

GUYANA SUGAR CORPORATION INC.

**ANNUAL REPORT
2014**

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Financial Matters

The decline in revenue is as a direct result of the decline in production and decline in world market prices for sugar. The savings in administration and other costs are mainly due to two factors: (i) Lower interest and finance charges due to a lower overdraft as compared to the business plan. ii) A conscientious effort to control costs. The large variance in Agriculture costs is due mainly to a standing cane adjustment from revaluing the canes in the ground at the beginning of the year to the end of the year. The price for sugar is used in valuing the cane and due to the dramatic decrease in price from 2013 to 2014; this also resulted in a large standing cane adjustment. Factory costs remained on par.

Employment cost amounted to over 50% of total costs. This is largely a fixed cost. Also, depreciation accounts for 10% of total costs, which is fixed. The next significant category of costs is the purchase of materials (20%), which is also largely fixed. These costs are difficult to reduce; therefore, there is need for our productivity to increase in order to reduce our cost per unit in order to be competitive. Hence the drive for mechanization and other initiatives as part of our business plan to improve productivity.

In 2014, the industry continued to place emphasis on conversion. This is in keeping with the business plan to alleviate the current labour shortage the industry is faced with. A total of 3,076.3 hectares was converted in 2014, compared to 1,127 hectares which were converted in 2013.

This achievement in 2014 was made possible by the acquisition of ten (10) excavators and twelve (12) tractors, which was one of the EU indicators for the evaluating period July 2013 to June 2014.

The Corporation recorded a significant loss for the year of G\$15.7 bln compared with a profit of G\$5.7 bln for 2013. Contributing to the loss for the year was a major increase in Cost of Sales and a sizable reduction of revenue. Whilst there was a favourable Deferred Taxation in 2014, it was unable to stem the tide of the loss incurred at the Operational level.

Cash and Bank balance significantly declined from G\$5.5 bln in 2013 to G\$ 770m in 2014.

Agricultural Operations

In 2014, GuySuCo budgeted to produce a total of 215,910 tonnes of sugar; this included an estimated farmer's production of 24,156 tonnes. The actual production realized by the corporation in 2014 totaled 216,357 tonnes, compared to 2013 when only 186,752 tonnes were produced. This represents a 16% variance.

The 29,632 tonnes increase in 2014 was due primarily to improved yields; tonnes cane per Hectare (TCH) moved from 53.5 in 2013 to 55.66 in 2014.

During the year, all estates with the exception of Skeldon, were able to take off all canes available to be harvested in each crop. Skeldon, unfortunately, in the second crop had to close prematurely because of inclement weather resulting in 170.8 hectares of canes being taken over into the 1st crop of 2015.

East Demerara Estate made maximum use of the two Billet harvesters. The purchasing of these two harvesters was one of the EU indicators (investment in mechanization) for the evaluating period July 2012 to June 2013, which was achieved. This estate achieved its highest production in the last four (4) years. This was due primarily to the Billet harvesters which contributed in a very large way to maintain constant cane supply to the factory from areas available to be harvested. East Demerara Estate faced one of its biggest challenges over the last three (3) years prior to 2014 because of labour issues, which affected the crop and supplies of canes to the factory. With the introduction of the Billet harvester this situation has been reversed.

Skeldon showed encouraging signs of improvement. The production of 35,859 tonnes of sugar achieved in 2014 is the highest since the new factory was commissioned in 2009. Previous years, major factory challenges resulted in large volumes of canes being carried over from one year into the next. These carry over canes impacted significantly on the quality of canes delivered to the factory and was largely responsible for the poor recoveries experienced in the factory. In 2015, very little (170 Hectares) carry over canes will be harvested at Skeldon. This, coupled with extensive repair works carried out in the factory during the 2014 end of year maintenance period should realize better recoveries in 2015.

Environment

The Corporation continues to take actions that will contribute towards good stewardship of the Environment. These actions include, but not limited to sustainable Agriculture, Water Conservation, usage of Biological Herbicide and Weedicides for the field operations.

The Corporation spends a significant portion of its financial resources towards drainage and irrigations which have a direct impact on the country's water management system. These actions are done throughout the Coastal areas on a daily basis by the Corporation's employees.

In 2014 a total of 567.8 Hectares of Flood Fallow lands was planted. The Flood fallow planted areas reaped in 2014 2nd crop yielded better than the Plough and plant (non-flood fallow) areas. As part of the Business plan the industry will continue to maximize this practice in the coming years.

In 2014, Crop Protection continued to focus on integrated management technologies and the promotion of environmentally responsible approaches to pest and weed management. Effective surveillance for potential pest, disease, weeds and nutrient problems will be emphasized in order for timely and effective response or investigation where an immediate solution is not available.

Standard required quantitative and qualitative monitoring activities were carried out for most major pest species on all estates across the Industry namely; Rodents, Diatraea, Castinomera, and Termites, some carried out weekly, monthly and/or on a quarterly routine, and some at immediate post-harvest. 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 pest.

Close monitoring of all major problem weeds continued throughout 2014. The management of problem weeds, especially on Demerara Estates was affected by the weather. Heavy seasonal rainfall continued for the crop, impacting negatively on the timing, method, efficacy and ultimately the cost of weed control. The duration of control by residual herbicides was reduced, resulting in more frequent interception. Rate Screening Comparison Herbicide Trials and Herbicide Evaluations continued for the period covered. This is ongoing work and the department will continue to evaluate the efficacy of new formulations.

Reduced tillage to minimize excessive soil manipulation and loss and other cultural practices to sustain productivity, such as legume fallow as an alternative to flood fallow in fields developed for mechanized culture and alternatives to flood irrigation.

During the period under review, and also in keeping with the aim of increasing production and the exploration of possible means of reducing the dependence on the use of artificial fertilizers, experimental trials involving the application of bio-fertilizers were also established.

Factory Operations

Improvement in factory efficiencies was a notable achievement in 2014. The table below shows actual performance of the industry for the period 2013 – 2014.

Table showing Industry performance for the period 2013 – 2014

Parameters	2013	2014
Average Grinding Time/Week (hrs.)	92.86	105.38
Tonnes Cane Hour(t/hr) - Industry Average	122.65	123.73
Pol % Cane (%)	9.55	9.63
Mill Extraction (%)	92.06	92.07
Boiling House Recovery (%)	84.34	85.04
Overall Recovery (%)	77.60	77.44
Factory Time Efficiency (%)	87.84	90.98
Cane Processed (t)	2,461,080	2,836,897
Sugar Made (t)	186,752	216,357
Molasses Made (t)	98,129.10	114,999.79
Tonnes Cane/Tonnes Sugar (TC/TS)	13.17	13.11
Molasses % Cane (%)	3.72	3.78

Factory reliability was significantly greater in 2014. Similarly 15% increase in cane was crushed over the same period.

For Skeldon, there were marginal increases in hourly crushing rate and average weekly grinding hours achieved over the period. However, with the replacement of the outboard punt dumper of the winch system, crushing rate will increase to 250 – 280 tch in 2015. Works are continuing to improve the performance of this mill in all departments.

Corporate Social Responsibilities

As part of the Corporation's passion to contribute to the nation as a Corporate Citizen, it continues to give back to the communities in the areas that it operates therein. The Guyana Sugar Corporation has been engaged in the ethical perspective of the Corporate Social responsibility for several decades. It sees itself as a giver to the community that it operates in, since many of the persons that it employs are residents of the community. These are some of the things that the Corporation continues to do for the communities wherein it operates:

- Provides medical services for the extended family members of any employee in the community
- Uses its Water tender to assist in the event that there is fire to any property for anyone in the community

- Makes the Community sport grounds available for anyone in the community so that they can practice whatever sport that will be seen fitted
- Offer Bursary awards to children of the employees
- Manage the irrigation and drainage across the coastal belt of the country.

Markets

The Corporation continues to provide its products to several markets. These markets include Local market, Caribbean, Regional, North America and European Market. These markets have allowed the Corporation to reach its customers as it supplies both bulk and package sugar.

The Corporation is also able to supply Molasses to local and Regional Markets. Molasses is a by product from the Sugar cane production and the sale of it provides some much needed income for the Corporation.

Total Revenue declined by G\$6.1 bln in 2014, compared to 2013, which is equivalent to 21% reduction.

Table 1. Revenue by Markets for 2014

Markets	Revenues (G\$m)
Europe	14,425
North America	1,356
Caribbean	3,281
Guyana	4,021
Other Markets	77
Total	23,160

National Contributions

Guyana Sugar Corporation Inc. continues to make a sizeable contribution to the nation. These are through the forms of Corporation Taxes, Pay As You Earned, Social Security and Pension.

The Sugar Corporation employs approximately 17,000 persons directly. This level of employment directly affects about 80,000 persons. Guyana Sugar Corporation In. continues to be the single largest employer of the Cooperative Republic of Guyana.

A total of 64.9 days tax free pay was awarded as Weekly Production Incentive, comprising 25.65 and 39.25 days for the 1st and 2nd crop respectively.

In addition, an Annual Production Incentive of 4.5 days' pay was awarded i.e. 4.5 days' pay to all qualified employees. An increase of 4% was awarded in wages and salaries for the year 2014 at the bilateral level to unionized employees.

Production figures

Ten Year Review 2005 to 2014

Operation	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
HECTARES HARVESTED	41,890	42,422	39,757	44,262	43,556	36,510	45,411	43,616	40,676	45,302
TONNES CANE MILLED ('000)	3,005	2,975	3,099	2,767	2,764	2,762	3,196	2,710	2,461	2,837
YIELDS:										
ESTATE - TONNES CANE / HECTARE	65.43	64.48	71.97	57.71	57.50	66.32	62.58	55.31	53.55	55.66
TONNES CANE / TONNE SUGAR	12.20	11.46	11.55	12.16	11.67	12.51	13.51	12.43	13.18	13.11
TONNE SUGAR / HECTARE	5.36	5.63	6.23	4.75	4.93	5.30	4.63	4.45	4.06	4.25
PRODUCTION (TONNES)										
SUGAR	246,071	259,549	266,482	226,267	233,736	220,818	236,505	218,068	186,755	216,358
MOLASSES	115,732	107,501	115,048	99,280	109,598	122,281	132,733	107,617	71,162	110,145
HOME CONSUMPTION (TONNES):										
SUGAR	22,781	23,396	23,480	23,345	23,594	22,341	20,031	22,387	22,141	20,799
MOLASSES	40,058	41,895	46,253	74,206	92,396	37,103	38,385	28,936	56,864	66,182
EXPORT (TONNES):										
SUGAR	229,697	237,681	244,865	205,268	217,707	195,745	210,863	196,537	163,330	189,561
MOLASSES	71,071	61,851	57,282	19,169	12,271	70,775	92,432	79,552	14,010	42,164
SALES:										
DOMESTIC SUGAR (\$M)	1,335	1,644	1,673	1,595	1,906	2,273	1,884	2,048	2,101	1,999
AVERAGE PRICE / TONNE (\$)	58,601	70,245	71,252	68,328	76,857	101,757	94,079	91,463	94,872	96,100
EXPORT SUGAR (\$M)	21,324	25,509	27,101	23,777	24,398	18,332	23,954	26,211	23,240	17,312
AVERAGE PRICE / TONNE (\$)	92,835	107,332	110,676	115,832	112,067	93,652	113,601	133,363	142,288	91,327
AVERAGE PRICE / TONNE (US\$)	465	538	545	570	552	462	558	654	694	443
MOLASSES (\$M)	1,637	1,914	1,667	1,306	1,815	1,815	3,428	3,129	2,639	2,789
EMPLOYMENT COST	14,710	16,067	17,373	17,580	15,571	15,787	18,518	19,413	20,094	22,385
MATERIALS AND SERVICES	8,408	9,485	8,958	10,858	10,629	11,565	12,626	11,271	11,546	13,100
(LOSS) / PROFIT BEFORE TAX (\$M)	(1,188)	2,429	2,159	(6,210)	(1,949)	(5,136)	(11,232)	(1,863)	(2,959)	(22,335)
(LOSS) / PROFIT BEFORE TAX AND LEVY	(1,188)	2,429	2,159	(6,210)	(1,949)	(5,136)	(11,232)	(1,863)	(2,959)	(22,335)
(LOSS) / PROFIT AFTER TAX (\$M)	(1,866)	476	630	(4,089)	(1,323)	(7,387)	(13,896)	(1,246)	5,736	(15,730)
(LOSS) / PROFIT AFTER TAX BEFORE LEVY	(1,866)	476	630	(4,089)	(1,323)	(7,387)	(13,896)	(1,246)	5,736	(15,730)
AVERAGE MID MARKET										
EXCHANGE RATE (G\$/US\$)	199.75	199.50	202.99	203.34	202.99	202.83	203.63	203.99	204.99	205.98

Board of Directors

Mr. Shaik Baksh

Chairman

Dr. R. Singh

Chief Executive Officer

Mr. Badrie Persaud

Member

Mr. Keith Burrowes

Member

Dr. D. Permaul

Member

Mrs. Geeta Singh-Knight

Member

REPORT OF THE DIRECTORS

For the year ended 31st December, 2014

The Directors of the Guyana Sugar Corporation Inc. present their report together with the audited financial statements for the year ended 31st December, 2014.

Principal Activity

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

Results and Dividends

The financial results of the Corporation are set out on pages 9-40.

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 H. All the Directors are non-executive, except for the Chief Executive.

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

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

Corporate Governance

The Board believes that its primary function is to generate sustainable wealth for the shareholder as the key stakeholder in the business. The Guyana Sugar Corporation 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 six non-executive Directors (including the Chairman) and one executive Director (the Chief Executive). The Board considers that each Director is able to bring independent judgment to the Corporation's affairs in all matters. The Board meets not less than ten times a year.

It is responsible for the strategic direction of the Corporation and receives information about the progress of the Corporation and its financial position each month.

This information, together with papers required for each Board meeting, is circulated in a timely manner before each meeting.

The Board has established 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

**AUDITED FINANCIAL STATEMENTS OF
GUYANA SUGAR CORPORATION INCORPORATED**

**FOR THE YEAR ENDED
31 DECEMBER 2014**

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

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

AUDITED FINANCIAL STATEMENTS OF THE
GUYANA SUGAR CORPORATION INCORPORATED
FOR THE YEAR ENDED 31 DECEMBER 2014

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Audit Office of Guyana

P.O. Box 1002, 63 High Street, Kingston, Georgetown, Guyana

Tel: 592-225-7592, Fax: 592-226-7257, <http://www.audit.org.gy>

AG: 5/2016

9 February 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 2014

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 2014 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 40. 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 2014 and of their financial performance and 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 2014 the Company's accumulated deficit is \$39,606,796,018. 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 CHARTERED ACCOUNTANTS
PARMESAR
TO THE AUDITOR GENERAL
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
GUYANA SUGAR CORPORATION INC.
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014 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 40.

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 2014, 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, 2014 the Company's accumulated deficit is \$39,606,796,018. 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

21 January 2016

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	NOTES	COMPANY		GROUP	
		2014 \$M	2013 \$M	2014 \$M	2013 \$M
ASSETS					
Non current assets					
Property, plant and equipment	5	97,411	99,616	97,411	99,616
Deferred tax asset	6	26,806	20,296	26,877	20,356
Investments	7.1	372	378	372	378
Investment in subsidiary	7.2	22	22	-	-
Total non current assets		124,611	120,312	124,660	120,350
Current assets					
Inventories	8.1	3,395	3,824	3,395	3,824
Standing cane	8.2	5,288	10,791	5,338	10,817
Product stock	8.3	1,305	1,137	1,305	1,137
Trade receivables		2,271	2,332	2,300	2,355
Other receivables		2,456	1,954	2,456	1,954
Prepayments		798	1,139	798	1,139
Taxes recoverable		-	-	34	34
Cash on hand and at bank	9.1	770	5,572	797	5,598
Total current assets		16,283	26,749	16,423	26,858
TOTAL ASSETS		140,894	147,061	141,083	147,208
EQUITY AND LIABILITIES					
Stated capital	10	10,800	10,800	10,800	10,800
Revaluation reserve	11.1	50,849	50,849	50,849	50,849
Other reserves	11.2	393	399	393	399
Accumulated deficit		(39,608)	(23,878)	(39,662)	(23,941)
		22,434	38,170	22,380	38,107
Non controlling interest	7.3	-	-	(36)	(27)
Total equity		22,434	38,170	22,344	38,080
Non current liabilities					
Deferred tax liability	6	17,312	17,407	17,317	17,412
Deferred income	12	6,721	2,576	6,721	2,576
Borrowings	13.2	29,977	29,896	29,977	29,896
Employees retirement benefits	15	31,721	29,262	31,721	29,262
Total non-current liabilities		85,731	79,140	85,736	79,146
Current liabilities					
Trade payables		9,563	5,223	9,565	5,225
Other payables		12,328	13,416	12,328	13,416
Related parties	14.1	1,337	1,318	1,595	1,536
Taxes payable		2,623	2,623	2,637	2,636
Borrowings	13.1	4,834	4,056	4,834	4,056
Bank overdraft(secured)	9.2	2,044	3,114	2,044	3,114
Total current liabilities		32,729	29,751	33,003	29,982
TOTAL EQUITY AND LIABILITIES		140,894	147,061	141,083	147,208

The Board of Directors approved these financial statements for issue on 21-01-2016


 Director


 Director

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

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

	NOTES	COMPANY		GROUP	
		2014	2013	2014	2013
		\$M	\$M	\$M	\$M
Revenue	16	23,160	29,347	23,160	29,347
Cost of sales		42,004	32,301	41,985	32,350
Gross profit		(18,844)	(2,954)	(18,825)	(3,003)
Other income		3,537	6,084	3,537	6,085
Administrative expenses		(2,802)	(4,045)	(2,818)	(4,061)
Marketing and distribution expenses		(1,280)	(1,072)	(1,280)	(1,072)
Operating profit/(loss)		(19,389)	(1,987)	(19,386)	(2,052)
Finance cost		(504)	(432)	(517)	(443)
Employees retirement benefits	15	(2,459)	(543)	(2,459)	(543)
Income from subsidiary and others	17	17	3	17	3
Profit/(Loss) before tax	17	(22,335)	(2,959)	(22,345)	(3,035)
Taxation	18	6,605	8,695	6,615	8,717
Profit/ (Loss) for the year		(15,730)	5,736	(15,730)	5,682
Other Comprehensive income:					
Net gain/ (loss) on revaluation of investments		(6)	12	(6)	12
Net loss on revaluation of non-current asset		-	-	-	-
Other comprehensive income net of tax		(6)	12	(6)	12
Total comprehensive Profit/ (loss) for the year		(15,736)	5,748	(15,736)	5,694
Profit/(Loss) for the year					
Attributable to:-					
Equity holders of the parent		(15,730)	5,736	(15,721)	5,702
Non controlling interest		-	-	(9)	(20)
		(15,730)	5,736	(15,730)	5,682
Total comprehensive Profit/(loss) for the year					
Attributable to:					
Equity holders of the parent		(15,736)	5,748	(15,727)	5,714
Non controlling interest	7.3	-	-	(9)	(20)
Profit/ (Loss) for the year		(15,736)	5,748	(15,736)	5,694
Basic Profit/(loss) per share in dollars	24	(1.46)	0.53	(1.46)	0.53

"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, 2014

Company

<u>Notes</u>	<u>Stated Capital</u>	<u>Revaluation Reserve</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Total Equity</u>
	\$M	\$M	\$M	\$M	\$M
Balance at January 1, 2013	10,800	50,849	387	(29,614)	32,422
Other comprehensive income	-	-	12	-	12
Profit/(Loss) for the year	-	-	-	5,736	5,736
Total comprehensive income for the year	-	-	12	5,736	5,748
Balance as at December 31, 2013	10,800	50,849	399	(23,878)	38,170
Other comprehensive income	-	-	(6)	-	(6)
Profit/(Loss) for the year	-	-	-	(15,730)	(15,730)
Total comprehensive income for the year	-	-	(6)	(15,730)	(15,736)
Balance at December 31, 2014	10,800	50,849	393	(39,608)	22,434

Group

	<u>Attributable to equity holders of the parent</u>					<u>Total Equity</u>
	<u>Stated Capital</u>	<u>Revaluation Reserve</u>	<u>Other Reserves</u>	<u>Retained Earnings</u>	<u>Non Controlling Interest</u>	
	\$M	\$M	\$M	\$M	\$M	
Balance at January 1, 2013	10,800	50,849	387	(29,643)	(7)	32,386
Other comprehensive income	-	-	12	-	-	12
Profit/(Loss) for the year	-	-	-	5,702	(20)	5,682
Total comprehensive income for the year	-	-	12	5,702	(20)	5,694
Balance as at December 31, 2013	10,800	50,849	399	(23,941)	(27)	38,080
Other comprehensive income	-	-	(6)	-	-	(6)
Profit/(Loss) for the year	-	-	-	(15,721)	(9)	(15,730)
Total comprehensive income for the year	-	-	(6)	(15,721)	(9)	(15,736)
Balance at December 31, 2014	10,800	50,849	393	(39,662)	(36)	22,344

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

GUYANA SUGAR CORPORATION INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>COMPANY</u>		<u>GROUP</u>	
	<u>2014</u> <u>\$M</u>	<u>2013</u> <u>\$M</u>	<u>2014</u> <u>\$M</u>	<u>2013</u> <u>\$M</u>
OPERATING ACTIVITIES				
Loss before taxation	(22,335)	(2,959)	(22,345)	(3,035)
Adjustments for:				
Depreciation and write down of assets	4,433	5,028	4,433	5,028
Loss / (gain) on disposal of property, plant and equipment	34	-	34	-
Net interest	504	432	517	443
Income from investments	(17)	(3)	(17)	(3)
Operating profit/(loss) before working capital changes	<u>(17,382)</u>	<u>2,498</u>	<u>(17,378)</u>	<u>2,434</u>
Decrease in inventories	429	89	429	89
(Increase) / decrease in standing cane	5,503	(3,427)	5,479	(3,432)
Decrease / (increase) in product stocks	(168)	42	(168)	42
Decrease / (increase) in accounts receivable and prepayments	(100)	(1,351)	(106)	(1,360)
(Decrease) / increase in accounts payable and accruals	3,252	3,593	3,252	3,593
Decrease in amounts due to related parties	19	101	59	192
Increase in defined benefit pension liability	2,459	543	2,459	543
Cash generated from operations	<u>(5,988)</u>	<u>2,087</u>	<u>(5,973)</u>	<u>2,100</u>
Interest paid	(504)	(432)	(517)	(443)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(6,492)</u>	<u>1,655</u>	<u>(6,491)</u>	<u>1,656</u>
INVESTING ACTIVITIES				
Interest received	-	-	-	-
Purchase of property, plant and equipment	(2,263)	(1,847)	(2,263)	(1,847)
Proceeds from sale of property, plant and equipment	-	-	-	-
Dividends received from investments	17	3	17	3
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,246)</u>	<u>(1,844)</u>	<u>(2,245)</u>	<u>(1,844)</u>
FINANCING ACTIVITIES				
Proceeds from borrowing	859	3,468	859	3,468
Government Grant	4,145	(78)	4,145	(78)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>5,004</u>	<u>3,391</u>	<u>5,005</u>	<u>3,390</u>
Increase/(decrease) in cash and cash equivalents	(3,732)	3,202	(3,731)	3,202
Cash and cash equivalents at beginning of the period	2,458	(745)	2,484	(718)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(1,275)</u>	<u>2,458</u>	<u>(1,247)</u>	<u>2,484</u>
CASH AND CASH EQUIVALENT COMPRISED OF:-				
Cash on hand and at bank	770	5,572	797	5,598
Bank overdraft(secured)	(2,044)	(3,114)	(2,044)	(3,114)
	<u>(1,274)</u>	<u>2,458</u>	<u>(1,247)</u>	<u>2,484</u>

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

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. INCORPORATION AND ACTIVITIES

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

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

2. NEW AND REVISED STANDARDS

Application of new and revised Standards and Interpretations

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

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

Standards and Interpretations not yet effective

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

Additionally there are several interpretations and amendments to existing standards which are not yet effective. The Company has not early adopted any such pronouncements. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the financial statements of the Company.

IAS 1 Disclosure - Initiative - Amendments to IAS 1 (effective January 1, 2016)

IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 38 (effective January 1, 2016)

IFRS 9 Financial Instruments: Classification and Measurement (effective January 1, 2018)

IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
Amendments to IFRS 10, IFRS 12 and IAS 28 (effective January 1, 2016)

IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its
Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (effective
January 1, 2016)

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

2 NEW AND REVISED STANDARDS (Cont'd)

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendment to IFRS 11 (effective January 1, 2016)

IFRS 14 Regulatory Deferral Accounts (effective January 1, 2016)

IFRIC 15 Revenue from contracts with Customers (effective January 1, 2016)

The adoption of these standards and interpretations are not expected to have a material impact on the financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

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

3.2 Revenue and expense recognition

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

3.3 Property, plant and equipment

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

All assets with the exception of freehold land and work-in-progress are depreciated on the straight line method at rates sufficient to write off the cost or revaluation of these assets to their residual values over their estimated useful lives as follows:

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

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

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

3.4 Freehold and leasehold land

In addition to 21,565 acres of land, the Group leases from the Government of Guyana 50,509 hectares of land on which it grows cane and for ancillary purposes.

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

3.5 Inventory

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

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

3.6 Standing cane

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

3.7 Research and development

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

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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

3.8 Financial instruments

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

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

Investments

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

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

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

Trade, other receivables and prepayments

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

Cash and cash equivalents

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

Trade, other payables and accruals

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

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

3.9 Reserves

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

(ii) Other

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

3.10 Impairment of tangible assets

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

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

3.11 Taxation

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

Current tax

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

Deferred tax

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

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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

3.11 Deferred Tax (cont'd)

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the period

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

3.12 Employee retirement benefits

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

The contributions are held in trustee administered funds which are separate from the company's finances.

Employees who have retired and are not members of the pension scheme are paid ex-gratia pensions and are provided with post-retirement medical care, which are partially recoverable from the Sugar Industry Price stabilisation Fund.

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

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

3.13 Translation of foreign currency

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

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

3.14 Presentation currency

The financial statements have been presented in Guyana dollars.

3.15 Provisions

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

3.16 Skeldon Sugar Modernisation Project (SSMP)

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

3.17 Basis of consolidation

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

3.18 Basic earnings per share

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

3.19 Borrowing costs

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

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

i) Trade, other receivables and prepayments

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

ii) Other financial assets

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

iii) Useful lives of property, plant and equipment

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

iv) Impairment of financial assets

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

v) Retirement benefit asset/obligation

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

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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
As at Jan 01 2014	44,545	22,389	2,739	3,514	62,359	7,452	142,998
Transfers		15	46	923	2,403	(3,387)	-
Additions		11		40	59	2,157	2,267
Interstate Transfers					(5)		(5)
Disposals		(31)	(9)		(570)		(610)
Adjustments	(14)			3	10		(0)
As at December 31, 2014	44,531	22,385	2,776	4,480	64,256	6,222	144,651
Comprising:							
Cost	7,338	11,950	2,776	4,480	61,035	6,222	93,802
Valuation	37,193	10,435	-	-	3,221	-	50,849
	44,531	22,385	2,776	4,480	64,256	6,222	144,651
Depreciation							
As at Jan 01 2014	-	5,728	1,186	421	36,048	-	43,382
Charge for the period	-	448	83	265	3,637	-	4,433
Written back on disposals		(9)	(4)		(561)		(574)
Adjustments			(24)		24		0
As at December 31, 2014	-	6,166	1,241	685	39,148	-	47,240
Net book value							
As at December 31, 2014	44,531	16,219	1,535	3,795	25,108	6,222	97,411
As at December 31, 2013	44,545	16,661	1,553	3,093	26,311	7,452	99,616

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
As at Jan 01 2014	44,545	22,389	2,739	3,514	62,359	7,452	142,998
Transfers		15	46	923	2,403	(3,387)	-
Additions		11	-	40	59	2,157	2,267
Interstate Transfers					(5)		(5)
Disposals		(31)	(9)		(570)		(610)
Adjustments	(14)			3	10		(0)
As at December 31, 2014	44,531	22,385	2,776	4,480	64,256	6,222	144,651
Comprising:							
Cost	7,338	11,950	2,776	4,480	61,035	6,222	93,802
Valuation	37,193	10,435	-	-	3,221	-	50,849
	44,531	22,385	2,776	4,480	64,256	6,222	144,651
Depreciation							
As at Jan 01 2014	-	5,728	1,186	421	36,048	-	43,382
Charge for the period	-	448	83	265	3,637	-	4,433
Written back on disposals		(9)	(4)	-	(561)		(574)
Adjustments			(24)		24		-
As at December 31, 2014	-	6,166	1,241	685	39,148	-	47,240
Net book value							
As at December 31, 2014	44,531	16,219	1,535	3,795	25,108	6,222	97,411
As at December 31, 2013	44,545	16,661	1,553	3,093	26,311	7,452	99,616

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 \$93,803,326,413 (2013 - \$92,149,991,098).

5.4 LEASEHOLD LANDS

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

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

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

Lease payment per hectare per annum has been as follows:

Prior to 1985	\$ 10.0
From January 01, 1985 to May 31, 1998	18.5
From June 01, 1998	2,471

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

GUYANA SUGAR CORPORATION INC.
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6. DEFERRED TAX

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

	COMPANY		GROUP	
	2014 \$M	2013 \$M	2014 \$M	2013 \$M
Deferred tax liability				
Property, plant and equipment	14,074	14,168	15,737	14,181
Standing cane	3,238	3,239	1,581	3,232
	<u>17,312</u>	<u>17,407</u>	<u>17,317</u>	<u>17,412</u>
Deferred tax asset				
Tax value of losses carried forward	(17,289)	(11,524)	(17,341)	(11,565)
Property, plant and equipment	-	-	(18)	(18)
Inventories provision	-	7	-	7
Defined benefit pension liability	(9,518)	(8,780)	(9,518)	(8,780)
	<u>(26,806)</u>	<u>(20,296)</u>	<u>(26,877)</u>	<u>(20,356)</u>
Movement in temporary differences				
			COMPANY	
			Balance at Jan 01,2014	Balance at Dec 31,2014
Deferred tax liability				
Property, plant and equipment		14,168	1,556	15,724
Standing cane		3,239	(1,651)	1,588
		<u>17,407</u>	<u>(95)</u>	<u>17,312</u>
Deferred tax asset				
Tax value of losses carried forward		(11,524)	(5,765)	(17,289)
Inventories provision		7	(7)	-
Defined benefit pension liability		(8,780)	(738)	(9,518)
		<u>(20,296)</u>	<u>(6,510)</u>	<u>(26,806)</u>
Movement in temporary differences			GROUP	
			Balance at Jan 01,2014	Balance at Dec 31,2014
Deferred tax liability				
Property, plant and equipment		14,181	1,556	15,737
Standing cane		3,232	(1,651)	1,581
		<u>17,412</u>	<u>(95)</u>	<u>17,317</u>
Deferred tax asset				
Tax value of losses carried forward		(11,565)	(5,776)	(17,341)
Property, plant and equipment		(18)	-	(18)
Inventories provision		7	(7)	-
Defined benefit pension liability		(8,780)	(738)	(9,518)
		<u>(20,356)</u>	<u>(6,521)</u>	<u>(26,877)</u>

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7. INVESTMENTS

7.1 Investments

Available for sale:

Republic Bank Limited

<u>COMPANY</u>		<u>GROUP</u>	
<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>\$M</u>	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>
372	378	372	378
<u>372</u>	<u>378</u>	<u>372</u>	<u>378</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>2014</u>	<u>2014</u>
<u>\$M</u>	<u>\$M</u>
22	22
<u>22</u>	<u>22</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

At January 1
 Share of loss
 At December 31

<u>GROUP</u>	
<u>2014</u>	<u>2013</u>
<u>\$M</u>	<u>\$M</u>
-	-
(27)	(7)
(9)	(20)
<u>(36)</u>	<u>(27)</u>

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8. CURRENT ASSETS

8.1 Inventory categories

Fuel	
Spares	
Fertilizers and chemicals	
Other	
Gross Inventories	
Less collectively assessed provision for slow moving and obsolete items	
Net Inventories	

COMPANY		GROUP	
2014	2013	2014	2013
\$M	\$M	\$M	\$M
98	148	98	148
1,834	2,075	1,834	2,075
521	638	521	638
1,288	1,308	1,288	1,308
3,741	4,170	3,741	4,170
(346)	(348)	(346)	(348)
3,395	3,824	3,395	3,824

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 \$1,500M (2013 - \$582M).

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	
2014	2013	2014	2013
\$M	\$M	\$M	\$M
10,792	7,364	10,817	7,365
(5,503)	3,427	(5,479)	3,432
5,289	10,792	5,338	10,817

Standing Cane by Age

Age of Cane	COMPANY		GROUP	
	2014 Hectares	2013 Hectares	2014 Hectares	2013 Hectares
1-5 Months	27,883	24,921	25,483	25,202
6 Months	1,159	2,877	2,877	2,877
7 Months	179	920	920	920
8 Months	3,225	989	1,012	1,012
9 Months	4,540	2,177	2,200	2,177
10 Months	4,854	4,861	4,797	4,729
11 Months	1,843	3,075	3,075	3,075
12 Months	1,137	5,567	5,567	5,567
	44,420	45,188	45,932	46,660

COMPANY		GROUP	
2014	2013	2014	2013
\$M	\$M	\$M	\$M
-	-	-	-
42	152	42	152
14	108	14	108
448	200	448	200
1,306	916	1,357	944
2,079	2,928	2,079	2,928
805	2,209	805	2,209
598	4,279	596	4,279
5,289	10,791	5,339	10,817
\$ 71,885	\$ 105,381	\$ 71,885	\$ 105,381

Farmers' price per tonne of sugar

	COMPANY		Standing Cane Value (Farmers Price@TS Value)
	Farmers' Prices	Tones Sugar (TS) Values	
2014	71,885	73,555	5,287,505,488
2013	105,381	102,418	10,790,908,098
			(5,503,400,608)

The value of standing cane decreased significantly by 51% due to decreased cane farmers' prices and tonnes sugar value derived from standing cane.

8.3 Product stock categories

Sugar	
Molasses	
Livestock	

COMPANY		GROUP	
2014	2013	2014	2013
\$M	\$M	\$M	\$M
794	806	794	806
498	516	498	516
15	15	15	15
1,305	1,137	1,305	1,137

9. CASH AND CASH EQUIVALENTS

9.1 Cash on hand and at bank

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

241	2,471	268	2,497
508	3,075	508	3,075
6	25	6	25
15	1	15	1
770	5,572	797	5,698

GUYANA SUGAR CORPORATION INC.

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9. CASH AND CASH EQUIVALENTS (cont'd)

9.2 Bank overdraft (secured)

	COMPANY		GROUP	
	2014 \$M	2013 \$M	2014 \$M	2013 \$M
Guyana Dollar(a)	2,044	3,114	2,044	3,114
(a) These comprised of:-				
(i) Guyana Bank for Trade and Industry Limited	1,290	1,215	1,290	1,215
(ii) Republic Bank Guyana Limited	243	49	243	49
(iii) Demerara Bank Limited	269	1,507	269	1,507
(iv) Bank of Nova Scotia	242	344	242	344
	2,044	3,114	2,044	3,114

Securities held consist of

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

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

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

- Over properties at Plantation Le Ressouvenir and Plantation Success both of East Coast Demerara.

(b) Interest rates are as follows:-

	GROUP	
	2014	2013
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

	COMPANY		GROUP	
	2014 \$M	2013 \$M	2014 \$M	2013 \$M
11.1 Revaluation reserve				
Revaluation of fixed assets	50,849	50,849	50,849	50,849

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

11.2 Other reserves

	COMPANY		GROUP	
	2014 \$M	2013 \$M	2014 \$M	2013 \$M
1. Amounts received by the Corporation from the Sugar Industry Special Funds for rehabilitation work carried out on the Corporation's factories.	25	25	25	25
2. Monies received from the Government of Guyana for the purpose of financing projects in the Corporation's diversification programme.	18	18	18	18
3. The value of the net assets of Guyana Agricultural Products Corporation and Demerara Sugar Company Limited which were acquired by the Government of Guyana and transferred to the Corporation. During 2002 \$14M was capitalised as equity.	2	2	2	2
4. Adjustment of investments to reflect fair value	348	354	348	354
	393	399	393	399

GUYANA SUGAR CORPORATION INC.

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12. DEFERRED INCOME

	COMPANY		GROUP	
	2014 \$M	2013 \$M	2014 \$M	2013 \$M
Income from European Union	2,497	2,576	2,497	2,576
Income from Government of Guyana	4,224	-	4,224	-
	<u>6,721</u>	<u>2,576</u>	<u>6,721</u>	<u>2,576</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.

Also included in deferred income is G\$6BN, received from the Government of Guyana in 2014 for tillage and planting. Deferred income is being transferred to the Statement of Comprehensive Income on an annual basis based on total tillage and planting costs.

13. BORROWINGS

	COMPANY		GROUP	
	2014 \$M	2013 \$M	2014 \$M	2013 \$M
13.1 Current				
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)	4,549	3,771	4,549	3,771
c) Government of Guyana Debenture	144	144	144	144
Total current loans	<u>4,834</u>	<u>4,056</u>	<u>4,834</u>	<u>4,056</u>
13.2 Non Current				
a) Government of Guyana Drainage and Irrigation financed by CDB	688	687	688	687
b) Government of Guyana SSMP	15,489	15,471	15,489	15,471
c) Government of Guyana SSMP financed by CDB	5,544	5,493	5,544	5,493
d) Government of Guyana SSMP financed by EXIM Bank	8,255	8,245	8,255	8,245
Total non-current loans	<u>29,977</u>	<u>28,896</u>	<u>29,977</u>	<u>28,896</u>
Repayments due in one year and included in current liabilities	<u>4,834</u>	<u>4,056</u>	<u>4,834</u>	<u>4,056</u>
Repayment due within 2-5 years	5,981	5,981	5,981	5,981
Repayment due after five years	23,996	23,915	23,996	23,914
	<u>29,977</u>	<u>28,896</u>	<u>29,977</u>	<u>28,896</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\$5,028,395. 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\$435M. Funds were also received as a short term line of credit from NCB Jamaica Limited totaling \$3,905M.

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

14 Amounts due to related parties

Lochaber
 Government of Guyana - Lease rentals
 Sugar Industry Labour Welfare Fund

COMPANY		GROUP	
2014	2013	2014	2013
\$M	\$M	\$M	\$M
(258)	(217)	-	-
331	388	331	368
1,284	1,168	1,284	1,168
1,337	1,318	1,695	1,536

Total rent payable for the lease lands to the Government of Guyana was \$331.2M(2013 - \$387.7M), no payment was made in 2014, whilst the amount paid in 2013 was \$7.3M.

Total levies payable to Sugar Industry Welfare Fund was \$1,577M whilst claims made by Guysuco for work done on behalf of the welfare was \$313M. No payments were made during the year.

14 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:

Short term employee benefit

COMPANY		GROUP	
2014	2013	2014	2013
\$M	\$M	\$M	\$M
	406	-	406

14.2.2 Directors' fees and expenses

	COMPANY				GROUP			
	2014		2013		2014		2013	
	Fees	Expenses	Fees	Expenses	Fees	Expenses	Fees	Expenses
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Directors								
Mrs. Geeta Singh -Knight	71	-	71	-	71	-	71	-
Dr. Rajendra Singh	69	-	91	1,426	69	-	91	1,426
Mr. Kelth Burrowes	71	-	71	-	71	-	71	-
Dr. Dindyal Permaul	71	-	71	-	71	-	71	-
Mr. Badrie Persaud	71	-	71	-	71	-	71	-
	354	-	374	1,426	354	-	374	1,426

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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16. EMPLOYEES RETIREMENT BENEFITS - not updated

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 2014 by Bacon Woodrow & De Souza. The present valuation of the defined benefit obligation and the related current service cost were measured by the actuaries at 31 December 2014 using the Projected Unit Credit Method.

	2014				2013			
	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
15.1 The amounts recognized in the Statement of Financial Position are as follows:								
Present value of defined benefit obligation	574	11,945	30,054	42,573	574	11,459	28,347	40,380
Fair value of assets		(10,852)		(10,852)		(11,119)		(11,119)
(Surplus)/Deficit	574	1,093	30,054	31,721	574	341	28,347	29,262
Effect of Asset Ceiling		-	-			-	-	
Net defined benefit liability/(Asset)	574	1,093	30,054	31,721	574	341	28,347	29,262
15.2 Reconciliation of opening and closing defined benefit liability								
Defined benefit liability at the beginning of the year	574	341	28,347	29,262	574	565	27,580	28,719
Unrecognised gain/(loss) 2012				-		444	(249)	195
Opening Defined Benefit Liability/(Asset)	574	341	28,347	29,262	574	1,009	27,331	28,814
Net Pension Cost		507	2,829	3,335		498	2,757	3,255
Re-measurements		245	(378)	(132)		(814)	(1,061)	(1,875)
Less company contribution/benefits paid			(743)	(743)		(351)	(681)	(1,032)
Closing defined benefit liability/(Asset)	574	1,093	30,054	31,721	574	341	28,347	29,262
15.3 The amounts recognized as staff costs in the Statement Of income are as follows:								
Current service cost		490	1,150	1,640		451	1,137	1,589
Net interest on net defined benefit liability/(Asset)		16	1,679	1,695		48	1,620	1,688
Net Pension Cost	-	507	2,829	3,335	-	498	2,757	3,255
15.4 Actual return on Plan Assets								
Expected return on Plan assets		(478)	-	(478)		593	-	593
Actuarial (Gain)/loss on Plan Assets/ Interest income		654	-	654		595	-	595
Actual return on Plan Assets	-	177	-	177	-	1,188	-	1,188
15.5 Actuarial assumptions								
(i) Funded Scheme						2014		2013
Discount rate						6%		6%
Salary increases						6%		6%
Pension increases						2%		2%
Rate of return on Pension Plan assets						6.5%		6.5%
(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				
	2014	2013	2012	2011	2010	2014	2013	2012	2011	2010
	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	G\$ 000	RESTATED	G\$ 000	G\$ 000
Experience History										
Defined benefit obligation	30,054	28,347	27,331	26,117	21,227	11,945	11,459	10,899		
Fair Value Plan Assets	-	-	-	-	-	(10,852)	(11,119)	(9,890)		
(Surplus)/Deficit	30,054	28,347	27,331	26,117	21,227	1,093	341	1,009		
Experience Adjustment on Plan Liabilities	(378)	(1,061)	(818)	(3,259)	2,255	-232	-221	-448		
Experience Adjustment on Plan Assets	-	-	-	-	-	654	595	532		
Expected Company Contributions in 2015										
						781				774

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 2015

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15. EMPLOYEES RETIREMENT BENEFITS (cont'd) - not updated

15.6 Asset Allocation

	<u>2014</u>	<u>2013</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>2014</u> \$M	<u>2013</u> \$M	<u>2014</u> \$M	<u>2013</u> \$M
Revenue by products				
Sugar	20,227	26,464	20,227	26,464
Molasses	2,692	2,641	2,692	2,641
Co-generation Electricity	241	242	241	242
Total Sales	<u>23,160</u>	<u>29,347</u>	<u>23,160</u>	<u>29,347</u>
Revenue by major markets				
Europe	14,425	20,477	14,425	20,477
North America	1,356	2,051	1,356	2,051
Caribbean	3,281	2,118	3,281	2,118
Guyana	4,021	4,605	4,021	4,605
Other Markets	77	97	77	97
	<u>23,160</u>	<u>29,347</u>	<u>23,160</u>	<u>29,347</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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	COMPANY		GROUP	
	2014 \$M	2013 \$M	2014 \$M	2013 \$M
17. LOSS BEFORE TAXATION				
After charging -	(22,335)	(2,959)	(22,345)	(3,035)
Employment Costs				
Wages and salaries				
Social security contributions	22,565	19,052	22,565	19,052
Employees retirement benefits	1,288	1,139	1,288	1,139
Materials and services purchased		543	-	543
Research and development expenses	10,835	12,105	10,835	12,105
Directors' fees & expenses	161	194	161	194
Depreciation	1	2	1	2
Auditors' remuneration-audit services	4,433	5,028	4,433	5,028
Interest expense -	10	10	10	10
After crediting	504	432	504	407
Available for sale Income (Republic Bank dividends)	17	3	17	3
18. TAXATION - not updated				
Reconciliation of corporation tax expense and accounting loss:				
Accounting loss	(22,335)	(2,959)	(22,345)	(3,035)
Corporation tax @30%	(6,701)	(888)	(6,704)	(911)
Add: Tax effect of expenses not deductible in determining taxable profits				
Depreciation for accounting purposes	1,329	1,509	1,330	1,508
Defined benefit pension cost	738	163	738	163
Deduct:	(4,635)	784	(4,636)	761
Depreciation for tax purposes	(2,783)	(1,048)	(2,783)	(1,048)
Standing Cane	(1,651)	(1,028)	(1,651)	(1,028)
Tax losses	2,464	(7,403)	2,455	(7,402)
Corporation Tax	(6,605)	(6,695)	(6,615)	(6,717)
Deferred Tax	(6,605)	(6,695)	(6,615)	(6,717)
Property Tax - current year	(6,605)	(6,695)	(6,615)	(6,717)
Taxation - current	(6,605)	(6,695)	(6,615)	(6,717)
- deferred	-	-	-	-
	(6,605)	(6,695)	(6,615)	(6,717)

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

FOR THE YEAR ENDED DECEMBER 31, 2014

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

COMPANY

ASSETS	2014			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
	\$M	\$M	\$M	\$M
Investments	372	-	-	372
Trade receivables	-	2,271	-	2,271
Other receivables and prepayments	-	3,254	-	3,254
Cash on hand and at bank	-	-	770	770
Total assets	372	5,525	770	6,667
LIABILITIES				
Employees retirement benefit	-	-	31,721	31,721
Trade payables	-	-	9,563	9,563
Other payables	-	-	12,328	12,328
Related parties	-	-	1,337	1,337
Borrowings	-	-	34,811	34,811
Taxation	-	-	2,623	2,623
Bank overdraft(secured)	-	-	2,044	2,044
Total liabilities	-	-	94,428	94,428

ASSETS	2013			
	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
	\$M	\$M	\$M	\$M
Investments	378	-	-	378
Trade receivables	-	2,332	-	2,332
Other receivables and prepayments	-	3,093	-	3,093
Cash on hand and at bank	-	-	5,572	5,572
Total assets	378	5,425	5,572	11,375
LIABILITIES				
Employees retirement benefit	-	-	29,262	29,262
Trade payables	-	-	5,223	5,223
Other payables	-	-	13,416	13,416
Related parties	-	-	1,318	1,318
Borrowings	-	-	33,952	33,952
Taxation	-	-	2,623	2,623
Bank overdraft(secured)	-	-	3,114	3,114
Total liabilities	-	-	88,909	88,909

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

19. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

GROUP
2014

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
	\$M	\$M	\$M	\$M
ASSETS				
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	372	5,588	797	6,757
LIABILITIES				
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	-	-	94,702	94,701

2013

	Available for sale	Loans and Receivables	Financial Assets and Liabilities at Amortised cost	Total
	\$M	\$M	\$M	\$M
ASSETS				
Investments	378	-	-	378
Trade receivables	-	2,355	-	2,355
Other receivables and prepayments	-	3,093	-	3,093
Taxes recoverable	-	34	-	34
Cash on hand and at bank	-	-	5,598	5,598
Total assets	378	5,482	5,598	11,458
LIABILITIES				
Employees retirement benefit	-	-	29,262	29,262
Trade payables	-	-	5,225	5,225
Other payables	-	-	13,416	13,416
Related parties	-	-	1,536	1,536
Borrowings	-	-	33,952	33,952
Taxation	-	-	2,636	2,636
Bank overdraft(secured)	-	-	3,114	3,114
Total liabilities	-	-	89,141	89,141

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	COMPANY		GROUP	
	2014	2013	2014	2013
	\$M	\$M	\$M	\$M
Expenditure authorised by the Directors				
Capital expenditure	6,134	4,178	6,134	4,178

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 \$183M (2013 \$1,176M)

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

22. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

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

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

(a) Market Risk

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

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

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

(i) Foreign currency risk

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

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

	Group 2014			
	US Dollar	GBP	Euro	Total
	\$M	\$M	\$M	\$M
Assets	1,029	6	25	1,060
Liabilities	(5,314)	(210)	(1)	(5,524)
Net Asset/(liability)	(4,286)	(204)	24	(4,465)
	Group 2013			
Assets	3,249	25	446	3,721
Liabilities	(2,811)	(229)	-	(3,040)
Net Asset/(liability)	438	(203)	446	681

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	\$M	\$M	\$M	\$M	\$M	\$M
Profit/(loss)	(214.28)	21.91	(10.18)	(10.17)	1.22	22.30

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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	2014					
		Maturing				Non - interest bearing	Total
		Within 1Year	1 to 5 years	Over 5 years	Non - interest bearing		
		\$M	\$M	\$M	\$M	\$M	
Assets							
Investments		-	-	-	372	372	
Trade receivables					2,271	2,271	
Other receivables and prepayments		-	-	-	3,254	3,254	
Cash and cash equivalents	3.75	770	-	-	-	770	
		<u>770</u>	<u>-</u>	<u>-</u>	<u>5,897</u>	<u>6,667</u>	
Liabilities							
Employees retirement benefits		-	-	-	31,721	31,721	
Trade payables		-	-	-	9,563	9,563	
Other payables					12,328	12,328	
Related parties		-	-	-	1,337	1,337	
Borrowings	8.50	4,834	5,981	23,996	-	34,811	
Taxation		-	-	-	2,623	2,623	
Bank overdraft(secured)	8.50	2,044	-	-	-	2,044	
		<u>6,878</u>	<u>5,981</u>	<u>23,996</u>	<u>57,573</u>	<u>94,427</u>	
Interest sensitivity gap		<u>(6,108)</u>	<u>(5,981)</u>	<u>(23,996)</u>			
2013							
Maturing							
<u>COMPANY</u>		Within 1 Year	1 to 5 years	Over 5 years	Non- interest bearing	Total	
		\$M	\$M	\$M	\$M	\$M	
Assets							
Investments		-	-	-	378	378	
Trade receivables		-	-	-	2,332	2,332	
Other receivables and prepayments					3,093	3,093	
Cash and cash equivalents	3.75	5,572	-	-	-	5,572	
		<u>5,572</u>	<u>-</u>	<u>-</u>	<u>5,803</u>	<u>11,375</u>	
Liabilities							
Employees retirement benefits		-	-	-	29,262	29,262	
Trade payables		-	-	-	5,223	5,223	
Other payables					13,416	13,416	
Related parties		-	-	-	1,318	1,318	
Borrowings	8.50	4,056	5,981	23,915	-	33,952	
Taxation		-	-	-	2,623	2,623	
Bank overdraft(secured)	8.50	3,114	-	-	-	3,114	
		<u>7,170</u>	<u>5,981</u>	<u>23,915</u>	<u>51,843</u>	<u>88,908</u>	
Interest sensitivity gap		<u>(1,598)</u>	<u>(5,981)</u>	<u>(23,915)</u>			

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

22. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk

GROUP	effective average interest rate	2014				Total \$M
		Maturing				
		Within 1Year \$M	1 to 5 years \$M	Over 5 years \$M	Non - Interest bearing \$M	
Assets						
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
		<u>797</u>	<u>-</u>	<u>-</u>	<u>5,960</u>	<u>6,757</u>
Liabilities						
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	5,981	23,997	-	34,811
Taxation		-	-	-	2,637	2,637
Bank overdraft(secured)	8.50	2,044	-	-	-	2,044
		<u>6,878</u>	<u>5,981</u>	<u>23,997</u>	<u>57,846</u>	<u>94,701</u>
Interest sensitivity gap		<u>(6,081)</u>	<u>(5,981)</u>	<u>(23,997)</u>		

GROUP		2013				Total \$M
		Maturing				
		Within 1 Year \$M	1 to 5 years \$M	Over 5 years \$M	Non- Interest bearing \$M	
Assets						
Investments		-	-	-	378	378
Trade receivables					2,355	2,355
Other receivables and prepayments		-	-	-	3,093	3,093
Tax recoverable		-	-	-	34	34
Cash and cash equivalents	3.75	5,598	-	-	-	5,598
		<u>5,598</u>	<u>-</u>	<u>-</u>	<u>5,860</u>	<u>11,458</u>
Liabilities						
Employees retirement benefits		-	-	-	29,262	29,262
Trade payables					5,225	5,225
Other payables		-	-	-	13,416	13,416
Related parties		-	-	-	1,536	1,536
Borrowings	8.50	4,056	5,981	23,915	-	33,952
Taxation		-	-	-	2,636	2,636
Bank overdraft(secured)	8.50	3,114	-	-	-	3,114
		<u>7,170</u>	<u>5,981</u>	<u>23,915</u>	<u>52,075</u>	<u>89,141</u>
Interest sensitivity gap		<u>(1,572)</u>	<u>(5,981)</u>	<u>(23,915)</u>		

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

22 FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market Risk (cont'd)

(ii) Interest rate risk cont'd

(ii) Interest rate sensitivity analysis

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

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

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

This impact is illustrated on the following table:

		Impact on loss for the year			
		<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		G\$M	G\$M	G\$M	G\$M
	Increase/ decrease in basis point				
Cash & cash equivalent	+ /-50	8	56	8	56
Borrowings	+ /-50	369	371	369	371

(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
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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 2014					Total \$M
	Maturing					
	on demand \$M	due in 3 months \$M	due 3 - 12 months \$M	2 to 5 years \$M	Over 5 years \$M	
Assets						
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
Total assets	3,739	2,612	34	-	372	6,757
Liabilities						
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
Total liabilities	23,937	-	9,066	5,981	55,717	94,701
Net asset/(liabilities)	(20,198)	2,612	(9,032)	(5,981)	(55,345)	(87,944)

GUYANA SUGAR CORPORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

22. FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	GROUP 2013					
	Maturing					
	Within 1 year					
	on	due in	due 3 - 12	2 to 5	Over	Total
	demand	3 months	months	years	5 years	Total
	\$M	\$M	\$M	\$M	\$M	\$M
Assets						
Investments	-	-	-	-	378	378
Trade receivables	1,047	1,308	-	-	-	2,355
Other receivables and prepayments	1,832	1,261	-	-	-	3,093
Taxes recoverable	-	-	34	-	-	34
Cash on hand and at bank	5,598	-	-	-	-	5,598
Total assets	8,477	2,569	34	-	378	11,458
Liabilities						
Employees retirement benefits	-	-	-	-	29,262	29,262
Trade payables	5,225	-	-	-	-	5,225
Other payables	13,416	-	-	-	-	13,416
Related parties	-	-	1,536	-	-	1,536
Borrowings	-	-	4,056	5,981	23,915	33,952
Taxation	-	-	2,636	-	-	2,636
Bank overdraft(secured)	3,114	-	-	-	-	3,114
Total liabilities	21,755	-	8,227	5,981	53,177	89,141
Net asset/(liabilities)	(13,278)	2,569	(8,193)	(5,981)	(52,799)	(77,683)

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:

	<u>Company</u>		<u>Group</u>	
	<u>Maximum exposure</u>		<u>Maximum exposure</u>	
	2014	2013	2014	2013
	\$M	\$M	\$M	\$M
Cash on hand and at bank	770	5,572	797	5,598
Investments	372	378	372	378
Investment in subsidiary	22	22	-	-
Trade, other receivables and prepayments	5,525	5,425	5,554	5,448
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.

	<u>Company</u>		<u>Group</u>	
	2014	2013	2014	2013
	\$M	\$M	\$M	\$M
Trade and other receivables (excluding prepayments)	4,727	4,286	4,756	4,309

The above balances are classified as follows:

Current	1,400	498	1,400	498
Past due but not impaired	3,327	3,788	3,356	3,811
	<u>4,727</u>	<u>4,286</u>	<u>4,756</u>	<u>4,309</u>

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

Past Due up to 29 days	1,953	2,048	1,953	2,072
Past Due 30 - 59 days	290	693	290	693
Past Due 60 - 89 days	153	128	153	128
Past Due 90 - 179 days	18	98	18	98
Past Due over 180 days but less than 1 year	135	135	135	135
Past Due more than 1 year	793	695	793	695
	<u>3,342</u>	<u>3,796</u>	<u>3,342</u>	<u>3,820</u>
Collectively assessed provision for bad debts	(15)	(8)	(15)	(8)
	<u>3,327</u>	<u>3,788</u>	<u>3,327</u>	<u>3,812</u>

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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 2013.

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	
	2014 \$M	2013 \$M	2014 \$M	2013 \$M
Debt (i)	36,855	37,066	36,855	37,066
Cash in hand and at bank	(770)	(5,572)	(797)	(5,598)
Net debt	36,085	31,494	36,058	31,468
Equity (ii)	22,434	38,170	22,380	38,080
Net debt to equity ratio	0.82:1	0.83:1	0.82:1	0.83:1

(i) Debt is defined as long- and short-term borrowings and bank overdraft.

(ii) Equity includes all capital and reserves of the Group.

24. Basic (loss) / earnings per share

	COMPANY	
	2014 \$	2013 \$
(Loss) / profit for the year	(15,729,735,598)	5,736,304,570
Ordinary share issued and fully paid	Units 10,799,571,775	Units 10,799,571,775
Basic (loss) / profit per share	(1.46)	0.53
GROUP		
	2014	2013
(Loss) / profit attributable to equity holders of the parent	(15,720,913,710)	5,702,336,190
Ordinary share issued and fully paid	10,799,571,775	10,799,571,775
Basic (loss) / profit per share	(1.46)	0.53

GUYANA SUGAR CORPORATION INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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

	GROUP 2014		GROUP 2013	
	<u>Carrying Value</u> \$M	<u>Fair Value</u> \$M	<u>Carrying Value</u> \$M	<u>Fair Value</u> \$M
Financial assets				
Available for sale investments	372	372	378	378
Trade receivables	2,300	2,300	2,355	2,355
Other receivables and prepayments	3,254	3,254	3,093	3,093
Taxes Recoverable	34	34	34	34
Cash and cash equivalents	797	797	5,598	5,598
	<u>6,757</u>	<u>6,757</u>	<u>11,458</u>	<u>11,458</u>
Financial liabilities				
Employee retirement benefits	31,721	31,721	29,262	29,262
Trade payables	9,565	9,565	5,225	5,225
Other payables	12,328	12,328	13,416	13,416
Related Parties	1,595	1,595	1,536	1,536
Borrowings	34,811	34,811	33,952	33,952
Taxation	2,637	2,637	2,636	2,636
Bank overdraft(secured)	2,044	2,044	3,114	3,114
	<u>94,701</u>	<u>94,701</u>	<u>89,141</u>	<u>89,141</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,