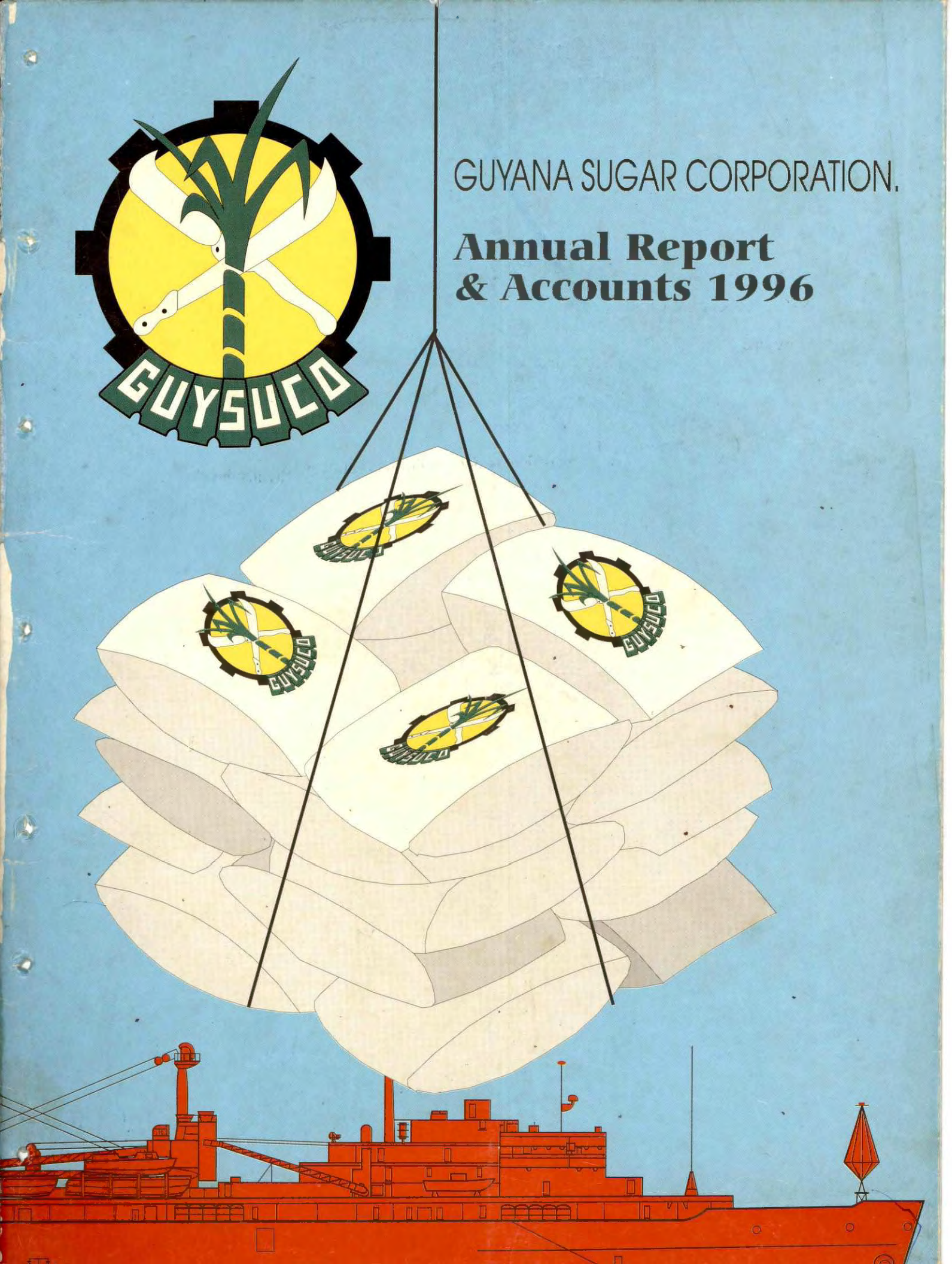
GUYANA SUGAR CORPORATION.

Annual Report & Accounts 1996



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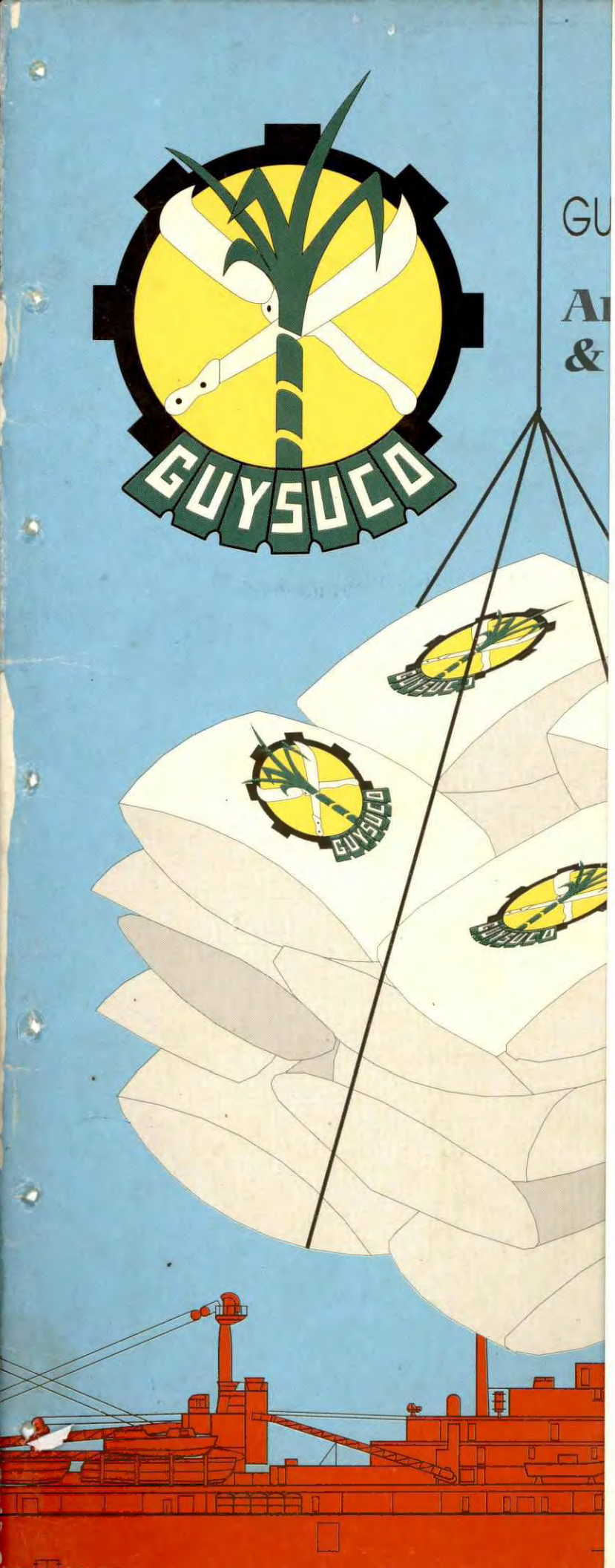


BOARD OF DIRECTORS

1. Mr. V. Oditt, A.A.	Chairman
2. Mr. R. Alli, A.A.	Member
3. Mr D. Ramotar	Member
4. Mr. E. Heyligar, C.C.H.	Member
5. Mr. B. Newton	Member
6. Mr. R.M.D. Glasford	Member
7. Mr. G.N. Hilary	Chief Executive

Auditors

The 1996 Accounts were audited by the Auditor General in accordance with the provisions of the Financial Administration and Audit (Amendment) Act, 1993.

A.L. Lancaster
Secretary

CHAIRMAN'S REPORT

Mr. Vickram Oditt A.A. Chairman of the Board of Directors

1996 was a good year for Guysuco in that production increased significantly and profitability remained satisfactory. However, the industry continues to face a number of problems which have to be addressed and solved if we are to maintain our strength and competitiveness in the new century. Not least among these challenges is that of substantially reducing our costs.

Production in 1996 amounted to 275,705 tons compared with 249,840 tons in 1995. In recent years the recovery in production has been remarkable with annual crops growing from 129,000 tons in 1990 to 275,000 tons in 1996. In future production gains will be more difficult to achieve and will depend on steadily improving yields in the field, recoveries in the factory and productivity in the workforce. Such improvements will be won by making substantial investments in continued

rehabilitation in field and factory and achieving a more disciplined, better trained and more highly motivated work force capable of applying modern agricultural and technological practices on a consistent basis.

Workers gained the equivalent of 16.75% increase in wages in 1996 with a further increase of 14 1/2% approved for 1997. Other benefits, including medical services, community centre facilities and the provision of lots for housing at highly subsidised prices, continue to be made available. The steady improvement of the lives of sugar workers and the conditions under which they work is an essential part of Guysuco's policy.

However, such improvements cannot take place indefinitely without matching increases in efficiency and labour productivity. In the period 1995 - 1997 there can be no doubt that the increase in employment costs has exceeded what Guysuco can continue to absorb. Such increases in employment costs unmatched by equivalent savings will sooner rather than later bring the industry to the point of crisis. In 1996 revenue increased to a record level.

Guysuco and GAWU sign API agreement

Increased production found beneficial outlets. The new Special Preferential Sugar agreement, which had come into force on the 1st July, 1995 yielded a full year's benefit in 1996. Increased allocations of US quota of sugar were received. And favourable exchange rate alignments in the EU continued to prevail which again yielded revenue significantly higher than originally budgeted. It must be said that such additional revenue arising from favourable exchange rate movements, while immediately welcome carries with it the significant drawback that such windfall conditions are bound to come to an end but while they obtain have the effect of entrenching expectations of wage increases above the level which the industry can sustain.

	1994	1995	1996
Production (tons)	252,615	249.840	275,705
Export Revenue ($B)	16.8	18.1	21.9
Total Revenue ($B)	18.1	20.2	23.8
Export Sales Levy ($B)	3.0	2.9	4.6
Material & Service Costs ($B)	5.9	6.7	7.2
Employment Costs ($B)	6.5	7.9	8.8
Surplus (before tax and levy) ($B)	4.1	3.6	5.3
Profit (after tax and levy) ($M)	691	320	224

FINANCE

Revenue and Expenditure

In 1996 GuySuCo's revenue before sugar levy was $23.8 billion compared with $20.2 billion in 1995, an increase of over 17%, while the official exchange rate in the year decreased by only 0.5% (G$140.50 to US$1 at December 31 1995, G$141.25 to US$1 at December 31 1996). Expenditure was $18.4 billion compared with $16.6 billion in 1995, an increase of 11%. Employment Costs amounted to $8.8 billion, 48% of total expenditure (1995 $7.9 billion, 48% of expenditure). Cost of production was 21.2 US cents per lb, compared with the 1995 21.7 US cents per lb. The rate of inflation was 4.5% in the year.

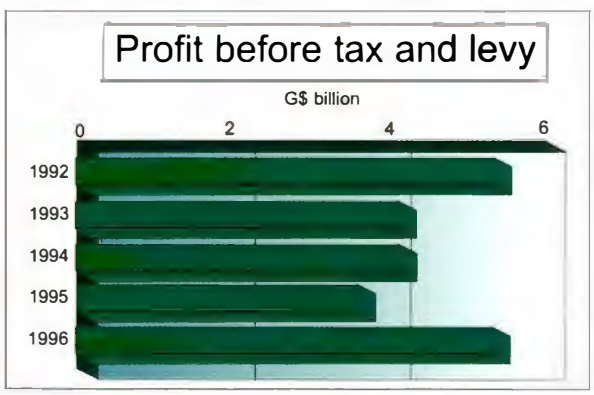
Earnings and Contributions to Government

The surplus before tax and sugar levy was $5.3 billion in 1996 compared with $3.6 billion in

1995, an increase of 47%. Profit after tax and sugar levy was $224 million compared with $320 million in 1995, due to the increase of $1.7 billion in export sales levy. In addition to the Levy, contributions to the Government amounted to $2 billion as follows:

	$ million
Taxation	450
Custom Duties & C/Tax	396
PAYE/NIS	1,143
	1,989

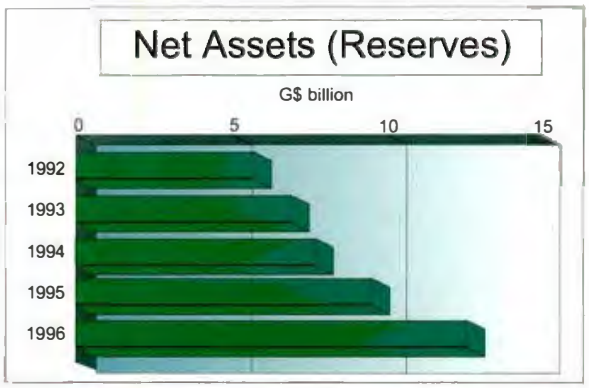
Capital Expenditure



Implementing a coordinated capital expenditure programme to replace and renovate assets in field factory remains a high priority in GUYSUCO and $1,188 million was spent in 1996 on capital projects:

	$ million
Buildings	102
Agricultural equipment	153
Cane punts	26
Factory equipment	497
Drainage and irrigation	22
Transport	124
Other	264
	1,188

Assets and Reserves



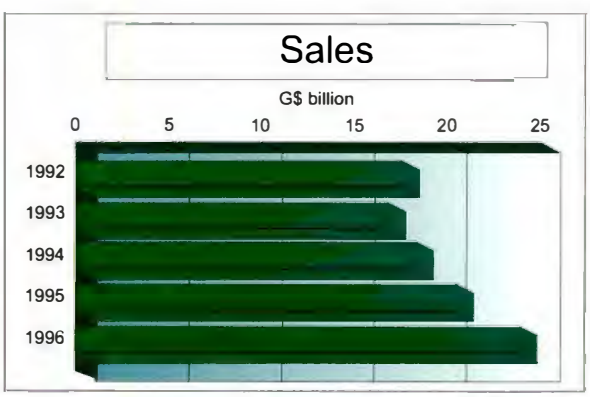
GUYSUCO's net assets and reserves increased dramatically in 1996, standing at $12.7 billion at 31st December 1996, an increase of 32% over the previous year. Net cash flow generated was $2.4 billion (1995 $11 million).

Subsidies

GuySuCo's revenue and profitability continues to suffer because it subsidises the domestic consumer of sugar and cane farmers in the industry to a significant degree.

Local Sales Subsidy

The price of brown sugar has remained unchanged since February, 1991. Since then the effect of inflation has substantially reduced the real value of sugar earnings in the domestic market. The local price at G$21.91 per lb is well below the cost of production of G$29.87 per lb.



The amount of this subsidy in 1996 was $409 million compared with $331 million in 1995.

Cane Farming Subsidy

When farmers' cane is processed, gross revenue per ton-before sugar levy - is shared 70% to the farmer (no levy deducted) and 30% to GuySuCo

(subject to levy). Every ton of sugar made from farmers' cane costs GuySuCo $13,752. The amount of this subsidy in 1996 was $314 million compared with $221 million in 1995.

HIGHLIGHTS

Production in 1996 at 275,705 tons was the highest annual production achieved by the industry since 1982 when 287,725 tons were produced at 10 factories from 110,485 acres of estate cane at 2.26 TS/A. Production in 1996 was made at eight factories from 96,592 acres of estate cane at an average of 2.62 TS/A. which was the highest field productivity achieved since 1975. Skeldon's production of 33,820 tons was the highest ever recorded at that factory. Albion's field production of 55,043 tons was last bettered in 1971. The 27,220 tons produced at Uitvlugt was last exceeded in 1969.

In the factories there were further improvements in 1996: tons cane tons sugar ratio improved from 11.65 to 11.50; overall factory recovery improved from 78.54 to 79.62; and factory time efficiency improved from 88.74 to 89.30. However, out of cane hours lost and hours lost from strikes both increased sharply and overall time efficiency deteriorated from 80.08 in 1995 to 68.29 in 1996.

Land preparation and planting, which are fundamental in maintaining and improving future crop yields, suffered a set back in 1996. Above average rainfall up to the middle of 1996 seriously disrupted land preparation in that period. Only 15,579 acres were planted in 1996 compared with 19,977 acres in 1995. This was the lowest annual achievement since 1991.

Guysuco continues to emphasise the importance of managing the environment on sugar estates properly. In 1996 no insecticides were purchased or utilised for agricultural pest control. By the end of the year the programme of insecticide and other agrochemical stock reduction was nearly completed and the decommissioning and demolition of the old storage facilities and 24-D formulation plant at Ogle was planned for early in 1997. All aspects of Guysuco's pesticide policies and standards of agro-chemical management continued to be critically appraised and monitored on all locations by Guysuco's very active Agro-chemical Safety Committee.

Four water control structures, costing $21.5 million were replaced. Expenditure in the critical area of water control has amounted to $263 million on 43 projects since 1990. Work commenced on the new aircraft hangar at Ogle aerodrome and a central laboratory at LBI for the research unit and offices for estates administration.

The renovation of the transport fleet continued. During 1996 the fleet received 159 items of new equipment including 42 tractors, 9 labour transport lorries, 52 motor cycles, 6 long reach hydraulic excavators and 2 ambulances. At the same time 280 obsolete vehicles were deleted from the asset register - some dismantled for spares, some donated to the Guyana Police Force and the remainder sold by public tender which yielded $16 million. The fleet therefore decreased significantly in 1996 but is still over equipped in some areas and this will be addressed in 1997. In 1996 198 cane punts were purchased from a local manufacturer as part of the steady improvement in the punt fleet.

Major projects in the rehabilitation of the factories are still at the planning stage. However, the programme of replacing the most obsolete and inefficient equipment in factories made further steady progress in 1996. Projects completed during the year included: installation of one 700 Kw diesel alternator at Albion and LBI, respectively; installation of five milling premilling turbines and associated steam pipework at Albion; conversion of boilers 1 & 2 to suspension firing at Albion; major modifications to bagasse conveying system at Albion; installation of boiler house stream receivers at Rose Hall and Blairmont factories and upgrading of cane preparation plant at LBI and Uitvlugt factories.

People Are Our Most Important Asset

In Guysuco no asset is considered more important than the people who work in the industry. This means that we in Guysuco must both attempt to realise the full potential of employees while also improving their conditions of service and the conditions under which they work and live. In both respects substantial progress has been made in the last few years and has continued in 1996.

CHAIRMAN'S REPORT

Before giving a brief account of progress made in 1996 in fulfilling the potential and improving the lot of those who work in the sugar industry, I should make a fundamental but too often forgotten point. It is the simple fact that the greatest contribution any company or industry can make to the welfare of its workers is to maintain viability and assure profitability. Unless this is achieved improvements in how employees work and how they live cannot continue. Guysuco's decline in the 1980s went hand in hand with a sharp reduction in the sugar workers' standard of life and recovery in the 1990s has coincided with a sharp improvement in how workers in the industry live. I cannot emphasise this fundamental point enough. It is a fact which workers and the unions representing them and Management and the

A sugar worker's child receiving one of the Bursary Awards

Board must equally recognise. Putting the industry into a position of sustainable competitiveness cannot be a subject of contention. There is no "us" and "them" in the common endeavour to reduce hindrances to improved productivity and lasting profitability. If there is one lesson in the world today it is that confrontation between workers and management can play no part in any successful modern industry or company.

Well qualified, well trained, highly motivated managerial and technical staff are an absolute necessity in operating and developing a modern industry in an international climate in which increased competitiveness is essential. To recruit and keep such staff is one of Guysuco's greatest challenges. In the context of a poor country, where there are so many other calls on the industry's earning capacity, finding the

Graduates at GTC Port Mourant - July, 1997

money to attract and retain qualified managers is a continuing problem. Yet it is a problem which must be solved. It will serve little purpose if we cannot substantially upgrade staff as we rehabilitate the plant which they operate and supervise.

In an increasingly competitive climate the Corporation must have as one of its key objectives an improvement in productivity. Rationalisation of the labour force and staff establishments both on estates and in head office continued with full consultation among all concerned. In 1996 while production increased significantly the total number of employees declined from 23,819 in 1995 to 21,029 in 1996, a reduction of 11%. Productivity improved from 10.5 tons sugar per employee in 1995 to 13.1 tons sugar in 1996.

We give training and education programmes high priority. In 1996, 56 apprentices graduated from the Apprentice Training Centre, education bursaries awarded increased sharply from 55 in

Champion workers and spouses at Kaieteur on an all expenses paid holiday as part of the Corporation's Annual reward to outstanding workers

1995 to 100 in 1996, 13 cadets are currently attending the Guyana School of Agriculture, 18 cadets are currently enrolled at the University of Guyana, and 4 cadets completed their degree programme overseas and returned to Guyana

Training Seminar at Ogle Management Training Centre for Senior Managers.

and an additional 4 cadets commenced studies at University in the UK during 1996. Courses in management skills development were held throughout the year on estates and at the Management Training Centre, Ogle. On estates alone 7,620 employees attended courses in areas such as budgeting and cost control, occupational health and safety, supervisory development, factory maintenance and good cane cutting standards. In 1996 also 84 managers from estates and head office attended Senior Management seminars on "Modern Concepts and Practices in Management" conducted by Dr. A.M. Baksh.

Improving safety and environment standards is a priority concern: expenditure devoted to achieving high standards continues to increase. Protecting the environment on estates has made considerable progress and accidents in field and factory were again significantly reduced in 1996.

The delivery of health services has improved. Primary health care centres on all estates and the special chronic disease clinics are playing an important role in improving the health of employees and their families. The preventative approach to health care and initiatives to foster healthy life styles have become central themes of our strategy in providing medical and health services.

The Sugar Industry Labour Welfare Committee now receives over $120 million per annum. In 1996 the projects and programmes undertaken by this Committee to provide more housing for sugar workers and improved water supply and welfare services increased significantly.

Guysuco has itself provided 450 developed lots for sugar workers at subsidised prices in nine housing areas on estates. By the end of 1996 work had begun to develop areas for the allocation of housing lots for senior and junior staff.

The programme of rehabilitating and improving community centres continues. Guysuco has now rehabilitated and re-opened 7 centres since 1992. These provide the opportunity for estate people, especially young people, to take part not only in cricket and other sports which are being vigorously promoted on all estates, but also to participate in many other community, cultural and educational activities.

In Guysuco, increased production and productivity are rewarded by improved wages and increased incentives. Production incentives are an important part of workers' earnings. In 1996 a total of 181 days were paid to employees in tax free weekly production incentives and in addition 188 days were paid in tax free annual production incentives. In addition non-wage benefits include meal allowances, provision of tools and boots, free transportation and medical services, subsidised housing and training opportunities for a wide range of employees.

Unfortunately, Guysuco continues to be affected by strikes which, particularly in prime production periods, seriously reduce productivity. In 1996 man days of work lost through strikes and stoppages increased to 99,762 from 72,000 in 1994 and 80,000 in 1995.

Guyana's Leading Corporate Citizen

No assessment of Guysuco's performance would be complete without noting the substantial and wide-ranging contribution which Guysuco makes to Guyana's economy and society. It is no exaggeration to say that sugar's contribution remains essential to this nation's economic success and social stability.

CHAIRMAN'S REPORT

Guysuco's impact throughout the Guyanese economy and society is substantial and wide-ranging. The extent of the contribution is perhaps not fully understood since it is made not only by way of well-publicised contributions to foreign exchange earnings, the public revenue and employment but also in many unsung ways.

The important role which sugar plays in the nation's life is the reason why the industry's own recovery has contributed so significantly to Guyana's overall economic recovery. It is also the reason why it is vital that the industry remain vibrant, progressive, efficient and profitable as Guyana gets on its feet again and gradually diversifies investment and development. A faltering, increasingly unprofitable sugar industry would be a disaster for the country as it was in the past.
I consider it useful to list some of the ways in which Guysuco contributes.

- Sugar accounts for approximately 20% of GDP and 40% of agricultural production.

- Guysuco contributes very substantially to public revenue: in 1996 US$26 million (G$3,682 million) was contributed in sugar export levy, taxation, consumption tax and duties and employees' PAYE and NIS.

- Guysuco provides direct employment for approximately 21,000 persons, not including cane farming employment, and an estimated 8,000 are employed in businesses which supply and service the industry and utilise the industry's by-product, molasses.

Presentation of vehicle to assist Canje, Berbice Community Policing Group.

Presentation of Laboratory Equipment to N.A.R.I. (National Agricultural Research Institute)

- Sugar is the largest earner of retained foreign exchange in Guyana: in 1996 foreign exchange earned from sugar represented 29% of national export earnings.

- Sugar develops a wide range of agricultural and industrial skills and provides substantial educational and training opportunities for the benefit not only of the industry but also the nation as a whole.

- Sugar is a crop excellently suited to the areas where it is grown in Guyana and is an outstanding example of land industry in which the principles of sustainable develop-ment apply.

- Guysuco actively promotes policies in health, safety and environmental protection incorporating the best modern practices and thus provides an example to public and private enterprises in the country.

- Guysuco makes substantial contributions to the widest possible range of charitable and religious organisations, to educational, sporting, youth development, health improvement, cultural and heritage preservation projects, and to helping sponsor conferences, seminars, exhibitions, and events which contribute to the nation's progress in many fields of endeavour. Assistance is on

particularly directed to educational institutions including the University of Guyana, schools, the Government Training Institute, the School of Agriculture and Critchlow Labour College.

- Guysuco's medical services, including dispensaries and ambulances on every estate, make an important contribution to the provision of health services in the nation.

- The rehabilitated Community Centres and sports facilities on estates are playing an increasingly important part in sponsoring and encouraging sporting and recreational

Annual Athletics and Cycling Championships at the L.B.I. Community Centre Ground, which is now of an international standard

developments throughout the country.

- Guysuco is making a significant contribution to housing the nation through reactivated SILWF programmes and its own provision of developed housing lands for workers and staff. In addition Guysuco has transferred 10,000 acres of land surplus to requirements to Government as a contribution to the national housing and community development drive.

- Sugar estates serve as important centres of agricultural and industrial developments in rural areas. Communities in these areas benefit in a multitude of ways from sugar estate activities. The migration of population into already overcrowded urban areas, which has such a dislocating effect in most developing countries, is held in check.

The Prospect Before Us

The recovery in sugar which has taken place in recent years has been marked by a significant change in attitude and approach to the industry by the country's leadership and, indeed, in public opinion. There was a time when the industry could almost be said to have been written off as being an industry with a chequered past, a declining present and no future. That has all changed. The crucial importance of sugar's contribution is now well recognised and a vibrant future is planned for it at all levels of the nation's administration.

I believe that there were two important elements in this change of attitude. First, it was soon recognised that diversification out of sugar which had been so easily recommended as a solution simply did not work in practice. Diversification in addition to sugar might usefully be pursued, diversification out of sugar was begging for economic disaster.

Secondly, as sugar declined in Guyana the enormous importance of the contribution it makes to the economy, to public finance, and to the society came fully into focus. The nation could not afford to lose what was being put at risk. And as recovery proceeded in sugar so too did the country gain a new lease of life both economically and in a whole range of benefits to society as a whole.

To those who advocate the end of our preferential trading arrangements in sugar with the EU on which our industry so vitally depends, we must point out with absolute clarity that what they are advocating in the name of free trade will prove in practice to be deeply unfair to developing countries like ours and will lead to the destruction of an industry which remains essential to economic progress and social stability.

We in the Guyana sugar industry understand that we have entered a period of crucial reassessment and transition. On every side there is intense debate on the implications of the

new World Trade Organisation, of the emerging free trading blocks, of post Lome IV arrangements between the ACP and the EU, and on the need to become more competitive in a world where market forces will dominate.

In this period of transition we are confident that our preferential trading arrangement in sugar with the EU can be fully maintained. The market stability sugar enjoys in the permanent Sugar Protocol and the additional Special Preferential Sugar agreement contrasts sharply with the serious uncertainties facing other commodities.

sugar's long term viability by becoming more competitive. We recognise that unless costs per ton of sugar produced can be quite sharply reduced sugar faces an uncertain future. To this end we have embarked on an ambitious yet attainable goal to reduce our current cost of production by some 30%.

I am convinced that our strategy to meet this challenge must include a substantial increase in sugar production through a significant improvement in cane yields throughout the industry brought about by the disciplined application of the best agricultural practices in both the growing and the reaping seasons.

Ship at Demerara Sugar Terminal loading sugar for the E.U. Quota.

On the other hand, we are not by any means complacent. We know that the secure marketing access in Europe which our sugar enjoys gives us a limited period which we must use to ensure

Another essential part of the strategy to reduce costs is to invest heavily in rehabilitating the industry's productive assets, particularly our factories. Without major factory renovation it will be impossible to maintain current productivity much less improve it. Out of date

plant leads inevitably to increased costs yet our factories are still full of aged and obsolete equipment which needs to be replaced urgently. An immediate challenge facing the industry is to initiate and carry through as a matter of urgency the capital investment programme necessary to renovate, and as far as possible modernise, our factory capacity.

There have always been many challenges in the Guyana sugar industry but those we face now are not greater than those we have recently overcome. We believe that we have the will, the plans, the resources and the people to add to our achievements and establish a sugar industry in Guyana which is fully sustainable in the future and one which will continue to play a leading role in Guyana's progress. We face the fast approaching new century with confidence.

I thank my fellow Directors for the support and co-operation which they have given so willingly. The knowledge, experience and integrity which they bring to directing this great national industry are invaluable. I also must sincerely thank the management and workers for their contributions and achievements in a challenging but successful year. Much has been done to secure the future of Guysuco. However, much more remains to be done. What is sure is that we cannot face the challenges of the coming years with management and workers divided. Together I am absolutely confident that we can get the job done.

REPORT OF THE DIRECTORS

The Directors submit their report for the year ended 31st December, 1996.

PRINCIPAL ACTIVITIES

The principal activities of the Corporation were the growing of sugar cane and the conversion of its own and farmers' cane to sugar and its by-product, molasses.

SUGAR PRODUCTION/SALES

The sugar production data for 1996 compared with the previous year were:

	1996	1995	Change
Total acres harvested	96,592	95,682	0.94%
Tons cane per acre	29.82	27.88	6.51%
Tons sugar per acre	2.62	2.41	8.02%
Tons sugar (including sugar from farmers cane)	275,705	249,840	9.38%

Sugar Sales in 1996 amounted to G$23.1 billion against G$19.5 billion in 1995.

MOLASSES PRODUCTION/SALES

Molasses production in 1996 was 125,437 tons which was a 5.7% increase over the 1995 production of 118,225 tons.

Molasses sales in 1996 amounted to G$819M as against G$732Min1995.

FINANCIAL RESULTS

The turnover for the year before export sales levy was G$23.8 billion compared with G$20.2 billion in 1995. The net profit before taxation G$674.1 million (G$702.4 million in 1995) was arrived at after making provision for:-

	1996 G$M	1995 G$M
Directors Remuneration	0.27	0.36
Stock Adjustment	380	794
Depreciation	1,368	1,088
Audit Fees	5	5
Net (gain)/loss on exchange	36	(54)
Interest Expense	71	134
Interest Income	(66)	(48)
Management fees and expenses	357	408

The charge for taxation was G$450 million compared with G$382 million in 1995.

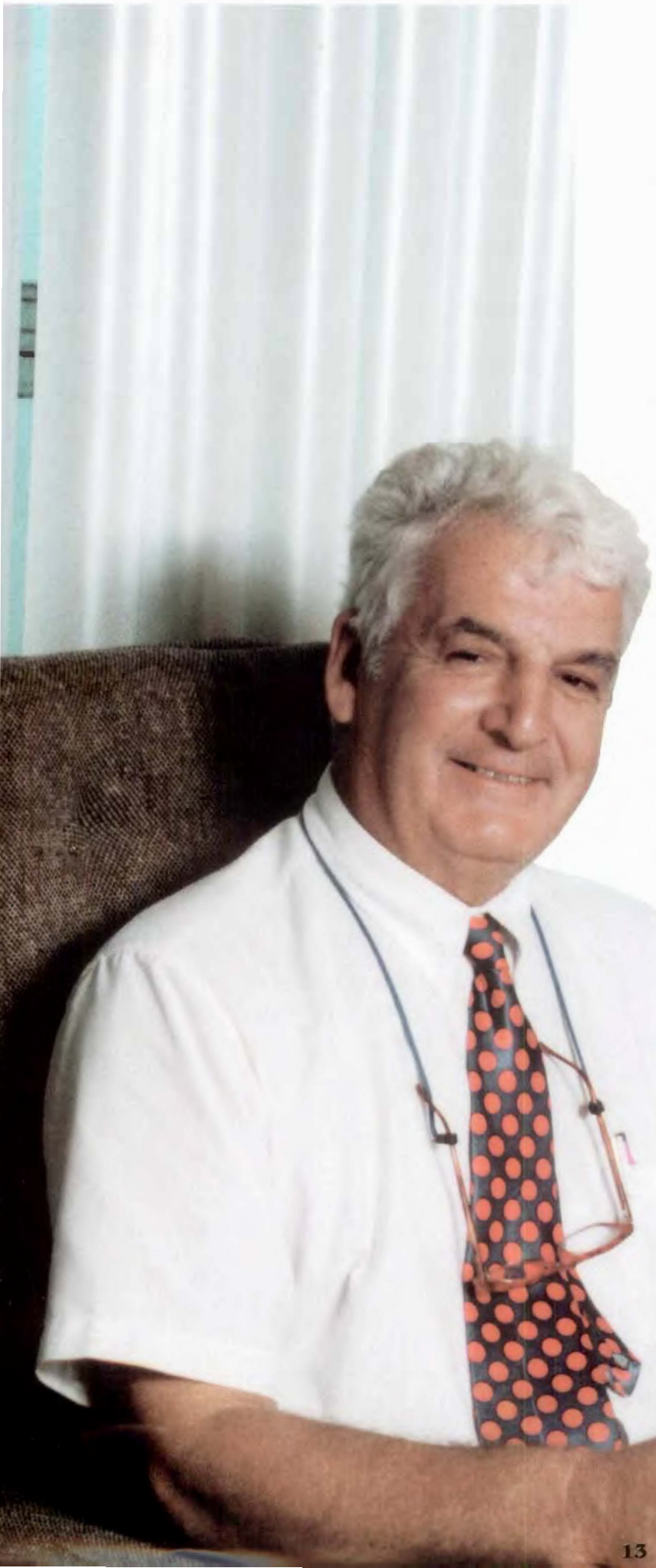
The net profit after taxation was G$224 million comoared with G$320 million in 1995.

RETAINED PROFIT

The profit carried forward to 1997 was G$1.8 billion as against G$1.5 billion in 1995.

CHIEF EXECUTIVE'S REPORT

Mr. Neville Hilary



Agriculture Operations

PRODUCTION.

In 1996 GuySuCo estates' and private farmers' lands produced **275,705 tons sugar**, some 25 865 tons (10.4 percent) more than the 249 840 tons achieved in 1995. GuySuCo estates contributed 252 863 tons sugar (91.7 percent of total production). Private farmers contributed 22 842 tons, which was 20 percent more than in 1995 and represented 8.3 percent of total production in 1996. Farmers last produced over 20,000 tons sugar in 1986 when 22 034 tons sugar were made from farmers' cane.

The GuySuCo estates harvested 96 591 acres in 1996 compared with a budget of 96 346 acres. Some estates were not able to take off all of their cane but the area stood-over to 1997 was small and compensated for in 1996 by extra reapings at other estates to balance off blocks and haul distances.

Mean **cane yield** for the year on estate lands at 29.82 ts/a was 6.9 percent higher than in 1995, but was slightly below the budget for 1996. However the **tons cane per ton sugar ratio (tc/tc)** at 11.39 was some 1.3% better than budget and **tons sugar per acre (ts/a)** at 2.62 was 8.7 percent higher than in 1995.

The improvement in cane quality over that of 1995, which itself was some 6.8 percent better than in 1994, reflected the use of chemical ripeners on an increasing scale. Some 58 340 acres (60.4 percent) of estate cane were treated with ripeners, compared with 28 823 acres (30.1 percent) of estate cane in 1995 when the excellent natural ripening conditions of the first crop also contributed to the improved cane quality. There can be little doubt

Agriculture Operations

Estate Porductions	CANE AND SUGAR PRODUCTION - 1996				1995 Totals
	1 st Crop Actual	2nd Crop Actual	Anuual Total	Budget	Actual
Acres Reaped for Mill (1)	40,230	56.361	96,591	96,346	95,682
Tons Cane Milled (2)	1,157,631	1,722,889	2,880,520	3,012,266	2,668,050
Tons Sugar Produced	100,631	152,494	252,863	261,061	230,808
Tons Cane/Acre	28.78	30.57	29.82	31.27	27.88
Tons Cane/Tons Sugar	11.53	11.30	11.39	11.54	11.56
Tons Sugar/Acre	2.49	2.71	2.62	2.71	2.41
Tons Sugar from Farmers	7,721	15,151	22,842	21,605	19,032
Total tons Sugar	108,060	167,645	275,705	282,666	249,840

(1) "Acres" are Rhynland acres = 1.057 Imperial acres = 0.4253 ha.
(2) "Tons" are long tons = 2240 pounds = 1.016 tonnes.

that the use of chemical ripeners has had a significant, positive effect on sugar production and is estimated to have contributed 17 400 tons sugar in 1996. It may be anticipated that there will be further improvement in 1997 when the industry target of 75 percent of cane treated with a ripener prior to harvest is achieved.

The 275 705 tons sugar was the highest annual production achieved by the industry since 1982 when 287 725 tons were produced at 10 factories from 110 485 acres of estate cane at 2.26 ts/a supplemented by 37 925 tons of farmers' sugar (including that made from cane at Versailles). In contrast, the sugar in 1996 was made at 8 factories from only 96 592 acres and at an average sugar productivity of 2.62 ts/a which was last bettered by estates in 1975.

Of the individual estates **Skeldon's** production of 33 820 tons sugar was the highest ever recorded at that factory, **Albion's** field production of 55 043 tons was last bettered in 1971 and the 27 220 tons sugar produced at the **Uitvlugt** factory were last exceeded in 1969. **Wales'** productivity of 2.75 ts/a was the second best for the industry for the year (behind Skeldon) and represented a gain of 23.8 percent over 1995 while Uitvlugt and **LBI** also achieved annual productivity gains of over 20 percent.

Over the year the estate average **punt load** was 6.18 tons cane, slightly lower than the 6.20 tons of 1995 but still a satisfactory packing rate. Regrettably, **delivery times** showed a marked increase from 1995 and only 56.8 percent of cane was processed within two days of burning. This was disappointing particularly as in the second, drier part of the year delivery times were worse than in the first crop. Clearly there is a need to improve delivery management.

Punt loads from farmers at 5.40 tons cane were very much lower than for the estates and if estates are to continue to supply punts to farmers, especially to those farmers who receive punts free of charge, then steps will have to be taken to ensure that there is an overall increase in the efficiency of utilisation.

The overall **rainfall** total for 1996 at 86.64 inches was some 11 percent higher than the 40 year mean annual total and the year was the wettest since 1993.

The series of positive values for the Southern Oscillation Index (SOI) in the latter half of 1995 suggested that the year-end rainy season and subsequent first crop of 1996 could be expected to be wetter than average. After a slightly **drier-than-average** November and December in 1995 the complete rainy season (November 1995 to January 1996) at 22.6 inches was some 9.8 percent wetter-than-average while the succeeding first crop of 1996 (February to May) at 29.06 inches was some 25 percent wetter than average. The heavy rains

at the start of the year and at the end of the first crop interfered with land preparation and planting but did not hinder the harvest which was completed prior to the onset of the mid-year rains. The effect on land preparation was serious as fields seldom dried-out sufficiently to support sustained in-field machine movement with the result that at mid-year the tillage programme was some 40 percent behind budget.

The planting programme was initially less constrained as at the end of 1995 there was a reasonable fallow land bank for planting in 1996. However, once this had been exhausted the planting rate dropped considerably due to lack of availability of prepared lands.

The weather dried out in the second part of the year which allowed the crop to be completed in good order a few days before Christmas and enabled much of the shortfall in land preparation to be recovered.

The SOI was positive for much of the year and the series of positive values between July and November 1996 suggested that the 1996/97 year-end rains would, as in 1995/96, be somewhat above average while the first half of 1997 would probably be wetter than average.

Despite heavier-than-average rains Skeldon, Enmore, Wales and Uitvlugt experienced only 4, 7, 6 and 2 **flood days** respectively in 1996 reflecting the improvement in water management systems over the past five years at these estates. Regrettably Rose Hall (86 days), Albion (60), LBI (40) and Blairmont (27) estates suffered from extended flooding. Extra drainage capacity is to be installed at Rose Hall and the provision of new pumps at LBI in 1997 should alleviate drainage along the South coast.

The main problem at Blairmont was encountered at the Bath section of lthe cultivation early in the year and it seems probable that steps since taken have resolved the problem althought drainage at this estate will need to be closely monitored for some years yet.

During the heavy mid-year rains the Albione drainage system was overloaded by run-off from the adjoining savannahs and by contributions from neighboring cane farmers' lands where the drainage systems were either inadequate and had collapsed. The latter problems are being addressed with the assistance of the **Drainage and Irrigation Board** while the former has been approached by a project to protect the estate from run-off by raising dams and excavating facades, other main drains and the Ankerville pump outfall. The project, which requires the excavation of some 390,000 cubic yard started in August, was 72 percent complete at the end of the year. The major outstanding matter was the Ankerville pump outfall excavation which is to be completed, along with heavy duty revetment replacement at the pump station, early in the new year.

The outfall, which was heavily silted, required very much more excavation than had been originally expected, hence the relatively slow progress. It is planned that the excavated banks will be stabilised with **Vetiver grass** as the work proceeds to retard erosion and siltation in future.

Land preparation planting and variety extension

Above average rainfall to the middle of the year disrupted **land preparation** but the relatively dry weather in the second half of the year enabled works to continue until Christmas with the result that **17,575 acres** (83 percent of budget) were prepared for planting or fallowing. This total, although not to the level achieved in 1995 was higher than in either 1994 or 1993 and represented a significant recovery from the mid-year shortfall.

Planting at 15,579 acres was the lowest annual achievement since 1991 because after the middle of the year very little land was available from fallow and planting had, therefore to await the availability of prepared land. Planting was halted in mid-November, rather than risk plant cane yields by planting at later, unproductive periods. In consequence at the end of the year there was a substantial area fallowed of land available for planting during

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Month	Industry Average Rainfall (Inches)			
	1996	1995	1994	40-Year Mean
January	10.03	2.13	6.72	6.87
February	9.06	1.01	3.37	3.38
March	3.09	3.03	7.63	4.00
April	2.32	0.77	2.90	5.56
May	14.59	10.88	10.00	10.18
June	16.94	15.45	8.00	11.56
Total 1st Crop Period	**56.03**	**33.27**	**38.62**	**41.64**
July	13.24	8.55	13.43	9.71
August	5.98	5.56	5.10	6.77
September	1.95	1.10	3.40	3.01
October	0.91	1.31	4.70	3.15
November	3.99	5.18	10.03	5.19
December	4.54	7.39	6.63	8.51
Total 2nd Crop Period	**30.61**	**29.09**	**43.29**	**36.34**
Annal Total	**86.64**	**62.36**	**81.91**	**77.98**

the first crop of 1997.

At the end of 1996 the Corporation's estates had **96 369** acreas under cane and **8348 acres** prepared and **fallowed** for planting of which **7384** acres were **wet fallow**. This compares with **96 893** acres under cane and **6916 acres** of **wet fallow** at the end of 1995. The 8348 acres of prepared land are to be planted predominantly during the first crop period of 1997 and ought to have a significant impact on production in the first crop of 1998 and thereafter. Certainly the potential to plant a larger-than-usual area during the first crop will help to redress the cane production imbalance which at present is heavily weighed towards the second crop.

Since the beginning of 1991 GuySuCo has planted **104 891 acres** or 109 percent of the area under cane at the end of 1996. This programme has reduced the proportion of cane lands over 5+ ratoon from the 60+ percent at the end of 1991 to some 14 percent at the end of 1996. There are however substantial areas of **older ratoons** across the industry and 6+ratoons still cover 7 percent of cane area, with the highest concentrations at Enmore (13% of cane area) and LBI (18.1% of cane area).

At both of these estates some of the older ratoons are varieties selected for specific soils and ratoon vigorously on these soils while others are lower yielding canes on poor soils that it would be uneconomic to replant for as long as yields remain relatively constant. There is, however, no doubt that at each of these estates there is a need to review the plough-out/replanting programmes and to ensure that planting targets are regularly achieved. In this way it may be expected that annnual average yields may be improved.

At the end of the year **11 varieties**, each covering at least one percent of total cane area, occupied 97.5 percent of total cane area while a further eight varieties accounted for the remaining 2.5 percent. Of this latter group **D 7661** is of future large scale commercial interest while **D 4946** and **B 51131** may be expanded at specific locations at individual estates. The other minor varieties are being phased out from production.

DB 7869 continued to occupy the largest area of any variety at 25.5% of total cane area followed by **DB 66113** (18.5%) **DB 75159** (13.3%) **DB 7047** (9.1%) **B 41227** (7.9%) and **DB 7160** (7.6%).

During the year **DB 7869** was the most widely planted variety accounting for 4039 acres (26% of planted area) followed by **DB 66113** at 3280 acres (21%), **DB 75159**, 2602 acres (17%) and **D 8415**, 1948 acres (12%). A further nine varieties accounted for the remaining 24% of planted area with **D 15841**, 1411 acres (9%) and **DB 7160**, 1081 acres (7%) also being planted at all estates. It is anticipated that in addition to all of these varieties there will be extensive planting of **DB 671760** and **D 7661** in 1997.

	ESTATE LANDS - 1996 (ACRES)					ACRES 1995
	Frist Crop Actual	Second Crop Actual	Annual Total	Budget Total	A%B	Annual Total
Land Preparation	6536	11140	17575	21230	82.8	20308
Planting	5836	9743	15579	21719	71.7	19977

Although **B 41227** continued to decline in importance, with only 626 acres planted, this variety will continue to be planted as it performs well at selected areas of some estates. **DB 7047** may be somewhat more susceptible to sugarcane smut than was previously believed and will not be planted further although only where smut levels are heavy will there be any premature plough-out.

The variety position of the industry remained highly satisfactory with no over-reliance on any single variety and a sufficiently wide gene pool to enable the industry to react well to exotic disease or pest intrusion.

ENVIRONMENTAL MANAGEMENT

The **Agrochemical Safety Committee** maintained its critical appraisal of all aspects of the Corporation's pesticide policies and monitored standards of agrochemical management at all locations. The Committee also continued studies of new types of personal protective equipment (PPE) for those who work with chemicals with the aim of further improvement in standards that are already acknowledged as being high by international consultancy groups. It is expected that the pesticide management manual for sugar estates, written by the Committee's members, will be published early in the new year.

As in 1995 **no insecticides** were purchased or utilised for agricultural pest control. The programme of insecticide and other agrochemical stock reduction continued via sales, donation, destruction by bioremediation or secure storage in a hazard containment facility, depending on the nature of material. At the end of the year the programme was very nearly complete and it was anticipated that the decommissioning and demolition of the old storage facilities and 2,4-D amine formulation plant at Ogle would be completed early in 1997.

New **agrochemical storage bonds**, were completed at five estates and the remaining three estate bonds will be built in 1997. The central agrochemical store and **agrochemical container destruction** facility was completed at Coldingen and a programme of container destruction will commence in 1997.

Agrochemical application techniques were refined by the introduction of **Micronair atomizers** to the aircraft department, a change which not only increased the safety of operations but almost doubled the productivity of the aircraft. The **CP3/2000** knapsack sprayer was introduced for manual work and was appreciated by spraymen as much for its ease and comfort in operation as for its many safety features.

The Shell (Antilles) Company began to collect **waste oils** from field workshops for disposal. During the year all workshops began to collect and neutralise **acids from spent batteries** while discussions were being held with the aim of establishing a system of **re-exporting used battery** cases for re-cycling.

The central laboratory continued to monitor the **quality** of estate irrigation and drainage **waters** as part of the programme, started in 1994, to monitor the levels of organic and inorganic solutes in waters as they enter, traverse and leave the estates' cultivation and industrial environs. The information represents the only cohesive **data-base** on **coastal water quality** and is, therefore, of interest to a wider community than the sugar industry.

Studies continued into the value of **lead-free** sample preparation procedures for pol measurements by near infrared spectroscopy with the Rudolf dual wavelength polarimeter. The first trials were established with **rigid polyvinylchloride revetment** at LBI and further sections of canal bank will be so protected in 1997. Several estates, notably Albion at the 43 Koker expansion, made significant progress in the introduction of **concrete,** rather than hard-wood **drainage boxes**. Other estates, notably LBI, Enmore and Albion, again at 43 Koker, made a sustained effort to install **prefabricated steel arch bridges**. It is anticipated that both of these cost reduction exercises, which also reduce demand for hardwood, will be pursued actively in 1997.

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ENGINEERING SERVICES

The **civil engineering** section completed 19 projects carried over from 1995 and awarded contracts for a further 150 projects of which 120 were completed at year's end, leaving 30 projects to be completed in 1997.

The **150 projects** initiated at a total value of **G$396.35M** compared well with the 121 projects initiated in 1995 at a total value of G$330.80M. The works in 1996 were spread across all locations and were distributed between 19 companies in Demerara and Berbice who were awarded contracts on the basis of open, competitive bidding. The tenders were evaluated by the civil engineers and reviewed by the Corporation's tender board which also awarded the contracts.

Rehabilitation and construction of **houses** at estates accounted for G$143.66M (36% of total contracts awarded) with the construction of 12 single bedroom duplex units, designed by the civil engineers as the largest project.

Head office projects accounted for 28% of total contract expenditure. A new aircraft hangar at Ogle Aerodrome, the **central laboratory building** for the research unit at LBI compound and the office for estates administration in the same complex were the main projects. All of these buildings were designed by the civil engineers.

Field structures and buildings contracts totalled G$91.77M. The construction of a new fertilizer bond at LBI, the completion of the fertilizer bond rehabilitation at Rose Hall, bridge construction and heavy duty revetment at all estates were the major projects. A further G$21.50M was spent on replacing four **water control structures**, most notably the **Lorenzo aqueduct** at Wales, bringing the total expenditure in this critical area to G$262.99M for 43 projects since 1990.

Other significant works included further refurbishment of the Coldingen complex, Community Centre rehabilitation and maintenance across the industry and the building of a regional diagnostic centre for Berbice at Rose Hall.

The **surveys section** completed 54 surveys (compared with 45 in 1995) including works for the 43 Koker expansion, studies for the Ankerville outfall excavation (as part of the Albion flood protection scheme), levels for the Lorenzo aqueduct replacement and the setting-out of sites for civil engineering projects.

Regular **alignment checks** of the **Chateau Margot Chimney** confirmed that there has been no shifting of the structure for at least the past 13 years. The Providence field survey was not completed. This very important project is to be accorded the highest priority in 1997 by both the surveys section and the Estates Administration to ensure early completion.

As in 1995 maximum use was made of the Topcon EDM and survey system linked to the Artech survey transfer utilities.

In addition to the work of the Corporation's surveyors a further 20 surveys, mainly for the sale of lands through the lands committee, were carried out under contract by independent surveyors.

The section initiated payment of G$10.99M as land rent to MMA/ADA and Gladys Hicken Ltd. and also approved payment of G$9.954M to 26 Neighborhood Democratic Councils (NDC) in part payment of demands for rates and taxes. Regrettably a number of NDC's either refused, or were unable, to present their demands in the legally required manner. There was, therefore, no means of determining the validity of these claims for which only small payments on account were made and the matter was referred to the Ministry of Local Government. Where the demands were made in the required format and were agreed after review then payments were made promptly and in full.

FLEET MAINTENANCE

Orders were placed for all **fleet items** approved for capital purchase in 1996 including 20 45 hp tractors; 14 100 hp tractors; 7 labour transport lorries; 50 motorcycles and 2 front-end loaders for bagasse handling. In addition 198 cane punts were purchased from a local

manufacturer as part of the fleet improvement programme. The majority of these items, all of which are being purchased with self-generated funds, will be delivered in 1997.
During 1996 the fleet received 159 items of new equipment, much of it purchased as part of the 1995 capex programme, including 29 45 hp tractors; 13 100 hp tractors; 9 labour transport lorries; 52 motorcycles; 6 long reach hydraulic excavators and 2 ambulances. At the same time, 280 pieces of equipment ranging in age from 5 to 34 years (weighted average 9.9 years) were deleted from the asset register. Some were dismantled for spares, some (pick ups and service cars) were donated to the Guyana Police Force and the remainder were sold by public tender raising G$16.38M. In consequence the fleet **decreased** by **121** units during 1996 and at the end of the year stood at 1754 units of all types of equipment. The fleet is still over-equipped in several areas and these are to be addressed in 1997.

The **average availability** of field units throughout 1996 improved to **83%** from 80% in 1995%. Better workshop standards, structures and equipment are beginning to have an impact on the fleet as is the infusion of new equipment. It must be noted however, that **almost 30%** of the fleet is still **beyond** what are considered **economic replacement** ages elsewhere.

Fleet availability for the year was highest at Coldingen, where only a small fleet is managed. The Skeldon fleet averaged 87%, the best of all estates, followed by Albion at 84%.

The section monitored the operating costs and overall performance of the new types of equipment introduced in the past two years. Particular attention was paid to the Jailing-Honda motorcycles, Hyundai excavators and Land Rover Defenders, all of which have performed well to date. Tyre trials continued and as a result tyre sealants were introduced to the majority of sugar lorries.

There were significant improvements in **field workshop buildings and facilities** at Skeldon, Albion, Enmore and Uitvlugt with particularly gratifying progress at Blairmont and Wales. The workshop at Diamond was closed and all repair and maintenance work, including work on punts, was moved to LBI.

Central Workshop contined its key role in the industry with the output of major repairs for field equipment at 45 for the year much improved over the 27 jobs/year average for 1992 to 1994. In 1996 each job cost an average G$675 589, a slight reduction over the average of G$699 966/job for 1992-1995.

In addition to the major repairs the workshop rehabilitated the Cuthbertson drain diggers which were modified to work with D6 crawler tractors, built dam-bed irrigation units and assisted in factory out-of-crop works via 585 jobs, assisted up from 236 in 1995 and 136 in 1994.

The Workshop also began to carry out repairs for outside parties at commercial rates and thereby generated G$3.76M in the year.

RESEARCH ACTIVITIES
Breeding and Selection:

Heavy flowering facilitated a record 458 crosses using 385 parents. The selection of genetic background for the year's crossing programme emphasized high quality potential and base broadening for genetic diversity. Twenty-six D varieties from the Demerara crossing programme were exported to the Central Breeding Station in Barbados for utilization in their programmes for specific country crosses.

344,204 seedlings from the 1995 Demerara Breeding programme were established infield as stage 1 material together with 43,157 seedlings generated from the Central Breeding Station's DB Programme. Plant cane results from Stage IV trials have indicated that 14 D varieties and 3 DB varieties outperformed the standard DB 66113.

The imported variety R 540 has been demonstrated in trials to compare very favorably with the top commercial variety DB 7869. Varieties D 8687 and D 89139 have shown early promise of commercial potential in Stage V estate trials. Additional seed

material of D 89138 was distributed to estates for rapid multiplication for early field and factory evaluation.
An analysis of yield trends over the past 5 years has indicated that DB 7869 has yielded an average of 0.4 tons sugar per acre more than DB 66113. Accordingly, the variety has replaced DB 66113 as the industry standard in variety trials.

Maturity trends of 21 commercial, semi-commercial and promising varieties continue to be evaluated. First ratoon results suggest that 42 weeks is the optimum reaping age. These trends if repeated on estate evaluations could impact significantly in planning and management for harvesting in order to achieve the objective of optimum recoveries of sugar.

Crop Protection

There was no major sugar cane disease outbreak in 1996. Smut infestation levels of 0.72% across the industry compared favourably with levels over the past 5 years. An outbreak of high levels of smut occurred on DB 7047 at Blairmont estate. Further investigation has indicated that the problem was localised within the estate. Investigations on whether the outbreak is indicative of a "new" race of smut are continuing but results to date have been inconclusive.

There was no major pest outbreak during the year. Rodent activity at Wales was reduced to manageable proportions with overall Fresh Stalk damage levels of 0.16%. Froghopper and Castniomera infestation levels at Enmore were considerably reduced. Integrated management continued to be emphasized for pest control. Cotesia flaviipes has been showing potential as an effective biocontrol agent for Diatrea. Ethrel (Ethephon) has been demonstrated on commercial scale to stimulate tillering and to promote the recovery of stools damaged by **Castniomera licus** in the previous cycle. Application of diamonium phosphate further promotes root development in stools stimulated by ethrel.

Considerable progress has been made in the efforts to replace traditional herbicides with newer generation herbicides applied at lower doses and in the more safely handled dry flowable formulations. Among the successful commercial introductions was Merlin which applied alone, and in combination with Diuon, gives effective and long residual control of a wide range of weed especially at pre-and early post-emergent stages and under damp or dry conditions. Merlin is the most exciting berbicide introduction since the advent of the Triazines Ametryne & Atrazine. The Dual/Igran combination has also proven an effective alternative to the traditional Ametryne/Atrazine/ 2,4-D combination, Starane also substitutes for 2,4-D Amine in broad leaf post-emergent control and for partial replacement for hand weeding. Gramocil has replaced Gramoxone as an alternative to hand weeding, while Arsenal has proven extremely effective in control of the troublesome weed Echinochla pyrimidalis (Antelope grass).

Encouraging results were also recorded in integrated management and control of specific problem weeds. These included Rottboellia conchinensis (Itch grass), Cabomba aquatica, Echinocloa pyramidalis (Antelope grass), Antidesma ghesaembilla and Panicum maximum (Guinea grass).

The introduction of low volume application technology with the Micronair AV 5000 Atomisers to the GuySuCo agricultural aircraft has led to reductions of spray volumes by 50% for herbicides and 33% for ripeners. The increase in productivity of the aerial sprayer has been dramatic. Lancelot low volume sprayers have been fitted to larger tanks and their productivity is being evaluated in the manual control programme.

ANALYTICAL SERVICES

The Central Laboratory conducted 58069 analyses on 12571 samples. This represented improvements in productivity by 6% over 1995. The HPLC instrument became operational after the acquisition of 0.2u filter units to prepare the water and a UPS to correct disruptions of power. Evaluation of sample clean-up and determination procedures for herbicide residue analyses by HPLC have commenced. Polarisation measurements on

Excellent planting standards support the growth of well established stools

unleaded sugar samples were conducted by the NIR wavelength 889nm. Results have so far indicated unacceptably poor correlation (0.8) between the analyses of leaded samples at 589 mm and the NIR analyses of unleaded samples.

Collaborative testing of tissue samples in the International Plant Analytical exchange (IPE) scheme coordinated by the University of Wageningen continued. The laboratory also participated in sugar analysis schemes of the Sugar Association of London (SAL) and the Sugar Association of the Caribbean (SAC). Good correlation with mean values was achieved in all the schemes. The Central Laboratory performance was within the top 25% of participating laboratories in the IPE accuracy assessment.

Sound Land Preparation practices yield satisfactory harvests

CHEMISTRY & ENVIRONMENTAL RESEARCH

Estate waterways continued to be analysed at regular intervals during 1996, as part of the ongoing exercise to obtain base data on the composition of natural water and the potential impact of sugar production activities on water quality with the estates. Analysis of inorganic icons and chemical oxygen demand (COD), showed results generally well within limits set by the FAO. The analyses of natural waters have revealed that water in the MMA, East and West Demerara Conservancies was significantly more acidic.

The Laboratory participated in a preliminary screening of several cane varieties for suitability for the production of yellow crystal

Long canals take excess water out to sea

sugar. A spectrophotometric procedure was developed assessing juice clarity which showed some potential for assessing clarification properties of individual juices.

Soil Management and Plant Nutrition

A laboratory study of the mechanism of flood fallow indicated significant after 9 months improvement in aggregate stability of subsoil (below 15cm depth) of flooded soil cores. No significant increase in extractable inorganic N was detected from undisturbed soil. However, cores of soil that had been reconstituted and sterilised by heating at 300oC, and flooded did release significant quantities of inorganic N. Most of the N released was in the ammoniacal form. This results suggests that the source of N after flood fallow could be from NH4 "fixed" in clay minerals.

One of a number of reduced tillage trials was reaped at Uitvlugt. Results suggested that the paraplow on primary tillage mode was superior to conventional tillage. Given the positive impact on productivity using this implement in a number of evaluations a second implement is being fabricated to facilitate more widespread evaluation.
Large scale legume fallow for land management was done at Enmore and Wales estates. The Enmore work provided useful

Costly infrastructure provides access to the No. 43 Koker Expansion Project.

Water management is achieved through a network of canals

information on reduced tillage and subsequent semi-mechanised planting of sugar cane. Plant cane results from fields with filtermud in formal trials at Uitvlugt and Skeldon had not shown increases. An investigation of the effectiveness of applied irrigation water conducted on the Berbice estates indicated that irrigation intervals of less than 6 weeks are relatively ineffective in water infiltration for heavy clay soils. Trash retention trials were implemented on all estates. Yield data obtained from the LBI trial suggested no major yield impact. There were however, increases in topsoil organic matter content. The widespread use of cane ripeners has resulted in significantly better burning and reduced the quantity of trash after burning. Trash

management is not now a major priority in ratoon husbandry.

Potassium deficiencies continue to occur occasionally in foliar samples from areas not traditionally awarded with potash fertilisers.

lime both effectively reduced exchangeable AL levels. These results were repeated in field trials at Uitvlugt estate where there was a positive impact of these levels of lime and low grade phosphate lime in plant cane yield of DB 75159 grown in a Stewartville series soil. Field experimentation on Nitrogen

Spraying canefields

Laboratory trials on potassium availability using soils of contrasting origin have been completed. Two University of Guyana students participated in the experiments for their final year research projects.

An extended laboratory trial on the impact of phosphate and lime amendments on phosphorus availability and acidity control was completed. Results being evaluated have indicated that for the more acidic soils, phosphorus from soluble phosphate sources was converted to less available forms at a faster rate than the equivalent amounts of phosphorus applied in low grade phosphate lime. Limestone and low grade phosphate

efficiencies conducted at all estates suggested that there were significant contributions to N uptake from soil reserves and only small contributions from the fertiliser added in crop cycle. Close attention is being paid to these trials as they may have significant implications for future fertiliser management and costs.

Soil surveys were conducted on sections of the expansion area at Albion and at Bahama land at Blairmont. The 500 acres of the Albion expansion areas surveyed were Skeldon Series soils. The fields in the Bahama land are alluvial soils.

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Plant Physiology

Work on the contribution of biological fixation to the nitrogen nutrition of sugar cane progressed during the year. A colony of suspected Acetobacter diaotrophicus, and

Search for newer bridge designs,led to steel arch bridges

endotropohie nitrogen fixing organism was purified. Sub cultures of this colony will be sent abroad for confirming identification.

In collaboration with NARI scientists techniques for meristemic and bud tissue culture plant production were successfully developed. These plantlets have been introduced into sterile culture trials to assess the mode of action and true potential of N-fixation to the sugar cane plant.

No formal cane ripener trials were conducted during 1996. However, cane ripeners were applied commerically on all estates on an increasing scale. 60.4% of estate acreage was treated resulting in an estimated production of 17,400 tons additional sugar. A paper on experiences with ripener chemicals in Guyana was submitted and accepted for publication by the international journal SUGAR CANE.

AGRICULTURE ENGINEERING

At Rose Hall estate, Dutch cambered beds in 3 fields were joined into 48 ft and 72 ft wide beds to evaluate efficiencies of machine utilisation and impact on cane growth. The 72 ft wide beds tended to flat - but satisfactory shape was achieved in the 48 ft wide beds. Fertilising with a tractor drawn two row applicator was successfully done on the wider bed which facilitated turning.

The Bell loader experienced extensive operating downtime during the 1st crop of 1996. When in work the machine operated at over 14 tons per operating hour. The introduction of a filter mud applicator enabled significant areas of Blairmont, Enmore and LBI to be treated with filter mud at 20 tons per acre. A programme for sharing the equipment among estates west of Berbice River was implemented. The principal limitation to the machine's operations was the slow rate of loading.

Bridges of the future: corrugated tubes being set in place

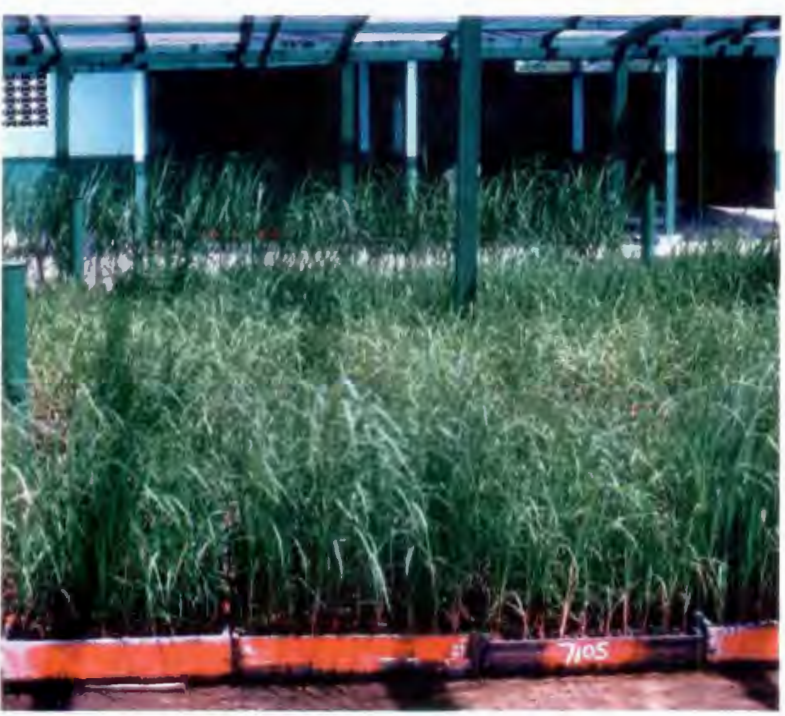
Training and Extension

During the year, Plant Protection staff held seminars to introduce new features, servicing and maintenance of the new CP3 - 2000 series

A typical factory facility

spray cans at all estates. Briefs were also held to introduce the features of the micronair atomisers in collaboration with the Aircraft Department technical team. Estates were also introduced in depth to the new range of commercial herbicides and personal protective equipment.

Field laboratory staff continue to be given on the job training in analytical methodology and operation and maintenance of laboratory



The genetic base of variety breeding has broaden

equipment.

Eight classroom training sessions for machinery operations were conducted across the industry by the Agricultural Engineers. Total participation numbered 189 and included operators, mechanics and supervisory personnel. Emphasis was placed on optimising field equipment and preventative maintenance.

AIRCRAFT OPERATIONS

The Corporation's Cessna 402 B aircraft was sold in August 1996. This effectively reduced the fleet to 3 aircraft. A total flying time of 982 hrs was completed, of which 590 hrs 15 mins was spent in Agriculture

Fitted with Micronair Atomisers, spray and monitor equipment application accounts for 40% increase

Operations. This compares with 945 hrs 30 mins in 1995.

The Agricultural Aircraft were equipped with the Micronair Atomisers spray equipment and monitor during the year. Productivity in herbicide and chemical ripener application increased by 40% i.e. 200 acres per hour compared with 140 areas per hour previously. The Department's aircraft applied agrichemicals to 74,936 acres compared with 37,108 in 1995. 7,092 acres were treated with

Agriculture Operations

fertilisers. As a result of the much improved output from the GuySuCo fleet, only 11,791 acres were sprayed and 353 acres fertilisered by contracted aircraft during the year.
There were three unscheduled engine changes caused by premature failures on te
agricultural aircraft. A decision has been subsequently taken to engage the services of another overhaul company - Covington Aircraft Engine Inc. The Corporation is making efforts to purchase a new Turbo Thrush aircraft to replace one of the aging piston aircraft. Captain John Yates resigned during the year and Captain S. Mahala - a Surinamese Agricultural Pilot was recruited. Captain Mahala has been granted a temporary licence by the CAD and is attending classes to obtain his Guyana Commercial Licence. Two of the Aircraft Engineers successfully completed the gas turbine course at the Art Williams/Harry Wendt Engineering School. The head mechanic also successfully completed engine and propeller courses at the Engineering School.

The anticipated transfer of the management of the Ogle Aerodrome from GuySuCo to the CAD was not effected during the year, GuySuCo has continued to undertake day to day management of the aerodrome. Construction of the new GuySuCo aircraft hangar commenced and is expected to be completed during the first half of 1997.

FACTORY OPERATIONS
Factory Production Performance

The factories produced 275 705 tons of sugar from 3 171 549 tons of cane. This repesented an increase of 1.29% in TC/TS to 11.5 when compared to the 1995 result.

Cane Quality

There was a marginal improvement in pol% cane compared to 1995, however the most significant positive change was the 2% increase in mixed juice purity to an average of 80.68 for the industry. This was the highest recorded mixed juice purity for the last thirty three years. The fibre % cane increased adversely by 2.55%.

	1996	1995	% Change
Cane Milled (tons)	3,171,549	2,909,904	8.99
Sugar Made (tons)	275,705	249,840	10.35
TC/TS	11.50	11.65	1.29
Pol% Cane	10.73	10.71	0.19
Fibre% Cane	17.27	16.84	(2.55)
Mixed Juice Purity	80.68	78.93	2.22
Tons Cane per Hour	107.5	106.81	0.65
Pol Extraction	90.31	90.28	0.03
Boiling House Rec.	88.16	87.00	1.33
Overall Recovery	79.62	78.54	1.38
Factory Time Efficiency	89.30	88.74	0.63
Overall Time Efficiency	68.29	80.08	(17.26)
Hours Lost-			
Out of Cane	5292.77	3326.13	(59.12)
Strikes	1932.34	1536.93	(25.73)

The improved pol in cane and mixed juice purities are attributed to the continued and increased use of ripeners.

Recoveries and Efficiencies

The rise in mixed juice purities positively influenced the boiling house recovery result. The industry average of 88.16% was the best result since 1968. The extraction result was disappointing showing only a marginal increase over 1995. Extraction did improve during the 2nd crop at LBI following the installation of the new reverse rotation knives.

Continuing improvement in maintenance standards and the gradual replacement of obsolete and worn out plant, increased the industry average for factory time efficeincy to 89.30% - the best performance for the past twelve years.

Overall time efficiency reflected a 17.26% decline in performance. This was caused by

the increase in the number of hours lost to "out of cane" and strike action. Stops due to strike action were the highest recorded since 1990. However factory productivity improved from 2.25 to 1.86 mandays per ton of sugar between 1995 and 1996.

Projects

The Projects Department showed a significant under achievement in the implementation rate of the factory rehabilitation programme. The total capital expended in 1996 was only 17% of the annual allocation. The main limitation to an accelerated rate of project work has been the staff and skills shortage in the Project department. It has now been decided to establish a dedicated project team to boost the implementation rate of factory project.

Despite the lack of sufficient resources some large projects were undertaken and completed successfully during 1996 by the Projects department which included:-

Installation of 700 Kw diesel alternators at Albion and LBI.

Installation of five milling/pre-milling turbines and associated steam pipework at Albion.

Conversion of boilers 1 & 2 to suspension firing at Albion.

Major modifications to bagasse conveying system at Albion.

Installation of boiler house steam receivers at Rosehall and Blairmont factories.

Upgrading of cane preparation plant at LBI and Uitvlugt factories.

Staffing

1996 saw some stabilisation in the turnover of factory staff, although vacancies still existed by the year end. An active recruitment campaign for management trainees has shown some good potential for the years to come. In general the senior staff movement included:

four senior factory staff resigned and emigrated;
out of ten persons retiring, three were retained;
seven management trainees were employed of which two have subsequently resigned;
four junior staff members were promoted to shift manager level.

YEAR	TOTAL MW HRS	STEAM MW HRS	DIESEL MW HRS	DIESEL FUEL GLNS	GLNS MW HR
1989	45063	25391	19672	1345323	68.38
1990	42034	19069	22965	1539722	67.05
1991	42546	21511	20835	1428001	68.54
1992	50012	27376	22636	1492816	65.95
1993	59953	40505	19248	1219332	63.35
1994	58826	42029	16197	1198719	74.00
1995	55532	39928	15604	1092327	70.00
1996	57280	40350	16884	1153028	68.29

The loss of pan boiling skills to the Caribbean islands remains a problem. Recruitment and training were unable to keep abreast. The restructuring of the Factory Operations Department took this into account and a new position of Factory Staff Development Manager was created.

Energy Production and Fuel Utilization

A total of 57,280 Mw hrs of energy was produced, representing a 3.14% increase on 1995.

Steam energy produced 40350Mw hrs. - 1.52% increase on 1995 and represents 80.61% of the total energy required in crop.

Diesel energy produced 16884Mw hrs. - 8.20% increase on 1995.

CHIEF EXECUTIVE'S REPORT

Factory Operations

Fuel consumed 1153.028 Glns. (Imp.) - 5.58% increase on 1995.

A total of 11,904 tons of wood was used by all estates, except Skeldon.

This indicates the grinding patterns on estates being interrupted mainly by cane supply and factory down time. However, it must be noted that 4465Mw hrs. were exported to drainage pumps representing 7.8% of total output.

Significant investments are required to replace obsolete boiler plant, in order to achieve self sufficiency in steam generated electric power, as well as utilising our potential for cogeneration and exporting power to the grid.

SUGAR MARKETING

Following the pattern of 1994 and 1995, revenue continued to be bouyant in 1996. Increased production and the continuing weakness of sterling in the EU monetary system, leading to income in G$ from sales to the EU considerably above expectation, combined to produce revenue which was higher than had been achieved in recent years and significantly higher than originally budgeted.

The higher than expected revenue derived in the period 1994 - 96 from favourable exchange rate alignments, while immediately welcome, carries with it the significant drawback that such windfall conditions are bound to come to an end and in the meanwhile have the effect of entrenching expectations of wages and benefits above the level which tbe industry can sustain in the long term.

By the end of 1996 the situation had changed. Sterling, whose weakness in the EU monetary system had for long led to a providential increase in G$ revenue, strengthened and G$ revenue as a result was on the way down. As often pointed out, such a turn in the situation was inevitable and accelerates the need for radical cost reductions to survive the decline in revenue.
The simple fact is that Guysuco's marketing position in 1996 did not improve fundamentally. Basic prices in the European Union remain static and therefore in real terms declined, as did the Government controlled price on the local market which has remained unchanged since February 1991. Guysuco's preferential marketing outlets should be secure for the foreseeable future but the prices we receive in these markets are static and will tend to decline. That is the problem which has to be confronted as a matter of urgency. The removal of the windfall element derived from favourable exchange rates will affect the industry in 1997 and adds to the basic long term price problem.

Local Market

Sales of brown sugar for domestic use were 23,231 tons in 1996 compared with 22,631 tons in 1995. The producer's price for brown sugar sold locally at $21.91 per lb (G$49,078 per ton) has remained unchanged since February, 1991. The real value of sales in this market, therefore, has substantially eroded over this period.

In 1996 Guysuco sold 1,431 tons of imported refined sugar at world prices to industrial users who use this grade of sugar in their manufacturing process. This compares with 3,087 tons sold in 1995. Banks DIH and DDL, previously our main customers, are now importing their own requirements. Guysuco continues to meet the needs of the smaller manufacturers.

EU Market

Guyana met its full commitment of approximately 164,000 tons under the Sugar Protocol for the quota period ending 30th June, 1996. It is worth remembering that in the period 1988 - 1991 Guyana experienced shortfalls in meeting this vital commitment and was on the verge of losing quota. Guyana is now again recognised as a reliable supplier and one indeed ready to supply the shortfalls of others should these arise.
1996 was the first full year of supplying sugar under the Special Preferential Sugar Agreement between the ACP and EU refiners which came into force on the 1st July, 1995.

Sugar Marketing

This Agreement, which lasts until 30th June, 2001 with a provision for negotiating renewal after that date is a significant additional market for ACP countries including Guyana.

Guyana's basic share of this new market is about 27,000 tons but reallocations are received if other countries experience shortfalls. In 1996 Guyana shipped 44,609 tons of sugar under this Agreement including shortfalls from countries which could not meet their commitments in the period. The price under this Agreement is approximately 85% of the Sugar Protocol price. In 1996 revenue from SPS was $76,037 per ton compared with $77,903 per ton in 1995.

The Sugar Protocol price in ECUs agreed annually was again frozen in 1996. There has been no increase in this price since 1986. However, the continuing weakness of sterling against the deutschmark in the EU monetary system which produced more pounds sterling per ton and sterling's relative strength against the US$ again combined during most of 1996 to yield increased G$ revenue. The revenue from Sugar Protocol sugar increased from $86,617 per ton in 1994 to $95,247 per ton in 1995 and was $94,730 per ton in 1996. This is a fortuitously high level of price. Exchange rates, favourable for a time, can and do easily turn unfavourable. The simple fact is that the underlying ECU price remains exactly the same and therefore in real terms is reduced in value.

US Market

Guyana's basic US quota is 12,000 tons. However, in 1995/96 this increased to approximately 27,000 tons through reallocations declared by the US Department of Agriculture and for the 1996/97 quota period reallocations have again been received bringing Guyana's quota to approximately 26,000 tons for this period.

In 1996, 21,444 tons of US quota sugar was shipped compared with 5,413 tons in 1995. The price received for US quota shipped in 1996 was $62,072 per ton compared with $65,192 per ton in 1995.

Caricom Market

A Common Exteinal Tariff of 40% on brown sugar imported from outside the region continues to be applicable in Caricom countries. Guyana's sugar exported to this market is tariff free. In 1996 sales to Caricom were 12,595 tons compared with 24,123 tons in 1995. Barbados required less sugar from Guyana because their crop improved and allowed that country to meet more of its domestic requirements from its own production. Also, in 1996 Guyana lost the St. Vincent market when St. Vincent imported sugar from outside the region without receiving the waiver which would have permitted them to do this. Guysuco was ready and willing to supply sugar and Guyana has brought this matter to the attention of the Caricom Secretariat.

Guysuco is committed to supplying good quality brown sugar to Caricom countries at competitive prices. The average price received in 1996 was $55,073 compared with $46,714 per ton received in 1995.

World Market

In 1996 Guysuco did not sell sugar on the world market. The last time sugar was sold on the world market was at the beginning of 1995 when 23,247 tons was sold to Canada at an average price of $40,165 per ton.

The so-called world market is a residual one and prices prevailing in this residual market are not an indicator of what an efficient and competitive industry should have to adjust to in order to survive. Prices in this market are unpredictable and well below Guysuco's cost of production. Given expected production levels, the new SPS market in the EU, increased quota allocations in the US and expanded sales to Caricom it is unlikely that Guyana will sell sugar on the world market in the period 1997/98.

Prospects

Sugar's vital market outlet in Europe is under no immediate threat and indeed has recently been substantially increased with the

Sugar Marketing

establishment of the SPS Agreement in 1995. The security of sugar's access into Europe is built into marketing arrangements which are not dependant on the renegotiation of LOME IV. The market stability sugar enjoys in the permanent Sugar Protocol and the additional Special Preferential Sugar Agreement contrasts with the uncertainties facing Caribbean bananas, rice and rum. The trading arrangements founded in the Sugar Protocol and the SPS Agreement were entrenched in the new World Trade Agreement and are therefore secured against challenges such as bananas now face.

However, sugar does face a serious threat in its main market. There the basic price has not increased since 1986, will remain no more than stable for the next few years and is then likely to decline. Moreover, the recent strengthening of sterling in the EU monetary system is likely to remove the windfall element from the revenue which the industry has received from the European market over the last three years. In such circumstances the need to reduce costs in order to remain profitable has become more imperative than ever.

HUMAN RESOURCES MANAGEMENT
General Principles and Issues

Our approach to the management of people in Guysuco will continue to be guided by the following principles:

Our people are our most important resource and effective management of people is key to our success.

Our success is most likely to be achieved if our human resource policies and procedures are closely linked with and make a contribution to the achievement of corporate objectives and Guysuco's plans.

Our culture and values, organisational climate and managerial behaviour will exert a major influence on the achievement of excellence. We will manage and where necessary change this culture on a continual basis.

Continuous effort is needed to get staff and workers to achieve integration, to work to a common purpose. Particular emphasis will be directed at any disruptive pressures or trends to either neutralize them or manage them in a constructive way.

Over the last year, we have had to place greater emphasis on competence, improving quality, minimising cost, devolving authority and rationalizing sections, practices and procedures.

There has been and will continue to be pressure for greater flexibility on all aspects of human resource management. We believe that the weaknesses of some individuals can be cushioned by the effectiveness of team work in all its forms to enable people to meet the challenge of change.

We must continue to strive for a more strategic approach to acquire, develop, manage, motivate and gain the commitment of our people.

Establishment

The total number of employees reduced by 11% from 1995 as follows:

Rationalisation of the labour force and staff and units continued with full consultation among all concerned.

	1995	1996	Reduction	% Change
Estates	21,594	19,433	2,161	10
Head Office	1,225	1,059	166	13
Industry	22,819	20,492	2,327	10

Training and Staff Development
Apprenticeship

New entrants for 1996 totalled 61 while 56 Apprentices graduated.

Human Resources Management

Adult Technical Evening Classes

A total of 175 Tradesmen participated in 12 - 18 week courses conducted in both introductory and advanced courses in Agricultural Mechanics, Fitting and Machining and Industrial Electricity.

SSEE Bursary Awards

The Awards were increased from 55 to 100 in 1996. Workers' children who attained a score of 400 and over at the SSEE in 1996 were granted an award each valued at $40,000 over the five years' secondary school cycle in disbursements, of $6,000, $7,000, $8,000, $9,000, and $10,000 repectively. The 1996 pay out was $600,000. Since 1991 the Corporation has expended $3.5 million on the SSEE Awards Scheme.

CXC/GCE Awards

Twenty eligible children received a total of $247,570 in refund of fees for their success at the CXC O'Level and GCE A' Level examinations in 1996. A total of $1.2 million has been expended on the CXC/GCE Award scheme since 1991.

Guyana School of Agriculture (GSA)

Thirteen cadets comprising 7 second and 6 first years are currently attending the GSA. The six Cadets (first years) commenced training in 1996.

University of Guyana/Cadetships

Eighteen cadets made up of 14 continuing students and 4 who commenced studies in 1996 are currently enrolled at the University of Guyana. The 4 who enrolled in 1996 are reading for degrees in Natural Science (Chemistry), Agriculture, Electrical and Mechanical Engineering.

Factory Management Trainees

Thirteen Management Trainees were appointed for the typical 18 - 14 months training period.

Personnel Management Trainees

The Corporation introduced a 12 months training programme designed for Personnel Management Trainees recruited from among employees to meet the need for trained/experienced staff in Human Resources Management.

Orientation

A 4 day *Orientation Programme* was planned and conducted for staff members recently recruited/promoted to senior staff positions throughout the industry.

Training of Supervisors/Foremen

Two 5 day *Man Management Seminars* were organised for Supervisors and Foremen in the Demerara and Berbice Regions.

Health and Safety Training

3 day seminars of Safe and Effective Use of Pesticides were conducted in both Demerara and Berbice by OHSE.

Senior Management

As part of lthe Corporation's Management Development strategy, Dr. A. M. Baksh, HRM Consultant was contracted to conduct two Senior Management Seminars entitled "Modern Concepts and Practices in Management" and "Senior Management". A total of drawn from Estates and Head Office locations attended these seminars.

Training Activities Conducted by Estates

During the year estates conducted several courses for manual, craft, clerical and supervisory grades in areas such as: Budgeting and Cost Control, Occupational Health and Safety, Supervisory Development, Factory Maintenance, Good Canecutting standards.

A total of 7,620 employees attended these courses.

CHIEF EXECUTIVE'S REPORT

Human Resources Management

Programmes Conducted by Local Training Institutions

During the year a total of 35 employees both senior and junior staff attended courses ranging from 1 to 5 days at CAGI (21), UG (6), NARI (8). Courses attended included ISO 9000, Management of Maintenance, Introduction to Autocad, and Rodent Control, among others.

Vacation Attachment

As part of the Corporation's outreach programme, vacation attachments were provided for a total of 22 students from UG (9), GTI (3) and the Secondary Schools (10) in the various departments within the head office and its ancillary units. These attachments were for a 8 week period.

Overseas Training

Four of the 5 cadets who commenced studies at overseas Universities (UK, Australia) completed their degree programmes and returned to Guyana in 1996.

An additional 4 cadets (1 Undergraduate and 3 Post-graduate) commenced studies at Universities in the UK during 1996.

The 2 Regional Instrument Engineers, Demerara and Berbice attended a 5 days training couse sponsored by Weigh Tronix Inc of Minnesota, USA.

Community Development
Community Centres

Activities at all Community Centres continued to be developed.

These included Healthy Lifestyle Workshops, Cricket, Sewing, Cooking and dancing classes among others.

Wales did not achieve the objective of rebuilding its Community Centre. However, despite this, several activities were held and visible signs of vibrant community involvement were sustained throughout the year.

Efforts have been directed at resuscitating all Community Development Centre Councils and to this end a new Constitution was adopted.

A 2 day social skills seminar was held for 25 youths selected to represent the nation at the under 15 years' level - 19 cricketers and 6 table tennis players.

Sports

Once again notable successes were achieved in the area of sports. However, it was noted that there was a tapering off of enthusiasm. This did not hold true for Executive Staff who participated fully in the softball for Executive Staff Competition which was won by Head Office.

This year we participated for the first time in a Female Softball Competition and won the Penzoil trophy.

In addition 2 of our athletes were selected to participate in the "Go Guyana Run Marathon" while 5 other players were selected for the National Under 19 team for the Inter-Guyana Games.

Employee Services,
Ex-Gratia Pensions

Ex-gratia persons were approved in 1996 for 501 retiring employees who have served on Estates for over 10 years.

Medical & Health Services
Primary Health Care

The preventative approach to care and initiatives to foster healthy lifestyles were central themes of the intervention strategy of our Medical and Health Services. The continuing controls at Primary Health Care Centres have continued the 1995 trend of a drop in the use of the centres.

Disease Trend

In comparison with 1995 the 10 most common illnesses encountered were:

Hypertension has been relegated to No. 2. In the overall statistic, hypertension had decreased considerably. It should be noted that stress has been relegated out of the first ten. This is indeed a good sign demonstrating that people are now coping with and managing stress.

Heart Disease has been relegated to No. 10 from 8. However, the overall picture is that there was an increase in cases of heart disease. This may be attributed to an increase in diagnosis and intensified attendance at clinics.

	1996		1995
1.	Respiratory Tract Infection		Hypertension
2.	Hypertension	2	Respiratory Tract Infection
3.	Diabetes Mellitus	3.	Diabetes Mellitus
4.	Arthritis	4	Influenza
5.	Dermatitis	5	Dermatitis
6.	Influenza	6	Arthritis
7.	Peptic Ulcer Disease	7	Diarrhoeal Disease
8.	Diarrhoeal Disease	8	Heart Disease
9.	Arthritis	9	Injuries
10.	Heart Disease	10	Stress

A notable absence from the first 10 is injuries, reflecting lower incidence of major accidents requiring treatment at Health Centres.

Respiratory Tract Infection (R.T.I.) is ranking high and when combined with asthmatics, is of concern. This environmental disease may be attributable to the long dry weather in 1996 increasing the dust content in the atmosphere.

The Corporation continues to seek ways of improving the working environment in order to minimise the incidence of R.T.I. Another important contributory factory is over crowding in the home.

Dermatitis continued to rank No. 5, this is mainly due to fungus and parasitic infestation. The humid, dusty atmosphere coupled with poor personal hygiene and overcrowding, perpetuate the spread of this disease, making it difficult to control and treat.

Maternal and Child Health

The utilization of this service has continued to decline, reflecting improvement in the service provided by Government and the distribution of food and monetary supplements by SIMAP at Ministry of Health Clinics.

Pharmaceuticals

In 1996, the supply of Pharmaceuticals to Health Centres was closely monitored and at times re-allocations from one Estate to the other were made in order to prevent shortages. One some locations e.g. Albion, Uitvlugt and LBI/Diamond there were occasional shortages of essential items such as Anti-Hypertensive and Analgesics.

INDUSTRIAL RELATIONS
Work Stoppages

The number of strikes/work stoppages fell by 23 % from the level in 1995, but the number of mandays lost increase by 25%. This reflects both an increase in the number of employees participating in stoppages, and longer duration.

Production Incentives

The Industry's Sugar Production was 275,705 tons, compared with 249,840 for the previous year, representing an increase of 10%.

A total of 181 days were paid to employees as tax-free Weekly Production Incentive, comprising 76 for the 1st crop and 105 for the second.

In addition, 188 days (average 23.5 Estate) were paid as tax-free Annual Production Incentive.

Negotiations for Wages/Salaries Increases

General negotiations for increased wages and salaries were protracted and costly (21 meetings and $2M). The negotiations

finally culminated in the signing of a historic two-year Memorandum of Agreement in October 1996.

This Agreement provided for an average 12 1/4% and 11% across-the-board increase for 1996 and 1997 respectively; and a 4 1/2% and 2 to 5% merit increment for 1996 and 1997 respectively.

Causes of strikes				
	1993	1994	1995	1996
1. Pricing	338	325	293	159
2. Acceptability of Work	86	94	91	138
3. Disciplinary Issues	13	18	16	18
4. Other Reasons	8	9	12	5
Total	445	446	412	320

Other reasons included refusal to travel by a particular means of transport

Comparative Costs of Strikes

	1990	1991	1992	1993	1994	1995	1996
Work Stoppage	278	351	343	445	446	412	320
Mandays lost	222,225	117,288	198,582	126,233	71,984	79,993	99,762
Wages Lost (G$)' 000	511	1,863	664	566	353	499	588

Attitudional Changes

The Corporation is aware of the need to review and restructure our various operations to ensure that we are efficient and sustainable in the future. This will include a review of both organisation and work practices, both of which must be geared to meet the competitive challenge of the new millennium.

Hence, attempts and initiatives aimed at changing attitudes continued in the form of greater dialogue and sharing of information, so that issues can be looked at more objectively, and demands for increased remuneration and benefits can be accompanied by some willingness to change restrictive practices.

We will have to continue our focus in this direction if the changes necessary to achieve higher attendance and productivity and lower costs of production are to succeed.

Attendance

Compared to 1995, 1996 showed an 8% increase in attendance. In 1995 the employment level was 23,819 with approximately 4.5 million mandays recorded, 1996 the employment number was reduced by 14% (to 20,492) with almost 4 million mandays.

Productivity

1996 also showed an increase in production level moving from 230,808 in 1995 to 252,923 in 1996 (exclubing cane farming inputs). Using the employment numbers for both years, 1996 showed an increase of 27% in the productivity rate per employee, improving from 9.69 tons sugar per employee in 1995 to 12.34 in 1996.

Costs

Notwithstanding an overall wage increase of 12.5% for the piece-rated employee and 16.75% for the time-rated, employment costs per ton sugar (excluding farmers) in 1996 were $31,270 compared to $39,000 in 1995, a reduction of $7,730/ton or 20%. Nevertheless, the need to reduce costs of production to the level of US 13c per pound from its present level of abour US21c per pound is a critical target for the industry.

Productivity Statistics

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Production	203,252	154,884	154,307	121,986	148,654	226,907	224,711	233,871	230,888	252,863
Tons Sugar /Employee	8.50	6.70	6.58	4.77	5.32	8.08	8.07	9.56	9.69	12.34
Mandays Per Ton Sugar	20.78	25.92	25.96	34.59	33.21	22.37	20.10	18.61	17.73	14.61

	1993	1994	1995	1996
Agriculture-Lost Time Accidents	5333	4829	3295	324
Mandays Lost	54039	49843	32495	32343
Factory - Lost Time Accidents	200	145	139	107
Mandays Lost	2583	1535	1730	1411
TOTAL-Lost Time Accidents	5533	4974	3434	3348
TOTAL-Mandays Lost	56622	51378	34225	33754

	1993	1994	1995	1996
General- Lost Time Accidents	-	-	43	54
Mandays Lost	-	-	470	730

Factory records show a steady decline for the eight operating factories over the period. Field Accidents have seen acumulative saving of 47436 mandays on the 1993 figure for the period, a considerable saving in production time since most accidents occur in the cane cutting and other piece-rated gangs. The Field and Factory as the main production units contrast sharply with the rest of the General Labour Force.

The development of an Estate Safety Culture continues to be the goal and the education of management staff and employees alive to achieve the desired level of role perception continue. The Estate Health and Safety Committee continues to provide the focus for this objective.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

A draft Environmental Policy Statement is being developed.

Training/Education programmes to support the corporate Safety Manual continued, with emphasis on the techniques appropriate to a strategy of Zero Tolerance of accidents.
The use of the Workers' Councils at Factory and Field level is being examined with particular concern for their frame of reference.
Impact Assessments and Audit Systems are now being supported by a growing body of statistical data on illnesses and accidents.
The following accident data indicate the trend since 1993:-

CHIEF EXECUTIVE'S REPORT

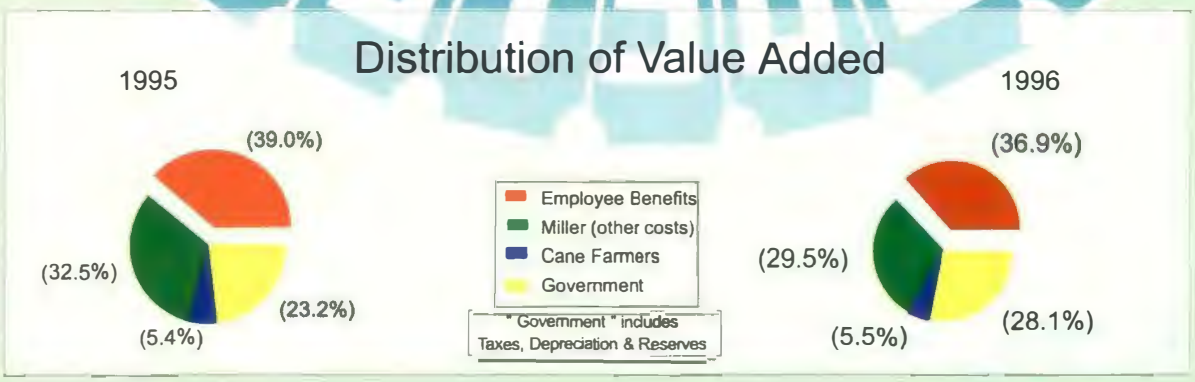
TEN YEAR SUMMARY

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Number of Factories	8	8	8	8	8	8	8	8	8	8
Acres Harvested	106,039	85,823	86,303	91,372	93,307	99,891	98,142	104,670	105,586	96,592
Tons Cane Milled ('000)	3,100	2,480	2,548	2,019	2,293	3,081	3,172	3,149	2,909	3,172
Yield:										
Tons Cane/Acre	29.23	28.90	29.56	22.10	24.57	30.84	32.31	30.40	27.88	29.82
Tons Cane/Tons Sugar	14.03	14.80	15.41	15.54	14.36	12.68	13.07	12.41	11.56	11.50
Tons sugar/Acre	2.08	1.95	1.91	1.42	1.71	2.43	2.47	2.45	2.41	2.62
Sugar Production (tons)	220,995	167,550	164,800	129,920	159,690	243,010	242,640	252,615	249,840	275,705
Molasses Production ('000 gals)	19,962	26,741	15,375	11,474	13,363	18,741	19,311	18,192	18,898	20,327
Home Consumption										
Sugar (tons)	42,252	35,846	28,511	27,610	23,875	19,914	23,291	21,457	22,631	23,227
Molasses ('000 gals)	13,201	12,529		10,561	13,363	18,084	17,979	17,278	16,960	17,392
Export:										
Sugar (tons)	176,483	134,828	160,979	129,767	159,430	232,711	219,093	235,654	221,870	251,503
Molasses ('000 gals)	6,757	4,181	1,214	906	-	657	1,326	914	1,938	2,935
Sales										
Local Sugar (G$M)	68	58	173	406	1,049	984	1,143	1,053	1,111	1,142
Average Price/Ton (G$)	1,610	1,626	6,070	14,708	43,953	49,416	49,080	49,082	49,109	49,149
Export Sugar (G$M)	971	710	2,309	3,265	11,973	15,985	14.971	16,812	18,310	21,920
Average Price/Ton (G$)	5,506	5,267	14,348	25,167	75,105	68,604	68,336	71,343	82,527	87,159
Molasses (G$M)	34	23	42	70	293	384	398	607	732	818
Average Price / Gal (G$)	1.75	1.40	2.78	6.11	21.94	20.51	20.65	33.40	38.74	40.28
Expenditure										
Employment Cost (G$M)	294	302	515	980	2,703	4,873	6,041	7,092	7,892	8,764
Profit Share (G$M)	10.5	-	6.0	9.5	30.0	40.0	37.4	38.5	-	-
Materials and Other (G$M)	348	395	1,225	2,062	6,071	8,954	6,415	6,732	8,504	9,676
Operating Result (G$M) before Interest	30	16	51	40	381	574	780	1,275	788	679
Interest Expenses (G$M) (Net)	10	5	17	1	323	179	20	174	86	5
Surplus (Deficit)before Tax (G$M)	20	11	35	38	58	394	761	1,101	702	674
Local Subsidy (G$M)	53	90	241	282	178	0.00	0.00	136	331	409
Average Mid Market Exchange Rate G$/US$	9.77	10.00	27.25	39.00	119.45	124.95	126.86	138.20	136.50	140.50

STATEMENT OF EMPLOYMENT & COMMUNITY COSTS

	1993	1994	1995	1996
	G$M	G$M	G$M	G$M
DIRECT EMPLOYMENT BENEFITS				
Wages and Salaries	4,162	4,679	5,563	5,521
Incentive Payments*	930	1,236	1,447	1,380
Other Employment Benefits	949	1,177	1,940	1,863
Labour Transport Costs	525	464	487	442
	6,566	7,556	9,437	9,206
COMMUNITY COSTS				
	3,591	3,438	3,282	3,682
Government Taxation and Levies	16	27	34	22
Local Government Rates and Taxes		136	331	409
Local Sugar Sales Subsidy	120	121	114	130
Sugar Industry Special Funds	42	44	41	45
Community Services				
	3,769	3,766	3,802	4,288
	10,335	11,322	13,239	13,494
	27,855	24,463	23,819	21,029
Number of Employees	242,640	252,615	249,840	275,705
Tons Sugar Produced	37	38	0	0

*Includes provision for profit share



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AG:71/98

17 March 1998

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF GUYANA SUGAR CORPORATION INC. ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

Chartered Accountants, Deloitte and Touche, have audited on my behalf the financial statements of Guyana Sugar Corporation Inc. for the year ended 31 December 1996, as set out on pages 2 to 13. The audit was conducted in accordance with the Financial Administration and Audit (Amendment) Act 1993. The Financial statements are the responsibility of the Management of Guyana Sugar Corporation Inc. My responsibility is to express an opinion on these statements based on the audit.

As required by the Financial Administration and Audit (Amendment) Act 1993, I have reviewed the audit plan and procedures, work papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit. I concur with the opinion, as set out on page 1, of Chartered Accountants, Deloitte and Touche.

S A GOOLSARRAN
AUDITOR GENERAL

OFFICE OF THE AUDITOR GENERAL
63, HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

REPORT OF THE AUDITORS

REPORT OF CHARTERED ACCOUNTANTS DELOITTE AND TOUCHE
TO THE AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF GUYANA SUGAR CORPORATION INC.
FOR THE YEAR ENDED 31 DECEMBER1996.

We have audited the financial statements set out on pages 40 to 50 which are in agreement with the books of the Guyana Sugar Corporation Inc. and have obtained all the information and explanations we have required. These financial statements are the responsibility of the management of the Guyana Sugar Corporation Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the office of the Auditor General's auditing standards and other generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures on the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the state of affairs of the Corporation as at 31 December 1996 and its results of operations and cash flows for the year then ended and have been prepared in accordance with the Companies Act 1991.

DELOITTE & TOUCHE
CHARTERED ACCOUNTANTS

77 Brickdam,
Stabroek, Georgetown,
Guyana.

17 March 1998

PROFIT & LOSS ACCOUNT

For the year ended 31 December, 1996

	Notes		1995
		G$000	G$000
Sales	3	19,119,516	17,347,877
Net Profit before taxation	4	674,130	702,489
Taxation	5	450,183	382,085
Retained profit for the year		223,947	320,404

Statement of Accumulated Earnings

At 1 January	1,527,482	1,207,078
Retained profit for the year	223,947	320,404
At 31 December	1,751,429	1,527,482

"The accompanying notes form an integral part of these financial statements"

BALANCE SHEET

As at 31 December 1996

	Notes		1995
		G$000	G$000
Share Capital			
Authorised			
Ordinary shares of G$1 each		500,000	500,000
Issued and fully paid			
498,536,775 Ordinary shares of G$1 each		498,537	498,537
Capital Reserves	6	10,342,881	7,511,518
Accumulated Earnings		1,751,429	1,527,482
Shareholder's Funds		12,592,487	9,537,537
Debenture	10	143,636	143,636
		12,736,483	9,681,173
Represented by			
Fixed Assets	7	7,790,340	7,970,921
Investments	8	304	304
Net Current Assets	9	4,945,839	1,709,948
		12,736,483	9,681,173

Vickram Oditt
Director

G. N. Hilary
Director

CASH FLOW STATEMENT

For the year ended 31 December 1996

				1995
	G$000	G$000	G$000	G$000
Net cash inflow from operating activities (Note a)		1,137,871		2,134,412
Returns on investments and servicing of finance				
Interest received	65,761		48,427	
Interest paid	(71,240)		(133,993)	
Net cash outflow from returns on investments and servicing of finance		(5,479)		(85,566)
Taxation				
Taxes paid		(243 136)		(380,749)
Investing activities				
Payments to acquire tangible fixed assets	(1,188,491)		(2,511,925)	
Receipts from sale of tangible fixed assets	22,511		16,186	
Net cash outflow from investing activities		(1,165,980)		(2,495,739)
Net cash outflow before financing		(276,724)		(827,642)
Financing				
Loan drawdown	0		1,251,247	
Repayment of loans	(153,579)		(1,512,277)	
Rehabilitation and Development Fund	2,831,363		1,100,204	
Net cash inflow from financing		2,677,784		839,174
Increase/ (decrease) in cash and cash equivalents (Note b)		2,401,060		11,532

"The accompanying notes form an integral part of these financial statements."

NOTES TO THE CASH FLOW STATEMENT

a. Reconciliation of operating profit to net cash inflow from operating activities:

	G$000	1995 G$000
Operating Profit	674,130	702,489
Interest paid (net)	5,479	85,566
Depreciation	1,367,860	1,088,381
(Profit) / loss on disposal of fixed assets	(21,299)	94,703
(Increase)/decrease in inventories	364,092	(176,177)
Increase in cattle	(1,943)	-
(Increase) / decrease in sugar and molasses	71,236	(336,063)
(Increase) / decrease in debtors and prepayments	(875,820)	65,471
Increase / (decrease) in creditors and accruals	(208,997)	717,233
Decrease in export levy	(200,000)	(100,000)
Decrease in accrued interest	(36,867)	(7,191)
Net cash inflow from operating activities	1,137,871	2,134,412

b. Analysis of changes in cash and cash equivalents during the year

Balance at 1 January	382,499	370,967
Net cash inflow	2,401,060	11,532
Balance at 31 December	2,783,559	382,499

c. Analysis of cash and cash equivalents as shown in the Balance Sheet

	1996 G$000	1995 G$000	Change in the year G$000
Cash on hand and at bank	2,783,559	846,623	1,936,936
Bank overdraft	0	(464,124)	464,124
	2,783,559	382,499	2,401,060

NOTES ON THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention as modified for the revaluation of certain fixed assets and the accounting policies conform with International Accounting Standards except where specifically stated.

(b) Fixed assets and depreciation

Fixed assets vested on 26 May 1976 are stated at the book values of the previous owners (which were in excess of compensation price) less provision for depreciation and amortisation computed on those values. All fixed assets acquired after that date are stated at cost less provision for depreciation and amortisation.

The excess of book values over compensation price referred to in the preceding paragraph was set up as the opening balance of the valuation reserve.

No depreciation is provided on freehold land, capital work-in-progress and livestock.

State land is written off as and when the titles are relinquished.

Depreciation on other assets is provided on the straight line method calculated to write off each asset over its estimated useful life as follows:-

Buildings	-	Over 50 Years
Leasehold properties	-	Over the lives of the leases
Land expansion costs	-	From 5 to 10 years
Plant, machinery and equipment	-	From 5 to 16 years
Motor vehicles	-	Over 4 years
Aircraft	-	Over 3 years

Depreciation is provided from the date of acquisition and a full year's charge is taken in the year of disposal.

(c) Inventories

Inventories are valued at the lower of cost and net realisable value.
Sugar and molasses are valued at the lower of cost of production and estimated realisable value less deductions for sugar industry special funds contributions, shipping, and selling expenses, where applicable. Where markets are identified for sugar and molasses, the net realisable value is used.

NOTES ON THE ACCOUNTS

1. Significant accounting policies - continued

(d) Livestock

Livestock is classified either as current or fixed assets depending on the nature and purpose of the animals and taking into account the types of animal, age and market value.

(e) Research and development

Research and development expenditure is charged against revenue in the year in which it is incurred.

(f) Foreign currency transactions

Foreign currency transactions are recorded in Guyana dollars at the rates of exchange ruling at the date of such transactions. At the balance sheet date, foreign currency assets and liabilities are translated at the rates of exchange ruling at that date and resulting gains and losses are recognised in the profit and loss account.

(g) Sales

Sales represent the amounts earned from the sale of sugar and molasses produced during the year, net of sugar industry special funds contributions, shipping and selling expenses and export sales levy.

(h) Pension Scheme

(i) The corporation participates in two contributory pension schemes for its employees - Demerara Sandbach and Guyana Sugar and Trading Enterprises Pension Scheme. The contributions are held in trustee administered funds which are separate from the Corporation's finances. The last actuarial valuation done at 31 December 1992 for Demerara Sandbach Pension Scheme revealed that the Scheme was in deficit of $2.8M.

The actuarial valuation done at 31 December 1995 for Guyana Sugar and Trading Enterprises Pension Scheme revealed a past service deficit of $314.2M. To meet the deficit of the Scheme the actuaries recommended that the participating companies continue to pay contributions to the Scheme at the current rate of 7% of member's salaries up to $2,880,000 per annum plus 13% of member's salaries in excess of $2,880,000 per annum.

(ii) Employees who have retired and are not members of the pension schemes are paid ex-gratia pensions which are recoverable from the Sugar Industry Price Stabilisation Fund. Amounts not considered to be recoverable are provided for in the profit and loss account.

(i) Deferred Taxation

Deferred taxation is not provided for because there is a reasonable probability that a liability will not crystallise in the foreseeable future in view of the coporation's expansion programme. At 31 December 1996 the major originating timing differences arose from capital expenditure and the net amount not provided for amounted to $804M (1995 $636.6M).

2. INCORPORATION

Guyana Sugar Corporation Limited was incorporated on 21 May 1976. On 28 February 1996 the Corporation's name was changed to Guyana Sugar Corporation Inc.

NOTES ON THE ACCOUNTS

3. SALES AND EXPORT LEVY

	G$000	1995 G$000
Sales		
Sugar and molasses	23,760,616	20,248,081
Export Sales Levy		
Amount payable (provisional)	11,855,145	9,860,204
Remitted by Government	(7,214,045)	(6,960,000)
	4,641,100	2,900,204
	19,119,516	17,347,877

Under Section 6 (1) of the Financial Administration and Audit Act, the Government of Guyana has agreed to remit G$7,214,045 (1995 G$6,960,000) of the Sugar Levy payable under the Sugar Levy Act of 1974 (as amended).

4. NET PROFIT BEFORE TAXATION

	G$000	1995 G$000
	674,130	702,489
a) After charging-		
Directors' remuneration (note (b))	270	360
Stock adjustment (see note 9 (b))	380,297	794,000
Depreciation	1,367,860	1,088,381
Auditors' remuneration	4,700	4,700
Net (gain) /loss on exchange	35,700	(54,043)
Interest expense	71,240	133,993
Management fees and expenses	357,328	407,830
And after crediting -		
Interest income	(65,761)	(48,427)
b) Directors' remuneration		
Chairman	81	108
3 other Directors at $63,000 each (1995 $84,000 each)	189	252
	270	360

5. TAXATION

	G$000	1995 G$000
Corporation Tax at 35%	269,797	232,872
Property Tax	180,386	149,213
	450,183	382,085

6. CAPITAL RESERVES

	(a) Rehabilitation and Development Fund	(b) Sugar Industry Rehabilitation Fund	© Valuation	(d) Other	Totals
	G$000	G$000	G$000	G$000	G$000
At 1 January 1996	6,521,850	34,503	47,435	907,730	7,511,518
Additions during the year	2,841,100	0	0	0	2,841,100
Transfer	0	(9.737)	0	0	(9,737)
At 31 December 1996	9,362,950	24,766	47,435	907,730	10,342.881

(a) An agreement was reached between the Ministry of Finance and the Corporation to set up a Rehabilitation and Development Fund from levies payable.

(b) This represents amounts received by the Corporation from the Sugar Industry Special Funds for rehabilitation work carried out on the Corporation's factories.

(c) This amount represents the surplus of the net book values over the consideration paid for the acquisition of the Corporation's assets on nationalisation in 1976, less disposals.

(d) i) G$ 15.76M represents monies received from the Government of Guyana for the purpose of financing projects in the Corporation's diversification programme.

ii) G$ 37.87M represents the value of the net assets of Demerara Sugar Terminals Limited, which ceased trading in 1991 but continued as a department of the Corporation.

iii) G$ 839.21M represents the value of loans and accrued interest assumed by the Government of Guyana.

iv) G$ 1.32M and G$ 13.57M represent the value of the net assets of Guyana Agricultural Products Corporation and Demerara Sugar Company Limited which were acquired by the Government of Guyana and the assets transferred to the Corporation.

NOTES ON THE ACCOUNTS

7. FIXED ASSETS

	Land and buildings		State land and land expansion cost	Plant, machinery and equipment	Livestock	Work-in-progress	Total
	Freehold	Leasehold					
	G$000	G$000	G$000	G$000	G$000	G$000	G$000
Cost or valuation							
At 1 January 1996	598,956	4,316	31,905	8,059,591	55,921	2,176,611	10,927,300
Additions	67,072	-	57,879	1,222,654	-	(159,114)	1,188,491
Disposals	-	-	-	(52,152)	-	-	(52,152)
Transfers	72,757	-	45,798	543,368	-	(661,923)	-
At 31 December 1996	738,785	4,316	135,582	9,773,461	55,921	1,355,574	12,063,639
Depreciation							
At 1 January 1996	37,453	2,955	12,247	2,903,724	-	-	2,956,379
Charge for the year	13,631	410	10,808	1,343,011	-	-	1,367,860
Retired on disposals	-	-	-	(50,940)	-	-	(50,940)
At 31 December 1996	51,084	3,365	23,055	4,195,795	-	-	4,273,299
Net book values:							
At 31 December 1996	687,701	951	112,527	5,577,666	55,921	1,355,574	7,790,340
At 31 December 1995	561,503	1,361	19,658	5,155,867	55,921	2,176,611	7,970,921

8. Investments	G$000	1995 G$000
Lochaber Limited		
1,280 Ordinary shares of $20.00 each at cost Note (a)	23	23
Cane Farming Development Corporation Limited		
18,500 'B' Ordinary shares of $5.00 each.		
(This Company is in liquidation and provision has been made for possible losses arising therefrom.)	31	31
Livestock Development Company Limited		
55,000 Ordinary Shares of $1.00 each - at cost	50	50
National Bank of Industry and Commerce Limited		
200,000 stock units of $1.00 each - at cost	200	200
	304	304

(a) The Coporation has a 36.8% holding in Lochaber Limited.
As at 31 December 1996 the reserves of Lochaber Limited were $101 million.

9.		G$000	1995 G$000
(a)	Net current assets		
	Inventories (9 (b))	4,215,946	4,580,038
	Cattle	13,724	11,781
	Sugar and molasses	543,833	615,069
	Trade debtors	2,298,526	1,351,174
	Other debtors and prepayments	287,291	358,823
	Cash on hand and at bank	2, 783,559	846,623
		10,142,879	7,763,508
	Current Liabilities		
	Trade creditors	551,094	743,493
	Other creditors and accruals	2,335,799	2,352,397
	Export sales levy	1,700,000	1,900,000
	Accrued interest	-	36,867
	Loans repayable within one year	-	153,579
	Taxation	610,147	403,100
	Bank overdrafts (unsecured)	-	464,124
		5,197,040	6,053,560
		4,945,839	1,709,948
(b)	Inventories		
	Gross	4,508,193	5,873,427
	Less: Provision for stock obsolescence	292,247	1,293,389
	Net	4,215,946	4,580,038

NOTES ON THE ACCOUNTS

Since 1992 the Corporation has been providing against stock obsolescence, resulting in a provision of $1,293 million as at 31 December 1995. Following the introduction of new inventory software during 1996, the Corporation carried out a comprehensive review of inventory values and obsolescence, in addition to the normal physical stock counts. As a result of this review, the provision of $1,293 million and an additional $88 million was written off against stock.

In accordance with the Corporation's policy for ongoing obsolescence due to the development of new equipment and technology, a further provision of $292 million was made during 1966, resulting in a total charge to the profit and loss account of $380 million.

10. DEBENTURE

		1995
	G$000	G$000
2% Government of Guyana debenture redeemable in the year 2000	143,636	143,636

11. CAPITAL COMMITMENTS AND CONTINGENT LIABILTIES

		1995
	G$000	G$000
Expenditure authorised by the Directors but not committed	7,771,000	7,758,000
Letters of credit	75,424	116,628

12. The Corparation is at present being managed by Booker Tate Limited.

13. PENDING LITIGATION

There were several actions for which the liability of the Corparation, if any, has not been determined.

NOTES