (Continued)

	Group		Company	
	1978 \$000	1977 \$000	1978 \$000	1977 \$000
<b>11. CAPITAL RESERVES</b>				
At 1 January	5,802	3,975		
Revaluation Surplus, less minority interest	58	1,827		
Revaluation of Shares in Guyana Distilleries Limited			5,798	
Capitalised by the issue of one bonus share for each share held	(5,714)		(5,714)	
At 31 December	146	5,802	84	
<b>12. MINORITY INTEREST</b>				
Ordinary Share Capital	2,784	2,784		
Reserves	2,246	1,629		
Dividends Proposed	362	140		
	5,392	4,553		
<b>13. INTEREST IN SUBSIDIARIES</b>				
Ordinary Shares held in Diamond Liquors Limited 2,364,984 Shares of \$1 each at cost			2,600	2,600
Guyana Distilleries Limited 6,601,150 Shares of \$1 each at valuation			8,912	3,114
			11,512	5,714
Amount owing by:—				
Diamond Liquors Limited			1,421	1,170
Guyana Distilleries Limited			777	397
Demerara Food Products Limited			320	
Seals and Packaging Industries Limited			8	
			14,038	7,281

The shares in Guyana Distilleries Limited were revalued by the Directors at \$1.35 each and the surplus arising therefrom was transferred to capital reserves. (Note 11).



# GUYANA LIQUOR CORPORATION LTD

## NOTES TO THE ACCOUNTS (Continued)

	Group		Company	
	1978 \$000	1977 \$000	1978 \$000	1977 \$000
<b>14. CAPITAL EXPENDITURE</b>				
Authorised by the Directors and contracted for	3,935	972		972
Authorised by the Directors but not contracted for	3,982	5,103	180	60
<b>15. CONTINGENT LIABILITY</b>				
Bonds in respect of duty on spirits warehoused and exportation of goods	2,195	2,195		
Guarantee in respect of borrowing of other parties	62	26	37	
Bonds in respect of duty on goods imported under the Industries aid and Encouragement Act Chapter 95:01	467	289	467	289

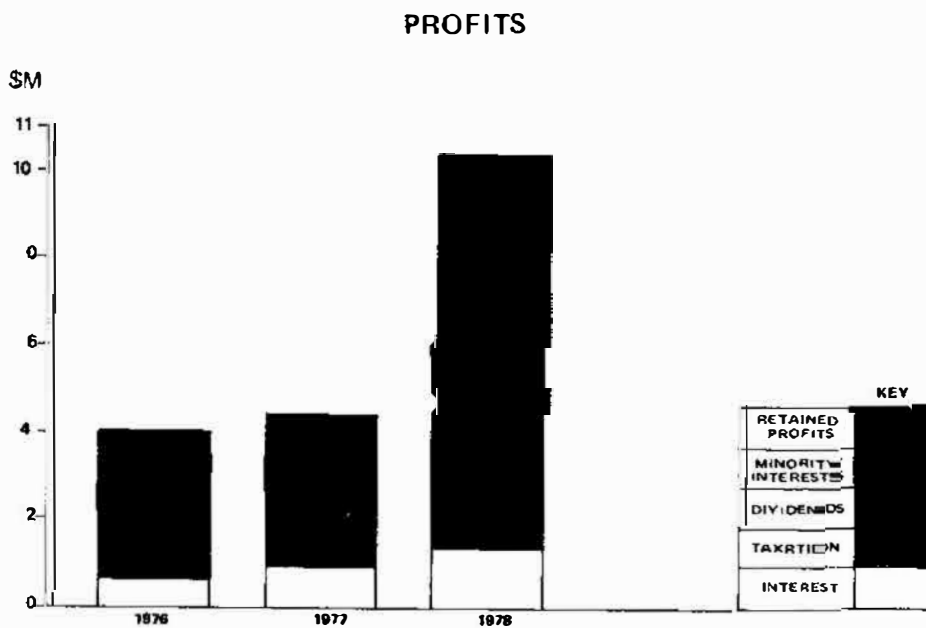
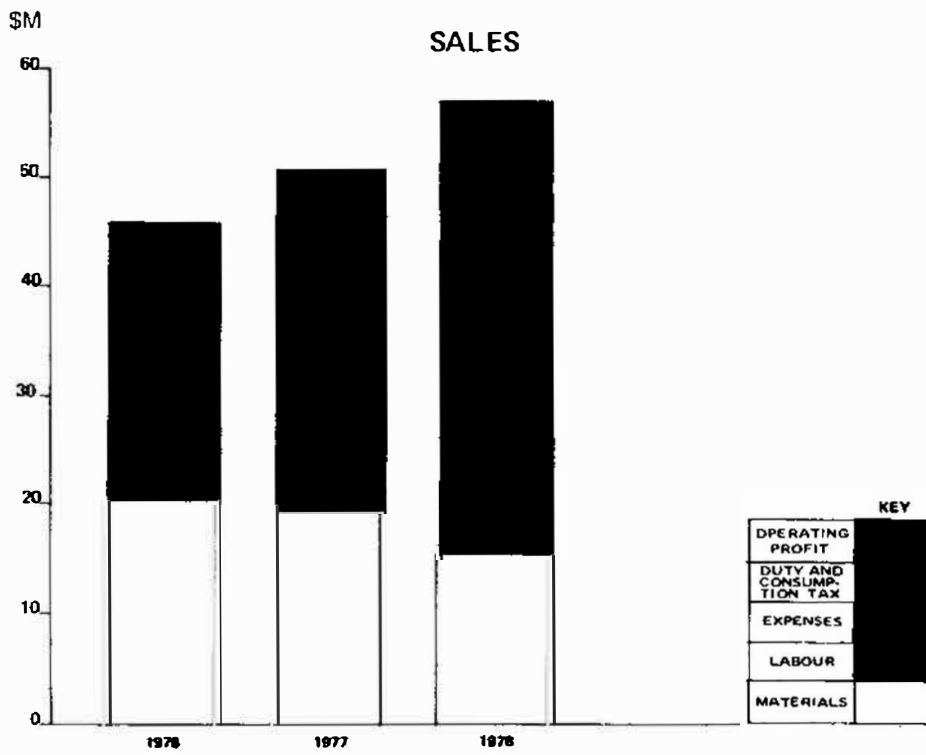
## 16. PARTICULARS OF SUBSIDIARIES

Name of Company	Country of Registration of Incorporation	Identity of each Class of shares held	Proportion of issued shares held by the Group
Diamond Liquors Limited	Guyana	2,364,964 ordinary shares of \$1.00 each	63.1%
Guyana Distilleries Limited	Guyana	6,601,150 ordinary shares of \$1.00 each	82.5%
Demerara Food Products Limited	Guyana	250,000 ordinary shares of \$1.00 each, being held in equal amounts by the above subsidiaries	72.8%



# GUYANA LIQUOR CORPORATION LTD

## THREE YEAR HISTORY AT A GLANCE





# GUYANA LIQUOR CORPORATION LTO

## THREE-YEAR HISTORY

	1976 \$000	1977 \$000	1978 \$000
Sales	45,796	50,774	57,175
Operating Profit	4,113	4,416	10,294
Interest	798	964	1,284
Profit Before Tax	3,315	3,452	9,010
Taxation	1,557	1,724	4,449
Profit After Tax	1,758	1,728	4,561
Gross Assets Employed	31,123	38,555	48,475
Capital Employed	20,168	23,973	27,023
Shareholders' Funds	10,229	12,397	14,058
	%	%	%
Operating Profit as % of Sales	9.0	8.7	18.0
Operating Profit as % of Capital Employed	20.4	18.4	38.1
Return of Gross Assets	10.7	9.0	18.6
Return on Shareholders' Funds	30.0	20.3	47.6
	£	£	£
Earnings per Share*	11.8	11.1	29.7
Shareholders' Funds per Share	179.0	217.0	123.0
* Earnings per share have been adjusted to take account of the capitalisation issue of one bonus share for each share held.			



# GUYANA LIQUOR CORPORATION LTD

## ACCOUNTING FOR INFLATION

The purchasing power of money continues to be eroded by inflation, and conventional accounting methods do not measure such reduction in the value of money. While there has been no consensus on a common method of Accounting for Inflation, despite various proposals and recommendations which have been put forward, the Company recognises the need to give members an indication of the effects of inflation on its operations.

In the 1977 Report the Company presented an adjusted Profit and Loss Account and Balance Sheet showing the effects of inflation on replacing its fixed assets and stocks.

In this Report we set out below a statement outlining the adjustments to historical costs, profit arising from the increasing replacement costs of Fixed Assets and stocks and the reduction in real value of the liability of the Company. This statement is prepared on the basis of the interim recommendations of the Accounting Standards Committee of the United Kingdom.

	\$000	1977	
		\$000	\$000
Turnover		<u>57,175</u>	<u>50,774</u>
Profit before tax as in historical costs accounts		9,010	3,452
Adjustments			
— depreciation (Note 1)	2,148		2,022
— cost of sales (Note 2)	<u>648</u>		<u>476</u>
	2,794		2,498
— less gearing (Note 3)	<u>1,260</u>		<u>1,122</u>
		<u>1,534</u>	<u>1,376</u>
Current cost profit before Taxation		7,476	2,076
Taxation		<u>4,449</u>	<u>1,724</u>
Profit after Taxation		3,027	352
Minority Interest		<u>769</u>	<u>71</u>
Profit attributable to the Group		2,256	281
Dividends		<u>1,793</u>	<u>925</u>
Retained Profit (Loss)		<u>485</u>	<u>(644)</u>

### Notes:

- (1) **Depreciation:** Fixed assets are revalued at the estimated replacement costs which are used to calculate depreciation.
- (2) **Cost of Sales:** Cost of Sales have been adjusted to reflect average current cost of stocks consumed during the period.
- (3) **Gearing:** This adjustment is the net gain from holding monetary liabilities after allowing for the change in the value of money.



# **GUYANA LIQUOR CORPORATION LTD**

## **COMPANIES THAT MAKE UP THE GROUP**

### **GUYANA LIQUOR CORPORATION LIMITED**

Head Office and Administration

61 Avenue of the Republic  
Georgetown

Bulk Terminal

B/11 Water Street  
Georgetown.

### **DIAMOND LIQUORS LIMITED**

Administration, Distillery and  
Bottling Plant

Diamond  
East Bank Demerara

Shipping and Customs

61 Avenue of the Republic  
Georgetown.

### **GUYANA DISTILLERIES LIMITED**

Administration, Bottling Plant  
and Warehouse

B/11 Water Street  
Georgetown

Cooperage and Stores

La Penitence  
East Bank Demerara  
Uitvlugt W.C.D.

Distillery

### **DEMERARA DISTILLERIES LIMITED**

Distillery

Enmore  
East Coast Demerara

Administration

B/11 Water Street  
Georgetown.

### **DEMERARA FOOD PRODUCTS LIMITED**

Vinegar Plant

Enmore  
East Coast Demerara

Food Processing Plant

Black Bush Polder  
Corentyne  
Berbice.

Administration

61 Avenue of the Republic  
Georgetown.