

**GUYANA SUGAR CORPORATION INC.  
2015 ANNUAL REPORT**

**CONTENTS**

LIST OF TABLES ..... 3

BOARD OF DIRECTORS ..... 5

CHAIRMAN’S REPORT ..... 6

AGRICULTURE OPERATIONS ..... 8

AGRICULTURE RESEARCH..... 9

FACTORY ..... 11

HUMAN RESOURCES ..... 14

MARKETING..... 19

REPORT OF THE DIRECTORS..... 21

REPORT OF THE AUDITOR GENERAL ..... 24

REPORT OF THE AUDITORS TO THE AUDITOR GENERAL ..... 27

FINANCIALS ..... 30

**LIST OF TABLES**

Table 1: TEN YEAR REVIEW ..... 4

Table 2: Showing Estates’ and Farmers Hectares’ Harvested, Cane Yields, Cane and Sugar Production for 2015 ..... 8

Table 3: Showing Industry’s Tillage and Planting Achievements for 2015..... 9

Table 4: Showing Estates’ Average Annual Rainfall for 2015 Compared to 59 Year Mean..... 10

Table 5: Showing Estates’ Sugar Production for 2015 with 2014 Comparatives ..... 11

Table 6: Showing the Average Weekly Grinding Hours in 2015..... 12

Table 7: Showing Time Loss in 2015..... 13

Table 8: Showing Production of the Enmore Packaging Plant ..... 14

Table 9: Showing the comparative analysis of strikes from 2010 – 2015..... 17

Table 10: Showing Strikes by Causation for 2016 with 5 Year Comparatives ..... 18

**Table 1: TEN YEAR REVIEW**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
HECTARES HARVESTED	42,422	39,757	44,262	43,556	36,510	45,411	43,616	40,676	45,302	42,782
TONNES CANE MILLED ('000)	2,975	3,099	2,767	2,764	2,762	3,196	2,710	2,461	2,837	2,816
YIELDS:										
ESTATE - TONNES CANE / HECTARE	64.48	71.97	57.71	57.50	66.32	62.58	55.31	53.55	55.66	57.96
TONNES CANE / TONNE SUGAR	11.46	11.55	12.16	11.67	12.51	13.51	12.43	13.18	13.11	12.19
TONNE SUGAR / HECTARE	5.63	6.23	4.75	4.93	5.30	4.63	4.45	4.06	4.25	4.76
PRODUCTION (TONNES)										
SUGAR	259,549	266,482	226,267	233,736	220,818	236,505	218,068	186,755	216,358	231,071
HOME CONSUMPTION (TONNES):										
SUGAR	23,396	23,480	23,345	23,594	22,341	20,031	22,387	22,141	20,799	21,768
EXPORT (TONNES):										
SUGAR	237,681	244,865	205,268	217,707	195,745	210,863	196,537	163,330	189,561	212,660
SALES:										
DOMESTIC SUGAR (\$M)	1,644	1,673	1,595	1,906	2,273	1,884	2,048	2,101	2,107	2,184
AVERAGE PRICE / TONNE (\$)	70,245	71,252	68,328	76,857	101,757	94,079	91,463	94,872	101,287	100,332
EXPORT SUGAR (\$M)	25,509	27,101	23,777	24,398	18,332	23,954	26,211	23,240	17,312	15,202
AVERAGE PRICE / TONNE (\$)	107,332	110,676	115,832	112,067	93,652	113,601	133,363	142,288	91,327	71,487
AVERAGE PRICE / TONNE (US\$)	538	545	570	552	462	558	654	694	443	347
EXPENDITURE (\$M)										
EMPLOYMENT COST	16,067	17,373	17,580	15,571	15,787	18,518	19,413	20,094	22,385	21,673
MATERIALS AND SERVICES	9,485	8,958	10,858	10,629	11,565	12,626	11,271	11,546	13,100	11,829
(LOSS) / PROFIT BEFORE TAX AND LEVY	2,429	2,159 -	6,210 -	1,949 -	5,136 -	11,232 -	1,863 -	2,959 -	22,335 -	2,662
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	476	630 -	4,089 -	1,323 -	7,387 -	13,896 -	1,246	5,736 -	15,730 -	1,868
AVERAGE MID MARKET										
EXCHANGE RATE (G\$/ US\$)	199.50	202.99	203.34	202.99	202.83	203.63	203.99	204.99	205.98	205.98

## **BOARD OF DIRECTORS**

The Board Directors of the Guyana Sugar Corporation Inc. as of December 31, 2015 are as follows:

Dr. Clive Thomas	Chairman
Mr. George Jervis	Director
Ms. Louise Bouyea	Director
Mr. Earl John	Director
Mr. Anthony Vieira	Director

## **CHAIRMAN'S REPORT**

2015 was a year heralding radical change for the Guyana Sugar Corporation Inc. Subsequent to the change in Government, and in recognition of the plight the sugar industry was in, the shareholders appointed an Interim Management Committee (IMC) in June 2015 and a new Board of Directors (BOD) shortly thereafter.

The Board and Interim Management were confronted with many challenges, which included a weakened and demoralized management team, a very adversarial Industrial Relations climate, low sugar prices, declining production levels, high operational costs, serious loss making, and consequently a major liquidity crisis, and a huge debt burden.

It was evident that the sugar industry was in need of major reorganization; that it could no longer be "business as usual". The Board and management team proceeded to develop urgently a series of initiatives to arrest the situation while the elements of a longer term strategy were being contemplated.

Given the gravity of the situation, the Government, 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 members of the Commission of Inquiry were knowledgeable and experienced professionals.

The Commission's Report was submitted to the shareholders in October 2015 outlining their evaluations of the most economical options for the sugar industry to pursue. The Economic Services Committee (ESC) of Parliament was then mandated to consider and to report back on the way forward for consideration by Parliament/Government of Guyana. .

The Commission's main recommendation was that there should be no closure of any estate but that the Corporation should be privatized within three years. Other sections of the report pointed to diversification away from the reliance on sugar as an option.

Initiatives identified in 2015 for implementation in 2016 to reduce the operating cost, cash deficit, and/or generate funds for the Corporation included 1) the merging of Wales and Uitvlugt Estates, 2) transitioning the Wales cultivation from sugar cane to other crops and aquaculture, 3) completion of the integration of the La Bonne Intention and Enmore Estates into the East Demerara Estate, 4) relocation of the Information Systems and Head Office Departments from Ogle Estate to the former LBI Estate Compound, 5) the sale of non / under - performing assets, in particular lands, and 6) the cost recovery of drainage and irrigation now benefiting external parties.

The Board was very encouraged by some of the achievements of the Corporation during the second half of the year 2015. The second crop's production reflected a significant improvement over previous years. There was a greater sense of purpose across the industry. However, the underlying and deep rooted problems remained which would best be addressed through the reorganization process. A new strategic direction for the Corporation is currently being developed.

The year ended with renewed, enthused Management and Staff, and improved cane yields experienced in the cultivations and sugar recoveries in the factories, resulting in the second crop 2015's sugar production budget being surpassed by 3,627 tonnes or 2.5%.

I would like to take this opportunity to thank the Members of the Board, the Interim Management Committee, Management and the Workforce for their hard work, enthusiasm and contributions made to the industry in this challenging year of change. We look forward to everyone's continued support and dedication in 2016.

## AGRICULTURE OPERATIONS

### Production

**Table 2: Showing Estates' and Farmers Hectares' Harvested, Cane Yields, Cane and Sugar Production for 2015**

Estate	Estates			
	Hectares Harvested	Cane Yields / Tonnes Cane per Hectare	Canes Harvested / tonnes	Sugar Produced / tonnes
Skeldon	7,989	56.52	451,500	32,213
Albion	9,002	68.85	619,739	59,858
Rose Hall	6,305	59.01	372,070	28,217
Blairmont	5,741	73.47	421,749	36,695
East Demerara	7,041	47.13	331,813	26,445
Wales	2,723	42.58	115,928	9,170
Uitvlugt	3,983	45.01	179,234	14,020
Industry	42,782	58.25	2,492,033	206,618

Estate	Farmers			
	Hectares Harvested	Cane Yields / Tonnes Cane per Hectare	Canes Harvested / tonnes	Sugar Produced / tonnes
Skeldon	2,133	45.34	96,732	6,944
Albion	96	70.35	6,782	532
Rose Hall	647	62.40	40,355	3,071
Blairmont	-	-	-	-
East Demerara	217	37.66	8,161	649
Wales	2,366	59.42	140,561	10,884
Uitvlugt	342	90.67	30,992	2,373
Industry	5,801	55.78	323,583	24,453

Estate	Industry			
	Hectares Harvested	Cane Yields / Tonnes Cane per Hectare	Canes Harvested / tonnes	Sugar Produced / tonnes
Skeldon	10,122	54.16	548,232	39,157
Albion	9,098	68.86	626,521	60,390
Rose Hall	6,952	59.33	412,425	31,288
Blairmont	5,741	73.47	421,749	36,695
East Demerara	7,258	46.84	339,974	27,094
Wales	5,089	50.40	256,489	20,054
Uitvlugt	4,324	48.62	210,226	16,392
Industry	48,583	57.96	2,815,616	231,071



In 2015, GuySuCo budgeted to produce a total of 227,443 tonnes of sugar; this included an estimated farmers' production of 26,117 tonnes. The Corporation exceeded this target in producing 231,071 tonnes; 11% of which is farmers' production. This also represented a 7% increase over 2014's production.

The increased production is attributed to the favourable weather conditions and the increased planting programme which positively impacted both the estates' and farmers' cane yields.

### **Tillage and Planting**

**Table 3: Showing Industry's Tillage and Planting Achievements for 2015**

	Tillage ha	Planting ha
Skeldon	1,532	1,095
Albion	1,603	1,681
Rose Hall	1,384	1,296
Blairmont	1,037	971
East Demerara	895	895
Wales	742	709
Uitvlugt	700	636
<b>Industry</b>	<b>7,892</b>	<b>7,284</b>

Despite the El Nino conditions the industry achieved a planting programme of 7,284 ha (inclusive of farmers 224 ha) in 2015 of the 7,892 ha of lands tilled.

## **AGRICULTURE RESEARCH**

In 2015, the Department's scientists have contributed monitoring and advisory support to estates where necessary, in crop maintenance.

### **Rainfall**

2015 was a somewhat dry year. Mean annual rainfall was 1,784mm, 11% lower than the historical (59year) mean. Individual estate rainfall varied from 2,980mm at Uitvlugt to 1346mm at Blairmont.

**Table 4: Showing Estates' Average Annual Rainfall for 2015 Compared to 59 Year Mean**

<b>Estate</b>	<b>Annual Rainfall 2015</b>	<b>59 Year Annual Rainfall</b>
	<b>mm</b>	
Skeldon	1704	1671
Albion	1369	1771
Rose Hall	1540	1959
Blairmont	1346	1805
Enmore	1663	1932
LBI	1522	2023
Wales	2149	2314
Uitvlugt	2980	2743
<b>Industry Average</b>	<b>1784</b>	<b>2027</b>

### **Breeding and Selection**

Emphasis continued to be placed on the High Quality Selection Programme which is being run with close cooperation of the High Quality Programme at the West Indies Sugar Central Sugarcane Breeding Station. This has begun to produce results that received attention from sugarcane breeders around the world. The department commenced 2015 with 103,221 seedlings, 8,632 clones and 1,364 varieties under evaluation. During the year 15,508 seedlings were planted for stage I evaluation, 6,331 of which were established to facilitate analysis of the crosses as family. In addition, 538 clones were advanced to stage III and assigned their permanent identification numbers.

### **Pests and Diseases**

The main activities of the Entomology section of the Plant Protection Unit (PPU), in 2015 centered on the monitoring and management of the industry's sugarcane pest and its established management programme across the industry. This was accomplished through data collection, analysis and information feedbacks and extension visits and training when and where required.

Throughout the year there were no reports of major outbreaks or severe infestations of any major or minor pest species, however the usual seasonal upsurges at endemic locations/sections in cultivations on various estates were evident for the major pests. The Routine prophylactic baiting for the Sugarcane rat (*Holochilus brasiliensis*) was continuous on all estates, guided mainly by quantitative routine monitoring and harvesting schedules for guard-up measures and along borders of natural endemic sites and habitat. Close monitoring of all major problem weeds continued during the year. The management of problem weeds especially on Demerara Estates was affected by the weather.

### **Rodents**

Routine monitoring activities for the major pest species - the sugarcane rat (*Holochilus brasiliensis*); was carried out on all estates across the industry. Through-out the year there were no reports of major outbreaks, or of threatening population resulting in severe damages. Damage levels were below the average 0.5% fresh stalk damage for most of the year on most estates. However, the usual seasonal upsurge was evident in and around endemic sections and locations

on estates, especially on the known rodent endemic estates; Wales and Uitvlugt. From a total of 58,607 running hectares surveyed across the industry an average 0.09% fresh stalk damage was revealed. Wales, Uitvlugt and Enmore Estates experienced more damages through-out the year during high activity seasons. Most of the damages reported were associated with seasonal migrations and intra-field movements of rat families during land preparations and field rehabilitation

## Quality Control

International proficiency testing continued during the year for plant tissue in collaboration with the International Plant Analytical Exchange (IPE) at the Wageningen University in The Netherlands, as part of the unit's quality assurance programme.

## Environmental Monitoring

Physico-chemical monitoring of estate inlet and effluent streams for agriculture and factory processing operations, irrigation and drainage water for agriculture operations, tailings pond samples for controlled waste discharge, intake and outlet water for factory processing and wastewater from agriculture and factory operations continued during 2015.

Prior to 2014, only Enmore and Uitvlugt factories were monitored for environmental impact from factory operations and maintenance. A new protocol was introduced in 2015 which saw the commencement of testing and monitoring of all factories. Some additional parameters are now tested in keeping with the Environmental Protection Agency's (EPA's) guidelines.

## FACTORY

### Sugar Production

**Table 5: Showing Estates' Sugar Production for 2015 with 2014 Comparatives**

<b>Factory</b>	<b>2014</b>	<b>2015</b>	<b>% Change</b>
	<b>tonnes</b>		
Skeldon	35,890	39,158	9%
Albion	51,294	61,910	21%
Rose Hall	31,931	29,768	-7%
Blairmont	33,499	36,695	10%
East Demerara	30,932	27,094	-12%
Wales	18,898	20,014	6%
Uitvlugt	13,916	16,432	18%
<b>Industry</b>	<b>216,357</b>	<b>231,071</b>	<b>7%</b>

Sugar production for 2015 totaled 231,071 tonnes representing 102% of the budgeted target of 227,443 tonnes. Favorable weather conditions for harvesting and steady labour turnout in second

crop resulted in factories being supplied with canes continuously and consequently improved production levels.

Albion’s performance was the best achieving 121% of its target.

Skeldon’s sugar production of 39,158 tonnes surpassed 2014’s actual and is now the highest production since the new factory was commissioned in 2009. The factory performance has improved considerably (15% improvement in the sugar recoveries).

### **Grinding Hours**

**Table 6: Showing the Average Weekly Grinding Hours in 2015**

<b>Factory</b>	<b>1<sup>st</sup> CROP</b>	<b>2<sup>nd</sup> CROP</b>	<b>YEAR 2015</b>
		<b>hours</b>	
Skeldon	86.80	107.31	100.19
Albion	112.99	119.72	117.24
Rose Hall	112.52	120.96	118.08
Blairmont	128.20	128.60	128.45
East Demerara	97.71	105.74	102.54
Wales	100.09	105.36	102.93
Uitvlugt	84.65	102.89	92.12
<b>Industry</b>	<b>103.55</b>	<b>114.52</b>	<b>110.09</b>

Poor harvesting conditions in first crop 2015 affected cane supply to factories, hence the under achievement of grinding hours for the year.

However, during the second crop 2015, Albion, Rose Hall, Blairmont and East Demerara Estates surpassed 130 grinding hrs/week on several occasions.

### **Factory Time Efficiency and Mill Extraction**

Factory time efficiency for the industry was 91.39% while mill extraction was 92.91%. This is compared to 2014 performance of 92.07% and 90.98% respectively.

## Time Loss

**Table 7: Showing Time Loss in 2015**

Factory	OUT-OF-CANE	STRIKES	FACTORY BREAKDOWNS
		hours	
Skeldon	896.53	169.08	471.21
Albion	810.85	223.84	228.94
Rose Hall	348.01	350.00	304.25
Blairmont	450.21	363.40	122.86
East Demerara	890.57	314.66	493.18
Wales	933.13	150.85	260.93
Uitvlugt	1,061.71	149.42	201.60
Industry	5,391.01	1,721.25	2,082.97

When compared to year 2014, loss time due to out-of-cane reduced by 33%, strikes increased by 130% and factory breakdowns were reduced by 8% for the industry. Loss time due to factory breakdowns at Skeldon and East Demerara Estates remained high, however; the maintenance programmes will be addressing the core issues.

## ISO Certification

The annual surveillance audit of the company's quality system was completed and Blairmont and Enmore factories have retained the ISO 9001 certification status.

## Skeldon Sugar Modernization Project

The main focus for 2015 was on improving factory throughput and reliability. To improve factory throughput, major modification works were completed on the outboard punt dumper to convert the lifting mechanism from hydraulic rams to cables and winch. The modification proved successful with overall factory throughput achieving a weekly average as high as 260t/hr. Such level was never achieved since commissioning in 2009.

With a steady cane supply and higher factory throughput, Skeldon recorded its highest ever overall recovery of 75.24% since commissioning.

## Co-generation

Supply of power to the national continued throughout 2015. A total of 36GWh was supplied to the Berbice Interconnected System (BIS) for the year in review.

## Enmore Packaging Plant

Production of value added products continued during 2015. At least three (3) new brands of sugar were released. These include Regale, Cuisine and Enmore Crystals. The output of the Plant for the various products is seen in table below.

**Table 8: Showing Production of the Enmore Packaging Plant**

<b>Product Name</b>	<b>Quantity in tonnes</b>
Demerara Gold	2,988.665
Demerara Brown	690.075
Enmore Crystals	96.066
Regale	75.042
Cuisine	164.975
Genuine Demerara Cane Sugar (50kg)	9,431.450
Genuine Demerara cane Sugar (1t)	638.000
<b>TOTAL</b>	<b>14,084.273</b>

Sugar production for 2015 at East Demerara Estates was 27,094t. Therefore, 14,084.273 tonnes represents 52% conversion to value addition.

## HUMAN RESOURCES

### Management Structure

In 2015 a new National Government resulted in a change of leadership of the Corporation. An Interim Management Committee comprising of Mr. Errol Hanoman, as Chief Executive Officer and Paul Bhim, as Finance Director, was in effect from June 3, 2015 as well as a new Board of Directors, which held its first meeting in August 2015. Meanwhile, the Human Resources Director, Mr. Jairam Petam retired in May, 2015 and a Human Resources Management Adviser, Mr. Earl John was appointed in December, 2015.

### Cadetships

#### *Scholarships to University Guyana*

Eleven (11) Cadets have successfully completed their first and second year in the BSc. Agriculture and Civil Engineer programme at both Tain and Turkeyen campuses. Additionally, five (5) employees have been awarded cadetship to pursue a BSc in Agriculture and are currently in the First Year.

### *Scholarships to Guyana School of Agriculture*

Sixteen (16) staff members graduated with the Diploma in Agriculture from Guyana School of Agriculture (GSA) and have since commenced their contractual agreement with the Corporation. Meanwhile, five (5) students have completed their First Year and will be proceeding into second year, and a new batch of four (4) staff members is currently undergoing First Year training for the Academic Year 2015-2016.

### *Work-study Attachment*

Eighteen (18) students were on seven (7) weeks work-study attachment during the reporting period: - nine (9) from Secondary Schools and seven (7) from the University of Guyana, who were assigned duties at Head Office Departments. There were also two (2) students from the T.A. Marryshow Community College, Grenada who were assigned duties at Information Systems Department.

### *Bursaries*

Ninety-nine (99) students across the Industry and Head Office qualified and were awarded Bursaries for the National Grade Six Assessment, while one hundred and thirty-four (134) children of employees were reimbursed cash for their success at the Caribbean Secondary Examination Certificate (CSEC), General Certificate of Education (GCE) AND Caribbean Advance Proficiency Examination (CAPE). .

### *Management Trainees*

There were two (2) Factory Management Trainees - Mechanical Engineer and Chemistry, who would complete their formal training in February and March, 2016.

### *Assistance to Study Scheme*

Twelve (12) employees accessed funds from this scheme during the year totaling seven hundred and ninety-three thousand, eight hundred and thirty-eight (\$793,838.) dollars.

### *Industrial Attachments*

Two (2) students from the University of Guyana (Civil and Mechanical Engineer) are currently on Industrial Attachment at Factory Operations and East Demerara Estate.

### **GuySuCo Training School**

The first year training programme was amended to facilitate specialized trades in the second six months in order to improve the knowledge and skills of the apprentices before moving into the second year of training. As such, apprentices were able to accelerate the second year training by improving their performance.

In June 2015, fifty seven (57) second year apprentices wrote the craft examinations whilst 30 third and 10 fourth year apprentices wrote the advanced and technician's examinations. There were 44 distinctions, 81 credits, 13 passes and 5 referrals.

GTC/PM continues to enhance the Instrumentation and Auto Mechanic programs to satisfy the current needs of the Industry by upgrading the facility standards and concentrating on an increase of in-plant training in both field and factory for the second year apprentices and staff. Apprentices and staff were also involved in In-plant training at the Skeldon and Albion factories/ fields in March 2015. The one-day per week in-plant training for the Electricians and Instrument Mechanics at Albion Factory commenced on March 11<sup>th</sup> and 13<sup>th</sup>, 2015 respectively and concluded until the end of the first crop; twenty seven (27) students participated, along with their instructors. The Fitting and Machining apprentices completed their one week in-plant training at Albion Factory and Workshop from February 9<sup>th</sup> to 13<sup>th</sup>, 2015. Second year apprentices along with the Instrument Repair Mechanic apprentices completed their training at GTC/PM on June 25<sup>th</sup>, 2015 and return to their respective sponsored estates. Seven Sugar Boiler Apprentices concluded their six-week in-plant training at Albion in April, 2015. There is growing demand for mechanization and automation of the sugar industry; as such Apprentices within their second year training continue to visit the estate with structured training programs to enhance their skills. At the same time Instructors benefited by acquiring knowledge of some of the changes made within the industry in this area. Changes were made to the Instrumentation and Auto Mechanic course outlines to bridge the gaps with the industry current needs.

The in- plant training for third and fourth year apprentices is monitored quarterly. Log book and other inspections were carried out on a regular basis by instructors to ascertain that the apprentices are maintaining a high standard. This was conducted across all the estates from the period January 7 to 14, 2015 and May 7 to 14, 2015.

Greater emphasis was placed on apprentice's progress report discussion with Human Resources Manager and apprentice parents/guardians. In addition, quarterly meetings were held with the parents/guardians of all first and second year apprentices at the Centre.

Five apprentices from the 2011 entry had their apprenticeship extended by six months each, whilst one voluntarily terminated the apprenticeship.

### **Other Training & Extra-Curricular Activities**

During the out of crop period, Bell loaders and tractors from Albion Estate were assigned to GTC/PM workshop to further enhance training. Also, senior staff from the factory and workshop conducted frequent technical training sessions for which the apprentices benefitted. The apprentices participated in frequent lecture and public speaking sessions on Friday evenings at the Hostel. Remedial sessions were held on Saturdays and Sundays for apprentices who were in need of additional support. The Ministry of Culture, Youth and Sports conducted a lecture session on Drugs and Alcohol abuse on July 26<sup>th</sup> 2015.



The GuySuCo Training Centre in collaboration with the Board of Industrial Training continued to offer its evening class programs to the communities of Regions 5 and 6. Since the reintroduction of the evening class programme in 2013 at the GTC/PM, 346 persons were trained in the areas of Refrigeration and Air-Conditioning, Fitting and Machining, Welding and Fabrication, Electrical Installation, Motor Vehicle Service and Repairs and Supervisory Management. 130 persons graduated from the third batch in April 2015 while the fourth batch of students commenced their training on September 7th, 2015.

## **Industrial Relations**

### *Work Stoppages*

There were 193 strikes recorded in 2015, being the lowest for the past 5 years average of 220. There were two major work stoppages for the year and those were the three (3) days and seven (7) days industry wide strikes for wages and salaries and Annual Production Incentive (API) respectively. Those two strikes contributed significantly to the increase in mandays lost for the year with 19,799 and 24,802 man days respectively.

The Corporation surpassed its sugar production target in the second crop, however, it was not without challenges; a greater portion of strikes were recorded during the second – 114 (59.1%) strikes. The Agriculture piece rated workers continued to demand very high prices for obstacles and to cut and stack canes for Bell in wet weather, resulting in unnecessary work stoppages and refusal to take up work.

The cane harvesters' demands for exorbitant prices, acceptance of work and demand for cut and stack in 2015 accounted for a total of 155 strikes with 52,021 mandays lost at (80.3 % and 74.2% respectively).

**Table 9: Showing the comparative analysis of strikes from 2010 – 2015**

<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Work Stoppages	250	221	203	233	194	193
Mandays Lost	97,139	37,639	50,230	38,121	32,064	70,129
Wages Lost (G\$M)	195	74	118	105	96	182

### *Production incentives*

A total of 94.41 tax-free days' pay was awarded to qualified employees as Weekly Production Incentive (WPI) across the industry, comprising 25.50 and 68.91 days for the 1<sup>st</sup> and 2<sup>nd</sup> crop respectively. During 2014, WPI achieved were 25.65 in the 1<sup>st</sup> crop and 39.25 in the 2<sup>nd</sup> crop.

### *Strike by causation*

The main cause of strikes are pricing/acceptance of work, wages or incentives, demand to cut and stack as well as a number of reasons that vary across the industry such as: Draw Planters

refused to draw down canes claiming that the canes do not have the required cuttings; Cane Transport Operators and Mates expressing dissatisfaction with the condition of Tyres and Tubes; Harvesters refusing to take up work claiming that their gang is being split too often; Increase in Wages and Salaries; Payment for overrun canes; Demand for Personal Protective Equipment and tools; in solidarity with their colleague who were summarily dismissed.

**Table 10: Showing Strikes by Causation for 2016 with 5 Year Comparatives**

<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Pricing/ Acceptance of work	151	157	144	128	147	120	125
Wages/Incentive	35	26	9	-	7	-	2
Demand to cut & stack	8	32	33	28	28	32	30
Others	35	35	35	47	51	42	36
<b>Total</b>	<b>229</b>	<b>250</b>	<b>221</b>	<b>203</b>	<b>233</b>	<b>194</b>	<b>193</b>

### *Disciplinary Matters*

There were a total of 219 instances where the Corporation's employees have had to be disciplined in 2015. Corrective measures were instituted on 148 instances, whereas there were 71 punitive measures taken with 59 being suspensions and 12 resulted in dismissals.

### *Health Services*

Two diagnostic centres and fifteen estate primary health care centres across the industry provide health care services to GuySuCo's employees and pensioners. The staff comprises 46 medical personnel which include 6 Doctors, 10 Medexes and 30 Nurses.

Number of visits to all Health Centres, including Ogle Diagnostic Centre (ODC) for the period January to December 2015 amounted to 89, 989 compared to 104, 438 for the same period in 2014, a 14% decline in visitors. There has been a declining trend in attendance over several years.

Medical Examinations are a very important activity of the Health Service. To date, 4,604 employees were medically examined and counselled.

The Medical Board evaluated 86 employees of which 82 were medically discharged, 3 deemed fit for normal duties and one (1) recommended for alternative duties. Seventy nine employees or 96% of the employees who were medically discharge were 50yrs. and below, the most productive period of their lives. Fifty six employees (68%) were discharged because of illness and only 14 or 17% were discharged for injuries.

Sixty health education sessions were conducted for this period at all location in the industry. Topics included alcohol and substance abuse, obesity, nutrition, physical activity, diabetes, hypertension, back injuries and work stress. At the General Agricultural Workers Union (GAWU) Labour College, 12 lectures on Alcohol and substance Abuse were delivered by Estate Medical Officers and the Chief Medical Officer (CMO).

A fleet of 8 ambulances made 5,186 trips responding to emergencies from the workforce and communities.

## **MARKETING**

In 2015, the Corporation continued to trade in the markets that it has been historically supplying with bulk raw brown sugar and direct consumption (value added) sugar. These markets remain a strong focus of our efforts. Additionally, the Marketing Department continues to work with the Corporation's marketing agent Czarnikow Group Limited to seek out new opportunities and markets worldwide.

This effort has led to the Corporation being able to enter into a new market within Europe namely, Italy by supplying the customer with Demerara specials, packed in one tonne sacks. This effort also enabled the Corporation to penetrate the Canadian marketplace with its direct consumption sugar. Also, during the year under review the Corporation was able to re-enter the United States of America (USA) market with its branded sugar 'Enmore Crystals'.

### **Long Term Sales Agreement:**

The Corporation maintained its delivery of bulk raw sugars to American Sugar Refiners under its Long Term Sales Agreement. During 2015, a total of 127,591 metric tonnes of raw brown sugar was sold to ASR's UK subsidiary, Tate and Lyle, under the said Agreement.

### **United States of America (USA) Quota**

The Corporation shipped the entire quota of 27,181 tonnes of sugar to the USA under the Tariff-Rate Quota (TRQ) allocations for the period 2015. This covers the quota years 2014/2015 and 2015/2016.

### **Direct Consumption Sugars**

#### *Europe, Canada and USA Markets*

The continuation of low production levels and the Corporation's commitment under its Long Term Sales Agreement with Tate and Lyle resulted in limited sugar being available for supply to the Direct Consumption market in Europe once again. However, an improvement over 2014 was recorded, since a total 638 tonnes was exported during the review period.

Sale of direct consumption sugar to the USA resumed in 2015 under the brand name "Enmore Crystals". The Corporation was able to export a total of 41 tonnes of packaged and bagged sugars into this market in the last quarter of 2015 and 25 tonnes of packaged sugar into the Canadian market.

## *CARICOM*

The Corporation continued its efforts to recapture the CARICOM market. The Corporation believes it has the ability to do this, particularly as a manufacturer who places price, service and value at the core of its marketing effort. As such, bagged sales to the CARICOM market (at prices well above that of the EU market) showed improvement since sales totaled 19,863 tonnes as opposed to 16,976.00 metric tonnes in 2014. This consisted mainly of sales to Suriname, Trinidad and Tobago, Dominica, Barbados, Antigua and Grenada.

### *Regional*

138 metric tonnes of sugar was shipped to the regional market in 2015. These included Anguilla, St. Croix, British Virgin Islands and St. Maarten.

The Corporation will continue to strategically focus our efforts in this region for our value-added sugars.

### *Local Market:*

A sustained supply of sugar to the local market was maintained in 2015. Sugar sales totaled 21,112 tonnes, of which 2,974 metric tonnes was in retail packaged form.

### *Premium Value Added Sugars*

The Corporation's total sales in the Value-added category for all markets totaled 8,042 tonnes.

## **Customer Service**

The Marketing Department continues to execute its Customer Service Charter under the accreditation of the upgraded ISO 9001 /2008 Management System.

## **REPORT OF THE DIRECTORS**

**For the year ended 31<sup>st</sup> December, 2015**

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31<sup>st</sup> December, 2015.

### **Principal Activity**

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

The Chairman's Statement describes the development and operation of the Corporation during the year, the position at the end of the year and the proposed future developments.

### **Results and Dividends**

The financial results of the Corporation are set out from page 30 onwards.

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

### **Directors**

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

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

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

### **Corporate Governance**

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

#### **(a) The Board:**

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

The Board has established the Central Tender Committee which evaluates all tenders for the supply of materials and services above predetermined levels.

**(b) Internal Control:**

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

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

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

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

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

**Employees**

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

GuySuCo is committed to equality of opportunity amongst its employees.

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

**Pensions**

The Corporation's senior staff Pension Scheme is established under an irrevocable trust. The Pension Scheme Management Committee includes employee representatives. The Scheme is

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

### **Material events after year-end**

There was no material event that is material to the financial affairs of the Corporation or the group occurring between the date of the Balance Sheet and the date of approval of the Financial Statements.

### **Auditors**

The Auditor General has audited the Financial Statements. For the financial years 1995 to 1998, inclusive, this activity was sub-contracted to Deloitte and Touche; for the financial years 1999 to 2003 this activity was sub-contracted to Ram and McRae; for the financial years 2004 to 2010 this activity was subcontracted to TSD Lal & Co; for the financial years 2011 to 2015. Parmesar Chartered Accountants were the sub-contracted auditors.

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

**REPORT OF THE AUDITOR GENERAL**





## Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingstown, Georgetown, Guyana  
Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 33/2016

6 May 2016

**REPORT OF THE AUDITOR GENERAL  
TO THE MEMBERS OF THE BOARD OF DIRECTORS  
OF GUYANA SUGAR CORPORATION INC.  
ON THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

Chartered Accountants Parmesar Chartered Accountants have audited on my behalf the consolidated financial statements of Guyana Sugar Corporation Inc. which comprise of the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and 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 5 to 41. The audit was conducted in accordance with the Audit Act 2004.

### *Management's responsibility for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

### *Auditor's responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC), and those of the International Organisation of Supreme Audit Institutions (INTOSAI). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

As required by the Audit Act 2004, I have reviewed the audit plan and procedures, working papers, report and opinion of the Chartered Accountants. I have also had detailed discussions with the Chartered Accountants on all matters of significance to the audit and had carried out additional examinations, as necessary, in arriving at my opinion.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the consolidated financial statements give a true and fair view, in all material respects, of the financial position of Guyana Sugar Corporation Inc. as at 31 December 2015 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### *Emphasis of matter*

Without qualifying my opinion I wish to emphasize the following:

With respect to the Corporation's indebtedness to the Guyana Revenue Authority for taxes amounting to \$2,623,400,644, the Guyana Revenue Authority has accepted the Corporation's proposal to discharge the liability over a period of five years (2011 - 2015). However, the Corporation's request for waiver of penalties and interest will be addressed in the agreement which will be entered into. The exact terms of this agreement have not yet been determined.

At 31 December 2015 the Company's accumulated deficit is \$41,476,177,111. 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.

#### *Report on Other Legal and Regulatory Requirements*

The consolidated financial statements of the Guyana Sugar Corporation Inc. comply with the requirements of the Companies Act 1991.



AUDIT OFFICE  
63 HIGH STREET  
KINGSTON  
GEORGETOWN  
GUYANA.

**REPORT OF THE AUDITORS TO THE AUDITOR GENERAL**

**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 2015**

We have audited the accompanying consolidated financial statements of Guyana Sugar Corporation Inc. which comprise of the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and 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 5 to 41.

**Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Guyana Sugar Corporation Inc, as at 31 December 2015, and of the financial performance and the statement of cash flows for the year then ended in accordance with International Financial Reporting Standards.

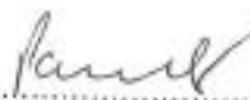
## **Emphasis of Matter**

Without qualifying our opinion we wish to emphasise the following:

- with respect to the Corporation's indebtedness to the Guyana Revenue Authority for taxes amounting to G\$2,623,400,644, the Guyana Revenue Authority has accepted the Corporation's proposal to discharge the liability over a period of five years (2011 – 2015). However, the Corporation's request for waiver of penalties and interest will be addressed in the agreement which will be entered into. The exact terms of this agreement have not yet been determined.
- at December 31, 2015 the Company's accumulated deficit is \$41,476,177,111. 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.

## **Report on Other Legal and Regulatory Requirements**

The consolidated financial statements of the Guyana Sugar Corporation Inc, comply with the requirements of the Companies Act 1991.



.....  
**PARMESAR**

**PARMESAR**

27 April 2016

## **FINANCIALS**

**GUYANA SUGAR CORPORATION INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2015**

	NOTES	COMPANY		GROUP	
		2015 \$M	2014 \$M	2015 \$M	2014 \$M
<b>ASSETS</b>					
<b>Non current assets</b>					
Property, plant and equipment	5	94,602	97,411	94,602	97,411
Deferred tax asset	6	26,961	26,906	27,066	26,877
Investments	7.1	335	372	335	372
Investment in subsidiary	7.2	32	32	-	-
<b>Total non current assets</b>		<b>121,940</b>	<b>124,611</b>	<b>122,003</b>	<b>124,659</b>
<b>Current assets</b>					
Inventories	8.1	3,481	3,395	3,481	3,395
Standing cane	8.2	4,132	5,298	4,182	5,338
Product stock	8.3	1,279	1,305	1,279	1,305
Trade receivables		3,714	2,271	3,738	2,930
Other receivables		2,604	2,456	2,604	2,456
Prepayments		514	798	514	798
Related party	14.1	298	258	-	-
Taxes recoverable		-	-	34	34
Cash on hand and at bank	9.1	1,942	770	1,969	797
<b>Total current assets</b>		<b>18,224</b>	<b>16,541</b>	<b>18,061</b>	<b>16,423</b>
<b>TOTAL ASSETS</b>		<b>140,164</b>	<b>141,152</b>	<b>140,064</b>	<b>141,083</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's equity</b>					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	50,049	50,049	50,049	50,049
Other reserves	11.2	357	393	357	393
Accumulated deficit		(41,476)	(39,606)	(41,529)	(39,632)
		20,530	22,434	20,447	22,380
Non controlling interest	7.3	-	-	(47)	(35)
<b>Total equity</b>		<b>20,530</b>	<b>22,434</b>	<b>20,400</b>	<b>22,344</b>
<b>Non current liabilities</b>					
Deferred tax liability	6	16,693	17,312	16,708	17,317
Deferred income	12	2,417	6,721	2,417	6,721
Borrowings	13.2	29,985	29,977	29,985	29,977
Employees retirement benefits	15	32,826	31,721	32,826	31,721
<b>Total non-current liabilities</b>		<b>81,921</b>	<b>85,731</b>	<b>81,936</b>	<b>85,736</b>
<b>Current liabilities</b>					
Trade payables		9,584	9,583	9,585	9,585
Other payables and accruals		17,252	12,328	17,252	12,328
Related parties	14.1	1,794	1,585	1,794	1,585
Taxation		2,623	2,623	2,637	2,637
Borrowings	13.1	5,048	4,834	5,048	4,834
Bank overdraft(secured)	9.2	1,412	2,044	1,412	2,044
<b>Total current liabilities</b>		<b>37,713</b>	<b>32,988</b>	<b>37,728</b>	<b>33,003</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>140,164</b>	<b>141,152</b>	<b>140,064</b>	<b>141,083</b>

The Board of Directors approved these financial statements for issue on 23rd APRIL 2016

  
 Director

  
 Director  
 Company Secretary

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