



STERLING  
PRODUCTS LIMITED

# 2021 ANNUAL REPORT





# || MIGHTY Foam

## INDUSTRIAL CLEANERS





**STERLING**  
**SUPER SOAP**  
*hand wash liquid*  
with moisturizer



## MISSION STATEMENT:

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To be the leading manufacturer and distributor of quality food and chemical products by utilizing skilled human resources and environmentally friendly technology whilst embarking on new opportunities through diversification and growing the existing revenue streams locally and internationally.

## VISION:

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Sterling Products Limited, a socially responsible and environmentally sustainable company, with the highest annual turnover in the Manufacturing and Distribution Sectors in Guyana by 2025.

## CORPORATE VALUES:

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We will maintain excellent customer loyalty.

We will foster a collaborative relationship with our suppliers and distributors.

We will maintain high ethical standards of conduct and good corporate citizenship at all times.

We will continue to maintain and encourage team effort at all levels and at the same time foster a challenging, rewarding, caring and safe environment for our employees.

We will earn sufficient profit to provide and sustain shareholders with acceptable financial returns and allow for investment in the future.

We will endeavor to use environmentally friendly products and processes.



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*Have  
an  
Ice Cream  
Chocolate  
day...*

**100%  
heavenly  
cocoa**



# NOTICE OF MEETING

THE SIXTY-SEVENTH - 67th ANNUAL GENERAL MEETING (AGM) OF STERLING PRODUCTS LIMITED (SPL) has been scheduled for Wednesday April 27th, 2022 at 16:00 hrs at the GBTI Building, Young & High Streets, Kingston, Georgetown.

Pursuant to an Order of Court dated February 17th, 2022, the Annual General Meeting (AGM) of the shareholders of Sterling Products Limited is being held in a manner compliant with mandatory COVID-19 control. Consequently, the AGM shall be held in a hybrid format using a combination of person attendance and attendance by electronic means to facilitate the calling, holding and conducting of the aforesaid scheduled AGM.

The Sterling Products Limited's Zoom virtual meeting platform would be used to allow members to attend the AGM by electronic means. The attendance of members would be recorded over Sterling Products Limited 's Zoom virtual meeting platform.

Motions may be submitted and seconded over the virtual meeting platform and votes may be cast by members participating over the virtual meeting platform on a show of hands or on a poll, by the members choosing from the options, "in favour", "opposed" or "abstain". The access code for the electronic/ virtual meeting platform and instructions to shareholders have been mailed to shareholders together with the Notice of AGM.

## AGENDA

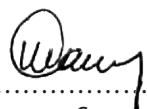
The following matters will be considered at the AGM:

1. To receive and consider the Company's Financial Statements for the year ended December 31st, 2021, the reports of the Directors and Auditors thereon.
2. To declare a final dividend of G\$6.50 per share for financial year 2021.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To appoint Auditors and to authorise the Directors to fix their remuneration.

Physical attendance of all Members would not be possible due to Covid – 19 restrictions and safety-precautions. Members would nevertheless be facilitated to fully participate in the Meeting remotely by electronic means, as stated above.

If you do not receive this notice for the meeting by post, please make contact with the Finance Controller/Company Secretary at least 48 hours prior to the Annual General Meeting at [msammy@sterlingguyana.com](mailto:msammy@sterlingguyana.com)

BY ORDER OF THE BOARD:



.....  
Company Secretary  
Mahindra Sammy  
February 22nd, 2022

REGISTERED OFFICE:  
Providence  
East Bank Demerara

## CLOSURE OF SHARE REGISTER

Please be advised that the Register of Members of Sterling Products Limited will be closed for the period April 7th – April 27th, 2022 both days inclusive.

## **DIRECTORS**

Mr. Andrew M. F. Pollard S.C.-  
Chairman  
Mr. Raymond Ramsaroop  
Mr. Paul Christopher Cheong  
Mr. Suresh Edward Beharry  
Ms. Anna Lisa Fraser-Phang  
Mr. Edward Anand Beharry

## **MANAGEMENT**

Mr. Ramsay Ali A.A, B.Sc -  
Chief Executive Officer

Mahindra Sammy FCCA -  
Finance Controller/  
Company Secretary

Mr. Devanand Lalgie B.Sc, ACIS -  
Manufacturing Manager

Mr. Dwayne Yan -  
Export Sales Manager

Mr. Robert A. Ross B.Sc., MBA, MSc -  
Quality Assurance/  
Strategic Business Manager

Mr. Richard Leo ACCA Finalist -  
Audit Manager

Mr. Earle Aaron B.Sc -  
Sales Manager

Ms. Yvette Fiedtkou B.Sc, MBA -  
Human Resources Manager

Mr. Chetram Persaud B.Sc -  
Engineering Services Manager



# CORPORATE INFORMATION

## **AUDITORS**

TSD Lal & Co.  
Chartered Accountants  
77 Brickdam, Stabroek,  
Georgetown, Guyana

## **ATTORNEYS-AT-LAW**

Messrs Cameron & Shepherd  
2 Avenue of the Republic  
Georgetown, Guyana

## **BANKERS**

Morgan Stanley  
399 Park AVE 12th FL  
New York, NY 10022  
USA

Guyana Bank for Trade & Industry Ltd.  
47-48 Water Street, Georgetown, Guyana

Republic Bank (Guyana) Limited  
38-40 Water Street, Georgetown, Guyana

Bank of Nova Scotia  
104 Carmichael Street,  
Georgetown, Guyana

Demerara Bank Limited  
230 Camp & South Streets,  
Georgetown, Guyana



# BOARD OF DIRECTORS



▶ Mr. Andrew M. F. Pollard S.C.  
- Chairman



▶ Mr. Paul Christopher Cheong



▶ Mr. Suresh Edward Beharry



▶ Mr. Raymond Ramsaroop



▶ Mr. Edward Anand Beharry



▶ Ms. Anna Lisa Fraser-Phang





# MANAGEMENT TEAM

## Left Down

**Ramsay Ali** - Chief Executive Officer

**Robert A. Ross** - Quality Assurance/Strategic Business Manager

**Earle Aaron** - Sales Manager

## Middle Down

**Mahindra Sammy** - Finance Controller/ Company Secretary

**Yvette Fiedtkou** - Human Resources Manager

**Dwayne Yan** - Export Sales Manager

## Right Down

**Devanand Lalgie** - Manufacturing Manager

**Richard Leo** - Audit Manager

**Chetram Persaud** - Engineering Services Manager

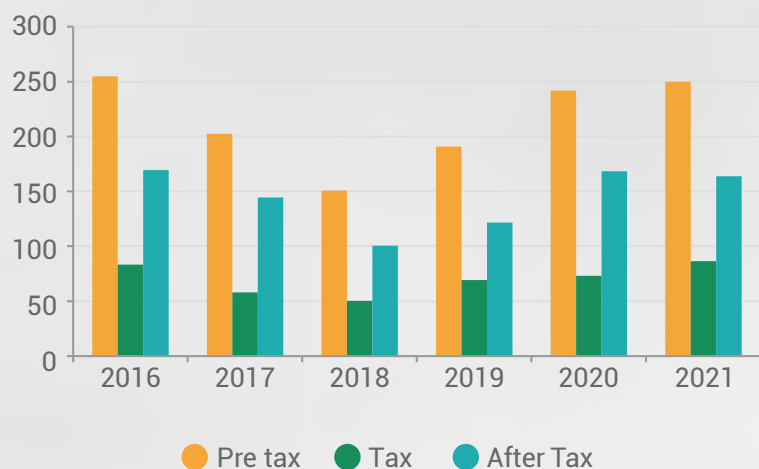


**STERLING PRODUCTS LIMITED**

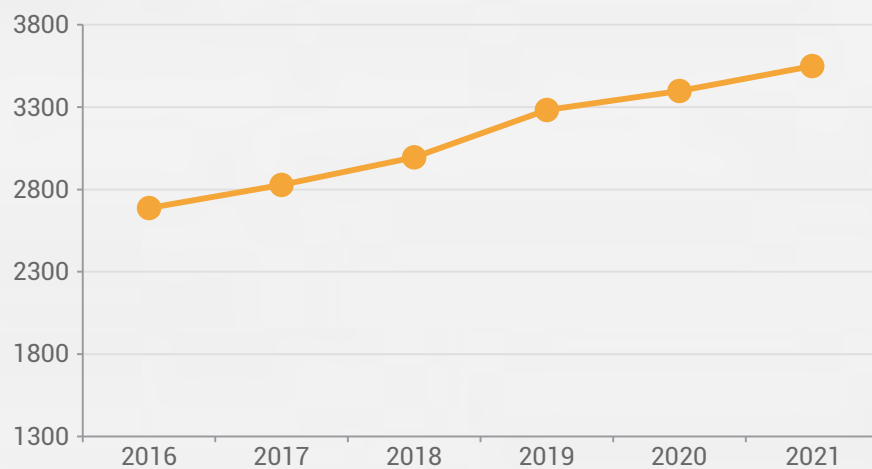
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)

# FINANCIAL HIGHLIGHTS

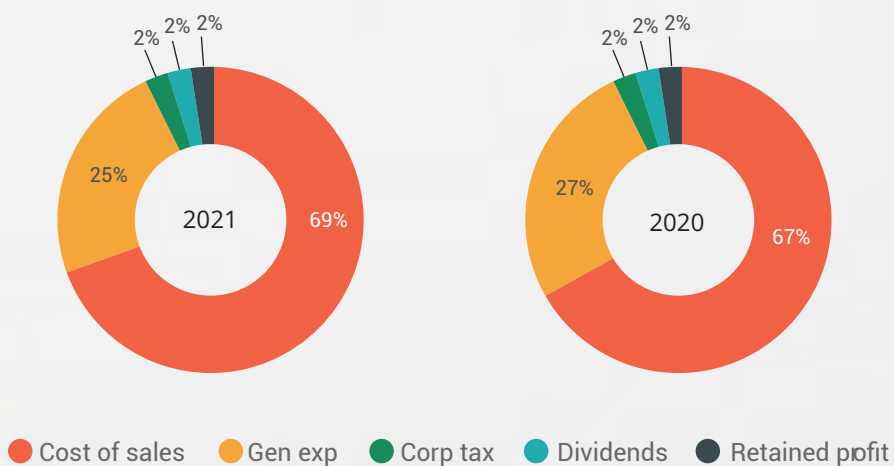
PROFITS & TAXATION (G\$ MILLIONS)



GROWTH IN SHAREHOLDERS' FUND (G\$ MILLIONS)



DISTRIBUTION OF REVENUE (Percentage %)



# REPORT FROM THE CHAIRMAN



Dear fellow Shareholders,

Once again I report to you on the performance of your company for the year ended 31 December, 2021. This year was a very challenging one for us; it was unlike any other we have experienced in recent history. Although we had major difficulties, the Company has nevertheless responded positively to the prevailing economic environment, resulting in a profitable performance for the year in review.

## GLOBAL ECONOMIC ANALYSIS

The IMF estimated a recovery of global GDP growth of 5.9% in 2021 driven by the inevitable rebound from the re-opening of countries' economies following lockdowns in 2020, thanks to vaccine

rollouts in the developed world. Global growth in 2022 is anticipated to grow by 4.4% but the omicron variant presently poses a significant threat to a truly global recovery. Rising energy prices and supply chain disruptions resulted in higher than anticipated inflation for advanced economies which had a knock-on effect in emerging and developing economies. The greatest risk to the global economy in 2022 will likely stem from inflation as policy makers battle to contain inflation levels driven by pent-up demand for goods and services together with supply-chain bottlenecks and the attendant increased shipping and logistics costs in 2022. Despite, the potential for other variants, vaccines offer a hope for a future beyond the pandemic.

## DOMESTIC ECONOMY ANALYSIS

Guyana's economy in 2021 was the fastest growing economy in Latin America and the Caribbean region. Guyana's economy registered growth of 19.9% and is forecasted to accelerate to 49.7% in 2022. We anticipate this trend to continue as a positive result of measures such as a reduction of taxes, transfers to households and increased public spending. Budget 2022 promises to bring fiscal expansion which would cause demand to increase. Budgetary measures to increase disposable income and measures to cushion inflationary effects were presented in Budget 2022. Additionally, supply side policies will serve as incentives to increase investments and expand domestic capacity in the near term. Investment for the period 2021 stood at more than GYD 200 billion signaling business confidence despite a pandemic. Guyana's agricultural sector declined by 9.1% which was attributed to floods which were the highest in more than a decade. While rice output grew by 7.8%, the output of other crops declined by

7.3% which was also attributed to torrential floods in the May - June period. These floods were widespread and led to His Excellency President Dr. Mohamed Irfaan Ali being forced to declare certain interior regions disaster areas. This caused the gold mining sector to contract by 14.8%. Overall however, Guyana's economic picture was reassuring. The quarrying and mining sector recorded growth of 36.5%. Petroleum and gas related support services grew by 46.5%. Guyana in 2021 produced an estimated 116,900 barrels of oil per day. This is anticipated to double this year with the operationalization of the second FPSO. The manufacturing sector rebounded registering growth of 3.5%. The rice and sugar manufacturing sector declined by 16.1%, but was compensated for by the contributions of other manufacturing sectors which registered a 20.7% expansion. In contrast, in 2020, the manufacturing sector had contracted by 0.2%. The services sector as of mid-year increased by 9.4%. Guyana's inflation rate for 2021 was 5.7%. Notably, food prices increased by 11.6% for the period 2021. Inflation for 2022 is anticipated at 4.1%.

## FINANCIAL PERFORMANCE

Revenue recorded was GYD 4.008 Billion compared to GYD 3.601 Billion for year 2020, an increase of GYD 406.8 Million or 11.3%. This increase in revenue arose from demand for all of our products in the local market.

Profit before taxation was GYD 250.0 Million for the year, an increase of GYD 8.2 Million or 3.4% over year 2020. After deducting income taxation charges for the year of GYD 86.4 Million (2020 tax = GYD 73.2M.), Profit after tax for the year totaled GYD 163.6 Million, a decrease of GYD 4.9 Million or 2.9% against year 2020.

“  
Total  
Comprehensive  
Income for 2021  
G\$ 242.9M  
”

Expenses were GYD 985.6 Million compared to GYD 964.1 Million for year 2020, an increase of GYD 21.5 Million or 2.2% over the previous year. The increase in expenses was due mainly to increased salaries and wages that are tied to Collective Bargaining Agreements, maintenance costs for our sales fleet, and marketing and distribution expenses. The Company also experienced significant increases in the cost of production mainly due to the escalating freight and logistics costs globally, and had to make adjustments in its operations to alleviate the effects of these increases.

# REPORT FROM THE CHAIRMAN (CONT'D)

## LIQUIDITY

The current ratio is measured at 4.7 times; this means the Company has more than adequate current resources to meet its financial obligations. Therefore, The Board of Directors is recommending that Shareholders enjoy a dividend of GYD 6.50 per share unit. This represents an increase over last year's dividend payment of GYD 0.50 per share unit.

## CORPORATE GOVERNANCE

All Directors are non-executive members of the Board. The positions of Chairman and CEO are held by separate individuals. The Audit and Risk Committee is comprised of three independent non-executive Directors and is chaired by Mr. Paul Cheong. The Audit Manager reports directly to the Chairman of the Audit and Risk Committee. This Committee meets quarterly or on a special basis to discuss matters under its purview.

The Remuneration Committee is appointed by the Board of Directors and is responsible for fixing the remuneration for Directors and all executive members of staff. This Committee is comprised of three independent non-executive Directors and is chaired by Ms. Anna Lisa Fraser-Phang. This Committee meets semi-annually.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Sterling Products Limited believes in continuous investment in human capital and has continued to support the development of Guyana's education system. During the year 2021, the Company facilitated two (2) Work Study Programmes for students attached to Youth Challenge Guyana and the Government Technical Institute. In addition, the Company provided bursaries for three (3) employees' children which consist of a monetary award.

In order to promote health and wellness the Company has a "Wellness Program" and has collaborated with the National Blood Transfusion Services to host two (2) Blood Drives for the year. We also collaborated with the Ministry of Health and conducted several on site vaccination drives so as to help to better protect our employees from the COVID-19 virus.

The Company has been actively maintaining this initiative and contributing to the well-being of employees and continues to provide Counselling Services which is being done off-site.

“ Sterling Products Limited believes in continuous investment in human capital and has continued to support the development of Guyana's education system. ”

## STRATEGY AND OUTLOOK

The economic year for the year 2021 was positive despite the pandemic. The company expects to manage emerging challenges in 2022 including high oil prices, escalating shipping costs and delays, and foreign exchange fluctuations. The company will enhance its operations efficiency, focused on delivering cash-flow from operations. Capital investments this year are intended to support ancillary infrastructure, enhance product quality and improve capacity. Measures of consolidation, improved quality processes and expansion of marketing and distribution are anticipated to generate a market return favourable to our shareholders. The company remains committed to creating long term sustainable value through innovation and market expansion. We anticipate an expansionary fiscal policy by the Guyana Government which would add to consumers' increased spending in the local economy. Additionally, Sterling Products Limited has a customer-centric focus and will pivot to meet the emerging needs of its customers. As Guyana continues to grow at a rapid pace, Sterling Products Limited intends to capitalize on new opportunities arising from increased tourism, local content legislation and downstream opportunities aligned to the company's core business.

## ACKNOWLEDGEMENTS

I would like to extend my deep appreciation to my fellow members of the Board of Directors, and to our Management and Staff for their sterling contributions and continued commitment to the success of the Company. I also take this opportunity to extend our thanks to our loyal customers and all stakeholders, and look forward to their continued patronage.

Yours sincerely,



Mr. Andrew M.F. Pollard SC,  
Chairman, Board of Directors.

# REPORT OF THE DIRECTORS

The Directors have the pleasure in submitting to the shareholders their Report and Audited Financial Statements for the year ended 31 December 2021.

## Activities

The principal activities of the Company are the Manufacturing and Marketing of Edible Fats, Detergents, Laundry Soap, Yogurt, Ice Cream and of Igloo Novelties products.

## Geographical Analysis

The company has no subsidiary operations; therefore segment reporting is prepared in accordance with the accounting standards.

	Segment Revenue		Segment Profit	
	Year Ended 2021 G\$	Year Ended 2020 G\$	Year Ended 2021 G\$	Year Ended 2020 G\$
Foods and branded food products	3,363,898,236	2,995,099,942	1,061,061,341	1,036,830,247
Cleaning Agents	638,894,031	601,274,817	145,719,108	145,873,569
Other	5,336,423	4,919,380	1,652,476	1,168,712
	<u>4,008,128,690</u>	<u>3,601,294,139</u>	<u>1,208,432,925</u>	<u>1,183,872,528</u>

## Summary Financial Results

In accordance with Regulation No. 8 of 2002, subsection 6 (n), made under the Securities Industry Act 1998, the following are disclosures of comparative financial results and of the assets and liabilities of the Company along with any changes to capital.

	2021 G\$	2020 G\$
Turnover	4,008,128,690	3,601,294,139
Expenses	985,683,216	964,051,894
Profit before taxation	250,018,624	241,760,845
Taxation	86,392,245	73,232,318
Profit for the year after taxation	163,626,379	168,528,527
Other comprehensive income net of taxes	79,296,449	30,228,328
Total comprehensive income	<u>242,922,828</u>	<u>198,756,855</u>
Assets	4,156,074,516	3,987,830,389
Liabilities-Current	295,224,689	281,489,348
Liabilities –Non-Current	311,847,427	308,633,549

## SHAREHOLDERS' EQUITY

	G\$
Balance as at 31.12.2020	3,397,707,492
Total comprehensive income for the year	242,922,828
Payment of dividends	(91,627,920)
Retained earnings carried forward	<u>3,549,002,400</u>



# REPORT OF THE DIRECTORS (CONT'D)

## Dividends

The directors recommend a final dividend of G\$6.50 per share (2020 -G\$ 6.00 per share). Dividends are recognized in the Statement of Changes in Equity when actually paid to shareholders. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting (AGM) and has not been included as a liability in these financial statements for the year.

## Interest Capitalized

In accordance with Regulation No. 8 of 2002, subsection 6 (i), made under the Securities Industry Act 1998. The Company did not have any interest that was capital in nature. The financial statements presented do not include any capitalized interest cost.

## Bank Loans and Overdrafts

In accordance with Regulation No. 8 of 2002, subsection 6 (h), made under the Securities Industry Act 1998. The company did not enter into any loan arrangement nor had any at the beginning of the year. The overdraft facilities the company had undertaken are current totaling G\$17.0M (2020- G\$ 16.9M). These facilities are secured.

## Capital Expenditures

Total Capital expenditure for the year amounted to G\$ 283.0M (2020 – G\$ 157.8M). This amount was financed from funds generated internally. The expenditure was related to investment in freezing facilities for the trade, structural enhancement, capital items of Plant and Equipment for the production departments and Motor vehicles for the operations.

## Asset Revaluation

The Company had revalued its assets in year 2019, this was done to keep in compliance with International Accounting Standards –IAS 16 Property, Plant and Equipment, a gain of G\$ 572.3M net of deferred tax was recorded in the statement of Comprehensive Income and Statement of Changes in Equity. The Directors perform impairment tests on an annual basis.

## Employee Benefits

The Actuarial valuation of the Company's Defined Benefit Pension Plan is completed as of Year-end 31 December 2020 in accordance with Section 111, (1), (2) and (3) of the Insurance Act of 1998. The status of the plan revealed that the valuation of the Scheme's assets exceeded the value of its liabilities with respect to service by G\$ 559.4M. The next Actuarial valuation is due for year ending 31 December 2023. The Company adopted the revised International Accounting Standards IAS 19-Employee Benefits resulting in modified treatment of actuarial gains and losses arising from post-retirement benefit arrangements. The IAS 19 disclosures for year ended 2021 were completed as outlined in Note 11 of this report.

## Directors

In accordance with Article 97, Ms. Anna Lisa Fraser-Phang and Mr. Raymond Ramsaroop retired from the Board and being eligible, offer themselves for re-election.

## BENEFICIAL INTEREST OF DIRECTORS, CHIEF EXECUTIVE AND THEIR ASSOCIATES

	Shares Held 31/12/2021	Shares Held 31/12/2020
Mr. Edward Anand Beharry	1	1
Mr. Paul Christopher Cheong	1	1
Mr. Suresh Edward Beharry	1	1
Mr. Raymond Ramsaroop	1	1
Mr. Andrew M.F. Pollard	1	1
Ms. Anna Lisa Fraser-Phang	5,625	5,625
Ramsay Ali A.A (2,000 shares are held jointly with associates)	3,500	3,500

# REPORT OF THE DIRECTORS (CONT'D)

## DIRECTORS CONTRACT

There are no service contracts for the Directors proposed for re-election.

At no time during the current financial year has any Director been a party to a material contract with the Company or was materially interested in any contract which was significant in relation to the Company's business.

DIRECTOR'S FEES PER ANNUM	2021 G\$	2020 G\$
Mr. Andrew.M.F. Pollard	1,800,000	950,000
Mr. Edward Anand Beharry	950,000	950,000
Mr. Paul Christopher Cheong	950,000	950,000
Mr. Suresh Edward Beharry	950,000	950,000
Mr. Raymond Ramsaroop	950,000	950,000
Ms. Anna Lisa Fraser-Phang	950,000	950,000

## SUBSTANTIAL SHAREHOLDINGS

The following held substantial interest in the Share Capital as at December 31st, 2021.

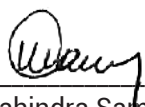
	No. of Shares	% Shareholding
Secure International Finance Co. Inc.		
2021	8,868,780	58.1
2020	8,868,780	58.1
Demerara Fire and General Insurance Company Ltd		
2021	1,098,345	7.1
2020	1,098 345	7.1

A substantial Shareholder is defined as a person entitled to exercise, or control the exercise of 5% or more of voting power of any general meeting of the issuer.

## AUDITORS

The Auditors Messrs. TSD Lal & Co. retired and being eligible, offer themselves for re-appointment.

By Order of the Board,



Mahindra Sammy  
Company Secretary  
February 22, 2022

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF STERLING PRODUCTS LIMITED  
(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 21 to 60.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sterling Products Limited as at 31 December 2021, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### Basis for opinion

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

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matter

*Valuation of defined benefit assets*

*(Refer to note 11 in the financial statements)*

The Company has recognized a net defined benefit asset of G\$ 442,575,852 as at 31 December, 2021. Defined benefit pension asset is considered a key audit matter as the assumptions that underpin the valuation of the defined benefit pension asset involve subjective judgments as the surplus balance is volatile and affects the Company's reserves. Management has obtained advice from an actuarial specialist in order to calculate this surplus, and uncertainty arises as a result of estimates made based on the Company's expectations about long-term trends and market conditions. As a result, the actual surplus realized by the Company may be significantly different to that recognized on the statement of financial position since small changes to the assumptions used in the calculation materially affect the valuation.

#### How our audit addressed the Key Audit Matter

*Our audit procedures in relation to the valuation of defined benefit assets included, but were not limited, to the following:*

- We assessed the professional competence, including the qualifications, experience and reputation of the actuary as well as reviewed the independence and objectivity of the management's expert.
- We obtained an understanding of the methodology and assumptions used by the actuary and assessed whether these were consistent with generally acceptable assumptions and prior years.
- We reviewed the source data used by the Company's actuary and performed tests to ascertain its completeness and accuracy

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

## **Key Audit Matter**

*Valuation, impairment and depreciation of property, plant and equipment*

*(Refer to note 10 (a) in the financial statements)*

Property, plant and equipment has a net book value of G\$ 1,977,645,056 as at 31 December, 2021. Property, plant and equipment is considered a key audit matter as significant management judgment was used to determine the useful life of property, plant and equipment. In addition, an annual impairment review of all property, plant and equipment was done which involved significant management judgment.

*Valuation and impairment of investments.*

*(Refer to note 12 in the financial statements)*

At 31 December 2021, investments in the Company amounted to G\$335,646,907 consisting of equity investments (G\$308,025,000) and bonds (G\$27,621,907).

Investments are considered a key audit matter because the valuation was done by management based on broker developed methods and the local stock exchange which is not considered active.

Therefore, there is significant measurement uncertainty involved in the valuation.

As a result, the valuation of these instruments was significant to our audit.

## **How our audit addressed the Key Audit Matter**

*Our audit procedures in relation to management's valuation, impairment and depreciation of property, plant and equipment included, but were not limited to, the following:*

- We assessed the appropriateness of the useful economic lives, methods and expected residual values used in depreciating assets;
- We tested depreciation rates to determine whether these were consistently applied and in line with accounting and industry standards;
- We assessed the methodology used to carry out the impairment review;
- We did verification work on additions to property, plant and equipment that were acquired during the year;
- We tested the internal controls relevant to the authorization, procurement and monitoring of property, plant and equipment.

*Our audit procedures in relation to valuation and impairment of investments included, but were not limited to, the following:*

- We obtained an understanding of the valuation methods used by management and the brokers to assess whether they were consistent with prior years, our understanding of the client and considered reasonable.
- We reviewed the Company's policy on accounting for the various categories of investments and ensuring compliance with relevant IFRS/IAS;
- We reviewed interim and audited financial statements of companies in which equity investments are held to ensure there were no going concern, no impairment of investment and fair valuation;
- We reviewed the performance of bonds to ensure no impairment of investment.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

## **OTHER INFORMATION IN THE ANNUAL REPORT**

Management is responsible for the other information. The other information comprises all the information included in the Company's 2021 annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

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

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CON'T)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with management, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our audit report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner responsible for the audit resulting in this Independent Auditor's report is Rajiv Nandalal, ACCA.

TSD Lal & Co

TSD LAL & CO.  
Chartered Accountants

February 17, 2022

77 Brickdam  
Stabroek  
Georgetown.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 G\$	2020 G\$
Revenue from contracts with customers	23	4,008,128,690	3,601,294,139
Cost of sales		<u>2,799,695,765</u>	<u>2,417,421,611</u>
Gross profit		1,208,432,925	1,183,872,528
Other income	5	<u>27,268,915</u>	<u>21,940,211</u>
		1,235,701,840	1,205,812,739
Administrative expenses		364,539,745	376,409,584
Distribution and marketing expenses		603,878,533	563,633,388
Finance costs	6 (b)	<u>17,264,938</u>	<u>24,008,922</u>
Profit for the year before taxation	6	250,018,624	241,760,845
Taxation	7 (a)	<u>86,392,245</u>	<u>73,232,318</u>
<b>Profit for the year</b>		<u>163,626,379</u>	<u>168,528,527</u>
Basic earnings per share in dollars	9	<u>10.71</u>	<u>11.04</u>

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

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 G\$	2020 G\$
<b>Profit for the year</b>		<u>163,626,379</u>	<u>168,528,527</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Gain arising on revaluation of FVTOCI financial assets		66,900,000	15,000,000
Remeasurements of defined benefit pension plan	7 (b)	<u>6,258,248</u>	<u>11,369,692</u>
		<u>73,158,248</u>	<u>26,369,692</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Gain arising on revaluation of FVTOCI financial assets	7 (b)	<u>6,138,201</u>	<u>3,858,636</u>
Other comprehensive income for the year, net of tax		<u>79,296,449</u>	<u>30,228,328</u>
<b>Total Comprehensive Income for the Year</b>		<u>242,922,828</u>	<u>198,756,855</u>

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



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital G\$	Retained earnings G\$	Capital reserve G\$	Other reserve G\$	Total G\$
<b>Balance at 31 December 2019</b>		702,480,720	1,795,239,349	572,303,468	212,919,360	3,282,942,897
<b>Changes in equity 2020</b>						
Total comprehensive income for the year		-	179,898,219	-	18,858,636	198,756,855
Payments of dividends	8	-	(83,992,260)	-	-	(83,992,260)
<b>Balance at 31 December 2020</b>		702,480,720	1,891,145,308	572,303,468	231,777,996	3,397,707,492
<b>Changes in equity 2021</b>						
Total comprehensive income for the year		-	169,884,627	-	73,038,201	242,922,828
Payments of dividends	8	-	(91,627,920)	-	-	(91,627,920)
<b>Balance at 31 December 2021</b>		702,480,720	1,969,402,015	572,303,468	304,816,197	3,549,002,400

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

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 G\$	2020 G\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10(a)	1,977,645,056	1,920,981,144
Defined benefit asset	11	442,575,852	428,235,510
Investments	12	335,646,907	262,608,706
		<u>2,755,867,815</u>	<u>2,611,825,360</u>
<b>Current assets</b>			
Inventory, stores and work-in-progress	13	989,629,016	857,434,350
Trade receivables	14(a)	254,724,456	250,041,241
Other receivables and prepayments	14(b)	64,490,001	63,150,034
Taxes recoverable		5,247,552	520,204
Fixed deposits	15	56,717,890	118,909,950
Cash on hand and at bank		29,397,786	85,949,250
		<u>1,400,206,701</u>	<u>1,376,005,029</u>
<b>TOTAL ASSETS</b>		<u>4,156,074,516</u>	<u>3,987,830,389</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	17(a)	702,480,720	702,480,720
Retained earnings		1,969,402,015	1,891,145,308
Capital reserve	17(b)	572,303,468	572,303,468
Other reserve	17(c)	304,816,197	231,777,996
Shareholders' funds		<u>3,549,002,400</u>	<u>3,397,707,492</u>
<b>Non-current liabilities</b>			
Deferred tax	7(a)	311,847,427	308,633,549
		<u>311,847,427</u>	<u>308,633,549</u>
<b>Current liabilities</b>			
Trade payables	18(a)	149,795,451	62,441,272
Other payables and accruals	18(b)	128,449,408	155,684,214
Tax liability		-	46,546,912
Bank overdraft (secured)	16	16,979,830	16,816,950
		<u>295,224,689</u>	<u>281,489,348</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,156,074,516</u>	<u>3,987,830,389</u>

These financial statements were approved by the Board of Directors on February 17, 2022.  
On behalf of the Board:



Mr. Suresh Edward Beharry - Director



Mr. Andrew M.F. Pollard - Chairman

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

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 G\$	2020 G\$
<b>Operating activities:</b>		
Profit for the year before taxation	250,018,624	241,760,845
Adjustment for -		
Interest received	(337,617)	(430,552)
Interest expense	17,264,938	24,008,922
Investment income	(2,145,892)	(2,146,929)
Foreign exchange gain	(6,840,764)	(7,189,175)
Depreciation	226,384,301	205,376,256
Depreciation- right of use asset	11,815,854	11,812,309
Gain on disposal of property, plant and equipment	(2,000,000)	(1,714,246)
Defined benefit expense	(5,996,011)	(8,251,225)
Operating profit before changes in working capital	488,163,434	463,226,205
Changes in working capital:		
Increase in inventory, stores and work-in-progress	(132,194,666)	(16,347,724)
(Increase)/decrease in trade receivables, other receivables and prepayments	(6,023,182)	178,814,317
Increase /(decrease) in trade payables, other payables and accruals	60,119,373	(32,011,841)
<b>Cash generated from operations</b>	410,064,959	593,680,957
Taxes paid/adjustment	(136,538,710)	(46,378,701)
<b>Net cash provided by operating activities</b>	273,526,249	547,302,256
<b>Investing activities:</b>		
Interest received	337,617	430,552
Interest expense	(16,275,554)	(22,487,953)
Investment income	2,145,892	2,146,929
Foreign exchange gain	6,840,764	7,189,175
Payments to acquire property, plant and equipment	(283,048,214)	(157,831,015)
Proceeds from disposal of investment	-	11,531,388
Proceeds from disposal of property, plant and equipment	2,000,000	2,150,000
<b>Net cash used in investing activities</b>	(287,999,495)	(156,870,924)
<b>Financing activities:</b>		
Dividends paid	(91,627,920)	(83,992,260)
Lease interest expense	(989,384)	(1,520,969)
Repayment of lease liability	(11,815,854)	(11,799,031)
<b>Net cash used in financing activities</b>	(104,433,158)	(97,312,260)

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**STERLING PRODUCTS LIMITED**  
**(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)**  
**PROVIDENCE, EAST BANK DEMERARA, GUYANA**