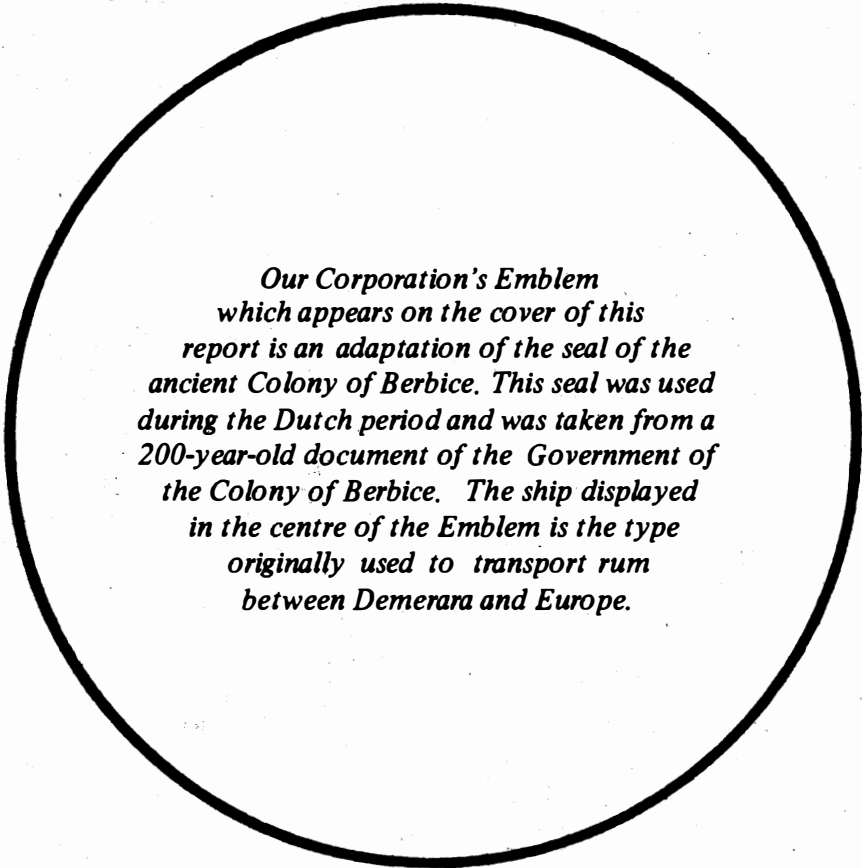


*Tabled on 15/8/80*



**Annual Report and Accounts  
1979**



*Our Corporation's Emblem  
which appears on the cover of this  
report is an adaptation of the seal of the  
ancient Colony of Berbice. This seal was used  
during the Dutch period and was taken from a  
200-year-old document of the Government of  
the Colony of Berbice. The ship displayed  
in the centre of the Emblem is the type  
originally used to transport rum  
between Demerara and Europe.*

# *GUYANA LIQUOR CORPORATION LTD*

## HIGHLIGHTS OF 1979

	<b>1979</b>	<b>1978</b> <b>\$000</b>
<b>Sales including duty and consumption tax</b>	<b>66,456</b>	<b>57,175</b>
<b>Pre Tax Profits</b>	<b>12,028</b>	<b>9,010</b>
<b>Profit after Taxation</b>	<b>6,576</b>	<b>4,561</b>
<b>Gross Assets</b>	<b>57,730</b>	<b>48,475</b>
<b>Shareholders' Funds</b>	<b>16,871</b>	<b>14,058</b>
<b>Dividends Paid to State</b>	<b>2,077</b>	<b>1,793</b>
<b>Taxation Duty and Consumption Tax</b>	<b>26,299</b>	<b>25,044</b>
<b>Total Direct Payment to State</b>	<b>28,376</b>	<b>26,837</b>
<b>Pre-Tax Profits at % of Sales</b>	<b>18.1</b>	<b>15.8</b>
<b>Sales as % of Gross Assets</b>	<b>115.1</b>	<b>117.9</b>
<b>Pre-Tax Profit as % of Net Assets</b>	<b>71.3</b>	<b>64.1</b>
<b>Pre-Tax Profits as % of Gross Assets</b>	<b>20.8</b>	<b>18.6</b>
<b>Earnings per share</b>	<b>42.8¢</b>	<b>29.7¢</b>
<b>Dividend Cover (Times)</b>	<b>2.4</b>	<b>1.9</b>

# ***GUYANA LIQUOR CORPORATION LTD***

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# ***GUYANA LIQUOR CORPORATION LTD***

## **STATUTORY INFORMATION**

<b>Directors</b>	<b>Yesu Persaud – Chairman R. D. Webster M. Solomon W. A. Lee C. Hinds K. R. Samaroo</b>
<b>Company Secretary</b>	<b>K. R. Samaroo</b>
<b>Registered Office</b>	<b>61 Avenue of the Republic, Georgetown.</b>
<b>Solicitors</b>	<b>Clarke &amp; Martin, 7 Brickdam &amp; Manget Place, Georgetown.</b>
<b>Auditors</b>	<b>Thomas, Stoll, Dias &amp; Company, 5 America Street, Georgetown.</b>
<b>Bankers</b>	<b>Royal Bank of Canada, Water Street, Georgetown.</b>  <b>Guyana National Co-operative Bank, 1 Lombard &amp; Cornhill Streets, Georgetown.</b>

# *GUYANA LIQUOR CORPORATION LTD*

## STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION FOR 1979

	\$000	\$000	1978 \$000
Turnover		66,456	57,175
Deduct: Purchases of Goods and Services		24,042	19,762
<b>TOTAL VALUE ADDED</b>		<b>42,414</b>	<b>37,413</b>
 Distributed as follows:—			
<i>To Central Government</i>			
Company Taxes	5,452		4,449
Duty and Consumption Taxes	20,847		20,595
		26,299	25,044
 <i>To Employees</i>			
Benefits and Emoluments		6,905	5,337
 <i>To Suppliers of Capital</i>			
Interest on Borrowed Funds	1,329		1,284
Dividends to Shareholders	2,800		2,350
		4,129	3,634
 <i>Retained for the Business</i>			
Depreciation	1,305		1,187
Retained Profits	3,776		2,211
		5,081	3,398
		<b>42,414</b>	<b>37,413</b>

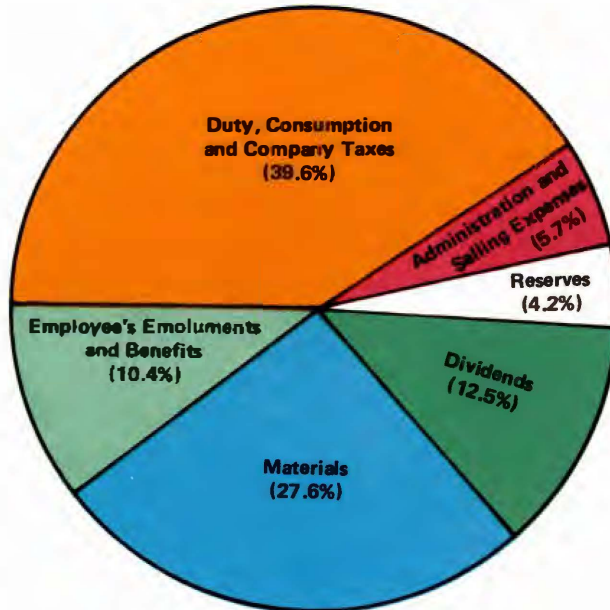


# GUYANA LIQUOR CORPORATION LTD

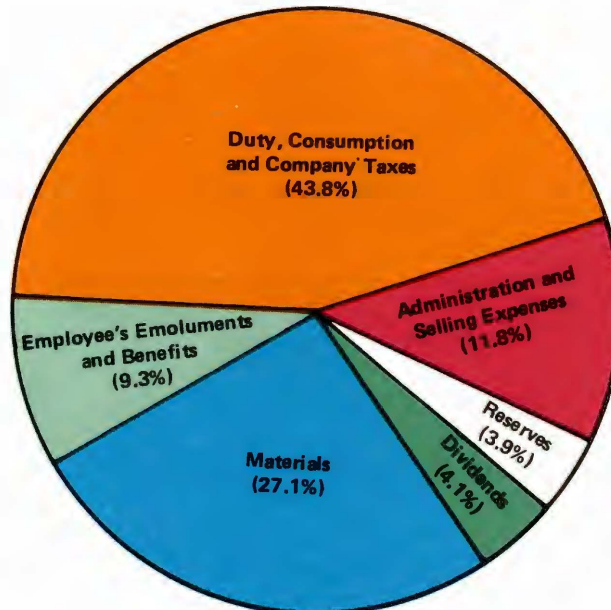
## REVENUE ANALYSIS

(Sales: 100%)

1979



1978



# *GUYANA LIQUOR CORPORATION LTD*

## **CHAIRMAN'S STATEMENT TO SHAREHOLDERS**

**Yesu Persaud**

Since the incorporation of the Guyana Liquor Corporation in May, 1976, the Group has had an impressive rate of growth in Group Resources and Profitability. Group Resources have increased from \$20.1M in 1976 to \$30.4M in 1979 and Group Pre-Tax Profit from \$3.3M to \$12.0M in the same period.

The growth in profitability has been achieved against a background of rising costs. The basic input, molasses, has increased in price by over 300%, that of Bunker 'C' fuel by the same percentage and all other inputs have also increased substantially in price. Despite these factors, the Operating Companies have been able to improve their performance by a planned investment programme, rigid cost controls, higher production and productivity.

In addition, the Corporation has been expanding its base of operations by using local raw materials with a reasonable degree of success, and this will be pursued with increased vigour in the future. The rallying cry in the Operating Companies is increased production and greater productivity, without sacrificing quality, which will enable the Group to maximise exports thereby increasing foreign exchange earnings and profitability.

**(a) Distilleries:**

Distillery production increased by 12% in 1979. DLL worked at full capacity throughout the year, and both Enmore and Uitvlugt recorded very impressive increases.

**(b) Bottling Plant:**

The new Bottling Plant at GDL was commissioned in November and after the initial teething problems, the Line is now working satisfactorily.

The new DLL Line was to have been completed in November 1979, but only became operational in Mid April, 1980, and therefore, the old Line had to be operated throughout the year well beyond the rated capacity of the Plant.

**(c) Bulk Terminal:**

The Bulk Terminal facility was fully utilised throughout the year and 2.5 million gallons of rum went through the Terminal from the date of its opening in May 1978, to the end of 1979.

The Terminal is of tremendous significance to the Operating Companies as the cost of barrels and freight rates are moving upwards all the time. The Terminal has virtually eliminated the use of barrels for export and special tank ships are now used for shipping rum. Moreover, buyers in Europe are insisting on shipment of rum in bulk tank ships in order to reduce unit freight costs.

The Bulk Terminal facility would have to be increased in 1980 to take advantage of the new markets that are now being developed.



# *GUYANA LIQUOR CORPORATION LTD*

## **CHAIRMAN'S STATEMENT TO SHAREHOLDERS (Continued)**

### **MARKETS**

#### **(a) Local:**

Hard liquor sales on the local market fell by 4%. Rum sales declined by 3% while there seemed to be a shifting away from Gins, as Gilbeys, Booths and Blue Seal declined by 35% in the year.

The trend is towards Vodka, and Smirnoff and Cossack recorded increases of 29%. Richemond, Bardinet and La France Brandies showed an upward movement of 20%.

#### **(b) Caricom:**

Sales in Caricom increased by 27%. Smirnoff Vodka has been the leading brand and recorded an increase of 74%.

Richemond, Bardinet and La France Brandies showed marginal decreases compared with the previous year. Sales of our Gin in Caricom are on the decline and promotional efforts are being made to improve the performance of Booths and Gilbeys.

#### **(c) Export Rum:**

Despite the severe competition from other Caribbean competitors, the Group did exceedingly well in bulk rum sales. Sales volumes increased by over 30% in the E.E.C. and Canadian markets, which is due principally to the hard work of our distributors and the promotional visits of senior personnel from Guyana.

### **MARKETS FOR RUM**

It should be noted that the export market for rum is restricted to the U.K., Western Europe and North America. The ACP Quota in the E.E.C. expires on June 30, 1980, but from all reports, the Quota will be extended for another year until the Alcohol regime comes into force.

As a result of representations made by WIRSPA, the Canadian duty on Rum was abolished in 1976, and Rum now enters the Canadian market free of any import duty. This was done despite the fact that Canada has a domestic rum industry.

The U.S., on the other hand, imposes a penal duty on West Indian Rum in order to protect Puerto Rican Rums. The duty is so penal that it is almost four times the duty on Scotch Whisky, Vodka, Gin and Brandy from Europe. The U.S. has the most liberal trading policy in favour of developing countries and this anomaly could have been an oversight by the Administration. It is hoped that it will be remedied in 1980, especially in the light of the fact that Puerto Rican Rums are now well entrenched, so much so that one particular well-known Rum brand has replaced a well-known Whisky as the No. 1 single brand seller in the U.S.

The U.S. has made an attempt to reduce the duty on Rum over a period of eight years but the period is so long that at the end of it, the products imported from the developed countries of Europe will be more entrenched than ever.

Caricom developing countries have very few products to export, and the U.S. could adopt a more liberal policy by abolishing the duty on Rum imported from the Region which would then be in line with Canada and the E.E.C. A move in this direction will have a tremendous impact on the economy of Caricom and will stimulate trade in other directions.

#### **Eastern Europe**

In the last few years the Corporation has been in touch with all the countries in the Eastern Block but, to date, no business has materialised. We are hopeful that sales will be made in Eastern Europe in 1980.

# *GUYANA LIQUOR CORPORATION LTD*

## **CHAIRMAN'S STATEMENT TO SHAREHOLDERS (Continued)**

### **NEW DEVELOPMENTS DURING THE YEAR**

#### **Demerara Food Products Ltd.**

**(a) Vinegar Plant:**

The Vinegar Plant commenced operations in April, 1979. The products are of a very high standard and comparable to the Vinegar produced by well-known international companies.

The Plant is gearing itself to increase production in 1980, as the products have been well accepted in the local market and two shipments have already been made to Caricom.

The Corporation has also launched under the 'Three Counties' label, a brown Table Vinegar and Caramel. It is too early to gauge market reaction to these two new products.

**(b) Spark-I-On:**

Spark-I-On, an industrial cleaner for glass, chrome and other materials was launched during the year and market response has been very encouraging. It is intended to launch this product later in the year in Caricom.

**(c) Wines:**

The Winery at Diamond has been completed and the first batch of wines under the brand name 'Heritage Rose' was launched in February, 1980.

Because of the difficulty in obtaining the special type of fruit for this wine, the product would be available only in limited quantities in 1980. Production will be stepped up as soon as there are larger volumes of fruit.

Tests are now being carried out on Wines produced from other fruits and other types of wines will be on the market later in the year..

**(d) Rum Punch:**

A rum punch was developed by the Technical Unit, and test marketing has indicated that the product is of good quality and acceptable to consumers.

### **OTHER DEVELOPMENTS IN TRAIN**

**(a) Seals & Corrugated Cartons Project – Estimated Cost \$16M**

The Seals and Corrugated Cartons Project has been approved by the Caribbean Development Bank, and tenders have been sent to various manufacturers.

It is hoped that construction work will commence before the middle of June, 1980.

**(b) Yeast:**

Research is continuing in this area, and by the end of 1980, the pilot project would be producing Yeast for general testing purposes.

**(c) Power Alcohol:**

The price of molasses has more than quadrupled in the last 18 months and the cost of producing power alcohol has gone up substantially. However, there is no intention of shelving the project as we are still awaiting the feasibility study from Brazil.

The mechanic sent to Brazil for training has since returned, and it is hoped that the three vehicles which were donated by the Brazilian Government powered by alcohol would arrive in the country during 1980.

### **PROFITABILITY**

The Group's Pre-Tax Profit for the year was \$12.0M compared with \$9.0M in 1978 – an increase of 33%, which is a satisfactory increase by any standard, bearing in mind that

# *GUYANA LIQUOR CORPORATION LTD*

## **CHAIRMAN'S STATEMENT TO SHAREHOLDERS (Continued)**

### **BARREL FURNITURE**

The Barrel Furniture Department has been improving its range. The products have been very well accepted, and it is hoped that sales would increase in 1980 – both in the local and export markets.

### **CAPITAL EXPENDITURE**

It is absolutely necessary to rehabilitate and expand our facilities in order to produce quality products at competitive prices and this can only be done by a planned Capital Expenditure programme. The Group is and will be spending \$14M in Capital Expenditure in 1979/1980.

- (i) **Bottling Plant at GDL Costing \$1.3M**  
The Bottling Plant was completed and commissioned in November 1979, and is now operating satisfactorily. This Line would enable GDL to produce the products in demand in the local and international markets.
- (ii) **Bottling Line at DLL Costing \$1M**  
This Line became operational in the middle of April, 1980, and will enable Diamond to improve its sales performance both on the local and Caricom markets as a major constraint at DLL in 1979 was bottling plant capacity.
- (iii) **Additional Column at GDL Uitvlugt Costing \$1M**  
The additional Column will be operational in April, 1980 and would give GDL the flexibility of producing several other blends for the market place.
- (iv) **New Still at DLL Costing \$3.5M**  
Work has already commenced on the Tri Canada/John Dore Still at Diamond. The Still is expected to be completed in July 1980, and will enable DLL to produce not only the traditional type of spirits, but lighter type spirits, neutral alcohol for its franchised products, and also industrial alcohol.
- (v) **Boiler at GDL – Uitvlugt Costing \$200,000**  
A new boiler was installed at Uitvlugt as a replacement in April, 1979. This will enable the Stills to be operational throughout the year.
- (vi) **Bond and Wharf – New Amsterdam**  
The Bond and Wharf were acquired from Transport and Harbours at a cost of \$287,000. The facilities were in a state of disrepair and a major rehabilitation job had to be undertaken. The facilities are now operational, serving the Corentyne and East Berbice areas.

### **RETURN ON INVESTMENTS**

The Return of Gross Assets was 20.8% and Net Capital Employed, 39.6% – very reasonable rates of return especially in the light that the assets represent current values.

# ***GUYANA LIQUOR CORPORATION LTD***

## **CHAIRMAN'S STATEMENT TO SHAREHOLDERS (Continued)**

### **DIVIDENDS, DUTY, TAXATION & CONSUMPTION TAX**

Dividends paid by the Operating Companies totalled \$2.8M of which \$2.1M was paid to the State, in addition to which, the Operating Companies paid \$26.3M in Excise Duty, Consumption Tax and Taxation — a total direct contribution of \$28.4M compared with \$26.8M in 1978.

### **DIVERSIFICATION**

The Group is carrying out research and development into a number of areas and a planned diversification programme is underway. The aim is to use local raw materials in processing where possible and imported elements in other cases.

### **INDUSTRIAL RELATIONS**

The Industrial Relations climate in the Operating Companies was extremely good in 1979, and we hope that this would continue in 1980.

### **EMPLOYEES**

The success of a country, and for that matter a company, depends on the application and utilisation of its human resources in the creation of wealth. Human resource planning is, therefore, imperative in attaining the objectives of the Company.

GLC has recognised these factors and employees have made a very meaningful contribution in the achievements of the Group, in the last three years.

I am worried that certain skills are in very short supply, and unless corrected, will definitely affect performance and production. Something tangible will have to be done to retain skills and make it attractive to acquire skills. This is both a national as well as a company responsibility.

### **PROSPECTS**

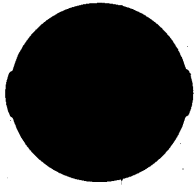
Despite continuing cost increases and the very competitive state of the export market, 1980 looks very promising for exports. The Corporation was exempted from the 8% consumption tax imposed in the last Budget and this should help in avoiding further contraction of the local market.

Promotional visits to buyers and distributors would be intensified in 1980, and it is rather heartening to report that promotional visits by Minister Kennard and myself to Europe last year, and at the beginning of this year, have contributed significantly to our excellent export performance.

The Group can only remain as a viable entity by producing high quality products at competitive prices, and I am certain that our employees at all levels are conscious of this fact and every effort would be made to increase production and improve productivity, thereby reducing unit cost and improving profitability.

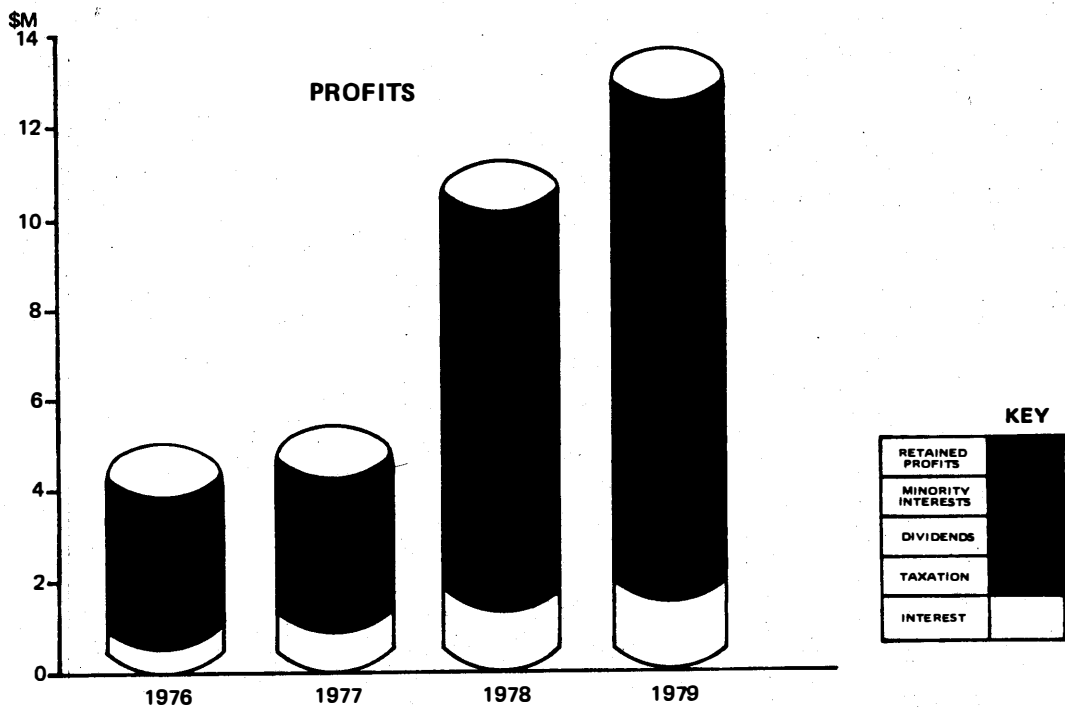
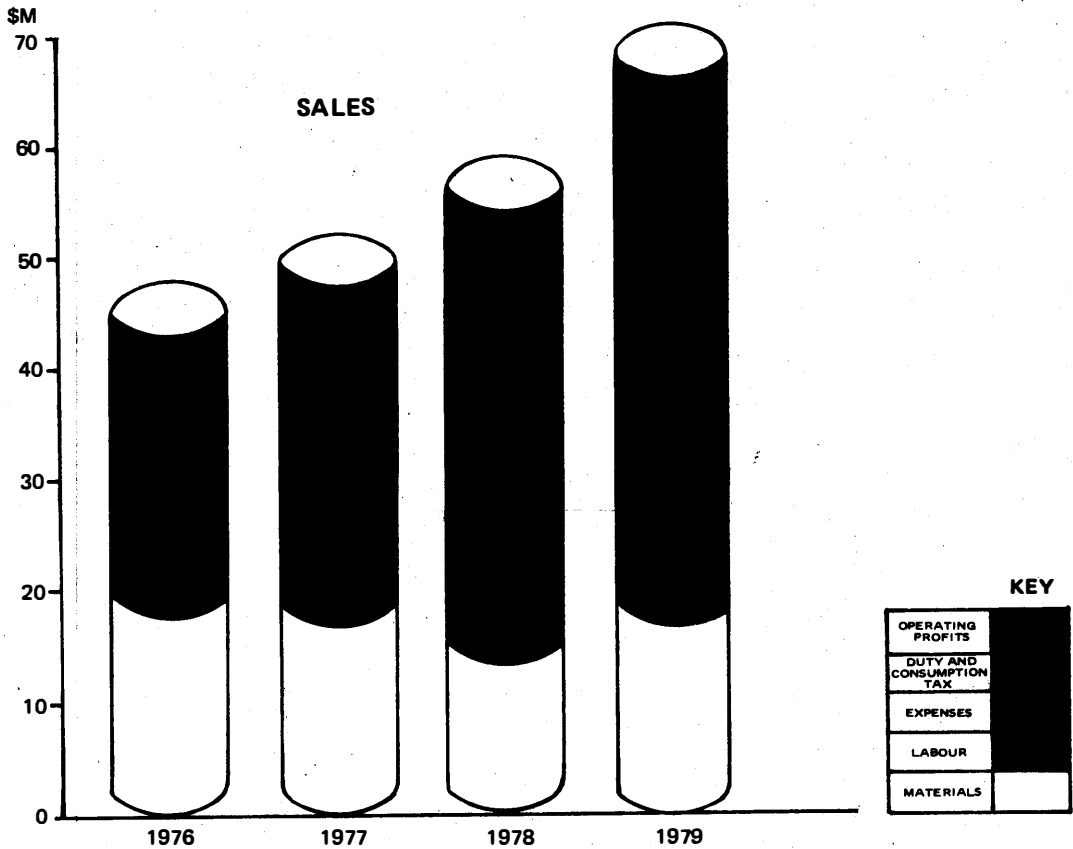
### **ACKNOWLEDGEMENTS**

I would like to thank employees at all levels for the contribution they made throughout the year, the Board of Directors and also the Minister of Agriculture for their continued support and guidance, and, above all, our customers at home and abroad, without whose support these results would not have been possible.



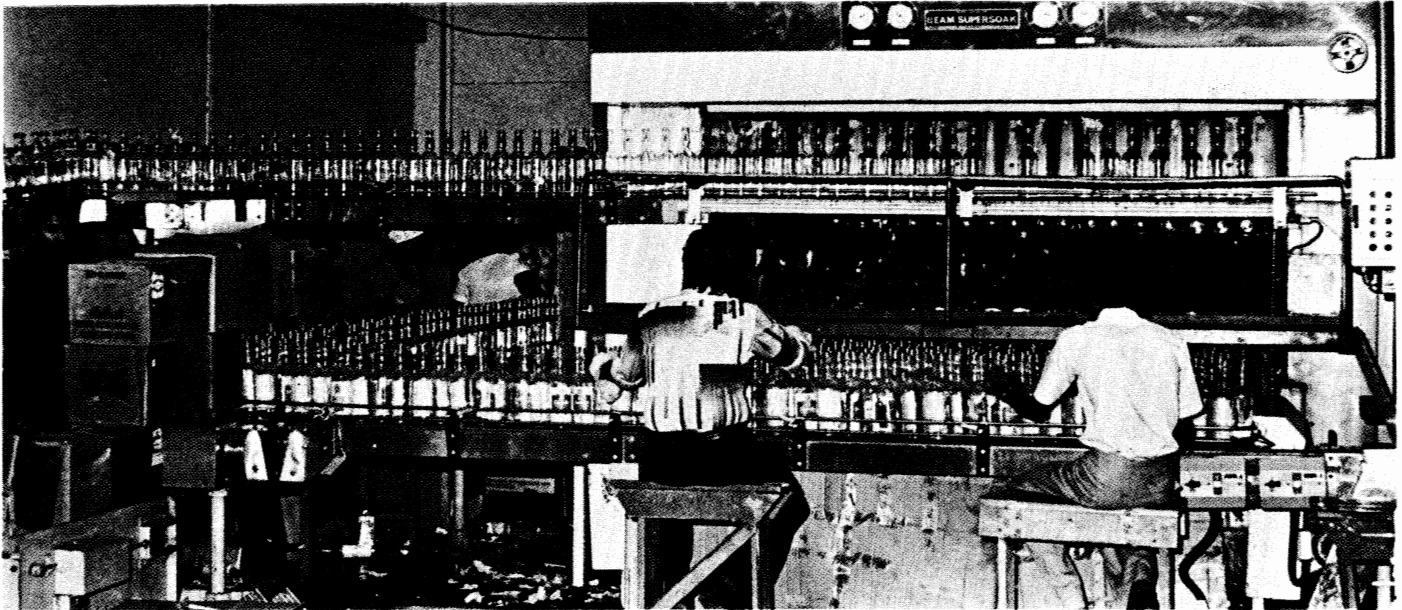
# GUYANA LIQUOR CORPORATION LTD

### FOUR-YEAR HISTORY AT A GLANCE

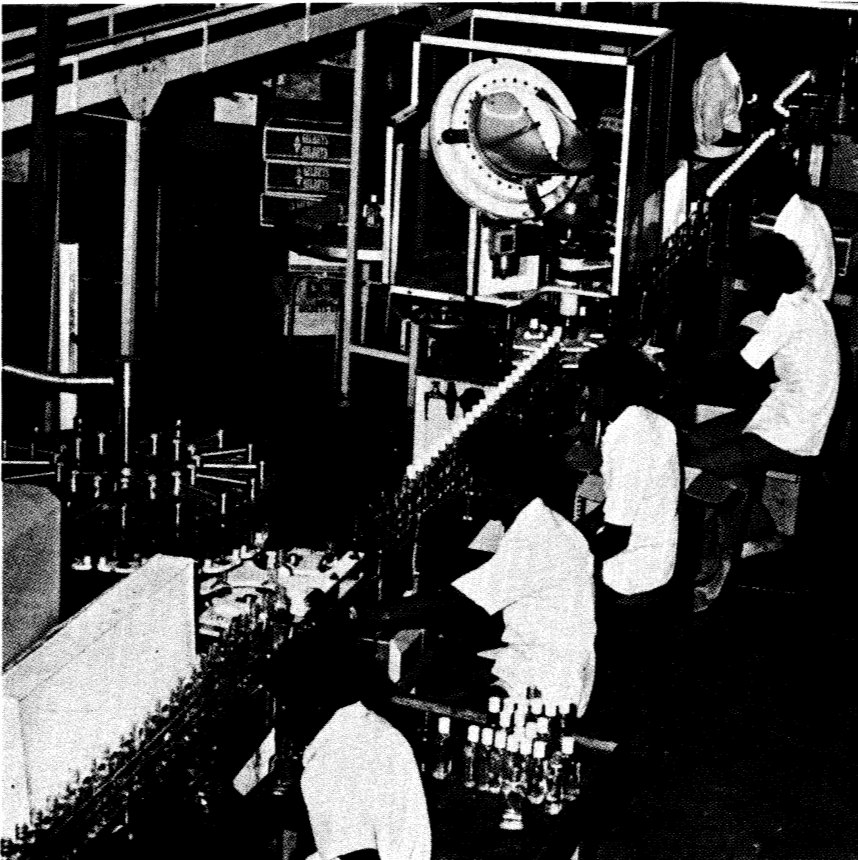


## 1979 — A year of Projects and New Products

The Year 1979 saw the implementation of a number of major expansion projects of the Corporation. These projects are aimed at guaranteeing and increasing supplies of the high-quality products which are marketed in bottled and bulk form.



The washing machine of the new GDL Line is in operation. The bottom conveyor feeds the dirty bottles in to the machine while the top conveyor takes washed bottles to the filling machine.



The former GDL Line was rehabilitated and installed at Diamond. Picture shows the Line in operation.

### Bottling Facilities

*In November, 1979, a new Bottling Line capable of producing 600 dozen bottles per hour was commissioned. This Line would enable Guyana Distilleries Ltd. to fully satisfy demands for its bottled products on a single-shift basis.*

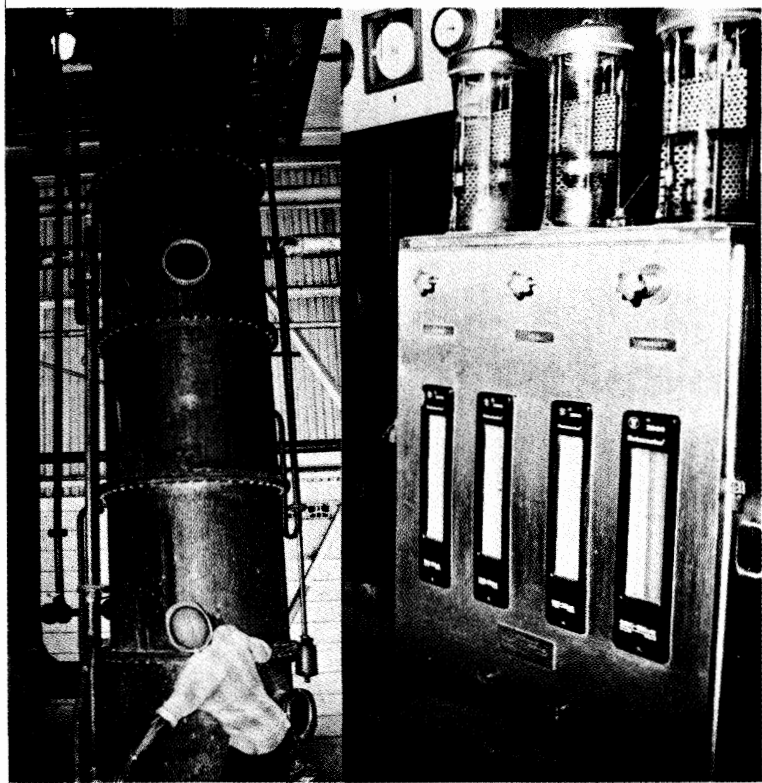
*The old Bottling Line from Guyana Distilleries Ltd., was rehabilitated and transferred to Diamond Liquors Ltd., so as to bring that Company's production capacity in line with demands for its products.*

*With its existing bottling facilities, the Corporation will be in a position to increase its Caricom Sales and to introduce branded rums on the international market when glass becomes available from the local glass factory.*

## Distillery Facilities

At Diamond, an obsolete Still is being replaced by a new one. Equipment is being purchased from two suppliers – John Dore & Co. Ltd., in the U.K. and Tri Canada Ltd., in Canada. The Still will ensure adequate supplies of high-quality neutral spirits for the franchised bottled products produced by Diamond Liquors Ltd., as well as giving the Company the advantage of producing, in addition to its traditional spirits, lighter types of spirits depending on market demands.

One of the Stills at Uitvlugt Distillery could only produce the heavy types of spirits and because of market changes towards lighter spirits, the Still was under-utilised. With the addition of another Column, the Still will be capable of producing a wider range of spirits, thus giving Guyana Distilleries Ltd., the ability to take greater advantage of market conditions. The equipment was supplied by Sodecia, a French company.



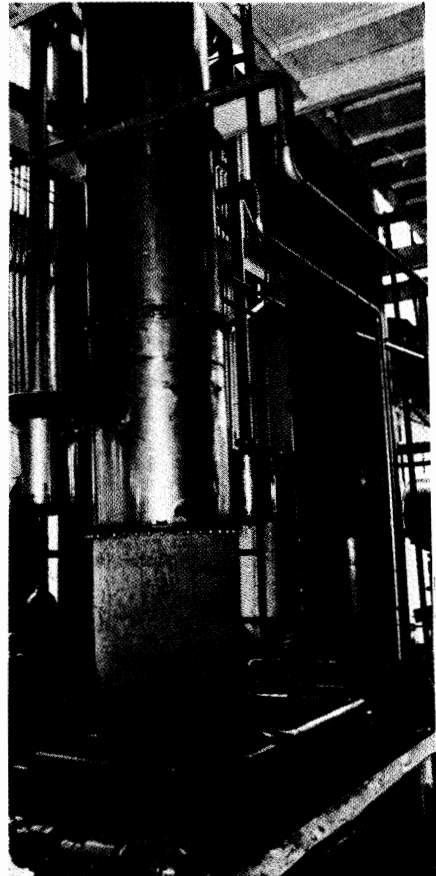
TOP – The additional Column installed at Uitvlugt Distillery along with the control panel for the Column.

BOTTOM - Picture shows two columns of the New Still at Diamond. These columns are made from Stainless Steel and supplied by Tri Canada Ltd.

## New Products

With the completion of the Vinegar Plant in 1979, the Corporation, through its subsidiary, Demerara Food Products Ltd., launched EHP white vinegar on the local market and 'Three Counties' white vinegar on the Caricom market. Later, it introduced a brown vinegar and Caramel Food Colouring under the 'Three Counties' brand name on the local market.

As part of its diversification programme, the Corporation commenced the production of wines from local fruits using the fermentation process which is also used in the production of rum. The wine is marketed under the brand name 'Heritage' and early reports indicate wide acceptance of this new product.



'HERITAGE ROSE' – THE WINE PRODUCED FROM LOCAL FRUITS





THE PRODUCTS OF DEMERARA FOOD PRODUCTS LTD.



# ***GUYANA LIQUOR CORPORATION LTD***

## **REPORT OF THE AUDITORS**

**To the Members of  
Guyana Liquor Corporation Limited**

We have examined the accounts set out on page 17 to 26 which are in agreement with the books of the company and have been prepared under the historical cost convention, including the revaluation of the fixed assets as explained in Note 6 on page 23. We have obtained all the information and explanations we have required.

In our opinion, these accounts give under the accounting convention stated above, a true and correct view of the state of affairs of the company and group at 31 December 1979 and of the net income, source and application of funds for the year then ended, in accordance with generally accepted accounting applied principles on a basis consistent with that of the preceding year.

**THOMAS, STOLL, DIAS & CO.  
Certified Accountants**

**5 America Street,  
Georgetown, Guyana  
27 April, 1980.**

# *GUYANA LIQUOR CORPORATION LTD*

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1979

	Notes	\$000	1978 \$000
Turnover including excise duty	2	<u>66,456</u>	57,175
Profit before interest and taxation	3	13,357	10,294
Interest		1,329	1,284
Profit before Taxation		12,028	9,010
Taxation	4	5,452	4,449
Net Profit after Taxation		6,576	4,561
Minority Interest		1,686	1,164
Net Profit attributable to Group		4,890	3,397
Dividend Proposed		2,077	1,793
Retained Profit for Year		2,813	1,604
Retained Profit at 1st January		2,485	881
Retained Profit at 31st December		5,298	<u>2,485</u>
Earnings per share	5	42.8 ¢	29.7 ¢

# *GUYANA LIQUOR CORPORATION LTD*

## CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1979

	Notes	\$000	\$000	1978	
				\$000	\$000
<b>FIXED ASSETS</b>	6		24,430		20,355
<b>INVESTMENTS</b>	7		77		77
<b>FORMATION EXPENSES</b>			22		27
<b>CURRENT ASSETS</b>					
Stocks and Work-in-Progress		18,506		16,113	
Debtors and Prepayments		10,744		8,208	
Deposit on External Payments	8	1,521		774	
Investment – Treasury Bills		1,021		2,045	
Cash on hand and at Bank		1,409		876	
			33,201		28,016
<b>CURRENT LIABILITIES</b>					
Creditors and Accruals		11,814		8,765	
Loans due within 12 months	9	2,954		2,791	
Proposed Dividends		2,077		1,793	
Taxation		4,902		3,077	
Bank Overdraft		5,606		5,026	
			27,353		21,452
<b>NET CURRENT ASSETS</b>			5,848		6,564
			<u>30,377</u>		<u>27,023</u>
<b>FINANCED BY:</b>					
Share Capital					
Authorised 15,000,000					
(1978 – 15,000,000) ordinary					
\$1 shares			15,000		<u>15,000</u>
Issued and fully paid 11,427,086					
(1978 – 11,427,086) ordinary \$1 shares			11,427		11,427
Capital Reserves	10		146		146
Retained Earnings			5,298		2,485
<b>SHAREHOLDERS FUNDS</b>			16,871		14,058
Minority Interests	11		6,382		5,392
Deferred Taxation			1,496		1,106
Loans due after 12 months	9		5,573		6,403
Pension Provision			55		64
			<u>30,377</u>		<u>27,023</u>

# *GUYANA LIQUOR CORPORATION LTD*

## BALANCE SHEET AT 31 DECEMBER, 1979

				1978	
	Notes	\$000	\$000	\$000	\$000
<b>FIXED ASSETS</b>	6		599		308
<b>INTERESTS IN SUBSIDIARIES</b>	12		16,534		14,038
<b>FORMATION EXPENSES</b>					
<b>CURRENT ASSETS</b>					
Debtors		4		73	
Dividends Receivable		1,171		1,166	
Investment – Treasury Bills		1,021		2,045	
Cash on hand and at Bank		793		874	
		2,989		4,158	
<b>CURRENT LIABILITIES</b>					
Creditors and Accruals		1,158		404	
Loans due within 12 months	9	761		594	
Proposed Dividend		2,077		1,793	
Bank Overdraft		451		12	
		4,447		2,803	
<b>NET CURRENT ASSETS (LIABILITIES)</b>			(1,458)		1,355
			15,684		<u>15,718</u>
<b>FINANCED BY</b>					
Share Capital					
Authorised 15,000,000 ordinary \$1 shares			15,000		<u>15,000</u>
Issued and fully paid 11,427,086 Ordinary \$1 shares			11,427		11,427
Capital Reserves	10		84		84
<b>SHAREHOLDERS FUNDS</b>			11,511		11,511
Loans due within 12 months	9		4,173		4,207
			15,684		<u>15,718</u>

Y. Persaud )  
K. Samaroo)      Directors

# *GUYANA LIQUOR CORPORATION LTD*

## CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR 1979

	\$000	1978	
		\$000	\$000
<b>SOURCE OF FUNDS</b>			
Profit before Taxation less minority interests	10,342		7,846
Adjustments for items not involving the movement of funds:			
Formation expenses	5		8
Depreciation	1,305		1,186
Minority interests in retained profits for year	991		829
<b>TOTAL GENERATED FROM OPERATIONS</b>	<b>12,643</b>		<b>9,869</b>
<b>FUNDS FROM OTHER SOURCES</b>			
Net proceeds on sale of fixed assets			80
Loans	2,110		<u>3,068</u>
	14,753		<u>13,017</u>
<b>APPLICATION OF FUNDS</b>			
Dividends Paid	1,793	784	
Tax Paid	3,238	1,618	
Purchase of fixed assets	5,380	2,557	
Loan repayment	2,777	3,454	
Pension	9	9	
Formation expenses		10	
	13,197		8,432
<b>INCREASE IN WORKING CAPITAL</b>	<u>1,556</u>		<u>4,585</u>
<b>REPRESENTED BY</b>			
Increase in stocks and work-in-progress	2,393		4,019
Increase in debtors and prepayments	2,536		2,192
Increase in external payments deposits	747		
Increase in creditors and accruals	(3,049)		(2,428)
Movement in net liquid funds:			
Investment -- Treasury Bills	(1,024)	2,045	
Increase in cash balances	533	303	
Increase in bank overdraft	(580)	(1,546)	
	(1,071)		802
	<u>1,556</u>		<u>4,585</u>

# *GUYANA LIQUOR CORPORATION LTD*

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER, 1979

### 1. ACCOUNTING POLICIES

#### (a) Basis of Consolidation

- (i) The consolidated accounts incorporate the accounts of the Company, the consolidated accounts of the subsidiaries, Guyana Distilleries Ltd., and Diamond Liquors Ltd., and the accounts of its subsidiary, Demerara Food Products Ltd., which commenced trading in April, 1979.
- (ii) All inter-company balances and transactions are eliminated on consolidation.

#### (b) Depreciation

No depreciation is provided on freehold land and construction work in progress. Other fixed assets are depreciated on the straight line basis over their estimated useful lives as follows:—

Freehold building	2%
Plant and machinery – Distillery	6¼%
Plant and machinery – Others	7½%
Office Equipment	12½%
Furniture, fixtures & fittings	10%
Sundry equipment	20%
Vehicles	25%

#### (c) Stocks, Stores and work-in-progress

Stocks and stores are valued at the lower of cost and net realisable value. Cost includes insurance and freight. Work-in-progress is valued at cost of materials and direct overheads.

#### (d) Deferred Taxation

Deferred Taxation is provided at current rates on the amount by which the book values of these assets which qualify for tax allowances exceeded their written down values for tax purposes.

#### (e) Foreign Currency Translation

Foreign currency transactions are converted to Guyana dollars at the rates of exchange ruling at the dates of such transactions.

At balance sheet date all amounts denominated in foreign currencies are translated to Guyana dollars at exchange rates ruling at that date.

Gains and losses arising from the translation of foreign currencies are included in net profit.

#### (f) Formation Expenses

Formation expenses are written-off over a period of five years.

#### (g) Currency

These accounts have been prepared in Guyana dollars.

# *GUYANA LIQUOR CORPORATION LTD*

## NOTES TO THE ACCOUNTS (Continued)

### 2. TURNOVER

Turnover represents the value of goods and services sold to third parties.

<b>3. PROFIT BEFORE INTEREST AND TAXATION</b>	<b>1979</b>	<b>1978</b>
		<b>\$000</b>
is arrived at after accounting for:		
Depreciation	1,305	1,186
Directors' remuneration	25	17
Auditors' remuneration	54	46

### 4. TAXATION

Taxation charge based on profits for the year is made up as follows:—

Income and Corporation Tax @ 45%	4,908	4,031
Property Tax	154	138
Deferred Tax	<u>390</u>	282
	<b>5,452</b>	<b>4,451</b>
Prior year adjustments		(2)
	<b>5,452</b>	<b><u>4,449</u></b>

### 5. EARNINGS PER SHARE

This is based on the net profit attributable to the Group divided by the ordinary shares issued and fully paid at the end of the year.

	<b>1979</b>	<b>1978</b>
	<b>\$000</b>	<b>\$000</b>
calculated as follows:—		
Net profit attributable to group	4,890	3,397
Ordinary shares of \$1 each issued and fully paid	11,427	11,427
Earnings per \$1 share in cents	42.8	29.7



# *GUYANA LIQUOR CORPORATION LTD*

## NOTES TO THE ACCOUNTS (Continued)

### 6. FIXED ASSETS

	Group			Company		
	Lands and Buildings	Equip- ment	Total	Lands and Buildings	Equip- ment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost or Valuation						
At 1 January, 1979	12,175	14,900	27,075	53	311	364
Additions	1,371	4,009	5,380	301	53	354
Disposals		(36)	(36)			
At 31 December, 1979	13,546	18,873	32,419	354	364	718
Comprising						
Valuation	6,435		6,435			
Cost	7,111	18,873	25,984	354	364	718
	13,546	<u>18,873</u>	<u>32,419</u>	354	364	718
Accumulated Depreciation						
At 1 January, 1979	653	6,067	6,720	19	37	56
Provision for Year	240	1,065	1,305	11	52	63
Retired on Disposals		(36)	(36)			
	893	7,096	7,989	30	89	119
Net Book Values						
At 31 December, 1979	12,653	11,777	<u>24,430</u>	<u>324</u>	<u>275</u>	<u>599</u>
At 31 December, 1978	11,522	<u>8,833</u>	<u>20,355</u>	<u>34</u>	<u>274</u>	<u>308</u>

The Freehold Lands and Buildings of Guyana Distilleries Limited were revalued on 9 December, 1974 and those of Diamond Liquors Limited were revalued on 31 December, 1977 in accordance with professional advice to reflect market values.

Certain equipment acquired by Guyana Distilleries Limited in 1978 were revalued by the Directors to reflect current market values.

The surpluses created from these revaluations have been transferred to capital reserves which has since been partly utilised to issue bonus shares.

# GUYANA LIQUOR CORPORATION LTD

## NOTES TO THE ACCOUNTS (CONTINUED)

	GROUP		COMPANY	
	1979 \$000	1978 \$000	1979 \$000	1978 \$000
<b>7. INVESTMENTS</b>				
Guyana Distilleries (Canada) Ltd. 10 Shares at C\$100 each at cost	2	2		
3½% Guyana National Defence Bonds redeemable in 1987	75	75		
	77	<u>77</u>	<u>      </u>	<u>      </u>
<b>8. EXTERNAL PAYMENTS DEPOSITS</b>				
This amount represents cash deposit pending permission from the Bank of Guyana for the Company to remit to its overseas creditors.				
<b>9. LOANS</b>				
(a) Offshore loan (US\$2.6M) from Guyana State Corporation repayable in 3 equal annual instalments commencing 19 September 1978	2,193	4,393		
(b) Offshore loan (US\$0.9M) from Royal Bank of Canada repayable in four equal annual instalments commencing 31 December, 1978	1,155	1,732	1,155	1,732
(c) Offshore loan (US\$1.132M) from Royal Bank of Canada repayable in 6 semi-annual instalments commencing April, 1981	2,905	2,905	2,905	2,905
(d) Finance for Capital Goods from Lloyd's Bank Limited through Guyana National Co-operative Bank repayable in 10 half-yearly instalments commencing 25 October, 1979	874	164	874	164
(e) Local loan from GNCB Trust Corporation (unsecured) interest at 11½% per annum and principal is repayable in 3 years commencing 1981	1,400			
	8,527	9,194	4,934	4,801
Repayments due in 1980 classified as current liabilities	2,954	2,791	761	594
	<u>5,573</u>	<u>6,403</u>	<u>4,173</u>	<u>4,207</u>

# *GUYANA LIQUOR CORPORATION LTD*

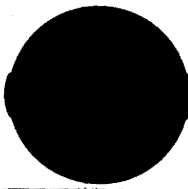
## NOTES TO THE ACCOUNTS (Continued)

	GROUP		COMPANY	
	1979 \$000	1978 \$000	1979 \$000	1978
<b>10 CAPITAL RESERVE</b>				
At 1 January	146	5,802	84	
Revaluation surplus, less minority interest		58		
Revaluation of shares in Guyana Distilleries Limited				5,798
Capitalised by the issue of one bonus share for each share held		(5,714)		(5,714)
At 31 December	146	146	<u>84</u>	84
<b>11. MINORITY INTEREST</b>				
Ordinary share capital	4,169	2,784		
Reserves	1,825	2,246		
Dividend proposed	388	362		
	6,382	5,392		
<b>12. INTEREST IN SUBSIDIARIES</b>				
Ordinary \$1 shares held in Diamond Liquors Limited 4,729,968 shares at cost			2,600	2,600
Guyana Distilleries Ltd. 6,601,150 shares at 1978 valuation of \$1.35 each			8,912	8,912
			11,512	11,512
Amounts owing by Diamond Liquors Ltd.			2,905	1,412
Guyana Distilleries Limited			1,870	777
Demerara Food Products Ltd.			236	320
Seals and Packaging Industries Ltd.			11	8
			16,534	14,038

# **GUYANA LIQUOR CORPORATION LTD**

## NOTES TO THE ACCOUNTS (Continued)

	GROUP		COMPANY	
	1979	1978	1979	1978
	\$000	\$000	\$000	\$000
<b>13. CAPITAL EXPENDITURE</b>				
Authorised by the Directors and contracted for	793	3,935		
Authorised by the Directors and not contracted for	8,882	3,982	1,352	180
<b>14. CONTINGENT LIABILITY</b>				
Bonds in respect of duty on spirits warehoused and exportation of goods	2,195	2,195		
Guarantee in respect of borrowing of other parties	41	62		37
Bonds in respect of duty on goods imported under the Industries Aid and Encouragement Act Chapter 95:01	467	467	467	467
<b>15. PARTICULARS OF SUBSIDIARIES</b>				
<b>Name of Company</b>	<b>Country Registration of Incorporation</b>	<b>Identity of each Class of Shares held</b>	<b>Proportion of issued shares held by the Group</b>	
Diamond Liquors Limited	Guyana	4,729,968 ordinary shares of \$1.00 each	63.1%	
Guyana Distilleries Limited	Guyana	6,601,150 ordinary shares of \$1.00 each	82.5%	
Demerara Food Products Limited	Guyana	250,000 ordinary shares of \$1.00 each, being held in equal amounts by the above subsidiaries	72.8%	



# GUYANA LIQUOR CORPORATION LTD

## FOUR-YEAR HISTORY

	1976	1977	1978	1979
	\$000	\$000	\$000	\$000
Sales	45,796	50,774	57,175	66,456
Operating Profit	4,113	4,416	10,294	13,357
Interest	798	964	1,284	1,329
Profit Before Tax	3,315	3,452	9,010	12,028
Taxation	1,557	1,724	4,449	5,452
Profit After Tax	1,758	1,728	4,561	6,576
Gross Assets Employed	31,123	38,555	48,475	57,710
Capital Employed	20,168	23,973	27,023	30,357
Shareholders' Funds	10,229	12,397	14,058	16,871
	%	%	%	%
Operating Profit as % of Sales	9.0	8.7	18.0	20.1
Operating Profit as % of Capital Employed	20.4	18.4	38.1	44.0
Return of Gross Assets	10.7	9.0	18.6	20.8
Return on Shareholders' Funds	30.0	20.3	47.6	71.3
	¢	¢	¢	¢
Shareholders' Funds per Share	179.0	217.0	123.0	147.6
Earnings per Share	11.8	11.1	29.7	42.8
Dividend Cover (Times)	1.7	1.4	1.9	2.4

# *GUYANA LIQUOR CORPORATION LTD*

## INFLATION ACCOUNTING

The Corporation has always been aware of the effect of inflation on reported earnings and has been including in its reports over the last few years a supplementary statement adjusting Historical Cost Profits to take account of the declining purchasing power of money.

In the meantime, there has been a great deal of debate amongst accounting bodies throughout the world as to what kind of accounting system should replace or supplement the traditional Historical Cost System. There has recently been some consensus in the U.K. and the Corporation will be adopting in its future reports, the Accounting Standard which has been issued.

Like last year, the Corporation is setting out below Current Cost Adjustments to depreciation, Cost of Sales and gearing so as to give interested parties an idea of the impact of inflation in the year.

	\$000	\$000	\$000	1978 \$000
<b>Turnover</b>		66,456		57,175
<b>Profit before Tax as in historical costs accounts</b>		12,028		9,010
<b>Adjustments</b>				
depreciation (Note 1)	2,880		2,148	
Cost of Sales (Note 2)	1,268		646	
	4,148		2,794	
Less Gearing (Note 3)	<u>1,786</u>		<u>1,260</u>	
		2,362		1,534
<b>Current Cost Profit before Taxation</b>		9,666		7,476
<b>Taxation</b>		5,452		4,449
<b>Profit after Taxation</b>		4,214		3,027
<b>Minority Interest</b>		1,080		769
		3,134		2,258
<b>Dividends</b>		2,077		1,793
<b>Retained Profit</b>		1,057		465

### Notes

- (1) **Depreciation:** Fixed assets are revalued at the estimated replacement costs which are used to calculate depreciation.
- (2) **Costs of Sales:** Cost of Sales have been adjusted to reflect average current cost of stocks consumed during the period.
- (3) **Gearing:** This adjustment is the net gain from holding monetary liabilities after allowing for the change in the value of money.

# ***GUYANA LIQUOR CORPORATION LTD***

## **COMPANIES THAT MAKE UP THE GROUP**

**GUYANA LIQUOR CORPORATION LIMITED**  
Head Office and Administration

61 Avenue of the Republic,  
Georgetown. .

Bulk Terminal

8/11 Water Street,  
Georgetown.

**DIAMOND LIQUORS LIMITED**  
Administration, Distillery and  
Bottling Plant

Diamond,  
East Bank Demerara.

**GUYANA DISTILLERIES LIMITED**  
Administration, Bottling Plant  
And Warehouse

8/11 Water Street,  
Georgetown.

Cooperage and Stores

La Penitence  
East Bank Demerara

Distillery

Uitvlugt,  
West Coast Demerara.

**DEMERARA DISTILLERIES LIMITED**  
Distillery

Enmore,  
East Coast Demerara.

Administration

61 Avenue of the Republic,  
Georgetown.

**DEMERARA FOOD PRODUCTS LIMITED**  
Vinegar Plant

Enmore,  
East Coast Demerara.

Administration

61 Avenue of the Republic,  
Georgetown,