GUYSUCO

Guyana Sugar Corporation Inc

Genuine Demerara Cane Sugar

ANNUAL REPORT 2019

GUYANA SUGAR CORPORATION INC.

ANNUAL REPORT

2019

CONTENTS

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)

CONTENTS

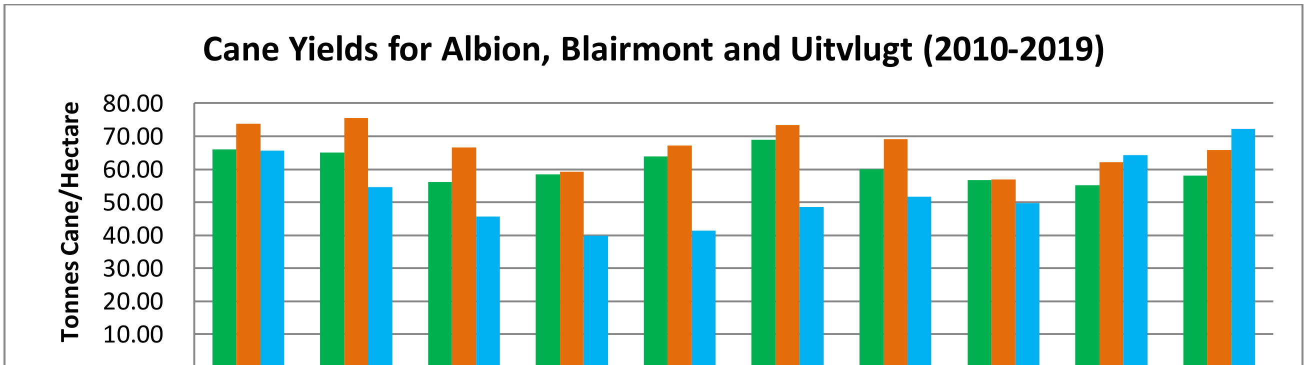
BOARD OF DIRECTORS

The Board of Directors of the Guyana Sugar Corporation Inc., as of December 31, 2019 is as follows:

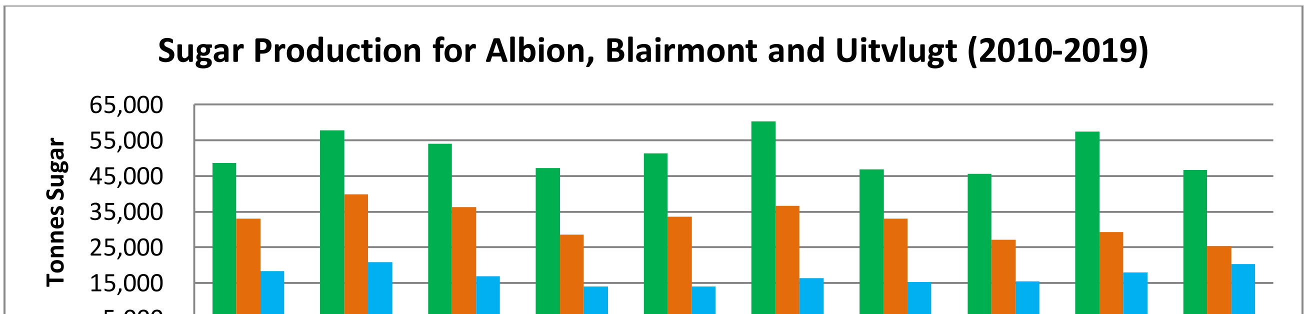
Mr. John Dow	Chairman of the Board of Directors
Mr. John Browman	Director, Chairman of the Lands Sub-Committee
Mr. Richard N. Cumberbatch	Director, Chairman of Central Tender Committee
Mr. Claude Housty	Director
Mr. George Jervis	Director (ex officio – Technical Officer, Ministry of Agriculture)
Mr. Fritz McLean	Director
Mr. Vishnu Panday	Director
Mr. Nowrang Persaud	Director, Chairman of the Remuneration Sub-Committee
Mr. Roy Hanoman Singh	Director
Mr. Ramesh Persaud	Director, Chairman of the Audit & Finance Sub-Committee (Resigned – December, 2019)
Mr. Paul Cheong	Director (Resigned – December, 2019)
Dr. Harold B. Davis	Chief Executive

TEN YEARS REVIEW (SUGAR PRODUCTION IN METRIC TONNES)

Estate	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Skeldon	33,237	29,410	33,309	25,544	35,890	39,157	31,783	14,303	-	-
Albion	48,629	57,838	54,022	47,257	51,294	60,390	46,771	45,563	57,486	46,652
Rose Hall	30,081	39,343	34,429	28,098	31,931	31,288	20,581	22,381	-	-
Blairmont	33,039	39,768	36,224	28,528	33,499	36,695	33,000	27,096	29,245	25,325
EDE	35,867	27,383	23,908	20,676	30,932	27,095	19,341	12,495	-	-
Uitvlugt	18,279	20,806	16,922	13,907	13,916	16,392	15,330	15,459	17,911	20,279
Wales	21,687	21,958	19,255	22,744	18,898	20,054	16,809	-	-	-
Total	**220,818**	**236,506**	**218,068**	**186,755**	**216,359**	**231,071**	**183,615**	**137,298**	**104,641**	**92,256**



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Albion	66.10	65.11	56.06	58.37	63.80	68.86	59.99	56.65	55.08	58.12
Blairmont	73.84	75.45	66.61	59.16	67.25	73.47	69.17	56.87	62.17	65.84
Uitvlugt	65.62	54.66	45.67	39.90	41.37	48.62	51.70	49.69	64.34	72.22



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Albion	48,629	57,838	54,022	47,257	51,294	60,390	46,771	45,563	57,486	46,652
Blairmont	33,039	39,768	36,224	28,528	33,499	36,695	33,000	27,096	29,245	25,325
Uitvlugt	18,279	20,806	16,922	13,907	13,916	16,392	15,330	15,459	17,910	20,279

The main focus in agriculture during the past year has been on improvements in agronomic practices, labour and field productivity, internal transport infrastructure, drainage and irrigation capacity, implementing changes to field layouts so as to facilitate increased mechanization, and re-equipping the Estates' fleets of agricultural machinery. Agronomic activities and production on all estates were generally impacted by poor labour attendance, inclement weather and high machine downtime.

Harvesting and Sugar Production

LOCATION	CANE PROCESSED (t)			SUGAR PRODUCED (t)			TC/TS		
	LE	Actual	Variance	LE	Actual	Variance	LE	Actual	Variance
AN	624,901	548,528	(76,373)	56,550	46,652	(9,898)	11.05	11.76	0.71
BCF	371,125	316,177	(54,948)	32,287	25,325	(6,961)	11.49	12.48	0.99
ICBU	254,620	254,444	(176)	20,538	20,279	(259)	12.40	12.55	0.15
INDUSTRY	**1,250,646**	**1,119,149**	**(131,497)**	**109,375**	**92,256**	**(17,118)**	**11.43**	**12.13**	**0.70**

Table 1: Actual, Audited Sugar Production compared with the July Latest Estimates for 2019.

Total sugar production for the year was 92,256 tonnes, as compared to the year's budget of 109,374 tonnes, representing an achievement of 84.09% of the July 2019 latest estimates (July LE 2019).

At the end of 2nd crop 2019, the Estates were unable to harvest all of its canes, and as such were forced to carry forward into 2020 a total of 2,099 hectares of unharvested mature canes (estimated at 134,642 TC).

Cane and Sugar Yield Trends

Average cane yields in 2019 were 63.00 TC/ha, 0.34 units lower than estimated in July LE 2019 with Uitvlugt being the only Estate to surpass this estimate. The most significant improvements were obtained at the Uitvlugt Estate where actual yield for the year was 72.22 TC/ha compared to the 64.34 TC/ha obtained in 2018, a difference of 7.88 units.

Despite favourable weather throughout most of the year, TC/TS values were significantly higher than budget in 2019, with the average for the year being 12.13 compared to a budget of 11.43. The 1st Crop saw a TC/TS value of 11.48 while during the 2nd Crop this increased to 12.50, mainly as a result of delayed harvesting, work stoppages and extensive factory downtime. The Blairmont and Uitvlugt Estates were mostly affected, with Uitvlugt's TC/TS rising to 12.55 units.

Weather in 2019

At the three (3) continuing Guysuco estates, the average annual rainfall recorded during 2019 was 1,452.1 mm. This indicated a 17.4% reduction in precipitation from the previous year (1,758mm recorded in 2017), and a 27.0% deficit when compared with the 64-year LTM (1,990.3 mm p.a.). The first half of the year experienced a continuation of the weak El Nino climatic event that began in 2018, and this resulted in more opportunity days at all of the locations. The average number of opportunity days recorded for the year was 110.0 against a budget / estimate of 75 days for a normal year.

Estate	Annual Rainfall 2019 (mm)	Annual Rainfall 2018 (mm)	64-YR LTM Annual Rainfall (mm)
Albion	1,238.9	1,462.5	1,745.1
Blairmont	1,195.7	1,371.6	1,796.0
Uitvlugt	2,059.4	2,440.2	2,701.7
Industry Average	**1,452.1**	**1,758.1**	**1,990.3**

Table 2: Average Annual Rainfall (mm) recorded at the three (3) Estates during 2019, and compared with that recorded in 2018 and the 64-year LTM.

Weather conditions were favourable during the 1st crop, allowing for an early start to the tillage programme and progressive harvesting on all estates. Both Uitvlugt and Blairmont Estates were able to achieve their programmes and surpass their budgeted sugar production. However, Albion Estate suffered considerable downtime with their tillage machines and hence could not benefit from the fine weather, achieving only 52.2% of their tillage programme.

The 2nd Crop was also considerably dry, with all locations being drier than the LTM and only ICBU receiving more rainfall than the first half-year. The Estates were however unable to take advantage of these conditions. Harvesting commenced late and progressed slowly due to extended out-of-crop maintenance and downtime in the factories. This in turn affected abandoning of land for preparation and replanting.

Labour Attendance

Estates continue to suffer from low turnout among cane harvesters, and this would have affected the harvesting rate and the delivery of fresh canes of the optimal age, to the factories. During 2019, the turnout improved with an average attendance of 64.17%, compared to the 58.53% recorded in 2018.

Average attendance during the 1st crop was 61.85%, improving to 65.85% in the 2nd Crop. Uitvlugt Estate had the most improvement in attendance, with 68.20% recorded in 2019, and up from 57.42% in 2018.

2019 Cane Harvesters Attendance				
Estate / Crop	**Albion/Port Mourant (%)**	**Blairmont (%)**	**Uitvlugt (%)**	**Industry Average (%)**
1st Crop 2019	60.27	62.78	62.87	61.85
2nd Crop 2019	65.68	61.44	70.71	65.52
Year 2019	63.70	61.89	68.20	64.17

Table 3: Average daily attendance for Cane Harvesters during 2019, expressed as a percentage of the number of employees on roll in this category.

Cane Transport

Cane Gantry Operation

Land Preparation

In 2019, the Albion, Blairmont and Uitvlugt estates together completed 3,116.1 hectares of land preparation against a budget of 4,766.7 hectares (65.4% achievement). This was a significant improvement over the previous year, due in part to favourable weather and the addition of ten (10) new 190hp tractors to the fleets during the 2nd crop.

The shortfall in land preparation that occurred mainly during the 2nd Crop was due to:

- Late start of harvesting on all locations, which affected abandoning of fields for tillage. Harvesting was delayed due to extended out-of-crop maintenance in the factories;
- The Uitvlugt Estate proper had reached the point where most of its fields were of relatively younger cycles with acceptable yields, and hence these were not chosen for abandoning. Efforts were then turned to preparing fields leased to private farmers but only 132.6 ha were tilled as many of the lessees were yet to actively take up farming on the lands allocated.

During 2019, the Uitvlugt/West Demerara farmers were assisted with the preparation of a total of 445.6 ha of land, the most significant achievement for any one year since the programme began in 2012. Despite the late start of the tillage programme for the 2nd crop, Albion estate was able to put 586.6 ha of land under wet fallow for early resumption of planting in 2020

2019 Land Preparation Summary										
Estate	First Crop 2019			Second Crop 2019			Year 2019			
	Budget	Actual	Land Available to Plant	Budget	Actual	Land Available to Plant	Budget	Actual	Var.	% Ach.
AN/PM	1,149.0	600.4	375.8	1,723.0	1,107.6	586.6	2,872.0	1,708.0	-1,164.0	59.5
BCF	288.0	294.3	24.4	1,017.1	543.0	17.2	1,305.1	837.3	-467.8	64.2
ICBU	388.4	431.9	233.5	283.9	138.9	99.8	672.3	570.8	-101.5	84.9
IND. Tot	**1,825.4**	**1,326.6**	**633.7**	**3,024.0**	**1,789.5**	**703.6**	**4,849.4**	**3,116.1**	**-1,733.3**	**64.3**

Table 4: Budgeted and Actual Land Preparation completed during 2019

Planting

The estates completed 2,985.4 hectares of planting against a budget of 4,282.3 hectares (69.7% achievement). This however was a significant improvement over the previous year. At Uitvlugt the focus was placed on the establishment of farmers' fields with a total of 435.4 ha being completed for the year. Planting on the Estate itself was restricted to facilitate the return to cultivation of lands that had been out of use for several years and which has since been leased to farmers.

At the Blairmont Estate, the shortage of prepared land delayed the commencement of planting during both crops, forcing the estate to continue past the normal cut-off dates in both seasons. The Estate also achieved 72.8 ha of semi-mechanical planting during the 2nd crop, utilizing equipment provided by a contractor.

During both crops the Albion Estate was able to undertake semi-mechanical planting, achieving 143.5 hectares in the Expansion-C section. However, Albion continues to fall short of its planting targets, achieving only 58.8% of its overall annual planting target in 2019. This has resulted in a build-up of old cycles and reduced yields on the estate. The main reason for this is the acute shortage of labour required for planting and associated activities, and underscores the need to rigorously pursue mechanisation of planting.

2019 Planting Summary								
Estate	First Crop 2019		Second Crop 2019		Year 2019			
	Budget	Actual	Budget	Actual	Budget	Actual	Variance	% Achieve
AN/PM	1,000.0	539.0	1,500.0	930.6	2,500.0	1,469.6	-1,030.4	58.8
BCF	288.0	283.6	872.0	550.2	1,160.0	833.8	-326.2	71.9
ICBU	388.4	451.8	233.9	230.2	622.3	682.0	59.7	109.6
Industry Total	**1,676.4**	**1,274.4**	**2,605.9**	**1,711.0**	**4,282.3**	**2,985.4**	**-1,296.9**	**69.7**

Table 5: Budgeted and Actual Planting done during 2019

Supplying

Estates were able to complete a total of 1,131.0 hectares of supplying, surpassing the budget of 1,013.0 hectares. Most of this work was done during the out-of-crop periods of the first half-year and concentrated on repairing prime-cycle fields that had been affected by the dry conditions of 2018. During the 2nd crop, Uitvlugt used its planters who were not occupied in establishing farmers' fields to focus on repair work of its own. This strategy was adopted as very little tillage and planting were done on the Estate proper.

2019 Supplying Summary								
Estate	First Crop 2019		Second Crop 2019		Year 2019			
	Budget	Actual	Budget	Actual	Budget	Actual	Variance	% Achieve
AN/PM	118.0	254.3	270.0	43.4	388.0	297.7	-90.3	76.7
BCF	93.0	306.0	292.0	37.6	385.0	343.6	-41.4	89.2
ICBU	120.0	326.9	120.0	162.8	240.0	489.7	249.7	204.0
Industry Total	**331.0**	**887.2**	**682.0**	**243.8**	**1,013.0**	**1,131.0**	**118.0**	**111.6**

Table 6: Budgeted and Actual Supplying achieved in 2019

The level of supplying required in fields that were semi-mechanically planted continue to be high, indicating the need for further improvements to this method of planting. Supplies (and planted setts) can also now benefit from improved irrigation through the acquisition of a mobile overhead sprinkler that has since been put into use on the Albion Estate.

Agro-Chemicals Availability

During the first half of 2019 estates had adequate amounts of agro-chemicals, with the only exception being the herbicide *Ally* which was in short supply during the months of March and April. The 2nd crop however, was affected by severe shortages of fertilizer, particularly urea and muriate of potash (MOP) which were unavailable during the months of October to December. With regards to herbicides, *Starane* was in short supply as of November. During the 2nd crop the *Raticate* brand of the rodenticide Brodifacoum was replaced with *Brigand*, a new formulation of Bromodiolone.

The main reason for shortages of agro-chemicals was the unavailability of funds to cover procurement at the time. During 2019, it was also observed that the number of responsive bidders had declined and that prices for some of the main products had increased substantially when compared with previous years.

To meet the minimum nutritional requirements of the sugarcane crop during its early stages of development, adjustments were made to the fertilizer regimes, inclusive of splitting the Nitrogen applications. This particular strategy was done with the intention of retaining some of the Nitrogen to accompany the later application of the potash fertilizer when that would have become available.

Crop Husbandry

The timely application of both LGRP and fertilizers was also affected throughout the year by labour shortages, and by downtime on the mechanical applicators and tractors in use. The mechanical LGRP and fertilizer applicators available on all estates are aged and unreliable. 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, 2019 the Estates had a total of 3,091.3 hectares of unfertilized canes. Additionally, estates also had a total of 2,723.8 hectares of canes requiring the second part of the split-application of fertilizers.

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.

Estate	Cycles	Fertilizing Outstanding @ 31-12-2019 (ha)		
		Basic Fertilizing	2nd Part / Split Application	Total
ICBU Estate & WD Farmers	Plants	165.0	0.0	165.0
	Ratoons	494.7	317.6	812.3
	Total	**659.7**	**317.6**	**977.3**
BCF	Plants	308.2	149.4	457.6
	Ratoons	254.0	1,126.7	1,380.7
	Total	**562.2**	**1,276.1**	**1,838.3**
AN/PM	Plants	385.9	331.9	717.8
	Ratoons	1,483.5	798.2	2,281.7
	Total	**1,869.4**	**1,130.1**	**2,999.5**
Grand Total		**3,091.3**	**2,723.8**	**5,815.1**

Table 7: Fertilizing outstanding as at December 31, 2019

Chemical Weed Control (CWC) work was 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. However, the lone operable Guysuco aircraft was down on two occasions, forcing the need to outsource aerial applications.

Rodent Control

The level of rodent damage on all three (3) Estates has been reduced through intensive, integrated pest management practices involving damage surveys, hunting, baiting and cultural practices such as circle-burning and better sanitation of surrounding dams. Pre-harvest circle-burning was done in most areas as a proven means of trapping larger amounts of the pest. Following the burning of the field, hunters would go through the field to capture any rodents that had survived the fire.

At the end of the year, the average Fresh Stalk Damage (FSD) recorded for each of the three (3) Estates ranged between 0.04% and 0.20%, well below the economic threshold level of 0.50%.

Activity / Parameter		AN/PM	BCF	ICBU	Industry
Surveillance	Hectares Surveyed	18,497.7	6,937.6	9,378.7	**34,814.0**
	% FSD Recorded	0.130	0.040	0.200	**0.131**
Hunting of Rodents	Hectares Hunted	26,034.5	36,642.9	62,626.6	**125,304.0**
	Total Rats Caught	1,272	1,632	53,879	**56,783**
	Rats Caught / Hectare	0.049	0.045	0.860	**0.453**
	Man-days Used Hunting	1,183	1,426	3,577	**6,186**
	Rats Caught / Man-day	1.08	1.14	15.06	**9.18**
Baiting of Fields	Total Hectares Baited	6,513.7	21,575.4	39,541.7	**67,630.8**
	Total Baits Used (kg)	2,010	5,765	11,340	**19,115**
	KG Bait used / Ha	0.309	0.267	0.287	**0.283**

Table 8: Rodent-Control data for Estates As At Dec. 31, 2019

Infield Drainage

Over the years, Estates' declining ability to effectively maintain their fields' internal drains have led to poor drainage, which in turn negatively impacted cane growth while encouraging the proliferation of weeds and other pests. The limited labour that is available (shovel-men) is used mainly for shaping and grading of drains in plant-cane fields.

In 2019, estates received fifteen (15) new tractors and seven (7) rotary drain-ditchers (Dondi) to rehabilitate ratoon drains mechanically. These joined the seven (7) machines and implements received in the 2nd crop of 2018.

Overall achievement for the year 2019 improved to 96.6% of the budgeted work. However, the achievement on the two (2) Berbice Estates was only 63.1% of their budget.

Mechanical Drain-Digging (Dondi) work in Ratoons - 2019								
Estate	1st Crop 2019		2nd Crop 2019		Year 2019			
	Budget	Actual	Budget	Actual	Budget	Actual	Variance	% Ach.
AN/PM	480.0	436.8	721.0	330.2	1,201.0	767.0	-434.0	63.9
BCF	297.0	292.7	905.0	456.1	1,202.0	748.8	-453.2	62.3
ICBU	419.0	697.3	639.8	1,129.5	1,058.8	1,826.8	768.0	172.5
Total	**1,196.0**	**1,426.8**	**2,265.8**	**1,915.8**	**3,461.8**	**3,342.6**	**-119.2**	**96.6**

Table 9: Mechanical Drain-Digging in Ratoon Fields during 2019

The Uitvlugt Estate was able to maximize its use of the equipment available within its own cultivation, primarily because 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

An agreement was signed between Guysuco and the NDIA for Guysuco to be contracted to undertake operation and maintenance of the Drainage and Irrigation (D&I) systems at all estate locations inclusive of pumps and the Torani Canal. This was in keeping with Cabinet's approval which was granted in principle in January 2018. Monthly invoices were submitted to NDIA upon which payments were made to Guysuco in accordance with the agreement.

Heavy duty revetment was constructed by the NDIA on the upstream left-hand side of the Torani Head Regulator where erosion had taken place. The NDIA had also undertaken to carry out remedial works to the Albion No. 1 pump at Albion Estate and had signed a contract for those works before the end of 2019.

Dredging of the No. 2 sluice drainage outfall at Blairmont Estate commenced in December 2019. The outfall had silted up to a height of eight (8) feet above the invert level (43.0 feet GD), and extended over a distance of 600 feet. The sluice was inoperable for most of 2019 while the gate was being replaced and associated work done.

Revetment at Blairmont

Private Sugarcane Farming

Albion

Several discussions were held with the National Cane Farming Committee (NCFC) and the National Drainage and Irrigation Authority (NDIA) boards, soliciting their assistance to clean the drainage and irrigation canals at PMU. Approval was granted and cleaning is expected to be done during the 1st crop of 2020 to facilitate harvesting and other agronomic practices.

The Port Mourant United Co-op Society expressed their renewed interest in cane cultivation after being inactive for almost three (3) years. This was confirmed by the act of cleaning an area of 120.0 acres (51.1 ha) of ratoon canes after which fertilisers were applied.

In preparation for harvesting during the 2nd crop of 2019, a member of the PMU co-op society utilized his excavator and cleared the middle walk canal to provide access for cane punts. Unfortunately, owing to continual mechanical breakdown of the Albion factory, no harvesting was done. Those fields will be harvested during the 1st crop of 2020 as carry-over canes.

Port Mourant United Co-op Society, with the help of the Albion estate, will do tillage and replanting in two (2) blocks during the 1st crop of 2020 and this allow the one block currently under canes to be ratooned after harvest.

Uitvlugt / West Demerara Farmers

Farmers at this location surpassed their target by supplying an additional 3,372 tonnes of cane which when processed produced an extra 604.9 tonnes of sugar, more than budgeted. Important to note is that only 30% of the total sugar produced at Uitvlugt came from farmers (6,065.4 tons versus 14,213.6 tons by Estate).

Land preparation for the year 2019 amounted to 444.5 hectares, of which 430.0 hectares were planted. There is 14.5 hectares of prepared land under water and which will be planted during the 1st crop of 2020. In addition, total work in progress at the end of December 2019 was 247.6 hectares.

The National Cane Farming Committee, acting through the GuySuCo, issued loans valuing five hundred thousand dollars ($500,000) to each of several farmers at Uitvlugt. These loans were to be used for improving agronomy practices and conducting crop production work.
A training session on chemical weed control was held in January 2019 for farmers. That programme captured weeds identification, types, stages of growth, choice of herbicides and application techniques.

There was also a field day for farmers hosted by MACORP (suppliers of heavy duty equipment) during the month of April where several machines were showcased. Farmers were also allowed to drive and test various machines for different operations.

The Estate assisted tremendously with land preparation for some small farmers. Replanting of fields was also done for some farmers. Agrochemicals were issued by the Estate to the farmers on credit; this afforded farmers the opportunity to access scarce pesticides and fertilizers, and at lower costs.

The fair-weather road built to provide access between the Estate's cultivation and farmlands in the Canal #1 area was 95% complete as at December 2019. This is expected to be completed before the commencement of the 1st crop of 2020.

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 and the Field Record System (FRS) and 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.

- During 2019 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;
- Work on the *CanePro* application was suspended pending the availability of financing for the continuation of the project. The Guysuco Board had advised that efforts be made to improve the current Field Record System (FRS) with a view of maximizing its use.

The Information Systems Department (ISD) had begun research on the availability of other suitable Agriculture Information Systems.

Agricultural Engineering and Research

During 2019, research continued with several of the agricultural mechanization initiatives that had started the previous year. These were pursued through collaboration between the Head Office and Estates' engineering departments. To assist with better development and implementation of these initiatives, the engineering departments were restructured; staffs were reassigned; and training programmes were held to improve their knowledge and capabilities.

The general focus of the department is to promote farm mechanization as a means of improving agricultural productivity and to compensate for declining availability of labour on the Albion Estate. This process began anew during the 2nd crop of 2018.

Results of 2018 Land Conversion Exercise at Albion Estate

Harvesting results from fields in the Albion Expansion-C block which were laser-levelled and planted during 2018 and harvested in 2019 were as follows:

- **Average Yield was 104.88 TC/ha**
- Highest yield of 140.74 TC/ha was recorded in field #4
- Cane / juice quality: No application of cane ripener was done on the block;
- At age 53 weeks Expansion C 1-5 recorded the best juice quality (Brix = 19.3, Pol = 16.50, Purity = 85.49%)

Field Equipment

In 2019 ten (10) tillage tractors along with disc ploughs and fifteen (15) drain-ditching tractors were acquired to accelerate the land preparation and field conversion programmes. Albion Estate received one new John Deere cane harvester, four (4) cane trailers and one (1) wheel-type excavator outfitted to mechanically load whole-stalk canes. Additionally, 278 cane punts were fabricated and distributed to Estates from steel that was obtained in 2018; whilst 22 cane punts are scheduled for completion and delivery to Uitvlugt in early 2020.

Equipment	Number Acquired	Purpose	Equipment Allocation				
			AN/PM	BCF	ICBU	ARC	CWS
JD6190 Tractors + 5 x 32" Disc Plough	10	Tillage	6	4	-	-	-
JD6105 Tractors	15	Drain-Ditching	7	3	3	1	1
Cane Cart / Trailer	4	Mechanical Harvesting	4	-	-	-	-
JD Cane Harvester	1	Mechanical Harvesting	1	-	-	-	-
DX140 Wheel Excavator	1	Cane loading	1	-	-	-	-
Briggs Overhead Sprinkler	1	Irrigation	1	-	-	-	-
New Cane Punts	278	Cane Transport	210	50	18	-	-

Table 10: New Field Equipment acquired and distributed during 2019

Despite the acquisition of new equipment, the fleets of machinery, implements and cane punts on the Estates are still not at the optimal level. Further, the unavailability of funds to procure spares and lubricants has negatively impacted machine availability.

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.

Boom Irrigator

The objective is to move away from flood-irrigation, and to embrace a more conservative system through sufficient water is applied in a manner that does not adversely impact the soil structure. Through the use of sprinkler technology, irrigation water can also be a conduit for the application of fertilizers and possibly pesticides. The system is still under evaluation but is expected to be completed by the end of the first crop 2020.The traditional system of flood-irrigation could actually contribute to the removal of nutrients with topsoil.

Mechanical Cane Harvester

One (1) mechanical cane harvester and four (4) cane haulage trailers were procured for the harvesting of mechanized cane fields at Albion Estate so as to combat the labour shortages. Training of the operators has been completed and operations will commence during the first crop of 2020. The harvester will cut the canes into billets and load them directly into the cane-carts. The billeted canes will then be transferred to dump-trucks for transport to the factory.

In addition to the acquisition of cane-harvesting equipment there was also the design and construction of an elevator at the Albion factory to allow for the collection of billet canes from cane-transport trucks. This innovative project is a collaboration between Agriculture and Factory Engineers.

Cane Wheel Loader DX140

The Doosan DX140 wheel-type excavator / loader was delivered and the operator and maintenance training have been completed. Operationalizing of this equipment for infield cane loading is presently awaiting the repair of cane trailers by the CWS. Once this is done it will work with bell cane loaders to improve loading capacity and rate.

Machine Availability and Utilization

Utilisation of tillage and drain-digging tractors; excavators and bell cane-loaders are still far below what can be considered good. The limited accomplishment of the tillage programme, particularly at the Albion Estate, was in part due to low machine availability. Where there should have been thirty (30) machines operable, only twenty one (21) were fully functional, leading to a low availability averaging 53.2%. Another major factor was the low productivity level of the aged and under-powered machines in the tillage fleet.

Tillage Work Standards

Quality of work was improved significantly with the use of the new JD6190 tractors and the thirty-two inches diameter plough discs. Ploughing depth has increased from the previous year's average of 7-8 inches to a new average of eleven (11) inches on the cambered beds and 14-15 inches on the broad beds.

Central Workshop, Albion

The CWS continues to play a vital role in the manufacturing and reconditioning of various types of components for the Guysuco factories and Field Workshops. The services of the workshop have been expanded to include management of a fleet of field equipment for the Land Rehabilitation Unit (L.R.U) stationed at the Albion estate, to conduct repairs on machinery belonging to the National Drainage and Irrigation Authority (NDIA).

Tractors at Blairmont

New Tractors

Boom Irrigator

President David Granger visiting Central Workshop

President David Granger visiting Albion

Interaction with Employees at Albion

__Report on Civil Works Projects undertaken during 2019__

During 2019, some capital civil work projects were undertaken on the Albion, Rose Hall, Blairmont, Uitvlugt and LBI estates. A brief report on the executed works is given below:

- **Albion Estate-** rehabilitative works were successfully executed on three (3) staff houses and the training building. In progress are works on the estate's Senior Staff Club. Approximately 1,830m or 72% of the approved allocation of Revetment works for sections of the Belvedere and Resource cane transport routes were completed.
- **Rose Hall Estate** - 90m of heavy duty revetment was successfully constructed at the Edinburg Sluice.
- **Blairmont Estate** – rehabilitative works were successfully executed on two (2) staff houses and the No. 2 Sluice.
- **Uitvlugt Estate** – rehabilitative works were successfully executed on one (1) staff house. Heavy duty revetment was constructed at various outfall sluices including those at Cornelia Ida, Stewartville (East and West), Uitvlugt (East and West) and Zeeburg.

  2,000m of light duty revetment was also constructed along the Uitvlugt East and West middle walk and the CNC dam.

  Approximately 95% of the 5.4km all-weather road, from Pumpkin Dam to "A" line dam, was completed by the end of the reporting period. This road is expected to be completed prior to the commencement of the 1st Crop of 2020;
- **LBI Estate compound** - rehabilitative works were successfully executed on the Engineering Services building.

Agricultural Support Services and Quality Control

The Agriculture Services Department (ASD) in 2019 continued to monitor the availability and utilization of agro-chemicals, field tools and personal protective equipment (PPE), and to liaise with the MMD / procurement and Occupational Safety and Health departments, respectively to ensure timely availability of the required inputs.

Routine visits are made to Estates to inspect work standards for land preparation, planting, drainage and crop-husbandry works, and harvesting operations. Such visits to Estates also facilitated identification of critical issues affecting operations and production, sequencing of field operations and work planning with agriculture staff to address same. 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.

AGRICULTURE RESEARCH

In 2019, 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.

Breeding and Selection

The Breeding and Selection Unit of the Department main focus this year was on increasing the quality of progenies developed and so the year commenced with 89,055 seedlings, 6,726 clones and 691 varieties at stages I to III phases of evaluation. Additionally, 153, 11 and 12 varieties were being evaluated at stages IV, V and VI respectively.

During the year, 68,939 seedlings, 2,629 clones and 174 varieties became eligible for selection. However, 619 seedlings were advanced to stage II, 247 clones were assigned permanent identification numbers and 5 varieties met the departments selection criteria and were thus were placed in formal trials.

Further, 62,088 seedlings were planted for evaluation at stage I; 23,308 of which were planted to facilitate the analysis of 396 crosses as family. Significantly for the Department is the advancement of DB 9969 to a pre-commercial state of production following several years of evaluation.

DB 9969 was planted and harvested at Albion's Expansion C area where most of the activities were done mechanically and while the variety was not compared to any commercial variety; it performed very well in the block. The highest yield was recorded in field 4 with 140.74 TC/H.

Variety	Hectare	Avg. Age	TC	TS	TC/H	TSH	TC/TS
DB 9969	94.3	49	9,889.70	863	104.88	9.15	11.46

Table 11: Summary of Statistics of Variety DB 9969

Stage	Series		Total
	Demerara	Demerara-Barbados	
I	28,607	109,080	137,687
II	1,394	4,940	6,334
III	311	627	938
IV	7	146	153
V	5	6	11
VI	6	6	12
Total			**145,135**

Table 12: Summary of Varieties Development in Stage of Selection

No.	Demerara Series	Demerara-Barbados Series
1	D 96261	DB 9855
2	D 98239	DB 9925
3	D 98490	DB 9969
4	D 98633	DB 99126
5	D 99325	DB 99269
6	D 99460	DB 99590

Table 13: Stage VI Varieties Currently being Evaluated

The Corporation was represented at the annual Cane Breeding Workshop that was held in Belize in May, 2019. Presentations included that of Dr. Anthony Kennedy – Director, Cane Breeding Station (CBS) whereby it was recognised that there is a need for a new breeding programme using the *Saccharium spontaneum* canes as parents that will lead to the injection of genes for drought/flood/frost tolerance into the canes being grown commercially as preparation for the industries to meet the challenges of climate change. Additionally, testing units were encouraged to identify and send varieties that have shown tolerance to these conditions to CBS to be used as parents in crosses for each territory.

The Breeding and Selection cultivation commenced relocation to LBI West Fields 18 to 78 in June, 2019. This allowed for the modification of the evaluation plots to facilitate ease of data collection. With this being a new location, the decision was taken to design the new evaluation plots to allow for easy access to facilitate data collection. One such change is the establishment of walk ways between each plot that is bombarded by smut susceptible varieties for field inoculation and the commercial and/or quality standards.

Plant Protection

The main activities of the Entomology section of the Plant Protection Unit (PPU), in 2019 centered on the monitoring and management of the industry's sugarcane pest and its established management programme across the industry. This was accomplished through data collection, analysis and information feedbacks and extension visits and training when and where required. No new research activities were pursued by the unit because of the current financial and other resource constraint in the Research Department, however a final year project was done by the Research Assistant under the title "Effect of climate variability on Diatraea centrella and Cotesia flavipes in the sugarcane ecosystem- Blairmont Estate."

There were no reports of major outbreaks or severe infestations of major or minor pest species, throughout the year; however the usual seasonal upsurges of some major pest species at endemic locations and/or sections in the cultivations were experienced along with the usual damaging effects. The following are summaries of major activities for 2019.

Biological Control of a Major Sugarcane Pest

The Industry'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) estate locations and at the central bio-control facilities at LBI.

A total of approximately 4,341,936 cotesia adults were produced in the laboratory from an average 79% laboratory parasitism and a male to female ratio of approximately 1:2. Ninety-six percent (96%) of production or 4,160,915 adults were released in the sugarcane eco-system. The year's releases resulted in an average 32% field parasitism as revealed from monthly surveys of current and previously released locations in the eco-system.

Insectary Location	Cotesia Adult Emergence	M:F Ratio	Diatraea Larvae Exposed	% Lab Parasitism	Cotesia Released	% Field Parasitism
Albion	926,555	01:02	37,733	61.1	855,177	44.2
Blairmont	1,119,013	01:01	23,881	82.8	1,054,964	38.5
Uitvlugt	1,904,203	01:02	39,878	96	1,889,070	60.7
GARU	392,165	01:02	9,903	76.1	361,704	-
Total/Average	**4,341,936**	**01:02**	**111,395**	**79**	**4,160,915**	**47.8**

Table 14: Summary of Industry's Cotesia Rearing, Release & Recovery Programme

Rodent Monitoring & Management

Routine monitoring activities for the major pest species - the sugarcane rat *holochilus brasiliensis;* was carried out on all estates across the industry. Through-out the year there were no reports of major outbreaks or of threatening population resulting in severe damages. Damage levels were below the average 0.5% fresh stalk damage for all estates. However, the usual seasonal upsurges were evident in and around endemic sections and locations on estate. Uitvlugt and Albion estates experienced the most damages through-out the year during high activity seasons and which were associated with seasonal migrations. Strategic, prophylactic baiting was continuously carried out on all estates guided mainly by; quantitative fresh stalk damage surveys

(F.S.D.), in young canes and guard-up measures during the crop and high activity seasons to curtail inter and intra-field movements. Baiting was achieved on approximately 13,684 fields (57,472.8 hectares) at an industry average rate of 500 grams per hectare. Hunting activities where and when carried out on Estates resulted in a total of 56,419 rats caught.

Description	Estates			
	Albion	Blairmont	Uitvlugt	Total/Average
Rainfall (mm)	24.50	24.30	45.80	31.50
Total Hectares Surveyed	12,350.00	6,968.00	9,352.00	28,670.00
Ave. % F.S.D	0.10	0.03	0.16	0.10
Ave. % S.D	0.30	0.20	0.30	0.30
No. of Fields Baited	1,419.00	3,923.00	8,342.00	13,684.00
% Uptake	1.40	0.10	8.40	3.30
Total Fields Hunted	5,757.00	6,468.00	20,133.00	32,358.00
Ave. Rats per M/day	1.00	1.00	15.00	6.00
Ave. Rats per Hectare	0.04	0.05	0.53	0.20
Total Rats Caught	**1,276.00**	**1,630.00**	**53,513.00**	**56,419.00**

Table 15: Rodent Monitoring

Weed Management

The current weed management approach at Guysuco 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 become part of the Corporation's weed control policy in 2020. The department continues to work to with the Ministry of Agriculture, the Pesticide and Toxic Chemical Control Board (PTCCB) and Environmental Protection Agency (EPA) on safe working area and practices for aerial application of agrichemicals. Environmental authorisation was obtained for all locations.

Agronomic research during 2019 centered mainly on the establishment of new trials, and harvesting of pre-established ones, the focus of the forward thrust for the field department, emphasized at its core, the continued development and extension and evaluation of a number of promising new varieties, within fully mechanized field layouts. Pilot blocks were established at Albion with the main policy objective being the establishment of these layouts across the industry with the ultimate aim being the achievement of a more defined agricultural system. There were no reports of major outbreaks or severe infestations of major or minor pest species; throughout 2019 the usual seasonal upsurges of some major pest species at endemic locations were experienced along with the usual damaging effects.

Central Analytical & Environmental Monitoring

In 2019, the Central Analytical & Environmental Monitoring Services (CAEMS), carried out twenty two thousand, seven hundred and twenty (22,720) analyses and which were conducted on five thousand, two hundred and fifty three (5,253) 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. 2019 production was higher than 2018 production by approximately 6 % which was mainly due to the increase in soil and plant tissue analysis.

Cane Plants grown from seeds in the Green House at GARU

Seedlings for Planting at GARU

Sugar Cane Flowering for Seeds

Stage VI Variety DB 9969 after Irrigation

Blairmont Estate Primary Nursery

Inspection of Stage VI Variety DB 98239 at Blairmont

FACTORY OPERATIONS

In 2019, the Department's engineers and process staff continued their monitoring and providing advisory and technical support to all Estates.

Grinding operations continued at Albion, Blairmont and Uitvlugt Estates; however, the overall factory performance was below expectation, primarily in the second crop. Sugar production for the year realized a shortfall of 17,118 tonne sugar from the budget projection.

The late starts of the first and second crops, industrial actions by Blairmont factory workers, persistent factory time loss and inclement weather condition which lead to periodic inconsistent cane supply are the primary reasons for the shortfall of the production target. Factory time loss and out of cane hours have impacted negatively on average weekly grinding time. These resulted in depletion of bagasse fuel stock and were the main causes for high consumption of diesel fuel and fire wood at Blairmont & Uitvlugt. Cane quality, untimely acquisition of spares, continued losses of skilled craftsmen are also major concerns which affected operations.

An ISO 9001:2015 surveillance audit was done in September of 2019 at Blairmont and Head Office. A re-certification audit will be conducted in September of 2020. Preparations have started to have Albion certified before the commencement of white sugar production.

A Proterra audit for all Factories was done and there were no major flaws but some recommendations for improvement were identified. This was the first such audit for Uitvlugt and the Demerara Sugar Terminal. Efforts will be made to implement these recommendations.

The inability to capitalize critical pieces of factory equipment for the last three years contributed to several equipment failures, especially in cases of obsolete equipment which posed enormous difficulty to maintain. Reliability has been compromised in some instances resulting in increased factory downtime.

The skills base in the factories remained weak; as such, direct in plant training and classroom sessions were intensified in the areas of process control, planned maintenance, milling and boiler operations, instruments, turbines and governors. Further, four (4) senior staff were sent to the International Sugar Institute in Louisiana, USA to participate in sugar processing technology.

Emphasis is also being placed on new measures to improve efficiency in various areas of the operation whereas the project department continued to focus on capital work programme and new developments.

Production and Performance

Sugar Production achievement in 2019 was 92,256 tonnes and which was 17,118 tonnes lower than the year's estimate of 109,374 tonnes. Production time loss was high in the second crop mainly as a result of repeated mechanical failures at the Albion and Uitvlugt factories.

The following were some of the major challenges during 2019.

- Frequent bearings failure in no.1 knife turbine gear box due to worn housing.
- Shearing of side bars and pins on bagasse carrier due to worn components.
- Failure of the feeder table head shaft.
- Poor performance of no. 2 boiler due to failure of refractory works in the furnace.
- Malfunctioning of turbo generators control governors due to aging.
- Frequent failures of feeder table drag chain due to worn components.
- Shearing of crusher bottom roll shaft due to metal fatigue.
- Factory workers industrial action.
- Mechanical failure of cane carriers due to worn components.
- Mechanical failure of no.1 mill turbine due to worn components.
- Malfunctioning of the cane carrier control system due to aging.
- Failure of no. 1 mill reduction gear box due to worn gears.
- High vibrations of milling train due to worn gear.

Major challenges in 2019 include the poor physical condition of some factory equipment and which are at risk of further deterioration and can result in unnecessary production time loss. Also, the loss of skilled and experienced employees and the timely acquisition of spares especially in cases of obsolete equipment which posed enormous difficulties in maintaining the factories remain major concerns. The inconsistent grinding pattern does not support the anticipated factory recoveries and this contributes towards high usage of diesel fuel and firewood. The lack of funding has significantly affected the capital plan since much of the aging factory equipment are due for capital replacement in order to have significant improvement of efficiencies, recoveries and safe operations of the plant.

The following developmental projects were done in 2019.

- The cane receiving area at Albion was modified to facilitate off-loading of mechanically harvested canes from truck on to the carrier. This arrangement will also be advantageous for improvement of cane delivery to the factory.

- The steam distribution and utilization network for all the factories are being reviewed. Good steam utilization will help improve efficiency and reduce consumption of diesel fuel during grinding period. Some work has already started at Uitvlugt factory whereby few modifications were made to the first vapour ring main during the year end maintenance. This change will be evaluated during 1^{st} crop 2020.

- The knife holders on the reverse rotation assembly at Uitvlugt were all modified to give better clamping effect of the knives preventing them from dislodging abruptly. This modification was done July 2019 and has reduced knife failures by 80% in the second crop 2019.

- The no. 1-3 mill reduction gear box and two heavily worn mill inter-gearing were replaced and mill train realigned at Uitvlugt. These replacement components were taken from Ex Wales Factory. This has improved reliability of the mill gear train and reduced its high vibration level.

- Worn bearing housing on no. 1 Knife turbine gear box at Albion was reconditioned at Central Workshop. This has solved an age long problem of frequent bearing failures in the gear box during operation.

- Close monitoring of parameters that affected final molasses exhaustion and sugar quality was being done with improved outcomes realized.

The primary focus of the department is to return the factories to expected level of efficiencies. As such the department continues to work closely with the estates to improve process operation, the planned maintenance system and work standards. Emphasis is being placed on improved measures in the following key areas:

- Factory reliability to crush over 140 hours per week.
- Mill Extraction, FTE, BHR and OR.
- Bagasse utilization to minimize use of fossil fuel and fire wood.
- Engineering standard and practice.
- Ensure sugar produced is in accordance with the relevant quality standard.
- Complete boil off each crop in order to ensure the availability of all crystal sugar for marketing and specific pieces of process equipment for maintenance.
- Maintain a safe and healthy working environment.
- External training help to bridge gap beyond local capability.

Blairmont Water Intake Channel Phase 1

Blairmont Water Intake Channel Phase 2

Blairmont Water Intake Channel - Completed

Blairmont Water Intake Channel - Completed

Blairmont Sugar Drying Facility

Blairmont Sugar Packaging Facility

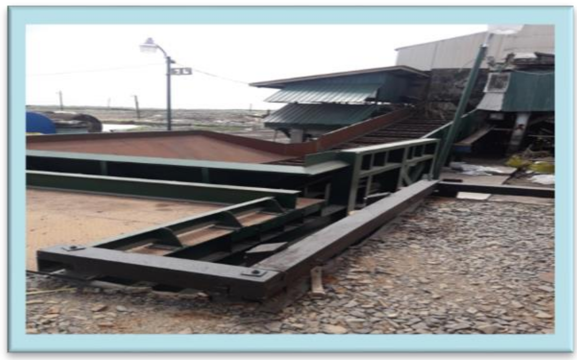
Blairmont Power Generating Engine – 2.5 MW

Blairmont Cane Processing

President Granger visiting Albion Factory

Albion Cane Gantry

Billet Cane Conveyor at Albion



Billet Cane Conveyor at Albion

Vaccuum Pan at Albion

Seed Crystallizer at Albion

Uitvlugt Estate Cane Receiving Area

Uitvlugt Estate Power Generating Engine

The Human Resources Department focused on the new direction for the sugar industry in a changing environment in 2019 as it grapples with the rate of staff turnover, incomplete union negotiations, a surge in work stoppages, and the closure of a number of primary Health Care facilities.

Restructuring of the Agriculture Department on Estates, and evaluating the jobs affected were accomplished; whilst recruitment of critical staff for the production operations also received primary attention in order to keep the Corporation on course to achieve its short and medium term goals.

There were seven (7) Senior Staff appointments in 2019, fifteen (15) persons were promoted and nine persons were transferred. Additionally, there were fourteen (14) resignations from senior staff across the Corporation; three (3) persons proceeded on early retirement and nine (9) persons on normal retirement. Also, nine (9) staff was granted extension of services at the end of normal retirement.

Training and Development

Internal training was conducted on twelve (12) topic areas and which were prioritized for Senior Staff. These topics were administered in thirty four (34) training sessions and three hundred and thirty eight (338) staff were trained; while, one hundred and twenty (120)) senior staff attended fourteen (14) training sessions held externally, inclusive of a three-day Management Development Programme for senior managers facilitated by UWI's Arthur Lok Jack School of Business.

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 is one (1) Cadets remaining at the institution and who will graduate in 2020. Also, a third year Electrical Engineering student at the University of Guyana completed 9-months of industrial attachment at Blairmont Estate.

Training evaluation was conducted at three (3) levels in the Training 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. Six (6) staff members from Human Resource, Occupational Health & Safety, and Procurement & Contract Management Departments received assistance to study to pursue studies in their respective disciplines and bursaries were awarded to ninety (90) children of employees from Head Office and Estates who wrote the NGSA, CSEC and CAPE/GCE examinations.

Induction of new employees at Albion

Induction of new employees at Blairmont

Albion Training Centre

Guysuco Training Centre – Port Mourant (GTC-PM)

The GuySuCo Training Centre recommenced apprentice training in February 2019 after a short hiatus. There were two intakes during the year; thirty (30) Apprentices in February and thirty (30) in August. The Graduation ceremony for the final year Apprentices was held on July 3rd, 2019. The Apprenticeship Programme is a four (4) years 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.

The 9th NTPYE programme commenced at GTC/PM in September, 2019 with one hundred and thirty (130) trainees in six (6) trade areas; namely, heavy duty equipment operator, basic refrigeration, basic welding and fabrication, basic electrical installation, basic fitting and machining and basic motor vehicle servicing and repairs.

Also, twenty seven (27) officers from the Guyana Defence Force (GDF) commenced a six (6) months training programme at GTC/PM in September, 2019 with graduation expected March, 2020

Occupational Health & Safety

The safety and health management programme over the past few years has seen a significant improvement in the overall safety and health performance for 2019. The Lost Time Accidents (LTA) per 100,000 worked man-hours frequency rate was 3.1, and which is an all-time best result and even improvement of the 3.26 set in 2010. The average time spent off the job due to a Lost Time Accident (LT/LTA) has reduced to 16 days which represents an 11 %, improvement. Nevertheless there were 391 Lost Time Accidents compared to 571 the previous year.

There were one hundred and sixty-seven (167) Occupational Safety and Health Committee meetings across all locations. The committees carried out eighty-eight (88) inspections and identified one thousand and forty (1,040) non-conformities. Further, Estate Health and Safety Officers (EHSOs) and front line staff also combined for 505 inspections; the Agro-Chemical Safety Committee audited Uitvlugt, Blairmont and Head Office locations. The Corporation's operations were audited during the period September 3-19, 2019 by a representative from Food Chain ID on behalf of ASR against the Pro-Terra Foundation standard for Social Responsibility and Environmental Sustainability.

Collectively, 4,705 employees received safety specific training. This represents approximately 90 % of the workforce and amongst the courses conducted were accident investigation, risk assessment, safe working procedures, fire safety, incident triangle/proactive safety management, OHS Act and the Corporation's OHS Policy Statement.

The Estates fire crew responded to a total of eleven (11) fire emergencies and which was 9 less than 2018. Four (4) were internal calls, and seven (7) from citizens. The corporation's fire safety preparedness received very good review from both the representatives from TLS (pre-audit exercise) and the Pro-Terra Auditor (the actual audit exercise).

Occupational Health & Safety

Fire Drill at Albion

Industrial Relations

The Corporation recorded a total of fifty eight (58) strikes resulting in 15,022 mandays lost in 2019 and the main contributor to those strikes were the Cane Harvesters whereby they accounted for a total of forty three (43) strikes with 10,790 mandays lost.

A total of sixteen (16) tax free days pay were awarded to qualified employees as weekly production incentive (wpi) across the industry, comprising of nine (9) and seven (7) days for the 1st and 2nd Crops respectively. The Corporation did not achieve its 2019 sugar production target; as such, it did not award a Production Bonus.

GuySuCo and GAWU/NAACIE Wages and Salaries Negotiations

The GAWU and NAACIE Unions submitted their respective memorandum of claims on August 30, 2019, for fifteen (15) percent and on May 22, 2019, for a thirty (30) percent increase in wages and salaries along with fringe benefits for 2019. The inaugural meeting was held with both Unions' on October 1, 2019, where the Corporation updated the parties on production, highlighted the challenges facing the industry and confirmed their proposals.

At the third meeting held on October 29, 2019 the Finance and Marketing Director updated the Unions on the 2019 financial, production and marketing outlook for the company.

Subsequent meetings to commence discussion on their respective fringe benefits were held with GAWU on November 13 and NAACIE on November 19, 2019. The Chief Executive on November 20 presented the Corporation's medium term plan (2020-2025), highlighting the strategies and areas of focus to sustain and develop the industry.

As a result of the Negotiation's Team awaiting the Corporation's mandate with respect to the Unions' wages and salaries proposal discussions remained incomplete and have been rolled over to 2020.

Estates Closure and Employees Redundancies

There were twelve (12) employees retained at Wales Power House upon the closure of Wales Estate on December 31, 2016. They were severed on November 30, 2019.

Wales Estate's Cane Harvesters

The 107 Wales' Cane Harvesters who were working at Uitvlugt were paid their severance in 2019. However, the matter is being legally addressed with regards to payment in lieu of notice.

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.

A number of jobs in the restructured Agriculture Departments were evaluated and implemented. The Corporation and the Unions (GAWU and NAACIE) met and agreed to new rates of pay and which were implemented in July 2019, with retroactive payment to July 2018. The retroactive payment was made in two parts i.e. in October and December, 2019.

Health Services

The compliment of Primary Health Care Centre's (PHCCs) has been reduced from fifteen (15) to eight (8) in addition to the Ogle Diagnostic Centre (ODC). The Wales, Lusignan and Enmore centres are opening only one (1) day per week whilst the Diamond, Enterprise, Lusignan, and Edinburg centres are closed.

Also, since the closure of the East Demerara Estates, there was the need to close some of our PHCCs and reduce the operation of others to one (1) day per week. Similarly, at West Demerara, the Wales PHCC opens just one (1) day a week.

Despite closure of Skeldon and Rose Hall Estates, the Berbice PHCCs (apart from Edinburg that had been closed over a year now), are all still functioning on a full-time basis to date, including the Skeldon PHCC and the Rose Hall PHCC .

The attendance in 2019 was 44,388 and which has clearly declined from previous years of almost double that number. Further, the attendance at Lusignan, Enmore, Wales and Skeldon PHCCs are all Pensioners. At Rose Hall PHCC, except for a few workers from Albion Estate that seek medical attention there, the attendance is almost all Pensioners.

It should be noted that hypertension with 15,561 cases continues to be the number one disease in the reported cases, followed by diabetes mellitus, with 9,561 cases. The least reported was soft tissue injuries, with 1,063 cases. It is evident that the patients who sought medical attention were mostly those with chronic illnesses and were mostly Pensioners.

The Medical Board Examinations continued in 2019 whereby 39 examinations were done, of which 34 were medically discharged, 4 were recommended for alternative job, and 1 made fit for normal duties.

Medical Board referrals are done for employees who have genuine medical conditions (that impedes his or her ability to work in a particular job, or in any job).

Previously, all Medical Board Examinations were done at Ogle Diagnostic Center (ODC); however, from the beginning of 2019, only the Demerara cases are done at ODC, and the Berbice cases at the Rose Hall Diagnostic Center (RHDC).

The Corporation kept its commitment to maintain the Health Care facilities provided, to the maximum within the limits of its current resources to all the pensioners within all the communities, even of those from the closed Estates.

The Corporation has intensified its effort to focus on meeting the needs of the local markets as well as those within the Caribbean and USA. The Corporation is also hopeful to commence the production of white sugar in the years ahead once the necessary modifications have been made to the Albion factory. White sugar would be sold to the industrial and retail markets within the Caricom region since there is the potential to gain tariff protection from extra regional white sugar imports and hence achieve a higher selling price with the subsequent increases in revenue. Progress has been made within to Caribbean towards gaining support for CET protection for this product once it satisfies the demand and quality required by Industrial users and consumers.

During 2019 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.

The domestic market was adequately supplied with both bagged and packaged sugar during the year under review. 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.

New Brands

Two (2) new brands of sugar; namely, Berbice Gold and Demerara Crystals were launched during 2019 and sales of same were done both locally and overseas.

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 2019, a total of 55,917 metric tonnes of raw sugar was exported to the United Kingdom at an average price of US$294.03/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 2019 (1 October 2018 – 30 September 2019). As such, in year 2019 the Corporation was able to export to the USA 14,437 metric tonnes of raw sugar at an average price of US$465.70/MT.

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 2019 the Corporation supplied 8,663 tonnes of bagged sugars to member states.

The packaged sugar supplied to CARICOM in 2019 amounted to 2,215 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 2019 the Corporation sold 14,960 tonnes of bagged sugar and 3,241 tonnes of packaged sugar. Totals sales to the local market amounted to 18,201 tonnes. All sugars disposed on the local market were sold to wholesalers, bakeries, food processors, supermarkets and our distributors.

Molasses

During 2019 molasses was sold mainly to Demerara Distillers Ltd (DDL) and this amounted to 46,596 tonnes. Additionally, bottled molasses has gathered an increased awareness and consideration is being made for the possibility of having the molasses bottled at one of Guysuco's factory. Further, since there is a reasonable demand for the bottled molasses, the Marketing Dept is currently liaising with a private company for assistance with the bottling process.

Tourism

The Corporation has launched its Cultural and Heritage Sugar Tourism business line at its Albion and Uitvlugt Estates; effectively transferring the knowledge on sugar and its history whilst telling the story of sugar in Guyana; thereby creating more value for the Industry.

Training for tour guides were held in Demerara and Berbice locations for which we have engaged external and internal consultations.

In collaboration with Communications Department; Albion and Uitvlugt Estates hosted several tours during the year including two (2) FamTours, tour operators from the UK in collaboration with local tour operator (Wilderness Explorer). Cultivation tours are being offered at Uitvlugt to visit the cultivation and then factory.

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.

White Sugar meeting held at the Ministry of Foreign Affairs

Packaged Sugar at Blairmont

INFORMATION SYSTEMS

The year 2019 saw a continuation of efforts to integrate information technology into the core operations of the company. This is one of the corporation's strategic initiatives to modernise its operations and overcome the numerous challenges faced.

Integration of such technologies into the production processes of the corporation is not without challenges. This is not unexpected, as the traditional mode of operation is deeply rooted into the culture of the corporation. Nonetheless, progress has been slow but steady.

By the end of the year, the computerised solution being developed for the sugar manufacturing process at Albion Estate's factory was completed, tested and validated. Accordingly, as of the first crop of 2020, all the paper-based processes and record keeping at that factory will be replaced by the computerised solution. The software, suitably named the "Factory Information System" or FIS, will now perform all sugar manufacturing process computations, produce all process reports and store all data from the process. It also incorporates many other aspects of the operations of the factory that are not directly linked to the sugar manufacturing process.

The system will also enhance real-time monitoring by sending alerts to designated contacts when pre-defined parameters venture outside of their respective defined acceptable range. Similarly, monitors will be placed at appropriate locations in the factory to provide visual indication of such parameters.

During the first crop 2020, the system will also be taken to the other two estates' factories to begin the trial process at those locations. It is expected that the solution will have to be tailored to meet the unique aspects of each factory.

Similarly, in agriculture, the solution that was being piloted at Albion to utilise mobile devices to capture the details of work activities in the cultivation was taken through all the evaluation stages and eventually moved into official use for one harvesting gang. It will now be expanded to other gangs on the said estate.

Data Collection via Tablet

Whilst, the solution itself has been fully functional for some time now, the challenge has been to integrate it into the work environment, especially given that it requires close coordination and communication between all four (4) departments on the estate. This has been slowly materialising. The solution allows the harvesting foremen to capture all information related to harvesting activities and harvesters' payment. The information captured on the tablets in the field is then transferred to a central database where it is combined with from the cane scale in the factory and fed to the payroll, all automatically. Whilst all of this is automated, errors or delayed work in one department affect the downstream process, hence the need for close coordination and communication.

This solution and the earlier mentioned FIS will eliminate a lot of tedious manual tasks and duplication of effort. They also substantially improve process accountability and the accuracy, reliability and timeliness of data.

Notwithstanding the focus on these new and exciting areas, considerable attention continues to be placed on strengthening the availability, performance and security of the IT systems. In this regard, the phased upgrading of IT infrastructure throughout the corporation and scheduled preventative maintenance continued in 2019. Of note, two important policies that govern the IT department's operations were updated in line with current requirement. These are the "IT Security Policy" and the "ICT Hardware and Software Policy". The process of ensuring compliance with the revised policies is on-going. This includes measures to minimise the risk of disasters affecting the availability or quality of the IT systems and, in the event of a disaster, ensuing full preparedness to respond to and recover from that disaster.

The successes noted above undoubtedly reflect the corporation's commitment to developing its information systems to support its operations. It also bears testimony to the continued dedication and hard work of the staff of the Information Systems Department. Though few in numbers and working with limited resources, they continue to strive to enhance the corporation through innovation information technology based solutions.

REPORT OF THE DIRECTORS

For the year ended 31st December, 2019

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2019.

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 54 to 92.

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 4. 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.

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 2019, 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: 10/2023 20 January 2023

**REPORT OF THE AUDITOR GENERAL
TO THE MEMBERS OF THE BOARD OF DIRECTORS
OF GUYANA SUGAR CORPORATION INCORPORATED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Qualified Opinion

Chartered Accountants Ram & McRae Chartered Accountants have audited on my behalf the financial statements of the Guyana Sugar Corporation Incorporated, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 5 – 40.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

By Order No. 45 of 2017, the Minister of Finance transferred from the Corporation, all and singular the right, title, claim, an interest in the immovable property owned, used, licenced (to or by GuySuCo), leased (to or GuySuCo), or held by GuySuCo in the Skeldon Estate, Rosehall Estate, Wales Estate, Enmore Estate and the counties of Demerara and Berbice, immediately before 30 December 2017, save and except Albion Estate, Blairmont Estate, and Uitvlught Estate, and includes all lands, buildings and erections thereon, including but not limited to sugar factories, office buildings, warehouses, railways, scales and structures used, by GuySuCo that have not been transferred or vested to any other person other than GuySuCo or the State.

Part of the lands, buildings and erections thereon, including but not limited to sugar factories, office buildings, warehouses, railways, scales and structures used by GuySuCo at the Skeldon Estate, Rosehall Estate and the Enmore Estate have been returned to operational control of the Corporation without any title being re-transferred or any written Agreement. These assets are not included in the financial statements of the Corporation. In the circumstances, I am unable to determine the ownership of the assets or the responsibility for bearing the cost of wear and tear of these assets.

Emphasis of Matters

Without further qualifying my opinion, I was advised that 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 respond to the request. Exclusive of penalties and interest payable under the tax laws, the amount owing to GRA at the balance sheet date amounted to $4.958 billion at the reporting date. The directors are of the opinion that the Corporation will not be assessed by any penalties and interest.

I draw attention to the financial statements which indicates that the Corporation has accumulated deficit of $112.372 billion as at 31 December 2019. The validity of the going concerns basis on which the consolidated financial statements are prepared is dependent on the continue 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 statement of financial position value 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 importance in my audit of the financial statements for the year ended 31 December 2019. These matters were addressed in the context of my audit of the financial statements 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 $36.723 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 2017 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 $1.128 billion as at 31 December 2019 and consisted of available for sale investment in Republic Bank (Guyana) Limited. Investment in the subsidiary is considered a key matter since the valuation was based on an entity- developed internal method and not on a quoted price in an active market. There is therefore a significant level of uncertainty involved in the valuation.

How my Audit Addressed the Key Audit Matters

I audited the financial statements of Lochaber Limited for the year ended December 31, 2017 and submitted those statements to the Directors for signature. Those financial statements have not been returned and the Company was not operational in 2018. Audit was not carried out on Lochaber Limited due to the absence of any appointments and the uncertainty of the company.

The value in the investment of Lochaber Limited was written off in the financial statements.

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

In 2018, the Wear and Tear Schedule for that year showed an opening tax written down value of assets at $13.743 billion but the disposal for the year is shown as a tax written down value of $27.851 billion. After allowing for the 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 company has been recording substantial losses, the written down value of the wear and tear schedule should be reviewed and corrected as it is probable that it would be critical to a final resolution of all tax matters with the Guyana Revenue Authority (GRA).

How my Audit Addressed the Key Audit Matters

It was intended that this matter would be addressed in 2019. That exercise is ongoing.

Consolidated Financial Statements

Both the Companies Act of Guyana and International Financial Reporting Standard 10 – Consolidated Financial Statements require the preparation of Consolidated Financial Statements. No Consolidated Financial Statements have been prepared as no financial statements are available for Lochaber Limited which is controlled by the Corporation.

As stated in Note 7.2, the value of the investment in Lochaber Limited was written off during the year.

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

The directors / management are responsible for the preparation and fair presentation of the 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. The directors / management are responsible for overseeing the Corporation's financial reporting process.

In preparing these financial statements, directors are responsible for assessing the Corporation'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 directors either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 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 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.

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

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.

D. SHARMA
AUDITOR GENERAL

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CONTRACTED AUDITORS REPORT

TO THE MEMBERS OF THE GUYANA SUGAR CORPORATION ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019.

Qualified Opinion

We have audited the financial statements of Guyana Sugar Corporation which comprise of the statement of financial position as at December 31 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of our report, the accompanying financial statements are presented fairly, in all material respects, the financial position of the Corporation as at December 31, 2019, and of its performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

By Order No. 45 of 2017, the Minister of Finance transferred from the Corporation, all and singular the right, title, claim, an interest in the immovable property owned, used, licenced (to or by GuySuCo), leased (to or by GuySuCo), or held by GuySuCo in the Skeldon Estate, Rosehall Estate, Wales Estate, Enmore Estate and (sic) the counties of Demerara and Berbice, immediately before December 30, 2017, save and except Albion Estate, Blairmont Estate, and Uitvlught Estate, and includes all lands, buildings and erections thereon, including but not limited to sugar factories, office buildings, warehouses, railways, scales and structures used, by GuySuCo that have not been transferred or vested to any other person other than GuySuCo or the State.

Part of the lands, buildings, and erections thereon, including but not limited to sugar factories, office buildings, warehouses, railways, scales and structures used by GuySuCo at the Skeldon Estate, Rosehall Estate and the Enmore Estate have been returned to operational control of the Corporation without any title being re-transferred or any written Agreement. These assets are not included in the financial statements of the Corporation. In the circumstances, we are unable to determine the ownership of the assets or the responsibility for bearing the cost of wear and tear of these assets.

Emphasis of Matters

1. Without further qualifying our opinion, we advise that 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 $4,958Mn at the reporting date. The directors are of the opinion that the Corporation will not be assessed for any penalties and interest.

2. We draw attention to in the consolidated financial statements which indicates that the Corporation has accumulated deficit of $112,372Mn as at December 31, 2019. 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 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 financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the 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 $36,723Mn 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 2017 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 $1,128Mn as at December 31, 2019 and consisted of available for sale investment in Republic Bank (Guyana) Limited. Investment in the subsidiary is considered a key	We audited the financial statements of Lochaber Limited for the year ended December 31, 2017 and submitted those statements to the Directors for signature. Those financial statements have not been

Key Audit Matters	How Our Audit Addressed The Key Audit Matters
matter since the valuation was based on an entity-developed internal method and not on a quoted price in an active market. There is therefore a significant level of uncertainty involved in the valuation.	returned and the Company was not operational in 2018. Audit was not carried out on Lochaber Limited due to the absence of any appointments and the uncertainty of the company. The value in the investment of Lochaber Limited was written off in the financial statements.
Valuation of written down value of assets for wear and tear purposes. In 2018, the Wear and Tear Schedule for that year showed 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 is probable that it would be critical to a final resolution of all tax matters with the Guyana Revenue Authority (GRA).	It was intended that this matter would be addressed in 2019. That exercise is ongoing.

We need to include in Key Audit Matters the followimg:

Consolidated Financial Statements

Both the Companies Act of Guyana and International Financial Reporting Standard 10 - Consolidated Financial Statements require the preparation of Consolidated Financial Statements. No Consolidated Financial Statements have been prepared as no financial statements are available for Lochaber Limited which is controlled by the Corporation.

As stated in Note 7.2, the value of the investment in Lochaber Limited was written off during the year.

Responsibilities of those charged with governance far the financial statements

The directors/management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors/ management are responsible for overseeing the Corporation's financial reporting process.

In preparing these financial statements, the directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 (ISAs) 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Corporation'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 Corporation'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 Corporation to cease to continue as a going concern.

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

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

October 25, 2022

AUDITED FINANCIALS

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	NOTES	COMPANY 2019 $M	COMPANY 2018 $M	GROUP 2019 $M	GROUP 2018 $M
ASSETS					
Non current assets					
Property, plant and equipment	5	28,583	28,711	28,583	28,729
Deferred tax asset	6	-	-	-	-
Investments	7.1	1,128	723	1,128	723
Investment in subsidiary	7.2	-	22		
Total non current assets		**29,711**	**29,456**	**29,711**	**29,452**
Current assets					
Inventories	8.1	1,045	1,423	1,045	1,423
Standing cane	8.2	1,708	1,535	1,708	1,535
Product stock	8.3	1,266	855	1,266	855
Trade receivables		1,760	2,236	1,760	2,236
Other receivables		589	3,475	589	3,475
Prepayments		287	309	287	309
Related parties	14.1	383	366	-	-
Taxes recoverable		-	-	-	-
Cash on hand and at bank	9.1	(27)	111	(27)	111
Total current assets		**7,011**	**10,310**	**6,628**	**9,944**
TOTAL ASSETS		**36,723**	**39,766**	**36,339**	**39,396**
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	4,939	4,556	4,939	4,556
Accumulated deficit		(112,372)	(108,898)	(112,482)	(109,032)
		(83,131)	(80,039)	(83,241)	(80,173)
Non controlling interest	7.3	-	-	(76)	(76)
Total equity		**(83,131)**	**(80,039)**	**(83,317)**	**(80,249)**
Non current liabilities					
Deferred tax liability	6	18,199	18,199	18,203	18,203
Deferred income	12	-	-	-	2,287
Borrowings	13.2	15,175	17,046	15,175	17,046
Employees retirement benefits	15	18,764	18,912	18,764	18,912
Total non-current liabilities		**52,138**	**56,444**	**52,142**	**56,447**
Current liabilities					
Trade payables		8,312	7,710	8,110	7,546
Other payables and accruals		34,318	33,251	34,318	33,251
Related parties	14.1	2,116	2,052	2,116	2,052
Taxation		4,025	4,025	4,025	4,025
Borrowings	13.1	17,232	15,553	17,232	15,553
Bank overdraft(secured)	9.2	1,713	770	1,713	770
Total current liabilities		**67,716**	**63,361**	**67,514**	**63,197**
TOTAL EQUITY AND LIABILITIES		**36,723**	**39,766**	**36,339**	**39,396**

The Board of Directors approved these financial statements for issue on 18/01/2023

Director

Director

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

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AS AT DECEMBER 31, 2019

	NOTES	COMPANY		GROUP	
		2019	2018	2019	2018
		$M	$M	$M	$M
Revenue	16	9,371	9,382	9,371	9,382
Cost of sales		10,013	11,948	10,013	11,958
Gross loss		**(643)**	**(2,566)**	**(643)**	**(2,576)**
Other income		4,016	1,606	4,016	1,606
Administrative expenses		(3,557)	(3,163)	(3,557)	(3,163)
Other gains and losses		(1)	(2)	(1)	(2)
Marketing and distribution expenses		(606)	(841)	(606)	(841)
Vested Estates	16.1	(1,606)	(2,670)	(1,606)	(2,670)
Prior year adjustment to other reserves	11.2	-	-	-	-
Operating loss		**(2,397)**	**(7,634)**	**(2,397)**	**(7,646)**
Finance cost		(1,625)	(1,634)	(1,625)	(1,634)
Employees retirement benefits	15	149	5,763	149	5,763
Income from subsidiary and others		16	21	16	21
Loss before tax	17	**(3,857)**	**(3,485)**	**(3,857)**	**(3,495)**
Taxation	18	-	-	-	-
Loss for the year		**(3,857)**	**(3,485)**	**(3,857)**	**(3,495)**
Other Comprehensive income:					
Net (loss)/gain on revaluation of investments		383	316	405	316
Net loss on revaluation of non-current asset		-	(3,169)	-	-
Other comprehensive income net of tax		**383**	**(2,853)**	**405**	**316**
Total comprehensive loss for the year		**(3,474)**	**(6,337)**	**(3,452)**	**(3,179)**
Profit for the year					
Attributable to:-					
Equity holders of the parent		(3,857)	(3,485)	(3,857)	(3,495)
Non controlling interest		-	-	-	-
		(3,857)	**(3,485)**	**(3,857)**	**(3,495)**
Total comprehensive loss for the year					
Attributable to:					
Equity holders of the parent		(3,474)	33,251	(3,452)	(3,179)
Non controlling interest	7.3	-	-	-	-
Loss for the year		**(3,474)**	**(3,485)**	**(3,452)**	**(3,179)**
Basic loss per share in dollars	24	**(0.32)**	**(0.32)**	**(0.32)**	**(0.31)**

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

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT DECEMBER 31, 2019

Company

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total Equity
		$M	$M	$M	$M	$M
Balance at January 1, 2018		10,800	13,503	4,240	(105,413)	(76,870)
Other comprehensive income		-	-	316		316
Prior year adjustment to other reserves			-	-	-	-
Revaluation Adjustment			-			-
Loss for the year		-	-	-	(3,485)	-
						-
Total comprehensive income for the year		-	-	316	(3,485)	(3,169)
Balance as at December 31, 2018		10,800	13,503	4,556	(108,899)	(80,039)
Other comprehensive income		-	-	383		383
Prior year adjustment to other reserves			-		-	-
Loss/Profit for the year		-	-	-	(3,474)	(3,474)
Total comprehensive income for the year		-	-	383	(3,474)	(3,091)
Balance at December 2019		10,800	13,503	4,939	(112,372)	(83,131)

Group

	Attributable to equity holders of the parent					
	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Non Controlling Interest	Total Equity
	$M	$M	$M	$M	$M	$M
Balance at January 1, 2018	10,800	13,503	4,240	(105,538)	(76)	(77,071)
Other comprehensive income	-	-	316	-	-	316
Prior year adjustment to other reserves		-	-			-
					-	-
Profit/Loss for the year	-	-	-	(3,495)	-	(3,495)
Total comprehensive income for the year	-	-	316	(3,495)	-	(3,178)
Balance as at December 31, 2018	10,800	13,503	4,556	(109,032)	(76)	(80,249)
Other comprehensive income	-	-	383	-	-	383
Prior year adjustment to other reserves			-			-
					-	-
Profit/Loss for the year	-	-	-	(3,452)	-	(3,452)
Total comprehensive income for the year	-	-	383	(3,452)	-	(3,069)
Balance as at December 31, 2019	10,800	13,503	4,939	(112,482)	(76)	(83,318)

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

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF CASHFLOWS

AS AT DECEMBER 31, 2019

	COMPANY		GROUP	
OPERATING ACTIVITIES	**2019 $M**	**2018 $M**	**2019 $M**	**2018 $M**
Loss before Tax	(3,857)	(3,485)	(3,857)	(3,495)
Adjustments for:				
Depreciation and write down of assets	380	814	380	814
Loss on disposal of property, plant and equipment	1	2	1	2
Net interest	1,625	1,634	1,625	1,634
Income from subsidiary and others	(16)	(21)	(16)	(21)
Operating profit/(loss) before working capital changes	**(1,866)**	**(1,056)**	**(1,867)**	**(1,066)**
Increase/(Decrease) in inventories	378	(461)	378	(461)
Decrease/(Increase) in standing cane	(172)	1,608	(173)	1,610
Decrease/(Increase) in product stocks	(411)	736	(411)	736
Increase/(Decrease) in accounts receivable,prepayments	3,384	(261)	3,384	(245)
Increase/(decrease) in amounts due from related parties	(18)	(19)	-	-
Decrease in accounts payable and accruals	1,669	7,363	1,631	7,205
Increase/(decrease) in amounts due to related parties	65	47	65	48
Increase in defined benefit pension liability	(149)	(5,763)	(149)	(5,763)
Cash generated from operations	**2,879**	**2,196**	**2,859**	**2,064**
Interest paid	(1,625)	(1,634)	(1,625)	(1,634)
Taxes paid/adjusted	-	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,254**	**562**	**1,234**	**430**
INVESTING ACTIVITIES				
Interest received	-	562	-	562
Purchase of property, plant and equipment	(76)	(574)	(76)	(574)
Proceeds from sale of property, plant and equipment	-	-	-	(0)
Dividends received from investments	4	4	4	4
NET CASH USED IN INVESTING ACTIVITIES	**(72)**	**(8)**	**(72)**	**(8)**
FINANCING ACTIVITIES				
Proceeds from Borrowing	8,641	3,005	8,641	3,122
Proceeds from NICIL/SPU	5,362	4,058	5,362	4,058
Loan Repayments		(144)	-	(313)
Proceeds from Government Grant	-	(0)	(2,287)	(0)
NET CASH PROVIDED BY FINANCING ACTIVITIES	**14,003**	**6,919**	**11,716**	**6,867**
Increase/(decrease) in cash and cash equivalents	(1,081)	1,444	(1,081)	1,410
Cash and cash equivalents at beginning of the period	(659)	(2,103)	(659)	(2,069)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**(1,740)**	**(659)**	**(1,740)**	**(659)**
CASH AND CASH EQUIVALENT COMPRISED OF:-				
Cash on hand and at bank	**(27)**	**111**	**(27)**	**111**
Bank overdraft(secured)	**(1,713)**	**(770)**	**(1,713)**	**(770)**
	(1,740)	**(659)**	**(1,740)**	**(659)**

"The accompanying notes 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.

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

IFRS 9 was issued in November 2009 and is required to be applied from 1 January 2013. The Company has not opted for early adoption. This standard specifies how an entity should classify and measure its financial assets. It requires all financial assets to be classified in their entirety on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are to be initially measured at fair value plus, in the case of a financial asset not at fair value through profit and loss, particular transaction costs. Subsequently, financial assets are to be measured either at amortised cost or fair value. When adopted, IFRS 9 will be applied retrospectively in accordance with IAS 8.

Additionally there are several interpretations and amendments to existing standards which are not yet effective. The Company 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 Company.

IAS 19 Employees Benefits (amendment) (effective January 1, 2019)

IAS 27 Separate Financial Statements (amendments) (effective January 1, 2016)

IFRS 9 Financial Instruments (effective January 1, 2018)

IFRS 10 Consolidated Financial Statements (amendments) (effective January 1, 2016)

IFRS 11 Joint Arrangements (amendments) (effective January 1, 2016)

2 NEW AND REVISED STANDARDS (Cont'd)

IFRS 12 Disclosure of Interests in Other Entities (amendments) (effective January 1, 2017)

IFRS 13 Fair Value Measurement (effective January 1, 2014)

IFRS 16 Leases (effective from January 1, 2019.)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.11 Deferred Tax (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

5. PROPERTY, PLANT & EQUIPMENT

5.1 COMPANY

Cost/valuation	Intangibles $M	Land $M	Buildings others $M	Freehold Buildings wooden $M	Land expansion cost $M	Plant, machinery and equipment $M	Work in progress $M	Total $M
As at Jan 01, 2019	**189**	**21,203**	**6,745**	**1,126**	**1,490**	**19,495**	735	**50,984**
Transfers	-	-	-	-	-	-	251	251
Additions					-	-	-	0
Interestate Transfers						-		0
Disposals			-	-		2	-	2
Adjustments						-		0
Reclassifications	-	-				-		0
As at December 31, 2019	**189**	**21,203**	**6,745**	**1,126**	**1,490**	**19,497**	**986**	**51,237**
Comprising:								
Cost	189	(15,990)	(3,690)	1,126	1,490	16,276	986	388
Valuation		37,193	10,435		-	3,221	-	50,849
	189	21,203	6,745	1,126	1,490	19,497	986	51,237
Depreciation								
As at Jan 01, 2019	1	-	2,593	606	681	18,393	-	22,274
Charge for the period	1		70	21	148	141		380
Interestate Transfers						-		0
Prior year adjustment								0
As at December 31, 2019	**2**	-	**2,663**	**627**	**828**	**18,534**	-	**22,654**
Net book value								
As at December 31, 2019	**187**	**21,203**	**4,082**	**499**	**662**	**963**	**987**	**28,583**
As at Jan 01, 2019	**188**	**21,203**	**4,152**	**521**	**809**	**1,102**	**735**	**28,711**

5.2 GROUP

Cost or valuation	Intangibles $M	Land $M	Buildings others $M	Buildings wooden $M	Land expansion cost $M	Plant, machinery and equipment $M	Work in progress $M	Total $M
As at Jan 01, 2019	**189**	**21,203**	**6,745**	**1,126**	**1,490**	**19,495**	**735**	50,984
Transfers	0	0	0	0	0	0	251	251
Additions	0	0	0	0	0	0	0	0
Interestate Transfers	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	2	0	2
Adjustments	0	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0	0
As at December 31, 2019	**189**	**21,203**	**6,745**	**1,126**	**1,490**	**19,497**	**986**	**51,237**
Comprising:								
Cost	189	(15,990)	(3,690)	1,126	1,490	16,276	986	388
Valuation	0	37,193	10,435	0	0	3,221	0	50,849
	189	**21,203**	**6,745**	**1,126**	**1,490**	**19,497**	**986**	**51,237**
As at Jan 01, 2019	0	0	2,593	606	681	18,393	0	22,273
Charge for the period	1	0	70	21	150	141	0	382
Written back on disposals	0	0	0	0	0	0	0	0
Prior year adjustment	0	0	0	0	0	0	0	0
Interestate Transfers	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0
As at December 31, 2019	**1**	**0**	**2,663**	**627**	**830**	**18,534**	**0**	**22,654**
Net book value								
As at December 31, 2019	**188**	**21,203**	**4,082**	**499**	**660**	**963**	**986**	**28,583**
As at Jan 01, 2019	**189**	**21,203**	**4,152**	**520**	**809**	**1,102**	735	**28,711**

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

5.3 Post balance-sheet event- Vested Estates Assets

In 2020, operational control of the vested Estates, i. e., Skeldon, Rose Hall and Enmore Estates were granted to GUYSUCO under a Memorandum of Understanding dated September 10th 2020 between the National Industrial Commercial and Investments Ltd (NICIL) and GUYSUCO. Whilst ownership of the said Estates including all Prperty, Plant and Equipment have remained in the ownership of NICIL, GUYSUCO will have Management and control of these assets in order to execute the necessary works to reopen these estates.

5.4

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	
	2019 $M	2018 $M	2019 $M	2018 $M
Deferred tax liability				
Property, plant and equipment	14,966	14,965	14,970	14,970
Standing cane	3,233	3,233	3,233	3,233
	18,199	**18,198**	**18,203**	**18,203**
Deferred tax asset				
Tax value of losses carried forward	-	-	-	-
Property, plant and equipment		-	-	-
Defined benefit pension liability	-	-	-	-
	-	-	-	-

Movement in temporary differences

	COMPANY		
	Balance at Jan 01, 2019	Recognised in Income	Balance at Dec 31, 2019
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, 2019	Recognised in Income	Balance at Dec 31, 2019
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

	COMPANY		GROUP	
Available for sale:	2019 $M	2018 $M	2019 $M	2018 $M
Republic Bank Limited	1,125	720	1,125	720
Sagicor	3	3	3	3
	1,128	723	1,128	723

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	
	2019 $M	2018 $M
Lochaber Limited	0	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. The subsidary has been dormant for several years and the directors have resolved to write off the value of the investment.

7.3 Non controlling interest - not updated

	GROUP	
	2019 $M	2018 $M
		-
At January 1	(76)	(76)
Share of loss	-	-
At December 31	(76)	(76)

8. CURRENT ASSETS

	COMPANY		GROUP	
	2019 $M	2018 $M	2019 $M	2018 $M
8.1 Inventory categories				
Fuel	52	55	52	55
Spares	524	1,035	524	1,035
Fertilizers and chemicals	599	947	599	947
Other	589	104	589	104
Gross inventories	**1,763**	**2,141**	**1,763**	**2,141**
Less collectively assessed provision for slow moving and obsolete items	(718)	(718)	(718)	(718)
Net Inventories	**1,045**	**1,423**	**1,045**	**1,423**

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 (2018 - $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		GROUP	
	2019 $M	2018 $M	2019 $M	2018 $M
Balance as at January 01	1,535	3,143	1,535	3,143
Adjustment to cost of sales	173	(1,608)	173	(1,608)
Balance as at Dec 31	**1,707**	**1,535**	**1,707**	**1,535**

Standing Cane by Age

	COMPANY		GROUP		COMPANY		GROUP	
Age of Cane	2019 Hectares	2018 Hectares	2019 Hectares	2018 Hectares	2019 $M	2018 $M	2019 $M	2018 $M
1-5 Months	9,322	10,732	9,322	10,732	-	-	-	-
6 Months	842	234	842	234	25	60	25	60
7 Months	1,363	1,546	1,363	1,546	91	99	91	99
8 Months	1,353	765	1,353	765	156	86	156	86
9 Months	1,786	663	1,786	663	427	152	427	152
10 Months	947	1,899	947	1,899	337	653	337	653
11 Months	898	770	898	770	366	303	366	303
12 Months	698	429	698	429	306	181	306	181
	17,210	**17,038**	**17,210**	**17,038**	**1,707**	**1,535**	**1,707**	**1,535**
					$	$	$	$
Farmers' price per tonne of sugar					59,851	57,832	59,851	57,832

		COMPANY		
	Farmers' Prices	**Tones Sugar (TS) Values**	**Standing Cane Value (Farmers Price@TS Values)**	
2018	57,832	26,544	1,535,064,972	
	117,683		**172,752,387**	172752386.7

The value of standing cane increased by 11% due to increased cane farmers' prices and tonnes sugar value derived from standing cane.
Standing cane relates for the three sugar estates were valued.

	COMPANY		GROUP	
	2019 $M	2018 $M	2019 $M	2018 $M
8.3 Product stock categories				
Sugar	1,152	604	1,152	604
Molasses	102	239	102	239
Livestock	12	12	12	12
	1,266	**855**	**1,266**	**855**

9. CASH AND CASH EQUIVALENTS

9.1 Cash on hand and at bank				
GYD Dollar	(30)	105	(30)	105
US Dollar (Current a/c)	3	5	3	5
GBP	0	1	0	1
Euro	-	-	-	-
	(27)	**111**	**(27)**	**111**

9. CASH AND CASH EQUIVALENTS (cont'd)

9.2 Bank overdraft (secured)

	COMPANY		GROUP	
	2019 $M	2018 $M	2019 $M	2018 $M
Guyana Dollar(a)	1,713	770	1,713	770
(a) These comprised of:-		-		
(i) Guyana Bank for Trade and Industry Limited	-	-	-	-
(ii) Republic Bank Guyana Limited	1,447	604	1,447	604
(iii) Demerara Bank Limited	266	166	266	166
(iv) Bank of Nova Scotia	-	-	-	-
	1,713	770	1,713	770

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	
	2019	2018
Guyana Bank for Trade and Industry Limited	9%	9%
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

	COMPANY		GROUP	
11.1 **Revaluation reserve**	2019 $M	2018 $M	2019 $M	2018 $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	
	2019 $M	2018 $M	2019 $M	2018 $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	18	18	18	18
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	1,104	699	1,104	699
5. The conversion of loan received from the Government of Guyana in 2015 to Equity for the Guyana Sugar Corporation In.	3,812	3,812	3,812	3,812
	4,961	4,556	4,961	4,556

12. DEFERRED INCOME

	COMPANY		GROUP	
	2019 $M	2018 $M	2019 $M	2018 $M
Income from European Union	-	-	-	-
Income from Government of Guyana	-	-	-	-
	-	-	-	-

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	
	2019 $M	2018 $M	2019 $M	2018 $M
13.1 Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	293	444	293	444
b) Consortium of local banks	981	1,175	981	1,175
c) Government of Guyana Debenture	144	144	144	144
d) Government of Guyana SSMP	7,351	7,351	7,351	7,351
e) Government of Guyana SSMP financed by CDB	2,308	2,638	2,308	2,638
f) Government of Guyana SSMP financed by EXIM Bank	6,141	3,788	6,141	3,788
g) Guyana Rice Development (Seed Paddy Project loan)	13	13	13	13
Total current loans	17,231	15,553	17,231	15,553
13.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	537	394	537	394
b) Government of Guyana SSMP	8,270	8,270	8,270	8,270
c) Government of Guyana SSMP financed by CDB	3,298	2,968	3,298	2,968
d) Government of Guyana SSMP financed by EXIM Bank	3,070	5,414	3,070	5,414
Total non- current loans	15,175	17,046	15,175	17,046
Repayments due in one year and included in current liabilities	17,231	15,553	17,231	15,553
Repayment due within 2-5 years	2,826	6,154	2,826	6,154
Repayment due after five years	12,349	10,892	12,349	10,892
	15,175	17,046	15,175	17,046

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 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 March 2005. The maturity date of the loan is February 2027.

0

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 installments. 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

	COMPANY 2019 $M	COMPANY 2018 $M	GROUP 2019 $M	GROUP 2018 $M
14.1 Amounts due to related parties				
Government of Guyana - Lease rentals	536	504	536	504
Sugar Industry Labour Welfare Fund	1,580	1,547	1,580	1,547
	2,116	2,051	2,116	2,051

	COMPANY 2019 $M	COMPANY 2018 $M	GROUP 2019 $M	GROUP 2018 $M
14.1 Amount due from related party				
Lochaber	383	366	-	-

Total levies payable to Sugar Industry Welfare Fund was $1,592M.

14.2 Related parties transactions

14.2.1 Key Management Personnel

The company's key management personnel is comprised of the Chief Executive Officer, Functional Directors and Estate Managers.
The remuneration paid to key management personnel during the year was as follows:

	COMPANY 2019 $M	COMPANY 2018 $M	GROUP 2019 $M	GROUP 2018 $M
Short term employee benefit	125	171	125	171

14.2.2 Directors' fees and expenses

	COMPANY				GROUP			
	2019		2018		2019		2018	
	Fees $000	Expenses $000	Fees $000	Expenses $000	Fees $000	Expenses $000	Fees $000	Expenses $000
Directors								
Mr. John Dow	665	-	148	-	665	-	148	-
Mr. Ramesh Persaud	281	-	41	-	281	-	41	-
Mr. Claude Housty	355	-	106	-	355	-	106	-
Mr. Roy Hanoman Singh	331	-	70	-	331	-	70	-
Mr. Paul Cheong	122	-	94	-	122	-	94	-
Mr. Nowrang Persaud	355	-	94	-	355	-	94	-
Mr. Fritz McLean	355	-	82	-	355	-	82	-
Mr. John Browman	367	-	137	-	367	-	137	-
Mr. Richard Nigel Cumberbatch	403	-	149	-	403	-	149	-
Mr. Vishu Panday	355	-	103	-	355	-	103	-
Dr. Clive Thomas		-				-		-
Mr. George Jervis	294	-			294	-	-	-
Ms. Louise Andress Bouyea		-				-	-	-
Mr. Nizamudin Ali		-				-	-	-
Ms. Sharon Roopchand-Edwards		-				-	-	-
	3,879	-	1,024	-	3,879	-	1,024	-

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 2017 by Becon 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 2017 using the Projected Unit Credit Method.

	2019				2018			
	- Retirement Medical	STEPS Scheme	Ex Gratia Scheme	Total	Post Retirement Medical	STEPS Scheme	Ex Gratia Scheme	Total
	$M	$M	$M	$M	$M	$M	$M	$M
15.1 The amounts recognized in the Statement of Financial Position are as follows:								
Present value of defined benefit obligation	574	12,886	19,843	33,303	574	13,015	19,166	32,755
Fair value of assets		(14,539)		(14,539)		(13,843)		(13,843)
(Surplus)/Deficit	574	(1,654)	19,843	18,764	574	(829)	19,166	18,912
Effect of Asset Ceiling		0	0			0	0	
Net defined benefit liability/(Asset)	574	(1,654)	19,843	18,764	574	(829)	19,166	18,912
15.2 Reconciliation of opening and closing defined benefit liability								
Opening Defined Benefit Liability/(Asset)	574	(829)	19,166	18,912	574	1,240	22,860	24,674
Net Pension Cost		249	1,612	1,861		408	(1,360)	(952)
Re-measurements		(904)	(108)	(1,013)		(2,200)	(1,518)	(3,718)
Less company contribution/benefits paid		(170)	(827)	(997)		(277)	(816)	(1,093)
Closing defined benefit liability/(Asset)	574	(1,654)	19,843	18,764	574	(829)	19,166	18,912
15.3 The amounts recognized as staff costs in the Statement Of Income are as follows:								
Current service cost		306	487	793		345	696	1,041
Net Interest on net defined benefit liability/(Asset)		(57)	1,126	1,068		63	1,348	1,411
Past Service Cost/(Credit)		0	0	0		0	0	0
Administrative Expenses		0	0	0		0	(3,404)	(3,404)
Net Pension Cost	0	249	1,612	1,861	0	408	(1,360)	(952)
15.4 Actual return on Plan Assets								
Expected return on Plan assets		396	0	396		1,665	0	1,665
Actuarial (Gain)/loss on Plan Assets/ Interest Income		815	0	815		703	0	703
Actual return on Plan Assets	0	1,211	0	1,211	0	2,368	0	2,368

15.5 Actuarial assumptions	2019	2018
(i) Funded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	2%	2%
Rate of return on Pension Plan assets	9.1%	5.5%
(ii) Unfunded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Rate of return on Pension Plan assets	N/A	N/A

0%

There is no Pension Scheme for the subsidiary company.

	Ex-Gratia Pensioners				Steps Scheme			
	2019	2018	2017	2016	2019	2018	2017	2016
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience History								
Defined benefit obligation	19,843	19,166	22,860	30,643	12885.50	13014.90	13,191	12,899
Fair Value Plan Assets	-	-	-	-	-14539.40	-13843.40	(11,951)	(11,264)
(Surplus)/Deficit	19,843	19,166	22,860	30,643	-1653.90	-828.50	1,240	1,635
Experience Adjustment on Plan Liabilities	(108)	(1,518)	(7,374)	(1,740)	(509)	(535)	(605)	(167)
Experience Adjustment on Plan Assets	-	-	-	-	815	703	670	631
Expected Company Contributions in 2019	827				170			

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

	2019	2018
Equity Securities	18.20%	18.20%
Debt Securities	24.20%	0.00%
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. REVENUE

	COMPANY		GROUP	
	2019 $M	2018 $M	2019 $M	2018 $M
Revenue by products				
Sugar	8,179	7,880	8,179	7,880
Molasses	1,192	1,501	1,192	1,501
Co-generation Electricity	-	-	-	-
Total Sales	9,371	9,382	9,371	9,382
Revenue by major markets				
Europe	3,420	2,692	3,420	2,692
North America	1,452	1,264	1,452	1,264
Caribbean	1,029	1,690	1,029	1,690
Guyana	3,433	3,682	3,433	3,682
Other Markets	37	54	37	54
	9,371	9,382	9,371	9,382

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.

16.1 VESTED ESTATES.

These are costs relating to Skeldon, Rose Hall, Enmore and Wales Estates which are mainly ex-gratia payments and the operations and maintenance of the drainage and irrigation systems at all the Estates.

	COMPANY		GROUP	
	2019 $M	2018 $M	2019 $M	2018 $M
17. LOSS BEFORE TAXATION	**(3,857)**	**(3,485)**	**(3,857)**	**(3,495)**
After charging -				
Employment Costs				
Wages, salaries & other	8,123	10,806	8,123	10,806
Social security contributions	0	0	0	0
Employees retirement benefits	(149)	0	(149)	-
Materials and services purchased	4,304	5,207	4,304	5,207
Research and development expenses	0	0	0	0
Directors' fees & expenses	4	1	4	1
Depreciation	380	814	380	814
Auditors' remuneration-audit services	4	4	4	4
Interest expense -	1,625	1,634	1,625	1,634
After crediting				
Available for sale income (Republic Bank dividends)	16	21	16	21

18. TAXATION - not updated

Reconciliation of corporation tax expense and accounting loss:

	COMPANY 2019 $M	COMPANY 2018 $M	GROUP 2019 $M	GROUP 2018 $M
Accounting loss	(3,857)	(3,485)	(3,857)	(3,495)
Corporation tax @30%	(1,157)	(1,046)	(1,157)	(1,049)
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	114	244	114	244
Defined benefit pension cost	(45)	0	(45)	0
	(1,088)	(801)	(1,088)	(804)
Deduct:				
Depreciation for tax purposes	-	1,413	-	1,413
Standing Cane	-	1,145	-	(838)
Tax losses	-	(15,620)	-	(15,620)
	(1,088)	(13,864)	(1,088)	(15,850)
Corporation Tax	-	-	-	-
Deferred Tax	-	30,679	-	30,679
	-	30,679	-	30,679
Property Tax - current year	-	-	-	-
- prior year	-	-	-	-
	-	30,679	-	30,679
Taxation - current	-	-	-	-
- prior year	-	-	-	-
- deferred	-	30,679	-	30,679
	-	30,679	-	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.

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

COMPANY

	2019			
	Available for sale	**Loans and Receivables**	**Financial Assets and Liabilities at Amortised cost**	**Total**
ASSETS	**$M**	**$M**	**$M**	**$M**
				0
Investments	1,128	-	-	1,128
Trade receivables	-	1,760	-	1,760
Other receivables and prepayments	-	877	-	877
Cash on hand and at bank	-	-	(27)	(27)
Total assets	1,128	2,637	(27)	3,738
LIABILITIES				
Employees retirement benefit	-	-	18,764	18,764
Trade payables	-	-	8,312	8,312
Other payables	-	-	34,318	34,318
Related parties	-	-	2,116	2,116
Borrowings	-	-	32,409	32,409
Taxation	-	-	4,025	4,025
Bank overdraft(secured)	-	-	1,713	1,713
Total liabilities	-	-	101,656	101,656

	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	-	3,784	-	3,784
Cash on hand and at bank	-	-	111	111
Total assets	723	6,019	111	6,854
LIABILITIES				
Employees retirement benefit	-	-	18,912	18,912
Trade payables	-	-	7,710	7,710
Other payables	-	-	33,252	33,252
Related parties	-	-	2,052	2,052
Borrowings	-	-	32,599	32,599
Taxation	-	-	4,025	4,025
Bank overdraft(secured)	-	-	770	770

Total liabilities	-	-	99,320	99,320

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

GROUP

2019

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	**$M**	**$M**	**$M**	**$M**
Investments	1,128	-	-	1,128
Trade receivables	-	1,760	-	1,760
Other receivables and prepayments	-	877	-	877
Taxes recoverable	-	-	-	-
Cash on hand and at bank	-	-	(27)	(27)
Total assets	1,128	2,637	(27)	3,738
LIABILITIES				
Employees retirement benefit	-	-	18,764	18,764
Trade payables	-	-	8,110	8,110
Other payables	-	-	34,318	34,318
Related parties	-	-	2,116	2,116
Borrowings	-	-	32,408	32,408
Taxation	-	-	4,025	4,025
Bank overdraft(secured)	-	-	1,713	1,713
Total liabilities	-	-	101,453	101,453

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	-	3,784	-	3,784
Taxes recoverable	-	-	-	-
Cash on hand and at bank	-	-	111	111
Total assets	723	6,020	111	6,854
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	-	-	32,599	32,599
Taxation	-	-	4,025	4,025
Bank overdraft(secured)	-	-	770	770
Total liabilities	-	-	99,155	99,155

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2019 $M	2018 $M	2019 $M	2018 $M
Expenditure authorised by the Directors			0	
Capital expenditure	7,941	5,290	7,941	5,290

The capital expenditure for 2019 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.

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.

21. 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 (2018 $349M)

22. 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 2019			
	US Dollar $M	GBP $M	Euro $M	Total $M
Assets	(250)	1	1	(248)
Liabilities	(561)	(7)	-	(568)
Net Asset/(liability)	**(811)**	**(6)**	**1**	**(817)**
	Group 2018			
Assets	260	1	1	262
Liabilities	(444)	(7)	-	(451)
Net Asset/(liability)	**(184)**	**(6)**	**1**	**(189)**

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

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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	
	2019	2018	2019	2018	2019	2018
	$M	$M	$M	$M	$M	$M
Profit/(loss)	(40.55)	(9.20)	(0.32)	(0.30)	0.04	0.04

22. 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.

COMPANY	effective average interest rate	2019 Maturing Within 1Year	1 to 5 years	Over 5 years	Non - interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	1,128	**1,128**
Trade receivables					1,760	**1,760**
Other receivables and prepayments		-	-	-	877	**877**
Cash and cash equivalents	3.75	(27)	-	-	-	**(27)**
		(27)	-	-	3,765	**3,738**
Liabilities						
Employees retirement benefits		-	-	-	18,764	**18,764**
Trade payables		-	-	-	8,312	**8,312**
Other payables					34,318	**34,318**
Related parties		-	-	-	2,116	**2,116**
Borrowings	9.50	17,232	2,826	12,351	-	**32,409**
Taxation		-	-	-	4,025	**4,025**
Bank overdraft(secured)	9.50	1,713	-	-	-	**1,713**
		18,944	2,826	12,351	67,535	**101,656**
Interest sensitivity gap		(18,971)	(2,826)	(12,351)		

COMPANY		2018 Maturing Within 1 Year	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					3,784	**3,784**
Cash and cash equivalents	3.75	111	-	-	-	**111**
		111	-	-	6,743	**6,854**
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	6,154	10,894	-	**32,601**
Taxation		-	-	-	4,025	**4,025**
Bank overdraft(secured)	9.50	770	-	-	-	**770**
		16,323	6,154	10,894	65,950	**99,321**

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

GROUP	effective average interest rate	2019 Maturing Within 1Year $M	1 to 5 years $M	Over 5 years $M	0 Non - interest bearing $M	Total $M
Assets						
Investments		-	-	-	1,128	1,128
Trade receivables					1,760	1,760
Other receivables and prepayments		-	-	-	877	877
Tax recoverable		-	-	-	-	-
Cash and cash equivalents	3.75	(27)	-	-	-	(27)
		(27)	-	-	3,765	3,738
Liabilities						
Employees retirement benefits		-	-	-	18,764	18,764
Trade payables					8,110	8,110
Other payables		-	-	-	34,318	34,318
Related parties		-	-	-	2,116	2,116
Borrowings	8.50	17,232	2,826	12,350	-	32,408
Taxation		-	-	-	4,025	4,025
Bank overdraft(secured)	8.50	1,713	-	-	-	1,713
		18,944	2,826	12,350	67,333	101,453
Interest sensitivity gap		(18,971)	(2,826)	(12,350)		

GROUP		2018 Maturing Within 1 Year $M	1 to 5 years $M	Over 5 years $M	Non-interest bearing $M	Total $M
Assets						
Investments		-	-	-	723	723
Trade receivables					2,236	2,236
Other receivables and prepayments		-	-	-	3,784	3,784
Tax recoverable		-	-	-	-	-
Cash and cash equivalents	3.75	111	-	-	-	111
		111	-	-	6,743	6,854
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	14,220	-	32,599
Taxation		-	-	-	4,025	4,025
Bank overdraft(secured)	8.50	770	-	-	-	770
		16,323	2,826	14,220	65,786	99,155

Interest sensitivity gap	(16,212)	(2,826)	(14,220)

22 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 2019	Group 2018	Company 2019	Group 2018
	Increase/ decrease in basis point	G$M	G$M	G$M	G$M
Cash & cash equivalent	+ /-50	1	3	1	3
Borrowings	+ /-50	322	428	322	428

(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.

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) 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.

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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 2019					
	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	-	-	-	-	1,128	1,128
Trade receivables	2,032	(272)	-	-	-	1,760
Other receivables and prepayments	3,258	(2,381)	-		-	877
Taxes recoverable	-	-	-	-	-	-
Cash on hand and at bank	(27)	-	-	-	-	(27)
Total assets	5,263	(2,653)	-	-	1,128	3,738
Liabilities						
Employees retirement benefits	-	-	-	-	18,764	18,764
Trade payables	8,110	-	-	-	-	8,110
Other payables	34,318	-	-	-	-	34,318
Related parties	-	-	2,116	-	-	2,116
Borrowings	-	-	17,232	2,826	12,349	32,408
Taxation	-	-	4,025	-	-	4,025
Bank overdraft(secured)	1,713	-	-	-	-	1,713
Total liabilities	44,141	-	23,373	2,826	31,113	101,453
Net asset/(liabilities)	**(38,878)**	**(2,653)**	**(23,373)**	**(2,826)**	**(29,984)**	**(97,715)**

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	GROUP 2019					
	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	1,012	1,224	-	-	-	2,236
Other receivables and prepayments	1,930	1,854	-		-	3,784
Taxes recoverable	-	-	-	-	-	-
Cash on hand and at bank	111	-	-	-	-	111
Total assets	3,053	3,078	-	-	723	6,854
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	-	-	15,553	6,154	10,892	32,599
Taxation	-	-	4,025	-	-	4,025
Bank overdraft(secured)	770	-	-	-	-	770
Total liabilities	41,567	-	21,630	6,154	29,804	99,155
Net asset/(liabilities)	**(38,514)**	**3,078**	**(21,630)**	**(6,154)**	**(29,081)**	**(92,301)**

22. 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	
	2019	2018	2019	2018
	$M	$M	$M	$M
Cash on hand and at bank	(27)	111	(27)	111
Investments	1,128	723	1,128	723
Investment in subsidiary	-	22	-	-
Trade, other receivables and prepayments	2,637	6,019	2,637	6,020
Tax recoverable	-	-	-	-

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.

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.

	Company		Group	
	2019	2018	2019	2018
	$M	$M	$M	$M
Trade and other receivables (excluding prepayments)	2,349	5,711	2,349	5,711
The above balances are classified as follows:				
Current	185	185	185	185
Past due but not impaired	2,164	5,559	2,164	5,559
	2,349	**5,744**	**2,349**	**5,744**
Aging of trade and other receivables which was pass due but not impaired				
Past Due up to 29 days	1,750	1,803	1,750	1,803
Past Due 30 - 59 days	360	460	360	460
Past Due 60 - 89 days	1,653	1,753	1,653	1,753
Past Due 90 - 179 days	5	5	5	5
Past Due over 180 days but less than 1 year	853	973	853	973
Past Due more than 1 year	739	750	739	750
	5,360	**5,744**	**5,360**	**5,744**
Collectively assessed provision for bad debts	-	-	-	-

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23. 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	
	2019 $M	2018 $M	2019 $M	2018 $M
Debt (i)	34,120	33,369	34,119	33,369
Cash in hand and at bank	27	(111)	27	(111)
Net debt	34,147	33,258	34,146	33,258
Equity (ii)	(83,131)	(80,039)	(83,241)	(80,173)
Net debt to equity ratio	0.75:1	1.50:1	0.75:1	1.49:1

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

24. Basic loss per share

	COMPANY	
	2019 $	2018 $
Profit/(Loss) for the year	(3,856,829,691)	(3,485,000,000)
	Units	Units
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	(0.36)	(0.32)

	GROUP	
	2019	2018
Profit/(Loss) attributable to equity holders of the parent	(3,856,829,691)	(3,495,000,000)
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	(0.36)	(0.32)

25. 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.

26. Fair value of financial instruments

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

	GROUP 2019		GROUP 2018	
	Carrying Value $M	Fair Value $M	Carrying Value $M	Fair Value $M
Financial assets				
Available for sale investments	1,128	1,128	723	723
Trade receivables	1,760	1,760	2,236	2,236
Other receivables and prepayments	877	877	3,784	3,784
Taxes Recoverable	-	-	-	-
Cash and cash equivalents	(27)	(27)	111	111
	3,738	3,738	6,854	6,854
Financial liabilities				
Employee retirement benefits	18,764	18,764	18,912	18,912
Trade payables	8,110	8,110	7,546	7,546
Other payables	34,318	34,318	33,251	33,251
Related Parties	2,116	2,116	2,052	2,052
Borrowings	32,408	32,408	32,599	32,599
Taxation	4,025	4,025	4,025	4,025
Bank overdraft(secured)	1,713	1,713	770	770
	101,453	101,453	99,155	99,155

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

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November 9, 2022

The Board of Directors
Guyana Sugar Corporation Inc.
La Bonne Intention
East Coast Demerara

Dear Sirs/Mesdames,

Re: Audit 2019

Our audit of the financial statement of the **Guyana Sugar Corporation Limited** for the year ended December 31, 2019 has been completed. In the course of an audit, it is normal that we include in the procedures, tests of the internal accounting and operating systems and controls, established by management to ensure the accuracy of the financial statements, and of the financial statements presented to us to determine their reliability and accuracy.

An audit is designed principally to enable the expression of an opinion on the company's financial statements as a whole and not to evaluate internal controls. Because of the inherent limitations of any audit, it is possible that material misstatements in the financial statements resulting from fraud and to a lesser extent from error may not have been detected. Accordingly, our audit would not necessarily have revealed all conditions requiring attention.

This report presents findings arising from our audit procedures and communicates weaknesses and/or opportunities for improvement in certain areas of the company's internal controls. These comments, by their nature, are critical as they relate solely to the weaknesses and do not address the many strong features and controls within the company's systems.

Additionally, our comments address controls and reporting issues only and are not intended to reflect in any way upon the company's personnel.

We have inserted management's comments and answers to queries received during the audit.

L.C. Ram FCCA, ACMA, ACIS, LLB, LEC, LLM Distinction (Oil & Gas)

R.V. McRae CPA, BSc, FLMI

Observations	Implications	Recommendations
Lochaber Limited		
The financial statements of Lochaber have been accounted for as a subsidiary of GuySuCo because of the control the latter exercises. It appears that that company has fallen into disuse and has not been consolidated over the past two years. Additionally, there has been no renewal of leases of the Lochaber Estate lands since their expiry.	Because of an agreement between Lochaber and GuySuCo, the Corporation may be open to liability for any breach.	That the Corporation takes steps – legal and otherwise – to deal with this matter.
Management Comments: *This Company has been dormant for some time. Efforts will be made to contact the shareholders for the Corporation to decide whether the relationship has ended.*		
VAT		
Included in the Company's balance sheet is an amount of $178,558,036 as VAT recoverable. There has however been no reconciliation of this account although we saw no evidence that any amount shown as recoverable has been disputed by the Guyana Revenue Authority.	Given the indebtedness of the Corporation to the Guyana Revenue Authority, the Authority may have a just claim for set-off. In such a situation, the current assets on the balance sheet might be overstated.	Management should pur-sue this matter with the GRA as part of its general discussion on its indebtedness.
Management Comments: *The Management accepts this comment and will pursue the matter with the Guyana Revenue Authority.*		
Compliance		
The company has not held annual general meetings since 2009. The Companies Act Cap. 89:01 as well as the company's constituent documents requires the company to hold at least once annually a general	Non-compliance with the Companies Act could result in statutory penalties or sanctions.	Non-compliance with the Companies Act could result in statutory penalties or sanctions.

meeting at which certain prescribed business must be transacted.		
Management Comments: *Management will engage the Directors and Shareholders on the matter.*		
Fixed Assets **1. Revaluation of assets** The company adopted a revaluation policy for property, plant and equipment over ten (10) years ago but has carried out no recent revaluation exercise. IAS 16.31 provides that "Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period." Additionally, management was unable to obtain information on the date on which the assets were last revalued.	Audit opinion could be impacted: Non-compliance with IAS 16.	Management should ensure that assets are revalued at least once every five years.
Management Comments: *Comment accepted. The Corporation is considering a consultancy for a Verification and Valuation of the Assets.* *Management will also engage NICIL as necessary.*		
2. Vested Assets By Order No. 45 of 2017, the Minister of Finance transferred from the Corporation, all and singular the right, title, claim, an interest in the immovable property owned, used, licenced (to or by GuySuCo), leased (to	Potential dispute over assets transferred and retransfer-ed.	Matter should be resolved by way of a physical verification confirmed in writing.

or by GuySuCo), or held by GuySuCo in the Skeldon Estate, Rosehall Estate, Wales Estate, Enmore Estate and (sic) the counties of Demerara and Berbice, immediately before December 30, 2017, save and except Albion Estate, Blairmont Estate, and Uitvlught Estate, and includes all lands, buildings and erections thereon, including but not limited to sugar factories, office buildings, warehouses, railways, scales and structures used, by GuySuCo that have not been transferred or vested to any other person other than GuySuCo or the State. Part of the lands, buildings and erections thereon, including but not limited to sugar factories, office buildings, warehouses, railways, scales and structures used by GuySuCo at the Skeldon Estate, Rosehall Estate and the Enmore Estate have been returned to operational control of the Corporation under a Memorandum of Agreement among the Government, the National Industrial and Commercial Investments Limited. A proper listing of the assets was not however prepared and signed off.		
Management Comments: *This issue will be addressed as part of the exercise contemplated under the previous point by the auditors. Its policy is consistent what is go cause then I don't know*		
Inventories We noted that management values its sugar cane on the	Non-compliance with IAS 41.	Management should ensure that the valuation methodology

basis of accumulation of sucrose content available in the cane and therefore valuation is considered from six months to the point of harvest and not from the point of planting. Management is not in compliance with IAS41. It was noted that inventory was not regularly valued/review for slowing moving and obsolete items. Last valuation was done in the year 2016. We also noted that no adjustments were, are to the financial statement for obsolete items.	Inaccurate costs with implications for the audit opinion reflected in the financial statements. There is a risk that inventories may be overstated in the company's financial statements.	applied is consistent with the requirements of the applicable standard.
Management Comments: *Management considers that its policy is consistent with IAS 41.*		
1. Albion Our review of weekly fuel sheets revealed that fuel sheet for the week ending 16-Nov-19 for dieseline was not signed by 'the stores supervisor'. During our review of fuel receipts, we noted that the goods receive noted dated 12-Nov-19 attached to invoice #1443667 for gasoline was not signed by 'the Assistant Finance Manager'. Our review of fuel receipt also revealed that 'No dip' was done for PHT1 (Dieseline Tank) on 2-Jul-19 with order #1432399 being dieseline amounting to 4,150 gals which resulted in a variance of 5,850 gals. We also noted a variance of 15 gals and 30 gals in Gasoline	The signature(s) of the relevant person(s) constitutes evidence of the existence and operation of these internal control measures. Breaches of these internal control can lead to irregularities and over/understatement of inventory balance in the financial statements. Under/ overstatement of inventories in the financial statements. There is also a risk of inventory theft. Lack of documentation and evidence to support transactions in the event disputes arise. Unavailability of documentation for audit verification, which, if	Management must insist on all control procedures being followed. The relevant personnel should be reminded that they are expected to carry out their assigned functions which are critical to the maintenance of a strong control environment.

received on the 20-Oct-19 (#1440350) and on the 12-Nov-19 (#1443667) respectively.	material, can also lead to a qualified audit report.		
Management Comments: *Accepted and will be addressed*			
Shareholders We observed that there are two (2) shareholders, namely Mr. Gavin B. Kennard and J.S.L Bowman, who no longer have any connections with the company.	Disputes could arise over the ownership of the corporation	Shares should be transferred to the Government of Guyana through some legislative mechanism. This issue should be referred to the Attorney General for action.	
Management Comments: *Will engage the Attorney General through the Ministry of Agriculture on this matter.*			
General Journals Generally, we noted that journal vouchers prepared at Uitvlugt Estate was not signed 'Approved by' the relevant personnel for the entire year.	The signature(s) of the relevant person(s) constitutes evidence of the existence and operation of important control measures. Without proper signature and/or approval, there is an increased risk of errors and irregularities going undetected.	Management must insist on all control procedures being followed. The relevant personnel should be reminded that they are expected to carry out their assigned functions which are critical to the maintenance of a strong control environment.	
Management Comments: *Accepted and will be addressed.*			

Legal Matters		
The Corporation has over thirty pending matters, the earliest of which goes back to 1994. See attachment 1.		The Corporation should meet with its attorneys with a view to at least resolve some of these matters.
Management Comments: *The Corporation is in constant engagement with its Attorneys-at-Law and consider a strategy to resolve the matters.*		

Acknowledgement

We hope that you find the foregoing comments useful and extend our appreciation to the management and staff of **Guyana Sugar Corporation Inc.** for the co-operation received during the audit.

Yours faithfully,

L.C Ram
Partner