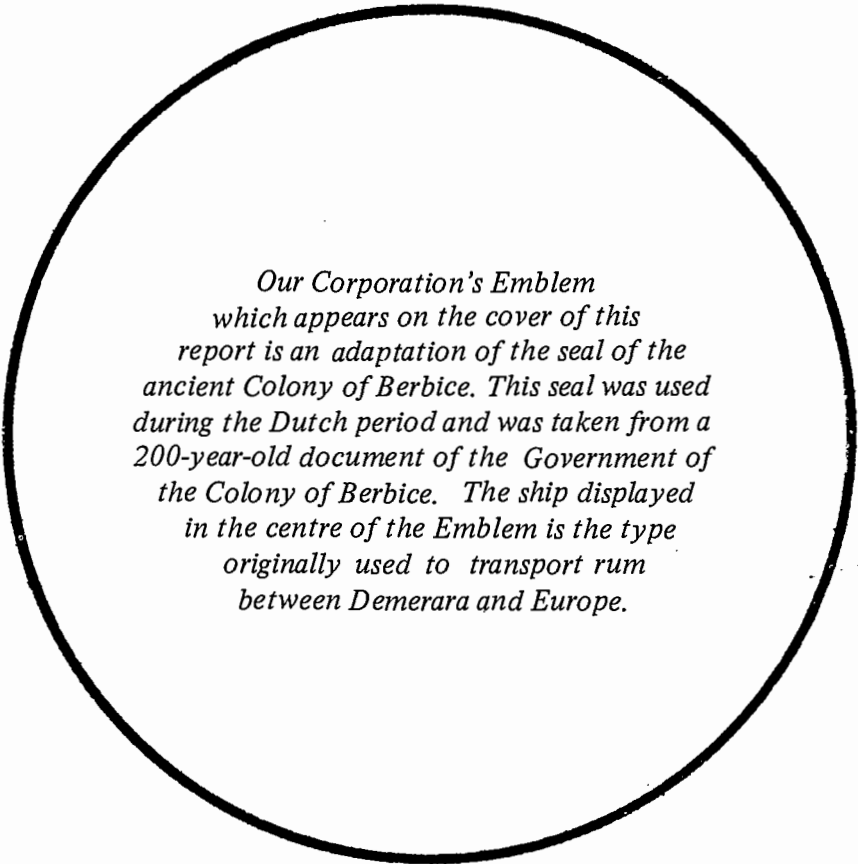


Annual Report and Accounts 1976



*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 CORP. LTD



RESULTS AT A GLANCE FOR 1976

	<u>\$000</u>
Sales including duty and consumption tax	45,796
Pre tax Profits	3,315
Profit after taxation	<u>1,758</u>
Gross Assets	31,123
Net Assets	<u>10,229</u>
	%
Pre-tax Profit as % of sales	7.2
Sales as % of Gross Assets	147.1
Pre tax Profit as % of Gross Assets	10.7
Pre tax Profit as % of Net Assets	<u>32.4</u>
Earnings per share	<u>23.6c</u>
	\$000
Dividends paid to State	807
Taxation, duty and consumption tax paid	<u>16,393</u>

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DIRECTORS

Chairman

Yesu Persaud

R. D. Webster

M. Solomon

S. K. Ahmad

W. A. Lee

C. Hinds

Company Secretary

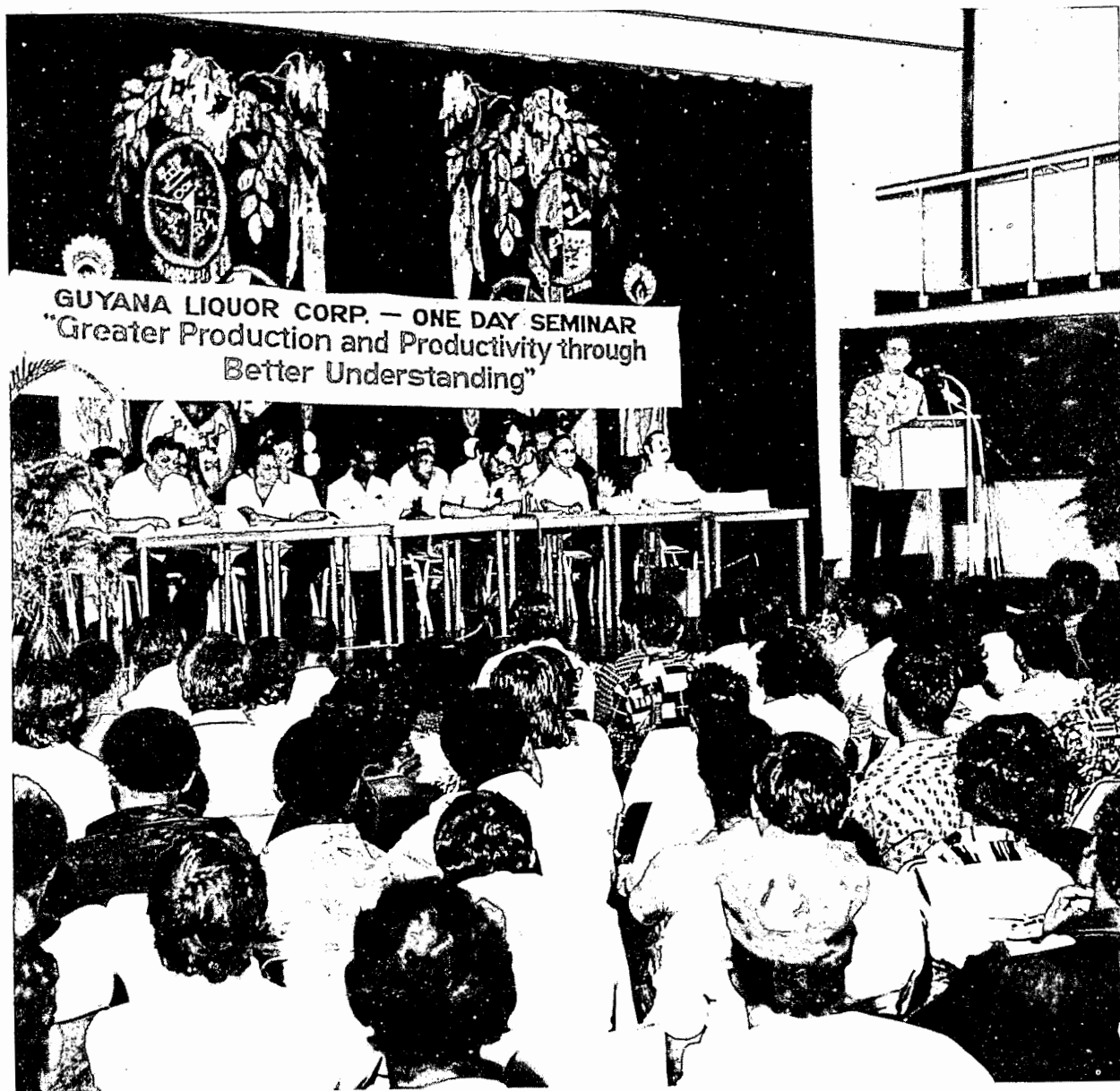
S. K. Ahmad

Solicitors

Clarke & Martin

Auditors

Thomas, Stoll, Dias & Co.



The Hon. Minister of Agriculture, Cde. Gavin Kennard under whose portfolio the Corporation falls, addressing Corporation personnel at all levels during a one-day seminar for its employees at the University of Guyana auditorium, Turkeyen.

On the 26th May, 1975, the State acquired the majority interest in Diamond Liquors Limited, and on 26th May, 1976, the majority interest in Guyana Distilleries Limited and its subsidiary – Demerara Distilleries Limited (Enmore).

The Shareholding of the State in the Companies after 26th May, 1976 was –

63% – Diamond Liquors Limited

82% – Guyana Distilleries Limited

82% – Demerara Distilleries Limited

The remaining shares of the Companies are distributed among 3,352 Guyanese private shareholders, many of whom are workers in the Enterprise.

It was therefore necessary for a holding Company to be formed to control and co-ordinate the various activities of the three distilling Companies. Consequently, the Guyana Liquor Corporation was incorporated on 19th June, 1976 as a limited liability company under the Companies Ordinance.

The main function of the Liquor Corporation is to act as an “Umbrella Organisation” under which Diamond Liquors Limited, Guyana Distilleries Limited and its subsidiary – Demerara Distilleries Limited, would operate in order to ensure the maximum utilisation of the resources in the distilling Industry, and also, to provide centralised Administrative, Technical, Financial and Personnel services and to direct Market strategy.

The Corporation reports to the Minister of Agriculture, whose portfolio includes the Sugar Industry, also the Guyana Sugar Corporation.

The Corporation has set the following objectives for the operating Companies.

1. Producing quality products at competitive prices.
2. Maximising operating surpluses in order to:-
 - (a) Offer good wages and conditions of employment.
 - (b) Pay reasonable dividends to share-holders so as to contribute significantly to the social and economic development of the Nation.
 - (c) Maintain adequate reserves for future development, and
 - (d) Honour compensation payments to former majority owners.
3. Ensuring the expansion of the operating Companies; the replacement of plant and equipment; utilising modern technology which in turn will generate greater earnings.
4. Carrying out research for the development of new products and technology so that the Industry can grow and help in national development.
5. Educating and training employees to become more responsible members of society, and thus to be better equipped to assist in national development.

Diamond Liquors and Guyana Distilleries are Public Companies, and are operating independently within the framework of the Guyana Liquor Corporation. The Companies produce different blends of rum and a wide range of well-known branded bottled products which are in direct competition on the local, Caricom and International Markets. Many of the franchised brands are international names and help in projecting an image of Guyana on the World Markets as producers of high quality products. These brand names include:

Smirnoff and Cossack Vodkas; Booth's High & Dry
and Gilbey's Gins; Richemond, Bardinet, La France
and La Fontaine Brandies.

Rapidly developing Markets have been created for these products in Caricom, and lately Surinam, and in time it is hoped to double or treble trade within this particular area. The production of these products has also improved the distillery expertise of our Distillers, and they are now in the process of further expanding the product range.

The various primary spirits the Companies produce are totally different in character, and this therefore gives Guyana that unique opportunity on the International Market, of being able to offer several blends, each coming from separate Companies and each having a distinctive flavour of its own.

PRODUCTION:

Bulk:

The Distilleries have a capacity of eight million proof gallons but are presently working below capacity, and therefore Guyana is in a position, once new Markets are developed, to take advantage of these Markets providing our quality is of the highest standard and prices are competitive.

Actual Production

<u>Distilling Company</u>	<u>Proof Gallons (Millions)</u>	<u>% Capacity</u>
Diamond Liquors	2.1	70.0
Guyana Distilleries	2.3	57.5
Demerara Distilleries	.6	60.0
	<u>5.0</u>	<u>62.5</u>

In the first half year of 1976, Guyana Distilleries had encountered severe difficulties because of the heavy rainfall, and the transport of molasses from areas other than Uitvlugt was extremely difficult, hence the low production volume of that Distillery.

Bottled Products:

The Bottling Plants of D.L.L. and G.D.L. operated throughout the year at full capacity, and in fact could not cope with the demand for the products, as both Plants have reached maximum utilisation. In the case of D.L.L. it was necessary to have some of the Whisky bottled by a contractor on a fee basis, in order to meet the local demands and this would have to be repeated in 1977.

MARKETS:

Export:

In the case of the bulk trade, despite the recession in the U.K., the Companies did exceedingly well in this particular area, compared with the performance of other exporting countries, and considering that in the CARICOM region alone there is an over-capacity of approximately 20 million gallons of rum looking for Markets, the Group did reasonably well. In the year under review, the Companies generated \$13.2M in Foreign Exchange, which is made up as follows:-

	<u>U.K.</u>	<u>WESTERN EUROPE</u>	<u>NORTH AMERICA</u>	<u>CARICOM</u>	<u>TOTAL</u>
	\$	\$	\$	\$	\$
D.L.L.	4,005,442	—	1,509,419	483,017	5,997,878
G.D.L.	3,718,413	43,536	1,050,508	265,569	5,078,026
D.D.L.	2,008,191	131,244	80,150	—	2,219,585
	<u>9,732,046</u>	<u>174,780</u>	<u>2,640,077</u>	<u>748,586</u>	<u>13,295,489</u>
	=====	=====	=====	=====	=====

The above figures could be doubled with the plans in mind as tremendous efforts are being made in several directions to improve performance in the overseas Markets.

The E.E.C. Market, excluding the U.K., is quite a large one and highly competitive. Access is restricted because of the quota system applied on ACP rums. Under the present system, this quota is based on past performance, and since Guyana shipped very little rum to this Market in the past, the quota is small indeed. In addition to the quota, there is also a proposed restrictive definition of rum which, if accepted by the EEC would exclude 70% of West Indian and Guyanese Rums in Continental Europe.

The Minister of Trade as leader of the ACP delegation, raised the matter at the last ACP/EEC Meeting, and this is now part of the Agenda for future discussions.

We have recently made an inroad in the U.S. Market which, at one time, was claimed to be impenetrable, and we are very hopeful that this could develop into bigger things. In addition to this, we have made approaches to the Eastern Bloc countries, but from responses received to samples provided, the indications are that the Group will not make inroads in these Markets, which are not traditionally rum consumers. Every effort will still be made to penetrate these Markets.

Local Sales:

The price of the Ordinary Blend of rum has remained static since January 1975, and it is quite possible this is the main reason for the 35% increase in the Ordinary Blend sales in 1976, whereas the sales of the Premium Blend — Bonded Reserve, have remained static. The Ordinary Blend now accounts for 70% of the total G.D.L. rum sales on which sales the Company is actually making a loss because of the escalation in the cost of bottles, cartons, caps and other inputs.

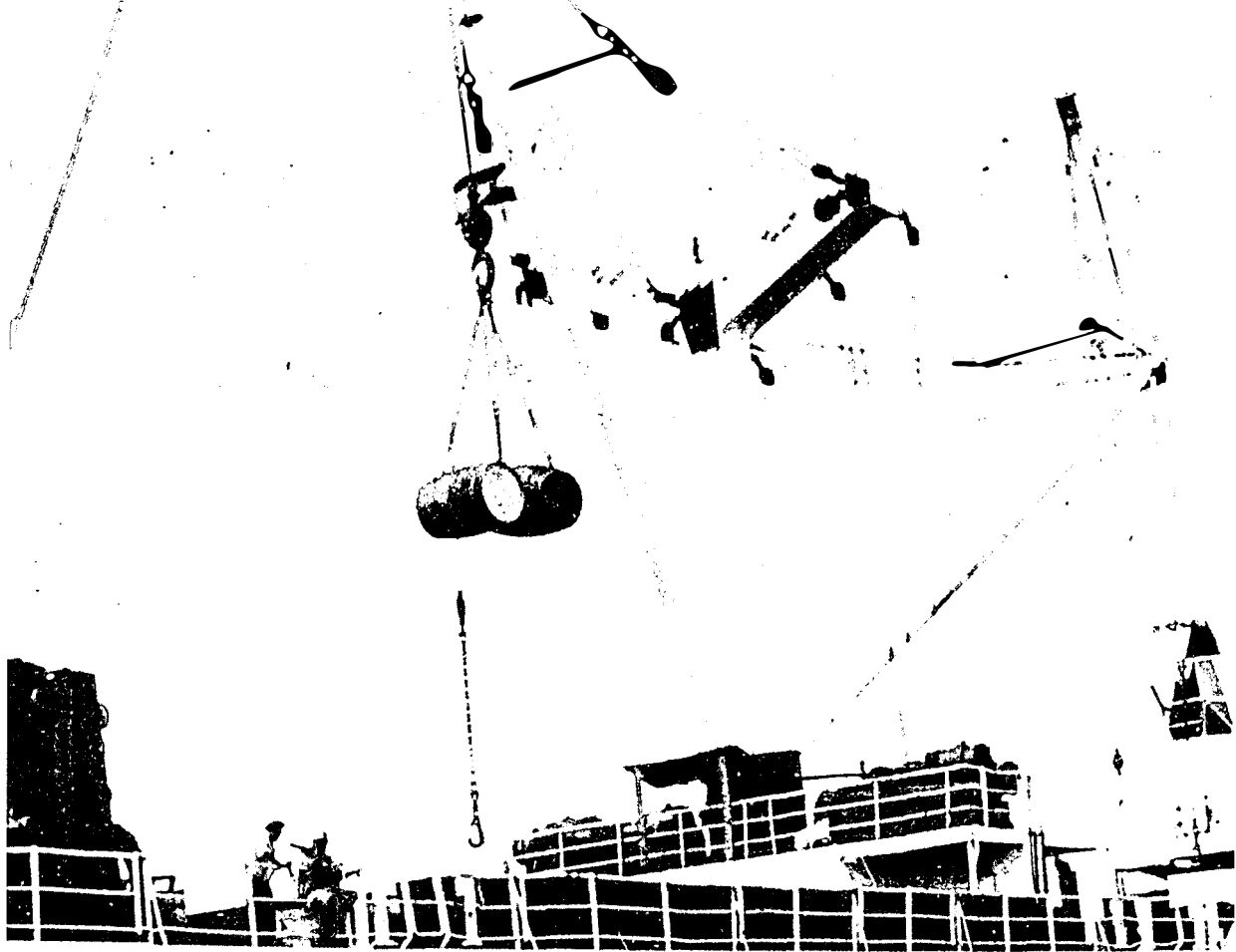
Diamond Liquors Limited is also incurring losses on High Wines sold on the Local Market.

It is essential that the Companies should recover more than their costs on local sales if they are to remain viable and finance expansion and development of new products. The Ministry of Trade is presently considering an application for a price increase on the sale of the Ordinary Blend.

The franchised products and local Whiskeys did remarkably well during the year under review and showed substantial increases in sales on the local Market.

CARICOM:

The Market is made up of several territories, each of which has its own demand



Demerara Rum being exported to one of the many overseas markets, which now include the U.K., Western Europe, North America and CARICOM. In the year under review, export liquor sales generated \$13.2M in foreign exchange.

characteristic and the Companies have therefore been analysing each individual Market and are gearing their efforts to suit the particular Market. From all indications, the performance in 1977 should surpass previous years.

In CARICOM, International Brands hold the dominant position in the Market, and our International Brands — Smirnoff, Booth's, Gilbey's, give us a great opportunity of increasing our export performance in this area and thereby boosting foreign exchange earnings.

CONSOLIDATED ACCOUNTS:

The Consolidated Profit for the period was \$3.315M, and after deducting taxation of \$1.557M, the Profit After Tax was \$1.758M, made up as follows:

	<u>D.L.L.</u>	<u>G.D.L.</u>	<u>D.D.L.</u>	<u>TOTAL</u>
	<u>\$000:</u>	<u>\$000:</u>	<u>\$000:</u>	<u>\$000:</u>
Profit before tax	1,075	1,778	462	3,315
Taxation	545	803	209	1,557
Profit After Tax	530	975	253	1,758
	=====	=====	=====	=====

RETURN ON CAPITAL EMPLOYED:

The Return on net Assets Employed was 32.4% and on gross assets was 10.7%.

DIVIDENDS:

The total Dividends paid by the operating Companies totalled \$1,057,500, of which sum \$806,952 was paid to the State.

TAXATION, DUTY, CONSUMPTION TAX:

The operating Companies paid to the State \$16.4M in Company Taxes, Excise Duty and Consumption Tax in the period, which when added to the dividend of \$.8M gives a total direct contribution to the State of \$17.2M.

RESEARCH & DEVELOPMENT:

In addition to involvement in the design and implementation of the capital programmes being undertaken by the Corporation, technical personnel within the Corporation have also been actively examining areas in which the basic product range can be expanded and saleable by-products of the distilling Industry produced. Further, considerable time and effort have been spent on research into new manufacturing areas which parallel the expertise built up over the years within the Industry. The areas on which particular emphasis has been placed, are as follows:—

1. Expansion of the existing basic range of alcohol beverages with the introduction of new gin flavours, vodkas and liqueurs.
2. The production of high ester type rums for the German and other continental Markets.
3. The manufacture of power alcohol for automotive use.

4. The processing and manufacturing of speciality products such as Vinegar, Pickled Vegetables and food products.
5. The recovery of yeast protein produced during the distillery fermentation cycle for up-grading and processing for sale for human and animal nutrition.
6. Another speciality area is the manufacture of furniture using traditional cooperage skills and expertise.

Expansion of the basic product range is of importance from a brand marketing standpoint, enabling the operating Companies to offer a complete range to potential customers.

A Pineapple Liqueur will shortly be available on one of our Export Markets, and a new Gin and Vodka will be launched in Caricom before the end of 1977.

The manufacture of Vinegar is of particular interest since it offers the base for further expansion and diversification into the processing, packing and distribution of pickled vegetable products with the attendant higher margin of surplus. Further, the manufacture of vinegar will make it possible to preserve certain agricultural produce available in surplus at certain times of the year.

The detailed design of a Vinegar Brewery has been completed, and provided construction schedules proceed according to plan, should be operational by March 1978.

The manufacture of barrel furniture commenced early in 1977, and it is believed that this speciality area will prove to be a valuable foreign exchange earner.

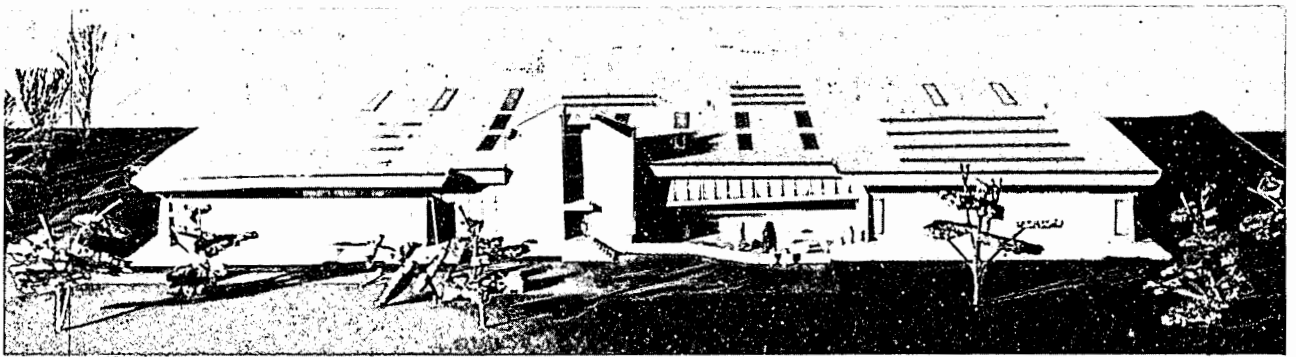
Power Alcohol manufacture has been the subject of a great deal of time and effort by our development division. To date, trials using a blend of alcohol and petrol, have been successful. A complete plant design has been prepared but additional research still has to be carried out on the design and improvement of the proposed fermentation system if such a project is to prove to be an economically viable proposition.

Yeast protein recovered after the fermentation of molasses for rum manufacture could in the future be an important supplement in human nutrition especially in view of the valuable Vitamin 'B' content.

However, in view of the high capital cost of equipment required to recover the relatively small volume of yeast produced during the fermentation of molasses, it has been decided that the project be examined in combination with a Plant designed for growing yeast aerobically, thus providing a ten-fold increase in the volume of product for the same capital investment. Further studies will be necessary after existing projects and other capital works are finalised.

CAPITAL EXPENDITURE PROGRAMME — PROJECTS:

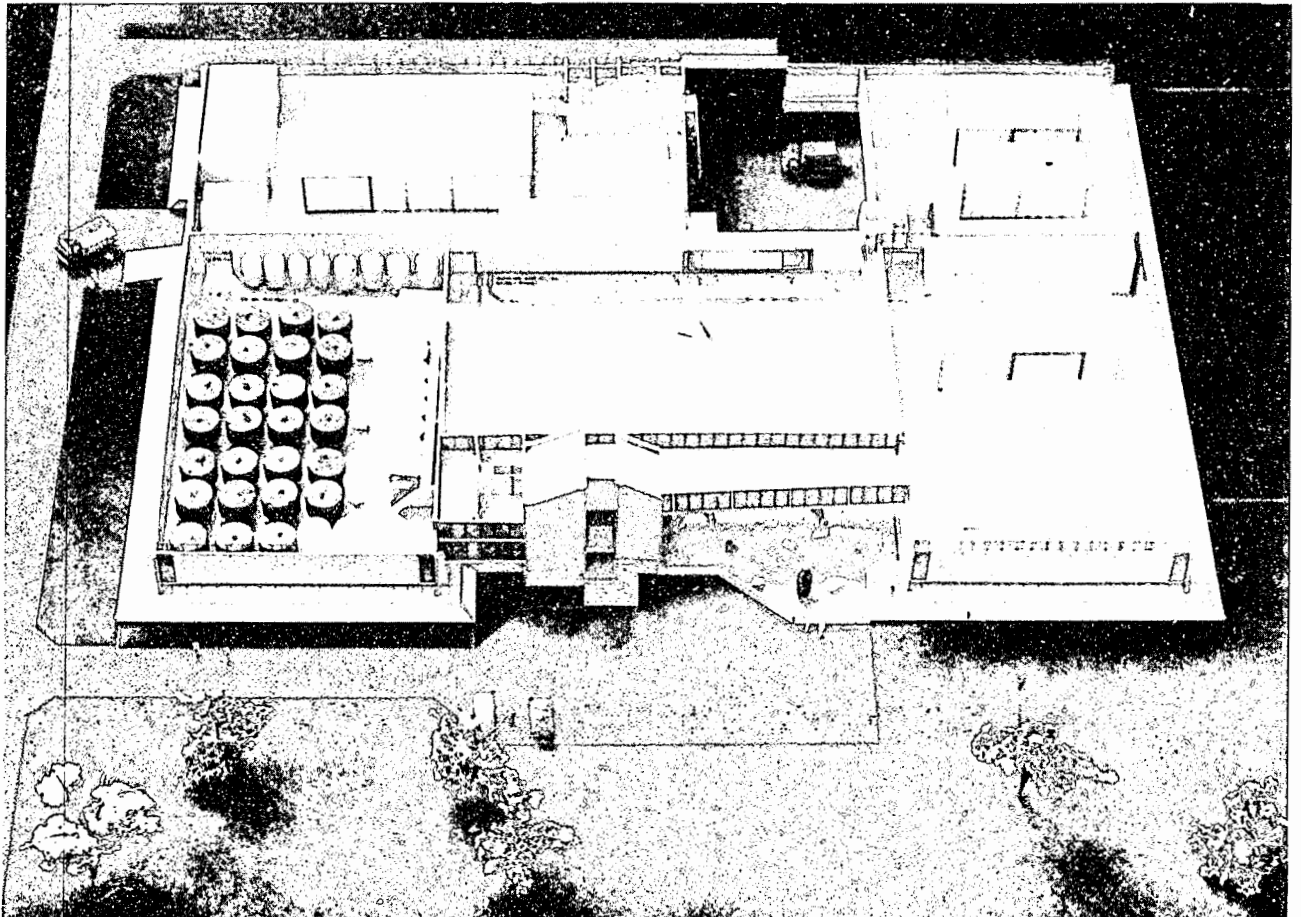
During the year under review, it became evident that a detailed evaluation of the bulk handling and bottling facilities existing within the operating Companies, was necessary if the marketing objectives of the Corporation were to be realised and the existing export potential maximised.



In order to keep pace with the rapid demand for the bottled products produced by the Corporation's subsidiary companies — DLL and GDL — active consideration has had to be given to setting-up a new Bottling and Blending Complex which would be managed by the Corporation on behalf of the operating companies.

Above — A front view of the model of the proposed Blending and Bottling Complex to be located at Farm on the East Bank Demerara.

Below — A plant view of the Complex, showing the glass recovery and washing sections on the top left-hand corner and the blending bay at bottom left. The bottling plant and quality control offices are in the centre. The finished goods bond is at bottom right, and distribution section is situated at top right.



Bottling Facilities:

Existing bottling, storage and blending facilities are already fully utilised and further expansion to meet increasing demands of the Local and CARICOM Markets is impossible. With this in mind, a detailed design study was carried out with a view to setting up a central bottling, blending and distribution complex at Farm on the East Bank of Demerara which would be managed by the Corporation and provide bottling facilities to the operating Companies on a time and through-put basis. The design finally agreed, could enable the Corporation to supply foreseeable demands on both the Local and CARICOM Markets and at much lower production cost than is at present possible with the existing equipment. The estimated overall cost of the project at present day prices is in the order of \$13M and will include equipment designed to produce packaged products of a standard acceptable on the International Market. Negotiations are currently in train to obtain the necessary loan finance for the project.

Bulk Rum Terminal:

As already mentioned, an over capacity exists in the Caribbean of approximately 20 million proof gallons of rum. In order, therefore to continue to expand bulk sales on an increasingly competitive export market and thus make use of the surplus distillery capacity which exists in Guyana, it has become necessary to construct and instal facilities which will enable rums to be shipped in bulk by either tanker or bulk containers and thus obviate the high freight costs incurred when using the traditional methods of packaging and transport.

In order to achieve this objective, a decision was taken to instal a 250,000 gallon bulk rum terminal in a section of the G.D.L's premises in Georgetown. This site has the advantage of close proximity to deep water wharf facilities, thus permitting the mooring and use of spirit tanker ships for export orders. The overall cost of the project is expected to amount to \$2.4M and has been financed by an off-shore loan negotiated by the Corporation. The Terminal is scheduled to be completed by February 1978.

OTHER CAPITAL WORKS:

In addition to the two major projects outlined in the foregoing, a further \$2.5M will be needed for —

- (a) Essential distillery equipment required to maintain and improve operating efficiencies.
- (b) The scheduled replacement of vehicles for local market distribution.
- (c) Distillery effluent treatment and removal — an anti-pollution measure which was seriously neglected in the past.
- (d) Capital investment directed towards improving working conditions of workers.

STOCKS, UNSOLD PRODUCE AND WORK-IN-PROGRESS:

The value of stocks, unsold produce and work-in-progress shows an increase of \$3.9M over the previous year. This is due mainly to the ageing of additional rums to:

- (a) replenish depleted stocks of aged rums for the local market and
- (b) enable the corporation to compete favourably for export orders, since the new trend in the Caribbean is to utilise excess capacity to produce and age stocks.

GUYANA LIQUOR CORP. LTD



CHAIRMAN'S REPORT Cont'd

PROSPECTS:

The prospects for 1977 seem promising from orders and enquiries received to date. Competition in the Export Market is very keen, and in order to maintain existing Markets and capture new ones, the 1977 export price structure had to be maintained at the 1976 level. Hence, the operating Companies will have to absorb inflationary increases by higher productivity and efficiency. It is uneconomic to export bottled rum from Guyana at present because of the cost of glass and freighting the rum outwards again. This situation should be remedied when the State-owned Glass Factory comes into operation in 1979. Meanwhile, we have implemented a new system of shipping the rum in bulk and having it blended by our own personnel overseas, and then distributed to the Markets concerned. It is hoped in time to create a brand image wherever possible, since it takes millions of dollars on promotion and advertising to launch a new product in the metropolitan countries.

The Companies can only achieve the objectives set by the Corporation from self-generated funds, and therefore it is imperative that a reasonable margin is earned in all Markets.

EMPLOYEES:

I would like to take this opportunity to thank all employees, at all levels, in the operating Companies, for the contribution they made in the period, and I am looking forward to their total support in achieving greater efficiency and productivity in 1977 in order to maintain and improve our position in a competitive Market.

ACKNOWLEDGEMENTS:

The Corporation gratefully acknowledges all the help and guidance given by Cde. G. B. Kennard, the Minister responsible for its operation; and also wishes to record its appreciation of the assistance and co-operation provided by other Ministries, Organisations and the Trade Unions. The Corporation also wishes to thank all customers, both local and overseas, without whose continued support, these results would not have been possible.

I would like to take this opportunity to also thank the Directors of the Corporation and the subsidiary companies for their support and help during the year.

30 July 1977

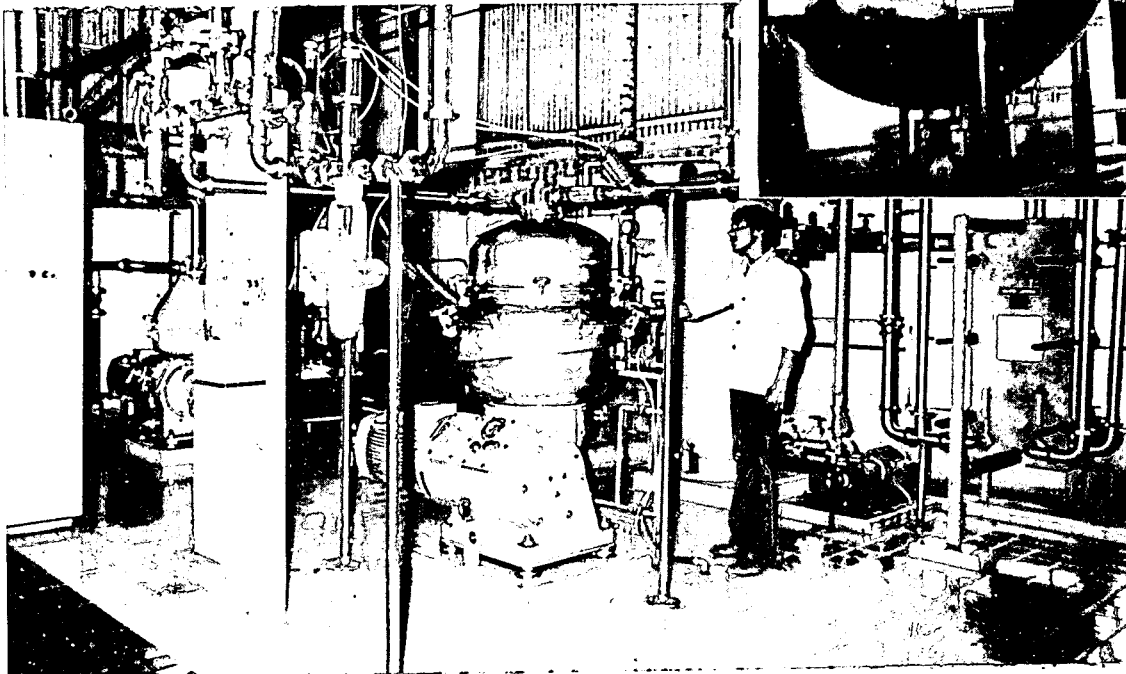
Yesu Persaud
Chairman



A view of barrels of rum in store in one of the Company's ultra-modern fully-mechanised maturation warehouses. These rums are subsequently used for the Company's well-known El Dorado range of rums distributed on the local and Caricom markets, and for the Company's brands in Canada and Europe.

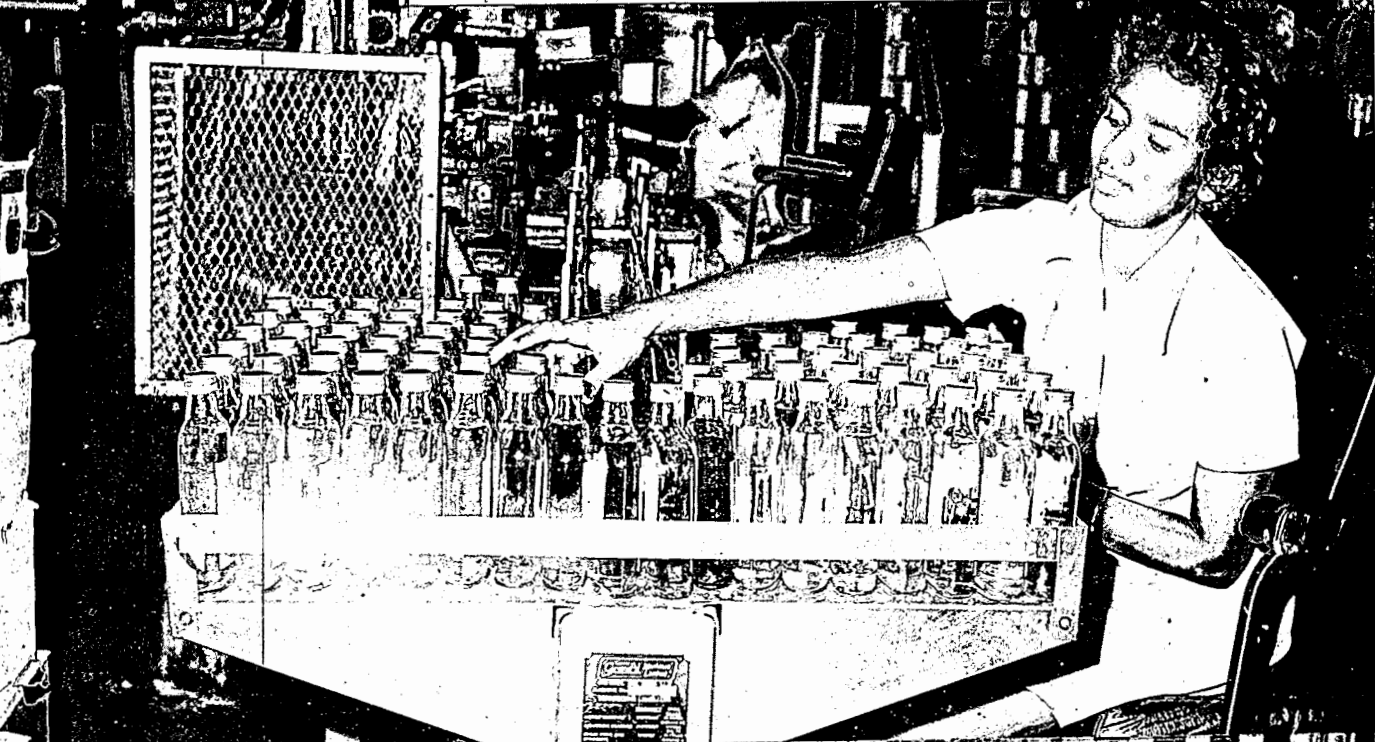
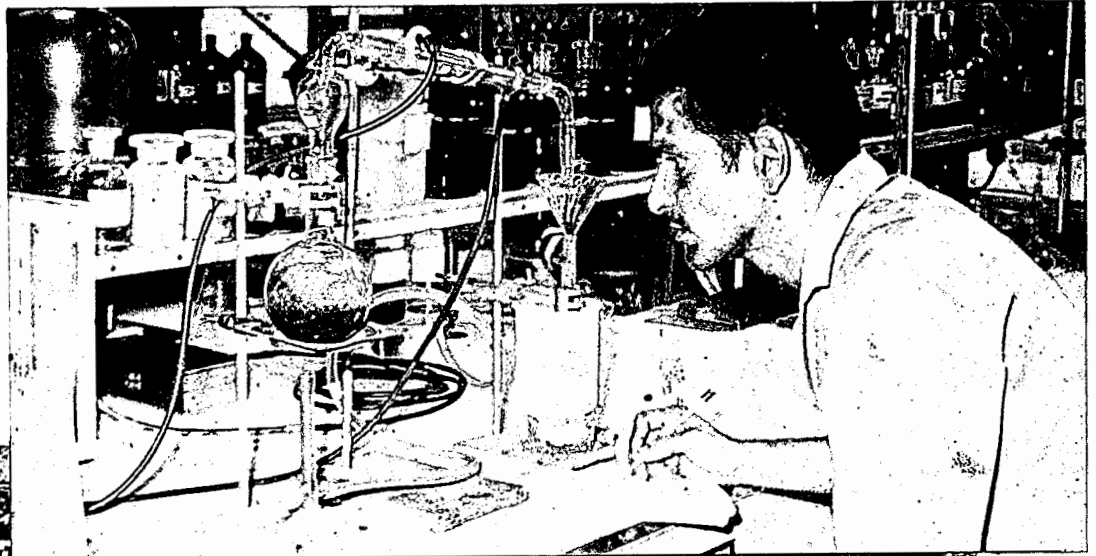
GDL is noted, not only for its high quality rums, but also for its range of London Dry Gins. The Gin Still is by far the largest in the Caricom region.

Molasses pasteurisation and clarification. Molasses as supplied by the various sugar factories, contain many impurities which can affect the quality of the end product. GDL has one of the most sophisticated molasses clarification, pasteurisation and yeast recovery facilities in the Caribbean.



Raw material quality.

In order to ensure the high standard of GDL's range of rums, the Technician in the Company's well equipped laboratory at Uitvlugt carries out an analysis of raw materials used.



A view of one of the high-speed bottling lines at the Georgetown bottling plant.



At the end of the maturation period, rums are blended in special stainless steel tanks at Uitvlugt and pumped into bulk containers for transportation to the Company's bottling plant in Georgetown.



THE PRODUCTS OF GUYANA DISTILLERIES LIMITED

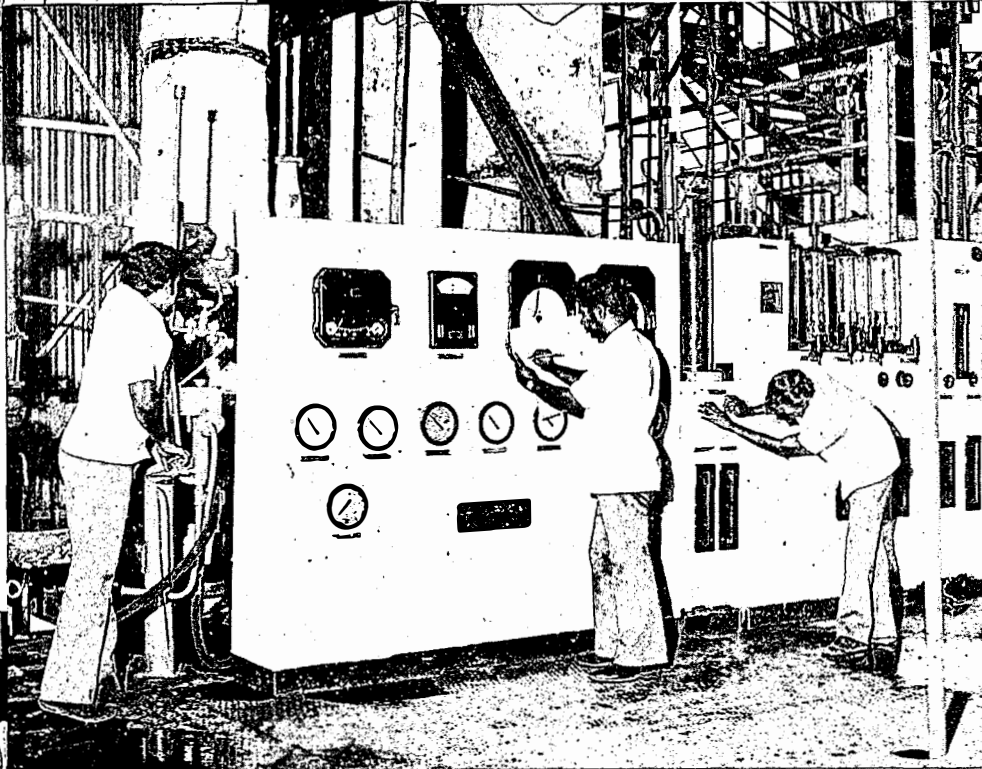


THE PRODUCTS OF DIAMOND LIQUORS LIMITED



As the bulk of the equipment used in the distilleries is imported from 4,000 to 5,000 miles away, it is compulsory that each distillery has well equipped maintenance facilities.

Sophisticated modern Stills require careful control in order to produce the products for which Guyana is famous and routine operating adjustments are essential.



Accurate measurement of the sugar concentration in fermenting molasses is important if optimum fermentation results are to be obtained and routine tests are regularly carried out.

When masters are at work they need the support of a good gin — Gilbeys, produced and bottled by Diamond Liquors Ltd.



Wherever drinking crowds are gathered, look for something that stands out — Richmond Brandy. Richmond is one of a range of brandies blended and bottled for the Guyana and Caricom markets by Diamond Liquors Ltd.

Accurate quality control procedures are essential if the standard of Demerara Rums is to be maintained and improved. The gas chromatograph equipment at Diamond Distillery is an important tool in achieving this objective.



GUYANA LIQUOR CORP. LTD



AUDITORS' REPORT

**TO THE MEMBERS OF
GUYANA LIQUOR CORPORATION LIMITED**

In our opinion the accounts set out on pages 21 to 28 which have been prepared under the historical cost convention, give on this basis a true and fair view of the state of affairs of the Company and of the Group at 31st December, 1976 and of the net income of the Group and the source and application of its funds for the year ended on that date so far as is practicable in view of the fact that the accounts of one of the subsidiaries are made up to a date different from that of the Company.

**5 America Street,
Georgetown,
GUYANA.
30 July 1977**

**THOMAS, STOLL, DIAS & CO.,
ACCOUNTANTS**



GUYANA LIQUOR CORP. LTD
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year 1976

	Notes on Page 24	\$000
Turnover including excise duty		<u>45,796</u>
Profit before interest and taxation	3	4,113
Interest		<u>798</u>
Profit before taxation		3,315
Taxation	4	<u>1,557</u>
Profit after taxation		1,758
Minority interests		<u>411</u>
Group earnings		1,347
Dividends	5	<u>807</u>
Group earnings retained		<u>540</u>
Earnings per share		<u>23.6c</u>

GUYANA LIQUOR CORP. LTD**CONSOLIDATED BALANCE SHEET**

AT 31 DECEMBER, 1976

	Notes on Page 25	<u>\$000.</u>	<u>\$000.</u>
FIXED ASSETS	6		14,526
INVESTMENTS	7		24
CURRENT ASSETS			
Stocks, unsold produce and work-in-progress		11,632	
Debtors and prepayments		4,476	
Cash on hand and at bank		<u>430</u>	
		<u>16,538</u>	
Less:			
CURRENT LIABILITIES			
Creditors		5,933	
Bank loans due in 1977	9	590	
Taxation		1,404	
Dividend proposed		637	
Bank overdraft		<u>2,391</u>	
		<u>10,955</u>	
NET CURRENT ASSETS			5,583
FORMATION EXPENSES			35
			<u>20,168</u>
FINANCED BY:			
Share Capital: authorised 8,123,284 ordinary shares at \$1 each			<u>8,123</u>
Issued and fully paid Capital reserves	8	5,714	3,975
Retained earnings		<u>540</u>	
SHAREHOLDERS FUNDS			10,229
Deferred taxation		653	
Bank loans due after 1977	9	5,922	
Provision for pensions		<u>82</u>	
			16,886
Minority interests			<u>3,282</u>
			<u>20,168</u>

GUYANA LIQUOR CORP. LTD



BALANCE SHEET AS AT 31 DECEMBER, 1976

FIXED ASSETS	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Work-in-progress			76
INVESTMENTS AT COST			
Shares in Diamond Liquors Ltd.		2,600	
Shares in Guyana Distilleries Ltd.		<u>3,114</u>	
			5,714
CURRENT ASSETS			
Dividends receivable from GDL		396	
Cash at bank		<u>257</u>	
		653	
Less:			
CURRENT LIABILITIES			
Creditors		2	
Dividends proposed	<u>637</u>		
		<u>639</u>	
FORMATION EXPENSES			14
			<u>35</u>
			<u>5,839</u>
FINANCED BY:			
Share Capital: authorised 8,123,284 ordinary shares at \$1 each			<u>8,123</u>
Issued & fully paid 5,713,543 at \$1 each			5,714
Balances with subsidiaries –			
Guyana Distilleries Ltd.		49	
Diamond Liquors Ltd.		<u>76</u>	
			<u>125</u>
			<u>5,839</u>

Y Persaud

Directors

R D Webster

GUYANA LIQUOR CORP. LTD



STATEMENT OF SOURCES AND APPLICATION OF FUNDS FOR THE YEAR 1976

	<u>\$000</u>	<u>\$000</u>
<u>SOURCES OF FUNDS</u>		
Profit before taxation less minority interests		2,904
Adjustments for items not involving the movement of funds:		
Minority interests in retained profits of the year		160
Depreciation		<u>851</u>
TOTAL GENERATED FROM OPERATIONS		3,915
<u>FUNDS FROM OTHER SOURCES</u>		
Shares issued for cash including premium		1,119
Loans		<u>3,272</u>
		8,306
<u>APPLICATION OF FUNDS</u>		
Formation expenses	(35)	
Dividends	(807)	
Tax	(1,225)	
Purchase of fixed assets	(578)	
Purchase of Demerara Distilleries Ltd.	(1,000)	
Pensions	<u>(10)</u>	
		<u>3,655</u>
		4,651
<u>INCREASE/DECREASE IN WORKING CAPITAL</u>		
Increase in stocks	3,865	
Decrease in debtors	(98)	
Increase in creditors	(2,395)	
Movement in net liquid funds:		
Increase in cash balance	367	
Decrease in bank overdraft	<u>2,912</u>	
		<u>4,651</u>

GUYANA LIQUOR CORP. LTD 
SIGNIFICANT ACCOUNTING POLICIES

(a) **Valuation of stocks and unsold produce**

Stocks, stores and work in progress are valued at the lower of cost and net realisable value.

Stocks of unsold produce are valued at net selling prices for firm export orders received and for local sales at cost of production including direct overheads.

(b) **Depreciation**

No depreciation is provided for freehold land. Buildings revalued in 1974 by Guyana Distilleries Limited are depreciated on the revalued amounts. All other assets are depreciated over their estimated useful lives on a straight line basis.

(c) **Foreign Currency Conversions**

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 converted to Guyana dollars at the rates of exchange ruling at that date, but any net loss arising is recognised in the accounts only if it would materially affect the net income of the year.

(d) **General**

These accounts have been prepared under historical cost convention. Replacement cost or current cost accounting procedures which would overcome the distorting effects of inflation have not been taken into consideration.

NOTES TO THE ACCOUNTS

1. The company was incorporated on 19 June 1976 to manage the State's interest in Diamond Liquors Limited and Guyana Distilleries Limited which were acquired on 26 May 1975 and 26 May 1976 respectively.

2. (a) Basis on consolidation.

The Group accounts consolidate:

(i) the accounts of the company, and

(ii) the accounts of its subsidiaries, Diamond Liquors Limited and Guyana Distilleries Limited whose financial years end on 30 June 1976 and 31 December 1976 respectively. Although the interest of the latter company was acquired on 26 May 1976 the results of the entire year have been consolidated in the accounts.

In 1977 the financial year end of Diamond Liquors Limited would be changed to 31 December so that all financial year ends in the Group would be coterminus.

(b) The company's interests in its subsidiaries are as follows:—

	<u>No. of shares</u>	<u>%</u>
Diamond Liquors Limited	2,364,984	63
Guyana Distilleries Limited	6,601,150	82

3. Profit before interest and taxation is arrived at after charging

	\$000
depreciation	851
audit fees	35
directors fees	9

4. Taxation

	\$000
Income and corporation tax	1,643
Deferred taxation	(126)
Property tax	71
Prior years adjustments	(31)
	<u>1,557</u>

5. Dividends

Paid	170
Proposed	637
	<u>807</u>

6. Fixed Assets

	Land & Buildings \$000	Plant Machinery & Equipment \$000	Total \$000
Cost or valuation at beginning	8,061	9,335	17,396
Expenditure	<u>330</u>	<u>1,498</u>	<u>1,828</u>
	8,391	10,833	19,224
Accumulated depreciation at beginning	369	3,402	3,771
Transfer from P & L account	82	769	851
Transfer from capital reserves	<u>76</u>	<u>—</u>	<u>76</u>
	527	4,171	4,698
	<u>7,864</u>	<u>6,662</u>	<u>14,526</u>

7. Investments

	<u>Cost</u> \$000	<u>Market value at</u> <u>31 Dec. 1976</u> \$000
960 ordinary shares in Bookers Central Services at \$5 each.	<u>24</u>	<u>21</u>

8. Capital Reserves

Capital Reserves include all pre-acquisition reserves and represent the excess of the net interests over the cost of shares acquired in the companies as follows:

Guyana Distilleries Limited	\$3,942,000
Diamond Liquors Limited	<u>33,000</u>
	<u>\$3,975,000</u>

9. <u>Bank Loan</u>	\$000
(a) Offshore loan from Barclays Bank Int. Limited – (US \$.46M)	
(i) Repayable in 1977	590
(ii) Repayable in 1978	590
(b) Offshore loan from Royal Bank of Canada – (US \$2.0M)	5,062
(c) Local bank loan	<u>270</u>
	<u>5,922</u>

- (a) This represents balance on loan existing prior to acquisition which was repayable in 4 equal annual instalments commencing on 15 June 1975.
- (b) This loan was contracted to repay upon acquisition amounts owing to Bookers. It is repayable in 3 equal annual instalments commencing 19 September 1978.
- (c) This loan is repayable by equal quarterly instalments to July 1978.



GUYANA LIQUOR CORP. LTD

**STATEMENT OF VALUE ADDED AND ITS
DISTRIBUTION**

FOR 1976

	<u>\$000</u>	<u>\$000</u>
Turnover		45,796
Deduct: Purchase of goods and services		<u>22,832</u>
TOTAL VALUE ADDED		<u>22,964</u>
Distributed as follows:—		
To Central Government		
Company taxes	1,557	
Duty & Consumption Tax	<u>14,836</u>	16,393
To Employees		
Emoluments and benefits		3,165
To Suppliers of capital		
Interest on borrowed funds	798	
Dividends to shareholders	<u>1,057</u>	1,855
Retained for the business		
Depreciation	851	
Retained profits	<u>700</u>	<u>1,551</u>
		<u>22,964</u>



One of the most recent projects entered into by the Corporation is the manufacture of barrel furniture from scrapped Cooperage material. This small subsidiary industry has had a most successful start and utilises to the fully the traditional skill of the master cooper to produce furniture with a distinctive barrel form and shape.

Above — The finishing touches being given to a plant pot manufactured from local materials.

Below — An example of the beautiful range of cooperage furniture — ideal for both home and office.



REVENUE ANALYSIS 1976

(SALES = 100.0%)

