

REPORT

ON THE OPERATION OF THE

Guyana Credit Corporation

FOR THE YEAR ENDED

30TH JUNE, 1968

GUYANA CREDIT CORPORATION

(Incorporated by Ordinance No. 13 of 1954)

MEMBERS OF THE CORPORATION AS AT 30TH JUNE, 1968

J. A. Adamson, Esq., O.B.E.
Chairman

L. R. Wharton, Esq.
Deputy Chairman

F. E. Hope, Esq.
Official Member

A. A. Aaron, Esq.

A. R. Yhap, Esq., O.B.E.

S. N. Yearwood, Esq.

A. D. Hack, Esq.

F. Charles, Esq.

J. H. Pollydore, Esq., O.B.E.

J. G. Ramson, Esq.

D. Subnauth, Esq.

B. C. Bennett, Esq.

C. C. Bristol, Esq.

During the year ended 30th June, 1968, the undermentioned persons also served as Members of the Corporation for various periods.

H. O. E. Barker, Esq.
Official Member.

W. K. Brassington, Esq.

E. Doobay, Esq.

F. W. Clarke, Esq.

C. J. B. Harris, Esq.

R. Khan, Esq.

S. Muneshwer, Esq.

H. C. Spence, Esq.

J. R. Vieira, Esq.

M. S. Francis, Esq.

GENERAL MANAGER

R. H. Thompson, Esq.

SECRETARY

E. S. Douglas, Esq.

CHIEF ACCOUNTANT

A. B. Locke, Esq.

REPORT ON THE OPERATION OF
THE GUYANA CREDIT CORPORATION
FOR THE YEAR ENDED 30TH JUNE, 1968

1. **MEMBERS:** During 1968 the size of the Board was reduced from 21 members to 13. The term of office was fixed to the 31st December, 1968.
2. **STAFF:** In keeping with established practice, opportunity was taken to have staff attend training classes in all courses which were made available to the Corporation. This was with a view to increasing the efficiency in the execution of their duties.
3. **BRANCH OFFICES:** Consideration was given to reducing the number of branch offices, but after looking at the position of the arrears in the rural areas, it was decided to maintain all existing offices for the present.
4. **THE ACCOUNTS:** The Auditors' Report on the Accounts of the Corporation for the year under review, the Income and Expenditure Account and Balance Sheet, are attached to this report, together with statistical data on the direction of lending and on the sources of repayments.

Income and Expenditure Account:

There has been an upward shift in Total Income from all sources, to the tune of \$19,514 or 2.4% above the previous year's figure of \$827,237 and Expenditure (leaving aside the increase in the Bad Debt Provision) has been contained to \$13,717 below its last year's total. Salaries and Fees have been cut by \$17,197 and General Expenses showed a fall for the first time since June, 1966, with the result that, despite the \$31,090 increase in debts written off, the net effect has been a \$32,026 reduction in the excess of Expenditure over Income, before adding on the increase in the Bad Debt provision.

While the Corporation credits Government with Interest on all the Bad Debts that have been written off the Corporation's Books, there is no corresponding credit in our books and this, of course, makes the Corporation show heavier losses than is the case. When Government gives us relief by crediting us with these then the accounts of the Corporation will present a much better picture.

Bad Debts

We carry a Bad Debts reserve of \$750,000 and, although our arrears in general payments have increased, this amount would normally be sufficient. Since we wrote down the Black Bush Rice Mills and the mill at Cane Grove to \$500,000 each, the position has deteriorated and we have collected little or nothing from these four mills. We actually attempted to sell one of the mills but offers received were far below the \$500,000 at which we have them in our books. Our Auditors felt therefore, that further provision should be made for losses from these mills and it was decided to write each one down a further \$100,000 and to write off the interest that had accrued since the last write down. This totalled \$750,000 and this was brought into our accounts as a reserve, but must be written out at the end of this financial year. This will bring the total loss on these four mills to roughly \$4,000,000, and it is fairly certain that a further loss of at least \$600,000 can be expected when we dispose of these mills.

5. **GENERAL:** The Corporation received no funds from Government during the year under review. Due to the unusually large number of loans approved during the period, June to December 1966, we had to call a stop to lending during 1967. We met our obligations and took a breathing space until March 1968, by which time, we had built up enough funds to start lending. From that date, we were able to approve loans to the extent of \$144,079 per month.

The Committee system of granting loans described in our 1965 report is still in operation as well as the other stages through which all Loan Applications pass and this has proved to be very satisfactory.

Our application to Government for relief of the write off of \$3.2 million, has so far not been dealt with by Government. The bulk of this write off was for Rice Mills at Black Bush and Cane Grove. We have since had to reserve a further \$750,000 for these four mills which must be written out this year, and it certainly looks like we will have a further write off by the time we can get rid of these liabilities.

The Corporation maintains a country wide organisation and is out to help people in all areas, but it is regrettable that the bulk of the Corporation's losses are in the Rural areas and in the agricultural field. Rice has been the biggest cause of the losses.

The Agriculture Department which vetted all loans for agriculture for the Corporation had advised that, owing to pressure of work and shortage of staff, they could not continue to do so; hence, one of the Corporation's officers, trained in Agricultural Credit was assigned to a newly created post to do what was being done by the Department of Agriculture. He was also assigned to report and advise on industrial loans as well as look after the important aspects of the follow-up, which was not done in the past, but which has been found vitally necessary now.

Despite all the various housing schemes that have been started, housing still constitutes the bulk of the applications for loans but it is pleasing to note that both Agriculture and Industrial loans are on the increase. In fact, these applications were more than double the number of any previous year. Despite our hold up in lending, we still managed from our own resources to lend \$1½ million in the nine months of 1968, and provided borrowers meet their commitments, there is no reason why this rate cannot be maintained during 1969.

Money is dearer and most lending organisations now ask 8-10% in interest. The Corporation still maintains its 7%. Even at this rate, if the Corporation gets the relief it has asked for from Government, it should not be long before at least the Corporation breaks-even on its operational costs.

J. A. ADAMSON, Chairman.
R. H. THOMPSON, General Manager.

Georgetown,
Guyana,
15th February, 1969

GUYANA CREDIT CORPORATION

ACCOUNTS

30TH JUNE, 1968

PANNELL, FITZPATRICK & Co.
AND
FITZPATRICK GRAHAM & Co.
CHARTERED ACCOUNTANTS
DEMERARA.

PANNELL FITZPATRICK & CO.
 AND
 FITZPATRICK GRAHAM & CO.
 CHARTERED ACCOUNTANTS.

DEMERARA LIFE BUILDINGS,
 ROBB & HIGH STREETS,
 GEORGETOWN,
 GUYANA.

9th December, 1968

REPORT OF THE AUDITORS ON THE ACCOUNTS OF THE
 GUYANA CREDIT CORPORATION
 AS AT 30TH JUNE, 1968

We have examined the annexed Balance Sheet and Income and Expenditure Account which are in agreement with the books of account and we report that, in our opinion :—

1. The administration and transactions of the Corporation comply with the relative provisions of Ordinance No. 13 of 1954, as amended.
2. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
3. The Balance Sheet is properly drawn up so as to give a true and fair view of the state of the Corporation's affairs at 30th June, 1968, and the Statement of Income and Expenditure gives a true and fair view of the excess of expenditure over income for the year ended on that date.

PANNELL FITZPATRICK & CO. }
 CHARTERED ACCOUNTANTS } AUDITORS

CORPORATION

STATEMENT

AS AT THE END OF, 1968

| | | | | |
|--------------------|---|------------|----------------------|---------------------|
| 30th June, 1967 | | | | \$ |
| \$ | | | | |
| | CURRENT ASSETS | | | |
| 95,410 | Cash & Bank Balances | 818,614 | | |
| 73,028 | Sundry Debtors & Debit Balances | 61,909 | | |
| 168,438 | | | | 880,523 |
| | LOANS PORTFOLIO & SPECIAL ADVANCES | | | |
| | As shown in the attached Schedule | | | |
| 11,528,918 | Capital | 10,912,974 | | |
| 644,825 | Interest | 834,432 | | |
| 12,173,743 | | 11,746,406 | | |
| 750,000 | Less:—Provision for Bad Debts (Note 4) | 1,500,000 | | |
| 11,423,743 | | | | 10,246,406 |
| | PROPERTIES ACQUIRED TO SECURE LOANS PENDING RE-SALE (At Corporation's Valuation) | | | 112,582 |
| 109,466 | | | | |
| | AGRICULTURAL & INDUSTRIAL ASSETS | | | |
| | As shown in the attached Schedule II | | | 141,649 |
| 149,579 | | | | |
| | FIXED ASSETS | | | |
| | | Cost | Depreciation to date | Net |
| 74,173 | Land & Buildings | 132,147 | 63,591 | 68,556 |
| 27,021 | Furniture, Fixtures & Other Moveable Properties | 136,169 | 115,312 | 20,857 |
| 101,194 | | 268,316 | 178,903 | 89,413 |
| \$11,952,420 | | | | \$11,470,573 |

J. A. ADAMSON (Chairman)

AUBREY B. LOCKE (Chief Accountant)

GUYANA CREDIT CORPORATION

NOTES FORMING PART OF THE BALANCE SHEET

AT 30TH JUNE, 1968

1. The Corporation holds no adequate security for certain of the Crop Loans made to Co-operative Societies.
2. Pending the issue of Government leases, the Corporation holds an Instrument of Charge securing the Cane Grove Scheme advances.
3. No provision has been made for an undetermined liability to the Department of Agriculture in respect of seed padi nor for corresponding charges to the various Co-operative Societies.
4. The Provision for Bad and Doubtful Debts represents 12.77% of total loans and advances outstanding as compared with 6.16% in the previous year. Repayments of loans and advances amounting to approximately \$3,279,000 are in arrear at 30th June, 1968. (30th June, 1967, approximately \$2,567,000).

GUYANA CREDIT CORPORATION

Schedule I

LOANS & ADVANCES AT 30TH JUNE, 1968

| 30th June, 1967 (Total) | | <u>Capital</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|--|----------------|-----------------|--------------|
| | | \$ | \$ | \$ |
| 8,708,682 | Housing & Development including Crop Loans | 7,769,554 | 351,193 | 8,120,747 |
| 605,040 | Judgement Debtors | 445,002 | 125,055 | 570,057 |
| 152,189 | Local Authorities | 149,127 | 1,295 | 150,422 |
| 473,471 | Co-operative Societies | 445,353 | 61,294 | 506,647 |
| 1,637,714 | Black Bush Polder Rice Mill Co-operatives | 1,550,267 | 204,962 | 1,755,229 |
| 535,492 | Cane Grove Rice Mill Co-operative | 509,343 | 72,974 | 582,317 |
| 31,128 | Crop Loans Rice Marketing Board | 25,677 | 6,478 | 32,155 |
| 30,027 | Loans taken over from Co-operative Credit Banks | 18,651 | 10,181 | 28,832 |
| \$12,173,743 | As shown in Balance Sheet | \$10,912,974 | \$833,432 | \$11,746,406 |



Schedule II

AGRICULTURAL & INDUSTRIAL ASSETS AT 30TH JUNE, 1968

| | | | |
|--------------------------|--|---------|-----------|
| 30th June, 1967 \$ | | | |
| 1,109,902 | 47 Combines at cost | | 1,109,902 |
| 1,095,698 | Less :—Recovered from Guyana Government | | 1,095,698 |
| 14,204 | Due by Ministry of Agriculture | | 14,204 |
| | Industrial Building Ruimveldt at cost | 158,607 | |
| 135,375 | Less :—Depreciation | 31,162 | 127,445 |
| \$149,579 | | | \$141,649 |

GUYANA CREDIT CORPORATION

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED

30TH JUNE, 1968

| 30th June, 1967 | | | \$ |
|--------------------|---|--|--------------------|
| \$ | | INCOME | \$ |
| 796,300 | | Interest on Loans & Advances | 811,663 |
| 17,900 | | Other Income | 22,475 |
| 13,037 | | Excess of income over expenditure on Ruimveldt Industrial Estate Building Operations | 12,613 |
| <u>827,237</u> | | | <u>846,751</u> |
| | | EXPENDITURE | |
| 516,857 | | Interest on Treasury Advances | 518,062 |
| | | Administrative Expenses | |
| 321,089 | Salaries and Fees | 303,892 | |
| 35,399 | Travelling | 35,336 | |
| 12,802 | Rent & Property Expenses | 13,829 | |
| 5,704 | Printing & Stationery | 4,785 | |
| 5,105 | Postages & Telephones | 5,004 | |
| 1,231 | Legal Expenses | 3,908 | |
| 25,496 | General Expenses | 18,576 | |
| 12,230 | Staff Pension Scheme — Employer's Contribution | 12,154 | |
| <u>419,056</u> | | | 397,484 |
| 7,304 | Audit Fee | | 7,000 |
| 17,350 | Depreciation | | 17,255 |
| 39,553 | Provision for Bad Debts | 750,000 | |
| 20,871 | Bad Debts | 70,643 | |
| <u>60,424</u> | Loss/(Profit) on properties acquired to secure loans | (1,965) | |
| 1,020,991 | | | 818,678 |
| <u>193,754</u> | | | <u>1,758,479</u> |
| 3,586,352 | EXCESS OF EXPENDITURE OVER INCOME | | 911,728 |
| <u>\$3,780,106</u> | ADVERSE BALANCE BROUGHT FORWARD | | 3,780,106 |
| | ADVERSE BALANCE CARRIED FORWARD | | <u>\$4,691,834</u> |

Georgetown,
Guyana.
29th November, 1968

J. A. ADAMSON (Chairman)

AUBREY B. LOCKE (Chief Accountant)

GUYANA CREDIT CORPORATION

APPENDIX "A"

SUMMARY OF LOANS PAID

| Month | Agriculture | | Agriculture Machinery | | Rural & Urban Housing | | Public Officers Housing | | Industry | | Fishing | | Food Product. & Co-ops. | | Logging | | Local Authorities | | Judgement Debtors | Total | |
|------------------|-------------|-----------|-----------------------|---------|-----------------------|------------|-------------------------|-----------|----------|-----------|---------|---------|-------------------------|-----------|---------|---------|-------------------|---------|-------------------|--------|------------|
| | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | Amt. | No. | Amt. |
| 1967 | | | | | | | | | | | | | | | | | | | | | |
| July | 2 | 15,211 | — | 96 | 5 | 66,443 | 1 | 9,437 | 1 | 10,595 | — | — | 1 | 7,500 | — | — | — | Cr. 562 | 250 | 10 | 108,970 |
| August | 1 | 36,619 | — | 400 | 5 | 30,956 | 3 | 9,752 | 2 | 24,297 | — | 33 | 1 | 50,268 | — | — | — | — | 182 | 12 | 152,507 |
| September | 1 | 7,533 | — | 319 | 5 | 35,649 | 1 | 7,713 | 5 | 14,639 | — | — | — | 3,240 | — | — | — | — | 1,236 | 12 | 70,329 |
| October | 1 | 8,343 | — | 80 | 3 | 17,185 | 5 | 15,313 | — | 1,467 | — | 24 | — | 149 | — | — | — | — | 121 | 9 | 42,682 |
| November | — | 4,759 | — | 77 | 2 | 12,392 | 8 | 11,925 | 3 | 43,570 | — | 79 | — | 200 | — | — | — | — | 514 | 13 | 73,516 |
| December | — | 2,669 | — | 24 | 3 | 9,929 | 3 | 14,933 | 1 | 6,653 | 1 | 14,954 | — | 767 | — | — | — | — | 591 | 8 | 50,520 |
| 1968 | | | | | | | | | | | | | | | | | | | | | |
| January | 2 | 7,727 | — | 78 | 6 | 15,943 | 1 | 9,213 | — | 18,985 | — | — | — | 47 | — | — | — | — | 655 | 9 | 52,648 |
| February | — | 3,423 | — | 358 | 5 | 17,838 | 2 | 8,513 | — | 14,184 | — | — | — | 6,597 | — | — | — | 375 | 214 | 7 | 51,502 |
| March | — | 2,803 | — | Cr. 3 | 2 | 17,094 | 1 | 9,039 | — | 2,099 | — | — | — | 4,664 | — | — | — | 366 | 46 | 3 | 36,108 |
| April | 2 | 4,773 | — | 83 | 2 | 8,934 | 1 | 4,921 | 3 | 25,924 | — | 28 | — | 7 | — | — | — | — | 402 | 8 | 45,072 |
| May | 5 | 3,183 | — | 229 | 8 | 18,964 | 3 | 6,277 | 1 | 6,218 | 1 | 768 | — | 180 | — | — | — | 171 | 693 | 18 | 36,683 |
| June | 5 | 3,770 | — | 5,391 | 9 | 22,022 | 4 | 8,829 | — | 17,626 | — | Cr. 75 | 1 | 500,554* | — | — | — | 13,753 | 1,236 | 19 | 573,106 |
| Total for year | 19 | 100,813 | — | 7,132 | 55 | 273,349 | 33 | 115,865 | 16 | 186,257 | 2 | 15,811 | 3 | 574,173 | — | — | — | 14,103 | 6,140 | 128 | 1,293,643 |
| Total: June 1954 | | | | | | | | | | | | | | | | | | | | | |
| To June 1968 | 4,201 | 4,242,349 | 21 | 594,580 | 9,121 | 10,898,973 | 1,127 | 5,752,410 | 785 | 4,697,337 | 71 | 168,919 | 2,775 | 7,293,636 | 16 | 147,147 | 16 | 117,125 | 24,726 | 18,133 | 33,937,202 |

*Of this figure \$500,492 which was paid to Cane Grove Scheme during 1961—1965, has been brought into "Loans Paid" statistics for the first time despite the non-issue of Government leases, (see Balance Sheet Note 2).

GUYANA CREDIT CORPORATION

APPENDIX "B"

SUMMARY OF REPAYMENT

| Month | Agriculture | Agriculture Machinery | Rural & Urban Housing | Public Officers Housing | Industry | Fishing | Food Product & Co-ops | Logging | Local Authorities | Judgement Debtors | Total |
|---|------------------|--------------------------|-----------------------------|-------------------------------|------------------|----------------|-----------------------------|---------------|----------------------|----------------------|-------------------|
| 1967 | | | | | | | | | | | \$ |
| July | 7,489 | 1,653 | 56,050 | 14,908 | 16,351 | 237 | 3,372 | — | 625 | 3,803 | 104,488 |
| August | 9,121 | 9,952 | 52,415 | 53,547 | 17,812 | 20 | 3,074 | — | — | 2,632 | 148,573 |
| September | 4,285 | 3,304 | 47,938 | 55,355 | 25,221 | 36 | 1,331 | — | — | 3,572 | 141,042 |
| October | 12,313 | 2,935 | 50,573 | 60,565 | 10,073 | 530 | 3,625 | — | — | 3,312 | 143,926 |
| November | 15,489 | 10,716 | 60,042 | 57,921 | 16,295 | 2 | 6,120 | — | — | 5,462 | 172,047 |
| December | 16,093 | 3,613 | 86,892 | 34,308 | 17,093 | 3,782 | 3,821 | — | 5,545 | 10,910 | 182,057 |
| 1968 | | | | | | | | | | | |
| January | 13,801 | 3,603 | 70,646 | 40,504 | 19,754 | 805 | 6,226 | — | 3,440 | 8,354 | 167,133 |
| February | 5,026 | 3,822 | 62,624 | 61,774 | 29,711 | 300 | 3,399 | — | 500 | 3,230 | 170,386 |
| March | 13,713 | 4,468 | 54,321 | 29,527 | 10,054 | 1,110 | 3,788 | — | — | 7,999 | 124,980 |
| April | 7,196 | 10,990 | 57,232 | 31,704 | 8,550 | 1,459 | 544 | — | — | 3,357 | 121,032 |
| May | 25,772 | 3,741 | 80,521 | 85,954 | 20,887 | 275 | 5,589 | — | 1,773 | 3,443 | 227,955 |
| June | 24,466 | 8,302 | 85,812 | 77,874 | 27,340 | 265 | 3,826 | — | 14,044 | 17,299 | 259,228 |
| Total for year | 154,764 | 67,099 | 765,066 | 603,941 | 219,141 | 8,821 | 44,715 | — | 25,927 | 73,373 | 1,962,847 |
| Total—June 1954 To June 1968 | 4,097,556 | 794,480 | 10,627,237 | 5,315,646 | 3,760,455 | 143,838 | 3,713,424 | 14,790 | 129,553 | 366,361 | 28,963,340 |