
ANNUAL REPORT
2018

GUYANA SUGAR CORPORATION INC.

ANNUAL REPORT

2018

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ABBREVIATIONS

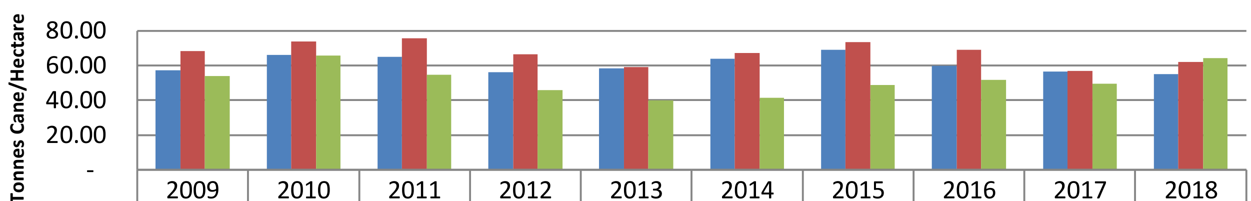
Agriculture Services Department (ASD)
Board of Industrial Training (BIT)
Central Analytical & Environmental Monitoring Services (CAEMS)
Central Workshop (CWS)
Contributory Hospitalisation and Maternity Scheme (CH&MS)
Demerara Sugar Terminal (DST)
Diversified Products Division (DPD)
Environmental Protection Agency (EPA)
Estate Health and Safety Officers (EH&SO)
Field Record System (FRS)
Guyana Agricultural and General Workers Union (GAWU)
Guyana Dollars (GYD)
Guyana Labour Union (GLU)
Guyana Rice Development Board (GRDB)
Guyana School of Agriculture (GSA)
High Quality Selection Programme (HQSP)
Human Resources Management Committee (HRMC)
Information Systems Department (ISD)
Mega Watts (MW)
National Grade Six Assessment (NGSA)
National Association of Agricultural, Commercial and Industrial Employees (NAACIE)
National Drainage and Irrigation Authority (NDIA)
National Industrial and Commercial Investments Ltd (NICIL)
Occupational Health and Safety (OHS)
Pesticide and Toxic Chemical Control Board (PTCCB)
Skeldon Energy Inc. (SEI)
United States of America (USA)
United States Department of Agriculture (USDA)
World Trade Organization (WTO)

GUYANA SUGAR CORPORATION

10 YEARS SUGAR PRODUCTION

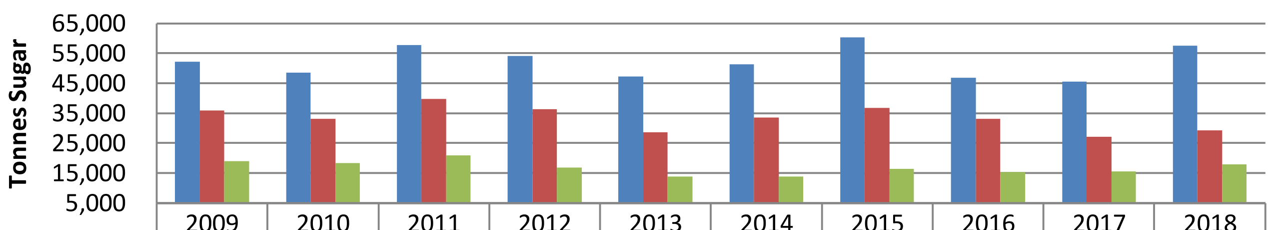
Estate	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Skeldon	25,715	33,237	29,410	33,309	25,544	35,890	39,157	31,783	14,303	-
Albion	52,271	48,629	57,838	54,022	47,257	51,294	60,390	46,771	45,563	57,486
Rose Hall	37,151	30,081	39,343	34,429	28,098	31,931	31,288	20,581	22,381	-
Blairmont	35,950	33,039	39,768	36,224	28,528	33,499	36,695	33,000	27,096	29,245
EDE	42,700	35,867	27,383	23,908	20,676	30,932	27,095	19,341	12,495	-
Uitvlugt	18,978	18,279	20,806	16,922	13,907	13,916	16,392	15,330	15,459	17,911
Wales	20,971	21,687	21,958	19,255	22,744	18,898	20,054	16,809	-	-
Total	**233,736**	**220,818**	**236,506**	**218,068**	**186,755**	**216,359**	**231,071**	**183,615**	**137,298**	**104,641**

Cane Yields for Albion, Blairmont and Uitvlugt (2009-2018)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Albion	57.36	66.10	65.11	56.06	58.37	63.80	68.86	59.99	56.65	55.08
Blairmont	68.44	73.84	75.45	66.61	59.16	67.25	73.47	69.17	56.87	62.17
Uitvlugt	53.85	65.62	54.66	45.67	39.90	41.37	48.62	51.70	49.69	64.34

Sugar Production for Albion, Blairmont and Uitvlugt (2009-2018)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Albion	52,271	48,629	57,838	54,022	47,257	51,294	60,390	46,771	45,563	57,486
Blairmont	35,950	33,039	39,768	36,224	28,528	33,499	36,695	33,000	27,096	29,245
Uitvlugt	18,978	18,279	20,806	16,922	13,907	13,916	16,392	15,330	15,459	17,910

BOARD OF DIRECTORS

The Board of Directors of the Guyana Sugar Corporation Inc., as of December 31, 2018 is as follows:

Mr. John Dow	Chairman of the Board of Directors
Mr. Ramesh Persaud	Director, Chairman of the Audit & Finance Sub-Committee
Mr. John Browman	Director, Chairman of the Lands Sub-Committee
Mr. Paul Cheong	Director
Mr. Richard N. Cumberbatch	Director, Chairman of Central Tender Committee
Mr. Claude Housty	Director
Mr. George Jervis	Director (ex officio – Technical Officer, Ministry of Agriculture)
Mr. Fritz McLean	Director
Mr. Vishnu Panday	Director
Mr. Nowrang Persaud	Director, Chairman of the Remuneration Sub-Committee
Mr. Roy Hanoman Singh	Director
Dr. Harold B Davis	Chief Executive

The Corporation achieved and exceeded its targeted production by 2.1% or 2,144 tonnes sugar from three (3) Estates namely, Albion, Blairmont and Uitvlugt; despite the various challenges and ownership concerns that arisen during the year 2018 along with the limited resources that were made available.

Sugar production for the year was 104,641 tonnes and which reflected a significant increase of 19% or 16,522 tonnes sugar over that of 2017 for Albion, Blairmont and Uitvlugt Estates. This increase was attributable to improved cane yields i.e. from 53.73 to 59.03 tonnes cane per hectare in 2017 and 2018 respectively for these Estates cultivations; and included contributions from 1,736 hectares harvested from the vested cultivation at Providence, East Bank Berbice.

Total land preparation and planting were 2,127 hectares (ha) and 2,398 ha respectively compared with 2,786 ha and 2,499 ha achieved in 2017. The sporadic rainfall especially in the Berbice area reduced the average number of opportunity days to fifty four (54) from a budget of seventy five (75). Also, 121 hectares of land in the Expansion “C” section of Albion was converted to the broad bed layout and planted semi-mechanically for eventual mechanized harvesting during the 2nd Crop of 2019.

Labour attendance remains a serious concern for management and so considerable efforts have been made to accelerate the mechanisation of key labour intensive activities of the Corporation and which includes areas such as harvesting, planting and hand weeding. The implementation of a system to utilize cane loaders (bell loaders) more effectively is in progress at all locations with Uitvlugt being the most successful. The application of chemicals is also a critical area under consideration and several trials were conducted during the year to establish the most affordable and effective chemical combination so as to significantly reduce manual hand weeding. The Corporation is also concentrating on converting lands to mechanically friendly layouts whereby lands are being precision levelled with laser technology, planted semi-mechanically, combine harvested and trucked to the factories for crushing.

The Corporation’s financial performance continued to decline even though the Ministry of Agriculture White Paper proposed financing from NICIL – SPU, sale of lands, etc. for the re-capitalisation of the Corporation in an effort to return to a surplus cash state and profitability. This did not materialize as required by the Corporation in 2018 and so there were constant struggles to even meet the weekly wages payments. The Corporation’s agriculture infrastructure as well as the factories have continued to further deteriorate with little or no capital investment and this will certainly result in inefficiencies and a higher cost of production in the years ahead since the cost of maintenance will escalate.

The factories experienced spares not acquired in a timely manner to conduct critical maintenance activities and which may result in factory reliability being compromised. The Uitvlugt factory suffered several mechanical failures during the year with a major failure of the No. 2 Knife shaft and turbine in August.

The recoveries and sugar quality continued to be monitored and improved outcomes were realized through the introduction of reliable operational and laboratory practices, the treatment of final molasses for better exhaustion, correct application of biocide to minimize inversion losses and the application of phosphate in juice treatment amongst others for better sugar quality.

The Corporation continues to suffer from employees' departure and during the year fourteen (14) senior staff resigned, whilst, four (4) opted for early retirement and nine (9) proceeded on normal retirement; as such, emphasis is being placed on training and development. There were forty one (41) and seven (7) internal and external training sessions respectively during the year and employees were also encouraged to pursue self-paced and free online training as well.

A total of forty three (43) strikes were recorded in 2018 and resulting in 10,449 mandays loss. The cane harvesters accounted for thirty five (35) of those strikes with 9,168 mandays loss and they were demanding exorbitant prices for obstacles, demanding to cut and stack amongst others.

The Corporation awarded a total of twenty seven (27) days weekly production incentives along with three point seven (3.7) days production bonus to the Estates employees once they met the appropriate criteria; whilst Head Office employees were awarded nine (9) days production incentive and three point seven (3.7) days production bonus since the sugar production target for 2018 was surpassed.

The GTC-PM marked its 57th Apprentices graduation ceremony whereby fifty six (56) apprentices graduated after completing the four (4) years apprenticeship programme except for the sugar boilers who completed their programme in three (3) years. The areas of training included electrical, fitting and machining, auto electrician, agriculture mechanic, instrument repair mechanic and sugar boiling technology.

Information technology plays an ever increasing and important role in the Corporation's operations and is necessary to transform the operations and with it, the fortune of the company. Through the use of appropriate information technology, the Corporation can make its processes more efficient, improve the quality and timeliness of pertinent information for decision making, and improve accountability for actions and decisions, reduce duplication and cost among other benefits. Automation of the sugar cane weighbridge operations and computerising of Estates factory laboratory operations projects were completed in 2018.

The cost of production declined from 35.09 US cents per pound in 2017 to 28.81 in 2018 for the three (3) continuing Estates as a result of the increase in productivity. Cost monitoring and management have been emphasised during the year and the Estates were encouraged to conduct weekly cost reviews so as to understand the impact of their decisions on cost.

The inevitable erosion of the traditional trade preferences in Europe and the reform of the EU sugar regime have caused the Corporation to heighten its efforts to focus on meeting the needs of the local markets as well as those within the Caribbean. In 2018 continuous efforts were made to maximize sugar sales whereby customers were given increased sugar quotas and new customers were engaged.

The industry is facing a number of major challenges and we must continue to persevere to achieve improvements in our agricultural outputs by improving machinery utilisations and implement strategies and systems so as to remain an economically productive and sustainable sugar industry producing world class sugar.

Dr. Harold B. Davis, Jnr. assumed duties as Chief Executive from August 1, 2018 and a new Board of Directors was installed in September, 2018 for a period of two (2) years with Mr. John Dow as the Chairman after the previous Board's life ended in April 2018.

I wish to extend my gratitude to the GuySuCo Family for their support during 2018 and look forward for their continued assistance and diligence in the future.

Dr Harold Davis

Harvesting and Sugar Production

LOCATION	CANE PROCESSED (t)			SUGAR PRODUCED (t)			TC/TS		
	LE	Actual	Variance	LE	Actual	Variance	LE	Actual	Variance
AN	623,472	627,263	3,791	56,392	57,486	1,094	11.06	10.91	-0.15
BCF	332,667	348,369	15,702	28,227	29,245	1,018	11.79	11.91	0.12
ICBU	227,531	238,863	11,332	17,878	17,910	32	12.73	13.34	0.61
INDUSTRY	**1,183,670**	**1,214,495**	**30,825**	**102,497**	**104,641**	**2,144**	**11.55**	**11.61**	**0.06**

Table 1: Actual, Audited Sugar Production compared with the July Latest Estimates for 2018.
Revised Estimates (LE) were done in January and July 2018.

Total sugar production for the year was 104,641 tonnes, as compared to the year's budget of 102,497 tonnes, representing an achievement of 102.10% of the July 2018 latest estimates (July LE 2018).

The contribution of 1,676 tonnes sugar (24,706 tonnes cane) from the Rose Hall Estate (Estate was vested to NICIL – SPU in 2017) represents 1.61% of the actual sugar production for the year.

At the end of 2nd crop 2018, the Albion Estate was unable to harvest all of its canes, and as such was forced to carry forward into 2019 a total of 236.6 hectares of unharvested mature canes (estimated at 13,013 TC and 1,200 TS).

Cane and Sugar Yield Trends

Average yields for estates' canes in 2018 were 59.03 TC/ha, 0.89 units higher than estimated in July LE 2018. The most significant improvement was obtained at the Uitvlugt Estate where actual yield for the year was 71.22 TC/ha compared to a budget of 64.99 TC/ha. However, the West Demerara farmers were unable to harvest all of their canes due to a late start of the 2nd Crop and poor access in some areas, and as such fell short by 160.4 hectares (estimated at 8,802 TC and 313 TS).

The Uitvlugt Estate was also severely affected by factory downtime, which amounted to 585.4 hours during the 2nd Crop. This resulted in staling of harvested canes and lower recoveries, with TC/TS values being 0.61 units higher than budget.

Weather in 2018

At the three (3) continuing Guysuco estates, the average annual rainfall recorded during 2018 was 1,758mm. This indicated a 24.2% reduction in precipitation from the previous year (2,320mm recorded in 2017), and a 15.5% deficit when compared with the 63-year LTM (2,081mm p.a.). However, the intermittent distribution of the rainfall, particularly during the first half of the year resulted in a reduction in the number of opportunity days at all the estates.

The average number of opportunity days recorded for the year was 54.3 against a budget / estimate of 75 days for a normal year. The worst affected in this regard were the Blairmont and Albion estates which recorded zero (0) and three (3) opportunity days respectively during the 1st Crop.

Estate	Annual Rainfall 2018 (mm)	Annual Rainfall 2017 (mm)	63-YR LTM Annual Rainfall (mm)
Albion	1,463	1,941	1,745
Blairmont	1,372	1,748	1,796
Uitvlugt	2,440	3,270	2,702
Industry Average	**1,758**	**2,320**	**2,081**

Table 2: Average Annual Rainfall (mm) recorded at the three (3) Estates during 2018, and compared with that recorded in 2017 and the 63-year LTM.

Weather conditions improved during the October–December 2018 period, allowing for the tillage season to be extended on all Estates. Consequently, planting was also extended into December and both the Albion and Uitvlugt Estates were able to put prepared land under fallow for early resumption of planting during 2019.

Labour Attendance

During 2018, all three Estates suffered from low labour turnout of cane harvesters that negatively affected the harvesting rate and delivery of fresh canes at the optimal age to the factories. This would have contributed to lower sugar recoveries and lengthy periods during which factories would have been out of cane.

The labour shortage on the Berbice Estates in particular has continued, despite the transfer of persons from the Rose Hall Estate prior to its vesting, and subsequent re-employment of others who would have been severed. Labour turnout at the Uitvlugt Estate declined during the 2nd Crop, partially due to reduced attendance by the Wales Estate workers who were transferred there.

2018 Cane Harvesters Attendance				
Estate / Crop	**Albion/Port Mourant (%)**	**Blairmont (%)**	**Uitvlugt (%)**	**Industry Average (%)**
1st Crop 2018	59.67	56.42	59.57	57.07
2nd Crop 2018	61.60	66.00	56.53	59.71
Year 2018	**60.88**	**56.97**	**57.42**	**58.53**

Table 3: Average daily attendance for Cane Harvesters during 2018, expressed as a percentage of the number of employees on roll in this category.

Loading of sugar cane manually

Loading of sugar cane manually

Loading of sugar cane with cane loader (Bell loader)

Transporting sugar cane via cane punts

Land Preparation

In 2018, the Albion, Blairmont and Uitvlugt Estates together completed 2,127 hectares of land preparation against a budget of 4,724 hectares (45% achievement). The significant shortfall in land preparation that occurred during the 1st Crop when only 450 hectares were tilled was mainly as a result of sporadic showers in Berbice that reduced opportunity days to a total of three (3) in that region and 28 at the Uitvlugt Estate.

Improvements in weather during the last quarter of 2018 allowed for an extension of the tillage season into December, resulting in a total of 1,677 hectares being tilled, thus representing an achievement of 61% of the 2nd Crop target. This also permitted 364 hectares to be placed under fallow for the early resumption of planting in 2019. Private farmers on the ICBU Estate also prepared 161 hectares of land, all in the broad bed layout.

At the Albion Estate the focus has been on accelerating the pace of mechanisation, done also as a means of coping with declining labour availability. To this end 121 hectares in the Expansion "C" section were converted to the broad bed layout and planted semi-mechanically at the 'super-high-density' rate during the 2nd Crop. Dam-beds have been converted to provide for field access of machinery and will not be planted.

2018 Land Preparation Summary										
Estate	First Crop 2018			Second Crop 2018			Year 2018			
	Budget	Actual	Land Available to Plant	Budget	Actual	Land Available to Plant	Budget	Actual	Variance	% Achieve
AN/PM	1,150	83	0	1,724	820	314	2,874	903	-1,971	31
BCF	580	8	8	600	485	13	1,180	493	-687	42
ICBU	220	359	34	450	372	36	670	731	61	109
Industry Total	**1,950**	**450**	**42**	**2,774**	**1,677**	**363**	**4,724**	**2,127**	**-2,597**	**45**

Table 4: Budgeted and Actual Land Preparation completed during 2018

Harrowing of land

Levelling of land

Row marking for planting

Establishing drains before planting

Planting

The three continuing Estates completed 2,398 hectares of planting against a budget of 4,450 hectares (54% achievement). Planting on all Estates – but more so the Berbice Estates – was affected during both crops by the late start of land preparation, which itself was the result of continual unseasonal rainfall.

During both crops, the Uitvlugt Estate was able to surpass its planting target, due in particular to the Estate having prepared land under fallow brought over from the preceding crops. Planting at the Blairmont Estate was restricted by the very limited land preparation that was done during the 1st Crop; however, the Estate chose to use the 99 hectares of land available for the establishment of proper seed-cane nurseries in anticipation of expanding planting operations during the subsequent crops. During the 2nd Crop the Albion Estate was able to resume semi-mechanical planting, achieving 121 hectares in the Expansion "C" section. This Estate was also able to complete 115 hectares of planting for private farmers. Farmers attached to the Uitvlugt Estate planted 131 and 31 hectares during the 1st and 2nd crop, respectively.

The shortfall in planting on the Estates occurred despite an extension of the planting season by three (3) weeks during the 1st Crop and five (5) weeks during the 2nd Crop. To address the repeated deficit in planting and the build-up of old cycles particularly on the Berbice Estates, efforts are being made to increase the amount of equipment available to facilitate more semi-mechanical planting.

2018 Planting Summary								
Estate	First Crop 2018		Second Crop 2018		Year 2018			
	Budget	Actual	Budget	Actual	Budget	Actual	Variance	% Achieve
AN/PM	1,200	596	1,500	511	2,700	1,107	-1,593	41
BCF	580	99	600	480	1,180	578	-602	49
ICBU	240	377	330	336	570	713	143	125
Industry Total	**2,020**	**1,072**	**2,430**	**1,327**	**4,450**	**2,398**	**-2,052**	**54**

Table 5: Budgeted and Actual Planting done during 2018

Supplying

Estates were able to complete a total of 1,558 hectares of supplying, surpassing the budget of 1,182 hectares. However, Albion Estate only achieved 81 hectares or 16% of its year's target of 509 hectares.

During the 1st Crop, the Blairmont Estate concentrated its available labour on supplying since it did not having enough prepared land to plant. Conversely, the Albion Estate having 499 hectares of prepared land at the commencement of the 1st Crop did not have adequate labour to pursue both planting and supplying simultaneously. During the last quarter of 2018, the drier conditions experienced were not favourable for supplying, and hence this activity was curtailed.

2018 Supplying Summary								
Estate	First Crop 2018		Second Crop 2018		Year 2018			
	Budget	Actual	Budget	Actual	Budget	Actual	Variance	% Ach.
AN	195	65	314	16	509	81	-428	16
BCF	78	680	163	124	241	804	563	334
ICBU	216	439	216	234	432	673	241	156
Industry	**489**	**1,184**	**693**	**374**	**1,182**	**1,558**	**376**	**132**

Table 6: Budgeted and Actual Supplying achieved in 2018

All Estates are experiencing a gradual decline in the availability of labour for the three main activities of planting, supplying and infield drain-digging which are routinely done by the same set of workers. As such, Estates have found it difficult to execute these activities simultaneously, and are generally inclined to concentrate the available labour on planting.

Planting

Newly planted cane plants

Agro-Chemicals Availability

During the months of January and February 2018, Estates suffered from the shortage of ammonium sulphate and urea fertilizers, while having 3,260 hectares of fertilizing outstanding from the previous crop (2nd Crop 2017). Stocks of these and other fertilizers available on the vested estates were transferred to the continuing ones so as to alleviate the impact of the shortages. To continue the fertilizing programme the available stock of di-ammonium phosphate (DAP) fertilizer was also added to ensure canes received the recommended doses of nitrogen. Between March and mid-May 2018, all of the fertilizers required for the remainder of the year had been delivered.

Herbicides such as ally, 2, 4-D amine and glyphosate were in short supply during the 1st Crop, only stabilizing during the off-crop season following their delivery in July 2018. The procurement of these agro-chemicals, inclusive of all fertilizers, is now done on an annual basis, so as to benefit from the reduced unit cost. However, this approach has led to there being occasional inadequate capacity on the respective Estates and the Blairmont Central Stores.

Crop Husbandry Work Programmes

The timely application of both low grade phosphate rocks (LGRP) and fertilizers was also affected throughout the year by labour shortages, and by downtime on the mechanical applicators and tractors. The application equipment available on all estates is aged and not reliable. As a result, Albion and Blairmont Estates in particular have had to focus their available labour on LGRP application during the land preparation periods, at the expense of timely fertilizing of canes. At December 31, 2018 the Estates had a total of 2,481 hectares of unfertilized canes.

However, some improvement has been made in the use of the LGRP spreaders, particularly at Albion where the equipment was used in the converted fields in the Expansion “C” section. A high-clearance tractor and fertilizer applicator previously used on the East Demerara Estate was transferred and is now being shared between the Berbice Estates. This machine is also being used with the chemical boom-sprayers on both Estates.

The shortage of labour, particularly on the Berbice Estates continues to affect the timely relieving and cleaning of harvested field, further delaying, and in some instance preventing, the application of pre / early post-emergent herbicides. At the end of 2018, the Albion and Blairmont Estates respectively had 218 and 365 hectares of ratoon canes that had passed the age for application of these herbicide treatments.

Estate	Plants	Ratoons	Total
Albion	166	1,223	1,389
Blairmont	104	726	829
Uitvlugt	135	128	263
Industry	**404**	**2,077**	**2,481**

Table 7: Fertilizing outstanding as at December 31, 2018

Rodent and Chemical Weed Control (CWC) work were similarly affected by shortages of labour, a situation that is worsening on the Berbice Estates. To compensate for this, optimal use were made of boom-sprayers and the aircraft for herbicide application when conditions were favourable, and rodent-control work was intensified during the out-of-crop periods, with the aid of cane harvesters.

Rodent Control

The level of rodent damage on all three (3) Estates has reduced, when compared to that observed during the 2015-2017 period, and following the previous *El Nino* season. Intensive and integrated pest management practices continue to be employed, resulting in better control of the pest. During the year, the cultivations were repeatedly hunted, baited and surveyed. Pre-harvest circle-burning was done in most areas as a proven means of trapping larger amounts of the pest. At the end of the year, the average Fresh Stalk Damage (FSD) for each of the three (3) Estates ranged between 0.10% and 0.14%, well below the economic threshold level of 0.50%.

Infield Drainage

Over the years, Estates' declining ability to effectively maintain their fields' internal drains have led to poor drainage, which in turn negatively impacts cane growth while encouraging the proliferation of weeds and other pests. Estates continued to be under-equipped to effectively rehabilitate ratoon drains mechanically, and are forced to concentrate the available machine hours on the preparation of drains in tillage fields.

During the 2nd Crop of 2018 seven (7) new tractors equipped with rotary drain-ditchers (Dondi) were acquired and distributed among the three (3) Estates. Overall achievement for the year 2018 improved to 94% as compared to the 33% of the budgeted drain-digging achieved in 2017.

The Uitvlugt Estate was able to maximize its use of the equipment available within its own cultivation; however, the private farmers were yet to cultivate all of the allocated lands and make full use of the facilities provided by the estate, which includes rental of equipment.

Water Management

In January 2018, Cabinet granted approval in principle for Guysuco to be contracted to undertake operation and maintenance of drainage and irrigation systems at all Estate locations. Towards this end, two (2) memoranda of understanding (MOU) were signed between Guysuco and the National Drainage and Irrigation Authority (NDIA) for all Estates (Sugar producing and those that were vested to NICIL – SPU) and for the Torani Canal, respectively. Monthly invoices were submitted by Guysuco upon which payments were made by NDIA.

Three (3) new houses at the Torani Canal Tail Regulator on the Canje Creek and one (1) new house at the Head Regulator on the Berbice River were handed over to the Gate Attendants on 19th July 2018. The construction of these houses was funded by the NDIA through a warrant to GuySuCo during the last quarter of 2017.

The Balthyock and Zorg-en-Hoop facades and main side lines at Blairmont Estate were surveyed by the Estates' Surveyors during 2018. Longitudinal profiles based on the survey data were submitted to the Estate's management, indicating the extent of de-silting required to bring those drainage channels to their required design profiles. Due to the extensive excavation required, only one-third of this work was done during 2018, but it is expected that this will be completed during 2019.

At a meeting of May 10, 2018, a decision was taken to determine the width of reserve left between the top edge of the Good Hope/ Lusignan facade and the cadastral boundary of lands previously sold, with the aim of retrieving small portions of lands from the purchasers to cater for a drainage reserve in the order of fifty (50) feet. The latter is required for proper maintenance of the wide facade drain and thus adequate conveyance of water to the six (6) pumping units there.

Detailed inspection of the Albion No. 1 drainage / recirculation pump was done and a recommendation made with a view towards a temporary fix. The foundation is severely undermined through seepage from the high level discharge basin. It is pertinent to note that in Booker Tate's June 1992 Visit Report (referred to as the Donaldson's Report) it is stated, among other things, that *"… due to foundation problems, the station must be renewed".*

Foundation problems at the Ankerville No.1 drainage pump (Albion Estate) were also investigated, as being potential reasons for the extensive cracking observed throughout the pump house, and differential sinking of the structure inclusive of support columns. However, this will need to be further probed to determine the extent of the foundation's failure and to advise if remedial work can be done.

Field inspection at Blairmont for soil compaction

Rat catching at Uitvlugt

Agricultural Statistics and Information Management Systems

The Agricultural Statistics arm of the Department continued to aggregate and collate agricultural production data from all Estates, and to facilitate the use of such data as means of monitoring progress, timeliness of agricultural operations and the use of resources on the estates. The continual improvement of the daily and weekly operation reports, the Field Record System (FRS), the training of Estate personnel in the use and updating of these in-house monitoring tools, were key areas of focus for this sub-department.

Also, during 2018 the Statistics Unit continued to provide agriculture data management services to the centre and the estate locations. Reports highlighting trends and systems to build on the historical pool of data were the central focus of the Department's activities;

Agricultural Engineering

The primary objective for the Department was farm mechanization, the general focus of which was improving the agricultural productivity of the three (3) remaining Estates, with particular emphasis on the progressive conversion of all cultivations to "machine-friendly" agricultural operations. During the 2nd Crop, a total of 156 hectares were completely laser-levelled and shaped in the broad-bed layout in the Expansion "C" section of the Albion Estate. Favourable weather allowed for the target of 112 hectares to be exceeded, while 121 hectares were planted semi-mechanically. The beds in these fields were shaped and sub-divided into four (4) panels of 100m-200m length each, prepared in such manner to facilitate better surface drainage, and to reduce the need for excessive movement of top-soil in the shaping process.

Further mechanization of agricultural operations is premised on improved cost efficiencies (benefits), and as a means of compensating for the steady reduction in labour available to effectively carry out field operations. Albion Estate is the largest of the three (3) Estates remaining under Guysuco, and field mechanisation has been prioritised there due to its agricultural operations still being highly labour intensive. With a worsening shortage of labour on this Estate that has continually affected the timeliness of agronomic operations, it is important that mechanization be pursued.

Currently, Guysuco has five (5) Buhler Versatile 290hp tractors equipped with laser-levelling equipment stationed at the Albion Estate, and of which only three (3) are operable. While the required spares have been ordered for the two (2) machines that are currently not-operable, the supplier has had some unexpected delay in procuring same due to the advanced age and rarity of the machines (in production 2003-2008). These machines will soon have to be replaced, given the difficulties associated with their maintenance.

The Agriculture Services Department in 2018 continued to monitor the availability and utilization of agro-chemicals, field tools and personal protective equipment (PPE), and to liaise with the Procurement and Contracts Management Department (PCMD) and Occupational Safety and Health Departments (OS&HD), respectively to ensure timely availability of the required inputs.

Routine visits are conducted on Estates to inspect work standards for land preparation, planting, drainage and crop-husbandry works, and harvesting operations. These visits also facilitated identification of critical issues affecting operations and production, sequencing of field operations and work planning with agriculture staff to address these. On such visits, record-keeping for the various work activities and the condition of agro-chemical inventories and storage facilities were normally examined.

Emanating from such field visits were reports on work quality, particularly sub-standard work and instances of inadequate planning and organizing of work, with recommendations on how improvements could be made, and for better, more efficient utilization of the available equipment, labour and other resources.

Buhler Versatile 290HP Tractors equipped with laser-levelling equipment

Sugar cane plants at Expansion "C" Albion

AGRICULTURE RESEARCH

In 2018, the Agriculture Research Department's scientists continue to monitor and provide technical advice to the Estates where necessary. Emphasis continued to be placed on the High Quality Selection Programme which is being run with close cooperation with the High Quality programme of the West Indies Sugar Central Sugarcane Breeding Station.

The year 2018 commenced with 101,290 seedlings, 6,096 clones and 1,640 varieties at the stages I to III phases of evaluation. In fulfilment of the Department's objectives; 1,113 seedlings were advanced for clonal evaluation, 175 clones were advanced to stage III and assigned their permanent identification numbers and 24 varieties were planted in formal trials. 5,367 seedlings were also planted for evaluation at stage I, 1,730 of which were planted to facilitate the analysis of 32 crosses as family. Significantly for the Department is the advancement of D 9824 to commercial production following several years of evaluation.

The Corporation's Biological Control Programme for the major stem borer pest species; *Diatraea spp.,* continued with further success in the laboratory rearing, field releasing and establishment programme. Rearing and releasing continued at the three (3) Estates and at the Central Bio-Control facilities at Agricultural Research Centre (ARC). A total of approximately 4,332,191 Cotesia adults were produced in the laboratory.

Routine monitoring activities for the major pest specie i.e., the sugarcane rat (holochilus brasiliensis); were carried out on all estates across the industry and damage levels were below the average 0.5% fresh stalk damage. A total of 46,160 running hectares were surveyed across the industry and an average 0.1% fresh stalk damage was revealed. Also, strategic, prophylactic baiting was continuously carried out on all Estates.

The current weed management approach continues to emphasise pre-emergent or early post emergent herbicide applications. Screening new formulations and combinations, for efficacy and phytotoxicity continued at all Estates. The use of metribuzin as an early to medium post emergent herbicide was successfully evaluated and will be in commercial applications in 2019.

The Department continues to work to with the Ministry of Agriculture (MOA), the Pesticide and Toxic Chemical Control Board (PTCCB) and Environmental Protection Agency (EPA) on safe working area and practices for aerial application of agrichemicals. Nine (9) spray droplets evaluations were conducted in 2018. These indicate at a possible reduction in the no-fly zones.

In 2018, the Central Analytical & Environmental Monitoring Services (CAEMS) carried out twenty three thousand, two hundred and ninety three (22,293) analyses on four thousand, nine hundred and fifty five (4,955) samples. The majority of these analyses were required for the monitoring of routine operations and research projects carried out by the Corporation's Agriculture and Factory Departments.

Albion's Estate Primary Nursery

GARU Stage V Variety: DB 0375

FACTORY OPERATIONS

In 2018, the Department's Engineering, Process and Project staff continued to provide technical support, training and reinforce developmental plans to improve efficiency and the quality of work at all Estates; as well, as monitor and provide advisory support to Estates where necessary.

2018 reflected an overall improved performance in key areas of operations and sugar production exceeded its budgeted/latest estimate target by 2%. Albion, Blairmont and Uitvlugt factories were the only ones left in operation after December 2017 since all the other mills namely; Skeldon, Rose Hall and Enmore (Wales ceased operations from December, 2016) ceased operations and were vested to NICIL – SPU for divestment.

The Engineering and Process Department placed added focus in the area of milling, boilers and power house operations to improve efficiencies and reduce usage of expensive fossil fuel (diesel). Improved performances were seen at Albion and Blairmont. Special attention was also given towards improving work standard and resuscitation of the planned maintenance system to improve maintenance planning and reduce unplanned equipment failures. The Project Department placed emphasis on capital works and new developments.

Production and Performance

Sugar Production achievement in 2018 was 104,641 tonnes surpassing the year's estimate of 102,497 tonnes by 2,144 tonnes with Key Performance Indicators (KPI) for Albion and Blairmont Factory being improved in the 2nd Crop except for the inability to consistently maintain budgeted grinding and kill to mill time.

However, Uitvlugt factory's performance was below expectation, especially in the 2nd Crop. The factory suffered from several mechanical failures and was not able to achieve most of their KPIs. The inconsistent grinding pattern did not aid in the recoveries which contributed towards high usage of fire wood and diesel fuel.

Uitvlugt factory also suffered a major failure of the #2 Knife shaft and turbine on 11th August, 2018, while in the process of starting grinding operations for the 2nd crop. The failed turbine and knife shaft were replaced and grinding operations eventually commenced on 19th August, 2018. A similar turbine was taken from the now non-operational LBI factory while an old knife shaft was reused.

Emphasis continued to be placed on developing new measures to process mechanically harvested canes, while focussing on inducing systems to aid removal of the expected increase in extraneous matter and to deal with higher volumes of mud in the clarification process, especially during damp harvesting conditions; as such, experiments are being done to examine the settling rate with new types of flocculants.

The ISO: 9001 re-surveillance audit was successfully completed in 2018 thereby reflecting no non –conformances.

Major challenges continued to be the timely acquisition of spares especially in cases of obsolete equipment which posed enormous difficulties in maintaining the factories; hence reliability was compromised in some instances. Also, the capital plan for 2018 was not achieved due to the unavailability of funds.

During the latter part of 2018 the Enmore Packaging Plant was re-started and some of the severed workers were contracted to operate the plant to package sugar supplied by Blairmont Estate.

Also, during the 2018 the management of NICIL – SPU temporarily re-hired a cross section of the severed employees to operate the Enmore and Skeldon factories for a short period of time in the first and second crop of 2018, to produce high test syrup and molasses respectively. Enmore factory operated from 20th March to 12th April, 2018, producing 587 tonnes of high test syrup and Skeldon factory from 23rd October to 7th December producing 3,784 tonnes of black strap molasses. This Department provided technical assistance on the maintenance and operation of the two (2) factories whenever requested.

The parameters that affected recoveries and sugar quality continued to be monitored and improved outcomes were realized through the introduction of reliable operational and laboratory practices, the treatment of final molasses for better exhaustion, correct application of biocide to minimize inversion losses and the application of phosphate in juice treatment among others for better sugar quality.

There was a marked improvement in the sugar quality and which was noticeable in the 2nd Crop. Blairmont Estate produced the best product for export and local sales.

There were some areas of concern that plagued the operations such as the inline scales for juice, sugar and molasses. These scales malfunctioned mainly due to worn-out parts. The Department is working through the planned maintenance system to improve this situation.

Training

The skill base in factories remained weak; as such, training, both on and off the job was intensified in the area of process control, given the difficult juices that had to be handled periodically. Notable weaknesses also existed in the operation and maintenance of instruments, turbines and governors. Recommendation is being made for necessary external assistance to help to bridge the gap and develop factory personnel for successful operations. Classroom training was conducted for Production Managers, Head Laboratory Technicians and Quality Managers of the Corporation. Further on-the job training/mentoring was carried out during regular visits to the estates in order to improve the competency of these operatives. Renewed emphasis was placed on improving process control techniques. During the dull season, the opportunity was taken to intensify training sessions aimed at developing the planned maintenance system and improving engineering standards in the operation and maintenance of boilers and turbines.

New Initiatives and Projects

Some new initiatives currently at the planning stage are as follows:

- Bottling small quantity of molasses for sale.
- Upgrade and expand packaging facilities at Blairmont.
- Production of soft brown sugar in commercial quantity.
- Designing of a system at Albion Estate to accept canes transported via trucks.

The following projects were implemented whilst there are some in progress during 2018:

- The EU sponsored feasibility study entitled "***Evaluation of Alternative Processes for the Production of Plantation White Sugar Processing Plant and Relocation of Packing Plant from East Demerara to Albion***" by Cardno Emerging Markets (UK) Ltd. The final report for this study was submitted in September 2018 with four (4) options. Preference was given towards constructing of a new plant using the re-melt process and the implementation of the project now awaits availability of the funds.

- ***Solar Installation at the new GuySuCo Head Office at LBI.*** A proposal to install 120KW (peak power) ground base solar panel was submitted to Guyana Energy Agency (GEA) in 2017. Installation work commenced in last quarter of 2018 and this was due for completion in February 2019.

- ***Relocation of Cane Gantry, Cane scale, Feeder table &Auxiliary carrier from Wales to Uitvlugt Factory.*** This project at Uitvlugt factory was required so as to enable the offloading of farmers' canes which are hauled by tractor and trailer and was necessitated by the closure of Wales factory in December of 2016. These canes were previously supplied to Wales factory by small farmers and cooperatives. The contract was awarded to Nabi Construction Inc. and work commenced during March 2017 and the Gantry and other equipment commenced operation in 1st crop 2018 to unload farmers' canes. Encouraging results were obtained whereby average weekly grinding hours at Uitvlugt shows 10% improvement from previous years. This is likely to rise further with improved factory performance and more farmers supplying cane.

- ***Replacement of #4 Vaccuum Pan at Albion.*** Having identified the need to replace the old cast-iron #4 pan at Albion with a similar mild-steel pan from the old Skeldon factory, work was completed to remove the Albion #4 pan during 2018 mid-year off-crop period. The contract to dismantle, transfer and erect the identified pan from Skeldon to Albion is awaiting Central Tender Committee (CTC) approval. This work is slated for completion in 2nd Crop, 2019.

- ***Relocation of 2.5 MW Turbo-Alternator set from Wales to Blairmont factory.*** This 2.5 MW TA Set will improve the steam generated power at Blairmont factory and reduce the use of fossil fuel (diesel) during the cropping periods. Consensus was reached between Factory Operation Department and Blairmont Management to decommission the #3 Blackstone Diesel Generator which has surpassed its useful life and incurring high maintenance cost. The Blackstone Engine base will be modified to accommodate the 2.5MW TA Set. This contract was awarded to Yunas Civil and Building Construction Services and installation work has commenced.

- ***Rehabilitation of Sugar Packaging room and Storage Facility at Blairmont Estate***. This contract was awarded, on 28th December 2017, to 4A Engineering Enterprise. However, insufficient time was available during the 2017 year-end off-crop at Blairmont to undertake this job and was rescheduled to the mid-year off crop period. Work commenced on 2nd May, 2018 and was expected to be completed before the commencement of the 2nd crop grinding operation. This project was not fully completed due to default of the contractor. The contractor pleaded for leniency and management granted him extension with the hope of having the remaining work completed before the commencement of 1st crop 2019.

- ***New Molasses tank at Uitvlugt Estate.*** This contract for the fabrication and erection of the new molasses tank with mild-steel material supplied by GuySuCo, already rolled and cut to size was awarded to GNIC. Work was originally scheduled to be undertaken during the 2017 year-end off-crop period but due to the delayed timing in having the tank available the contract was reschedule to 2018 mid–year off crop period. This project was completed and the tank is in use.

- ***Replacing mooring bollards and roof over #1, 6 and 7 conveyor at DST.*** Several bollards for mooring of ocean going vessels were dislodged due to aging and had to be replaced. The leaking roofs over number 1, 6 and 7 conveyors were also replaced. These contracts were completed by Yunas Civil and Building Construction Services.

- ***Rehabilitation of intake water structure at Blairmont Factory***. The raw water intake channel is undermined and is in a state of collapsing. Bids for the tender were received and evaluated; and now awaiting Central Tender Committee's (CTC) approval. This project is scheduled for execution after conclusion of the 1st crop 2019.

- ***Rehabilitation of mill dock revetment at Albion Factory***. The mill dock revetments have deteriorated; it permits undermining of cane gantry and other surrounding equipment foundation. Bids for the tender were received and are being evaluated. This project is scheduled for execution after the conclusion of 1st crop 2019.

- ***Modify cane receiving area at Albion to facilitate off-loading of canes via truck***. Mechanized harvesting of canes has to be intensified due to the dwindling of the manual labour force. It is envisaged to introduce transportation of the machine harvested canes via trucks which require modification of the axillary cane carrier to accommodate offloading of the trucks. Planning and design is being done for implementation in 2nd crop 2019.

- ***Production of soft brown sugar***. Due to the low price being obtained for raw bulk sugar and the high cost of production more focus is being made on the value added product and other areas to improve revenue. One such measure is the production and packaging of soft brown sugar; marketing exploration and designing of the system are in progress.

- ***Planned expansion of Blairmont and Uitvlugt Factories sugar bond.*** New sugar bonds are needed to boost sugar storage capability. Additional packaging machine will be acquired and installed at Blairmont Estate. Project details are being acquired to commence the design.

- ***Replacement of #3 & #4 Boiler Chimney at Uitvlugt.*** The present chimney has outlived its usefulness and requires replacement.

- ***Major Overhaul of Caterpillar Diesel Generators.*** Overhaul was completed for #2 Generating Set at Blairmont and Enmore Power House and CTC approval was granted for overhaul to the #2 Generating Set at Albion Factory and this job will be done in the 1st crop 2019.

- ***Drainage Pumps.*** The 1.0MW Caterpillar Generating Set for Montrose #5 submersible drainage pump had failed and a new replacement was procured. New generator is expected to arrive in the 1st crop 2019. Also, CTC approval was granted for the major overhaul to Caterpillar engine at Ogle, De Willem and Vriendschapp; these jobs will be executed in the 1st crop 2019. The major overhaul to the Cummings Engine for Hope #1 drainage pump was completed.

Milldock revetment at Albion

Milldock revetment at Albion

Milldock revetment at Albion

Milldock revetment at Albion

HUMAN RESOURCES

As a result of the separation of 4,269 employees including senior staff in the previous year (2017) the Human Resources Department focused on the new direction for the sugar industry. Managing the changing environment in which smaller groups were severed at Enmore and Skeldon Estates also presented opportunity to bolster certain functions by retaining critical staff for the Human Resources function of the company.

There were twenty seven (27) Senior Staff appointments in 2018 i.e. twenty two (22) of these appointments were on the three (3) remaining Estates, two (2) were assigned to the Aircraft Department, one (1) to Ogle Diagnostic Centre, one (1) to Finance and one (1) on contract with the Drainage and Irrigation Unit of the Agriculture Services Department.

Eleven (11) persons were promoted during the year 2018; two (2) at Information Systems Department, two (2) at Albion Estate whilst, one (1) person each in Human Resources, Legal Department, Audit Department, Training and Development, Marketing, Agriculture Services and Finance.

Twenty one (21) persons were transferred to other positions during the year 2018, seven (7) to Blairmont Estate, five (5) to Albion Estate, three (3) to Uitvlugt Estate, three (3) to Human Resources Department; two (2) to Marketing and one (1) to PCMD.

During the year there were fourteen (14) resignations by Senior Staff across the Corporation, four (4) persons proceeded on early retirement and nine (9) persons on normal retirement. Extensions of services were granted to four (4) staff beyond the end of normal retirement.

Training and Development

Induction programmes were conducted for fourteen (14) staff during the year. There were four (4) new recruits, six (6) promotions, two (2) transfers and two (2) reappointments during the year.

Internal training was conducted on eighteen (18) topic areas and which were prioritized for Senior Staff. These topics were administered in forty one (41) training sessions and eight hundred and forty six (846) staff were trained; while, seven (7) external training sessions were held and forty nine (49) staff attended. Staff were also encouraged to pursue self-paced and free online training.

Six (6) Cadets graduated from the University of Guyana having completed the Bachelor's Degree in Agriculture and reported for duty on the Estates. There are seven (7) Cadets remaining at the institution and five (5) of whom will graduate in 2019. Also, a third year Electrical Engineering student at the University of Guyana commenced a 9-months industrial attachment at Blairmont Estate as of December 1, 2018.

Training evaluation is conducted at three (3) levels in the Unit i.e. workshop feedback, pre and post tests and on-the-job evaluations. Workshop feedback is conducted at the end of each training session for staff views on the general conduct of the workshop, the pre and post tests are conducted to measure the degree of knowledge the employee being trained has before and after the training. The on-the-job evaluations measure the degree to which staffs have transferred the knowledge gained at training programmes attended to the job.

Financial assistance continued to be provided annually in the form of assistance to study and bursaries. Five (5) staff members from Human Resource, Audit and Finance Departments received assistance to study to pursue studies in their respective disciplines and bursaries were awarded to seventy three (73) children of employees from Head Office and Estates who wrote the CSEC and CAPE/GCE examinations.

Guysuco Training Centre – Port Mourant (GTC-PM)

The year 2018 was marked by the 57th Apprentices Graduation Ceremony held on July 3rd whereby, fifty six (56) apprentices graduated after successfully completing the four (4) years Apprenticeship Programme, except for Sugar Boilers who completed a three (3) years programme. The areas of training included electrical, fitting and machining, auto electrician, agriculture mechanic, instrument repair mechanic and sugar boiling technology.

It should be noted that there were no new intake for 2018 due to the closure of Rose Hall, Skeldon, Wales and East Demerara Estates. However, 3rd and 4th years Apprentices from those estates were deployed to Albion, Blairmont, and Uitvlugt Estates. Additionally, the Skeldon cohort was absorbed by Skeldon Energy Inc. (SEI). Currently, there are 3rd and 4th years Apprentices undergoing in-plant training at the Albion, Blairmont and Uitvlugt Estates.

In the absence of an Apprentice intake for 2018 some staff members of the institution were relocated to the Berbice Estates in order to enhance their exposure of production related activities on the Estates. This in-plant training also allowed the staff to keep abreast with the current changes in the industry.

During 2018 the Industrial Skills Training Enhancement Programme (INSTEP) was conducted by the GTC-PM in collaboration with the Ministry of Natural Resources whereby each participant was required to complete one hundred and twenty (120) hours of training time, after which ninety nine (99) of the students graduated.

The GTC-PM continued collaboration with the Board of Industrial Training (BIT) in offering its evening class programmes and during 2018 ninety one (91) persons graduated in the 7th cohort.

The management of the GTC-PM commenced dialogue with Technical Vocational and Educational Training (TVET), with the objective of adapting the format that will facilitate certification from the body.

GTC-PM Graduating Class of 2019

Occupational Health & Safety

There were one hundred and forty five (145) Occupational Health and Safety (OHS) meetings held across the Corporation, whilst the members carried out one hundred and sixteen (116) inspections prior to the meetings, and unearthed eight hundred and ninety seven (897) safety violations. However, by the end of the year just about 85 % of the violations were corrected. In addition to OHS Committee members, Front Line Managers and Estate Health and Safety Officers (EHSOs) identified a total of 2,192 safety violations during their routine inspections and approximately 68 % were corrected. The Agro-Chemical Safety Committee, the body that is responsible for overseeing the pesticide standard across the Corporation convened four (4) times during the period under review.

Fire Fighters across the Company responded to thirteen (13) incidents of fires. There were six (6) responses on the estates, the most significant was the fire that destroyed the dwelling house in the LBI Compound, whilst the others were of minor nature and caused little or no disruption to operations. It is pleasing to note that there were no personal injuries. The fire crew also responded to seven (7) fires off locations.

A total of five thousand and two (5,002) employees received safety specific training and which included field and factory safe working practices, Guysuco's Safety Policy, duties of workers and employer, hazard identification, fire and emergency responses.

Estate	2018 Attendance
Albion	1,588
Blairmont	2,363
Uitvlugt	1,006
Head Office	45
Industry	**5,002**

TABLE 8: Attendance at Health and Safety training sessions during 2018

In 2018, Lost Time Accidents (LTA) frequency rate or LTA/100km-hrs slipped backwards on gains made in 2017 by 15 % to 4.56. The average time spent off the job due to a LTA was eighteen (18) days, a worrying sign, but due in part to the road accident involving a labour lorry of Blairmont Estate that accounted for a sizeable percentage of the overall days lost. In total, there were five hundred and sixty (560) lost time accidents; however, there were no fatalities.

Overall the lost time accident frequency rate for the industry was 4.56, a poor result. Individually, Albion recorded a frequency rate of 3.65, the best, whilst its improvement on the previous year was 6 %. Uitvlugt followed next at 3.95, with even better progress of 9%. Blairmont started well but 52 lost time accidents from a single lorry accident in April condemned that estate to a rate of 7.12, its second worst in 10 years (2016 = 13.37) and it even slipped back on gains made in 2017.

Both positive and negative lessons were learnt from three (3) major incidents that occurred during the year and they are as follows:

a) Labour Lorry accident at Blairmont Estate.
b) Failure of the No. 2 Knife and turbine at Uitvlugt Factory.
c) Fire that destroyed the dwelling house at LBI Compound.

The industry lost 10,310 man days due to lost time accidents, at an average of 18 days per case, a dreadful result. This meant on average, the injured spent 18 days off the job as a result of a lost time accident; and must be cause of anxiety, if not about the seriousness of the injuries, the absenteeism when attendance, especially in the Agriculture Department is already a major issue. The gap between the best, Blairmont with 16 days per case and Albion 21 is huge and unless in Albion cases it was influenced by a high percentage of serious injuries, this issue must be a subject for discussions at the earliest medical staff meeting.

There were 1,452 Minor Accidents (incidents resulted in persons being off the job for less than 8 hours or 1 shift. Estates can learn from these incidents but they must first be reported and investigated, and a programme developed to target their root causes. The Industry's Minor to

Lost Time ratio (MLR) has moved to 3:1 but is still a shortfall on 5:1 to 30:1(International best practice), and only Uitvlugt at 5:1 turned in performance better than the industry's average.

Similarly to Minor Accidents, the emphasis has been to encourage the reporting of Near Misses/Plant Damages (NM/PD), and all locations collectively reported 469 of these incidents. Although this resulted in an overall higher frequency of reported events, the objective is to use all these reports to further develop hazard trends and implement safety strategies.

Unsafe Working Behaviour (UWB) don't result in injury to anyone but keeping a track of them offer a second chance to put the potential causes of accidents right before they actually cause an accident. Often, they require little or no finance to implement corrective action. One thousand, seven hundred and eighty three (1,783) UWBs were reported. Individually, 679 were recorded at Blairmont, followed by Uitvlugt (635) and Albion (469).

Months	Ave.# of Employees	LTAs' inc. Fatalities	Minor Accidents	Total Accidents	Manhours Worked	LTAs' per 100khrs	Ave. Lost Days/case
Jan	4,149	8	36	44	631,800	1.27	11.00
Feb	5,824	21	81	102	719,382	2.92	16.48
Mar	8,064	62	174	236	1,821,623	3.40	13.92
Apr	7,269	93	111	204	1,180,756	7.88	14.13
May	6,094	70	118	188	894,342	7.83	21.70
Jun	3,774	20	83	103	646,952	3.09	38.70
Jul	3,669	22	57	79	749,769	2.93	34.50
Aug	5,538	28	131	159	889,604	3.15	78.99
Sep	7,219	78	186	264	1,479,800	5.27	15.12
Oct	6,784	48	127	175	907,014	5.29	20.48
Nov	6,820	54	135	189	1,183,908	4.56	18.11
Dec	5,858	56	209	265	1,146,275	4.89	15.04
	5,922	**560**	**1,452**	**2,000**	**12,273,111**	**4.56**	**18.41**

TABLE 9: Lost Time Accidents

LTAs' per100khrs = the frequency of lost time accident in every 100,000 hours worked

Ave. day per case = average days spent off the job due to a lost time accident

Central Workshop - Albion Estate

Industrial Relations

The Corporation recorded a total of forty three (43) strikes resulting in 10,449 mandays loss in 2018. The Cane Harvesters accounted for a total of thirty five (35) strikes with 9,168 mandays loss at (81.3 % and 87.7% respectively) when compared to the total strikes and mandays loss as they continued to demand exorbitant prices for obstacles, non-acceptance of work, demand to cut and stack, etc.

A total of twenty seven (27) tax free days' pay were awarded to qualified employees as weekly production incentive (wpi) across the industry, comprising of six (6) and twenty one (21) days for the 1st and 2nd Crops respectively. The Corporation having surpassed its 2018 sugar production target awarded all qualified employees three point seven (3.7) days' pay as a Production Bonus.

GuySuCo and GAWU/NAACIE Wages and Salaries Negotiations

The GAWU and NAACIE submitted their respective memorandum of claims on August 30, 2018, for fifteen (15) percent and on October 8, 2018, for a twenty (20) percent increase in wages and salaries along with fringe benefits for 2018. The inaugural meeting was held with both Unions' on October 30, 2018, where the Corporation updated the parties on production, highlighted the challenges facing the industry and confirmed their proposals. A second meeting was held on November 8, 2018 when the Finance and Marketing Director updated the Unions on the year to date 2018 financials, production and marketing outlook.

Subsequent meetings to commence discussion on their respective fringe benefits were held with GAWU on November 14 and NACCIE on December 11, 2018.

The late start of these discussions resulted in the parties being unable to complete talks in 2018. This was rolled over to 2019.

Estates Closure and Employees Redundancies

Further to the closure of Skeldon, Rose Hall, East Demerara Estates on December 31, 2017 and the closure of Wales Estate on December 31, 2016; on October 29, 2018 the Industrial Relations Department was mandated to address and complete the redundancy process by December 31, 2018 for those employees who were retained and were no longer required at the four (4) vested estates.

In keeping with the mandate, the Industrial Relations team commenced the process of engaging the remaining employees at the vested estates' on their employment status. Their bio data were collated and shared with the Unions and the parties met subsequently with each employee and completed the process in December 2018.

Wales Estate's Cane Harvesters

The Corporation's Industrial Relation team and GAWU Central Officers met on October 23-24, 2018 with the Wales Harvesters (list of 241 persons) who did not take up work at ICBU and confirmed their bio data in keeping with the Judge's Orders. Likewise, upon the advice of the Corporation's Legal Secretariat, subsequent meeting were held on December 4, 2018 confirming the bio data for those harvesters (list 107 persons) who went and work at ICBU.

The severance computations were verified by the Internal Audit Department and the Head Office Finance Department commenced severance payment in December 2018.

Restructuring and Rationalisation of the Estates' Agriculture Department

The Corporation and the Unions (GAWU and NAACIE) along with the Supervisory Field Staff were engaged during the period: March to May on the restructuring and rationalisation process on the three (3) Estates. The new structure was installed effective July 1, 2018 and all the affected parties were informed in writing of their placement along with their new job descriptions.

The Head Office Human Resources Department then engaged the Parties (GAWU and NAACIE) in evaluating those jobs for which new job descriptions were developed. A refresher job evaluation training programme was completed for both the Corporation's and the Unions' team. The Corporation agreed that the implementation date for the results emanating from evaluation shall be effective July 1, 2018.

MARKETING

The inevitable erosion of the traditional trade preferences in Europe and the reform of the EU sugar regime, the Corporation have heightened its effort to focus on meeting the needs of the local markets as well as those within the Caribbean.

During 2018 continuous efforts were made to maximize sugar sales whereby customers were given increased sugar quotas and new customers were taken on board once they have the necessary credentials. The Department also reached out to defaulting customers so as to understand the reason for defaulting on their quotas and it was explained that it was uneconomical for the customers to pay the transportation cost due to small quotas; hence their quotas were also increased.

The domestic market was adequately supplied with both bagged and packaged sugar during the year under review even though the Enmore Packaging Plant (EPP) was used temporarily during the latter half of 2019 to package sugar that was produced and transported from Blairmont Estate for the local market.

The sale of bagged sugars to the domestic market was carried out from Albion, Blairmont and Uitvlugt Estates during the period while packaged sugar sales were done at Blairmont and Head Office. All of the Corporation's products of sugar are currently available in shops and supermarkets around the country.

European Union

The Corporation's sugar exported to the European Union (E.U) benefited from duty free access. Bulk sugars to the E.U have been exported to Tate and Lyle Sugars. With the reform of the EU sugar regime where beet producers are not limited by the amount they can produce and export, the price obtained from Tate & Lyle for raw sugar purchased from the Corporation is more World Market related. As a result the Corporation continued to suffer from declining income derived from the sugar it sold into the EU. During 2018, a total of 45,758 metric tonnes of raw sugar was exported to the United Kingdom at an average price of US$260/MT.

USA

Pursuant to its obligations under the World Trade Organization (WTO), the United States of America (USA) granted to Guyana a duty free tariff rate quota of 12,636 metric tonne of raw value sugar for the Financial Year 2018 (1 October 2017 – 30 September 2018). As such, in year 2018 the Corporation was able to export to the USA 18,623 metric tonnes of raw sugar at an average price of US$483/MT. All sugars exported to the USA in 2018 were in raw bulk form.

Caricom and Regional Market

Being a part of the regional trade block Caribbean Community (CARICOM) the Corporation is able to trade its sugars without restrictions inside the block. In 2018 the Corporation supplied 12,374 tonnes of bagged sugars to member states. The countries supplied were namely: Trinidad, Suriname, Grenada, Antigua, St. Lucia and St Vincent.

The packaged sugar supplied to CARICOM in 2018 amounted to 2,869 tonnes. The Corporation experienced increased competition from other sugar producing countries within Caricom in the sales of its bagged and packaged sugar. Other sugar producing countries within Caricom experienced similar difficulties as the Corporation for the price of sugar sold to the EU. As a result, those sugar producing countries competed with Guyana for sales of bagged and packaged sugar into the Caricom countries. In the past Guyana was almost exclusively supplying brown sugar to Caricom countries.

Local Market
The sales performance of sugar on the local market continues to be dominated by the sale of bagged sugars. In 2018 the Corporation sold 16,483 tonnes of bagged sugar and 4,130 tonnes of packaged sugar. Totals sales to the local market amounted to 20,613 tonnes. All sugars disposed on the local market were sold to wholesalers, bakeries, food processors, supermarkets and our distributors.

Molasses
During 2018 molasses was sold mainly to Demerara Distillers Ltd (DDL) and this amounted to 49,278 tonnes.

Customer Service
The Marketing Department has continued to function in line with the Quality Management System of ISO 9001 with great emphasis on customer satisfaction. Research activities continue to assist the Corporation improving on its products and services which are an integral element of the department's work.

INFORMATION SYSTEMS

Information technology continues to play an ever increasing and important role in the company’s operations. This strategic choice reflects the recognition that technology - in general - is necessary to transform the company’s operations and with it, the fortune of the company. Through the use of appropriate information technology, the corporation can make its processes more efficient, improve the quality and timeliness of pertinent information for decision making, and improve accountability for actions and decisions, among other benefits.

In 2018, the focus was on extending the information technology in the company’s production processes, while continuously enhancing existing business systems. With regards to the former, the Information Systems Department (ISD) concentrated on developing non-capital intensive solutions given the company’s financial situation.

Three (3) successes in particular stood out for 2018, namely:

- Automation of the sugarcane weighbridge operations.
- Computerising the Estate’s factory laboratory operations.
- Completion of a proof of concept to utilise mobile devices to capture the details of work activities in the cultivation.

The weighbridge and factory laboratory pilots were completed at Albion Estate and both will be place into official use from the first crop of 2019 at that Estate. Further, these will subsequently be implemented at the other Estates.

The proof of concept was also done at Albion Estate. The information captured on tablets in the field is transferred to and stored on a central database. It is later sent to the payroll system for preparation of workers' payment, removing the need for the very labour intensive task of inputting such payment information. The solution will also substantially enhance accountability and the accuracy, reliability and timeliness of information from the fields. It will remove a lot of duplicated effort in preparing reports and ledgers, and help to reduce cost directly and indirectly.

The solution is now undergoing operational testing to ensure its suitability for prolonged use in the harsh environment of the cultivation and that staff can readily adapt the new way of capturing data.

In terms of continuously enhancing our existing business systems, the focus was on extending the functionality of these systems and optimizing their supported business processes.

Successes include:

- automation of the transfer of payroll costs to the general ledger;
- upgrade of the junior staff payroll at Albion;
- computerising of the pensioners' payroll;
- creating a computerised workflow for processing of annual leave among others.

As always, considerable importance is placed on the underlying IT infrastructure and the necessary skills and work culture to ensure the requisite level of availability, performance and security of our systems. This is even more important given the drive to increase the use of information technology in the production processes. As such, our phased upgrade of the communication infrastructure continued in 2018. Also, substantial attention was placed on our service desk operations, disaster preparedness, cyber security and staff training. These efforts led to the department exceeding its targets for service desk tickets resolution times and system availability.

As in 2018, the department through its hardworking and committed staff will continue to strive to enhance its operations and the value of information technology to GuySuCo, notwithstanding its limited resources.

REPORT OF THE DIRECTORS

For the year ended 31st December, 2018

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2018.

Principal Activity

The principal activity of the Corporation is the growing of sugar cane and the manufacture and sale of sugar and molasses from that cane.

Results and Dividends

The financial results of the Corporation are set out on pages 47 to 84.

In accordance with the policy of the Corporation for many years, no dividends are declared or payable.

Directors

The names of the Directors are set out on page 5. All the Directors are non-executive.

None of the Directors during the year had any material interest in any contract which is of significance in relation to the business of the Corporation.

Directors' remuneration is set out in note 14.2.2 to the Financial Statements.

Corporate Governance

The Board believes that its primary function is to generate sustainable wealth for the shareholder as the key stakeholder in the business. The Guyana Sugar Corporation Inc. recognises the importance and is committed to high standards of corporate governance. This report by the Directors covers the key elements regarding the application by the Corporation of the principles of corporate governance.

(a) The Board:

The Board comprises of eleven non-executive Directors (including the Chairman) and one executive Director (the Chief Executive). The Board considers that each Director is able to bring independent judgment to the Corporation's affairs in all matters. The Board meets not less than ten times a year. It is responsible for the strategic direction of the Corporation and receives information about the progress of the Corporation and its financial position each month. This information, together with papers required for each Board meeting, is circulated in a timely manner before each meeting.

The Board has established one (1) Committee with defined terms of reference i.e. the Central Tender Committee which evaluates all tenders for the supply of materials and services above predetermined levels. Also, established are three (3) Sub-Committees, namely, the Audit and Finance Sub-Committee, the Lands Sub-Committee and the Remuneration Sub-Committee.

(b) Internal Control:

The Board is responsible for the Corporation's system of internal control and for reviewing its effectiveness which is designed to provide reasonable (but not absolute) assurance regarding the safeguarding of assets against unauthorised use, the maintenance of proper accounting records and the reliability of the financial information used within the Corporation.

The framework of the Corporation's system of internal control includes:

- an organisational structure with clearly defined lines of responsibility and delegation of authority;
- documented policies, procedures, and authorisation limits for all transactions including capital expenditure;
- a comprehensive system of financial reporting. The Board approves the annual budget and actual results are reported against budget each month. Any significant adverse variance is examined and remedial action taken. Revised profit forecasts for the year are prepared on a quarterly basis;
- an internal audit function.

The system of internal control is designed to manage rather than eliminate risk as no system of control can provide absolute protection against loss.

The Directors are of the opinion, based on information and explanations given by management and the internal auditors, and on comment by the independent auditors on the results of their audit, that the Corporation's internal accounting controls are adequate and that the financial records may reasonably be relied upon for preparing the financial statements and for maintaining accountability for assets and liabilities.

Employees

Staff development and training are provided at all levels and emphasis is placed on both technical and personal development.

GuySuCo is committed to equality of opportunity amongst its employees.

Recruitment, terms of service and career development are based solely on ability and performance.

Pensions

The Corporation's senior staff Pension Scheme is established under an irrevocable trust. The Pension Scheme Management Committee includes employee representatives. The Scheme is managed by Professionals. Both the Committee and the Managers are required to act at all times in accordance with the rules of the Scheme and to have regard to the best interests of the members of the Scheme. The Management Committee controls the investment funds, which are managed by external fund managers. GuySuCo is committed to ensuring that the Scheme is administered in accordance with the highest standards. In addition to the senior staff pension scheme the Corporation pays an ex-gratia pension to those unionized workers who satisfy the qualification criteria for a pension. This scheme is unfunded.

Material events after year-end

National Industrial & Commercial Investments Limited (NICIL) and the Special Purpose Unit have been entrusted by Cabinet via Cabinet Decision Amend A – CP (2017) 5:4: O at the end of December 2017, to arrange and conduct the privatization and divestment of the former estates of the Guyana Sugar Corporation Ltd (GUYSUCO) which includes Skeldon, Rose Hall, Enmore and Wales Estates. Wales Estate ceased sugar production on December 31, 2016 while Skeldon, Rose Hall and Enmore Estates ceased sugar production on December 31, 2017.

GUYSUCO continues to exist as a Corporation under the Ministry of Agriculture and our shares are held by NICIL and sugar production continues at Albion/Port Mourant, Blairmont and Uitvlugt Estates.

Auditors

The Auditor General has audited the Financial Statements. For the financial years 1995 to 1998, inclusive, this activity was sub-contracted to Deloitte and Touche; for the financial years 1999 to 2003 this activity was sub-contracted to Ram and McRae; for the financial years 2004 to 2010 this activity was subcontracted to TSD Lal & Co; for the financial years 2011 to 2016 Parmesar Chartered Accountants were the sub-contracted auditors; for the financial years 2017 to 2018, Ram and McRae, Chartered Accountants were the sub-contracted auditors.

By order of the Board
Frederick Singh
Company Secretary
Registered Office
LBI Estate
East Coast Demerara

AUDITOR'S REPORT

Audit Office of Guyana
P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
Tel: 592-225-7592, Fax: 592-226-7257, http://www.audit.org.gy

AG: 69/2021

25 June 2021

REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF GUYANA SUGAR CORPORATION INCORPORATED
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

Chartered Accountants Ram & McRae Chartered Accountants have audited on my behalf the consolidated financial statements of Guyana Sugar Corporation Inc. and its subsidiary which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies as set out on pages 1 to 37.

In my opinion, the accompanying consolidated financial statements presents fairly, in all material respects, the consolidated financial position of the Guyana Sugar Corporation Inc. as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and Companies Act Cap. 89:01.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC), the International Standards of Supreme Audit Institutions (ISSAIs) and the Audit Act 2004. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Guyana, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

The Guyana Revenue Authority (GRA) has accepted the Corporation's proposal to discharge its then outstanding liability over a period of years (2011 – 2018), but as at the date of issue of this opinion the Corporation has not met all its obligations under the agreement. The Corporation had also requested a waiver of penalties and interest arising from this liability. The GRA has not formally responded to this request. Exclusive of penalties and interest payable under the tax laws, the amounts owing to the GRA at the balance sheet date amounted to $4.025 billion at the reporting date. The directors are of the opinion that the Corporation will not be assessed for any penalties and interest.

I draw attention to Note 29 in the consolidated financial statements which indicates that the Corporation has accumulated deficit of $108.898 billion as at 31 December, 2018. The validity of the going concern basis on which the consolidated financial statements are prepared is dependent on the continued support from the Government of Guyana. Should the Corporation be unable to continue in operational existence, adjustments would have to be made to bring the consolidated statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non – current assets and liabilities as current assets and liabilities.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial statements for the year ended 31 December, 2018. These matters were addressed in the context of my audit of the consolidated financial statement as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of Defined Benefit Liability (Employee Retirement Benefits)

The Corporation has accrued a defined benefit liability of $18.912 billion at the year end. This is considered to be a key item since assumptions that underpin the valuation of the defined benefit pension liability are important and also involve subjective judgements and the deficit balance is volatile and affects the Corporation's distributable reserves. Management has employed an actuarial specialist in order to calculate this balance and uncertainty arises as a result of estimates made based on the Corporation's expectations about long-term trends and market conditions.

How my Audit Addressed the Key Audit Matters

During the audit I reviewed the actuarial report for the year ended 31 December, 2018 and ensured that the information was presented and disclosed in accordance with IAS 19. I also obtained an understanding of the methodology and assumptions used by the actuary and assessed whether these were consistent with prior years and my understanding of the Corporation. I also reviewed the source data used by the Corporation's actuary and performed tests to ascertain the completeness and accuracy of the information therein.

Valuation and Impairment of Investments

The Corporation's investments totaled $745M as at 31 December, 2018 and consisted of the Corporation's share in the ownership of subsidiary company Lochaber Limited of $22M and available for sale investment in Republic Bank (Guyana) Limited of $723M. Investment in the subsidiary is considered a key audit matter since the valuation was based on an entity- developed internal method and not on quoted prices in an active market. There is therefore a significant level of uncertainty involved in the valuation. As a result, the valuation of these instruments was significant to the Corporation's audit.

How my Audit Addressed the Key Audit Matters

I audited Lochaber's Limited financial statements for the year ended 31 December, 2017. These were submitted to the Directors for signature. However, in 2018 an audit was not carried out on Lochaber's Limited due to the absence of any appointments and the uncertainty of the company. I also reviewed the company's policy on accounting for the various categories of investments and ensuring compliance with the relevant IFRSs.

Valuation of written down value of assets for wear and tear purposes

The Wear and Tear Schedule for the year shows an opening tax written down value of assets at $13.743 billion but the disposal for the year is shown as tax written down value of $27.851 billion. After allowing for wear and tear for the current year, the tax written down value of the assets shows a negative of $16.130 billion. While there are no immediate tax implications given that the Corporation has been recording substantial losses. The written down value of the wear and tear schedule should be reviewed and corrected as it would be critical to a final resolution of all tax matters with the GRA.

How my Audit Addressed the Key Audit Matters

This matter is pending and will be reviewed during the 2019 Audit.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and the Companies Act Cap. 89:01, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs and ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervisions and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

AUDIT OFFICE
OF GUYANA

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
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GUYANA

Ram & McRae
Chartered Accountants
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REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
GUYANA SUGAR CORPORATION INC.

Opinion

We have audited the consolidated financial statements of **Guyana Sugar Corporation Inc.** and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Emphasis of Matter section of this report, the consolidated financial statements on pages 1 to 37 present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and Companies Act Cap. 89:01.

Emphasis of Matter

The Guyana Revenue Authority (GRA) has accepted the Corporation's proposal to discharge its then outstanding tax liability over a period of years (2011 – 2018), but as at the date of issue of this Opinion the Corporation has not met all its obligations under the agreement. The Corporation had also requested a waiver of penalties and interest arising from this liability. The GRA has not formally responded to this request. Exclusive of penalties and interest payable under the tax laws, the amount owing to the GRA at the balance sheet date amounted to $4,025Mn at the reporting date. The directors are of the opinion that the Corporation will not be assessed for any penalties and interest.

We draw attention to **Note 29** in the consolidated financial statements which indicates that the Corporation has accumulated deficit of $108,897,604,601 as at December 31, 2018. The validity of the going concern basis on which the consolidated financial statements are prepared is dependent on the continued support from the Government of Guyana. Should the corporation be unable to continue in operational existence, adjustments would have to be made to bring the consolidated statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most importance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How Our Audit Addressed the Key Audit Matters
Valuation of Defined Benefit Liability – Employee Retirement Benefits The Corporation has accrued a defined benefit liability of $18,912Mn at the year end. This is considered to be a key item since assumptions that underpin the valuation of the defined benefit pension liability are important and also involve subjective judgments and the deficit balance is volatile and affects the Corporation's distributable reserves. Management has employed an actuarial specialist in order to calculate this balance and uncertainty arises as a result of estimates made based on the Corporation's expectations about long-term trends and market conditions.	During the audit we reviewed the actuarial report for the year ended December 31, 2018 and ensured that the information was presented and disclosed in accordance with IAS 19. We also obtained an understanding of the methodology and assumptions used by the actuary and assessed whether these were consistent with prior years and our understanding of the Corporation. We also reviewed the source data used by the Corporation's actuary and performed tests to ascertain the completeness and accuracy of the information therein.
Valuation and Impairment of Investments The Corporation's investments totalled $745Mn as at December 31, 2018 and consisted of the Corporation's share in the ownership of subsidiary company Lochaber Limited of $22Mn and available for sale investment in Republic Bank (Guyana) Limited of $723Mn. Investment in the subsidiary is considered a key matter since the valuation was based on an entity-developed internal method and not on quoted prices in an active market. There is therefore a significant level of uncertainty involved in the valuation. As a result, the valuation of these instruments was significant to the Corporation's audit.	We audited Lochaber's Limited financial statements for the year ended December 31, 2017 these were submitted to the Directors for signature. However, in 2018 an Audit was not carried out on Lochaber's Limited due to the absence of any appointments and the uncertainty of the company. We also reviewed the company's policy on accounting for the various categories of investments and ensuring compliance with the relevant International Financial Reporting Standards.
Valuation of written down value of assets for wear and tear purposes. The Wear and Tear Schedule for the year shows an opening tax written down value of assets at $13,743Mn but the disposal for the year is shown as a tax written down value of $27,851Mn. After allowing for wear and tear for the current year, the tax written down value of the assets shows a negative of $16,130Mn. While there are no immediate tax implications given that the company has been recording substantial losses. The written down value of the wear and tear schedule should be reviewed and corrected as it would be critical to a final resolution of all tax matters with the Guyana Revenue Authority (GRA).	This matter is pending and will be reviewed during the 2019 Audit.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the Companies Act Cap. 89:01, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ram & McRae

Ram & McRae
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

June 14, 2021

AUDITED FINANCIALS

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

		COMPANY		GROUP	
	NOTES	2018 $M	2017 $M	2018 $M	2017 $M
ASSETS					
Non current assets					
Property, plant and equipment	5	28,711	29,194	28,729	29,194
Deferred tax asset	6	-	-	-	97
Investments	7.1	723	407	723	407
Investment in subsidiary	7.2	22	22	-	-
Total non current assets		29,456	29,623	29,452	29,698
Current assets					
Inventories	8.1	1,423	962	1,423	962
Standing cane	8.2	1,535	3,143	1,535	3,143
Product stock	8.3	855	1,591	855	1,591
Trade receivables		2,236	2,383	2,236	2,405
Other receivables		3,475	3,180	3,475	3,180
Prepayments		309	190	309	190
Related parties	14.1	366	347	-	-
Taxes recoverable		-	-	-	34
Cash on hand and at bank	9.1	111	292	111	326
Total current assets		10,310	12,088	9,944	11,831
TOTAL ASSETS		39,766	41,711	39,396	41,528
EQUITY AND LIABILITIES					
Shareholder's equity					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	13,503	13,503	13,503	13,503
Other reserves	11.2	4,556	4,240	4,556	4,240
Accumulated deficit		(108,898)	(105,413)	(109,032)	(105,538)
		(80,039)	(76,871)	(80,173)	(76,995)
Non controlling interest	7.3	-	-	(76)	(76)
Total equity		(80,039)	(76,871)	(80,249)	(77,071)
Non current liabilities					
Deferred tax liability	6	18,199	18,199	18,203	18,203
Deferred income	12	2,287	2,287	2,287	2,287
Borrowings	13.2	17,046	18,115	17,046	18,115
Employees retirement benefits	15	18,912	24,674	18,912	24,674
Total non-current liabilities		56,443	63,275	56,447	63,279
Current liabilities					
Trade payables		7,710	7,488	7,546	7,488
Other payables and accruals	16	33,251	26,109	33,251	26,109
Related parties	14.1	2,052	2,004	2,052	2,004
Taxation		4,025	4,026	4,025	4,039
Borrowings	13.1	15,553	13,285	15,553	13,285
Bank overdraft(secured)	9.2	770	2,394	770	2,394
Total current liabilities		63,361	55,307	63,197	55,320
TOTAL EQUITY AND LIABILITIES		39,766	41,711	39,396	41,528

The Board of Directors approved these financial statements for issue on 11 June 2021

Director

Director

"The accompanying notes on pages 5 to 37 form an integral part of these financial statements."

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT DECEMBER 31, 2018

	NOTES	COMPANY		GROUP	
		2018	2017	2018	2017
		$M	$M	$M	$M
Revenue	17	9,382	14,592	9,382	14,592
Cost of sales		11,948	24,084	11,958	24,092
Gross loss		(2,566)	(9,492)	(2,576)	(9,500)
Other income		1,606	9,359	1,606	9,359
Administrative expenses		(3,163)	(9,342)	(3,163)	(9,356)
Other gains and losses	18	(2)	(55,693)	(2)	(55,693)
Marketing and distribution expenses		(841)	(1,302)	(841)	(1,302)
Vested Estates	-	(2,670)	-	(2,670)	-
Prior year adjustment to other reserves	-	-	37,346	-	37,346
Operating loss		(7,634)	(29,123)	(7,644)	(29,145)
Finance cost		(1,634)	(13,219)	(1,634)	(13,219)
Employees retirement benefits	15	5,763	8,178	5,763	8,178
Income from subsidiary and others		21	4	21	4
Loss before tax		(3,485)	(34,160)	(3,495)	(34,182)
Taxation	20	-	(30,682)	-	(30,682)
Loss for the year		(3,485)	(64,842)	(3,495)	(64,864)
Other Comprehensive income:					
Net (loss)/gain on revaluation of investments		316	135	316	135
Net loss on revaluation of non-current asset		(3,169)	-	-	-
Other comprehensive income net of tax		(2,853)	135	316	135
Total comprehensive loss for the year		(6,337)	(64,707)	(3,179)	(64,729)
Profit for the year					
Attributable to:-					
Equity holders of the parent		(3,485)	(64,842)	(3,495)	(64,853)
Non controlling interest		-	-	-	(11)
		(3,485)	(64,842)	(3,495)	(64,864)
Total comprehensive loss for the year					
Attributable to:					
Equity holders of the parent		33,251	(64,707)	(3,179)	(64,718)
Non controlling interest	7.3	-	-	-	(11)
Loss for the year		(3,485)	(64,707)	(3,179)	(64,729)
Basic loss per share in dollars	26	(0.32)	(6.00)	(0.31)	(6.00)

"The accompanying notes on pages 5 to 37 form an integral part of these financial statements."

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT DECEMBER 31, 2018

Company

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total Equity
		$M	$M	$M	$M	$M
Balance at January 1, 2017		10,800	50,849	293	(40,571)	21,371
Other comprehensive income		-	-	135	-	135
Prior year adjustment to other reserves		-	-	3,812	-	3,812
Revaluation Adjustment		-	(37,346)	-	-	(37,346)
Loss for the year		-	-	-	(64,842)	(64,842)
						-
Total comprehensive Income/(loss)for the year		-	(37,346)	3,947	(64,842)	(98,241)
Balance as at December 31, 2017		10,800	13,503	4,240	(105,413)	(76,871)
Other comprehensive income		-	-	316	-	316
Prior year adjustment to other reserves			-		-	-
Loss/Profit for the year		-	-	-	(3,485)	(3,485)
Total comprehensive Income for the year		-	-	316	(3,485)	(3,169)
Balance at December 2018		10,800	13,503	[illegible]	(108,898)	(80,039)
		-	-		-	

Group

	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Non Controlling Interest	Total Equity
	Attributable to equity holders of the parent					
	$M	$M	$M	$M	$M	$M
Balance at January 1, 2017	10,800	50,849	293	(40,685)	(65)	21,192
Other comprehensive income	-	-	135	-	-	135
Prior year adjustment to other reserves	-	(37,346)	3,812	-	-	(33,534)
		-				
Profit/Loss for the year	-	-	-	(64,853)	(11)	(64,864)
Total comprehensive Income for the year	-	(37,346)	3,947	(64,853)	(11)	(98,263)
Balance as at December 31, 2017	10,800	13,503	4,240	(105,538)	(76)	(77,071)
Other comprehensive income	-	-	316	-	-	316
Prior year adjustment to other reserves	-	18,198	-	-	-	18,198
					-	-
Profit/Loss for the year	-	-	-	(3,495)	-	(3,495)
Total comprehensive Income for the year	-	18,198	316	(3,495)	-	15,020
Balance as at December 31, 2018	10,800	31,701	4,556	(109,032)	(76)	(62,050)

"The accompanying notes on pages 5 to 37 form an integral part of these financial statements."

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF CASHFLOWS

AS AT DECEMBER 31, 2018

	COMPANY		GROUP	
OPERATING ACTIVITIES	**2018 $M**	**2017 $M**	**2018 $M**	**2017 $M**
Loss before Tax	(3,485)	(34,160)	(3,495)	(34,182)
Adjustments for:				
Depreciation and write down of assets	814	4,709	814	4,709
Loss on disposal of property, plant and equipment	2	55,693	2	55,693
Revaluation Reserve adjustment	-	(37,346)	-	(37,346)
Net interest	1,634	13,219	1,634	13,218
Income from subsidiary and others	(21)	(4)	(21)	(4)
Operating profit/(loss) before working capital changes	**(1,056)**	**2,111**	**(1,066)**	**2,089**
Increase/(Decrease) in inventories	(461)	2,452	(461)	2,452
Decrease/(Increase) in standing cane	1,608	3,818	1,610	3,834
Decrease/(Increase) in product stocks	736	52	736	53
Increase/(Decrease) in accounts receivable,prepayments	(261)	475	(245)	457
Increase/(decrease) in amounts due from related parties	(19)	(24)	-	-
Decrease in accounts payable and accruals	7,363	6,741	7,205	6,741
Increase/(decrease) in amounts due to related parties	47	80	48	80
Increase in defined benefit pension liability	(5,763)	(8,178)	- 5,763	(8,178)
Cash generated from operations	**2,196**	**7,529**	**2,064**	**7,528**
Interest paid	(1,634)	(13,219)	(1,634)	(13,219)
Taxes paid/adjusted	-	1,325	-	1,325
NET CASH PROVIDED BY OPERATING ACTIVITIES	**562**	**(4,375)**	**430**	**(4,366)**
INVESTING ACTIVITIES				
Interest received	562	-	562	-
Purchase of property, plant and equipment	(574)	(575)	(574)	(575)
Proceeds from sale of property, plant and equipment	-	-	-	-
Dividends received from investments	4	4	4	4
NET CASH USED IN INVESTING ACTIVITIES	**(8)**	**(571)**	**(8)**	**(571)**
FINANCING ACTIVITIES				
Proceeds from Borrowing	3,005	3,812	3,122	3,812
Proceeds from NICIL/SPU	4,058	-	4,058	-
Loan Repayments	(144)	(1,301)	(313)	(1,370)
Proceeds from Government Grant	-	(69)	(0)	(69)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**6,919**	**2,442**	**6,867**	**2,373**
Increase/(decrease) in cash and cash equivalents	1,444	(2,494)	1,410	(2,495)
Cash and cash equivalents at beginning of the period	(2,103)	391	(2,069)	425
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**(659)**	**(2,103)**	**(659)**	**(2,069)**
		-	-	
Cash on hand and at bank	**111**	**292**	**111**	**326**
Bank overdraft(secured)	**(770)**	**(2,394)**	**(770)**	**(2,394)**
	(659)	**(2,103)**	**(659)**	**(2,069)**

"The accompanying notes on pages 5 to 37 form an integral part of these financial statements."

1. INCORPORATION AND ACTIVITIES

Guyana Sugar Corporation Limited was incorporated on May 21, 1976 and is involved in the cultivation of sugar cane and the manufacture and sale of sugar and molasses. On February 28, 1996 the Corporation was continued under the Companies Act 1991 and its name changed to Guyana Sugar Corporation Inc. The Corporation is wholly owned by the Government of Guyana.

In May 2017 the Government of Guyana issued a State Paper which indicated consolidation of the Industry at the end of 2017. In December 2017 as part of the restructuring plans the following Estates were closed: Skeldon, Rose Hall and East Demerara. These along with the Wales Estate which was closed in December 2016 due to continued operating losses were placed for divestment and or diversification. The Vesting Order made under The Public Corporations Act (Cap. 19:05) stated Guyana Sugar Corporation Inc. (Transfer of Property) Order 45 of 2017 effective December 30, 2017 transferred all of its movable and immovable property of the aforementioned locations as listed in the First, Second and Third Schedules attached to the Order along with the shares of GUYSUCO held by the State to the National Industrial and Commercial Investments Limited (NICIL). The liabilities of the vested estates however remained with the Corporation.

Pursuant to the Order and a Cabinet Decision, a Special Purpose Unit (SPU) was established to handle the divestment and or diversification process. As at the balance sheet date, the Estates which were operated by GUYSUCO from comprised of Albion, Blairmont and Uitvlugt.

For further developments, please refer to ***Note 30*** Post-Balance Sheet Events.

Lochaber Limited's principal activity is the cultivation of sugar cane. Its registered office is at Ogle Estate, East Coast Demerara.

2 NEW AND REVISED STANDARDS

Application of new and revised Standards and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the prior year except for the adoption of new standards and interpretations which became effective during the period.

Revised standards and interpretations which became effective during the period and were adopted did not have any impact on the accounting policies, financial position or performance of the Company.

Standards and Interpretations not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issue of the financial statements are disclosed below. The Group intends to adopt these standards, if applicable when they become effective.

NEW AND REVISED STANDARDS (Cont'd)

The Group has not early adopted any such pronouncements. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Group. These standards and interpretations are as follows:

IAS 19 Employees Benefits (amendment) (effective January 1, 2019)
IFRS 16 Leases (effective from January 1, 2019.)

Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures – (effective 1 January 2019)

Amendments to IFRS 9 – Prepayment Features with Negative Compensation – (effective 1 January 2019)

IFRIC 23 - Uncertainty over Income Tax Treatments – (effective 1 January 2019)

Annual improvements to IFRS standards 2015 – 2017 cycle, resulting in amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 - (effective 1 January 2019)

Amendments to References in the Conceptual Framework in IFRS Standards - Effective 1 January 2020

Amendments to References in the Conceptual Framework in IFRS Standards - Effective 1 January 2020

IFRS 17 - Insurance Contracts - (effective 1 January 2021)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investments and fixed assets and conform with International Financial Reporting Standards and the Companies Act 1991.

3.2 Revenue and expense recognition

Revenue represents the amounts earned from the sale of sugar and molasses during the year. Revenue is recognized in the income statement on an accrual basis when the product is shipped, or for domestic sales, when the product is collected. Expenses are recognized at the fair value of the consideration paid/payable on an accrual basis.

3.3 Property, plant and equipment

Freehold land and buildings are stated at fair values as at January 1, 1999 as determined by professional valuers. Factory, plant and equipment are stated at Directors' valuation as at December 31, 2005. Freehold land and building and factory plant acquired subsequent to these valuation dates and other property, plant and equipment are stated at cost.

All assets with the exception of freehold land and work-in-progress are depreciated on the straight line method at rates sufficient to write off the cost or

Property, plant and equipment (Cont'd)

revaluation of these assets to their residual values over their estimated useful lives as follows:

Freehold buildings - wooden	-	Over 20 years
Freehold buildings - others	-	Over 33 years
Land expansion costs	-	According to tenure
Plant and machinery and equipment	-	From 5 to 17 years
Aircraft	-	Over 5 to 10 years
Motor vehicles	-	Over 4 years

All assets are tested for possible impairment based on income generated and net realizable value. Depreciation is calculated from the month following acquisition until the month of disposal. Capital work in progress is not depreciated until the relevant assets are brought into use.

3.4 **Freehold and leasehold land**

In addition to 21,565 acres of land, the Group leases from the Government of Guyana 18,975 hectares of land on which it grows cane and for ancillary purposes.

The tenure of the lease is for fifty (50) years. There is no intent by the Government of Guyana to pass title to the company for any of these lands, therefore, they are all classified as operating leases in accordance with IAS 17.

3.5 **Inventory**

Inventories are valued at the lower of weighted average cost and net realizable value.

Product stocks are valued at the lower of cost of production and estimated realizable value less deductions for Sugar Industry Special Funds contributions and shipping and selling expenses, where applicable. Where markets are identified for sugar and molasses, the net realizable value is used if it is lower than the cost of production. Production costs include all estates' operations and administrative costs.

3.6 **Standing cane**

The value of standing cane is included in the financial statements as a biological asset. Standing cane is measured at fair value less estimated point of sale costs. The fair value of the cane is determined using the average cane farmers' price. This is determined using the weighted aggregate price achieved in the various markets for which sugar is supplied.

3.7 **Research and development**

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

3.8 **Financial instruments**

Financial assets and liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments.

Financial instruments carried on the statement of financial position include investment securities, receivables, payables, accruals and cash resources. The recognition method adopted for investment securities is disclosed in the individual policy statements.

Investments

Investments are recognized in the financial statements to comply with International Accounting Standards.

The Company's investments have been classified as "Available-for-sale". "Available-for-sale" investments are initially recognized at cost and adjusted to fair value at subsequent periods. The classification of investments is regularly reviewed for any changes.

Gains or losses on "available-for-sale financial assets" are recognized through the statement of changes in equity until the asset is sold or otherwise disposed, at which time previously recognized gains or losses are transferred to the statement of income for that period.

Trade, other receivables and prepayments

Trade, other receivables and prepayments are measured at amortised cost. Appropriate allowances for estimated unrecoverable amounts are recognized in statement of income when there is objective evidence that the asset is impaired. The allowance recognized is based on management's evaluation of the collectability of the receivables.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and at bank and fixed deposits maturing three months or less.

Trade, other payables and accruals

Trade, other payables and accruals are measured at amortised cost.

3.9 **Reserves**

(i) Surplus on revaluation of fixed assets (land and buildings) is credited to this account. This reserve is not distributable.

(ii) Other

Fair value adjustments of "available-for-sale" investments are credited to this account. This reserve is not distributable.

3.10 Impairment of tangible assets

At each reporting date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.
The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

3.11 **Deferred Tax (cont'd)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred taxes are recognised as an expense or income in the consolidated statement of income.

3.12 Employee retirement benefits

The group participates in a contributory multi-employer pension plan, Guyana Sugar and Trading Enterprise Pension Scheme (STEPS), a defined benefit scheme, for its qualifying employees.

The contributions are held in trustee administered funds which are separate from the company's finances.
Employees who have retired and are not members of the pension scheme are paid ex-gratia pensions and are provided with post-retirement medical care, which are partially recoverable from the Sugar Industry Price stabilisation Fund.

The retirement benefit costs are assessed using the Projected Unit Credit method. Under this method, the cost of providing pensions is charged to the statement of income so as to spread the regular costs over the service lives of the employees. This is determined by professional actuaries. Actuarial gains and losses are recognized as income or expenses if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed the greater of (a) 10% of the present value of the defined benefit obligation, and (b) 10% of the fair value of the plan assets at that date.

3.13 **Translation of foreign currency**

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions.

At the end of the financial period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at the fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the statement of comprehensive income for the period.

3.14 **Presentation currency**

The financial statements have been presented in Guyana dollars.

3.15 **Provisions**

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

3.16 **Skeldon Sugar Modernisation Project (SSMP)**

All expenses including borrowing costs to the modernization project had been charged as work- in- progress. This was capitalized on the commissioning of the factory during 2009.See Note 5.3

3.17 **Basis of consolidation**

The consolidated financial statements incorporate the financial statements made to December 31 each year of the Parent Company and Lochaber Limited (the subsidiary), a company controlled by the Parent. Control is achieved by virtue of the Company having the power to govern the financial and operating policies of the subsidiary through the Board of Directors. Details of the subsidiary are given in note 7.2 Intra group balances and transactions have been eliminated in preparing the consolidated financial statements

3.18 **Basic earnings per share**

Basic earnings per share attributable to ordinary equity holders of the parent is calculated by dividing profit or loss attributable to ordinary equity holders of the parent by the weighted number of ordinary shares outstanding during the period.

3.19 **Borrowing costs**

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds-IAS23- Borrowing costs. Borrowing costs that were directly attributable to the acquisition and construction of qualifying assets were capitalized during the year. Borrowing costs were computed using the effective interest method in accordance with IAS 39-Financial instruments: Recognition and measurement.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

i) **Trade, other receivables and prepayments**

On a regular basis, management reviews trade and other receivables to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairment of debts.

ii) **Other financial assets**

In determining the fair value of investments and other financial assets in the absence of a market, the directors estimate the likelihood of impairment by using discounted cash flows.

iii) **Useful lives of property, plant and equipment**

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives of property, plant and equipment should remain the same.

iv) **Impairment of financial assets**

Management makes judgement at each reporting date to determine whether financial assets are impaired. Financial assets are impaired when the carrying value is greater than the recoverable amount and there is objective evidence of impairment. The recoverable amount is the present value of the future cash flows.

v) **Retirement benefit asset/obligation**

The provisions for defined benefit asset/obligation are determined by the actuary based on data provided by management. The computation of the provisions by the actuary assumes that the data provided is not materially misstated.

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

5. PROPERTY, PLANT & EQUIPMENT

5.1 COMPANY

Cost/valuation	Intangibles	Land	Buildings others	Freehold Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M	$M
As at Jan 01, 2018	189	21,225	6,724	1,127	1,491	19,425	473	50,653
Transfers	-	-	23	-	-	214	(237)	-
Additions					-	-	498	498
Interestate Transfers						(7)		(7)
Disposals			(2)	-		(159)	-	(161)
Adjustments						-		-
Reclassifications	-	(22)				22		-
As at December 31, 2018	189	21,203	6,745	1,127	1,491	19,495	734	50,983
Comprising:								
Cost		(15,990)	(3,690)	1,127	1,491	16,274	734	(54)
Valuation	(2,670)	37,193	10,435	-	-	3,221	-	48,178
	(2,670)	21,203	6,745	1,127	1,491	19,495	734	48,124
Depreciation								
As at Jan 01, 2018	-	-	2,423	628	533	17,875	-	21,459
Charge for the period	1	-	115	34	148	610	-	908
Interestate Transfers	-	-	-	-	-	(94)	-	(94)
Prior year adjustment	-	-	-	-	-	-	-	-
As at December 31, 2018	1	-	2,538	662	681	18,391	-	22,273
Net book value								
As at December 31, 2018	188	21,203	4,207	465	810	1,105	734	28,711
As at Jan 01, 2018	189	21,225	4,301	499	958	1,550	473	29,194

5.2 GROUP

Cost or valuation	Intangibles	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M	$M
As at Jan 01, 2018	189	21,225	6,724	1,127	1,491	19,425	481	50,661
Transfers	-	-	23	-	-	214	(237)	(0)
Additions	-	-	-	-	-	-	498	498
Interestate Transfers	-	-	-	-	-	(7)	-	(7)
Disposals		-	(2)		(170)	(159)	-	(331)
Adjustments		-	-	-	-	-	-	-
Reclassifications	-	(22)	-	-	-	22	-	0
As at December 31, 2018	189	21,203	6,745	1,127	1,321	19,495	742	50,821
Comprising:								
Cost	189	(15,990)	(3,692)	1,127	1,321	16,274	742	(28)
Valuation	-	37,193	10,435	-	-	3,221	-	50,849
	189	21,203	6,743	1,127	1,321	19,495	742	50,821
As at Jan 01, 2018		-	2,423	626	533	17,696	-	21,280
Charge for the period	1	-	115	34	148	610	-	907
Written back on disposals	-	-	-	-	-	(94)	-	(94)
Prior year adjustment	-	-	-	-	-	-	-	-
Interestate Transfers	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
As at December 31, 2018	1	-	2,538	660	681	18,212	0	22,092
Net book value								
As at December 31, 2018	188	21,203	4,207	467	640	1,284	742	28,729
As at Jan 01, 2018	0	21,225	4,301	500	958	1,728	481	29,194

5. PROPERTY, PLANT & EQUIPMENT (cont'd)

5.4 LEASEHOLD LANDS

Leasehold land represents 72% of land used to derive economic benefits by the Group. Since title is not expected to be passed to the group at the end of the lease, these leases are classified as operating leases. These are subject to several types of lease agreements, the status of which is as follows:

	Hectares
Unexpired leases	4,831
Unexpired Licences	13,107
Expired leases	2,583
Expired permissions	990
During the President's pleasure licenses	13,096
During the President's pleasure permissions	59
	34,666

The Group has received written confirmation that the Government of Guyana is committed to renewing all leases for lands beneficially occupied by Guyana Sugar Corporation Inc. Lease rentals will be reviewed from time to time by the Commissioner of Lands and Surveys and must be approved by the Government of Guyana.

Lease payment per hectare per annum has been as follows:

	$
Prior to 1985	5.0
From January 01, 1985 to May 31, 1998	18.5
From June 01, 1998	2,471

A valuation prepared by a professional valuer placed a value on these lands of $1,482,600 per hectare at January 01, 1999.

6. DEFERRED TAX

Recognised deferred tax assets/liabilities are attributable to the following items:

	COMPANY		GROUP	
	2018	2017	2018	2017
	$M	$M	$M	$M
Deferred tax liability				
Property, plant and equipment	14,966	14,966	14,970	14,986
Standing cane	3,233	3,233	3,233	3,217
	18,199	**18,199**	**18,203**	**18,203**
Deferred tax asset				
Tax value of losses carried forward	-	-	-	-
Property, plant and equipment		-	-	97
Defined benefit pension liability	-	-	-	-
	-	-	-	**97**

Movement in temporary differences

	COMPANY		
	Balance at Jan 01, 2018	Recognised in Income	Balance at Dec 31, 2018
Deferred tax liability			
Property, plant and equipment	14,966	-	14,966
Standing cane	3,233	-	3,233
	18,199	-	**18,199**
Deferred tax asset		-	
Tax value of losses carried forward	-	-	-
Defined benefit pension liability	-	-	-
	-	-	-

Movement in temporary differences

	GROUP		
	Balance at Jan 01, 2018	Recognised in Income	Balance at Dec 31, 2018
Deferred tax liability			
Property, plant and equipment	14,970	-	14,970
Standing cane	3,233	-	3,233
	18,203	-	**18,203**
Deferred tax asset			
Tax value of losses carried forward	-	-	-
Property, plant and equipment	-		-
Defined benefit pension liability	-	-	-
	-	-	-

7. INVESTMENTS

7.1 Investments

Available for sale:	COMPANY 2018 $M	COMPANY 2017 $M	GROUP 2018 $M	GROUP 2017 $M
Republic Bank Limited	720	405	720	405
Sagicor Financial Corporation Limited	3	2	3	2
	723	407	723	407

In determining the value of investments, quotations from Guyana Association of Securities Companies and Intermediaries Inc. and Directors valuation for unquoted investments were used.

7.2 INVESTMENT IN SUBSIDIARY

	COMPANY 2018 $M	COMPANY 2017 $M
Lochaber Limited	22	22

The Corporation holds 36.8% of the share capital of Lochaber Limited. The Corporation exercises dominant influence over the financial and operating policies of Lochaber Limited through the membership of its Board. Investment in the subsidiary is accounted for by using the cost method in the Corporation's own financial statements.

7.3 Non controlling interest - not updated

	GROUP 2018 $M	GROUP 2017 $M
		-
At January 1	(76)	(65)
Share of loss	-	(11)
At December 31	(76)	(76)

8. CURRENT ASSETS

8.1 Inventory categories

	COMPANY 2018 $M	COMPANY 2017 $M	GROUP 2018 $M	GROUP 2017 $M
Fuel	55	85	55	85
Spares	1,035	901	1,035	901
Fertilizers and chemicals	947	421	947	421
Other	104	273	104	273
Gross Inventories	2,141	1,680	2,141	1,680
Less collectively assessed provision for slow moving and obsolete items	(718)	(718)	(718)	(718)
Net Inventories	1,423	962	1,423	962

It is estimated that fuel,fertilizers and chemicals and other inventories will be realised within one year

Spares expected to be recovered more than one year $ 1,200M (2017 - $1,200M)

8.2 Standing Cane

Standing cane is accounted for in accordance with IAS 41. The difference between the opening and closing balance is included in cost of sales

	COMPANY 2018 $M	COMPANY 2017 $M	GROUP 2018 $M	GROUP 2017 $M
Balance as at January 01	3,143	6,961	3,143	6,961
Adjustment to cost of sales	(1,608)	(3,818)	(1,608)	(3,818)
Balance as at Dec 31	1,535	3,143	1,535	3,143

Standing Cane by Age

Age of Cane	COMPANY 2018 Hectares	COMPANY 2017 Hectares	GROUP 2018 Hectares	GROUP 2017 Hectares	COMPANY 2018 $M	COMPANY 2017 $M	GROUP 2018 $M	GROUP 2017 $M
1-5 Months	10,732	10,239	10,732	10,239	-	-	-	-
6 Months	234	118	234	118	60	4	60	4
7 Months	1,546	-	1,546	-	99	-	99	-
8 Months	765	519	765	519	86	69	86	69
9 Months	663	2,347	663	2,347	153	648	153	648
10 Months	1,899	3,882	1,899	3,882	653	1,596	653	1,596
11 Months	770	1,586	770	1,586	303	746	303	746
12 Months	429	159	429	159	181	80	181	80
	-		(169.00)					
	17,038	18,849	17,038	18,849	1,535	3,143	1,535	3,143
					$ 57,832	$ 69,020	$ 57,832	$ 69,020

COMPANY	Farmers' Prices	Tones Sugar (TS) Values	Standing Cane Value (Farmers Price@TS Values)
2018	57,832	26,544	1,535,084,972
2017	69,020	45,542	3,143,322,093
			(1,608,257,121)

The value of standing cane decreased by 77.95% due to decreased cane farmers' prices and tonnes sugar value derived from standing cane
Standing cane relates for the three sugar estates were valued

8.3 Product stock categories

	COMPANY 2018 $M	COMPANY 2017 $M	GROUP 2018 $M	GROUP 2017 $M
Sugar	604	1,278	604	1,278
Molasses	239	301	239	301
Livestock	12	12	12	12
	855	1,591	855	1,591

9. CASH AND CASH EQUIVALENTS

9.1 Cash on hand and at bank

	COMPANY 2018	COMPANY 2017	GROUP 2018	GROUP 2017
GYD Dollar	105	289	105	323
US Dollar (Current a/c)	5	3	5	3
GBP	1		1	
Euro	-	-	-	-
	111	292	111	326

9. CASH AND CASH EQUIVALENTS (cont'd)

9.2 Bank overdraft (secured)

	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
Guyana Dollar(a)	770	2,394	770	2,394
(a) These comprised of:-				
(ii) Republic Bank Guyana Limited	604	2,124	604	2,124
(iii) Demerara Bank Limited	166	270	166	270
	770	2,394	770	2,394

Securities held consist of

(i) & (ii)- Over property situated at Plantation Ogle, East Coast Demerara

(iii) & (iv) - Over properties at Plantation Vryheids Lust, Plantation Montrose, Plantation Felicity, Plantation Better Hope & Plantation Brothers all of East Coast Demerara.

- Over properties at Plantation La Bonne Intention and Plantation Chateau Margot both of East Coast Demerara.
- Over properties at Plantation Le Ressouvenir and Plantation Success both of East Coast Demerara.

(b) Interest rates are as follows:-

	GROUP	
	2018	2017
Guyana Bank for Trade and Industry Limited	9%	0%
Republic Bank Guyana Limited	8%	8%
Demerara Bank Limited	8.5%	8.5%

10. STATED CAPITAL

The Corporation has an authorised stated capital of 10,800,000,000 at a minimum issue price of $1 each and an issued stated capital of 10,799,571,775 ordinary shares. The fully paid ordinary shares have no par value and carry one vote per share and equal rights to dividends.

11. RESERVES

11.1 Revaluation reserve	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
Revaluation of fixed assets	13,503	13,503	13,503	13,503

The Corporation revalued its freehold land and buildings and factory plant and machinery as at January 01, 1999. The valuation of the land and buildings was undertaken by an independent valuer. The original valuation as at January 01, 1999 of plant and machinery was used as a basis for value in use calculation from 2001 to date. The valuation is reviewed each year in light of changes in markets, production levels and exchange rate movements. The value was revised in 2009.

11.2 Other reserves

	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
1. Amounts received by the Corporation from the Sugar Industry Special Funds for rehabilitation work carried out on the Corporation's factories.	25	25	25	25
2. Monies received from the Government of Guyana for the purpose of financing projects in the Corporation's diversification programme.	18	17	18	17
3. 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 transferred to the Corporation. During 2002 $14M was capitalised as equity.	2	2	2	2
4. Adjustment of investments to reflect fair value	699	384	699	384
5. The conversion of loan received from the Government of Guyana in 2015 to Equity for the Guyana Sugar Corporation Inc.	3,812	3,812	3,812	3,812
	4,556	4,240	4,556	4,240

12. DEFERRED INCOME

	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
Income from European Union	2,267	2,267	2,267	2,267
Income from Government of Guyana	20	20	20	20
	2,287	2,287	2,287	2,287

Deferred of income $2.267m represents income from the European Union as part of the Guyana National Action Plan (GNAP) submission for the mitigation against the EU price cuts. Funds received were utilised in the construction of the new packaging plant at Enmore Estate called Enmore Project Gold, which has resulted in the conversion of production into direct consumption sugars for the local and international markets
Construction works commenced on the US$12M facility in 2009 and was completed and signed in February 2012. Now that the factory is completed, deferred income is being transferred to the Statement of Comprehensive Income on an annual basis over the plant's useful economic life.

Deferred income of $20m was received from the Government of Guyana in March 2016 for capitalisation of the Ethanol Plant at Albion Estate. Deferred Income will be transferred to the Statement of Comprehensive Income on an annual basis over the useful economic life, which is approximately 15 years

13. BORROWINGS

	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
13.1 Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	443	390	443	390
b) Consortium of local banks	1,175	1,158	1,175	1,158
c) Government of Guyana Debenture	144	144	144	144
d) Government of Guyana SSMP	7,351	6,371	7,351	6,371
e) Government of Guyana SSMP financed by CDB	2,638	2,286	2,638	2,286
f) Government of Guyana SSMP financed by EXIM Bank	3,789	2,913	3,789	2,913
g) Guyana Rice Development (Seed Paddy Project loan)	13	22	13	22
Total current loans	15,553	13,285	15,553	13,285
13.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	394	439	394	439
b) Government of Guyana SSMP	8,270	9,068	8,270	9,068
c) Government of Guyana SSMP financed by CDB	2,968	3,266		3,266
d) Government of Guyana SSMP financed by EXIM Bank	5,414	5,341	5,414	5,341
Total non- current loans	17,048	18,115	14,078	18,115
Repayments due in one year and included in current liabilities	15,553	13,285	15,553	13,285
Repayment due within 2-5 years	2,826	6,154	2,826	6,154
Repayment due after five years	14,220	11,961	14,220	11,961
	17,046	18,115	17,046	18,115

a) Government of Guyana Drainage and Irrigation financed by CDB
The loan from the Government of Guyana represents an on-lending of a loan from the Caribbean Development Bank for US$5,050,000 to finance various drainage and irrigation projects. Total funds received amounted to US$5,026,395. Interest is charged at the rate of 3% per annum on the principal and is paid on semi annual basis.

The repayment of the loan was due to commence 5 years after the date of the first disbursement and is to be paid in 34 equal semi - annual installments. The first disbursement was received in July 2002. The maturity date of the loan is June 2024

b) Government of Guyana SSMP
This is an on - lending facility from the Government of Guyana for US$56M to finance the new Skeldon factory. The full amount was deposited in an Escrow account with ING Bank. Interest is charged at a rate of 6.5% per annum on the principal and is to be paid on a semi-annual basis

The repayment of the loan was due to commence 5 years after the date of the first disbursement and will be paid in 34 equal instalments. A grace period of 3 years was granted in 2010 on the repayments by the Government of Guyana. The first disbursement was received in March 2005. The maturity date

c) Government of Guyana SSMP financed by CDB
This is an on - lending facility from the Government of Guyana for US$24.8M financed by CDB. This facility is divided into two sections, Ordinary Capital Resources (OCR) for US$ 11.8M and Special Funds Resources (SFR) for $13.0M. These funds were used for the agricultural component of the new Skeldon factory. Drawdowns are made based on submission of contractors' certificates. To date a drawdown of US$24.167M was made.

The repayment of the loan was due to commence 5 years after the date of the first disbursement and will be paid in 34 equal semi - annual installments. A grace period of 3 years was granted in 2010 on the repayments by the Government of Guyana. The first disbursement was received in May 2005. The maturity date of the loan is April 2027. Interest is charged at the rate of 6.5% on the OCR portion and 3% on the SFR portion per annum on the principal amount.

d) Government of Guyana SSMP financed by EXIM Bank
This is an on - lending facility from the Government of Guyana for US$35M financed by the Export and Import Bank of China (EXIM). These funds are to be used for the Co-generation Facility of the new Skeldon factory. Drawdowns are made based on submission of contractors' certificates. To date a drawdown of US$35M was made

The repayment of the loan wasd ue to commence 5 years after the date of the first disbursement and will be paid in 24 equal instalments. A grace period of 3 years has been granted in 2010 on the repayments by the Government of Guyana. The first disbursement was received in March 2005. The maturity date of the loan is February 2022. Interest is charged at a rate of 4.5% per annum.

e) Consortium of local banks
This is a short term line of credit as part of a consortium lending arrangement by participating Licensed Financial Institutions of Guyana totaling G$1,158M.

f) Government of Guyana debenture
This is a convertible Government of Guyana debenture. The Government of Guyana is the major shareholder and issuer of the debenture on which no interest is charged.

g) Guyana Rice Development Board (GRDB) loan
This loan was received from the GRDB in 2017 to assist with the cost attached to the rice farming/ seed paddy project at Wales Estate. The loan will be offset against revenue received from sales of the seed paddy.

14. RELATED PARTIES

14.1 Amounts due to related parties

	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
Government of Guyana - Lease rentals	504	498	504	498
Sugar Industry Labour Welfare Fund	1,548	1,506	1,548	1,506
	2,052	2,004	2,052	2,004

14.1 Amount due from related party

	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
Lochaber	366	347	-	-

Total rent payable for the lease lands to the Government of Guyana was $497.9M (2017- $497.9M)

Total levies payable to Sugar Industry Welfare Fund was $1,565M.

14.2 Related parties transactions

14.2.1 Key Management Personnel

The company's key management personnel is comprised of the Chief Executive Officer, Functiona
The remuneration paid to key management personnel during the year was as follows:

	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
Short term employee benefit	171	204	171	204

14.2.2 Directors' fees and expenses

	COMPANY				GROUP			
	2018		2017		2018		2017	
	Fees $000	Expenses $000	Fees $000	Expenses $000	Fees $000	Expenses $000	Fees $000	Expenses $000
Directors								
Mr. John Dow	148	-	-	-	148	-	-	-
Mr. Ramesh Persaud	41	-	-	-	41	-	-	-
Mr. Claude Housty	106	-	-	-	106	-	-	-
Mr. Roy Hanoman Singh	70	-	-	-	70	-	-	-
Mr. Paul Cheong	94	-	-	-	94	-	-	-
Mr. Nowrang Persaud	94	-	-	-	94	-	-	-
Mr. Fritz McLean	82		284	-	82	-	284	-
	137	-	382	-	137	-	382	-
Mr. Richard Nigel Cumberbatch	149	-	394	-	149	-	394	-
Mr. Vishu Panday	103	-	274	-	103	-	274	-
		-	383			-	383	-
Mr. George Jervis		-	394			-	394	-
Ms. Louise Andress Bouyea		-	346			-	346	-
Mr. Nizamudin Ali		-	188			-	188	-
Ms. Sharon Roopchand-Edwards			274			-	274	-
	1,024	-	2,916	-	1,024	-	2,916	-

Directors' fees comprise those amounts paid to or on behalf of directors in respect of services as directors.

15. EMPLOYEES RETIREMENT BENEFITS

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 December 2018 by Bacon Woodrow & De Souza. The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2018 using the Projected Unit Credit Method.

	2018 Retirement Medical	2018 STEPS Scheme	2018 Ex Gratia Scheme	2018 Total	2017 Post Retirement Medical	2017 STEPS Scheme	2017 Ex Gratia Scheme	2017 Total
	$M	$M	$M	$M	$M	$M	$M	$M
15 The amounts recognized in the Statement of Financial Position are as follows:								
Present value of defined benefit obligation	574	13,015	19,166	32,755	574	13,191	22,860	36,626
Fair value of assets		(13,843)		(13,843)		(11,951)		(11,951)
(Surplus)/Deficit	574	(829)	19,166	18,912	574	1,240	22,860	24,675
Effect of Asset Ceiling	-		-	-	-			
Net defined benefit liability/(Asset)	574	(829)	19,166	18,912	574	1,240	22,860	24,675
15 Reconciliation of opening and closing defined benefit liability								
Opening Defined Benefit Liability/(Asset)	574	1,240	22,860	24,674	574	1,634	30,645	32,852
Net Pension Cost	-	408	(1,360)	(952)	-	(433)	400	(33)
Re-measurements	-	(2,200)	(1,518)	(3,718)	-	780	(7,374)	(6,594)
Less company contribution/benefits paid	-	(277)	(816)	(1,093)	-	(742)	(810)	(1,552)
Closing defined benefit liability/(Asset)	574	(829)	19,166	18,912	574	1,240	22,862	24,674
15 The amounts recognized as staff costs in the Statement Of Income are as follows:								
Current service cost	1	345	696	1,042	-	427	1	1,652
Net Interest on net defined benefit liability/(Asset)	-	63	1,348	1,411	-	72	1,815	1,840
Past Service Cost/(Credit)	-	-	-	-	-	(931)	-	(931)
Administrative Expenses	-	-	(3,404)	(3,404)		-	(2,285)	(2,285)
Net Pension Cost	1	408	(1,360)	(951)	-	(433)	(470)	276
	18,198							
15 Actual return on Plan Assets								
Expected return on Plan assets	-	1,665	-	1,665	-	206	-	206
Actuarial (Gain)/loss on Plan Assets/ Interest Income	-	703	-	703	-	670	-	670
Actual return on Plan Assets	-	2,368	-	2,368	-	877	-	877

16 Actuarial assumptions	2018	2017
(i) Funded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	2%	2%
Rate of return on Pension Plan assets	5.5%	6.0%
(ii) Unfunded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Future Pension increases	5%	5%
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company

	Ex-Gratia Pensioners				Steps Scheme			
	2018	2017	2016	2015	2018	2017	2016	2015
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience History								
Defined benefit obligation	19,166	22,860	30,613	30,399	13,015	13,191	12,899	12,362
Fair Value Plan Assets					(13,843)	(11,951)	(11,264)	(10,[illegible])
(Surplus)/Deficit	19,166	22,860	30,613	30,399	(829)	1,240	1,635	1,80[illegible]
Experience Adjustment on Plan Liabilities	(1,518)	(7,374)	(1,740)	(1,819)	(515)	(645)	(167)	(267)
Experience Adjustment on Plan Assets	-	-			703	670	631	635
Expected Company Contributions in 2019	817				832			

Data given to the actuaries included the Corporation's best possible estimations of details where precision was not possible. This was required for them to calculate liabilities according to IAS 19. The actuaries have cautioned that the figures are subject to change after a more complete assessment is carried out on the scheme in 2019.

15. EMPLOYEES RETIREMENT BENEFITS (cont'd)

15.6 Asset Allocation

	2018	2017
Equity Securities	18.20%	18.20%
Debt Securities	24.20%	24.20%
Property	7.20%	7.20%
Other	50.40%	50.40%
Total	100.00%	100.00%

The Scheme does not directly hold any assets of Guyana Sugar Corporation Inc

16. OTHER PAYABLES AND ACCRUALS.

	COMPANY		GROUP	
	2018	2017	2018	2017
	$Mn	$Mn	$Mn	$Mn
Accrued Expenses	17,530	10,268	17,530	10,268
Land Sale Deposits	14,698	14,693	14,698	14,693
Statutory Payments	689	892	689	892
Other Payables	334	256	335	256
Total	33,251	26,109	33,252	26,109

17. REVENUE

	COMPANY		GROUP	
	2018	2017	2018	2017
	$M	$M	$M	$M
Revenue by products				
Sugar	7,880	12,311	7,880	12,311
Molasses	1,502	2,281	1,502	2,281
Co-generation Electricity	-	-	-	-
Total Sales	9,382	14,592	9,382	14,592
Revenue by major markets				
Europe	2,692	5,711	2,692	5,711
North America	1,265	1,889	1,265	1,889
Caribbean	1,689	3,580	1,689	3,580
Guyana	3,682	3,376	3,682	3,376
Other Markets	54	36	54	36
	9,382	14,592	9,382	14,592

All expenditures are incurred in Guyana, with the exception of marketing expenses. All assets and liabilities are based in Guyana, with the exception of foreign cash balances and some trade receivables and payables.

18. OTHER GAINS AND LOSSES

	COMPANY		GROUP	
	2018	2017	2018	2017
	$Mn	$Mn	$Mn	$Mn
	(2)	(55,693)	(2)	(55,693)
Total	(2)	(55,693)	(2)	(55,693)

	COMPANY 2018 $M	COMPANY 2017 $M	GROUP 2018 $M	GROUP 2017 $M
19. LOSS BEFORE TAXATION	**(3,485)**	**(34,160)**	**(3,495)**	**(34,182)**
After charging -				
Employment Costs				
Wages, salaries & other	10,806	13,160	10,806	13,160
Social security contributions	-	1,023	-	1,023
Employees retirement benefits	5,763	8,178	(5,763)	8,178
Materials and services purchased	5,207	4,378	5,207	4,378
Research and development expenses	-	-	-	-
Directors' fees & expenses	1	3	1	3
Depreciation	814	4,709	814	4,709
Auditors' remuneration-audit services	4	10	4	10
Interest expense -	1,634	13,219	1,634	13,219
After crediting				
Available for sale income (Republic Bank dividends)	21	4	21	4

20. TAXATION - not updated

Reconciliation of corporation tax expense and accounting loss:

	COMPANY 2018 $M	COMPANY 2017 $M	GROUP 2018 $M	GROUP 2017 $M
Accounting loss	(3,485)	(34,160)	(3,495)	(34,182)
Corporation tax @30%	(1,045)	(10,248)	(1,048)	(10,255)
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	244	1,413	244	1,413
Defined benefit pension cost	(1,729)	2,454	(1,729)	2,454
	(2,530)	(6,381)	(2,533)	(6,387)
Deduct:				
Depreciation for tax purposes	-	1,413	-	1,413
Standing Cane	-	943	-	943
Tax losses	-	34,707	-	34,707
	(2,530)	30,682	(2,533)	30,676
Corporation Tax	-	-	-	-
Deferred Tax	-	30,682	-	30,679
	-	30,682	-	30,679
Property Tax - current year	-	-	-	-
- prior year	-	-	-	-
	-	30,682	-	30,679
Taxation - current	-	-	-	-
- prior year	-	-	-	-
- deferred	-	30,682	-	30,679
	-	30,682	-	30,679

No deferred tax liability has been recognised in relation to capital gains taxes which would become payable on factory plant, machinery and equipment should the revaluation surplus be realised upon disposal of the revalued assets. This is because the Corporation does not intend to dispose of these assets other than in the normal course of business.

21. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

COMPANY

	2018			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	723	-	-	723
Trade receivables	-	2,236	-	2,236
Other receivables and prepayments	-	3,785	-	3,785
Cash on hand and at bank	-	-	111	111
Total assets	723	6,021	111	6,855
LIABILITIES				
Employees retirement benefit	-	-	18,912	18,912
Trade payables	-	-	7,710	7,710
Other payables		-	33,251	33,251
Related parties	-	-	2,052	2,052
Borrowings	-	-	32,601	32,601
Taxation	-	-	4,025	4,025
Bank overdraft(secured)	-	-	770	770
Total liabilities	-	-	99,320	99,320

	2017			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	407	-	-	407
Trade receivables	-	-	-	-
Other receivables and prepayments	-	2,383	-	2,383
Cash on hand and at bank	-	3,370	292	3,662
Total assets	407	5,753	292	6,452
LIABILITIES				
Employees retirement benefit	-	-	24,674	24,674
Trade payables	-	-	7,487	7,487
Other payables	-	-	26,109	26,109
Related parties	-	-	2,004	2,004
Borrowings	-	-	31,400	31,400
Taxation	-	-	4,026	4,026
Bank overdraft(secured)	-	-	2,394	2,394
Total liabilities		-	98,094	98,094

21. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

GROUP

2018

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	**$M**	**$M**	**$M**	**$M**
Investments	723	-	-	723
Trade receivables	-	2,236	-	2,236
Other receivables and prepayments	-	3,785	-	3,785
Taxes recoverable	-	-	-	-
Cash on hand and at bank	-	-	111	111
Total assets	723	6,021	111	6,855
LIABILITIES				
Employees retirement benefit	-	-	18,912	18,912
Trade payables	-	-	7,546	7,546
Other payables	-	-	33,251	33,251
Related parties	-	-	2,052	2,052
Borrowings	-	-	32,600	32,600
Taxation	-	-	4,025	4,025
Bank overdraft(secured)	-	-	770	770
Total liabilities	-	-	99,155	99,155

2017

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	**$M**	**$M**	**$M**	**$M**
Investments	407	-	-	407
Trade receivables	-	2,405	-	2,405
Other receivables and prepayments	-	3,370	-	3,370
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	326	326
Total assets	407	5,809	326	6,542
LIABILITIES				
Employees retirement benefit	-	-	24,674	24,674
Trade payables	-	-	7,488	7,488
Other payables	-		26,109	26,109
Related parties	-	-	2,004	2,004
Borrowings	-	-	31,400	31,400
Taxation	-	-	4,039	4,039
Bank overdraft(secured)	-	-	2,394	2,394
Total liabilities	-	-	98,108	98,108

22. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2018 $M	2017 $M	2018 $M	2017 $M
Expenditure authorised by the Directors				
Capital expenditure	5,290	5,290	5,290	5,290

The capital expenditure for 2018 was to be funded by a combination of facilities lent by the Government of Guyana, provided by other suppliers of finance and from self generated funds.

CONTINGENT LIABILITY.

(a) Contrary to previous practice, the Commissioner of Internal Revenue in 2000 sought to assess the Corporation on additional income for the years of assessment 1995, 1996 and 1997 arising from the remission of sugar levies by the Government of Guyana for the years 1994, 1995 and 1996. The Corporation does not accept this amended tax treatment and objected to the computations on the grounds that the levies have been correctly treated for tax purposes. No provision has been made in the financial statements for taxation arising from any such computations.

(b) The Guyana Revenue Authority had accepted the Corporation's proposal to discharge its tax liability over a period of years (2011 – 2018), but as at the date of issue of this Opinion no payment has been made. The Corporation had also requested a waiver of penalties and interest arising from this liability. The Guyana Revenue Authority has not formally responded to this request. Tax liability totalled 2018-$4,025 (2017-$4,026Mn) at the reporting date and no provision has been made in these financial statements for penalties and interest accruing on the balance outstanding. The directors are of the opinion that the Corporation will not be assessed for any penalties and interest.

23. PENDING LITIGATION

There are several actions for which the liability of the Group, if any, has not been determined. The maximum potential liability at the end of the year is estimated at $349M (2017 $349M)

24. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Group's management monitors and manages the financial risk relating to the operations of the Group through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk (currency risk, interest risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the board of directors.

(a) Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group's exposure to market risk arises from its local and foreign securities.

Management continually identifies, evaluates, underwrites and diversifies risks in order to minimise the total cost of carrying such risk.

(i) Foreign currency risk

The Group's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from bank balances, other assets and loans in United States Dollars, Sterling and Euros.

The financial statements at December 31 include the following assets and liabilities denominated in foreign currency stated in the Guyana dollar equivalent.

	Group 2018			
	US Dollar	**GBP**	**Euro**	**Total**
	$M	**$M**	**$M**	**$M**
Assets	260	1	1	262
Liabilities	(444)	(7)	-	(451)
Net Asset/(liability)	**(183)**	**(6)**	**1**	**(189)**
	Group 2017			
Assets	1	1	1	3
Liabilities	(620)	(19)	-	(639)
Net Asset/(liability)	**(619)**	**(18)**	**1**	**(636)**

24. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Guyana dollar (GYD) against the relevant currencies, 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number indicates an increase in profit where the currency strengthens 5% against the GYD. For a 5% weakening of the currency against GYD there would be an equal and opposite impact on the profit and the balances below would be reversed.

	US$ Impact		Sterling Impact		Euro Impact	
	2018	2017	2018	2017	2018	2017
	$M	$M	$M	$M	$M	$M
Profit/(loss)	(9)	(31)	(0.3)	(0.9)	0.04	0.04

24. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group is exposed to various risks that are associated with the effects of variations in interest rates. This impacts directly on its cash flows.

The Group's management continually monitors and manages these risks through the use of appropriate tools and implements relevant strategies to hedge against any adverse effects.

		2018				
		Maturing				
COMPANY	**effective average interest rate**	**Within 1Year**	**1 to 5 years**	**Over 5 years**	**Non - interest bearing**	**Total**
Assets		**$M**	**$M**	**$M**	**$M**	**$M**
Investments		-	-	-	723	**723**
Trade receivables					2,236	**2,236**
Other receivables and prepayments		-	-	-	3,785	**3,785**
Cash and cash equivalents	3.75	111	-	-	-	**111**
		111	-	-	6,744	**6,855**
Liabilities						
Employees retirement benefits		-	-	-	18,912	**18,912**
Trade payables		-	-	-	7,710	**7,710**
Other payables					33,251	**33,251**
Related parties		-	-	-	2,052	**2,052**
Borrowings	9.50	15,553	2,826	14,222	-	**32,601**
Taxation		-	-	-	4,025	**4,025**
Bank overdraft(secured)	9.50	770	-	-	-	**770**
		16,323	2,826	14,222	65,949	**99,320**
Interest sensitivity gap		(16,212)	(2,826)	(14,222)		

		2017				
		Maturing				
COMPANY		**Within 1 Year**	**1 to 5 years**	**Over 5 years**	**Non-Interest bearing**	**Total**
Assets	**18,198**	**$M**	**$M**	**$M**	**$M**	**$M**
Investments		-	-	-	407	**407**
Trade receivables		-	-	-	2,383	**2,383**
Other receivables and prepayments					3,370	**3,370**
Cash and cash equivalents	3.75	292	-	-	-	**292**
		292	-	-	6,160	**6,452**
Liabilities						
Employees retirement benefits		-	-	-	24,674	**24,674**
		-	-	-	7,487	**7,488**
Other payables					26,109	**26,109**
Related parties		-	-	-	2,004	**2,004**
	9.50	13,284	6,154	11,962	-	**31,401**
Taxation		-	-	-	4,026	**4,026**
Bank overdraft(secured)	9.50	2,394	-	-	-	**2,394**
		15,678	6,154	11,962	64,301	**98,095**

24. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

GROUP	effective average interest rate	2018 Maturing Within 1Year	1 to 5 years	Over 5 years	Interest bearing	Total
		$M	$M	$M	$M	$M
Assets						
Investments		-	-	-	723	723
Trade receivables					2,236	2,236
Other receivables and prepayments		-	-	-	3,785	3,785
Tax recoverable		-	-	-	-	-
Cash and cash equivalents	3.75	111	-	-	-	111
		111	-	-	6,744	6,855
Liabilities						
Employees retirement benefits		-	-	-	18,912	18,912
Trade payables					7,546	7,546
Other payables		-	-	-	33,251	33,251
Related parties		-	-	-	2,052	2,052
Borrowings	8.50	15,553	2,826	14,221	-	32,600
Taxation		-	-	-	4,025	4,025
Bank overdraft(secured)	8.50	770	-	-	779	1,549
		16,323	2,826	14,221	66,564	99,934
Interest sensitivity gap		(16,212)	(2,826)	(14,221)		

GROUP		2017 Maturing Within 1 Year	1 to 5 years	Over 5 years	Non-interest bearing	Total
		$M	$M	$M	$M	$M
Investments		-	-	-	407	407
Trade receivables					2,405	2,405
Other receivables and prepayments		-	-	-	3,370	3,370
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	326	-	-	-	326
		326	-	-	6,216	6,542
Liabilities						
Employees retirement benefits		-	-	-	24,674	24,674
Trade payables		-	-	-	7,488	7,488
Other payables		-	-	-	26,109	26,109
Related parties		-	-	-	2,004	2,004
	8.50	13,285	6,154	11,962	-	31,400
		-	-	-	4,039	4,039
Bank overdraft(secured)	8.50	2,394	-	-	-	2,394
		15,679	6,154	11,962	64,314	98,108
Interest sensitivity gap		(15,353)	(6,154)	(11,962)		

24 FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk cont'd

(ii) Interest rate sensitivity analysis

The table below analyses the sensitivity of interest rates exposure for both financial assets and liabilities at the end of the reporting period. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the end of the reporting period was outstanding for the whole year. A fifty (50) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents managements assessment of the reasonably possible change in interest rate.

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on profits or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of the asset and liabilities

The impact on the profit for the year is the effect of changes in interest rates on the floating interest rates of financial assets and liabilities.

This impact is illustrated on the following table:

		Impact on loss for the year			
		Company 2018	Group 2017	Company 2018	Group 2017
	Increase/ decrease in				
		G$M	G$M	G$M	G$M
Cash & cash equivalent	/-50	1	3	1	3
Borrowings	/-50	322	428	322	428
1					

(iii) Price risk

Price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Management continually identifies, underwrites and diversifies risk in order to minimize the total cost of carrying such risk.

24. FINANCIAL RISK MANAGEMENT (cont'd)

(h) Liquidity risk (cont'd)

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its commitments associated with financial instruments. The Group manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. The Group's policy is to maintain a strong liquidity position and to manage the liquidity profile of assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations met when due.

The information given below relates to the major financial assets and liabilities based on the remaining period at 31 December to the contractual maturity dates.

	GROUP 2018					
	Maturing					
	Within 1 year					
	on demand	due in 3 months	due 3 - 12 months	2 to 5 years	Over 5 years	Total
Assets	$M	$M	$M	$M	$M	$M
Investments	-	-	-	-	723	723
Trade receivables	2,032	203	-	-	-	2,235
Other receivables and prepayments	3,258	527	-		-	3,785
Taxes recoverable	-	-	-	-	-	-
Cash on hand and at bank	111	-	-	-	-	111
Total assets	5,401	730	-	-	723	6,854
Liabilities						
Employees retirement benefits	-	4240	-	-	24,674	28,914
Trade payables	7,539	-	-	-	-	7,539
Other payables	33,251	4,240	-	-	-	37,491
Related parties	-	-	2,052	-	-	2,052
Borrowings	-	-	15,553	2,826	14,220	32,599
Taxation	-	-	4,025	-	-	4,025
Bank overdraft(secured)	770	-	-	-	-	770
Total liabilities	41,560	18,198	21,630	2,826	38,894	113,390
Net asset/(liabilities)	(36,159)	(17,468)	(21,630)	(2,826)	(38,171)	(106,536)

24. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	GROUP 2017					
	Maturing					
	Within 1 year					
	on demand	due in 3 months	due 3 - 12 months	2 to 5 years	Over 5 years	Total
Assets	$M	$M	$M	$M	$M	$M
Investments	-	-	-	-	407	407
Trade receivables	2,032	373	-	-	-	2,405
Other receivables and prepayments	3,258	112	-		-	3,370
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	326	-	-	-	-	326
Total assets	5,616	485	34	-	407	6,542
Liabilities						
Employees retirement benefits	-	-	-	-	24,674	24,674
Trade payables	7,488	-	-	-	-	7,488
Other payables	26,109	-	-	1	-	26,110
Related parties	-	-	2,004	-	-	2,004
Borrowings	-	-	13,285	6,154	11,962	31,400
Taxation	-	-	4,039	-	-	4,039
Bank overdraft(secured)	2,394	-	-	-	-	2,394
Total liabilities	35,992	-	19,328	6,155	36,636	98,109
Net asset/(liabilities)	**(30,376)**	**485**	**(19,294)**	**(6,155)**	**(36,229)**	**(91,567)**

24. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Credit risk

The table below shows the company's maximum exposure to credit risk:

	Company		Group		
	Maximum exposure		Maximum exposure		1548.207
	2018	2017	2018	2017	
	$M	$M	$M	$M	
Cash on hand and at bank	111	292	111	326	
Investments	723	407	723	407	
Investment in subsidiary	22	22	-	-	
Trade, other receivables and prepayments	6,021	5,753	6,021	5,775	
Tax recoverable	-	-	-	34	

Credit risk refers to the risk that a customer will default on its contractual obligations resulting in financial loss to the group.

The Company and Group face credit risk in respect of their receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Group. The maximum credit risk faced by the Group is the balance reflected in the financial statements.

Cash and cash equivalents are held by commercial banks. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligation as they fall due.

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The related risk is therefore considered very low.

Investments reflected in the Company and Group Statement of Financial Position are assets for which the likelihood of default is considered minimal by the Directors.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables on a regular basis.

	13502.62851			Group	
	4239.80739	2017		4239.80739	2017
	$M	$M		$M	$M
	17743.4359				
Trade and other receivables (excluding prepayments)	5,711	5,563		5,711	5,585
The above balances are classified as follows:					
Current	18,198	529		18,198	529
Past due but not impaired	(12,487)	5,034		(12,487)	5,056
	5,711	5,563		5,711	5,585
Aging of trade and other receivables which was pass due but not impaired					
Past Due up to 29 days	1,803	1,922		1,803	1,944
Past Due 30 - 59 days	460	446		460	446
Past Due 60 - 89 days	1,753	1,706		1,753	1,706
Past Due 90 - 179 days	5	5		5	5
Past Due over 180 days but less than 1 year	973	395		973	395
Past Due more than 1 year	750	172		750	172
	5,744	4,646		5,744	4,668
Collectively assessed provision for bad debts	748	(118)	(1)	748	(118)
	6,492	4,528		6,492	4,550

25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2016.

The capital structure of the Group consists of issued capital, reserves and retained earnings.

Gearing ratio

The Group's management reviews the capital structure on an on-going basis. As part of this review management considers the cost of capital and the risks associated with each class of capital. The corporation have not set a target gearing ratio .

The gearing ratio at the year end was as follows:

	Company		Group	
	2018 $M	2017 $M	2018 $M	2017 $M
Debt (i)	33,370	33,794	33,369	33,794
Cash in hand and at bank	(111)	(292)	(111)	(326)
Net debt	33,259	33,502	33,258	33,468
Equity (ii)	(80,039)	(76,871)	(80,173)	(76,995)
Net debt to equity ratio	0.75:1	1.51:1	0.75:1	1.50:1

(i) Debt is defined as long- and short-term borrowings and bank overdraft.
(ii) Equity includes all capital and reserves of the Group.

26. Basic loss per share

	COMPANY	
	2018 $	2017 $
Profit/(Loss) for the year	(3,484,520,110)	(64,842,075,113)
	Units	Units
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	(0.32)	(5.99)

	GROUP	
	2018	2017
Profit/(Loss) attributable to equity holders of the parent	(3,494,520,110)	(64,853,170,905)
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	(0.32)	(6.00)

27. European Union Sugar Protocol

The Econmic Partnership Agreement (EPA), effective from October 1, 2008, replacing the Sugar Protocol, includes all the benefits of access, price and unlimited duration transposed into Duty - Free - Quota - Free (DFQF) access.

The key component of the EPA is the reciprocity which removes all establised trade preferences between the EU and Guyana resulting in bilateral commerical contracts. The EPA also hopes to improve the investment in the sector while promoting public-private partnerships.

The Group is assessing all the strategic options available in the open market for sugar trade after 2016.

28. Fair value of financial instruments

The following table details the carrying costs of financial assets and liabilities and their fair values

	GROUP 2018		GROUP 2017	
	Carrying Value $M	Fair Value $M	Carrying Value $M	Fair Value $M
Financial assets				
Available for sale investments	723	723	407	407
Trade receivables	2,236	2,236	2,405	2,405
Other receivables and prepayments	3,785	3,785	3,370	3,370
Taxes Recoverable	-	-	34	34
Cash and cash equivalents	111	111	326	326
	6,855	6,855	6,542	6,542
Financial liabilities				
Employee retirement benefits	18,912	18,912	24,674	24,674
Trade payables	7,546	7,546	7,488	7,488
Other payables	33,251	33,251	26,109	26,109
Related Parties	2,052	2,052	2,004	2,004
Borrowings	32,600	32,600	31,400	31,400
Taxation	4,025	4,025	4,039	4,039
Bank overdraft(secured)	770	770	2,394	2,394
	99,155	99,155	98,110	98,110

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows.

(a) For available for sale financial assets,the fair values were determined with reference to quoted market prices. Quoted market prices are obtained from independent market valuators using level 1 fair value measurements.

(b) Financial instruments where the carrying amounts are equal to fair value:-Due to their short-term maturity, the carrying amounts of certain financial instruments are assumed to approximate their fair values. These include cash and cash equivalent, trade & other receivables and prepayments, borrowings and trade and other payables, employee retirement benefits and bank overdraft.

29. Going Concern

These financial statements have been prepared on a "going concern" basis, which presumes the Corporation will realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2018, the Corporation has incurred an accumulated deficit from operations of $108,898Mn (2017:$105,413Mn). There is, therefore, uncertainty regarding the company's ability to operate as a going concern.

30 Post Balance Sheet Events

On September 10, 2020, following a change of Government and a decision to re-open the Enmore, Rose Hall and Skeldon Estates, the Corporation and NICIL entered into a Memorandum of Understanding under which the Corporation is allowed access to the Vested Estates and use of the assets remaining thereon, including but not limited to machinery, plant, equipment, vehicles, stores, bonds, administrative and residential buildings to execute all necessary works in order to reopen Enmore, Rose Hall and Skeldon Estates.

By Act 1 of 2020 assented to on September 30, 2020 appropriated out of the Consolidated Fund the sum of three billion Dollars. According to the Budget Speech leading to the passing of the Act, this sum constitutes an initial allocation for critical works in 2020, with an additional $2 billion to be made available as work progresses.