

GUYANA SUGAR CORPORATION INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2015  
DRAFT

	NOTES	COMPANY		GROUP	
		2015	2014	2015	2014
		\$M	\$M	\$M	\$M
Revenue	16	21,451	23,160	21,451	23,160
Cost of sales		35,041	42,004	35,055	41,985
<b>Gross profit/(loss)</b>		<b>(13,590)</b>	<b>(18,844)</b>	<b>(13,604)</b>	<b>(18,825)</b>
Other income		16,909	3,537	16,909	3,537
Administrative expenses		(2,479)	(2,802)	(2,495)	(2,818)
Marketing and distribution expenses		(1,712)	(1,280)	(1,712)	(1,280)
<b>Operating profit/(loss)</b>		<b>(872)</b>	<b>(19,389)</b>	<b>(902)</b>	<b>(19,386)</b>
Finance cost		(689)	(504)	(705)	(517)
Employees retirement benefits	15	(1,105)	(2,459)	(1,105)	(2,459)
Income from subsidiary and others		3	17	3	17
<b>Loss before tax</b>	17	<b>(2,662)</b>	<b>(22,335)</b>	<b>(2,708)</b>	<b>(22,345)</b>
Taxation	18	794	6,605	808	6,615
<b>Profit/Loss for the year</b>		<b>(1,868)</b>	<b>(15,730)</b>	<b>(1,900)</b>	<b>(15,730)</b>
<b>Other Comprehensive income:</b>					
Net (loss)/gain on revaluation of investments		(36)	(6)	(36)	(6)
Net loss on revaluation of non-current asset		-	-	-	-
Other comprehensive income net of tax		<b>(36)</b>	<b>(6)</b>	<b>(36)</b>	<b>(6)</b>
<b>Total comprehensive loss for the year</b>		<b>(1,904)</b>	<b>(15,736)</b>	<b>(1,937)</b>	<b>(15,736)</b>
<b>Loss for the year</b>					
<b>Attributable to:-</b>					
Equity holders of the parent		(1,868)	(15,730)	(1,889)	(15,721)
Non controlling interest		-	-	(12)	(9)
		<b>(1,868)</b>	<b>(15,730)</b>	<b>(1,900)</b>	<b>(15,730)</b>
<b>Total comprehensive loss for the year</b>					
<b>Attributable to:</b>					
Equity holders of the parent		(1,904)	(15,736)	(1,925)	(15,727)
Non controlling interest	7.3	-	-	(12)	(9)
<b>Loss for the year</b>		<b>(1,904)</b>	<b>(15,736)</b>	<b>(1,937)</b>	<b>(15,736)</b>
Basic loss per share in dollars	24	<b>(0.18)</b>	<b>(1.46)</b>	<b>(0.18)</b>	<b>(1.46)</b>

"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, 2015

Company	Notes	Stated	Revaluation	Other	Retained	Total	
		Capital	Reserve	Reserves	Earnings	Equity	
		\$M	\$M	\$M	\$M	\$M	
Balance at January 1, 2014		10,800	50,849	399	(23,878)	38,170	
Other comprehensive income		-	-	(6)	-	(6)	
<b>Loss for the year</b>		-	-	-	(15,730)	(15,730)	
<b>Total comprehensive income for the year</b>		-	-	(6)	(15,730)	(15,736)	
Balance as at December 31, 2014		10,800	50,849	393	(39,608)	22,434	
Other comprehensive income		-	-	(36)	-	(36)	
<b>Loss/Profit for the year</b>		-	-	-	(1,868)	(1,868)	
<b>Total comprehensive income for the year</b>		-	-	(36)	(1,868)	(1,904)	
Balance at December 31, 2015		10,800	50,849	356	(41,476)	20,530	
		-	-	-	-	-	
<b>Group</b>		<b>Attributable to equity holders of the parent</b>					
		Stated	Revaluation	Other	Retained	Non Controlling	Total
		Capital	Reserve	Reserves	Earnings	Interest	Equity
		\$M	\$M	\$M	\$M	\$M	\$M
Balance at January 1, 2014		10,800	50,849	399	(23,941)	(27)	38,080
Other comprehensive income		-	-	(6)	-	-	(6)
<b>Loss for the year</b>		-	-	-	(15,721)	(9)	(15,730)
<b>Total comprehensive income for the year</b>		-	-	(6)	(15,721)	(9)	(15,736)
Balance as at December 31, 2014		10,800	50,849	393	(39,662)	(36)	22,344
Other comprehensive income		-	-	(36)	-	-	(36)
<b>Loss/Profit for the year</b>		-	-	-	(1,889)	(12)	(1,900)
<b>Total comprehensive income for the year</b>		-	-	(36)	(1,889)	(12)	(1,937)
Balance at December 31, 2015		10,800	50,849	356	(41,551)	(48)	20,407

"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, 2015**

	<u>COMPANY</u>		<u>GROUP</u>	
	<u>2015 \$M</u>	<u>2014 \$M</u>	<u>2015 \$M</u>	<u>2014 \$M</u>
<b>OPERATING ACTIVITIES</b>				
Adjustments for:	(2,662)	(22,335)	(2,708)	(22,345)
Depreciation and write down of assets	4,571	4,433	4,571	4,433
Gain on disposal of property, plant and equipment	(7)	34	(7)	34
Net interest	689	504	705	517
Income from subsidiary and others	(3)	(17)	(3)	(17)
<b>Operating profit/(loss) before working capital changes</b>	<b><u>2,587</u></b>	<b><u>(17,382)</u></b>	<b><u>2,558</u></b>	<b><u>(17,378)</u></b>
Decrease/(increase) in inventories	(86)	429	(86)	429
(Increase) in standing cane	1,155	5,503	1,156	5,479
(Increase) in product stocks	26	(168)	26	(168)
Increase/(decrease) in accounts receivable, prepayments	(1,567)	(100)	(1,561)	(106)
Increase/(decrease) in amounts due from related parties	(41)	-	-	-
Increase in accounts payable and accruals	4,946	3,252	4,946	3,252
Increase/(decrease) in amounts due to related parties	198	19	199	59
Increase in defined benefit pension liability	1,105	2,459	1,105	2,459
<b>Cash generated from operations</b>	<b><u>8,324</u></b>	<b><u>(5,988)</u></b>	<b><u>8,341</u></b>	<b><u>(5,973)</u></b>
Interest paid	(689)	(504)	(705)	(517)
Taxes paid/adjusted	-	-	-	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>7,635</u></b>	<b><u>(6,492)</u></b>	<b><u>7,636</u></b>	<b><u>(6,491)</u></b>
<b>INVESTING ACTIVITIES</b>				
Interest received	-	-	-	-
Purchase of property, plant and equipment	(1,767)	(2,263)	(1,767)	(2,263)
Proceeds from sale of property, plant and equipment	13	-	13	-
Dividends received from investments	3	17	3	17
Dividends paid to minority interest	-	-	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b><u>(1,751)</u></b>	<b><u>(2,245)</u></b>	<b><u>(1,751)</u></b>	<b><u>(2,245)</u></b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowing	223	859	222	859
Proceeds from Government Grant	(4,304)	4,146	(4,304)	4,146
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>(4,081)</u></b>	<b><u>5,005</u></b>	<b><u>(4,082)</u></b>	<b><u>5,005</u></b>
Increase/(decrease) in cash and cash equivalents	1,803	(3,732)	1,804	(3,731)
Cash and cash equivalents at beginning of the period	(1,274)	2,458	(1,247)	2,484
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>529</u></b>	<b><u>(1,274)</u></b>	<b><u>556</u></b>	<b><u>(1,247)</u></b>
<b>CASH AND CASH EQUIVALENT COMPRISED OF:-</b>				
Cash on hand and at bank	1,942	770	1,969	797
Bank overdraft(secured)	(1,413)	(2,044)	(1,413)	(2,044)
	<b><u>529</u></b>	<b><u>(1,274)</u></b>	<b><u>556</u></b>	<b><u>(1,247)</u></b>

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

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

5. PROPERTY, PLANT & EQUIPMENT

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
<b>As at Jan 01 2015</b>	44,531	22,385	2,776	4,480	64,256	6,222	144,651
Transfers	0	21	21	388	1,728	-2,159	0
Additions	0	0	0	30	116	1,620	1,767
Interstate Transfers	0	0	0	0	0	0	0
Disposals	0	0	-0	0	-80	0	-80
Adjustments	-0	-9	0	0	6	0	-3
<b>As at December 31, 2015</b>	<b>44,531</b>	<b>22,397</b>	<b>2,797</b>	<b>4,899</b>	<b>66,027</b>	<b>5,684</b>	<b>146,335</b>
<b>Comprising:</b>							
Cost	7,338	11,962	2,797	4,899	62,806	5,684	95,486
Valuation	37,193	10,435	0	0	3,221	0	50,849
	44,531	22,397	2,797	4,899	66,027	5,684	146,335
<b>Depreciation</b>							
<b>As at Jan 01 2015</b>	0	6,166	1,241	685	39,148	0	47,240
Charge for the period	0	441	84	395	3,652	0	4,571
Written back on disposals	0	0	-0	0	-79	0	-79
Interstate Transfers	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0
<b>As at December 31, 2015</b>	<b>0</b>	<b>6,607</b>	<b>1,324</b>	<b>1,080</b>	<b>42,722</b>	<b>0</b>	<b>51,733</b>
<b>Net book value</b>							
<b>As at December 31, 2015</b>	<b>44,531</b>	<b>15,790</b>	<b>1,473</b>	<b>3,819</b>	<b>23,305</b>	<b>5,684</b>	<b>94,602</b>
<b>As at December 31, 2014</b>	<b>44,531</b>	<b>16,219</b>	<b>1,535</b>	<b>3,795</b>	<b>25,108</b>	<b>6,222</b>	<b>97,411</b>

5.2 GROUP

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
<b>As at Jan 01 2015</b>	44,531	22,385	2,776	4,480	64,256	6,222	144,651
Transfers	0	21	21	388	1,728	-2,159	0
Additions	0	0	0	30	116	1,620	1,767
Interstate Transfers	0	0	0	0	0	0	0
Disposals	0	0	-0	0	-80	0	-80
Adjustments	-0	-9	0	0	6	0	-3
<b>As at December 31, 2015</b>	<b>44,531</b>	<b>22,397</b>	<b>2,797</b>	<b>4,899</b>	<b>66,027</b>	<b>5,684</b>	<b>146,335</b>
<b>Comprising:</b>							
Cost	7,338	11,962	2,797	4,899	62,806	5,684	95,486
Valuation	37,193	10,435	0	0	3,221	0	50,849
	44,531	22,397	2,797	4,899	66,027	5,684	146,335
<b>Depreciation</b>							
<b>As at Jan 01 2015</b>	0	6,166	1,241	685	39,148	0	47,240
Charge for the period	0	441	84	395	3,652	0	4,571
Written back on disposals	0	0	-0	0	-79	0	-79
Interstate Transfers	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0
<b>As at December 31, 2015</b>	<b>0</b>	<b>6,607</b>	<b>1,324</b>	<b>1,080</b>	<b>42,722</b>	<b>0</b>	<b>51,733</b>
<b>Net book value</b>							
<b>As at December 31, 2015</b>	<b>44,531</b>	<b>15,790</b>	<b>1,473</b>	<b>3,819</b>	<b>23,305</b>	<b>5,684</b>	<b>94,602</b>
<b>As at December 31, 2014</b>	<b>44,531</b>	<b>16,219</b>	<b>1,535</b>	<b>3,795</b>	<b>25,108</b>	<b>6,222</b>	<b>97,411</b>

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2015

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 \$95,485,845,133 (2014 - \$93,803,326,413).

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:

	<u>Hectares</u>
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
	<u>50,509</u>

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.

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**6. DEFERRED TAX**

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

	<b>COMPANY</b>		<b>GROUP</b>		
	<u>2015</u> \$M	<u>2014</u> \$M	<u>2015</u> \$M	<u>2014</u> \$M	
<b>Deferred tax liability</b>					
Property, plant and equipment	15,454	14,074	15,454	15,737	
Standing cane	1,239	3,238	1,239	1,581	
	<u>16,693</u>	<u>17,312</u>	<u>16,693</u>	<u>17,317</u>	
<b>Deferred tax asset</b>					
Tax value of losses carried forward	(17,132)	(17,289)	(17,132)	(17,341)	
Property, plant and equipment		-		(18)	
Inventories provision		-			
Defined benefit pension liability	(9,850)	(9,518)	(9,850)	(9,518)	
	<u>(26,982)</u>	<u>(26,806)</u>	<u>(26,982)</u>	<u>(26,877)</u>	
<b>Movement in temporary differences</b>					
			<b>COMPANY</b>		
			<u>Balance at</u> <u>Jan 01,2015</u>	<u>Recognised</u> <u>in Income</u>	<u>Balance at</u> <u>Dec 31,2015</u>
<b>Deferred tax liability</b>					
Property, plant and equipment		14,074		(272)	13,802
Standing cane		3,238		(347)	2,891
		<u>17,312</u>		<u>(619)</u>	<u>16,693</u>
<b>Deferred tax asset</b>					
Tax value of losses carried forward		(17,289)		156	(17,133)
Inventories provision		-		-	-
Defined benefit pension liability		(9,518)		(331)	(9,849)
		<u>(26,806)</u>		<u>(175)</u>	<u>(26,981)</u>
<b>Movement in temporary differences</b>					
			<b>GROUP</b>		
			<u>Balance at</u> <u>Jan 01,2015</u>	<u>Recognised</u> <u>in Income</u>	<u>Balance at</u> <u>Dec 31,2015</u>
<b>Deferred tax liability</b>					
Property, plant and equipment		15,737		(272)	15,465
Standing cane		1,581		(347)	1,234
		<u>17,317</u>		<u>(619)</u>	<u>16,698</u>
<b>Deferred tax asset</b>					
Tax value of losses carried forward		(17,341)		142	(17,199)
Property, plant and equipment		(18)			(18)
Inventories provision		-			-
Defined benefit pension liability		(9,518)		(331)	(9,849)
		<u>(26,877)</u>		<u>(189)</u>	<u>(27,066)</u>

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**7. INVESTMENTS**

**7.1 Investments**

**Available for sale:**

**Republic Bank Limited**

<u>COMPANY</u>		<u>GROUP</u>	
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>\$M</u>	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>
22	22	22	22
<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>

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**

**Lochaber Limited**

<u>COMPANY</u>	
<u>2015</u>	<u>2014</u>
<u>\$M</u>	<u>\$M</u>
335	372
<u>335</u>	<u>372</u>

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

**7.3 Non controlling interest - not updated**

At January 1  
 Share of loss  
 At December 31

<u>GROUP</u>	
<u>2015</u>	<u>2014</u>
<u>\$M</u>	<u>\$M</u>
(36)	-
(12)	(9)
<u>(48)</u>	<u>(36)</u>

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**8. CURRENT ASSETS****8.1 Inventory categories**

Fuel	
Spares	
Fertilizers and chemicals	
Other	
<b>Gross inventories</b>	
Less collectively assessed provision for slow moving and obsolete items	
<b>Net Inventories</b>	

COMPANY		GROUP	
2015	2014	2015	2014
\$M	\$M	\$M	\$M
64	98	64	98
1,795	1,834	1,795	1,834
430	521	430	521
1,539	1,288	1,539	1,288
<b>3,827</b>	<b>3,741</b>	<b>3,827</b>	<b>3,741</b>
(346)	(346)	(346)	(346)
<b>3,481</b>	<b>3,395</b>	<b>3,481</b>	<b>3,395</b>

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 (2014 - \$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

Balance as at January 01  
Adjustment to cost of sales  
**Balance as at December 31**

COMPANY		GROUP	
2015	2014	2015	2014
\$M	\$M	\$M	\$M
5,289	10,792	5,338	10,817
(1,155)	(5,503)	(1,155)	(5,479)
<b>4,133</b>	<b>5,289</b>	<b>4,183</b>	<b>5,338</b>

**Standing Cane by Age**

Age of Cane	COMPANY		GROUP		COMPANY		GROUP	
	2015	2014	2015	2014	2015	2014	2015	2014
	Hectares	Hectares	Hectares	Hectares	\$M	\$M	\$M	\$M
1-5 Months	27,679	27,683	27,960	25,483	-	-	-	-
6 Months	1,553	1,159	1,553	2,877	45	42	45	42
7 Months	384	179	407	920	25	14	25	14
8 Months	2,641	3,225	2,709	1,012	297	446	297	446
9 Months	4,257	4,540	4,257	2,200	1,045	1,306	1,071	1,357
10 Months	4,406	4,854	4,406	4,797	1,533	2,079	1,533	2,079
11 Months	2,417	1,643	2,417	3,075	962	805	962	805
12 Months	647	1,137	647	5,567	276	596	276	596
	<b>43,983</b>	<b>44,420</b>	<b>44,355</b>	<b>45,932</b>	<b>4,183</b>	<b>5,289</b>	<b>4,209</b>	<b>5,339</b>
					<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
					58,400	71,885	58,400	71,885

Farmers' price per tonne of sugar

	COMPANY		Standing Cane Value (Farmers Price@TS Values)
	Farmers' Prices	Tones Sugar (TS) Values	
2015	58,400	70,755	4,132,090,633
2014	71,885	73,555	5,287,505,488
			<b>(1,155,414,855)</b>

The value of standing cane decreased by 21% due to decreased cane farmers' prices and tonnes sugar value derived from standing cane.

**8.3 Product stock categories**

Sugar	
Molasses	
Livestock	

COMPANY		GROUP	
2015	2014	2015	2014
\$M	\$M	\$M	\$M
730	794	730	794
533	496	533	496
16	15	16	15
<b>1,279</b>	<b>1,305</b>	<b>1,279</b>	<b>1,305</b>

**9. CASH AND CASH EQUIVALENTS****9.1 Cash on hand and at bank**

GYD Dollar	
US Dollar (Current a/c)	
GBP	
Euro	

45	241	72	267
1,886	508	1,886	508
9	6	9	6
2	15	2	15
<b>1,942</b>	<b>770</b>	<b>1,969</b>	<b>797</b>



**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**9. CASH AND CASH EQUIVALENTS (cont'd)**

**9.2 Bank overdraft (secured)**

	<b>COMPANY</b>		<b>GROUP</b>	
	<u>2015</u> \$M	<u>2014</u> \$M	<u>2015</u> \$M	<u>2014</u> \$M
Guyana Dollar(a)	<u>1,413</u>	<u>2,044</u>	<u>2,044</u>	<u>3,114</u>
(a) <b>These comprised of:-</b>				
(i) Guyana Bank for Trade and Industry Limited	992	1,290	992	1,290
(ii) Republic Bank Guyana Limited	298	243	298	243
(iii) Demerara Bank Limited	122	269	122	269
(iv) Bank of Nova Scotia	-	242	-	242
	<u>1,413</u>	<u>2,044</u>	<u>1,413</u>	<u>2,044</u>

**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:-**

	<b>GROUP</b>	
	<u>2015</u>	<u>2014</u>
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%	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**

	<b>COMPANY</b>		<b>GROUP</b>	
	<u>2015</u> \$M	<u>2014</u> \$M	<u>2015</u> \$M	<u>2014</u> \$M
<b>11.1 Revaluation reserve</b>				
Revaluation of fixed assets	<u>50,849</u>	<u>50,849</u>	<u>50,849</u>	<u>50,849</u>

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**

	<b>COMPANY</b>		<b>GROUP</b>	
	<u>2015</u> \$M	<u>2014</u> \$M	<u>2015</u> \$M	<u>2014</u> \$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	17	17	17
3. The value of the net assets of Guyana Agricultural Products Corporation and Demerara Sugar Company Limited which were acquired by the Government of Guyana and transferred to the Corporation. During 2002 \$14M was capitalised as equity.	2	2	2	2
4. Adjustment of investments to reflect fair value	312	348	312	348
	<u>356</u>	<u>392</u>	<u>356</u>	<u>392</u>

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**12. DEFERRED INCOME**

	COMPANY		GROUP	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Income from European Union	2,417	2,497	2,417	2,497
Income from Government of Guyana	-	4,224	-	4,224
	<u>2,417</u>	<u>6,721</u>	<u>2,417</u>	<u>6,721</u>

Deferred income 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.

**13. BORROWINGS**

	COMPANY		GROUP	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
<b>13.1 Current</b>				
a) Government of Guyana Drainage and Irrigation financed by CDB	141	141	141	141
b) Consortium of local banks and Jamaica Bank (NCB Jamaica Ltd)	4,763	4,549	4,763	4,549
c) Government of Guyana Debenture	144	144	144	144
d) xxxxxxxxxxxxxxxxxxxxxxxxx	-	-	-	-
<b>Total current loans</b>	<u>5,048</u>	<u>4,833</u>	<u>5,048</u>	<u>4,833</u>
	-	-	-	-
<b>13.2 Non Current</b>				
a) Government of Guyana Drainage and Irrigation financed by CDB	688	688	688	688
b) Government of Guyana SSMP	15,489	15,489	15,489	15,489
c) Government of Guyana SSMP financed by CDB	5,553	5,544	5,553	5,544
d) Government of Guyana SSMP financed by EXIM Bank	8,255	8,255	8,255	8,255
<b>Total non- current loans</b>	<u>29,985</u>	<u>29,977</u>	<u>29,985</u>	<u>29,977</u>
	-	-	-	-
Repayments due in one year and included in current liabilities	5,048	4,833	5,048	4,833
Repayment due within 2-5 years	4,116	5,981	4,116	5,981
Repayment due after five years	25,869	23,996	25,869	23,996
	<u>29,985</u>	<u>29,977</u>	<u>29,985</u>	<u>29,977</u>
	-	-	-	-

**a) Government of Guyana Drainage and Irrigation financed by CDB**

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

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

**b) Government of Guyana SSMP**

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

The repayment of the loan was due to commence 5 years after the date of the first disbursement and will be paid in 34 equal installments. A grace period of 3 years was granted in 2010 on the repayments by the Government of Guyana. The first disbursement was received in March 2005. The maturity date of the loan is February 2027.

**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 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 totaling G\$788M. Funds were also received as a short term line of credit from NCB Jamaica Limited totaling \$3,975M.

**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.

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**14. RELATED PARTIES**

	<b>COMPANY</b>		<b>GROUP</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>14.1 Amounts due to related parties</b>				
Government of Guyana - Lease rentals	422	331	422	331
Sugar Industry Labour Welfare Fund	1,372	1,264	1,372	1,264
	<b>1,793</b>	<b>1,595</b>	<b>1,793</b>	<b>1,595</b>

	<b>COMPANY</b>		<b>GROUP</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>14.1 Amount due from related party</b>				
Lochaber	298	258	-	-

Total rent payable for the lease lands to the Government of Guyana was \$421.8M(2014 - \$331.2), no payment was made in 2015.

Total levies payable to Sugar Industry Welfare Fund was \$1,372M whilst claims made by Guysuco for work done on behalf of the welfare was \$313M. This was paid in 2015

**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, Functional Directors and The remuneration paid to key management personnel during the year was as follows:

	<b>COMPANY</b>		<b>GROUP</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Short term employee benefit</b>	<b>396</b>	<b>398</b>	<b>396</b>	<b>398</b>

**14.2.2 Directors' fees and expenses**

	<b>COMPANY</b>				<b>GROUP</b>			
	<b>2015</b>		<b>2014</b>		<b>2015</b>		<b>2014</b>	
	<b>Fees</b>	<b>Expenses</b>	<b>Fees</b>	<b>Expenses</b>	<b>Fees</b>	<b>Expenses</b>	<b>Fees</b>	<b>Expenses</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Directors</b>								
Mrs. Geeta Singh -Knight	48	-	71	-	48	-	71	-
Dr. Rajendra Singh	-	-	69	-	-	-	69	-
Mr. Keith Burrowes	48	-	71	-	48	-	71	-
Dr. Dindyal Permaul	48	-	71	-	48	-	71	-
Mr. Badrie Persaud	48	-	71	-	48	-	71	-
Mr. Dunstun Barrow	65	-	-	-	65	-	-	-
Dr. Clive Thomas	46	-	-	-	46	-	-	-
Mr. George Jervis	54	-	-	-	54	-	-	-
Mr. Earl John	12	-	-	-	12	-	-	-
Taxes Paid	78	-	67	-	78	-	67	-
	<b>445</b>	<b>-</b>	<b>421</b>	<b>-</b>	<b>445</b>	<b>-</b>	<b>421</b>	<b>-</b>

All directors' expenses have been incurred on corporate business. Directors' fees comprise those amounts paid to or on behalf of directors in respect of services as directors.

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**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 2015 by Becon Woodrow & De Souza.

The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2015 using the Projected Unit Credit Method.

	2015				2014			
	Post 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
<b>15 The amounts recognized in the Statement of Financial Position are as follows:</b>								
Present value of defined benefit obligation	574	12,362	30,389	43,325	574	11,945	30,054	42,573
Fair value of assets	-	(10,499)	-	(10,499)	-	(10,852)	-	(10,852)
<b>(Surplus)/Deficit</b>	<b>574</b>	<b>1,863</b>	<b>30,389</b>	<b>32,826</b>	<b>574</b>	<b>1,093</b>	<b>30,054</b>	<b>31,721</b>
Effect of Asset Ceiling	-	-	-	-	-	-	-	-
<b>Net defined benefit liability/(Asset)</b>	<b>574</b>	<b>1,863</b>	<b>30,389</b>	<b>32,826</b>	<b>574</b>	<b>1,093</b>	<b>30,054</b>	<b>31,721</b>
<b>15 Reconciliation of opening and closing defined benefit liability</b>								
Defined benefit liability at the beginning of the year	574	1,093	30,055	31,721	574	341	28,347	29,262
Unrecognised gain/(loss) from 2011	-	-	-	-	-	-	-	-
Unrecognised gain/(loss) 2012	-	-	-	-	-	-	-	-
Opening Defined Benefit Liability/(Asset)	574	1,093	30,055	31,721	574	341	28,347	29,262
Net Pension Cost	-	549	2,944	3,493	-	507	2,829	3,335
Re-measurements	-	265	(1,839)	(1,574)	-	245	(378)	(132)
Less company contribution/benefits paid	-	(43)	(770)	(814)	-	(743)	(743)	(743)
<b>Closing defined benefit liability/(Asset)</b>	<b>574</b>	<b>1,863</b>	<b>30,389</b>	<b>32,826</b>	<b>574</b>	<b>1,093</b>	<b>30,055</b>	<b>31,721</b>
<b>15 The amounts recognized as staff costs in the Statement Of Income are as follows:</b>								
Current service cost	-	489	1,164	1,652	-	490	1,150	1,640
Net Interest on net defined benefit liability/(Asset)	-	60	1,781	1,840	-	16	1,679	1,695
Past Service Cost/(Credit)	-	-	-	-	-	-	-	-
Administrative Expenses	-	-	-	-	-	-	-	-
<b>Net Pension Cost</b>	<b>-</b>	<b>549</b>	<b>2,944</b>	<b>3,493</b>	<b>-</b>	<b>507</b>	<b>2,829</b>	<b>3,335</b>
<b>15 Actual return on Plan Assets</b>								
Expected return on Plan assets	-	(532)	-	(532)	-	(478)	-	(478)
Actuarial (Gain)/loss on Plan Assets/ Interest Income	-	638	-	638	-	654	-	654
<b>Actual return on Plan Assets</b>	<b>-</b>	<b>106</b>	<b>-</b>	<b>106</b>	<b>-</b>	<b>177</b>	<b>-</b>	<b>177</b>

**16 Actuarial assumptions**

**(i) Funded Scheme**

Discount rate		2015	2014
Salary increases		6%	6%
Pension increases		2%	2%
Rate of return on Pension Plan assets		7%	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 Scheme					Steps Scheme			2012
	2015	2014	2013	2012	2011	2015	2014	2013	RESTATED
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000
<b>Experience History</b>									
Defined benefit obligation	30,389	30,054	28,347	27,331	26,117	12,362	11,945	11,459	10,899
Fair Value Plan Assets	0	0	0	0	0	(10,499)	(10,852)	(11,119)	(9,890)
<b>(Surplus)/Deficit</b>	<b>30,389</b>	<b>30,054</b>	<b>28,347</b>	<b>27,331</b>	<b>26,117</b>	<b>1,863</b>	<b>1,093</b>	<b>341</b>	<b>1,009</b>
Experience Adjustment on Plan Liabilities	-1,839	-378	-1,061	-818	-3,259	-267	-232	-221	-448
Experience Adjustment on Plan Assets	0	0	0	0	0	638	654	595	532
Expected Company Contributions in 2016		809				1123			

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 2016.

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**15. EMPLOYEES RETIREMENT BENEFITS (cont'd)**

**15.6 Asset Allocation**

	<u>2015</u>	<u>2014</u>
Equity Securities	18.20%	18.20%
Debt Securities	24.20%	24.20%
Property	7.20%	7.20%
Other	<u>50.40%</u>	<u>50.40%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

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

**16. REVENUE**

	<u>COMPANY</u>		<u>GROUP</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>
<b>Revenue by products</b>				
Sugar	18,434	20,227	18,434	20,227
Molasses	2,799	2,692	2,799	2,692
Co-generation Electricity	218	241	218	241
Total Sales	<u>21,451</u>	<u>23,160</u>	<u>21,451</u>	<u>23,160</u>
<b>Revenue by major markets</b>				
Europe	10,775	14,425	10,775	14,425
North America	2,526	1,356	2,526	1,356
Caribbean	4,668	3,281	4,668	3,281
Guyana	3,409	4,021	3,409	4,021
Other Markets	73	77	73	77
	<u>21,451</u>	<u>23,160</u>	<u>21,451</u>	<u>23,160</u>

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.

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	<b>COMPANY</b>		<b>GROUP</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>17. LOSS BEFORE TAXATION</b>	<b>(2,662)</b>	<b>(22,335)</b>	<b>(2,708)</b>	<b>(22,345)</b>
<b>After charging -</b>				
Employment Costs				
Wages and salaries	20,408	21,386	20,408	21,386
Social security contributions	1,280	1,288	1,280	1,288
Employees retirement benefits	1,105	2,459	1,105	2,459
Materials and services purchased	10,874	10,835	10,874	10,835
Research and development expenses	156	161	156	161
Directors' fees & expenses	0.445	0.421	0.445	0.421
Depreciation	4,571	4,433	4,571	4,433
Auditors' remuneration-audit services	10	10	10	10
Interest expense -	689	504	689	504
<b>After crediting</b>				
Available for sale income (Republic Bank dividends)	3	17	3	17
<b>18. TAXATION - not updated</b>				
<b>Reconciliation of corporation tax expense and accounting loss:</b>				
Accounting loss	<u>(2,662)</u>	<u>(22,335)</u>	<u>(2,708)</u>	<u>(22,345)</u>
Corporation tax @30%	(799)	(6,700)	(813)	(6,703)
<b>Add: Tax effect of expenses not deductible in determining taxable profits</b>				
Depreciation for accounting purposes	1,371	1,330	1,371	1,330
Defined benefit pension cost	<u>331</u>	<u>738</u>	<u>331</u>	<u>738</u>
	904	(4,633)	890	(4,636)
<b>Deduct:</b>				
Depreciation for tax purposes	(1,071)	(2,783)	(1,071)	(2,783)
Standing Cane	(347)	(1,651)	(347)	(1,651)
Tax losses	<u>(281)</u>	<u>2,462</u>	<u>(281)</u>	<u>2,455</u>
	(795)	(6,605)	(809)	(6,615)
Corporation Tax	-	-	-	-
Deferred Tax	<u>(794)</u>	<u>(6,605)</u>	<u>(808)</u>	<u>(6,615)</u>
	(794)	(6,605)	(808)	(6,615)
Property Tax - current year	-	-	-	-
- prior year	-	-	-	-
	<u>(794)</u>	<u>(6,605)</u>	<u>(808)</u>	<u>(6,615)</u>
Taxation - current	-	-	-	-
- prior year	-	-	-	-
- deferred	<u>(794)</u>	<u>(6,605)</u>	<u>(808)</u>	<u>(6,615)</u>
	<u>(794)</u>	<u>(6,605)</u>	<u>(808)</u>	<u>(6,615)</u>

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.

## GUYANA SUGAR CORPORATION INC.

## NOTES TO THE FINANCIAL STATEMENTS

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## 19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

COMPANY	2015			
	Available for sale \$M	Loans and Receivables \$M	Financial Assets and Liabilities at Amortised cost \$M	Total \$M
<b>ASSETS</b>				
Investments	335	-	-	335
Trade receivables	-	3,714	-	3,714
Other receivables and prepayments	-	3,377	-	3,377
Cash on hand and at bank	-	-	1,942	1,942
<b>Total assets</b>	<b>335</b>	<b>7,091</b>	<b>1,942</b>	<b>9,368</b>
<b>LIABILITIES</b>				
Employees retirement benefit	-	-	32,826	32,826
Trade payables	-	-	9,585	9,585
Other payables	-	-	17,253	17,253
Related parties	-	-	1,793	1,793
Borrowings	-	-	35,033	35,033
Taxation	-	-	2,623	2,623
Bank overdraft(secured)	-	-	1,413	1,413
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>100,527</b>	<b>100,527</b>
	2014			
	Available for sale \$M	Loans and Receivables \$M	Financial Assets and Liabilities at Amortised cost \$M	Total \$M
<b>ASSETS</b>				
Investments	372	-	-	372
Trade receivables	-	2,271	-	2,271
Other receivables and prepayments	-	3,253	-	3,253
Cash on hand and at bank	-	-	770	770
<b>Total assets</b>	<b>372</b>	<b>5,524</b>	<b>770</b>	<b>6,666</b>
<b>LIABILITIES</b>				
Employees retirement benefit	-	-	31,721	31,721
Trade payables	-	-	9,563	9,563
Other payables	-	-	12,329	12,329
Related parties	-	-	1,595	1,595
Borrowings	-	-	34,810	34,810
Taxation	-	-	2,623	2,623
Bank overdraft(secured)	-	-	2,044	2,044
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>94,685</b>	<b>94,685</b>

## GUYANA SUGAR CORPORATION INC.

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2015

## 19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

GROUP  
2015

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
	\$M	\$M	\$M	\$M
<b>ASSETS</b>				
Investments	335	-	-	335
Trade receivables	-	3,738	-	3,738
Other receivables and prepayments	-	3,377	-	3,377
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	1,969	1,969
Total assets	<u>335</u>	<u>7,150</u>	<u>1,969</u>	<u>9,453</u>
<b>LIABILITIES</b>				
Employees retirement benefit	-	-	32,826	32,826
Trade payables	-	-	9,587	9,587
Other payables	-	-	17,252	17,252
Related parties	-	-	1,794	1,794
Borrowings	-	-	-	-
Taxation	-	-	2,637	2,637
Bank overdraft(secured)	-	-	1,413	1,413
Total liabilities	<u>-</u>	<u>-</u>	<u>65,509</u>	<u>65,509</u>

## 2014

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
	\$M	\$M	\$M	\$M
<b>ASSETS</b>				
Investments	372	-	-	372
Trade receivables	-	2,300	-	2,300
Other receivables and prepayments	-	3,254	-	3,254
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	797	797
Total assets	<u>372</u>	<u>5,588</u>	<u>797</u>	<u>6,757</u>
<b>LIABILITIES</b>				
Employees retirement benefit	-	-	31,721	31,721
Trade payables	-	-	9,565	9,565
Other payables	-	-	12,328	12,328
Related parties	-	-	1,595	1,595
Borrowings	-	-	34,811	34,811
Taxation	-	-	2,637	2,637
Bank overdraft(secured)	-	-	2,044	2,044
Total liabilities	<u>-</u>	<u>-</u>	<u>94,701</u>	<u>94,701</u>



**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

	<b>COMPANY</b>		<b>GROUP</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Expenditure authorised by the Directors</b>				
Capital expenditure	4,154	6,134	4,154	6,134

The capital expenditure for 2015 will 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 \$250M (2014 \$1,176M)

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

	<b>Group 2015</b>			
	<u>US Dollar</u>	<u>GBP</u>	<u>Euro</u>	<u>Total</u>
	\$M	\$M	\$M	\$M
Assets	3,970	9	11	3,990
Liabilities	(5,192)	(269)	(0)	(5,462)
Net Asset/(liability)	<b>(1,222)</b>	<b>(260)</b>	<b>11</b>	<b>(1,471)</b>
	<b>Group 2014</b>			
Assets	1,029	6	25	1,060
Liabilities	(5,314)	(210)	(1)	(5,524)
Net Asset/(liability)	<b>(4,285)</b>	<b>(204)</b>	<b>24</b>	<b>(4,465)</b>

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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.

	<u>US\$ Impact</u>		<u>Sterling Impact</u>		<u>Euro Impact</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	\$M	\$M	\$M	\$M	\$M	\$M
<b>Profit/(loss)</b>	-61.12	(214.67)	-13.00	(10.18)	0.55	1.22

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

<u>COMPANY</u>	effective average interest rate	<b>2015</b>					
		<b>Maturing</b>				<b>Non - interest bearing</b>	<b>Total</b>
		<b>Within 1Year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>\$M</b>		
		<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	
<b>Assets</b>							
Investments		-	-	-	335	335	
Trade receivables					3,714	3,714	
Other receivables and prepayments		-	-	-	3,377	3,377	
Cash and cash equivalents	3.75	1,942	-	-	-	1,942	
		1,942	-	-	7,426	9,368	
<b>Liabilities</b>							
Employees retirement benefits		-	-	-	32,826	32,826	
Trade payables		-	-	-	9,585	9,585	
Other payables					17,253	17,253	
Related parties		-	-	-	1,793	1,793	
Borrowings	8.50	5,048	4,116	25,869	-	35,033	
Taxation		-	-	-	2,623	2,623	
Bank overdraft(secured)	8.50	2,044	-	-	-	2,044	
		7,091	4,116	25,869	64,081	101,157	
Interest sensitivity gap		(5,150)	(4,116)	(25,869)			
<b>2014</b>							
<u>COMPANY</u>		<b>Maturing</b>					
		<b>Non- interest bearing</b>				<b>Total</b>	
		<b>Within 1 Year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>	<b>\$M</b>		
		<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	
<b>Assets</b>							
Investments		-	-	-	372	372	
Trade receivables		-	-	-	2,271	2,271	
Other receivables and prepayments					3,253	3,253	
Cash and cash equivalents	3.75	770	-	-	-	770	
		770	-	-	5,896	6,666	
<b>Liabilities</b>							
Employees retirement benefits		-	-	-	31,721	31,721	
Trade payables		-	-	-	9,563	9,563	
Other payables					12,328	12,328	
Related parties		-	-	-	1,595	1,595	
Borrowings	8.50	4,833	5,981	23,996	-	34,810	
Taxation		-	-	-	2,623	2,623	
Bank overdraft(secured)	8.50	2,044	-	-	-	2,044	
		6,877	5,981	23,996	57,830	94,684	
Interest sensitivity gap		(6,107)	(5,981)	(23,996)			

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

GROUP	effective average interest rate	2015				Total \$M
		Maturing				
		Within 1Year \$M	1 to 5 years \$M	Over 5 years \$M	Non - interest bearing \$M	
<b>Assets</b>						
Investments		-	-	-	335	335
Trade receivables					3,738	3,738
Other receivables and prepayments		-	-	-	3,377	3,377
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	1,969	-	-	-	1,969
		1,969	-	-	7,484	9,453
<b>Liabilities</b>						
Employees retirement benefits		-	-	-	32,826	32,826
Trade payables					9,587	9,587
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	1,413	-	-	-	1,413
		6,460	4,116	25,869	64,095	100,541
Interest sensitivity gap		(4,492)	(4,116)	(25,869)		

GROUP		2014				Total \$M
		Maturing				
		Within 1 Year \$M	1 to 5 years \$M	Over 5 years \$M	Non- interest bearing \$M	
<b>Assets</b>						
Investments		-	-	-	372	372
Trade receivables					2,300	2,300
Other receivables and prepayments		-	-	-	3,254	3,254
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	797	-	-	-	797
		797	-	-	5,960	6,757
<b>Liabilities</b>						
Employees retirement benefits		-	-	-	31,721	31,721
Trade payables					9,565	9,565
Other payables		-	-	-	12,328	12,328
Related parties		-	-	-	1,595	1,595
Borrowings	8.50	4,834	4,116	25,861	-	34,811
Taxation		-	-	-	2,637	2,637
Bank overdraft(secured)	8.50	2,044	-	-	-	2,044
		6,878	4,116	25,861	57,846	94,701
Interest sensitivity gap		(6,081)	(4,116)	(25,861)		

**GUYANA SUGAR CORPORATION INC.**  
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**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:

		<b>Impact on loss for the year</b>			
		<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		<b>G\$M</b>	<b>G\$M</b>	<b>G\$M</b>	<b>G\$M</b>
	Increase/ decrease in basis point				
Cash & cash equivalent	+ /-50	19	8	19	8
Borrowings	+ /-50	364	369	364	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.

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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 2015					
	Maturing					
	Within 1 year			2 to 5 years	Over 5 years	Total
	on demand	due in 3 months	due 3 - 12 months			
\$M	\$M	\$M	\$M	\$M	\$M	
<b>Assets</b>						
Investments	-	-	-	-	335	335
Trade receivables	1,200	2,538	-	-	-	3,738
Other receivables and prepayments	1,650	1,727	-	-	-	3,377
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	1,969	-	-	-	-	1,969
<b>Total assets</b>	<b>4,819</b>	<b>4,265</b>	<b>34</b>	<b>-</b>	<b>335</b>	<b>9,453</b>
<b>Liabilities</b>						
Employees retirement benefits	-	-	-	-	32,826	32,826
Trade payables	9,587	-	-	-	-	9,587
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)	1,413	-	-	-	-	1,413
<b>Total liabilities</b>	<b>28,252</b>	<b>-</b>	<b>9,478</b>	<b>4,116</b>	<b>58,695</b>	<b>100,541</b>
<b>Net asset/(liabilities)</b>	<b>(23,433)</b>	<b>4,265</b>	<b>(9,444)</b>	<b>(4,116)</b>	<b>(58,360)</b>	<b>(91,088)</b>

**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. FINANCIAL RISK MANAGEMENT (cont'd)**

**(b) Liquidity risk (cont'd)**

	<b>GROUP 2014</b>					
	<b>Maturing</b>					
	<b>Within 1 year</b>					
	<b>on</b>	<b>due in</b>	<b>due 3 - 12</b>	<b>2 to 5</b>	<b>Over</b>	<b>Total</b>
	<b>demand</b>	<b>3 months</b>	<b>months</b>	<b>years</b>	<b>5 years</b>	<b></b>
<b>Assets</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Investments	-	-	-	-	372	372
Trade receivables	1,012	1,288	-	-	-	2,300
Other receivables and prepayments	1,930	1,324	-	-	-	3,254
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	797	-	-	-	-	797
<b>Total assets</b>	<b>3,739</b>	<b>2,612</b>	<b>34</b>	<b>-</b>	<b>372</b>	<b>6,757</b>
<b>Liabilities</b>						
Employees retirement benefits	-	-	-	-	31,721	31,721
Trade payables	9,565	-	-	-	-	9,565
Other payables	12,328	-	-	-	-	12,328
Related parties	-	-	1,595	-	-	1,595
Borrowings	-	-	4,834	5,981	23,996	34,811
Taxation	-	-	2,637	-	-	2,637
Bank overdraft(secured)	2,044	-	-	-	-	2,044
<b>Total liabilities</b>	<b>23,937</b>	<b>-</b>	<b>9,066</b>	<b>5,981</b>	<b>55,717</b>	<b>94,701</b>
<b>Net asset/(liabilities)</b>	<b>(20,198)</b>	<b>2,612</b>	<b>(9,032)</b>	<b>(5,981)</b>	<b>(55,345)</b>	<b>(87,944)</b>



**GUYANA SUGAR CORPORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. FINANCIAL RISK MANAGEMENT (cont'd)**

**(c) Credit risk**

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

	<b>Company</b>		<b>Group</b>	
	<b>Maximum exposure</b>		<b>Maximum exposure</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Cash on hand and at bank	1,942	770	1,969	797
Investments	335	372	335	372
Investment in subsidiary	22	22	-	-
Trade, other receivables and prepayments	7,091	5,524	7,115	5,554
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.

	<b>Company</b>		<b>Group</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Trade and other receivables (excluding prepayments)	6,577	4,726	6,601	4,756

The above balances are classified as follows:

	2015	2014	2015	2014
	\$M	\$M	\$M	\$M
Current	4,683	1,400	4,683	1,400
Past due but not impaired	1,895	3,327	1,919	3,356
	<b>6,577</b>	<b>4,726</b>	<b>6,601</b>	<b>4,756</b>

Aging of trade and other receivables which was pass due but not impaired

	2015	2014	2015	2014
	\$M	\$M	\$M	\$M
Past Due up to 29 days	435	1,953	459	1,982
Past Due 30 - 59 days	27	290	27	290
Past Due 60 - 89 days	36	153	36	153
Past Due 90 - 179 days	75	18	75	18
Past Due over 180 days but less than 1 year	1,318	135	1,318	135
Past Due more than 1 year	18	793	18	793
	<b>1,909</b>	<b>3,342</b>	<b>1,933</b>	<b>3,371</b>
Collectively assessed provision for bad debts	(15)	(15)	(15)	(15)
	<b>1,895</b>	<b>3,327</b>	<b>1,919</b>	<b>3,356</b>

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

**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 2014.

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	
	2015 \$M	2014 \$M	2015 \$M	2014 \$M
Debt (i)	36,446	36,854	36,446	36,855
Cash in hand and at bank	(1,942)	(770)	(1,969)	(797)
Net debt	<u>34,504</u>	<u>36,084</u>	<u>34,477</u>	<u>36,058</u>
Equity (ii)	<u>20,528</u>	<u>22,432</u>	<u>20,454</u>	<u>22,380</u>
Net debt to equity ratio	<u>1.68:1</u>	<u>1.61:1</u>	<u>1.69:1</u>	<u>1.61:1</u>

(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	
	2015 \$	2014 \$
Profit/(Loss) for the year	(1,867,708,417)	(15,730,116,065)
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	<u>(0.17)</u>	<u>(1.46)</u>
	GROUP	
	2015	2014
Profit/(Loss) attributable to equity holders of the parent	(1,888,536,555)	(15,721,283,473)
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic Profit/(loss) per share	<u>(0.17)</u>	<u>(1.46)</u>

**GUYANA SUGAR CORPORATION INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

**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 2015.

**26. Fair value of financial instruments**

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

	<b>GROUP 2015</b>		<b>GROUP 2014</b>	
	Carrying <u>Value</u> <b>\$M</b>	Fair <u>Value</u> <b>\$M</b>	Carrying <u>Value</u> <b>\$M</b>	Fair <u>Value</u> <b>\$M</b>
<b>Financial assets</b>				
Available for sale investments	335	335	372	372
Trade receivables	3,738	3,738	2,300	2,300
Other receivables and prepayments	3,377	3,377	3,254	3,254
Taxes Recoverable	34	34	34	34
Cash and cash equivalents	1,969	1,969	797	797
	<u>9,453</u>	<u>9,453</u>	<u>6,757</u>	<u>6,757</u>
<b>Financial liabilities</b>				
Employee retirement benefits	32,826	32,826	31,721	31,721
Trade payables	9,587	9,587	9,565	9,565
Other payables	17,252	17,252	12,328	12,328
Related Parties	1,794	1,794	1,595	1,595
Borrowings	35,033	35,033	34,811	34,811
Taxation	2,637	2,637	2,637	2,637
Bank overdraft(secured)	1,413	1,413	2,044	2,044
	<u>100,541</u>	<u>100,541</u>	<u>94,701</u>	<u>94,701</u>

**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 valuers 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