

REPORT

ON THE OPERATION OF THE

British Guiana Credit Corporation

FOR THE YEAR ENDED

30th JUNE 1963.

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BRITISH GUIANA CREDIT CORPORATION

(Incorporated by Ordinance No. 13 of 1954.)

MEMBERS OF THE BOARD OF THE CORPORATION AT 30TH JUNE, 1963.

John Durey, Esq., M.B.E., F.C.I.S.
Chairman

Joseph Jardim, Esq.
Deputy Chairman

The Deputy Secretary to the Treasury,

Gobin Biragie, Esq.,

Jacob Bowman, Esq.,

Ivan Remington, Esq.,

Mantaz Ali, Esq.,

W. W. Kennedy, Esq.,

J. B. I. Gomez, Esq.

E. C. Rodrigues, Esq.

A. C. Grieve, Esq. Regional Controller,
Colonial Development Corporation.

GENERAL MANAGER

G. E. Luck, Esq., B.A., B.Sc., Econ. (Hons.), LL.B. (Hons.) Lond.
Barrister-at-Law

SECRETARY

R. H. Thompson, Esq.,

CHIEF ACCOUNTANT

R. C. Yerrakadu, Esq., A.C.C.S.

Mr. Andrew James, Deputy Chairman, resigned in August, 1962 and Mr. Joseph Jardim was appointed Deputy Chairman from 24th August, 1962. Messrs. J. B. I. Gomez and W. W. Kennedy were appointed members from 26th September, 1962. Mr. A. M. Man's term of office expired on 25th September, 1962, and Mr. E. C. Rodrigues was appointed on 10th January, 1963. Mr. John Durey's term of office expired on 18th May, 1963.

REPORT

ON THE OPERATIONS OF THE BRITISH GUIANA CREDIT CORPORATION FOR THE YEAR ENDED 30TH JUNE, 1963.

1. **MEMBERS :** During the year under review there were a few changes in the membership of the Board.

Mr. Andrew James, Deputy Chairman, resigned in August, 1962 and Mr. Joseph Jardim was appointed Deputy Chairman on 24th August, 1962. Messrs. J. B. I. Gomez and W. W. Kennedy were appointed members from 26th September, 1962. Mr. A. M. Man's term of office expired on 25th September, 1962, and Mr. E. C. Rodrigues was appointed a member on 10th January, 1963. Mr. John Durey's term of office expired on 18th May, 1963.

2. **STAFF :** The permanent staff of the Corporation was reduced to 106 officers due to resignations and departures from the colony; these were divided between Head Office and the 22 Branch Offices. Two of our officers of the senior staff again attended a course in the U.S.A. sponsored by the Agency for International Development in Supervised Agricultural Credit.

3. **BRANCH OFFICES:** In keeping with the policy of the Corporation to erect its own offices wherever practicable, four new offices were completed and opened for business at Victoria and Triumph on the East Coast, Demerara, Whim on the Corentyne Coast and La Grange on the West Bank of the Demerara River.

4. **THE ACCOUNTS :** The Auditors' Report on the accounts of the Corporation for the year, together with a statement of Income and Expenditure and Balance Sheet for the period under review is hereto attached. Tables giving an analysis of the business of the Corporation are also attached.

(i) **Income & Expenditure Account:**

The excess of Expenditure over Income for the year was \$201,562. This sum includes an amount of \$118,493 which represents an increase in the provision for bad and doubtful debts over last year's figure. It should be noted that there would have been an operating profit of \$58,752 if there had not been this increase to cover the bad and doubtful debts and a sum of \$141,821 written-off. The Board of the Corporation felt that this increase was necessary because at 30th June, 1963 the outstanding judgment debts totalled \$544,753 and arrears on collections showed an approximate figure of \$2,440,000, of which approximately \$922,000 covered borrowers three or more years in arrears. It should be mentioned that this sum represents 5% of the total debts outstanding, which is in accordance with the recommendation of the International Bank for Reconstruction and Development.

Administrative Expenses : The increase of \$53,067 over the expenditure of the previous year was due to an upward revision of salaries, sundry legal costs, plus Riot Insurance on mortgaged properties and insurance on cash in transit during the recent disturbances.

(ii) **Balance Sheet :**

Treasury Advances: An advance of \$75,000 was made from the Treasury to tide the Corporation over the strike period. Deposits at the Post Office Savings Bank could not have been withdrawn as the Head Office of the Post Office Savings Bank was on strike. This has since been refunded.

There has been a change in the accounting procedure in respect to the treatment of properties purchased by the Corporation at Execution Sales. These properties are now shown at the Corporation's valuation instead of at cost.

5. **LOANS MADE AND LOAN REPAYMENTS :** Appendix A to this report shows the monthly payments made against loans authorised, while Appendix B shows the monthly repayments with respect to loans.

6. **GENERAL**: The recent general strike has had some effect on the general economy of the country as a whole, with the result that the Development Programme has been somewhat retarded. This Corporation has felt the full impact by a decline in repayments over the critical months and a consequent restriction of lending for the period. Through lack of fuel, the autumn rice crop was delayed, both in preparation and sowing, with the result that the estimated acreage was not planted. The yield is not expected to be anyway near the figure hoped for previously.

A start was made on the Corporation's building at the new Industrial Site at Ruimveldt, and up to 30th June, 1963 was progressing favourably.

An officer of the International Bank for Reconstruction and Development paid a routine visit of inspection and offered helpful advice to the Administration.

A Soviet Union trade mission visited the Corporation during the period under review and entered into contracts with the Corporation as sole agents for their agricultural and industrial equipment. It was agreed that demonstration units be supplied at a reduced price.

JOSEPH JARDIM, Chairman.

W. W. KENNEDY, Deputy Chairman.

R. H. THOMPSON, General Manager (ag.)

Georgetown,
British Guiana,
22nd November, 1963.

BRITISH GUIANA CREDIT CORPORATION

ACCOUNTS

30th JUNE 1963.

FITZPATRICK GRAHAM & CO.,
CHARTERED ACCOUNTANTS.
DEMERARA.

FITZPATRICK, GRAHAM & CO.,
CHARTERED ACCOUNTANTS.

P.O. Box 37
THE DEMERARA LIFE BUILDINGS,
GEORGETOWN,
DEMERARA.
22nd October, 1963.

**REPORT OF THE AUDITORS ON THE ACCOUNTS OF THE
BRITISH GUIANA CREDIT CORPORATION
AS AT 30TH JUNE, 1963.**

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:—

1. So far as we have been able to ascertain the administration and transactions of the Corporation comply with the relative provisions of Ordinance 13 of 1954.

2. Subject to paragraph 4, in our opinion and to the best of our information and according to the explanations given to us, 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, 1963, 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.

3. 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.

4. The Provision for Bad & Doubtful Debts has been increased from \$588,500 at 30th June, 1962 to \$706,993 at 30th June, 1963 and now represents 5% of total loans and advances outstanding, as compared with 4.02% previously. In view of the facts that there were at 30th June, 1963 a) Judgment Debtors outstanding totaling \$544,753, and b) arrears on collections of approximately \$2,440,000, including approximately \$922,000 three years or more in arrears, we feel that this Provision is probably inadequate; however in the absence of a specific appraisal of the state of each advance and related security, it is impossible to say for certain.

(Signed) FITZPATRICK GRAHAM, & CO.
Chartered Accountants, Auditors.

BRITISH GUIANA CREDIT
BALANCE
AS AT 30TH

LIABILITIES

30th June,
1962

\$

613,990

284,803

898,793

13,508,988

40,316

13,549,304

62,805 Cr.

55,539 Dr.

7,266 Cr.

SUNDRY LIABILITIES

Interest due to Treasury	957,051
Sundry Creditors & Other Credit Balances	<u>160,025</u>

1,117,076

ADVANCES

Treasury	13,508,988
Treasury Special	75,000
B.G. Rice Marketing Board	<u>38,282</u>

13,622,270

DEFICIT

Excess of Expenditure over Income for year ended 30th June, 1963	<u>201,562</u>
Less Surplus Brought Forward	<u>7,266</u>

194,296 Dr.

The Attached Schedule and Notes form
part of this Balance Sheet.

\$14,455,363

\$14,545,050

Georgetown,
British Guiana,
22nd October, 1963.

IT CORPORATION
SHEET
JUNE, 1963

ASSETS

30th June,
1962

\$

CURRENT ASSETS

\$

185,942	Cash & Bank Balances	.....	.....	597,847	
29,080	Sundry Debtors & Other				
	Debit Balances	....	....	<u>51,859</u>	
<u>215,022</u>					649,706

**LOANS PORTFOLIO & SPECIAL
ADVANCES**

As shown in the attached Schedule					
14,112,827	Capital	.....	.....	13,383,815	
529,622	Interest	.....	.....	<u>756,061</u>	
<u>14,642,449</u>					14,139,876
588,500	Less Provision for Bad Debts	....	....	<u>706,993</u>	
<u>14,053,949</u>					13,432,883

**PROPERTIES ACQUIRED TO SECURE
LOANS PENDING RESALE**

6,240	(At Corporation's valuation — see				
(at cost)	Note 5)	....	....	....	232,097

FIXED ASSETS

		At Cost	Less Aggregate Depreciation	Net	
108,429	Land & Buildings	185,896	14,994	170,902	
71,723	Furniture, Fixtures & Other Moveable Properties	141,445	81,983	59,462	
		<u>327,341</u>	<u>96,977</u>		
<u>180,152</u>					230,364

\$14,455,363

\$14,545,050

JOSEPH JARDIM, (Chairman).
ROY C. YERRAKADU, (Chief Accountant).

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**BRITISH GUIANA CREDIT CORPORATION
NOTES FORMING PART OF BALANCE SHEET
AS AT 30TH JUNE, 1963**

1. Under Agreement dated 28rd June, 1961, the International Bank for Reconstruction & Development (The World Bank) agreed to lend the Government of British Guiana (U.S.) \$1,250,000 to provide part of the lending resources required by the Corporation for specified purposes. At 30th June, 1963, an amount of (B.W.I.) \$321,162 has been received by Government under that agreement; the relevant loans made to Sundry Borrowers are included under Housing and Development Loans.

2. (a) The Corporation holds no adequate security for certain of these crop loans made to Co-operative Societies.

(b) Pending issue of Government leases, the Corporation holds no security for the advances and interest in respect of the Cane Grove Scheme.

(c) The advances and interest in respect of Combine Harvesters are to be reimbursed by Government.

3. There is a contingent liability of approximately \$30,400 plus costs in respect of judgement entered against the Corporation in favour of Mr. C. H. DaSilva. An appeal to the Judicial Committee of the Privy Council is pending.

4. Letters of Credit outstanding amount to \$4,736.

5. There is a change in the basis of accounting for Properties acquired to secure loans. These, which were previously shown at cost, are now shown at the Corporation's valuation; for comparison purposes the cost of the properties held at 30th June, 1963, was \$40,756

BRITISH GUIANA CREDIT CORPORATION
SCHEDULE OF LOANS PORTFOLIO &
SPECIAL ADVANCES AT 30TH JUNE, 1963

30th June, 1962 (Total) \$		Capital \$	Interest \$	Total \$
	Loans Portfolio			
10,802,509	(Housing & Development	9,025,519	302,396	9,327,915
	((see Note 1)			
253,481	(Judgment Debtors	469,589	75,164	544,753
	Crop Loans (see Note 2(a))	230,601	11,516	242,117
83,911	Loans taken over from			
	Co-operative Credit Banks	58,625	14,631	73,256
<u>11,139,901</u>		<u>9,784,334</u>	<u>403,707</u>	<u>10,188,041</u>
	Special Advances			
2,754,367	Black Bush Scheme Advances	2,865,963	262,708	3,128,671
166,444	Cane Grove Scheme			
	(see Note 2(b))	164,364	15,283	179,647
581,737	Combine Harvesters			
	(see Note 2(c))	569,154	74,363	643,517
<u>3,502,548</u>		<u>3,599,481</u>	<u>352,354</u>	<u>3,951,835</u>
<u>\$14,642,449</u>	Per Balance Sheet	<u>\$13,383,815</u>	<u>\$756,061</u>	<u>\$14,139,876</u>

**BRITISH GUIANA CREDIT CORPORATION
INCOME AND EXPENDITURE ACCOUNT
FOR YEAR ENDED 30TH JUNE, 1963**

**Year Ended
30th June,
1962**

\$

721,407
156,805
21,977

900,189

INCOME

\$

Interest on Loans
Interest on Advances
Other Income

671,958
244,664
14,602

931,224

EXPENDITURE

452,071

241,116
24,923
20,241
9,968
4,062
3,748
8,748

Interest on Treasury Advances
Administrative Expenses
Salaries & Fees 293,862
Travelling 20,806
Rents and Property Expenses 13,869
Printing and Stationery 6,419
Postages and Telephones 8,550
Legal Expenses 9,099
General Expenses 18,268

473,061

312,806

6,000

17,949

19,258

9,200

10,058

38,500

837,384

\$ 62,805 Cr.

Audit Fee 6,000

Depreciation 22,338

Bad Debts written off,
Less recoveries 342,720

Deduct : Profits on resale and
revaluation of properties
acquired to secure loans 200,899

Increase in Provision for
Bad Debts 118,493

370,873

6,000

22,338

342,720

200,899

141,821

118,493

1,132,786

**EXCESS OF EXPENDITURE OVER
INCOME**

\$ 201,582

Georgetown,
British Guiana,
22nd October, 1963.

JOSEPH JARDIM, (Chairman).

ROY C. YERRAKADU, (Chief Accountant).

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BRITISH GUIANA CREDIT CORPORATION
APPENDIX A
SUMMARY OF LOANS PAID

Month	Agriculture		Agriculture Machinery		Rural & Urban Housing		Public Officers Housing		Industry		Fishing		Food Production		Logging		Local Authorities		Judgement Debtors		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1962																						
July	2	5,940	46		5	27,402	2	21,786	1	1,673			1	27,182		15		—			11	84,044
Aug.	1	9,056	1,241		10	36,635	1	26,647	1	24,629		8	818				—				13	99,034
Sept.	1	2,397	53,174		7	42,472	2	14,133	3	3,125						22		—			13	115,323
Oct.	1	14,514	598		14	42,981		5,334	1	3,659		16	2,228		119		—				16	69,449
Nov.	1	5,136	222		11	21,884	3	8,660	1	20,950		30	5,000				—				16	61,882
Dec.	1	5,242	222		9	17,842		9,551		11,070			8,000				—				10	51,927
1963																						
Jan.		2,832	3,391		5	16,187	1	2,703	1	11,255			316				—				27	7 36,711
Feb.	1	1,567	301		7	11,552	1	2,290		1,017			1 4,470				—				43	10 21,240
Mar.		15,767	18,633		7	13,694		1,466		13,084		548	1,984		22		—				224	7 65,422
April	1	1,172	323		6	22,595	1	11,237		1,981		148	10,862				—				286	8 48,604
May		311	30		4	25,611		9,181		81		14	2,842				—				148	4 38,218
June	1	2,609	92		6	25,469		6,334		8,967		12	1 22,945				—				264	8 66,692
Total for Year	10	66,543	78,273		91	304,324	11	119,322	8	101,491		776	3 86,647		178		—				992	123 758,546
Total June 1954 to June 1963																						
No.	4,054		16		8,322		726		647		64		2,740		16		16				16,601	
Amount	3,760,357		439,180		8,359,932		3,930,409		3,634,403		145,448		3,093,161		147,147		96,000				992	23,607,029

BRITISH GUIANA CREDIT CORPORATION
APPENDIX B
SUMMARY OF REPAYMENTS

Month	Agriculture	Agriculture Machinery	Rural and Urban Housing	Public Officers Housing	Industry	Fishing	Food Prod. & Co-ops.	Logging	Local Authorities	Judgment Debtors	Total
1962											
July	26,604	688	66,034	26,955	12,793	215	8,033		—	—	141,322
August	16,277	1,310	63,025	38,546	15,896	185	4,283	180			139,702
September	18,323	889	63,067	38,221	17,652	3,610	3,195				144,957
October	26,567	8,661	72,670	40,627	17,654	25	6,243	1,280			173,727
November	30,665	30,720	94,626	36,053	25,884	532	8,576	820			227,876
December	53,341	28,042	110,304	77,902	28,627	116	28,192	717			327,241
1963											
January	32,182	25,792	78,391	29,244	52,957	695	53,367			1,673	274,301
February	28,044	12,081	68,482	36,167	27,778	630	31,368	350		2,373	207,273
March	16,366	10,292	60,900	42,749	18,799	734	22,192	560		3,005	175,597
April	11,649	3,813	58,718	29,605	15,696	185	13,364			3,695	136,725
May	7,781	1,768	35,147	9,879	23,026	30	2,282			4,398	84,311
June	10,192	4,901	43,287	21,344	7,657	338	3,951			3,079	94,749
Total for Year	277,991	128,957	814,651	427,292	264,419	7,295	185,046	3,907	—	18,223	2,127,781
Total June, 1954 to June, 1963	3,303,952	399,188	6,874,765	2,629,205	2,462,520	114,889	3,236,802	14,665	51,142	18,223	\$19,105,351

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