

REPORT

OF THE

Guyana Marketing Corporation

FOR THE PERIOD

1st January, 1965

TO

31st December, 1965

REPORT
OF THE
GUYANA MARKETING CORPORATION
FOR THE PERIOD
1st January to 31st December, 1965

The Corporation was established on January 1st, 1964, under the provisions of the Public Corporations Ordinance (No. 23 of 1962).

CONSTITUTION OF THE BOARD

2. At 1st January, 1965, the Board was constituted as follows :—

Mr. Dwarka Nath — Chairman
Mr. C. Yong Hing — Deputy Chairman
Mr. M. Correia
Mr. A. Kalamadeen
Mr. M. S. H. Rahaman
Mr. W. Glen
Miss Jessie Burnham

3. The services of the original members of the Board were subsequently terminated as a result of a change of Government, and the Board was reconstituted by the appointment of the following persons with effect from 29th March, 1965 :

Mr. W. G. Stoll — Chairman
Mr. H. Madramootoo — Deputy Chairman
Mr. B. A. Fernandes
Mr. M. S. H. Rahaman
Mr. J. Benn
Mr. R. E. Davis
Mrs. Jane Phillips-Gay

POLICY OF THE CORPORATION

4. The general policy of the Corporation remained unchanged, namely, to encourage local agricultural production by offering farmers an assured market at reasonably economic prices; to maintain as far as possible fair price levels and even distribution of available supplies to consumers throughout the coastal areas.

SERVICES

5. The following services were operated by the Corporation :

- (a) Central Produce Depot (Georgetown) and the Produce Depot (New Amsterdam Branch).
- (b) Fish Marketing Centre
- (c) Processing Factory
- (d) Ham and Bacon Factory
- (e) Milk Pasteurisation Plant
- (f) Edible Oil Distribution.

PRICE GUARANTEES AND INCENTIVE BONUSES

6. For the purpose of stimulating agricultural production to satisfy the domestic market, Government guaranteed minimum prices for certain farm produce. Cash bonuses were also paid on an acreage basis to farmers cultivating specified crops most of which are extensively imported.

PRODUCE DEPOTS

7. The Corporation, in keeping with Government policy and through the medium of its Produce Depots, is obligated to purchase at the minimum guaranteed prices or at ruling market prices, depending on the state of the market, all marketable produce offered by farmers at

the Corporation's purchasing stations, some of which are in remote areas and thereby tend to create a serious problem by way of frequently heavy spoilage of produce in transit to the central distribution point, Georgetown.

8. Purchasing centres were maintained at Charity (Pomeroon), Parika (West Demerara) and New Amsterdam. Farmers in the Berbice River area were served by a purchasing clerk who travelled on the once weekly steamer for this purpose. Purchases in the distant North West District was done by the North West District Farmers Marketing Co-operative Society acting as agents of the Corporation.

PURCHASES OF AGRICULTURAL PRODUCE

9. COMMODITY	WEIGHT or UNITS (1965)	WEIGHT or UNITS (1964)
Plantains	6,393,844 lbs.	1,473,122 lbs.
Sweet Potatoes	65,780 "	120,086 "
Yams	140,436 "	163,524 "
Tannias	11,441 "	8,535 "
Eddoes	50,360 "	97,424 "
Cassava	4,605 "	3,664 "
Coffee Beans	183,563 "	93,176 "
Cocoa Beans	350 "	130 "
Whole Corn	2,052,955 "	1,165,677 "
Black-Eye Peas	32,039 "	59,694 "
Pumpkin	40,047 "	129,908 "
Oranges	2,650,047 only	1,983,968 only
Grapefruit	330,674 "	76,197 "
Bananas	10,102 lbs.	—
Cabbage	50,700 "	—

The total value of farmers' produce purchased during the year was \$669,380.73.

COFFEE BEANS

10. The export market showed no improvement on the depressed prices of the previous year. To offset this situation, the bulk of the Corporation's purchases was therefore converted to Instant Coffee. Altogether 156,800 lbs. of coffee beans valued at \$78,400 :— were sent abroad for processing during the year.

INSTANT COFFEE

11. Returns of Instant Coffee from beans shipped to the U.S.A. for processing amounted to 46,101 lbs.

TRADING AND PROFIT AND LOSS ACCOUNTS

12. GEORGETOWN PRODUCE DEPOT — The sales for 1965 at \$862,654.31 were approximately 22% higher than 1964, while cost of sales was \$911,951.50 which was approximately 5.8% higher than the value of sales.

It is therefore clear that the produce which was handled by this department had to be sold either at buying price, or, as happened in many cases, below buying price. In some cases much of what was received was unmarketable and as a consequence had to be dumped thus realising no revenue whatsoever.

GROSS PROFIT — The Gross Profit in this department on the purchase and sales of goods amounted to \$49,297.19 compared with a profit of \$55,913.73 in 1964. This reverse situation can be identified with the factors listed under sales, and in addition the heavy loss in transit suffered, which was approximately \$12,000 higher than 1964.

NET LOSS — The Net loss amounted to \$249,742.86, compared with loss of \$92,638.35 in 1964. This is attributable to the inadequacy of profits to cover the running expenses and administrative costs which in the former case was approximately \$74,000 higher than 1964, due mainly to an increase in labour cost occasioned partly by an increase in the extent of labour employed; this was necessary in order to handle the increased volume of goods.

NEW AMSTERDAM — Sales in New Amsterdam at \$140,842.44 was approximately 20% higher than that of 1964, and cost of sales is approximately 98.5% compared with 92% in 1964. This indicates that more produce was sold at give away prices in order to avoid total or partial loss from spoilage. It is significant to note that even though the volume of purchase handled was 20% higher in 1964, transportation charges and loss in transit remain virtually at the same level of 1964.

GROSS PROFIT — Gross Profit at \$2,197.56 is \$5,103.84 less than 1964 and this level of profit is representative of only 1.5% of sales compared with 8% in 1964, but this can be explained by reference to the comments in the previous paragraph.

NET LOSS — The Net Loss of \$32,278.73 was therefore suffered by this department and is due to the inadequacy of the gross profit to cover the running expenses of the department and administrative cost, which put together totalled \$34,481.22.

HAM AND BACON FACTORY

13. The Ham and Bacon Factory continued to provide an assured market for pig rearers at an average price of 53.1c. per lb., which was very much better than that realised in 1964.

14. 1,789 pigs yielded 175,981 lbs. carcass weight at a value of \$93,497.00.

15. Production of finished products was as follows :

	1965	1964
Ham (all types)	12,058 lbs.	19,625 lbs.
Bacon (all types)	46,011 "	56,469 "
Pork Sausage (fresh)	1,771 "	1,808 "
Lard	7,189 "	8,408 "

TRADING AND PROFIT AND LOSS ACCOUNT

HAM and BACON — The Ham and Bacon sales were \$15,545.03 less than 1964 and this was due to the low level of pig production which resulted in less products being made available for processing and for sale as fresh pork.

A Gross Loss of \$48,950.55 resulted compared with gross profit of \$12,372.17 in 1964. This is due principally to higher manufacturing cost resulting from wages and salaries cost increases and the low level of operation over which these charges had to be spread. The effect of this was that processing costs were higher than the average sale price.

Net Loss — The Net Loss was \$39,852.62 as compared with net profit in 1964 of \$5,416.16. This loss taking into account the factors mentioned above was increased mainly because of added administrative charges which increased by \$5,117.64.

FISH MARKETING CENTRE

16. The Centre provides facilities for the orderly marketing of fish either by sale to the Wholesale Fish Market operated by the Corporation, or directly by the fishermen to retailers.

17. The Wholesale Fish Market handled 390,881 lbs. of fish valued at \$146,265.00 as against 303,965 lbs. valued at \$135,853.00 in 1964.

18. Inadequacy and inefficiency of cold storage facilities again frequently compelled the disposal of purchase at uneconomic prices in order to avoid heavy losses from spoilage.

19. Extensive rehabilitation work was undertaken in connection with the refrigeration plant and storage facilities at considerable cost but there exists much doubt as to the eventual efficacy of this operation.

TRADING AND PROFIT AND LOSS ACCOUNT

FISH MARKET and CENTRE — The Fish Market and Centre increased its turn over by approximately 22% in 1965. The turn over was \$201,220.96 and cost of sales was 76% of sale value which compares very favourably with 1964's 92.4%. This increased turn over and reduced cost of sales was due to the handling of a wider variety of fish which afforded higher profit margins.

Gross Profit — This was approximately 24% as compared with 7.6% an increase of 16.4% in 1964.

The Net Loss of \$14,036.90 was \$10,086.00 less than 1964, despite the fact that revenue to the extent of \$21,000 which was collected as market dues in 1964, was not collectable in 1965. This together with the fact that operation expenses were reduced by some \$24,000: made it possible, however, for the department to reduce its losses.

PROCESSING FACTORY

20. The main operations of the Processing Factory were :—

- (a) the mechanical drying of corn purchased during the crop periods, and storing it in silos.
- (b) manufacturing Corn Meal and Plantain Flour.

21. Production of Corn Meal and Plantain Flour was as follows :—

Corn Meal	244,305 lbs.	Value \$25,896.33
Plantain Flour	162,432 „	Value \$56,851.20

22. Raw Material used in the manufacture of the two products was as hereunder set out :—

Whole Corn (dried)	369,333 lbs.
Plantains	730,944 „

23. The Factory handled 1,055,394 lbs. of Whole Corn which was purchased at the buying out-stations at 6c. per lb. Cost of transportation, loss intransit and loss by shrinkage in the drying process added approximately 1.8c. to the *in situ* buying price. The final cost ex factory was therefore 7.8c per lb.

24. Corn Meal manufacture absorbed 369,333 lbs. of the total supply purchased. The bulk of the remainder was sold mainly to B.G. Stockfeeds Limited at 7c. per lb. that is, at an approximate loss of 80c. per 100 lbs.

TRADING AND PROFIT AND LOSS ACCOUNT

Processing Factory — This department more than doubled its turn over for 1965 over 1964 and this is due principally to the manufacture of processed goods and some 90% sales therefore, realise \$191,404.08 compared with \$90,605.91 in 1964.

Gross Profit — Despite the fact that turn over doubled, the loss was \$14,110.76, compared with \$17,560.30 for the previous year although it might have been expected that the loss might have been reduced to greater extent this was not possible because of the increased cost of the materials used in processing and processing expenses which rose very sharply.

The Net Loss of \$33,259.24 compared with \$28,644.49 was suffered by this department this is an increase of \$4,614.75 over 1964, and is due to an increase in operating expenses of \$8,023.17 which is less than proportionate to the increased level of activity.

MILK PASTEURISATION PLANT

25. The Plant purchased 559,867 glns of milk valued at \$445,721.04, the average price per gallon landed on the dock being 78.5c. Cost of production was \$1.24 per gallon of pasteurised milk. The average sale price per gallon was 88.3 cents.

MILK PASTEURISATION PLANT — Sales increased by just 1½% over 1964, with a value of \$381,723.19. From this it can be said the level of activity was almost the same as 1964, and the cost of sales was 31% lower than 1964, mainly because there was not as much dumping of milk.

Gross Profit — The Gross Profit at \$185,388.34 was \$113,102.86 less than 1964. It might have been higher were it not for more stringent measures in testing of milk which was responsible for the high incidence of dumping in 1964.

A Net Loss of \$353,702.73 was suffered by this department which is approximately \$39,000 less than the previous year. There might have been a further reduction in the loss had it not been for an increase in the operating expenses of the department. Principal areas have been wages and salaries, cost from breakage, and loss of bottles and milk churns.

EDIBLE OIL

Edible Oil sales decreased slightly from \$2,589,272.72 to \$1,542,280.30. This slight drop was due to some shortages of supply of oil which occurred during the year and which necessitated the importation of Soya Bean Oil and Rapeseed Oil.

Gross Loss at \$137,941.53 was \$89,051.40 more than 1964, and was due to the purchase price of the Rapeseed Oil being higher than the selling price of Edible Oil. Revenue to the extent of \$13,395.50 was however realised from the sale of the drums and this served to reduce the gross loss to \$124,546.03.

Net Loss — The Net Loss suffered was \$191,555.14, an increase of \$97,190.38 over the previous year and is attributable to the difference between the purchase and selling price of the imported oil and an increase in operating expenses of \$20,438.48 which includes a subsidy of \$15,541.65 to the local Mills for Copra imported by them, and purchased at a price over and above the local price, for processing into Edible Oil.

GENERAL COMMENTS

The total turnover for 1965 was approximately .7 per cent more than 1964 though losses were approximately 48% higher than the corresponding period. This total loss is attributable to increased inefficiencies in trading in three of the main departments viz: Georgetown Produce, Milk Pasteurisation Plant and Edible Oil. To cover this loss of \$1,275,322.02, a total subsidy of \$1,305,000 was granted to the Corporation which meant that the subsidy was \$230,076.98 over the above losses actually suffered, but this was in fact reduced to the extent of \$112,289.47 which was the amount by which the 1964 subsidy fell short of the actual loss of 1964.

GUYANA MARKETING CORPORATION.

BALANCE SHEET

AT

31st December, 1965.

1964	CAPITAL	1965	1964	FIXED ASSETS	Cost	Accumulated Depreciation	1965 Net Book Value
\$1,102,108	Indebtedness to Government of Guyana (Since satisfied by an Issue of Perpetual Debentures bearing interest at 7% in accordance with Article 11 (2) of the Guyana Marketing Corporation Order 1963).	\$1,102,108.00	\$ 418,030	Freehold Land and Buildings	\$463,894.41	\$ 23,299.89	\$ 440,594.52
			26,930	Plant and Machinery	223,960.80	29,733.35	194,227.45
			16,342	Furniture and Equipment	37,669.05	3,816.01	33,853.04
			10,008	Motor Vehicles	23,786.60	10,597.08	13,189.52
			7,147	Sundry Equipment	77,562.94	13,086.03	64,476.91
			—	Launches	9,639.61	121.17	9,518.44
			<u>\$ 478,457</u>		<u>\$836,513.41</u>	<u>\$ 80,653.53</u>	<u>\$755,859.88</u>
38,705	CAPITAL RESERVE	74,928.69		CURRENT ASSETS			
(112,290)	SURPLUS (Statement attached)	117,394.32	\$ 407,390	Stocks and Stores at the lower of cost and net realisable value		\$755,826.33	
<u>\$1,028,523</u>		<u>\$1,294,431.01</u>		Drum Deposits :—			
	CURRENT LIABILITIES		\$ 144,900	With Suppliers	\$141,930.00		
—	Government of Guyana Loan Account	\$ 300,000.00	123,340	Less By Customers	105,380.00	36,550.00	
77,147	Government of Guyana Interest on Debentures	154,295.11	<u>\$ 21,560</u>	Sundry Debtors and Debit Balances	\$307,124.50		
—	Bank Overdraft	110,090.16	\$ 287,680	Less :—			
151,800	Sundry Creditors and Credit Balance	105,624.34	110,000	Provision for Bad and Doubtful Debts	110,000.00	197,124.50	
		670,009.61	\$ 177,680	Cash at Bank and on Hand		219,079.91	\$1,208,580.74
\$ 228,947			172,383				
			<u>\$ 779,013</u>				
<u>\$1,257,470</u>		<u>\$1,964,440.62</u>	<u>\$1,257,470</u>				<u>\$1,964,440.62</u>

NOTE:

To be satisfied by an issue of Debentures in accordance with Article 11(2) of the Guyana Marketing Corporation Order 1963. The Debentures are to be issued as Perpetual Debentures, interest to be chargeable at 7%.

Interest on the indebtedness at 7% has been charged in the General Profit and Loss Account in the sum of \$77,147.56.

(Sgd.) E. KWAYANA Members of
R. BEHARRY the Board

GUYANA MARKETING CORPORATION.

DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1965.

	New Amsterdam Produce	Georgetown Produce	Pasteur- isation Plant	Processing Factory	FISH MARKET & CENTRE	EDIBLE OIL	HAM AND BACON FACTORY	TOTAL 1965	COMPARATIVE TOTAL 1964
Transferred from Processing Account	\$ —	\$ —	\$574,186.38	\$ 144,546.73	\$ —	\$ —	\$139,501.86	\$ 858,234.97	\$ 694,430.86
Stocks at 1st Jan. 1965	8,518.48	80,843.88	2,592.45	5,447.91	2,338.89	155,428.19	921.24	256,091.04	279,752.38
Purchases	150,843.93	805,941.86	—	—	153,068.57	2,897,403.45	—	4,007,257.81	3,703,259.63
Loss-in-Transit	2,032.38	12,908.78	—	—	—	—	—	14,941.16	1,833.94
Freight Inwards	1,324.30	—	—	—	—	—	—	1,324.30	1,764.93
Carriage	158.92	—	—	—	—	3,523.75	—	3,682.67	371.63
Refining Expenses	—	—	—	—	—	15,965.56	—	15,965.56	—
Unabsorbed Factory Expenses	—	—	—	21,707.30	—	—	—	21,707.30	24,696.91
Transportation	134.92	—	—	—	—	—	—	134.92	191.50
Cost of Raw Materials Sold	—	—	—	110,621.45	—	—	—	110,621.45	24,682.61
Transferred from Raw Materials.	—	156,417.26	—	4,946.53	—	—	—	161,363.79	5,206.36
	\$163,012.93	\$1,056,111.78	\$576,778.83	\$287,269.92	\$155,407.46	\$ 3,072,320.95	\$140,423.10	\$ 5,451,324.97	\$ 4,736,190.75
LESS									
Stocks at 31st December, 1965	\$ 24,368.05	\$ 144,160.28	\$ 9,667.30	\$ 33,163.45	\$3,137.05	\$ 392,099.12	\$ 2,067.95	\$ 608,663.20	\$ 256,286.50
Transferred to Raw Materials	—	—	—	5,278.42	—	—	—	5,278.42	6,643.73
Transferred to Processing Account	—	—	—	43,313.21	—	—	—	43,313.21	16,851.94
	\$ 24,368.05	\$ 144,160.28	\$ 9,667.30	\$ 81,755.08	\$3,137.05	\$ 392,099.12	\$ 2,067.95	\$ 657,254.83	\$ 279,782.17
Cost of Goods sold	\$138,644.88	\$ 911,951.50	\$567,111.53	\$205,514.84	\$ 152,270.41	\$ 2,680,221.83	\$ 138,355.15	\$ 4,794,070.14	\$ 4,456,408.58
SALES	140,842.44	862,654.31	381,723.19	191,404.08	201,220.96	2,542,280.30	110,569.93	4,430,695.21	4,210,266.08
Gross Profit/(Loss)	\$ 2,197.56	\$(49,297.19)	(\$185,388.34)	\$(14,110.76)	(48,950.55)	(137,941.53)	\$ (27,785.22)	\$ (363,374.93)	\$ (246,142.50)
Sundry Revenue	4.93	89.97	78.42	—	1,014.83	13,395.50	6.25	14,589.90	24,144.00
Gross Revenue	\$ 2,202.49	\$(49,207.22)	\$(185,309.92)	\$(14,110.76)	\$ 49,965.38	\$(124,546.03)	\$ (27,778.97)	\$(348,785.03)	\$(221,998.50)
DEDUCT									
Operating Expenses	\$ 28,452.38	\$158,333.86	—	\$ 7,084.03	\$ 47,673.46	\$ 60,980.28	—	\$ 302,524.01	\$ 176,550.97
Leakage and samples	—	—	\$ 5,439.31	—	—	—	—	5,439.31	6,301.47
Administrative Expenses	6,028.83	42,201.78	61,666.28	12,057.64	6,328.82	6,028.83	12,073.65	146,385.83	173,844.96
Distribution	—	—	101,287.22	—	—	—	—	101,287.22	51,239.74
TOTAL EXPENSES	\$ 34,481.21	\$200,535.64	\$168,392.81	\$ 19,142.67	\$ 54,002.28	\$ 67,009.11	\$ 12,073.65	\$ 555,636.37	\$ 408,027.14
Departmental Trading Profit/(Loss)	\$ (32,278.72)	\$(249,742.86)	\$(353,702.73)	\$(33,252.43)	\$(4,036.90)	\$ (191,555.14)	\$ (39,852.62)	\$(904,421.40)	\$(630,025.64)

GUYANA MARKETING CORPORATION.

GENERAL PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1965.

1964		
\$ 630,026	Operating Loss	\$ 904,421.40
	Before Charging —	
37,066	Depreciation	\$43,747.25
	Interest on Capital	
	Indebtedness to Guyana	
77,148	Government @ 7%	77,147.56
<u>\$ 114,214</u>		<u>120,894.81</u>
\$ 743,900	Net Operating Loss	\$1,025,316.21
	Less:	
631,610	Subsidies received from Government	<u>1,255,000.00</u>
\$(112,290)	Surplus for the year	\$229,683.79
	Deduct :—	
—	Deficit brought forward	<u>112,289.47</u>
\$(112,290)	Balance, being accumulated	
	Surplus carried forward	<u>\$ 117,394.32</u>

PANNELL FITZPATRICK & CO.
and
FITZPATRICK GRAHAM & CO.
Chartered Accountants

23rd May, 1966.

REPORT OF THE AUDITORS ON THE ACCOUNTS OF
GUYANA MARKETING CORPORATION
FOR THE YEAR ENDED 31ST DECEMBER, 1965.

We have examined the Accounts of Guyana Marketing Corporation which are in agreement with the books of the Corporation and report that we have received all the information and explanations we have required.

We further report that subject to the two matters referred to below the annexed Balance Sheet dated 31st December, 1965, and the General Profit and Loss Account for the year ended on that date, are properly drawn up so as to give respectively a true and correct view of the state of the Corporation's affairs at the 31st December, 1965, and of the Surplus for the year then ended, in accordance with generally accepted accounting principles.

1. We have been unable to confirm either the amount or the terms of the loan indebtedness to the Government of Guyana amounting to \$300,000.
2. Because of the lack of proper documentation we have been unable to verify the Corporation's legal title to the Freehold Property as set out in the Balance Sheet.

PANNELL FITZPATRICK GRAHAM &
CHARTERED ACCOUNTANTS

AUDITORS

GUYANA MARKETING CORPORATION.

DEPARTMENTAL PROCESSING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1965.

	HAM & BACON FACTORY		PROCESSING FACTORY		MILK PASTEURISATION PLANT
Raw Materials					
Stocks at 1st January 1965	\$ 4,513.09		\$ 34,860.74		\$ 1,562.86
Purchases	93,496.58		158,496.77		451,293.40
Transferred from Finished Products		\$ 98,009.67	5,278.42	\$ 198,635.93	
					\$ 452,856.26
Less					
Transferred to Finished Products			\$ 4,946.53		
Cost of Raw Materials Sold			110,621.45		
Shrinkage			13,770.61		
Stocks at 31st December, 1965.	\$ 8,569.02	\$ 8,569.02	15,202.29	\$ 144,540.88	\$ 19,997.67
Raw Materials Used				\$ 54,095.05	\$ 432,858.59
Add:					
Finished Products used in Production			\$ 43,313.21		
Processing Expenses		50,061.21	33,367.86	90,451.68	141,327.79
Shrinkage			13,770.61		
Cost of Processing Transferred to Trading and Profit and Loss Account	\$ 139,501.86			\$144,546.73	\$ 574,186.38