AUDITED FINANCIAL STATEMENTS OF GUYANA SUGAR CORPORATION INC.

FOR THE YEAR ENDED
31 DECEMBER 2016

CONTRACTED AUDITORS: **PARMESAR CHARTERED ACCOUNTANTS**
1 DELPH ST. & DUREY LANE
CAMPBELLVILLE,
GEORGETOWN

AUDITORS: **AUDIT OFFICE**
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUYANA SUGAR CORPORATION INCORPORATED FOR THE YEAR ENDED 31 DECEMBER 2016

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Audit Office of Guyana
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172/PC: 34/2/2017

2 August 2017

Mr. Errol Hanoman
Chief Executive Officer
Guyana Sugar Corporation Incorporated
Ogle Estate
East Coast Demerara.

Dear Mr. Hanoman,

AUDIT OF THE BOOKS AND ACCOUNTS OF THE
GUYANA SUGAR CORPORATION INC.
FOR THE YEAR ENDED 31 DECEMBER 2016

Please find attached six (6) copies of the audited consolidated financial statements, together with the report of the Auditor General, thereon.

Should you need any further explanation, please do not hesitate to contact us.

With best regards.

Yours sincerely,

AUDIT OFFICE OF GUYANA

Nichette Harcourt

Nichette Harcourt
Audit Manager (ag.)
for Auditor General

Audit Office of Guyana
P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana
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AG: 65/2017 2 August 2017

REPORT OF THE AUDITOR GENERAL TO THE MEMBERS OF THE BOARD OF DIRECTORS OF GUYANA SUGAR CORPORATION INCORPORATED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Opinion

Chartered Accountants Parmesar Chartered Accountants have audited on my behalf the consolidated financial statements of Guyana Sugar Corporation Inc. which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 44.

The consolidated financial statements include deferred tax asset of G$28,205,960,963 arising from tax losses incurred to date. However, I was unable to determine the recoverability of this amount as the future profitability of the Company could not be ascertained.

Except for the above, in my opinion, the consolidated financial statements give a true and fair view, in all material respects of the consolidated financial position of the Guyana Sugar Corporation Inc. as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Emphasis of Matter

Without qualifying my opinion I wish to emphasize the following:

- with respect to the Company's indebtedness to the Guyana Revenue Authority for taxes amounting to G$2,701,400,644, the Guyana Revenue Authority had accepted the Company's proposal to discharge the liability over a period of six years (2011 – 2016), but to date no payment was made. The Company requested a waiver of penalties and interest arising from this liability, however, the Guyana Revenue Authority has not responded to this request. No provision has been made in the consolidated financial statements for the penalties and interest arising from this liability.

- at 31 December, 2016 the Company's accumulated deficit was $40,571,804,130. The validity of the going concern basis on which the consolidated financial statements are prepared depends on the continued support from the Government of Guyana. Should the Company be unable to continue in operational existence, adjustments would have to be made to bring the consolidated statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets as current assets. My opinion is not qualified in this respect.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the consolidated financial statements as at and for the year ended 31 December 2016. These matters are selected from the matters communicated with those charged with governance, but are not intended to represent all the matters that were discussed with them. My audit procedures relating to these matters were designed in the context of my audit of the consolidated financial statements as a whole. My opinion on the consolidated financial statements is not modified with respect to certain key audit matters described below, and I do not express an opinion on these individual matters.

- *Valuation and impairment of Property, Plant and Equipment*

The consolidated financial statements detailed property, plant and equipment with a net book value of $89.049B. No revaluation of property, plant and equipment was done during the year.

Property, plant and equipment are considered Key Audit Matters as significant management judgement was used to select depreciation rates for each item of property, plant and equipment. I found that the assumptions used by management in relation to the carrying value of property, plant and equipment were in line with my expectations and the disclosure in note 5 to be appropriate.

My procedures in relation to management's valuation included:

Test calculation of depreciation rates for property, plant and equipment to ensure consistency with accounting policies and industry rates;

Physical verification of selected assets which were acquired during the current and prior years; and

Verification of the policy for acquisition and disposals of property, plant and equipment.

- *Valuation and existence of Inventories, Standing cane and Product stock*

The consolidated financial statements detailed inventories, standing cane and product stock with a value of $12.019B.

Standing cane is considered a Key Audit Matter as the amount and age of standing cane was based on entity-developed internal methods. Management has relied on the audited Cane Farmers Prices Reports to determine the value of standing cane.

Management's judgement was used to determine obsolescence.

My procedures in relation to Valuation and existence of Inventories, Standing cane and Product stock

Obtaining an understanding of the methodology and assumptions used by the Cane Farmers Prices Reports and assessing whether these were consistent with prior years and my understanding of the client;

Reviewing the source data used by the Cane Farmers Prices Reports and performing tests to ascertain its completeness and accuracy; and

Review Report on obsolete inventory.

- *Valuation of Defined Benefit Liability (Employee Retirement Benefits)*

The Company has recognized a defined benefit liability of $32.852B. This is considered to be a Key Audit Matter since assumptions that underpin the valuation of the defined benefit pension liability is important and also involve subjective judgements as the surplus/deficit balance is volatile and affects the Company's distributable reserves. Management has employed actuarial specialists in order to calculate this balance and uncertainty arises as a result of estimates made based on the Company's expectation about long-term trends and market conditions.

My procedures in relation to actuarial valuation included:

Reviewing of the actuarial report for the year ended 31 December 2016 and ensuring information was presented and disclosed in accordance with IAS 19;

Obtaining an understanding of the methodology and assumptions used by the actuary and assessing whether these were consistent with prior years and my understanding of the client; and

Reviewing the source data used by the Company actuary and performing tests to ascertain its completeness and accuracy.

- *Valuation and impairment of investments*

At 31 December 2016, investments in the Company amounted to $294M, consisting of "Available for sale and Subsidiary Company".

Investment in the Subsidiary Company is considered a Key Audit Matter, the valuation was based on entity-developed internal methods and not on quoted prices in an active market.

Therefore there is significant measurement uncertainty involved in the valuation. As a result, the valuation of these instruments was significant to my audit.

My procedures in relation to valuation and impairment of investments:

Obtaining an understanding of the valuation methods used by the Company and assess whether they were consistent with prior years and my understanding of the client;

Reviewing the source data used by the Company in the valuation method and performing tests to ascertain its completeness and accuracy;

Reviewing of the Company's policy on accounting for the various categories of investments and ensuring compliance with relevant IFRS/IAS; and

Review audited financial statements of subsidiary to ensure going concern and no impairment of investment.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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.

Report on Other Legal and Regulatory Requirements

The consolidated financial statements comply with the requirements of the Companies Act 1991.

AUDIT OFFICE ★ OF GUYANA ★

D. SHARMA
AUDITOR GENERAL

AUDIT OFFICE
63 HIGH STREET
KINGSTON
GEORGETOWN
GUYANA

REPORT OF THE CHARTERED ACCOUNTANTS
PARMESAR
TO THE AUDITOR GENERAL
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
GUYANA SUGAR CORPORATION INC.
FOR THE YEAR ENDED 31 DECEMBER 2016

OPINION:

We have audited the attached consolidated financial statements of Guyana Sugar Corporation Inc. which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2016, and a summary of significant accounting policies and other explanatory notes. Except for the scope of works were limited by the matter referred to below.

The consolidated financial statements include deferred tax asset of G$28,205,960,963 arising from tax losses incurred to date. However, we were unable to determine the recoverability of this amount as the future profitability of the Company could not be ascertained.

Except for the above, in our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Guyana Sugar Corporation Inc. as of 31 December 2016, and of its consolidated financial performance and its consolidated statement of cash flows for the year ended 31 December 2016 in accordance with International Financial Reporting Standards (IFRS).

BASIS OF OPINION:

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guyana, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER:

Without qualifying our opinion we wish to emphasise the following:

- with respect to the Company's indebtedness to the Guyana Revenue Authority for taxes amounting to G$2,701,400,644, the Guyana Revenue Authority had accepted the Company's proposal to discharge the liability over a period of six years (2011 – 2016), but to date no payment was made. The Company requested a waiver of penalties and interest arising from this liability, however, the Guyana Revenue Authority has not responded to this request. No provision has been made in the consolidated financial statements for penalties and interest arising from this liability.

- at December 31, 2016 the Company's accumulated deficit is $40,571,804,130. The validity of the going concern basis on which the consolidated financial statements are prepared depends on the continued support from the Government of Guyana. Should the Company be unable to continue in operational existence, adjustments would have to be made to bring the consolidated statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify non-current assets as current assets. Our opinion is not qualified in this respect.

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

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

AUDITOR'S RESPONSIBILITY

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also,

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exist, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS.

The consolidated financial statements comply with the requirements of the Companies Act 1991.

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PARMESAR

PARMESAR

30 June 2017

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	NOTES	COMPANY 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
ASSETS					
Non current assets					
Property, plant and equipment	5	89,049	94,602	89,049	94,602
Deferred tax asset	6	28,206	26,981	28,303	27,066
Investments	7.1	272	335	272	335
Investment in subsidiary	7.2	22	22		
Total non current assets		117,549	121,940	117,624	122,003
Current assets					
Inventories	8.1	3,414	3,481	3,414	3,481
Standing cane	8.2	6,961	4,132	6,977	4,182
Product stock	8.3	1,643	1,279	1,643	1,279
Trade receivables		2,957	3,714	2,962	3,738
Other receivables		3,119	2,864	3,119	2,864
Prepayments		151	514	151	514
Related parties	14.1	323	298	-	-
Taxes recoverable		-	-	34	34
Cash on hand and at bank	9.1	784	1,942	818	1,969
Total current assets		19,352	18,224	19,118	18,061
TOTAL ASSETS		136,901	140,164	136,742	140,064
EQUITY AND LIABILITIES					
Shareholder's equity					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	50,849	50,849	50,849	50,849
Other reserves	11.2	293	357	293	357
Accumulated deficit		(40,571)	(41,476)	(40,685)	(41,559)
		21,371	20,530	21,257	20,447
Non controlling interest	7.3	-	-	(65)	(47)
Total equity		21,371	20,530	21,192	20,400
Non current liabilities					
Deferred tax liability	6	15,722	16,693	15,727	16,708
Deferred income	12	2,356	2,417	2,356	2,417
Borrowings	13.2	19,930	29,985	19,930	29,985
Employees retirement benefits	15	32,852	32,826	32,852	32,826
Total non-current liabilities		70,860	81,921	70,865	81,936
Current liabilities					
Trade payables		9,662	9,584	9,664	9,585
Other payables and accruals		17,193	17,252	17,193	17,252
Related parties	14.1	1,924	1,794	1,924	1,794
Taxation		2,701	2,623	2,714	2,637
Borrowings	13.1	12,797	5,048	12,797	5,048
Bank overdraft(secured)	9.2	393	1,412	393	1,412
Total current liabilities		44,670	37,713	44,685	37,728
TOTAL EQUITY AND LIABILITIES		136,901	140,164	136,742	140,064

The Board of Directors approved these financial statements for issue on 29-JUNE-2017

Director

Director

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

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2016

	NOTES	COMPANY		GROUP	
		2016	2015	2016	2015
		$M	$M	$M	$M
Revenue	16	20,183	21,451	20,183	21,451
Cost of sales		27,514	35,041	27,538	35,055
Gross loss		**(7,331)**	**(13,590)**	**(7,355)**	**(13,604)**
Other income		11,720	16,909	11,721	16,909
Administrative expenses		(1,862)	(2,479)	(1,878)	(2,494)
Other gains and losses	16.1	(1,538)	-	(1,538)	-
Marketing and distribution expenses		(1,652)	(1,712)	(1,652)	(1,712)
Operating loss		**(663)**	**(872)**	**(702)**	**(901)**
Finance cost		(544)	(689)	(565)	(704)
Employees retirement benefits	15	(27)	(1,105)	(27)	(1,105)
Income from subsidiary and others		21	3	21	3
Loss before tax	17	**(1,213)**	**(2,662)**	**(1,273)**	**(2,707)**
Taxation	18	2,118	794	2,129	799
Profit / (loss) for the year		**905**	**(1,868)**	**856**	**(1,908)**
Other Comprehensive income:					
Net loss on revaluation of investments		(64)	(36)	(64)	(36)
Other comprehensive income net of tax		**(64)**	**(36)**	**(64)**	**(36)**
Total comprehensive profit / (loss) for the year		**841**	**(1,904)**	**792**	**(1,944)**
Profit for the year					
Attributable to:-					
Equity holders of the parent		905	(1,868)	874	(1,897)
Non controlling interest		-	-	(18)	(11)
		905	**(1,868)**	**856**	**(1,908)**
Total comprehensive profit for the year					
Attributable to:					
Equity holders of the parent		841	(1,904)	810	(1,933)
Non controlling interest	7.3	-	-	(18)	(11)
Profit for the year		**841**	**(1,904)**	**792**	**(1,944)**
Basic loss per share in dollars	24	**0.08**	**(0.18)**	**0.08**	**(0.18)**

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

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

Company

	Notes	Stated Capital	Revaluation Reserve	Other Reserves	Retained Earnings	Total Equity
		$M	$M	$M	$M	$M
Balance at January 1, 2015		10,800	50,849	393	(39,608)	22,434
Other comprehensive income		-	-	(36)	-	(36)
Loss for the year		-	-	-	(1,868)	(1,868)
Total comprehensive income for the year		-	-	(36)	(1,868)	(1,904)
Balance as at December 31, 2015		10,800	50,849	357	(41,476)	20,530
Other comprehensive income		-	-	(64)		(64)
Profit for the year		-	-	-	905	905
Total comprehensive income for the year		-	-	(64)	905	841
Balance at December 2016		10,800	50,849	293	(40,571)	21,371

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, 2015	10,800	50,849	393	(39,662)	(36)	22,344
Other comprehensive income	-	-	(36)	-	-	(36)
Loss for the year	-	-	-	(1,897)	(11)	(1,908)
Total comprehensive income for the year	-	-	(36)	(1,897)	(11)	(1,944)
Balance as at December 31, 2015	10,800	50,849	357	(41,559)	(47)	20,400
Other comprehensive income	-	-	(64)	-	-	(64)
(Loss) / Profit for the year	-	-	-	874	(18)	856
Total comprehensive income for the year	-	-	(64)	874	(18)	792
Balance at December 2016	10,800	50,849	293	(40,685)	(65)	21,192

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

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	COMPANY		GROUP	
OPERATING ACTIVITIES	2016 $M	2015 $M	2016 $M	2015 $M
	(1,213)	(2,662)	(1,273)	(2,707)
Adjustments for:				
Depreciation and write down of assets	4,757	4,571	4,757	4,571
Loss on disposal of property, plant and equipment	1,525	(7)	1,525	(7)
Net interest	544	689	552	704
Income from subsidiary and others	(21)	(3)	(21)	(3)
Operating profit before working capital changes	5,592	2,587	5,540	2,558
Decrease / (increase) in inventories	67	(86)	67	(86)
(Increase) /decrease in standing cane	(2,829)	1,155	(2,795)	1,156
(Increase) / decrease in product stocks	(364)	26	(364)	26
Decrease / (increase) in accounts receivable, prepayments	865	(1,566)	884	(1,561)
Increase in amounts due from related parties	(25)	(41)	-	-
Increase in accounts payable and accruals	19	4,945	20	4,944
Increase in amounts due to related parties	130	199	130	199
Increase in defined benefit pension liability	26	1,105	26	1,105
Cash generated from operations	3,482	8,324	3,508	8,340
Interest paid	(544)	(689)	(565)	(704)
NET CASH INFLOW - OPERATING ACTIVITIES	2,938	7,635	2,943	7,635
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(729)	(1,767)	(729)	(1,767)
Proceeds from sale of property, plant and equipment	1	12	1	12
Dividends received from investments	21	3	21	3
NET CASH OUTFLOW - INVESTING ACTIVITIES	(707)	(1,751)	(707)	(1,751)
FINANCING ACTIVITIES				
Proceeds from borrowing	1,980	224	1,980	224
Loan repayments	(4,289)	-	(4,286)	-
Proceeds from Government Grant	(61)	(4,304)	(61)	(4,304)
NET CASH OUTLFOW - FINANCING ACTIVITIES	(2,370)	(4,080)	(2,367)	(4,080)
(Decrease) / increase in cash and cash equivalents	(139)	1,804	(132)	1,804
Cash and cash equivalents at beginning of the period	530	(1,274)	557	(1,247)
CASH AND CASH EQUIVALENTS AT END OF YEAR	391	530	425	557
CASH AND CASH EQUIVALENT COMPRISED OF:-				
Cash on hand and at bank	784	1,942	818	1,969
Bank overdraft(secured)	(393)	(1,412)	(393)	(1,412)
	391	530	425	557

"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

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.

	Effective for annual periods beginning on or after
IAS 12 Income Taxes (amendments)	1 January, 2017
IFRS 2 Share Based Payment: Classification and Measurement Of Share Based Transactions	1 January, 2018
IFRS 4 Insurance Contracts: Applying IFRS 9 "Financial Instrument" with "IFRS 4 "Insurance Contracts"	1 January, 2018
IFRS 9 Financial Instruments: Classification and Measurement	1 January, 2018
IFRS 15 Revenue from Contracts with Customers	1 January, 2018
IFRS 16 Leases	1 January, 2019

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 50,509 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.

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2016

5. PROPERTY, PLANT & EQUIPMENT

2016

5.1 COMPANY

Cost/valuation	Land	Buildings others	Freehold Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M
As at Jan 01, 2016	44,531	22,397	2,797	4,899	66,027	5,684	146,335
Transfers	-	46	34	3,648	1,405	(5,133)	-
Additions	-	-	-	-	-	729	729
Disposals	(71)	(1,485)	(416)	(2)	(5,206)	-	(7,180)
Reclassification	-	94	(96)	-	(6)	8	-
As at December 31, 2016	**44,460**	**21,052**	**2,319**	**8,545**	**62,220**	**1,288**	**139,884**
Comprising:							
Cost	7,267	10,617	2,319	8,545	58,999	1,288	89,035
Valuation	37,193	10,435	-	-	3,221	-	50,849
	44,460	21,052	2,319	8,545	62,220	1,288	139,884
Depreciation							
As at Jan 01, 2016	-	6,607	1,325	1,080	42,721	-	51,733
Charge for the period	-	422	65	708	3,562	-	4,757
Written back on disposals	-	(503)	(209)	-	(4,943)	-	(5,655)
As at December 31, 2016	-	**6,526**	**1,181**	**1,788**	**41,340**	-	**50,835**
Net book value							
As at December 31, 2016	**44,460**	**14,526**	**1,138**	**6,757**	**20,880**	**1,288**	**89,049**
As at Jan 01, 2016	**44,531**	**15,790**	**1,472**	**3,819**	**23,306**	**5,684**	**94,602**

2015

5.2

Cost or valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M
As at Jan 01, 2015	44,531	22,385	2,776	4,480	64,256	6,222	144,651
Transfers	-	21	21	388	1,728	(2,159)	-
Additions	-	-	-	30	116	1,620	1,767
Disposals	-	(9)	-	-	(74)	-	(83)
As at December 31, 2015	**44,531**	**22,397**	**2,797**	**4,899**	**66,027**	**5,684**	**146,335**
Comprising:							
Cost	7,338	11,962	2,797	4,899	62,806	5,684	95,486
Valuation	37,193	10,435	-	-	3,221	-	50,849
	44,531	**22,397**	**2,797**	**4,899**	**66,027**	**5,684**	**146,335**
Depreciation							
As at Jan 01, 2015	-	6,166	1,241	685	39,148	-	47,240
Charge for the period	-	441	84	395	3,652	-	4,572
Written back on disposals	-	-	-	-	(79)	-	(79)
As at December 31, 2015	-	6,607	1,325	1,080	42,721	-	51,733
Net book value							
As at December 31, 2015	**44,531**	**15,790**	**1,473**	**3,819**	**23,306**	**5,684**	**94,602**

5. PROPERTY, PLANT & EQUIPMENT

2016

5.2 GROUP

Cost/valuation	Land	Buildings others	Freehold Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M
As at Jan 01, 2016	44,531	22,397	2,797	4,899	66,027	5,684	146,335
Transfers	-	46	34	3,648	1,405	(5,133)	-
Additions	-	-	-	-	-	729	729
Disposals	(71)	(1,485)	(416)	(2)	(5,206)	-	(7,180)
Reclassification	-	94	(96)	-	(6)	8	-
As at December 31, 2016	**44,460**	**21,052**	**2,319**	**8,545**	**62,220**	**1,288**	**139,884**
Comprising:							
Cost	7,267	10,617	2,319	8,545	58,999	1,288	89,035
Valuation	37,193	10,435	-	-	3,221	-	50,849
	44,460	21,052	2,319	8,545	62,220	1,288	139,884
Depreciation							
As at Jan 01, 2016	-	6,607	1,324	1,080	42,721	-	51,733
Charge for the period	-	422	65	708	3,562	-	4,757
Written back on disposals	-	(503)	(209)	-	(4,943)	-	(5,655)
As at December 31, 2016	-	**6,526**	**1,180**	**1,788**	**41,340**	-	**50,835**
Net book value							
As at December 31, 2016	**44,460**	**14,526**	**1,139**	**6,757**	**20,880**	**1,288**	**89,049**
As at Jan 01, 2016	**44,531**	**15,790**	**1,473**	**3,819**	**23,305**	**5,684**	**94,602**

2015

5.2

Cost or valuation	Land	Buildings others	Buildings wooden	Land expansion cost	Plant, machinery and equipment	Work in progress	Total
	$M	$M	$M	$M	$M	$M	$M
As at Jan 01, 2015	44,531	22,385	2,776	4,480	64,256	6,222	144,651
Transfers	-	21	21	389	1,728	(2,159)	-
Additions	-	-	-	30	116	1,620	1,766
Disposals	-	(9)	-	-	(74)	-	(83)
As at December 31, 2015	**44,531**	**22,397**	**2,797**	**4,899**	**66,026**	**5,684**	**146,335**
Comprising:							
Cost	7,338	11,962	2,797	4,899	62,805	5,684	95,486
Valuation	37,193	10,435	-	-	3,221	-	50,849
	44,531	**22,397**	**2,797**	**4,899**	**66,026**	**5,684**	**146,335**
Depreciation							
As at Jan 01, 2015	-	6,166	1,241	685	39,148	-	47,240
Charge for the period	-	441	84	395	3,652	-	4,572
Written back on disposals	-	-	-	-	(79)	-	(79)
As at December 31, 2015	-	6,607	1,325	1,080	42,721	-	51,733
Net book value							
As at December 31, 2015	**44,531**	**15,790**	**1,473**	**3,819**	**23,305**	**5,684**	**94,602**

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

5.3 If no revaluation of land, buildings and equipment was done, the net book value of property, plant and equipment would have been approximately $89,034,794,346 (2015 - $95,485,845,133).

5.4 LEASEHOLD LANDS

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

	Hectares
Unexpired leases	21,576
Unexpired Licences	181
Expired leases	1,673
Expired permissions	992
During the President's pleasure licenses	25,680
During the President's pleasure permissions	407
	50,509

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	10.0
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	
	2016	2015	2016	2015
	$M	$M	$M	$M
Deferred tax liability				
Property, plant and equipment	13,635	15,454	13,655	15,474
Standing cane	2,087	1,239	2,072	1,234
	15,722	**16,693**	**15,727**	**16,708**
Deferred tax asset				
Tax value of losses carried forward	(18,349)	(17,131)	(18,428)	(17,199)
Property, plant and equipment			(18)	(18)
Defined benefit pension liability	(9,857)	(9,850)	(9,857)	(9,849)
	(28,206)	**(26,981)**	**(28,303)**	**(27,066)**

Movement in temporary differences

	COMPANY		
	Balance at Jan 01, 2016	Recognised in Income	Balance at Dec 31, 2016
Deferred tax liability			
Property, plant and equipment	15,454	(1,819)	13,635
Standing cane	1,239	848	2,087
	16,693	**(971)**	**15,722**
Deferred tax asset			
Tax value of losses carried forward	(17,131)	(1,217)	(18,348)
Defined benefit pension liability	(9,850)	(8)	(9,858)
	(26,981)	**(1,225)**	**(28,206)**

Movement in temporary differences

	GROUP		
	Balance at Jan 01, 2016	Recognised in Income	Balance at Dec 31, 2016
Deferred tax liability			
Property, plant and equipment	15,474	(1,819)	13,655
Standing cane	1,234	838	2,072
	16,708	**(981)**	**15,727**
Deferred tax asset			
Tax value of losses carried forward	(17,199)	(1,229)	(18,428)
Property, plant and equipment	(18)	-	(18)
Defined benefit pension liability	(9,849)	(8)	(9,857)
	(27,066)	**(1,237)**	**(28,303)**

7. INVESTMENTS

7.1 Investments

	COMPANY		GROUP	
	2016	2015	2016	2015
Available for sale:	$M	$M	$M	$M
Republic Bank Limited	272	335	272	335
	272	335	272	335

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	
	2016	2015
	$M	$M
Lochaber Limited	22	22

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

7.3 Non controlling interest

	GROUP	
	2016	2015
	$M	$M
At January 1	(47)	(36)
Share of loss	(18)	(11)
At December 31	(65)	(47)

8. CURRENT ASSETS

8.1 Inventory categories

	COMPANY 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
Fuel	66	64	66	64
Spares	1,742	1,795	1,742	1,795
Fertilizers and chemicals	473	430	473	430
Other	1,851	1,539	1,851	1,539
Gross Inventories	4,132	3,827	4,132	3,827
Less collectively assessed provision for slow moving and obsolete items	(718)	(346)	(718)	(346)
Net Inventories	3,414	3,481	3,414	3,481

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 (2015 - $1,500M).

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 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
Balance as at January 01	4,132	5,288	4,182	5,338
Adjustment to cost of sales	2,829	(1,156)	2,795	(1,156)
Balance as at Dec 31	6,961	4,132	6,977	4,182

Standing Cane by Age

Age of Cane	COMPANY 2016 Hectares	COMPANY 2015 Hectares	GROUP 2016 Hectares	GROUP 2015 Hectares	COMPANY 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
1-5 Months	22,599	27,679	22,729	27,960	-	-	-	-
6 Months	-	1,553	-	1,553	-	45	-	45
7 Months	-	384	62	407	-	25	-	25
8 Months	994	2,641	1,118	2,709	142	297	142	297
9 Months	4,569	4,257	4,628	4,257	1,357	994	1,374	994
10 Months	4,465	4,406	4,465	4,406	1,976	1,533	1,976	1,583
11 Months	2,877	2,417	2,877	2,417	1,457	962	1,457	962
12 Months	3,746	647	3,746	647	2,030	276	2,030	276
	39,250	43,983	39,623	44,355	6,961	4,132	6,978	4,182
Farmers' price per tonne of sugar					$ 74,273	$ 58,400	$ 74,273	$ 58,400

	Farmers' Prices	COMPANY Tones Sugar (TS) Values	Standing Cane Value (Farmers Price@TS Values)
2016	74,273	93,728	6,961,425,490
2015	58,400	70,755	4,132,090,633
			2,829,334,857

The value of standing cane increased by 69% due to decreased cane farmers' prices and tonnes sugar value derived from standing cane.

8.3 Product stock categories

	COMPANY 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
Sugar	816	730	816	730
Molasses	810	533	810	533
Livestock	17	16	17	16
	1,643	1,279	1,643	1,279

9. CASH AND CASH EQUIVALENTS

9.1 Cash on hand and at bank

	COMPANY 2016	COMPANY 2015	GROUP 2016	GROUP 2015
GYD Dollar	759	45	793	72
US Dollar (Current a/c)	3	1,886	3	1,886
GBP	22	9	22	9
Euro	-	2	-	2
	784	1,942	816	1,969

9. CASH AND CASH EQUIVALENTS (cont'd)

9.2 Bank overdraft (secured)

	COMPANY		GROUP	
	2016 $M	2015 $M	2016 $M	2015 $M
Guyana Dollar(a)	393	1,412	393	1,412
(a) These comprised of:-				
(i) Guyana Bank for Trade and Industry Limited	-	992	-	992
(ii) Republic Bank Guyana Limited	350	298	350	298
(iii) Demerara Bank Limited	43	122	43	122
	393	1,412	393	1,412

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	
	2016	2015
Guyana Bank for Trade and Industry Limited	9%	9%
Republic Bank Guyana Limited	8%	8%
Demerara Bank Limited	8.5%	8.5%
Bank of Nova Scotia	-	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	
	2016 $M	2015 $M	2016 $M	2015 $M
11.1 Revaluation reserve				
Revaluation of fixed assets	50,849	50,849	50,849	50,849

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	
	2016 $M	2015 $M	2016 $M	2015 $M
1. Amounts received by the Corporation from the Sugar Industry Special Funds for rehabilitation work carried out on the Corporation's factories.	25	25	25	25
2. Monies received from the Government of Guyana for the purpose of financing projects in the Corporation's diversification programme.	17	18	17	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	249	312	249	312
	293	357	293	357

12. DEFERRED INCOME

	COMPANY		GROUP	
	2016 $M	2015 $M	2016 $M	2015 $M
Income from European Union	2,336	2,417	2,336	2,417
Income from Government of Guyana	20	-	20	-
	2,356	2,417	2,356	2,417

Deferred of income $2,336m 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	
	2016 $M	2015 $M	2016 $M	2015 $M
13.1 Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	342	141	342	141
b) Consortium of local banks and Jamaican Bank (NCB Jamaica Ltd)	2,456	4,763	2,456	4,763
c) Government of Guyana Debenture	144	144	144	144
d) Government of Guyana SSMP	5,467	-	5,467	-
e) Government of Guyana SSMP financed by CDB	1,960	-	1,960	-
f) Government of Guyana SSMP financed by EXIM Bank	2,428	-	2,428	-
	-	-		
Total current loans	12,797	5,048	12,797	5,048
13.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	488	688	488	688
b) Government of Guyana SSMP	10,022	15,489	10,022	15,489
c) Government of Guyana SSMP financed by CDB	3,593	5,553	3,593	5,553
d) Government of Guyana SSMP financed by EXIM Bank	5,827	8,255	5,827	8,255
Total non- current loans	19,930	29,985	19,930	29,985
Repayments due in one year and included in current liabilities	12,797	5,048	12,797	5,048
Repayment due within 2-5 years	4,116	4,116	4,116	4,116
Repayment due after five years	15,814	25,869	15,814	25,869
	19,930	29,985	19,930	29,985

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 instalments. 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.

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 was d due 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 and Jamaica Bank (NCB Jamaica Limited)

This is a short term line of credit as part of a consortium lending arrangement by participating Licensed Financial Institutions of Guyana totalling G$1,427M. Funds were also received as a short term line of credit from NCB Jamaica Limited totalling $1,030M.

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.

14. RELATED PARTIES

14.1 Amounts due to related parties	COMPANY 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
Government of Guyana - Lease rentals	469	422	469	422
Sugar Industry Labour Welfare Fund	1,455	1,372	1,455	1,372
	1,924	1,794	1,924	1,794

14.1 Amount due from related party	COMPANY 2015 $M	COMPANY 2014 $M	GROUP 2015 $M	GROUP 2014 $M
Lochaber	323	298	-	-

Total rent payable for the lease lands to the Government of Guyana was $468.6M(2015 - $421.8M), no payment was made in 2016

Total levies payable to Sugar Industry Welfare Fund was $1,455M.

14.2 Related parties transactions

14.2.1 Key Management Personnel

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

	COMPANY 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
Short term employee benefit	717	396	717	396

14.2.2 Directors' fees and expenses

	COMPANY				GROUP			
	2016		2015		2016		2015	
	Fees $000	Expenses $000	Fees $000	Expenses $000	Fees $000	Expenses $000	Fees $000	Expenses $000
Directors								
Mrs. Geeta Singh -Knight	-	-	48	-	-	-	48	-
Mr. Keith Burrowes	-	-	48	-	-	-	48	-
Dr. Dindyal Permaul	-	-	48	-	-	-	48	-
Mr. Badrie Persaud	-	-	48	-	-	-	48	-
Mr. Dunstun Barrow	-	-	65		-	-	65	-
Dr. Clive Thomas	413	-	46		413	-	46	-
Mr. George Jervis	391	-	54		391	-	54	-
Mr. Earl John	30	-	12		30	-	12	-
Mr. Anthony Vieira	246	-	-		246	-	-	-
Mr. Fritz Charles Mc lean	148	-	-		148	-	-	-
Mr. John Samuel Browman	135	-	-		135	-	-	-
Ms. Louise Andress Bouyea	424	-	-		424	-	-	-
Mr. Nizamudin Ali	148	-	-		148	-	-	-
Mr. Richard Nigel Cumberbatch	108	-	-		108	-	-	-
Ms. Sharon Roopchand-Edwards	135	-			135	-		-
Taxes Paid		-	78		-	-	78	-
	2,176	-	445	-	2,176	-	445	-

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 2016 by Bacon Woodrow & De Souza. The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2016 using the Projected Unit Credit Method.

	2016				2015			
	- 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	12,899	30,643	44,116	574	12,362	30,389	43,325
Fair value of assets		(11,264)		(11,264)		(10,499)		(10,499)
(Surplus)/Deficit	574	1,635	30,643	32,852	574	1,863	30,389	32,826
Effect of Asset Ceiling		-	-			-	-	
Net defined benefit liability/(Asset)	574	1,635	30,643	32,852	574	1,863	30,389	32,826
15.2 Reconciliation of opening and closing defined benefit liability								
Opening Defined Benefit Liability/(Asset)	574	1,863	30,390	32,826	574	1,093	30,055	31,721
Net Pension Cost		541	2,788	3,329		549	2,944	3,493
Re-measurements		(268)	(1,740)	(2,008)		265	(1,839)	(1,574)
Less company contribution/benefits paid		(502)	(793)	(1,295)		(43)	(770)	(814)
Closing defined benefit liability/(Asset)	574	1,634	30,645	32,852	574	1,863	30,390	32,826
15.3 The amounts recognized as staff costs in the Statement Of Income are as follows:								
Current service cost		448	988	1,436		489	1,164	1,652
Net interest on net defined benefit liability/(Asset)		93	1,800	1,893		60	1,781	1,840
Past Service Cost/(Credit)		-	-	-		-	-	-
Administrative Expenses		-		-		-		-
Net Pension Cost	-	541	2,788	3,329	-	549	2,945	3,493
15.4 Actual return on Plan Assets								
Expected return on Plan assets		100	-	100		(532)	-	(532)
Actuarial (Gain)/loss on Plan Assets/ Interest Income		631	-	631		638	-	638
Actual return on Plan Assets	-	731	-	731	-	106	-	106

15.5 Actuarial assumptions

	2016	2015
(i) Funded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	2%	2%
Rate of return on Pension Plan assets	5.5%	7%
(ii) Unfunded Scheme		
Discount rate	6%	6%
Salary increases	6%	6%
Pension increases	5%	5%
Rate of return on Pension Plan assets	N/A	N/A

There is no Pension Scheme for the subsidiary company.

	Ex-Gratia Pensioners				Steps Scheme			
	2016	2015	2014	2013	2016	2015	2014	2013
	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000	G$ 000
Experience History								
Defined benefit obligation	30,643	30,389	30,054	28,347	12,899	12,362	11,945	11,459
Fair Value Plan Assets	-	-	-	-	(11,264)	(10,499)	(10,852)	(11,119)
(Surplus)/Deficit	30,643	30,389	30,054	28,347	1,635	1,863	1,093	341
Experience Adjustment on Plan Liabilities	(1,740)	(1,839)	(378)	(1,061)	(167)	(287)	(232)	(221)
Experience Adjustment on Plan Assets	-	-	-	-	631	638	654	595
Expected Company Contributions in 2017	817				632			

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 2017

15. EMPLOYEES RETIREMENT BENEFITS (cont'd)

15.6 Asset Allocation

	2016	2015
Equity Securities	18.20%	18.20%
Debt Securities	24.20%	24.20%
Property	7.20%	7.20%
Other	50.40%	50.40%
Total	100.00%	100.00%

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

16. REVENUE	COMPANY		GROUP	
	2016 $M	2015 $M	2016 $M	2015 $M
Revenue by products				
Sugar	17,477	18,434	17,477	18,434
Molasses	2,349	2,799	2,349	2,799
Co-generation Electricity	357	218	357	218
Total Sales	20,183	21,451	20,183	21,451
Revenue by major markets				
Europe	10,355	10,775	10,355	10,775
North America	1,724	2,526	1,724	2,526
Caribbean	4,587	4,668	4,587	4,668
Guyana	3,444	3,409	3,444	3,409
Other Markets	73	73	73	73
	20,183	21,451	20,183	21,451

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 OTHER GAINS AND LOSSES

The amount for other gains and losses of $1.5billion, represents losses on disposal of fixed assets after a 100% asset verification exercise was carried out over the entire industry in 2015.

	COMPANY 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
17. LOSS BEFORE TAXATION	(1,213)	(2,662)	(1,273)	(2,707)
After charging -				
Employment Costs				
Wages and salaries	18,711	20,408	18,711	20,408
Social security contributions	1,135	1,280	1,135	1,280
Employees retirement benefits	27	1,105	27	1,105
Materials and services purchased	7,034	10,874	7,034	10,874
Research and development expenses	157	156	157	156
Directors' fees & expenses	2	1	2	1
Depreciation	4,757	4,571	4,757	4,571
Auditors' remuneration-audit services	10	10	10	10
Interest expense -	544	689	544	689
After crediting				
Available for sale income (Republic Bank dividends)	21	3	21	3

18. TAXATION

Reconciliation of corporation tax expense and accounting loss:

	COMPANY 2016 $M	COMPANY 2015 $M	GROUP 2016 $M	GROUP 2015 $M
Accounting loss	(1,213)	(2,662)	(1,273)	(2,707)
Corporation tax @30%	(364)	(799)	(382)	(812)
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	1,427	1,371	1,427	1,371
Defined benefit pension cost	8	331	8	331
	1,071	904	1,053	891
Deduct:				
Depreciation for tax purposes	(1,337)	(1,071)	(1,337)	(1,071)
Standing Cane	(848)	(347)	(838)	(347)
Tax losses	(1,057)	(281)	(1,057)	(290)
	(2,171)	(795)	(2,179)	(817)
Corporation Tax - prior year	78	-	89	-
Deferred Tax	(2,196)	(794)	(2,218)	(799)
	(2,118)	(794)	(2,129)	(799)
Property Tax - current year	-	-	-	-
	(2,118)	(794)	(2,129)	(799)
Taxation - prior year	78	-	89	-
- deferred	(2,196)	(794)	(2,218)	(799)
	(2,118)	(794)	(2,129)	(799)

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

	2016			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	272	-	-	272
Trade receivables	-	2,957	-	2,957
Other receivables and prepayments	-	3,270	-	3,270
Cash on hand and at bank	-	-	784	784
Total assets	272	6,227	784	7,283
LIABILITIES				
Employees retirement benefit	-	-	32,852	32,852
Trade payables	-	-	9,662	9,662
Other payables	-	-	17,193	17,193
Related parties	-	-	1,924	1,924
Borrowings	-	-	32,727	32,727
Taxation	-	-	2,701	2,701
Bank overdraft(secured)	-	-	393	393
Total liabilities	-	-	97,452	97,452

	2015			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	335	-	-	335
Trade receivables	-	3,714	-	3,714
Other receivables and prepayments	-	3,378	-	3,378
Cash on hand and at bank	-	-	1,942	1,942
Total assets	335	7,092	1,942	9,368
LIABILITIES				
Employees retirement benefit	-	-	32,826	32,826
Trade payables	-	-	9,584	9,584
Other payables	-	-	17,252	17,252
Related parties	-	-	1,794	1,794
Borrowings	-	-	35,033	35,033
Taxation	-	-	2,623	2,623
Bank overdraft(secured)	-	-	1,412	1,412
Total liabilities	-	-	100,524	100,524

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

GROUP
2016

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	272	-	-	272
Trade receivables	-	2,962	-	2,962
Other receivables and prepayments	-	3,270	-	3,270
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	818	818
Total assets	272	6,266	818	7,356
LIABILITIES				
Employees retirement benefit	-	-	32,852	32,852
Trade payables	-	-	9,664	9,664
Other payables	-	-	17,193	17,193
Related parties	-	-	1,924	1,924
Borrowings	-	-	32,727	32,727
Taxation	-	-	2,714	2,714
Bank overdraft(secured)	-	-	393	393
Total liabilities	-	-	97,467	97,467

2015

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
ASSETS	$M	$M	$M	$M
Investments	335	-	-	335
Trade receivables	-	3,738	-	3,738
Other receivables and prepayments	-	3,378	-	3,378
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	1,969	1,969
Total assets	335	7,150	1,969	9,454
LIABILITIES				
Employees retirement benefit	-	-	32,826	32,826
Trade payables	-	-	9,585	9,585
Other payables	-	-	17,252	17,252
Related parties	-	-	1,794	1,794
Borrowings	-	-	35,033	35,033
Taxation	-	-	2,637	2,637
Bank overdraft(secured)	-	-	1,412	1,412
Total liabilities	-	-	100,539	100,539

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2016 $M	2015 $M	2016 $M	2015 $M
Expenditure authorised by the Directors				
Capital expenditure	3,577	4,154	3,577	4,154

The capital expenditure for 2016 was 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 $339M (2015 $250M)

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 2016			
	US Dollar	GBP	Euro	Total
	$M	$M	$M	$M
Assets	1,620	1	-	1,622
Liabilities	(1,955)	(88)	-	(2,043)
Net Asset/(liability)	(335)	(87)	-	(422)
	Group 2015			
Assets	3,970	9	11	3,990
Liabilities	(5,192)	(269)	-	(5,462)
Net Asset/(liability)	(1,222)	(260)	11	(1,471)

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(i) Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

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

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

	US$ Impact		Sterling Impact		Euro Impact	
	2016	2015	2016	2015	2016	2015
	$M	$M	$M	$M	$M	$M
Profit/(loss)	(17)	(61)	(4)	(13)	-	1

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	2016 Maturing Within 1Year	1 to 5 years	Over 5 years	Non - interest bearing	Total
Assets		$M	$M	$M	$M	$M
Investments		-	-	-	272	**272**
Trade receivables					2,957	**2,957**
Other receivables and prepayments		-	-	-	3,270	**3,270**
Cash and cash equivalents	3.75	784	-	-	-	**784**
		784	-	-	6,499	**7,283**
Liabilities						
Employees retirement benefits		-	-	-	32,852	**32,852**
Trade payables		-	-	-	9,662	**9,662**
Other payables					17,193	**17,193**
Related parties		-	-	-	1,924	**1,924**
Borrowings	9.50	12,797	4,116	15,814	-	**32,727**
Taxation		-	-	-	2,701	**2,701**
Bank overdraft(secured)	9.50	393	-	-	-	**393**
		13,190	4,116	15,814	64,332	**97,452**
Interest sensitivity gap		(12,406)	(4,116)	(15,814)		

COMPANY	2015 Maturing Within 1 Year	1 to 5 years	Over 5 years	Non-interest bearing	Total
Assets	$M	$M	$M	$M	$M
Investments	-	-	-	335	**335**
Trade receivables	-	-	-	3,714	**3,714**
Other receivables and prepayments				3,378	**3,378**
Cash and cash equivalents 3.75	1,942	-	-	-	**1,942**
	1,942	-	-	7,427	**9,368**
Liabilities					
Employees retirement benefits	-	-	-	32,826	**32,826**
Trade payables	-	-	-	9,584	**9,584**
Other payables				17,252	**17,252**
Related parties	-	-	-	1,794	**1,794**
Borrowings 8.50	5,048	4,116	25,869	-	**35,033**
Taxation	-	-	-	2,623	**2,623**
Bank overdraft(secured) 8.50	1,412	-	-	-	**1,412**
	6,460	4,116	25,869	64,079	**100,524**
Interest sensitivity gap	(4,518)	(4,116)	(25,869)		

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

GROUP	effective average interest rate	2016 Maturing Within 1Year $M	1 to 5 years $M	Over 5 years $M	Non - interest bearing $M	Total $M
Assets						
Investments		-	-	-	272	272
Trade receivables					2,962	2,962
Other receivables and prepayments		-	-	-	3,270	3,270
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	818	-	-	-	818
		818	-	-	6,538	7,356
Liabilities						
Employees retirement benefits		-	-	-	32,852	32,852
Trade payables					9,664	9,664
Other payables		-	-	-	17,193	17,193
Related parties		-	-	-	1,924	1,924
Borrowings	8.50	12,797	4,116	15,814	-	32,727
Taxation		-	-	-	2,714	2,714
Bank overdraft(secured)	8.50	393	-	-	-	393
		13,190	4,116	15,814	64,347	97,467
Interest sensitivity gap		(12,372)	(4,116)	(15,814)		

GROUP		2015 Maturing Within 1 Year $M	1 to 5 years $M	Over 5 years $M	Non-interest bearing $M	Total $M
Assets						
Investments		-	-	-	335	335
Trade receivables					3,738	3,738
Other receivables and prepayments		-	-	-	3,378	3,378
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	1,969	-	-	-	1,969
		1,969	-	-	7,485	9,454
Liabilities						
Employees retirement benefits		-	-	-	32,826	32,826
Trade payables					9,585	9,585
Other payables		-	-	-	17,252	17,252
Related parties		-	-	-	1,794	1,794
Borrowings	8.50	5,048	4,116	25,869	-	35,033
Taxation		-	-	-	2,637	2,637
Bank overdraft(secured)	8.50	1,412	-	-	-	1,412
		6,460	4,116	25,869	64,094	100,539
Interest sensitivity gap		(4,491)	(4,116)	(25,869)		

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 2016	Group 2015	Company 2016	Group 2015
	Increase/ decrease in basis point	G$M	G$M	G$M	G$M
Cash & cash equivalent	+ /-50	8	8	8	8
Borrowings	+ /-50	331	369	331	369

(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.

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 2016					
	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	-	-	-	-	272	272
Trade receivables	1,200	1,762	-	-	-	2,962
Other receivables and prepayments	1,650	1,620	-		-	3,270
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	818	-	-	-	-	818
Total assets	3,668	3,382	34	-	272	7,356
Liabilities						
Employees retirement benefits	-	-	-	-	32,852	32,852
Trade payables	9,664	-	-	-	-	9,664
Other payables	17,193	-	-	-	-	17,193
Related parties	-	-	1,924	-	-	1,924
Borrowings	-	-	12,797	4,116	15,814	32,727
Taxation	-	-	2,714	-	-	2,714
Bank overdraft(secured)	393	-	-	-	-	393
Total liabilities	27,250	-	17,435	4,116	48,666	97,467
Net asset/(liabilities)	(23,582)	3,382	(17,401)	(4,116)	(48,394)	(90,111)

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	GROUP 2015					
	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	-	-	-	-	335	335
Trade receivables	1,200	2,538	-	-	-	3,738
Other receivables and prepayr	1,650	1,728	-		-	3,378
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	1,969	-	-	-	-	1,969
Total assets	4,819	4,266	34	-	335	9,455
Liabilities						
Employees retirement benefits	-	-	-	-	32,826	32,826
Trade payables	9,585	-	-	-	-	9,585
Other payables	17,252	-	-	-	-	17,252
Related parties	-	-	1,794	-	-	1,794
Borrowings	-	-	5,048	4,116	25,869	35,033
Taxation	-	-	2,637	-	-	2,637
Bank overdraft(secured)	1,412	-	-	-	-	1,412
Total liabilities	28,249	-	9,479	4,116	58,695	100,539
Net asset/(liabilities)	**(23,430)**	**4,266**	**(9,445)**	**(4,116)**	**(58,360)**	**(91,084)**

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	
	2016	2015	2016	2015
	$M	$M	$M	$M
Cash on hand and at bank	784	1,942	818	1,969
Investments	272	335	272	335
Investment in subsidiary	22	22	-	-
Trade, other receivables and prepayments	6,227	7,092	6,232	7,116
Tax recoverable	-	-	34	34

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

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

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

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	
	2016	2015	2016	2015
	$M	$M	$M	$M
Trade and other receivables (excluding prepayments)	6,076	6,578	6,081	6,602
The above balances are classified as follows:				
Current	3,717	4,683	3,717	4,683
Past due but not impaired	2,359	1,895	2,364	1,920
	6,076	6,578	6,081	6,602
Aging of trade and other receivables which was pass due but not impaired				
Past Due up to 29 days	569	435	593	459
Past Due 30 - 59 days	136	27	136	27
Past Due 60 - 89 days	71	36	71	36
Past Due 90 - 179 days	99	75	99	75
Past Due over 180 days but less than 1 year	59	1,318	59	1,318
Past Due more than 1 year	1,446	18	1,446	18
	2,379	1,909	2,403	1,933
Collectively assessed provision for bad debts	(21)	(15)	(21)	(15)
	2,357	1,895	2,381	1,919

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	
	2016	2015	2016	2015
	$M	$M	$M	$M
Debt (i)	33,120	36,445	33,120	36,445
Cash in hand and at bank	(784)	(1,942)	(818)	(1,969)
Net debt	32,336	34,504	32,302	34,476
Equity (ii)	21,371	20,530	21,192	20,400
Net debt to equity ratio	1.51:1	1.68:1	1.51:1	1.69:1

(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	
	2016	2015
	$	$
Profit/(Loss) for the year	905,000,000	(1,867,708,417)
	Units	Units
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	0.08	(0.17)

	GROUP	
	2016	2015
Profit/(Loss) attributable to equity holders of the parent	874,000,000	(1,896,787,544)
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	0.08	(0.18)

25. European Union Sugar Protocol

The Economic 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 established trade preferences between the EU and Guyana resulting in bilateral commercial 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 2016		GROUP 2015	
	Carrying Value $M	Fair Value $M	Carrying Value $M	Fair Value $M
Financial assets				
Available for sale investments	272	272	335	335
Trade receivables	2,962	2,962	3,738	3,738
Other receivables and prepayments	3,270	3,270	3,378	3,378
Taxes Recoverable	34	34	34	34
Cash and cash equivalents	818	818	1,969	1,969
	7,356	7,356	9,454	9,454
Financial liabilities				
Employee retirement benefits	32,852	32,852	32,826	32,826
Trade payables	9,664	9,664	9,585	9,585
Other payables	17,193	17,193	17,252	17,252
Related Parties	1,924	1,924	1,794	1,794
Borrowings	32,727	32,727	35,033	35,033
Taxation	2,714	2,714	2,637	2,637
Bank overdraft(secured)	393	393	1,412	1,412
	97,467	97,467	100,539	100,539

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

27. IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations

The Corporation, at a Board of Directors meeting held on the 27th January 2016, in the Board Room of the Guyana Sugar Corporation, had discussed the need to diversify the Wales Estate operations. It was agreed at that meeting that once the crop of sugar cane was harvested, that the estate will no longer continue with the production of sugar, but other agricultural operations would be considered. Resulting from that strategic decision, it was agreed that Wales Estate management will make arrangements to retrench some of its employees and the remaining employees would be transferred to Uitvlugt Estate. Resulting from that decision, an amount of G$80m was paid to some employees and additional amounts of G$280m are expected to be paid during the year 2017. This additional of $280m was accrued for in the financial statements for 2016.

28. POST BALANCE SHEET EVENTS

The Guyana Sugar Corporation Inc. (GUYSUCO) has experienced significant financial losses over several years. The reform of the European Union sugar market resulted in the reduction in prices by 36% over the period 2006 to 2008.The Corporation could not recover from a price reduction of this magnitude in the market where over 60% of its production was destined, a market which was historically described as its "bread and butter" market.

GUYSUCO has increasingly relied on subsidies from the Government to maintain its operations. This position could not be sustained.

As a result, the Government of Guyana, under the hand of the Minister of Agriculture, in July 2015, appointed a Commission of Inquiry (COI) to look into the sugar industry, and make recommendations for its return to financial and economic viability.

The COI recommended that the Industry be privatized within three years and the corporation considers diversification to reduce its dependence on sugar.
After consideration of the COI's report and consultations with stakeholders, inclusive of Guysuco, the Minister of Agriculture presented a State Paper on the Future of the Sugar Industry to the National Assembly on May 8, 2017.

The key elements of the State Paper are as follows:

i. The continuation of sugar production at Albion, Blairmont and Uitvlugt Estates.
ii. Divestment of Skeldon Estate and the remaining parts of the industry
iii. Pending the divestment initiative, Guysuco will undertake the following:
   a. The amalgamation of part of Rose Hall Estate with Albion Estate and the transitioning into diversification of the remainder of Rose Hall Estate commencing January 1, 2018.
   b. The transitioning into diversification of East Demerara Estates commencing January 1,2018.
iv. Leasing of lands to and the transitioning of the workers into self-sufficient farmers
v. Recovery of drainage, irrigation and health services costs from the relevant authorities.