

Laid 4/2/80

GUYANA TIMBER EXPORT BOARD

10 LAMAHA STREET, QUEENSTOWN, GEORGETOWN, GUYANA.

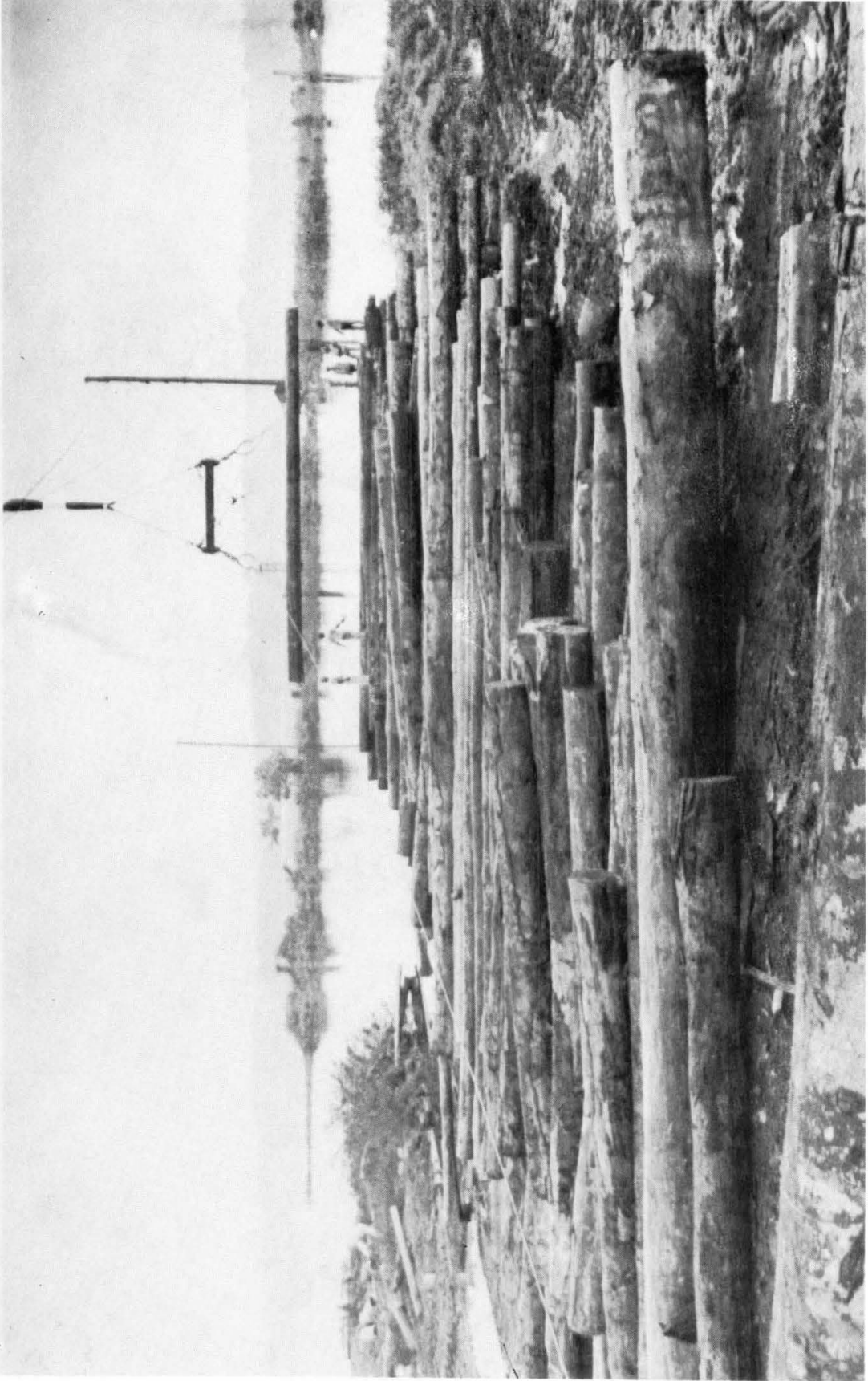


Annual Reports
& Accounts
for the years

1977-1978

GUYANA TIMBER EXPORT BOARD

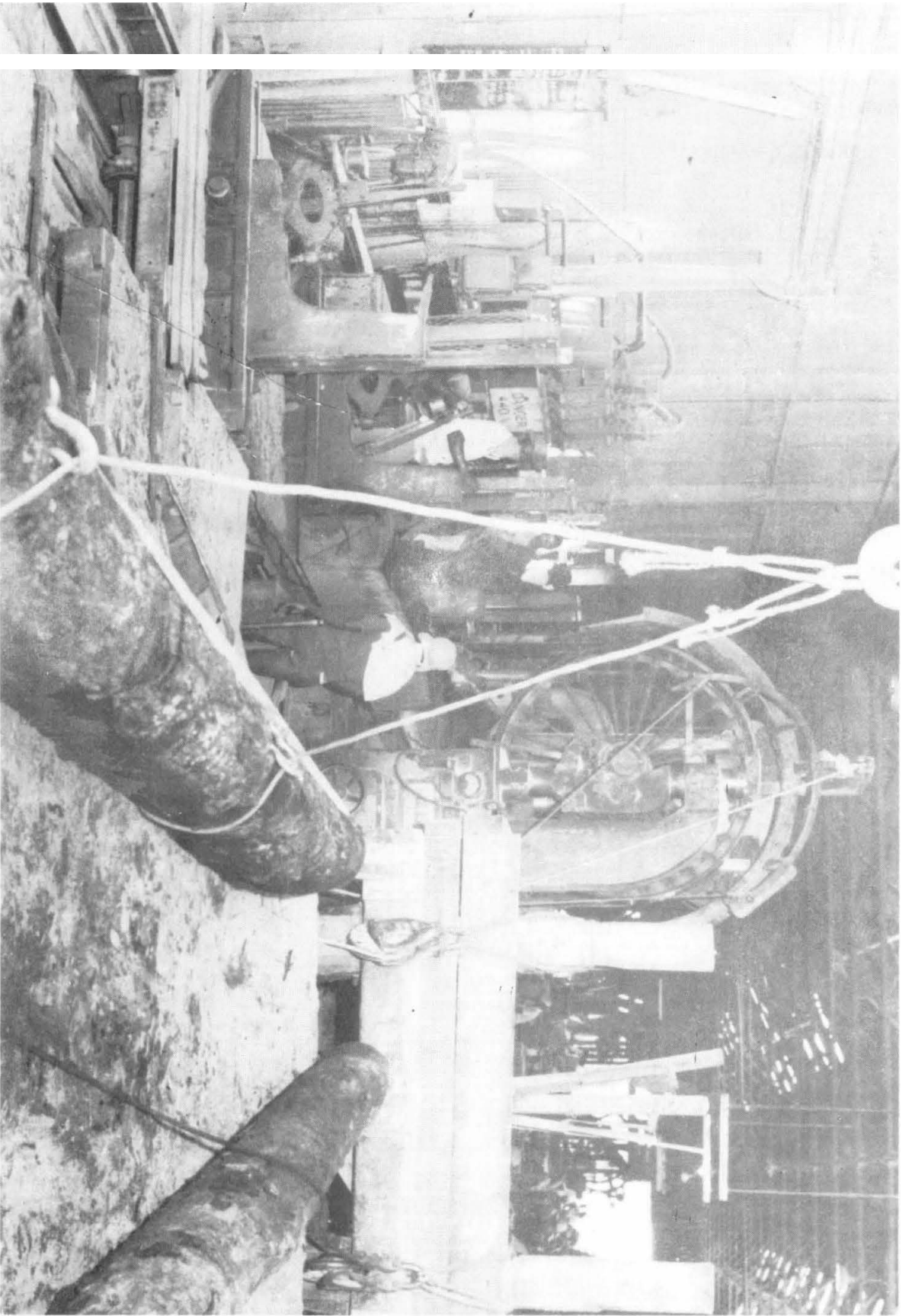
ANNUAL
REPORTS & ACCOUNTS
for the years
1977 & 1978



Stock-piling at Winiperu for loading on Pontoons.

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Timber being prepared at a mill for export

INTRODUCTION

The Guyana Timber Export Board **Act**, Chapter 67:03 of the Laws of Guyana was enacted by Parliament in September 1973 and the Board was brought into effective operation on 1 January, 1974.

Prior to the establishment of the Board, the exportation of timber from Guyana was carried out in an "ad hoc" manner by a consortium of major timber producing firms. This consortium which operated on a totally voluntary basis added little impetus to the growth of Guyana's timber industry, and was a marginal contributor to the nation's economic growth.

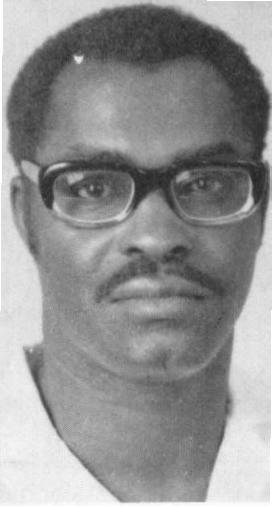
The rationale for the establishment of GTEB are broadly stated in the functions of the Board as detailed in the corporate Act and are –

- a) the registration of persons as producers for the purpose of the Act subject to such terms and conditions as the Board may think fit to import except that the Board shall not register a producer unless the approval of the Minister has been obtained by the Board;
- b) the charging of fees for services rendered by the Board to registered producers and other persons.

Consequent to the establishment of the Board, specific functions and duties were formulated as policy to meaningfully implement the intent of the GTEB Act. These functions and duties of the Board are –

- a) to promote, improve, regulate and control the trade in, and the export marketing and distribution of timber;
- b) to provide technical advisory services or otherwise to assist in the growth and development of the timber industry;
- c) to register export producers after approval of the Minister of Energy & Natural Resources;
- d) to appoint agents in any country to carry out its functions under this Act;
- e) to negotiate sales contracts with overseas buyers and to undertake the servicing of such contracts including the co-ordination of production, shipping and documentation;
- f) to act as arbitrators or to appoint arbitrators or umpires in any dispute relating to timber exports between timber suppliers and buyers or to make arrangements for the settlement of any such disputes as it may think fit; and
- g) to carry out such other functions and duties as are imposed upon it by this Act.

These functions embrace not only logs, sawn timber and forest products, but also relate to such products which are included in Government regulations as timber products.



CHAIRMAN'S REMARKS

Chairman
Sylvester Carmichael

The financial results for the years 1977 and 1978 show that in each of these years the Guyana Timber Export Board made a profit i.e. the Board's revenue exceeded its expenses (including Income and Corporation Tax).

The criterion for judging the success of an organization like the Guyana Timber Export Board should not, however, be its net profits after tax, but rather the extent to which the organization, over the period involved, achieved its major goals as set up in the introduction to this report, especially the goals of promoting, improving, regulating and controlling the trade in and the export marketing and distribution of timber, and providing technical advisory services to assist in the growth of and development of the industry.

Since it was set up in 1973 the Board has, without doubt, achieved a significant degree of success in regulating and controlling the trade in and the export marketing and distribution of timber. There, however, still remains much to be done in regulating and controlling the trade distribution of timber in the Caricom Bloc, considered by the industry as an extension of the domestic market. In an attempt to better exercise its control over this market, the Board, in 1978, established the post of Sales Manager with specific responsibility for the Caribbean. It is the intention that in addition to the functions of control and regulation, the creation of this post would further promote the sale of the industry's products in the Caribbean, which, as a market for timber, could absorb everything the domestic industry now produces.

The Board has had only limited success in the performance of the other functions listed above. The volume and value of sales of timber in 1977 were only marginally above those of 1976 and, as shown in report, a spot sale to Iraq was largely responsible for this. The sales volume and value in 1978 were also only marginally above that for 1977. In terms of value, the very favourable price obtained on the Iraq contract made a significant contribution to the 1977 result.

With regard to diversification of species, the Board was able in 1977 and 1978 to increase only marginally the volume of sales of the lesser known species, and in both years the known species Greenheart, Purpleheart and Wallaba accounted for over 90% of the timber exported from Guyana.

The limited success of the Board in increasing sales volume and diversifying the sales mix are factors largely beyond the control of the Board. The industry which the organization services has consistently failed to expand production of even the known species to enable the Board to embark upon a dynamic marketing programme. The industry also continues to be a high cost producer, making it extremely difficult for the Board to market its products in competition with substitute species from other timber producing areas; the table on pages 9 and 12 tell

the story. Most tragic of all, however, is the unwillingness of the industry to move away from the production of hewn greenheart squares and rough and dressed sawn lumber, into the area of producing seasoned and treated lumber which are prerequisites to increased sale of the lesser known species in all the known markets. The domestic industry has failed and continues to fail to capitalize on the Caricom Bloc, which in 1977 imported in excess of 9m cu. ft. lumber mainly from North America. A team from the Board which visited Barbados in 1978, discovered to their amazement that seasoned North American pine of the lowest quality imaginable was imported into Barbados for chemical treatment in that country, while domestic species of greater strength and superior quality were not imported mainly because no seasoning was undertaken in Guyana to make it possible for chemical treatment to be undertaken in Barbados. Until the domestic industry could gear itself to produce seasoned and treated lumber, the volume of the lesser known species exported would remain infinitesimal and what is of greater concern is that this is the area with the largest demand and the greatest growth potential.

The Board will continue its efforts to increase sales volume and diversify the sales mix. The industry, however, must restructure and equip itself to produce what the market demands and to produce efficiently in order that its marketing arm could meet the competition in the market place.

1977



PART ONE:

PERFORMANCE OF THE TIMBER INDUSTRY – 1977

**Deputy Chairman / General Manager
Cecil C. Hepburn**

A: The Year in Review

The Sales Plan for the year 1977 was formulated after the Board collated and analysed production forecast data submitted by the registered producers. As was done in previous years these data were refined and formatted to provide a reasonable target guideline.

Performance for the year 1977 compared to targets set at the beginning of the year is shown below –

PROJECTED vs ACTUAL PERFORMANCE 1977

PRODUCTS	VOLUME				VALUE			
	Budgeted	Actual	Variance	Variance %	Budgeted G\$	Actual G\$	Variance G\$	%
Sawn – Cu. ft.	650,000	368,556	(281,444)	(43.3)	7,725,000	5,228,560	(2,496,440)	32.3
Hewn – Cu. ft.	110,000	154,185	44,185	40.2	897,500	1,521,061	623,561	69.5
Piles – Lin. ft.	120,000	119,204	(90,796)	(43.2)	800,000	541,565	(258,435)	(32.2)
Poles – Lin. ft.	775,000	569,138	(208,862)	(26.6)	1,837,500	1,533,846	(303,654)	(16. 5)
Logs – Cu. ft.	100,000	23,245	(76,755	(76.8)	500,000	110,089	(389,911)	(78.)
Posts & Shingles Cu. ft.	–	180,589		–	250,000	160,056	(89,044)	(35.6)
				Total	12,010,000	9,096,077	(2,913,923)	(24.3)

In analysing the reasons for the shortfall of projected earnings in 1977, the registered producers advised the Board that several internal and external factors severely impeded production.

The contributing factors were stated as –

- a) industrial unrest in the timber industry resulting in loss of many work days;
- b) shortage of trained and skilled manpower;
- c) increasing costs and difficulties in obtaining required machinery and spare parts, the latter being attributed to the scarcity of foreign exchange;
- d) periods of unstable weather conditions, e.g. droughts, which affected movement of timber;
- e) lack of available internal river crafts;
- f) irregular/delayed schedules of arrival of Conference vessels and infrequent shipping opportunities for the Caribbean;
- g) low recovery factors obtained from sawn logs;
- h) limited availability of suitable sawmill logs.

The bulk of our exports in 1977 was obtained from producers located in the bartica Triangle and Demerara River areas. During 1977 the Board made several efforts to persuade sawmillers from the Berbice/Corentyne River areas to enter into export production. Very small volumes of Silverballi (*Nectandra sp pl*) and Determa (*Ocotea rubra*) were exported from the Corentyne area in 1977.

The main obstacles to having greater volumes exported from this-area were recognised as –

- a) unavailability of a suitable port installation to accommodate ocean going vessels;
- b) limited availability of internal river craft for presenting timber to the ocean going vessels;
- c) lack of suitable storage and bundling facilities to prepare timber for export.

B: Exports of Timber

Area Distribution

Area	Volume	Value	% of Total Value
United Kingdom	463,000 cu. ft.	\$ 2,584,000	28.4
Caribbean	386,000 "	\$ 3,678,000	40.4
USA/Canada	289,000 "	\$ 726,000	9.1
Europe	53,000 "	\$ 252,000	2.7
Others	227,000 "	\$ 1,856,000	19.4
	1,418,000 cu. ft.	\$ 9,096,000	100%

In addition to the areas defined above, during 1977 GTEB shipped a substantial volume of timber to Iraq and to Venezuela, at higher prices than obtained from traditional markets.

SPECIES MIX

As regards the species mix of timber exported from Guyana in 1977 Greenheart, Purpleheart and Wallaba continued to dominate the sales profile as regards both volume exported and value earned.

The Board continued its efforts to increase the sales of "lesser known" species, which in 1977 equalled 8.7% of the total earnings as compared to 4.3% of total earnings in 1976.

The Board in 1977 in its efforts to expand the exportation of the "lesser known" species did preliminary work in researching twelve (12) species from Guyana, and prepared in draft a brochure entitled "Timber Species from Guyana".

GTEB further obtained assistance from EEC for the publication of this brochure, which is expected to be released in 1978.

The brochure will contain technical data and colour photographs of a flat sawn section of the twelve (12) species, and GTEB hopes the brochure, which will be used as a sales promotional tool will make all the species described become as popular as Greenheart and Purpleheart in the world hardwood markets.

C: Sales Analysis

Surveys conducted by the Board during the 4th quarter of 1976 indicated that the international market for tropical hardwoods would remain in a static position for the greater part of 1977.

The slow down of exports during the last quarter of 1976 was aggravated by rampant inflation and escalating energy costs which brought about high interest rates and massive unemployment in most of the industrialised countries.

During 1977 prime interest rates reached an all-time high above 11% in USA, EEC, UK and this had a dampening effect on loans for construction and dwellings. A corresponding decline in the demand for timber and forest products thereby led to the contraction of timber exported from Guyana.

Other contributory factors to the slump in the Guyana timber trade in 1977 were the shortage of shipping space and the high freight rates which rose by 18% in the case of timber freight to USA.

On the situational report outlined above, the sales strategies adopted in 1977 were to –

- a) optimize sales of available production to the point of pricing to the maximum level the market would bear;
- b) regain the U.K. market share which was lost by Greenheart due to increased competition in this market from Surinamese, Malaysian and African timbers.

**COMPARISON BETWEEN COMPETITIVE TIMBERS
AND GREENHEART IN THE U.K.
(US\$ Per Cubic Foot)**

SPECIES	ITEMS	Competitive Timbers			GREENHEART			% Above Competitive Timbers
		Freight Cost US\$	FOB Cost US\$	Total Cost *US\$	Freight Cost US\$	FOB Cost US\$	Total Cost *US\$	
Yellow Balu	3" x 9" x 18' Up	1.20	3.48	4.68	2.50	5.45	7.95	70
Opepe	6" x 9" x 18'	1.81	5.69	7.50	2.50	6.00	8.50	13
Ekki/Azobe	10" x 10" x 16'/28'	1.81	6.25	8.06	2.50	6.00	8.50	5
Yellow Balu	8" x 8" x 10'/25'	1.20	3.04	4.24	2.50	6.00	8.50	100
Yellow Balu	14" x 14" x 30'/34'	1.20	4.50	5.70	2.50	7.00	9.50	67
Liberian Ekki	12" x 12" x 15'/28'	1.81	6.26	8.07	2.50	6.00	8.50	5

The table above is a comparison of various competitive timbers landed in the U.K. separated into the cost of the timber and freight.

In 1977 GTEB applied the strategy of offering U.K. buyers deferred payment terms for stock orders moved by charter vessels, and also offered price reduction for large volume random stock orders placed for sawn and hewn Greenheart. A positive impact resulted from this strategy in the U.K. market, and in 1977 we noted for this area –

- a) an increase in enquiries and orders for Greenheart equalling an increase of 26% when compared with sales to the U.K. in 1976. Generally as Buyers in the U.K. regained confidence in obtaining acceptable delivery periods, the volume of business improved significantly in comparison to previous years;
- b) an increase in random stock orders which were compatible with Guyana's timber industry production pattern so as to gain advantage of the discounts offered.

Product Range

- i) **SAWN** There was a reduction in sawn capacity due to the many unfavourable factors enumerated on Page 9 herein and this resulted in our actual sawn production being 43% lower than the projected figure.

Sawn volume in 1977 reflected a decline over the 1974 – 1976 periods by 15%; 32% and 22% respectively. Though prices were 100% above 1974 level, 40% above 1975 and 6% below 1976 level.
- ii) **HEWN** Sales of this product continued to increase as buyers substituted Hewn in order to combat competition from other cheaper sawn timbers. Sales in 1977 were higher than in the previous period 1974 – 1976 by 60%; 61% and 43%. Prices in 1977 were 100% above the 1974 level, 50% above 1975 and 13% below 1976 level. Actual export volume was 40% above budget for this product.
- iii) **PILING** • The decline in Piling demand that began in 1976 continued in 1977. The volume exported in 1977 was 16%; 30% and 15% respectively below 1974, 1975 and 1976 levels. Prices were 58% higher than 1974, 17% lower than 1975 and 12% higher than 1976 period. Actual export volume was 43% below budget.

- iv) LOGS Log sales were below budget because of the policy to de-emphasise log exports. However the level in 1977 was 89%; 60% and 69% over the period 1974 – 1976. Prices in 1977 were 120% above that in 1974 and 1975, and 20% above 1976 level.
- v) POLES Export volume in 1977 increased by 5% over the 1974 level, decreased 1% on the 1975 level, and increased by 158% on the 1976 level. Despite this trend, however, the volume could have been further increased were it not for –
- i) the local electrification programme which syphoned off large quantities of the product;
 - ii) departure of skilled pole makers to an interior road-building programme;
- Prices in 1977 were 62%; 30% and 43% respectively over the 1974 – 1976 period.
- vi) SHINGLES & POSTS Exports of these commodities increased in 1977 over the previous three years by 109% in 1974, 52% in 1975 and 25% in 1976.

PART TWO:
THE BOARD

Structure of the Board –

The structure of the Board is as follows –

- a) A policy making body (the Board of Directors) consisting of 17 members appointed by the Minister responsible for Forests. At the end of 1977, the following persons constituted the Board of Directors

Cdes. S.L. Carmichael	Vice President – Marketing BIDCO – Chairman	
C.C. Hepburn	General Manager – GTEB – Deputy Chairman	
H.G. Simon	Economist	Member
C.A. John	Conservator of Forests – Forest Dept	- do –
A.D. Augustin	Chief Planning Officer, State Planning Secretariat	– do –
F.A. Noel	Secretary, GUYSTAC	– do –
R.N. King	Deputy General Manager, GNEC	– do –
S.C. Walker	Acting President, GLU	– do –
O.H. Patrick	Co-operatives	– do –
M.I. Deen	Managing Director, Deen’s Sawmill	– do –
F.M. Cumberbatch	Permanent Secretary, Min. of E & NR	– do –
C. McAshley	Permanent Secretary, Min. of National Development (MIREV)	– do –
D. persaud	Managing Director, Toolsie D. Persaud	– do –
D. Sawh	Nagasar Sawh Ltd.	– do –
J.M. Ford	Executive Chairman (Industries) GUYSTAC	– do –
L.J. Willems	Managing Director, Willems Timber & Trading Co. Ltd.	– do –
Oscar Parvaton	Special Adviser, Min. of E & NR	– do –

- b) The Executive staff which undertakes the day-to-day operations and comprising the General Manager as Chief Executive, the Marketing Manager, the Board Secretary, the Accountant and the Marketing Officer, together with supporting staff.

Registered Producers

There were twelve (12) Registered Producers at the end of 1977 viz –

Willems Timber & Trading Co. Ltd.	Ameerally Sawmills
Guyana Timbers Limited	Baldeo Ramlogan
Toolsie Persaud Limited	Claude Klautky
Nagasar Sawh Limited	Mohamed & B.S. Mohamed
Guyana Sawmills Limited	Randolph Mendes
V.H. George	A. Mazaharally & Sons Limited

PART THREE:
FINANCE

FINANCE OPERATING RESULTS – 1977

The year closed with a surplus before taxation of \$310,009 and a net after tax surplus of \$101,782.

Like many other export organisations our ability to earn more revenue was subject to the world market conditions in which we competed. The spiralling rate of inflation and increased oil prices placed more pressures on our prices; which can only be kept competitive by being more productive and efficient.

LIQUIDITY

The liquidity of the Board helped in the reduction of interests payable to the Bank and placed the Board in a more competitive position with credit terms.

PART FOUR: STATEMENT OF ACCOUNTS
REPORT OF THE AUDITORS
TO THE MEMBERS OF
GUYANA TIMBER EXPORT BOARD

We have examined the accounts set out on pages 17 to 21 which have been prepared under the historical cost convention and 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 Board at 31 December 1977 and of the net income and source and application of funds for the year then ended in accordance with generally accepted accounting principles applied on a consistent basis.

THOMAS, STOLL, DIAS & CO.
Certified Accountants

5 America Street,
Georgetown.
14 August, 1978.

GUYANA TIMBER EXPORT BOARD
BALANCE SHEET
FOR YEAR ENDED 31 DECEMBER 1977

CAPITAL	Notes	1977		1976
		G\$	G\$	G\$
Accumulated surplus			328,745	142,488
Surplus for year			101,782	186,257
			<u>430,527</u>	<u>328,745</u>
Represented by:				
Fixed assets	1	20,561		<u>31,803</u>
Improvements to Lessor's premises	2	9,485		<u>18,816</u>
			30,046	50,619
Current assets				
Debtors and prepayments		1,035,079		420,165
Cash on hand and with bankers				1,000,403
		<u>1,035,079</u>		<u>1,420,568</u>
Less current liabilities:				
Creditors and accruals		363,195		677,999
Bank overdraft		66,907		-
Taxation		204,496		464,443
		<u>634,598</u>		<u>1,142,442</u>
Net current assets			<u>400,481</u>	<u>278,126</u>
			430,527	328,745



Deputy Chairman/
General Manager



Member of the Board

GUYANA TIMBER EXPORT BOARD

INCOME & EXPENDITURE ACCOUNT
FOR YEAR ENDED 31 DECEMBER 1977

	1977		1976
	\$	\$	\$
Income:			
Commission	611,184		1,387,138
Freight	86,415		95,671
Miscellaneous	63,065		10,480
		760,664	<u>1,493,289</u>
Deduct:			
Expenditure:			
Rent	16,581		16,033
Salaries & Wages	164,091		157,431
Electricity	4,099		1,552
Insurance	1,981		2,269
Directors' Fees	21,000		21,300
Gratuity	7,560		5,400
N.I.S. Employer's Contribution	2,989		3,021
Vehicle Maintenance	4,126		3,103
Entertainment	15,889		16,085
Security Services	5,244		6,612
Commission & Negotiation Expenses	29,821		40,243
Repair & Maintenance	2,648		1,160
Travel & Subsistence – Local	18,392		16,033
Telephone	18,539		18,456
Stamps & Postages	1,512		1,546
Pension – Employer's Contribution	12,530		12,306
Insurance Life	5,510		5,267
Legal Fee	6,480		3,300
Training (Pole Maker)			5,500
Leave Passage	4,300		13,290
Pension & Emolument	3,000		625
Bank Interest Charges			9,322
Stationery & Office Supplies	28,268		17,179
Cable & Telex	12,547		8,861
Depreciation & Loss on Disposal of Assets	13,751		12,814
Amortization	9,331		9,331
Advertising	10,682		11,845
Travel & Subsistence – Overseas	69,314		117,816
Demurrage & Discharging			197,163
Stevedoring	19,320		58,769
Others	9,833		11,405
Audit Fees	4,000		3,000
Research & Development	5,400		
Provision for Bad & Doubtful Debts	4,191		29,563
Contracts	1,238		
Port Levy	103		
		760,664	<u>837,600</u>
Carried forward	534,270		

GUYANA TIMBER EXPORT BOARD

INCOME & EXPENDITURE ACCOUNT

FOR YEAR ENDED 31 DECEMBER 1977

	Note	1977	1976
	G\$	G\$	G\$
Brought Forward	534,270	760,664	837,600
Staff Training	3,977		
Library	60		
Property Tax	3,975		4,989
		542,282	842,589
		218,382	650,700
Refund of Demurrage Paid in 1976		91,627	
Surplus before Taxation		310,009	650,700
Less Income & Corporation Taxes	3	208,227	464,443
Surplus after Taxation		101,782	186,257

GUYANA TIMBER EXPORT BOARD
NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 DECEMBER 1977

1. Fixed Assets:

	Office equipment	Office furniture & fixtures	Motor vehicle	Total
	\$	\$	\$	\$
Cost at 1 January 1977	31,312	23,636	12,710	67,658
Additions	532	1,977		2,509
Disposal	(2,162)			(2,162)
At 31 December 1977	29,682	25,613	12,710	68,005
Depreciation:				
At 1 January 1977	16,544	11,261	8,050	35,855
Charged for period	3,997	5,050	2,542	11,589
At 31 December 1977	20,541	16,311	10,592	47,444
Net book value 31 December 1977	9,141	9,302	2,118	20,561

2. Improvements to Lessor's Premises:

Improvements to lessor's premises are amortised over a period of five years. The balance at 31 December 1977 amounting to \$9,485.00 will be amortised in the following year.

3. Taxation:

	Prior Year	Current Year
	\$	\$
Corporation tax	235,435	132,508
Income tax	134,534	75,719
	369,969	208,227

4. Capital expenditure budgeted but not contracted for amounted to \$267,491.00 at 31 December 1977.

GUYANA TIMBER EXPORT BOARD

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1977

	1977	1976
Surplus for year before taxation	\$ 310,009	650,700
Adjustment for items not involving the Movement of Funds		
Depreciation	11,589	<u>12,814</u>
Amortization	9,331	9,331
Loss on Disposal of Fixed Assets	2,162	
	23,082	<u>22,145</u>
Total Generated	<u>333,091</u>	<u>672,845</u>
Application of Funds		
Additions to Fixed Assets	2,509	<u>6,878</u>
	<u>330,582</u>	<u>665,967</u>
Increase/Decrease in Working Capital		
Increase in Debtors	614,915	250,704
Decrease/(Increase) in Creditors	314,804	(436,572)
Tax Paid	468,173	
Increase/(Decrease) in Net Liquid Funds	(1,067,310)	851,835
	330,582	665,967



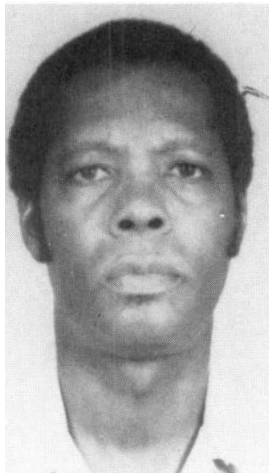
Preparing Green Heart p es for export

1978

Executive Members of the Board



A. Miller
Marketing Manager



Rudolph O. Cummings
Secretary



PART ONE:
PERFORMANCE OF
THE TIMBER INDUSTRY – 1978

Deputy Chairman /General Manager
Cecil C. Hepburn

A: The Year in Review

The year of 1978 started on an optimistic note and the Sales Plan prepared for the year projected that GTEB would achieve sales valued at G\$14 million. However this target value had to be revised during the first quarter of 1978 to a value of G\$12.5 million when it was learnt that anticipated sales of Wallaba Poles for Trinidad and Tobago and a large piling order for USA totalling G\$1.5 million in value would not be realised during 1978. Performance for the year of 1978 as compared to targets set is detailed below –

PROJECTED vs ACTUAL PERFORMANCE 1978

PROJECTED		Item	ACTUAL		Variance G\$
Volume	Value		Volume	Value	
500,000	\$ 6,780,000	Sawn Timber cuft.	393,000	\$ 5,680,000	(1,100,000)
250,000	\$ 2,155,000	Hewn square "	231,000	\$ 2,336,000	181,000)
400,000	\$ 1,600,000	Round Piling linft	354,000	\$ 1,669,000	69,000)
400,000	\$ 1,200,000	Wallaba Poles "	371,000	\$ 1,074,000	(126,000)
	\$ 500,000	*Other Products	–	\$ 78,000	(422,000)
75,000	\$ 265,000	Round Logs cuft.	19,000	\$ 81,000	(184,000)
	\$12,500,000			\$10,918,000	(1,582,000)

(Other products refer to sales of minor items viz shingles and charcoal).

In 1978 GTEB achieved a value in sales which equalled 87.3% of the target set inspite of having to endure the same constraints mentioned in the annual report for 1977 as well as some added impediments for the year of 1978.

The constraints for 1978 included –

power supply interruptions;

unavailability of required inputs for maintenance of machinery

industrial unrest at sawmills

low water level in the rivers making transportation of logs and navigation difficult.

It is evident that most of the problems noted are beyond the control of GTEB.

In 1978 GTEB kept prices pegged so as to regain a competitive edge in the marine construction international market. Management recognized the need for action to –

- develop a wider product/marketing mix to reduce the dependence on one or two type products
- promote products actively in new and established areas with a view towards increasing sales
- improve and maintain production and quality of products
- take measures to have better shipping facilities.

Some other external factors caused a short fall in our sales earnings for 1978. These factors were –

- a shortfall in production of machined Wallaba Shingles
- delayed start up of Guyana Timbers Limited sawmill
- delayed arrival of equipment purchased under a Guyana Government/Canadian International Development Agency loan to the Forest Industry.

Corentyne producers had not improved their facilities to enable them to enter into export production inspite of the persuasive efforts made by GTEB.

During 1978 GTEB had great difficulty finding suitable recruits to fill vital posts. However a rationalized marketing approach on a geographical basis was introduced, and a Caribbean Desk was established to engage in active sales to this area. Recognizing the difficulty of finding suitably trained staff, GTEB also approached the Commonwealth Secretariat for assistance in providing the services of a consultant who would train GTEB counterparts.

B: Exports of Timber

Sales for 1978 when analysed by regional grouping shows –

AREA	Volume (Cuft)	Value	%of Total Value
United Kingdom	281,000	\$ 3,583,000	32.8%
Caribbean	392,000	\$ 3,139,000	28.8%
USA/Canada	235,000	\$ 3,012,000	27.6%
Europe	124,000	\$ 768,000	7.0%
Others	58,000	\$ 416,000	3.8%
Total		\$10,918,000	100%

The United Kingdom remained the primary market for Greenheart timber sold in marine construction dimensions.

Species Mix

The three (3) primary species from Guyana, viz Greenheart, Wallaba and Purpleheart continued to dominate timber export sales.

However sales of "lesser known" species continued to improve in 1978 and accounted for 10.8% of the value of timber exported for the year.

To gain impact in its effort to promote sales of "lesser known" species GTEB in collaboration with the EEC in 1978 published a colour booklet giving concise technical particulars pertaining to twelve (12) tropical hardwood timbers which can be obtained from Guyana in commercial volumes. During 1978 GTEB also prepared for printing a technical monograph on the Wallaba timber species.

C: Sales Analysis

Performance of the various products marketed by GTEB during the review period reveals the following –

- i) **SAWN** – There was a negligible increase in sawn timber production for sale in 1978 over the production offered in the previous year.

This product accounted for 53% of the total value of sales for 1978.
- ii) **HEWN** Sales of this product increased substantially, and in volume of sales showed an increase of 50% above the volume sold in 1977.

Measured as a contribution to value, hewn squares accounted for 22% of total sales for 1978.
- iii) **PILING** A significant increase in the sales volume of Piling equalled 190% in 1978 v 1977 was achieved. The large growth is due to one USA Distributor purchasing a large volume of round piling for stocking in USA.

Piling sales contributed 16% to the total sales value for 1978.
- iv) **LOGS** Sales of logs were negligible and no increase was observed when compared to 1977. During 1978 the only log exports made were Dalli logs to Suriname.

The sale of logs accounted to 0.7% of total sales for 1978.
- v) **OTHER PRODUCTS** GTEB during 1978 engaged in sales of shingles and charcoal, which contributed 8% to the total value of sales for 1978.

Shingles were sold in either hand split or machined form. Charcoal in 1978 was a commodity which was in great demand.

Unfortunately the required infrastructure to boost production of both sawn shingles and charcoal were not available to satisfy market demand.

PART TWO:
THE BOARD

Structure of the Board –

The structure of the Board is as follows –

- a) A policy making body (the Board of Directors) consisting of 17 members appointed by the Minister responsible for Forests. At the end of 1978, the following persons constituted the Board of Directors

Cdes.	S.L. Carmichael	Vice President – Marketing BIDCO – Chairman	
	C.C. Hepburn	General Manager – GTEB – Deputy Chairman	
	H.G. Simon	Economist	Member
	C.A. John	Conservator of Forests – Forest Dept	-do-
	A.B. Augustin	Chief Planning Officer, State Planning Secretariat	-do-
	F.A. Noel	Secretary, GUYSTAC	-do-
	R.N. King	Deputy General Manager, GNEC	-do-
	S.C. Walker	Acting President, GLU	-do-
	O.H. Patrick	Co-operatives	-do-
	M.I. Deen	Managing Director, Deen’s Sawmill	-do-
	H.O. Bovell	Permanent Secretary, Min. of E & NR	-do-
	C. McAshley	Permanent Secretary, Min of National Development (MIREV)	-do-
	D. Persaud	Managing Director, Toolsie Persaud	-do-
	D. Sawh	Nagasar Sawh Ltd.	-do-
	J.K. Ford	Executive Chairman (Industries) GUYTRAC	-do-
	L.J. Willems	Managing Director, Willems Timber & Trading Co. Ltd.	-do-
	Oscar Parveton	Special Adviser, Min of E & NR	-do-

- b) The Executive staff which undertakes the day-to-day operations and comprising the General Manager as Chief Executive, the Marketing Manager, the Board Secretary, the Accountant and the Marketing Officer, together with supporting staff.

Registered Producers

There were twelve (12) Registered Producers at the end of 1978 viz –

Willems Timber & Trading Co. Ltd.	Ameerally Sawmills
Guyana Timbers Limited	Baldeo Ramlogan
Toolsie Persaud Limited	Claude Klautky
Nagasar Sawh Limited	Mohamed & B.S. Mohamed
Guyana Sawmills Limited	Randolph Mendes
V.H. George	A. Mazaharally & Sons Limited

PART THREE:
FINANCE

FINANCE OPERATING RESULTS – 1978

The Board achieved its highest sales since its inception earning a sales value of \$10.9 million which resulted in a total surplus of \$50,004 before taxation.

Rising costs affected our overall operational costs. The effort of maintaining prices at a level which would attract buyers could only be successful if production is increased and simultaneously productivity levels are improved.

BANKING

Rates of interest increased the cost of financing exports. The higher liquidity position in 1977 did not pertain in 1978 and the Board had to rely heavily on the Commercial Banks discounting facilities to accommodate its increased sales.

PART FOUR: STATEMENT OF ACCOUNTS
REPORT OF THE AUDITORS
TO THE MEMBERS OF
GUYANA TIMBER EXPORT BOARD

We have examined the accounts set out on pages 31 to 36 which are in agreement with the books of the Board and have been prepared under the historical cost convention. 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 Board at 31 December 1978 and of the net deficit and source and application of funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THOMAS, STOLL, DIAS & CO.

**5 America Street,
Georgetown.
19 August, 1979.**

GUYANA TIMBER EXPORT BOARD
BALANCE SHEET
FOR YEAR ENDED 31 DECEMBER, 1978

	Notes	1977	
		G\$	G\$
Capital			
Accumulated surplus		430,527	328,745
(Deficit)/surplus for the year		(2,103)	101,782
		<u>428,424</u>	430,527
Represented by:			
Fixed assets		9,010	20,561
Improvements to lessor's premises	2		9,485
		9,010	30,046
Current assets			
Debtors and prepayments		1,213,170	1,035,079
Cash on hand and with bankers		290,424	
		1,503,594	1,035,079
Less:			
Current liabilities:			
Creditors and accruals		927,577	363,195
Bank overdraft			66,907
Taxation		156,603	204,496
		1,084,180	634,598
Net current assets		419,414	400,481
		428,424	430,527


 Deputy Chairman/
 General Manager


 Secretary

GUYANA TIMBER EXPORT BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1978

	1977			
	G\$	G\$	G\$	G\$
Income				
Commission	661,392		611,184	
Freight	25,330		86,415	
Stevedoring	20,763			
Miscellaneous	9,091		63,065	
	<hr/>		<hr/>	
				760,664
Deduct				
Expenditure				
Rent	17,347		16,581	
Salaries and wages	191,933		164,091	
Electricity	5,827		4,099	
Insurance	1,357		1,981	
Directors' fees	20,000		21,000	
Gratuity	6,615		7,560	
National insurance scheme employer's contribution	5,375		2,989	
Vehicle maintenance	4,507		4,126	
Entertainment	17,025		15,889	
Security services	6,371		5,244	
Commission and negotiation expenses	97,712		29,821	
Repairs and maintenance	2,509		2,648	
Travel and subsistence – local	24,609		18,392	
Telephone	28,737		18,539	
Stamps and postages	2,106		1,512	
Pension – employer's contribution	13,100		12,530	
Insurance life	5,643		5,510	
Legal fees	3,000		6,480	
Leave passage	28,350		4,300	
Pension and emolument	3,000		3,000	
Bank interest and charges	1,511			
Stationery and office supplies	22,991		28,268	
Cable and telex	17,439		12,547	
Depreciation	13,351		13,751	
Amortization	9,485		9,331	
Advertising	10,655		10,682	
Travel and subsistence – overseas	89,325		69,314	
Stevedoring			19,320	
Others	7,203		9,833	
Audit fees	4,615		4,000	
	<hr/>		<hr/>	
Carried forward	661,698	716,576	523,338	760,664

GUYANA TIMBER EXPORT BOARD

INCOME AND EXPENDITURE ACCOUNT

FOR YEAR ENDED 31 DECEMBER, 1978

	Note	1977			
		G\$	G\$	G\$	G\$
Brought forward		661,698	716,576	523,338	760,664
Research and development				5,400	
Provision for bad and doubtful debts				4,191	
Contracts				1,238	
Port levy		614		103	
Staff training		693		3,977	
Library				60,	
Property tax		1,810		3,975	
Bad debts written off		20			
Marine insurance		1,737			
			666,572		542,282
			50,004		218,382
Refund of demurrage paid in 1976					91,627
Surplus before taxation			50,004		310,009
Taxation	3		52,107		208,227
(Deficit)/Surplus after taxation			(2,103)		101,782

GUYANA TIMBER EXPORT BOARD

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR YEAR ENDED 31 DECEMBER, 1978

		1977	
	G\$	G\$	G\$
Surplus for year before taxation		50,004	310,009
Adjustment for items not involving the movement of funds:			
Depreciation	13,351		11,589
Amortization	9,485		9,331
Loss on disposal of fixed assets			2,162
		<u>22,836</u>	23,082
Total generated from operations		72,840	333,091
Application of funds:			
Addition to fixed assets	1,800		2,509
Tax paid	100,000		468,173
		<u>101,800</u>	470,682
		<u>(28,960)</u>	137,591)
Increase/(decrease) in working capital			
Increase in debtors	178,091		614,915
(Increase)/decrease in creditors and accruals	(564,382)		314,804
Movement in net liquid funds:			
Increase/(decrease) in cash on hand and with bankers	290,424		(1,000,403)
Decrease/(increase) in bank overdraft	66,907		66,907)
		<u>(28,960)</u>	(137,591)

GUYANA TIMBER EXPORT BOARD

STATEMENT OF ACCOUNTING POLICY

FOR YEAR ENDED 31ST DECEMBER, 1978

Fixed assets and depreciation

All assets are depreciated on the straight line basis over their estimated lives at the rate of 20% per annum.

GUYANA TIMBER EXPORT BOARD
NOTES ON THE ACCOUNTS
 FOR THE YEAR ENDED 31 DECEMBER 1978

1. Fixed assets

	Office Equipment	Office Furniture & Fixtures	Motor Vehicle	Total
	G\$	G\$	G\$	G\$
Cost at 1 January 1978	29,682	25,613	12,710	68,005
Additions	1,800			1,800
Disposals				
At 31 December 1978	<u>31,482</u>	<u>25,613</u>	<u>12,710</u>	<u>69,805</u>
Depreciation:				
At January 1978	20,541	16,311	10,592	47,444
Charged for period	6,093	5,140	2,118	13,351
At 31 December 1978	<u>26,634</u>	<u>21,451</u>	12,710	<u>60,795</u>
Net book value at 31 December 1978	4,848	4,162		<u>9,010</u>
Net book value at 31 December 1977	9,141	9,302	2,118	20,561

2. Improvements to lessor's premises

Improvements to lessor's premises were amortised over a period of five years.

The balance at 31 December, 1977 was fully amortised during 1978.

3. Taxation

	G\$	1977 G\$
Income tax at 20%	17,591	75,719
Corporation tax at 35%	30,785	132,508
Prior year tax adjustments	3,731	
	<u>52,107</u>	208,227

4. Capital expenditure authorised
but not contracted for

228,200	267,491
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Timber loading for Europe