

The background of the cover is a complex, abstract composition of overlapping semi-circles and circles in various shades of blue, pink, orange, and yellow. A large, semi-transparent yellow 'S' icon is positioned in the upper right quadrant, partially overlapping the background shapes.

**2022**  
ANNUAL  
REPORT



HYDR8  
STAYS

A HEALTHY CHOICE!  
**Hydr8**  
Coconut Water  
100% COCONUT WATER


coconut water

ENERGY PER SERVING  
48kcal  
NET CONTENT  
500mL



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## VISION

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.

## MISSION STATEMENT

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.

## CORPORATE VALUES

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.





# CORPORATE INFORMATION

## **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

Mr. 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

Mrs. Maneka Jacob DIP-HRM, ABA-  
Human Resources Manager

Mr. Chetram Persaud B.Sc, PMP-  
Engineering Services Manager

Mr. Dellon Lynch B.Sc -  
Marketing Manager

## **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



# NOTICE OF MEETING

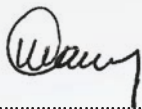
The SIXTY EIGHT (68TH) ANNUAL GENERAL MEETING OF STERLING PRODUCTS LIMITED will be held at The Guyana Marriott Hotel, Battery Road Kingston, Georgetown on Thursday 27 April 2023 at 17:00 hours.

## AGENDA

1. To receive and consider the Company's Financial Statements for the year ended December 31st, 2022, the Reports of the Directors and Auditors thereon.
2. To declare a Final Dividend of G\$6.75 per share for financial year 2022.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To appoint Auditors and to authorize the Directors to fix their remuneration.

Every member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote in his/her stead and such proxy need not be a member of the Company.

## BY ORDER OF THE BOARD



.....  
Company Secretary  
Mahindra Sammy  
February 17, 2023

## 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 06 April, 2023 to 27 April, 2023 both days inclusive.

# BOARD OF DIRECTORS



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



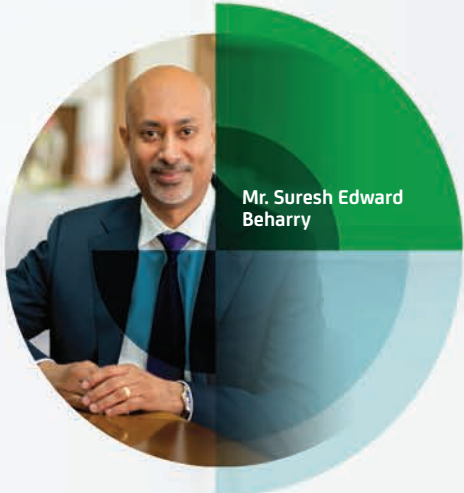
Ms. Anna Lisa  
Fraser-Phang



Mr. Edward Anand  
Beharry



Mr. Raymond  
Ramsaroop



Mr. Suresh Edward  
Beharry



Mr. Paul Christopher  
Cheong

# MANAGEMENT TEAM



**Ramsay Ali**  
Chief Executive Officer



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



**Mahindra Sammy**  
Finance Controller/  
Company Secretary



**Earle Aaron**  
Sales Manager



**Devanand Lalgie**  
Manufacturing  
Manager



**Maneka Jacob**  
Human Resources  
Manager



**Chetram Persaud**  
Engineering Services  
Manager



**Dwayne Yan**  
Export Sales Manager



**Richard Leo**  
Audit Manager

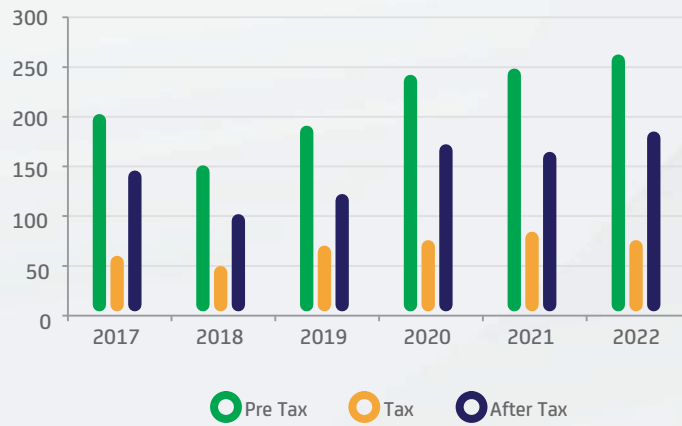


**Dellon Lynch**  
Marketing Manager



# FINANCIAL HIGHLIGHTS

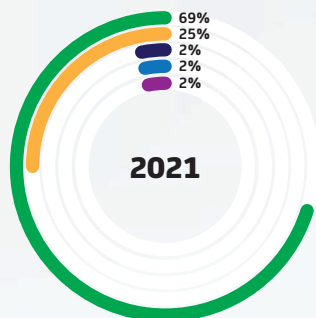
## PROFITS & TAXATION



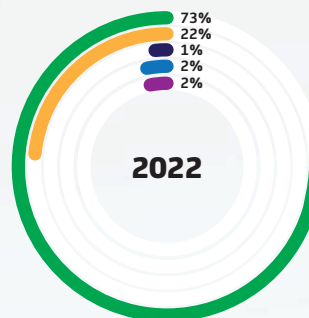
## GROWTH IN SHAREHOLDERS' FUNDS (MILLIONS)



## DISTRIBUTION OF REVENUE



## DISTRIBUTION OF REVENUE



● Cost of Sales  
 ● Gen Exp  
 ● Corp Tax  
 ● Dividends  
 ● Retained Profits



# REPORT FROM THE CHAIRMAN

“ Profit after tax for the year totaled GYD\$185.8 Million, an increase of GYD\$22.2 Million or 13.6% against year 2021. ”

**Dear fellow Shareholders,**

It is a pleasure to report to you on the performance of your Company for the year ended 31 December, 2022. On analysing the Company's performance, the year was a very challenging one for us as manufacturers. The Company has nevertheless responded positively to the prevailing economic environment, resulting in a profitable performance for the year in review.

### **GLOBAL ECONOMIC ANALYSIS**

According to the World Economic Outlook Report by the International Monetary Fund (IMF) for October 2022, the global economy continues to be buffeted by strong headwinds in the form of inflation and slow economic growth. In October 2022, the IMF estimated that global growth will decline from 6 percent in 2021 to 3.2 percent in 2022. Global growth in 2023 will raise concerns on the weakened growth rate, signalling the potential for another fiscal crisis. The world remains challenged countering the "cost of living challenge", as inflation rates globally rose to 8.8 percent in 2022. Guyana remains an outlier in a world which deals with the overhang of a global recession impacting a third of the world. Global growth prospects continue to be uncertain as economies struggle with tightening fiscal policy, the war in Ukraine and persistent COVID-19 features which continue to linger and affect supply chains especially China. These global developments threaten to raise the cost of capital and may raise risks on future investments.

### **DOMESTIC ECONOMY ANALYSIS**

Guyana's economy continues to demonstrate strong economic fundamentals, recording a phenomenal 62.5% GDP growth in 2022. Notably, the non-oil GDP grew by 7.2%. Inflation in 2022 was recorded at 9.4% driven by high food prices, shipping and demand pull tensions in the economy related to oil and gas. However, inflation is expected to decelerate with a projected reduction to 3.8% for 2023. In 2022, the manufacturing sector grew by 3.9%, while other manufacturing expanded by 2.7%. The manufacturing sector is expected to increase by 5.8% in 2023. Guyana's economic environment inspires confidence witnessing a 47.2% increase in foreign direct investment on the backs of oil related development as of mid-year 2022. Guyana's supply chain expansion for all sectors continues as expansionary fiscal policy and lower interest rates at a time of quantitative tightening globally, enables

investment locally in the medium term. The Guyana Government's welcome introduction of Local Content legislation has had an immediate impact as foreign oil and gas companies have begun to move more of their operations and personnel here, contributing to the increased demand for the Company's products.

### **FINANCIAL PERFORMANCE**

Revenue recorded was GYD4.748Bn. compared to GYD4.008 Bn. for year 2021, an increase of GYD 739.5Mn. or 18.45%! This substantial increase in revenue arose from increased demand for all of our products in the local market.

Profit before taxation was GYD 258.3 Million for the year, an increase of GYD 8.3 Million or 3.3% over year 2021. After deducting income taxation charges for the year of GYD 72.4 Million (2021 tax = GYD 86.3M.), Profit after tax for the year totaled GYD 185.8 Million, an increase of GYD 22.2 Million or 13.6% against year 2021.

Expenses were GYD1.053Bn. compared to GYD985.6Mn. for year 2021, an increase of GYD67.7Mn. or 6.8% 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. Global Supply Chain issues continue to prevail, affecting raw material availability and prices, freight costs and delivery transit times. The cost of Palm Oil and Fuel have increased by GYD407.3Mn. when compared to year 2021. These challenges account for significantly lower Gross Profit Margins when compared to prior years. With business continuity and profit sustainability guiding our efforts, the Company continues to navigate these realities.

### **LIQUIDITY**

The current ratio is measured at 3.1 times; this means the Company has more than adequate current resources to meet its financial obligations.

Accordingly, the Board of Directors is recommending that Shareholders enjoy a dividend of GYD6.75 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 as well as when special circumstances require to consider matters under its remit.

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 remains committed to being a responsible corporate citizen as we continue to positively impact the lives of our employees and the Guyanese society at large.

During the year 2022, the Company hosted a Health Fair in collaboration with Guyana Responsible Parenthood Association (GRPA) where our employees and their families benefited from numerous health services including prostate, cervical, and breast cancer screening.

The Company partnered with the Ministry of Health to conduct two (2) vaccination drives within the year to provide employees with the Covid-19 vaccine and booster shots and HPV vaccines.

The Company's health and wellness program has delivered more than twelve (12) various health and wellness initiatives to its employees within the year, with regular on-site medical support for all employees.

Sterling Products Limited facilitated a work-study program for Secondary School students within various Secondary Schools on the East Bank of Demerara. The Company provided monetary bursary awards to nine (9) employees' children. In addition to the annual sponsorship and support for small Agro-Processors in the GMSA's uncapped exhibition, the Company held a book drive on World Literacy Day that saw employees donating books to an Orphanage.

### **STRATEGY AND OUTLOOK**

As Guyana's economy continues to expand and the Natural Resources Fund grows we anticipate that as the country's population grows and rising tourist numbers, new opportunities are coming to the fore. We anticipate increasing demands for our products and will continue to focus on re-tooling operations and investing for future growth of the Company. Key initiatives which the Company pursued in the past year include:

- Increasing distribution capacity
- Delivering on operational excellence
- ISO 9001:2015 recertification
- Adoption of energy efficient technologies

### **ACKNOWLEDGEMENTS**

I wish to extend my thanks and appreciation to my fellow Directors for their valuable inputs and insights during the year. I also take this opportunity to thank our Management and Staff for their continued and unswerving commitment to the success of the Company. We also thank our customers for their loyalty and look forward to continuing to provide them with high-quality products.



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 2022.

## 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 2022 G\$	Year Ended 2021 G\$	Year Ended 2022 G\$	Year Ended 2021 G\$
Foods and branded food products	4,005,876,590	3,363,898,236	1,124,638,791	1,061,061,341
Cleaning Agents	736,375,047	638,894,031	155,706,292	145,719,108
Other	5,428,621	5,336,423	2,015,952	1,652,476
	<u>4,747,680,258</u>	<u>4,008,128,690</u>	<u>1,282,361,035</u>	<u>1,208,432,925</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.

	2022 G\$	2021 G\$
Turnover	4,747,680,258	4,008,128,690
Expenses	1,053,410,946	985,683,216
Profit before taxation	258,276,783	250,018,624
Taxation	72,433,349	86,392,245
Profit for the year after taxation	185,843,434	163,626,379
Other comprehensive income net of taxes	21,296,045	79,296,449
Total comprehensive income	<u>207,139,479</u>	<u>242,922,828</u>
Assets	4,536,822,243	4,156,074,516
Liabilities-Current	569,012,441	295,224,689
Liabilities –Non-Current	310,931,503	311,847,427

## Shareholders' Equity

	G\$
Balance as at 31.12.2021	3,549,002,400
Total comprehensive income for the year	207,139,479
Payment of dividends	(99,263,580)
Retained earnings carried forward	<u>3,656,878,299</u>

# REPORT OF THE DIRECTORS (CONT'D)

## Dividends

The directors recommend a final dividend of G\$6.75 per share (2021 -G\$ 6.50 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\$162.1M (2021- G\$ 17.0M). These facilities are secured.

## Capital Expenditures

Total Capital expenditure for the year amounted to G\$ 195.8M (2021 – G\$ 283.0M). 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 2022 were completed as outlined in Note 11 of this report.

## Directors

In accordance with Article 97, Mr. Suresh Edward Beharry and Mr. Andrew M.F.Pollard retired from the Board and being eligible offer themselves for re-election.

# REPORT OF THE DIRECTORS (CONT'D)

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

	Shares Held 31/12/2022	Shares Held 31/12/2021
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

## 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

	2022 G\$	2021 G\$
Mr. Andrew.M.F. Pollard	1,800,000	1,800,000
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, 2022.

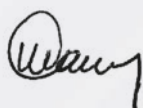
	No. of Shares	% Shareholding
Secure International Finance Co. Inc.		
2022	8,868,780	58.1
2021	8,868,780	58.1
Demerara Fire and General Insurance Company Ltd		
2022	1,098,345	7.1
2021	1,098,345	7.1

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 17, 2023

# 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 2022

## 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 2022, 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 18 to 57.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sterling Products Limited as at 31 December 2022, 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\$ 469,749,686 as at 31 December, 2022. 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\$ 1,959,883,776 as at 31 December, 2022. 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 2022, investments in the Company amounted to G\$343,316,340 consisting of equity investments (G\$316,830,000) and bonds (G\$26,486,340).

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 and impairment assessment.

As a result, the valuation and impairment of these instruments were 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 2022 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, FCCA.

*TSD Lal & Co*

TSD LAL & CO.  
Chartered Accountants

February 16, 2023

77 Brickdam  
Stabroek  
Georgetown.

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 G\$	2021 G\$
Revenue from contracts with customers	5 (a)	4,747,680,258	4,008,128,690
Cost of sales		3,465,319,223	2,799,695,765
Gross profit		1,282,361,035	1,208,432,925
Other income	5 (b)	29,326,694	27,268,915
		1,311,687,729	1,235,701,840
Administrative expenses	6 (a)	370,299,057	364,539,745
Distribution and marketing expenses	6 (b)	658,057,763	603,878,533
Finance costs	6 (d)	25,054,126	17,264,938
Profit for the year before taxation	6	258,276,783	250,018,624
Taxation	7 (a)	72,433,349	86,392,245
<b>Profit for the year</b>		<b>185,843,434</b>	<b>163,626,379</b>
Basic earnings per share in dollars	9	12.17	10.71

"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 2022

	Note	2022 G\$	2021 G\$
<b>Profit for the year</b>		<u>185,843,434</u>	<u>163,626,379</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		8,805,000	66,900,000
Remeasurements of defined benefit pension plan	7 (b)	<u>13,626,612</u>	<u>6,258,248</u>
		<u>22,431,612</u>	<u>73,158,248</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Gain/(loss) arising on revaluation of FVTOCI financial assets		<u>(1,135,567)</u>	<u>6,138,201</u>
Other comprehensive income for the year, net of tax		<u>21,296,045</u>	<u>79,296,449</u>
<b>Total Comprehensive Income for the Year</b>		<u>207,139,479</u>	<u>242,922,828</u>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital G\$	Retained earnings G\$	Capital reserve G\$	Other reserve G\$	Total G\$
<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
<b>Changes in equity 2022</b>						
Total comprehensive income for the year		-	199,470,046	-	7,669,433	207,139,479
Payments of dividends	8	-	(99,263,580)	-	-	(99,263,580)
<b>Balance at 31 December 2022</b>		702,480,720	2,069,608,481	572,303,468	312,485,630	3,656,878,299

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

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

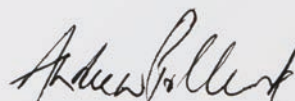
	Notes	2022 G\$	2021 G\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10(a)	1,959,883,776	1,977,645,056
Defined benefit asset	11	469,749,686	442,575,852
Investments	12	343,316,340	335,646,907
		<u>2,772,949,802</u>	<u>2,755,867,815</u>
<b>Current assets</b>			
Inventory, stores and work-in-progress	13	1,232,061,032	989,629,016
Trade receivables	14(a)	324,060,813	254,724,456
Other receivables and prepayments	14(b)	65,776,490	64,490,001
Taxes recoverable		22,312,927	5,247,552
Fixed deposits	15	48,468,097	56,717,890
Cash on hand and at bank		71,193,082	29,397,786
		<u>1,763,872,441</u>	<u>1,400,206,701</u>
<b>TOTAL ASSETS</b>		<u>4,536,822,243</u>	<u>4,156,074,516</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	17(a)	702,480,720	702,480,720
Retained earnings		2,069,608,481	1,969,402,015
Capital reserve	17(b)	572,303,468	572,303,468
Other reserve	17(c)	312,485,630	304,816,197
Shareholders' funds		<u>3,656,878,299</u>	<u>3,549,002,400</u>
<b>Non-current liabilities</b>			
Deferred tax	7(a)	304,606,797	311,847,427
Lease liability	18(c)	6,324,706	-
		<u>310,931,503</u>	<u>311,847,427</u>
<b>Current liabilities</b>			
Trade payables	18(a)	231,077,508	149,795,451
Other payables and accruals	18(b)	152,962,447	128,449,408
Lease liability	18(c)	5,952,665	-
Tax liability		16,896,815	-
Bank overdraft (secured)	16	162,123,006	16,979,830
		<u>569,012,441</u>	<u>295,224,689</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,536,822,243</u>	<u>4,156,074,516</u>

These financial statements were approved by the Board of Directors on February 16, 2023.

On behalf of the Board:



Mr. Raymond Ramsaroop - 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 2022

	2022	2021
	G\$	G\$
<b>Operating activities:</b>		
Profit for the year before taxation	258,276,783	250,018,624
Adjustment for -		
Interest received	(461,056)	(337,617)
Interest expense	25,054,126	17,264,938
Investment income	(1,408,341)	(2,145,892)
Foreign exchange gain	(7,049,012)	(6,840,764)
Depreciation	224,021,936	226,384,301
Depreciation- right of use asset	5,959,363	11,815,854
Adjustment to property, plant and equipment	1,474,349	
Gain on disposal of property, plant and equipment	(6,725,000)	(2,000,000)
Defined benefit expense	(9,005,018)	(5,996,011)
Operating profit before changes in working capital	490,138,130	488,163,434
Changes in working capital:		
Increase in inventory, stores and work-in-progress	(242,432,016)	(132,194,666)
Increase in trade receivables, other receivables and prepayments	(70,622,846)	(6,023,182)
Increase in trade payables, other payables and accruals	105,795,096	60,119,373
<b>Cash generated from operations</b>	282,878,364	410,064,959
Taxes paid/adjustment	(84,384,742)	(136,538,710)
<b>Net cash provided by operating activities</b>	198,493,622	273,526,249
<b>Investing activities:</b>		
Interest received	461,056	337,617
Interest expense	(23,936,633)	(16,275,554)
Investment income	1,408,341	2,145,892
Foreign exchange gain	7,049,012	6,840,764
Payments to acquire property, plant and equipment	(195,814,490)	(283,048,214)
Proceeds from disposal of property, plant and equipment	6,725,000	2,000,000
<b>Net cash used in investing activities</b>	(204,107,714)	(287,999,495)
<b>Financing activities:</b>		
Dividends paid	(99,263,580)	(91,627,920)
Lease interest expense	(1,117,493)	(989,384)
Repayment of lease liability	(5,602,507)	(11,815,854)
<b>Net cash used in financing activities</b>	(105,983,580)	(104,433,158)

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



# STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	G\$	G\$
<b>Net decrease in cash and cash equivalents</b>	(111,597,672)	(118,906,404)
Cash and cash equivalents at beginning of period	69,135,846	188,042,250
Cash and cash equivalents at end of period	<u>(42,461,827)</u>	<u>69,135,846</u>
Cash and cash equivalents comprised of:		
Fixed deposits	48,468,097	56,717,890
Cash on hand and at bank	71,193,082	29,397,786
Bank overdraft (secured)	<u>(162,123,006)</u>	<u>(16,979,830)</u>
	<u>(42,461,827)</u>	<u>69,135,846</u>

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

# NOTES ON THE ACCOUNTS

## 1. Incorporation and activities

The Company was incorporated in Guyana on 15 October, 1954. The principal activities of the Company are the manufacture and marketing of Edible Fats, Detergent, Soap and Ice Cream and the distribution of Ice Cream Lollies.

The Company employed on average 268 employees during the year (2021 – 269).

Secure International Finance Company Incorporated has a holding in the Company of 58.1% (2021 – 58.1%).

The registered office is located at Providence, East Bank Demerara, Guyana.

## 2. New and amended standards and interpretations

### Amendments effective for the current year end

### Effective for annual periods beginning on or after

#### New and Amended Standards

Amendments to IFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16: Proceeds before intended use	1 January 2022
Amendments to IAS 37: Onerous Contracts – Cost of fulfilling a contract	1 January 2022
Annual Improvements 2018-2020	1 January 2022

None of these amendments had an impact on the financial statements.

### Pronouncements effective in future periods available for early adoption

### Effective for annual periods beginning on or after

#### New and Amended Standards

IFRS 17 Insurance contracts	1 January 2023
Amendments to IAS 1 and IFRS Practice statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 1: Presentation of financial statements on classification of liabilities	1 January 2024

The Company has not opted for early adoption.

The standards and amendments that are expected to have a material impact on the Company's accounting policies when adopted are explained below.

# NOTES ON THE ACCOUNTS

## 2. New and amended standards and interpretations (CONT'D)

### Pronouncements effective in future periods available for early adoption-cont'd

#### Amendments to IAS 1 and IFRS Practice statement 2: Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

#### Amendments to IAS 8: Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

#### Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

#### Amendments to IAS 1: Presentation of financial statements on classification of liabilities

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The Board proposed to defer the effective date to no earlier than 1 January 2024 (from 1 January 2023).

## 3. Summary of significant accounting policies

### (a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investments and property, plant and equipment and conform with International Financial Reporting Standards.

### (b) Revenue and expense recognition

Revenue is recognized in the statement of profit or loss and other comprehensive income on a basis of the five step model as prescribed by IFRS 15 – Revenue from Contracts With Customers. Further details of revenue recognition are described below.

#### (i) Nature of goods and services

Revenue is earned from the sale of edible fats, detergents, soap and ice cream and the distribution of ice cream lollies, and the marketing and sale of these products on local and export markets.

#### (ii) Timing of satisfaction of performance obligations

The performance obligations of contracts with local customers are satisfied when goods are delivered. Performance obligations with export customers are satisfied depending on whether the goods are sold on a cost insurance freight (CIF) or free on board (FOB) basis. Performance obligations for CIF sales are satisfied when the goods have been delivered to the customer's country while for FOB sales are satisfied when the goods are delivered to the vessel for export to the customer. Revenue is recognized when the entity fulfills its performance obligations.

# NOTES ON THE ACCOUNTS

## 3. Summary of significant accounting policies (CONT'D)

### (iii) Significant payment terms and contract balances

Payments are due within stipulated credit periods agreed with the customer ranging from 30-60 days. As a result of this there exist contract balances in the form of receivables at the year end.

### (iv) Disaggregation of revenue

Revenue is disaggregated based on segments as disclosed in note 23.

### (v) Assets recognized to obtain or fulfill a contract

There are no assets recognized to fulfill contracts.

### (vi) Significant judgments in the application of the standard

There are no significant judgments in the application of the standard.

### (vii) Obligations to returns

The occurrence of returns from customers rarely occurs.

Expense is recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

### (c) i) Property, plant and equipment and depreciation

Freehold land and buildings held for use in the supply of services or for administrative purposes are stated in the statement of financial position at their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation less any subsequent accumulated impairment losses.

With regards to work-in-progress, finance charges and related expenses are capitalized during the construction stage of the asset.

Any revaluation increase arising on the revaluation of such land, buildings and equipment is credited to revaluation reserve.

Depreciation of other property, plant and equipment other than freehold land and construction work-in-progress is calculated 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:

Buildings	-	2% - 3%
Plant and machinery	-	5% - 7.5%
Furniture, fittings and equipment	-	10% - 25%
Motor vehicles	-	25%
Right of use asset	-	33.33%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income.

### (ii) Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

# NOTES ON THE ACCOUNTS

## 3. Summary of significant accounting policies (CONT'D)

### (c) (ii) Leases (CONT'D)

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable; Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented under Property, Plant and Equipment in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

### (d) Inventory

Finished Goods and Work-In-Progress are valued at the lower of cost and net realizable value using primarily the weighted average cost method.

Raw Materials and Supplies are valued at lower of cost and net realizable value using the weighted average cost method.

### (e) 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, fixed deposits and cash resources. The recognition method adopted is disclosed in the individual policy statements.

# NOTES ON THE ACCOUNTS

## 3. Summary of significant accounting policies (CONT'D)

### (e) Financial instruments (CONT'D)

#### **Investments**

Investments consist of equity and bond instruments.

Management has made an irrevocable election on initial application of IFRS 9 to classify equity instruments as FVTOCI with all subsequent changes in fair value being recognized in other comprehensive income. This election is made on the basis that the instruments are not held for trading. Dividend income from these investments is recognized in profit or loss.

Bonds are classified as fair value through other comprehensive income as the following conditions are met:

- (i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset; and
- (ii) the contractual terms of the financial asset gives rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Gains and losses on these bonds are recognized through the statement of profit or loss and other comprehensive income under other comprehensive income until the asset is sold or otherwise disposed, at which time previously recognized gains or losses are transferred to profit or loss for that period.

Bonds are stated net of expected credit losses. Expected credit losses are estimates of any potential default in payments of contractual cash flows taking into account the entirety of the contract life. These losses are reassessed if the credit risk on the investment changes. Credit risk is determined based on past and forward-looking information. If the retrieval of forward-looking information causes undue cost or effort past information is used to determine credit risk.

Movements of fair value of shares will be not be reclassified to profit or loss on disposal on derecognition.

Movements of fair value of bonds will be reclassified to profit or loss on disposal on derecognition.

#### **Trade, other receivables and prepayments**

Trade, other receivables, and prepayments are measured at amortized cost.

Receivables are stated net of expected credit losses. Expected credit losses are estimates of any potential default in payments of contractual cash flows taking into account the entirety of the contract life. These losses are reassessed if the credit risk on the instrument changes. Credit risk is determined based on past and forward-looking information. If the retrieval of forward-looking information causes undue cost or effort past information is used to determine credit risk.

#### **Fixed deposits and cash resources**

Fixed deposits and cash resources are held for the purpose of meeting short-term cash commitments rather than investment or other purposes. These are measured at amortized cost.

These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

#### **Trade, other payables and accruals**

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

### (f) Reserves

#### (i) Capital

Surplus on revaluation of property, plant and equipment (land and buildings) is credited to this account. This reserve is not distributable.

#### (ii) Other

Fair value adjustments on investments held at fair value through other comprehensive income is credited to this account. This reserve is not distributable.

# NOTES ON THE ACCOUNTS

## 3. Summary of significant accounting policies (CONT'D)

### (g) Impairment of property, plant and equipment

At the end of each reporting period, the Company 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.

### (h) 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 profit or loss and other comprehensive 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 in Guyana or substantively enacted by the end of the reporting period.

#### **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 are 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 period 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 at the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company 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 Company intends to settle its current tax assets and liabilities on a net basis.

#### **Current and deferred tax for the period**

Current and deferred tax are recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination.

# NOTES ON THE ACCOUNTS

## 3. Summary of significant accounting policies (CONT'D)

### (i) Pension funding

The Company participates in a defined benefit pension plan for its employees.

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

The plan covers all permanent employees. The last actuarial valuation was done as at 31 December 2017 and was used as the basis for information presented in Note 11 in accordance with International Accounting Standards No. 19 – Employee Benefits (Revised).

The next actuarial valuation is due at 31 December 2023.

The valuation was done using the Projected Unit Credit Method, as required by IAS 19 Employee Benefits (Revised).

### (j) Translation of foreign currencies

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

At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. 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 net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognized in other comprehensive income.

### (k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

De-recognition of provisions

Provisions are de-recognised when it is no longer probable that an outflow of economic resources will be required to settle the obligation.

### (l) Dividends

Dividends that are proposed and declared are recorded as an appropriation of retained earnings in the statement of changes in equity in the period in which they have been approved. Dividends that are proposed and declared after the reporting period are disclosed as a note to the financial statements.

### (m) Segment information

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is a group of assets and operations engaged in providing similar products and services that are subject to risks and returns that are different from those of other business segments.

The company analyses its operations by both business and geographic segments. The primary format is business reflecting manufacturing and trading, its secondary format is that of geographic segments reflecting the primary economic environment in which the company has exposure

### (n) Basic earnings per share

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



# NOTES ON THE ACCOUNTS

## 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's 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 end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

i) Useful lives of property, plant and equipment

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

ii) Impairment of financial assets/determination of expected credit losses

Management makes judgement on recognition of every financial asset of the expected credit losses. Expected credit losses are estimates of any potential default in payments of contractual cash flows taking into account the entirety of the contract life. These losses are reassessed if the credit risk on the instrument changes. Credit risk is determined based on past and forward-looking information. If the retrieval of forward-looking information causes undue cost or effort past information is used to determine credit risk. There exists significant measurement uncertainty in determining this amount as it is based on management's judgement.

iii) Valuation of defined benefit pension assets and liabilities

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.

iv) Valuation of investments

Investments consist of bonds and shares. Management's valuation of bonds is based on values provided by brokers. The valuation of shares is based on prices quoted on the local stock exchange.

v) Impairment assessment of right-of-use asset

The Management has estimated that the entirety of the right of use asset will be recoverable. The carrying amount of right-of-use asset in respect of the property is G\$11,920,515 at 31 December 2022 (2021 – nil).

# NOTES ON THE ACCOUNTS

	2022	2021
	G\$	G\$
<b>5 (a) Revenue from contracts with customers</b>		
Food and branded food products	4,005,876,590	3,363,898,236
Cleaning agents	736,375,047	638,894,031
Other	5,428,621	5,336,423
	<u>4,747,680,258</u>	<u>4,008,128,690</u>
<b>(b) Other income</b>		
Sale of drums	5,663,563	3,651,660
Investment income (a)	1,408,341	2,145,889
Interest income (b)	461,056	337,617
Gain on exchange	7,049,012	6,840,764
Others (c)	14,744,722	14,292,985
	<u>29,326,694</u>	<u>27,268,915</u>
(a) This is income from FVTOCI overseas investments.		
(b) This is interest earned on fixed deposits.		
(c) Others		
Stale dated cheques	3,821,296	8,331,886
Gain on disposal of fixed assets	6,725,000	2,000,000
Dividend income (local)	3,287,736	2,764,260
Sale of miscellaneous items	910,690	1,196,839
	<u>14,744,722</u>	<u>14,292,985</u>
<b>6 Profit for the year before taxation</b>	<u>258,276,783</u>	<u>250,018,624</u>
<b>(a) Administrative expenses</b>		
Employment cost	148,978,787	142,308,040
Staff welfare	18,378,954	24,425,476
Depreciation	20,737,536	21,591,865
Property tax	37,341,787	36,062,212
Auditor's remuneration	3,093,535	2,999,200
Running expenses (fuel)	10,377,773	10,500,130
Vehicle repairs and maintenance	7,625,909	7,030,441
Directors' emoluments (c)	6,550,000	6,550,000
Others	117,214,776	113,072,381
	<u>370,299,057</u>	<u>364,539,745</u>
<b>(b) Distribution and marketing expenses</b>		
Employment cost	198,865,637	193,809,394
Staff welfare	53,461,145	49,678,326
Depreciation	71,608,873	66,728,021
Running expenses (fuel)	47,850,540	38,474,486
Vehicle repairs and maintenance	48,015,145	36,228,062
Production and promotion	15,044,523	12,736,608
Advertising	59,455,416	47,788,442
Others	163,756,484	158,435,194
	<u>658,057,763</u>	<u>603,878,533</u>

# NOTES ON THE ACCOUNTS

## 6. Profit for the year before taxation (CONT'D)

- (c) Chairman  
5 Directors sharing equally (2021 - 5)

2022	2021
G\$	G\$
1,800,000	1,800,000
4,750,000	4,750,000
<u>6,550,000</u>	<u>6,550,000</u>

- (d) Finance costs  
Overdraft interest  
Other interest expense  
Lease interest expense

11,996,313	8,162,262
11,940,320	8,113,292
1,117,493	989,384
<u>25,054,126</u>	<u>17,264,938</u>

## 7.(a) Taxation

Reconciliation of tax expense and accounting profit

Accounting profit	<u>258,276,783</u>	<u>250,018,624</u>
Corporation tax at 25% and 40%	64,569,196	62,504,656
Add:		
Tax effect of expenses not deductible in determining taxable profit		
Depreciation for accounting purposes	57,495,325	59,550,039
Donations	3,341,922	2,413,290
Property tax	9,434,917	9,192,678
Defined benefit asset	(2,251,255)	(1,499,003)
Inventory provision	-	538,083
Bad debts provision	300,000	300,000
Lease interest	279,373	247,346
Loss on disposal of fixed assets	140,294	183,568
	<u>133,309,772</u>	<u>133,430,657</u>
Deduct:		
Tax effect of depreciation for tax purposes	39,407,456	55,704,391
Rental	1,680,000	2,760,000
Tax exempt income	2,970,533	1,811,943
	<u>89,251,783</u>	<u>73,154,323</u>
Effect of dual tax rate	(740,658)	12,110,127
Corporation tax charge	88,511,125	85,264,450
Prior year adjustment	(5,320,843)	-
Deferred tax	(11,782,834)	1,127,795
Minimum tax	1,025,901	-
	<u>72,433,349</u>	<u>86,392,245</u>
Current tax	88,511,125	85,264,450
Prior year adjustment	(5,320,843)	-
Deferred tax	(11,782,834)	1,127,795
Minimum tax	1,025,901	-
	<u>72,433,349</u>	<u>86,392,245</u>

# NOTES ON THE ACCOUNTS

## 7 (a) Taxation (CONT'D)

### Components of deferred tax :-

Revaluation of land and buildings	184,042,323	184,042,323
Property, plant and equipment (depreciation)	495,371	14,529,460
Defined benefit asset	120,069,103	113,275,644
	<u>304,606,797</u>	<u>311,847,427</u>

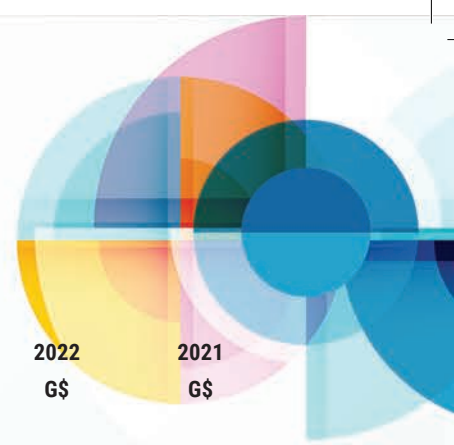
### Movement in temporary differences

	Revaluation of land and buildings G\$	Property, plant and equipment (depreciation) G\$	Defined benefit asset G\$	Total G\$
At 1 January 2021	184,042,323	14,900,668	109,690,558	308,633,549
Movement during the year:-				
Profit or loss	-	(371,208)	1,499,003	1,127,795
Other comprehensive income	-	-	2,086,083	2,086,083
At 31 December 2021	184,042,323	14,529,460	113,275,644	311,847,427
Movement during the year:-				
Profit or loss	-	(14,034,089)	2,251,255	(11,782,834)
Other comprehensive income	-	-	4,542,204	4,542,204
At 31 December 2022	<u>184,042,323</u>	<u>495,371</u>	<u>120,069,103</u>	<u>304,606,797</u>

## 7 (b) Disclosure of tax effects relating to each component of other comprehensive income and statement of changes in equity

	2022			2021		
	Before-tax amount G\$	Tax (expense)/ benefit G\$	Net-of-tax amount G\$	Before-tax amount G\$	Tax (expense)/ benefit G\$	Net-of-tax amount G\$
Remeasurement of defined benefit pension plan	18,168,816	(4,542,204)	13,626,612	8,344,331	(2,086,083)	6,258,248
Gain arising on revaluation of FVTOCI	7,669,433	-	7,669,433	73,038,201	-	73,038,201
	<u>25,838,249</u>	<u>(4,542,204)</u>	<u>21,296,045</u>	<u>81,382,532</u>	<u>(2,086,083)</u>	<u>79,296,449</u>

# NOTES ON THE ACCOUNTS



## 8 Dividends

Amounts recognised as distributions to shareholders in the year

Final dividend of G\$6.5 (2021 - G\$6)  
per share

2022  
G\$

99,263,580

2021  
G\$

91,627,920

Proposed final dividend of G\$6.75 (2021:G\$ 6.5) per share

103,081,410

99,263,580

Dividends are approved by shareholders at the Annual General Meeting

## 9 Basic earnings per share

Profit for the year

185,843,434

163,626,379

Number of shares issued

15,271,320

15,271,320

Basic earnings per share in dollars

12.17

10.71

# NOTES ON THE ACCOUNTS

## 10 Property, plant and equipment

	Freehold land G\$	Buildings G\$	Plant, machinery, furniture and equipment G\$	Motor vehicles G\$	Work-in Progress G\$	Right of use assets (d) G\$	Total G\$
<b>(a) Cost/valuation:</b>							
At 1 January 2021	428,369,040	1,003,953,741	2,139,300,808	273,222,694	80,011,334	35,440,472	3,960,298,089
Additions	-	30,415,849	228,427,915	36,649,120	-	-	295,492,884
Transfer	-	-	63,116,557	-	(63,116,557)	-	-
Disposals	-	-	(4,440,278)	(16,029,873)	-	-	(20,470,151)
At 31 December 2021	428,369,040	1,034,369,590	2,426,405,002	293,841,941	16,894,777	35,440,472	4,235,320,822
Additions	-	39,790,489	81,283,835	51,226,632	-	17,879,878	190,180,834
Transfer	-	-	-	-	23,447,797	-	23,447,797
Disposals	-	-	(4,135,824)	(19,150,000)	(847,435)	-	(24,133,259)
At 31 December 2022	428,369,040	1,074,160,079	2,503,553,013	325,918,573	39,495,139	53,320,350	4,424,816,194
Comprising:							
Cost	438,800	735,272,654	2,503,553,013	325,918,573	39,495,139	53,320,350	3,657,998,529
Valuation (b)	427,930,240	338,887,425	-	-	-	-	766,817,665
At 31 December 2022	428,369,040	1,074,160,079	2,503,553,013	325,918,573	39,495,139	53,320,350	4,424,816,194
<b>Depreciation</b>							
At 1 January 2021	-	240,230,146	1,545,940,910	229,521,271	-	23,624,618	2,039,316,945
Charge for the year	-	42,362,802	157,402,495	26,619,004	-	11,815,854	238,200,155
Written back on disposals (c)	-	-	(3,811,461)	(16,029,873)	-	-	(19,841,334)
At 31 December 2021	-	282,592,948	1,699,531,944	240,110,402	-	35,440,472	2,257,675,766
Charge for the year	-	37,467,631	148,939,060	37,615,245	-	5,959,363	229,981,299
Written back on disposals (c)	-	-	(3,835,064)	(18,889,583)	-	-	(22,724,647)
At 31 December 2022	-	320,060,579	1,844,635,940	258,836,064	-	41,399,835	2,464,932,418
<b>Net book values:</b>							
At 31 December, 2021	428,369,040	751,776,642	726,873,058	53,731,539	16,894,777	-	1,977,645,056
At 31 December, 2022	428,369,040	754,099,500	658,917,073	67,082,509	39,495,139	11,920,515	1,959,883,776

(b) See note 24 for details on valuation.

(c) Assets disposed of comprise of assets sold, obsolete and unserviceable assets. Most of these assets were completely depreciated.

(d) Refer to note 18 (c) for details of right of use assets.

# NOTES ON THE ACCOUNTS

## 11 Defined benefit asset

The information required by International Accounting Standard 19 "Employee Benefits" was prepared as of 31 December 2022 by an independent actuary and is disclosed below:

Disclosures	2021	2022	Budgeted
	G\$	G\$	2023 G\$
<b>Benefit obligation</b>			
At beginning of year	555,067,046	593,168,081	660,729,515
Current service cost	25,053,973	25,992,114	27,754,583
Interest cost	31,962,897	34,243,220	38,312,172
Employee contributions	12,771,643	13,107,733	14,695,895
Actuarial (gains)/losses	(8,189,324)	13,546,213	-
Benefit payments	(23,498,154)	(19,327,846)	(13,190,112)
<b>Benefit obligation at end of year</b>	<b>593,168,081</b>	<b>660,729,515</b>	<b>728,302,053</b>
<b>Plan assets at fair value</b>			
At beginning of year	1,194,709,300	1,652,428,180	2,180,332,840
Actual return on plan assets	459,466,102	522,012,374	591,779,350
Employer contributions (including direct benefit payments for unfunded plans)	16,668,725	17,028,015	19,050,636
Employee contributions	12,771,643	13,107,733	14,695,895
Benefit payments	(23,498,154)	(19,327,845)	(13,190,112)
Administration and other non plan investment Management expenses	(7,689,436)	(4,915,617)	(4,915,617)
<b>Plan assets at fair value at end of year</b>	<b>1,652,428,180</b>	<b>2,180,332,840</b>	<b>2,787,752,992</b>
<b>Funded status</b>			
Funded status at end of year	1,059,260,099	1,519,603,325	2,059,450,939
Effect of asset ceiling	(616,684,247)	(1,049,853,639)	(1,585,998,232)
<b>Asset on statement of financial position</b>	<b>442,575,852</b>	<b>469,749,686</b>	<b>473,452,707</b>

# NOTES ON THE ACCOUNTS

## 11 Defined benefit asset (CONT'D)

### Disclosures (CONT'D)

	2021	2022	Budgeted 2023		
	G\$	G\$	G\$		
<b>Amounts recognised in statement of financial position</b>					
Prepaid benefit assets	442,575,852	469,749,686	473,452,707		
<b>Net amount recognised</b>	<b>442,575,852</b>	<b>469,749,686</b>	<b>473,452,707</b>		
<b>Benefit cost</b>					
Current Service cost	25,053,973	25,992,114	27,754,583		
Net Interest on the net defined benefit (liability)/asset					
Interest cost	31,962,897	34,243,220	38,312,172		
Expected return on plan assets	(65,660,963)	(91,045,588)	(120,348,428)		
Interest on effect of asset ceiling	11,627,371	33,917,634	57,741,950		
Administration and other non Plan Investment Management Expenses	7,689,436	4,915,617	4,915,617		
<b>Net periodic benefit cost (income)</b>	<b>10,672,714</b>	<b>8,022,997</b>	<b>8,375,894</b>		
<b>Statement of other comprehensive income (OCI)</b>					
(Gain)/loss from experience	(8,189,324)	13,546,213	-		
Expected return on plan assets	65,660,963	91,045,588	120,348,428		
Effect of asset ceiling	393,650,132	399,251,758	(591,779,350)		
Actual return on plan assets	(459,466,102)	(522,012,374)	478,402,643		
<b>Statement of other comprehensive income at end of year</b>	<b>(8,344,331)</b>	<b>(18,168,816)</b>	<b>6,971,721</b>		
<b>Statement of financial position reconciliation</b>					
At beginning of year	428,235,510	442,575,852	469,749,686		
Net periodic benefit (cost) income	(10,672,714)	(8,022,997)	(8,375,893)		
Employer contributions	16,668,725	17,028,015	19,050,636		
Effect of statement of other comprehensive income	8,344,331	18,168,816	(6,971,721)		
<b>Statement of financial position asset at end of year</b>	<b>442,575,852</b>	<b>469,749,686</b>	<b>473,452,708</b>		
<b>Amounts for current year and previous four periods</b>					
	2022	2021	2020	2019	2018
	G\$	G\$	G\$	G\$	G\$
Defined benefit obligation	(660,729,515)	(593,168,081)	(555,067,046)	(508,961,387)	(470,213,297)
Plan assets	2,180,332,840	1,652,428,180	1,194,709,300	1,062,276,297	885,044,339
Surplus	<b>1,519,603,325</b>	<b>1,059,260,099</b>	<b>639,642,254</b>	<b>553,314,910</b>	<b>414,831,042</b>



# NOTES ON THE ACCOUNTS

## 11 Defined benefit asset (CONT'D) Disclosures (CONT'D)

### Additional disclosures: Actuarial assumptions

	2021	2022	Budgeted 2023
Assumed discount rate	5.50%	5.50%	5.50%
Future promotional salary increases	1.00%	1.00%	1.00%
Future inflationary salary increases	4.00%	4.00%	4.00%
Expected rate of future pension increases	0.00%	0.00%	0.00%
Expected rate of return on plan assets	5.50%	5.50%	5.50%
Bonds	0.00%	0.00%	
Equities	88.66%	89.92%	
Fixed Deposits	9.46%	7.76%	
Short Term Instruments	1.88%	2.32%	

### A summary of the actuarial assumptions used in the accounting valuation are as follows:

	2022 G\$	2021 G\$
Discount Rate	5.5% per annum	5.5% per annum
Expected return on assets at the end of the year	N/A	N/A
Future promotional salary increases	1.0% per annum	1.0% per annum
Future inflationary salary increases	4% per annum	4% per annum
Future increases in the NIS Ceiling for earnings	4.50% per annum	4.50% per annum
Future increases to pensions	Nil	Nil
Mortality	UP94 with projection scale AA	UP94 with projection scale AA
Termination of active members	5% per annum up to age 39	5% per annum up to age 39
Early Retirement	5% per annum from 5 years before NRA	5% per annum from 5 years before NRA

# NOTES ON THE ACCOUNTS

<b>12 Investments</b>	<b>2022</b>	<b>2021</b>
	<b>G\$</b>	<b>G\$</b>
Shares	316,830,000	308,025,000
Bonds	26,486,340	27,621,907
FVTOCI	<u>343,316,340</u>	<u>335,646,907</u>

These are investments in local and foreign companies.

<b>13 Inventory, stores and work-in-progress</b>	<b>2022</b>	<b>2021</b>
	<b>G\$</b>	<b>G\$</b>
Raw materials and supplies	987,340,950	881,161,759
Finished goods	174,400,465	126,838,269
Goods in transit	107,230,964	46,050,965
	<u>1,268,972,379</u>	<u>1,054,050,993</u>
Provision for stock write off	<u>(36,911,347)</u>	<u>(64,421,977)</u>
	<u>1,232,061,032</u>	<u>989,629,016</u>

The cost of inventory recognised as expense during the period with respect to the operations was G\$3,445,188,685 (2021- G\$2,783,498,739).

There was no write off of inventory during the period (2021 - G\$2,152,329).

Inventories of G\$309,982,380 (2021: G\$295,357,517) are expected to be recovered within twelve months.

<b>14 (a) Trade receivables</b>	<b>2022</b>	<b>2021</b>
	<b>G\$</b>	<b>G\$</b>
Local receivables	289,748,172	237,731,318
Foreign receivables	48,662,746	30,143,242
Trade receivables	338,410,918	267,874,560
Less: expected credit loss/provision for impairment (i)	<u>(14,350,105)</u>	<u>(13,150,104)</u>
	<u>324,060,813</u>	<u>254,724,456</u>
(i) At 1 January	13,150,104	12,022,104
Impairment for the year	<u>1,200,001</u>	<u>1,128,000</u>
At 31 December	<u>14,350,105</u>	<u>13,150,104</u>

The above provision for impairment was assessed using the expected credit loss and individually.

<b>(b) Other receivables and prepayments</b>	<b>2022</b>	<b>2021</b>
Others	32,731,997	32,184,715
Prepayments	33,044,493	32,305,286
	<u>65,776,490</u>	<u>64,490,001</u>

# NOTES ON THE ACCOUNTS

<b>15</b>	<b>Fixed deposits</b>	<b>2022</b>	<b>2021</b>
	Comprised of:	<b>G\$</b>	<b>G\$</b>
	Fixed deposits with overseas banks	11,855,703	20,353,185
	Fixed deposits with local banks	36,612,394	36,364,705
		<hr/>	<hr/>
		48,468,097	56,717,890
<b>16</b>	<b>Bank overdraft:</b>		
	Guyana Bank for Trade and Industry	<hr/>	<hr/>
		162,123,006	16,979,830
	Interest rate	6.90% -11.5%	8.75% - 11.5%
	This amount is current and secured by the following:		
	<u>Guyana Bank for Trade and Industry</u>		
	Security (fixed deposit)		
	Republic Bank Limited shares		
<b>17 (a)</b>	<b>Share capital</b>	<b>2022</b>	<b>2021</b>
		<b>G\$</b>	<b>G\$</b>
	Authorised		
	Number of ordinary shares	<hr/>	<hr/>
		20,000,000	20,000,000
		<b>G\$</b>	<b>G\$</b>
	Issued and fully paid		
	15,271,320 ordinary shares	<hr/>	<hr/>
		702,480,720	702,480,720
	Fully paid ordinary shares, with no par value carrying one vote per share and a right to dividends.		
<b>(b)</b>	<b>Capital reserve</b>	<b>2022</b>	<b>2021</b>
		<b>G\$</b>	<b>G\$</b>
	At 1 January	572,303,468	572,303,468
	Movement	<hr/>	<hr/>
		-	-
	At 31 December	<hr/>	<hr/>
		572,303,468	572,303,468
	This represents surpluses arising from the revaluations which were credited to capital reserve net of deferred tax		
<b>(c)</b>	<b>Other reserve</b>	<b>2022</b>	<b>2021</b>
		<b>G\$</b>	<b>G\$</b>
	At 1 January	304,816,197	231,777,996
	FVTOCI		
	Fair value adjustments	<hr/>	<hr/>
		7,669,433	73,038,201
	At 31 December	<hr/>	<hr/>
		312,485,630	304,816,197
	This represents the fair value adjustments of investments held.		

# NOTES ON THE ACCOUNTS

	2022	2021
<b>18 (a) Trade payables</b>	<u>231,077,508</u>	<u>149,795,451</u>

The average credit period on purchases of certain goods ranges from 30 to 90 days. No interest is charged on the trade payables.

The Company has financial risk management policies in place to ensure that all payables are paid within the credit period.

<b>(b) Other payables and accruals</b>	<b>2022</b>	<b>2021</b>
	<b>G\$</b>	<b>G\$</b>
Other payables	127,884,372	98,347,278
Related party payable	9,723,017	12,111,877
Accruals	<u>15,355,058</u>	<u>17,990,253</u>
	<u>152,962,447</u>	<u>128,449,408</u>

<b>(c) Lease liability</b>		
Repayments due within one year	5,952,665	-
Repayments due within two to three years	<u>6,324,706</u>	-
Present value of lease obligations	<u>12,277,371</u>	-

This includes two (2) lease agreements.

These leases are for three (3) years and was entered into on 1 January, 2022 and has an annual rental of G\$6,720,000 payable in advance. This rental is due for revision every three (3) years. All terms and conditions are included in the lease agreement dated 1 January 2022 and the leases are for the Igloo outlets in Berbice and Stabroek.

# NOTES ON THE ACCOUNTS

## 19 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Listed below are transactions and balances with related parties:

	2022	2021
	G\$	G\$
(a) <b>Ultimate parent company</b>		
(i) Edward B. Beharry and Co. Ltd. -services	35,645,839	35,656,311
Edward B. Beharry and Co. Ltd. provided information technology and security services to the company.		
(ii) Balance due to	9,723,017	12,111,877
Amount due to parent is unsecured and interest free. The balance is netted off when any payments are made to or received from parent. There are no repayment terms for this balance.		
(iii) Lease rentals	4,800,000	4,800,000
The above amount represents rental payments to Beharry Restaurant Holdings Inc.		
(b) <b>Group companies</b>		
(i) Guyana Bank for Trade and Industry Limited:		
Fixed deposit	34,334,494	34,101,965
Current account	15,235,066	5,777,292
Bank overdraft	162,123,006	16,979,830
Interest earned for the year	308,816	331,663
Interest paid for the year	11,996,313	8,162,262
Interest rate on deposits	0.5% - 3.00%	0.5% - 3.00%
Interest rate on overdraft	8.75% - 11.5%	8.75% - 11.5%
(ii) Guyana Americas Merchant Bank Inc.		
Investment	26,486,340	27,621,907
Interest earned for the year	1,408,341	2,145,889
Interest receivable	582,826	590,767
Interest rate on investments	4.00% - 9.75%	4.00% - 9.75%
Investment management fees	233,184	213,752
Guyana Americas Merchant Bank Inc. provides investment management services to the company.		

# NOTES ON THE ACCOUNTS

## 19 Related party transactions (CONT'D)

(iii) Nafico/Nalico Insurance services provided to the company.	12,064,532	13,412,836
(iv) Balance due from Edward B. Beharry and Co. Ltd. - Trinidad	9,685,697	8,211,824

The above balance represents goods supplied to Edward B. Beharry and Co. Ltd. - Trinidad. The amount is unsecured and interest free.

(v) Balance due from Beharry Restaurant Holdings Inc.	25,238,700	17,156,800
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The above balance represents amounts receivable for goods supplied to Beharry Restaurant Holdings Inc. The amount is unsecured and interest free.

All transactions with related parties were carried out at arm's length.

## (c) Key management personnel

### (i) Compensation

The company's 16 (2021 - 15) key management personnel comprise its Directors, Chief Executive Officer Finance Controller/Secretary and its Managers. The remuneration paid to key personnel for the year was as follows;

	2022	2021
	G\$	G\$
Short term employee benefits	77,336,201	70,624,675
Post employment benefits	6,287,220	5,614,140
	<u>83,623,421</u>	<u>76,238,815</u>

# NOTES ON THE ACCOUNTS

## 20 Analysis of financial assets and liabilities by measurement basis

2022

	FVTOCI G\$	Financial assets held at amortised cost G\$	Financial liabilities held at amortised cost G\$	Total G\$
<b>ASSETS</b>				
Investments	343,316,340	-	-	343,316,340
Trade receivables	-	324,060,813	-	324,060,813
Other receivables and prepayments	-	65,776,490	-	65,776,490
Tax recoverable	-	22,312,927	-	22,312,927
Fixed deposits	-	48,468,097	-	48,468,097
Cash on hand and at bank	-	71,193,082	-	71,193,082
<b>Total assets</b>	<b>343,316,340</b>	<b>531,811,409</b>	<b>-</b>	<b>875,127,749</b>
<b>LIABILITIES</b>				
Trade payables	-	-	231,077,508	231,077,508
Other payables and accruals	-	-	152,962,447	152,962,447
Bank overdraft (secured)	-	-	162,123,006	162,123,006
Tax liability	-	-	16,896,815	16,896,815
Lease liability	-	-	12,277,371	12,277,371
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>575,337,147</b>	<b>575,337,147</b>

2021

	FVTOCI G\$	Financial assets held at amortised cost G\$	Financial liabilities held at amortised cost G\$	Total G\$
<b>ASSETS</b>				
Investments	335,646,907	-	-	335,646,907
Trade receivables	-	254,724,456	-	254,724,456
Other receivables and prepayments	-	64,490,001	-	64,490,001
Tax recoverable	-	5,247,552	-	5,247,552
Fixed deposits	-	56,717,890	-	56,717,890
Cash on hand and at bank	-	29,397,786	-	29,397,786
<b>Total assets</b>	<b>335,646,907</b>	<b>410,577,685</b>	<b>-</b>	<b>740,977,040</b>
<b>LIABILITIES</b>				
Trade payables	-	-	149,795,451	149,795,451
Other payables and accruals	-	-	128,449,408	128,449,408
Bank overdraft (secured)	-	-	16,979,830	16,979,830
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>295,224,689</b>	<b>295,224,689</b>

# NOTES ON THE ACCOUNTS

## 21 Financial risk management

### Financial risk management objectives

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

The company seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on interest rate risk, foreign exchange risk, capital risk, liquidity 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 company's exposure to market risk arises from its local and foreign securities.

Management continually identify, evaluate, and diversify risk in order to minimise the total cost of carrying such risk.

Should the market prices on FVTOCI investment securities change by 5 percent, with all other variables held constant, the impact on equity for the Company would be G\$17,165,817 (2021 - G\$16,782,345).

### (i) Interest sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate at the end of the reporting period.

The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A positive number indicates an increase in profits where the interest rate appreciates by 50 basis points. For a decrease of 50 basis points in the interest rate, this would have an equal and opposite impact on profit, and the balances below would be negative.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the company's profit would have been:

	Increase/ decrease in basis point	Impact on profit for the year	
		2022	2021
		G\$	G\$
<b>Cash and cash equivalents</b>			
Local currency	+/-50	(513,958)	(287,518)
Foreign currency	+/-50	706	5,954

The Company's sensitivity to interest rates have increased during the year.

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 profit or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of assets and liabilities.



# NOTES ON THE ACCOUNTS

## 21 Financial risk management (CONT'D)

### (a) Market risk (CONT'D)

#### (ii) Interest rate risk

The company's management continually monitors and manages these risks through the use of appropriate tools and implements relevant strategies to hedge against any adverse effects. The company's exposure to interest rate risk is minimal.

	Average interest rate %	Maturing 2022			
		Within 1 year G\$	Over 5 years G\$	Non-interest bearing G\$	Total G\$
<b>Assets</b>					
Investments	7	-	26,486,340	316,830,000	343,316,340
Trade receivables	-	-	-	324,060,813	324,060,813
Other receivables and prepayments	-	-	-	65,776,490	65,776,490
Tax Recoverable	-	-	-	22,312,927	22,312,927
Fixed deposits	1.45	48,468,097	-	-	48,468,097
Cash on hand and at bank	0.25-1.5	71,193,082	-	-	71,193,082
		119,661,179	26,486,340	728,980,230	875,127,749
<b>Liabilities</b>					
Trade payables	-	-	-	231,077,508	231,077,508
Other payables and accruals	-	-	-	152,962,447	152,962,447
Lease liability	6.25	5,952,665	6,324,706	-	12,277,371
Tax liability	-	-	-	16,896,815	16,896,815
Bank overdraft (secured)	6.90 -11.5	162,123,006	-	-	162,123,006
		168,075,671	6,324,706	400,936,770	575,337,147
Interest sensitivity gap		(48,414,492)	20,161,634		

	Average interest rate %	Maturing 2021			
		Within 1 year G\$	Over 5 years G\$	Non-interest bearing G\$	Total G\$
<b>Assets</b>					
Investments	7	-	27,621,907	308,025,000	335,646,907
Trade receivables	-	-	-	254,724,456	254,724,456
Other receivables and prepayments	-	-	-	64,490,001	64,490,001
Tax Recoverable	-	-	-	5,247,552	5,247,552
Fixed deposits	1.45	56,717,890	-	-	56,717,890
Cash on hand and at bank	0.25-1.5	29,397,786	-	-	29,397,786
		86,115,676	27,621,907	632,487,009	746,224,592
<b>Liabilities</b>					
Trade payables	-	-	-	149,795,451	149,795,451
Other payables and accruals	-	-	-	128,449,408	128,449,408
Bank overdraft (secured)	8.75 -11.5	16,979,830	-	-	16,979,830
		16,979,830	-	278,244,859	295,224,689
Interest sensitivity gap		69,135,846	27,621,907		

# NOTES ON THE ACCOUNTS

## 21 Financial risk management (CONT'D)

### (a) Market risk (CONT'D)

#### (iii) Currency risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arise mainly from investments and cash on hand and at bank. The currency which the Company is mainly exposed to is United States Dollars.

The aggregate amounts of assets and liabilities denominated in currency other than Guyana dollars are as shown:

	US \$
	G\$
<b>31 December 2022</b>	
Assets	<u>214,561,100</u>
Liabilities	<u>(164,223,956)</u>
<b>31 December 2021</b>	
	<b>G\$</b>
Assets	<u>127,612,294</u>
Liabilities	<u>(107,140,556)</u>

#### Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 2.5% increase and decrease in the Guyana dollar (GYD) against the United States dollar (US\$).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2.5% change in foreign currency rates. A positive number indicates an increase in profit where the US\$ strengthens 2.5% against the GY\$. For a 2.5% weakening of the US\$ against G\$ there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2022	2021
	G\$	G\$
Profit/(loss)	1,258,429	511,793

#### (iv) Price risk

Price 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 of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimize the risk.

Cross-border risk though relatively minimal, exists in relation to investments in Caricom Sovereign Bonds and such risk is mitigated by the application of prudent selection and stringent monitoring of the Company's investment portfolio by its intermediary Guyana Americas Merchant Bank Inc.

#### (v) Other price risks

The Company is not significantly exposed to price risks arising from bonds and equity investments. These investments are held for strategic rather than trading purposes. The Company does not actively trade in these investments.

# NOTES ON THE ACCOUNTS

## 21 Financial risk management (CONT'D)

### (b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table shows the distribution of liabilities by maturity:

	<b>Maturing 2022</b>				
	<b>Within 1 year</b>				<b>Total</b>
	<b>On Demand</b>	<b>Due in 3 mths</b>	<b>Due 3-12 mths</b>	<b>Due over 1 year</b>	
<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	
Lease liability	-	1,488,166	4,464,499	6,324,706	12,277,371
Trade payables	-	231,077,508	-	-	231,077,508
Other payables and accruals	-	152,962,447	-	-	152,962,447
Bank overdraft (secured)	162,123,006	-	-	-	162,123,006
Tax liability	-	-	16,896,815	-	16,896,815
	<b>162,123,006</b>	<b>385,528,121</b>	<b>21,361,314</b>	<b>6,324,706</b>	<b>575,337,147</b>

	<b>Maturing 2021</b>				
	<b>Within 1 year</b>				<b>Total</b>
	<b>On Demand</b>	<b>Due in 3 mths</b>	<b>Due 3-12 mths</b>	<b>Due over 1 year</b>	
<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	
Trade payables	-	149,795,451	-	-	149,795,451
Other payables and accruals	-	128,449,408	-	-	128,449,408
Bank overdraft (secured)	16,979,830	-	-	-	16,979,830
	<b>16,979,830</b>	<b>278,244,859</b>	<b>-</b>	<b>-</b>	<b>295,224,689</b>

# NOTES ON THE ACCOUNTS

## 21 Financial risk management (CONT'D)

### (c) Credit risk

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

	<b>2022</b> <b>Maximum</b> <b>exposure</b> <b>G\$</b>	<b>2021</b> <b>Maximum</b> <b>exposure</b> <b>G\$</b>
Cash at bank	71,193,082	27,358,798
Fixed deposits	48,468,097	56,717,890
Investments	343,316,340	335,646,907
Taxes recoverable	22,312,927	5,247,552
Trade receivables	324,060,813	254,724,456
Other receivables ( net of prepayments)	32,731,997	32,184,715
<b>Total Credit risk exposure</b>	<b>842,083,256</b>	<b>711,880,318</b>

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

The company faces credit risk in respect of its trade and other receivables, investments and balances due by bank. However, this risk is controlled by close monitoring of these balances by the company.

Balances due by banks include balances held with commercial banks. These banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

Investments in CARICOM Bonds and equity are assets for which the likelihood of default are considered low by the Directors.

	<b>2022</b> <b>G\$</b>	<b>2021</b> <b>G\$</b>
Trade and other receivables and taxes recoverable (excluding prepayments)	356,792,810	292,156,723
The above balances are classified as follows:		
Current	179,410,581	127,660,500
Past due but not impaired	177,382,229	164,496,223
	<b>356,792,810</b>	<b>292,156,723</b>

#### Ageing of trade and other receivables which were past due but not impaired

30-89 days	159,398,651	160,286,482
90-120 days	17,983,578	4,209,741
	<b>177,382,229</b>	<b>164,496,223</b>
Expected credit loss/provision for impairment	<b>14,350,105</b>	<b>13,150,104</b>

All expected credit loss/provisions for impairments relate to balances over 90 days past due.

# NOTES ON THE ACCOUNTS

## 21 Financial risk management (CONT'D)

### (c) Credit risk (CONT'D)

The table below shows the credit limit and balances of seven major counterparties at the end of the reporting period.

Details	Location	2022		2021	
		G\$ Credit Limit	G\$ Carrying Amount	G\$ Credit Limit	G\$ Carrying Amount
Customer # 1	Guyana	26,000,000	25,238,700	20,000,000	17,156,800
Customer # 2	Guyana	16,000,000	15,788,996	15,000,000	13,348,040
Customer # 3	Guyana	15,000,000	12,227,987	10,000,000	9,951,882
Customer # 4	Dominica	15,000,000	12,223,856	10,000,000	8,648,339
Customer # 5	Guyana	12,000,000	10,760,316	10,000,000	8,297,168
Customer # 6	Trinidad & Tobago	12,000,000	10,749,476	10,000,000	8,211,824
Customer # 7	U.S.A	10,000,000	9,685,697	10,000,000	7,982,750

There was one customer who represented more than 5% of the total balance of trade receivables.(2021: two). The average age of these receivables was 25 days (2021: 23 days).

## 22 Capital risk management

The Company 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 Company's overall strategy remain unchanged from 2021.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 17.

The company does not have a fixed rate or range to distribute dividends but its dividends policy is based on the performance of the company and future development plans.

### Gearing information:

The Company'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 Company has not set a target gearing ratio.

### Gearing information at the year end was as follows:

	2022 G\$	2021 G\$
Debt (i)	174,400,377	16,979,830
Cash and cash equivalents	(119,661,179)	(86,115,676)
	<u>54,739,198</u>	<u>(69,135,846)</u>
Equity (ii)	<u>3,656,878,299</u>	<u>3,549,002,400</u>
From the above the gearing ratio can be seen as (debt/equity)	<u>1%</u>	<u>-2%</u>

(i) Debt is defined as short-term borrowings, as detailed in note 16 and 18 (c)

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

# NOTES ON THE ACCOUNTS

## 23 Segment information

The company has been classified into two main segments, namely manufacturing and trading. These divisions are the basis on which the Company reports its primary segment information.

Principal activities are as follows:

### Manufacturing

The manufacture and marketing of Edible Fats, Detergents, Laundry Soap, Ice Cream and Yogurt.

### Trading

The distribution of branded products.

### Statement of profit or loss and other comprehensive income

	2022		
	Manufacturing G\$	Trading G\$	Total G\$
Third party revenue	4,558,568,640	189,111,618	4,747,680,258
Operating cost	3,318,085,999	147,233,224	3,465,319,223
Profit on operating activities	1,240,482,641	41,878,394	1,282,361,035
Other income	28,740,160	586,534	29,326,694
General and administrative expenses	(1,032,342,727)	(21,068,219)	(1,053,410,946)
Taxation	(70,984,681)	(1,448,667)	(72,433,348)
Profit for the year	165,895,392	19,948,042	185,843,434
<b>Other Information</b>			
Capital additions	207,975,619	4,244,400	212,220,019
Depreciation	225,381,673	4,599,626	229,981,299
<b>Segment assets</b>			
Property, plant and equipment	1,842,290,749	117,593,027	1,959,883,776
Defined benefit asset	469,749,686	-	469,749,686
Investments	343,316,340	-	343,316,340
Inventory, stores and work-in-progress	1,189,495,852	42,565,180	1,232,061,032
Trade receivables	312,900,805	11,160,008	324,060,813
Other receivables and prepayments	65,776,490	-	65,776,490
Tax recoverable	22,312,927	-	22,312,927
Fixed deposits	48,468,097	-	48,468,097
Cash on hand and at bank	71,193,082	-	71,193,082
	4,365,504,028	171,318,215	4,536,822,243
<b>Segment liabilities</b>			
Tax liability	-	16,896,815	16,896,815
Lease liability	-	12,277,371	12,277,371
Trade payables	231,077,508	-	231,077,508
Other payables and accruals	152,962,447	-	152,962,447
Bank overdraft (secured)	162,123,006	-	162,123,006
	546,162,961	29,174,186	575,337,147

# NOTES ON THE ACCOUNTS

## 23 Segment information (CONT'D)

### Statement of profit or loss and other comprehensive income

	2021		
	Manufacturing G\$	Trading G\$	Total G\$
Third party revenue	3,812,961,804	195,166,887	4,008,128,690
Operating cost	2,659,710,977	139,984,788	2,799,695,765
Profit on operating activities	1,153,250,827	55,182,098	1,208,432,925
Other income	26,723,537	545,378	27,268,915
General and administrative expenses	(965,969,552)	(19,713,664)	(985,683,216)
Taxation	(84,664,400)	(1,727,845)	(86,392,245)
Profit for the year	129,340,412	34,285,967	163,626,379

### Other Information

Capital additions and transfers	289,583,026	5,909,858	295,492,884
Depreciation	233,436,152	4,764,003	238,200,155

### Segment Assets

Property, plant and equipment	1,871,440,656	106,204,400	1,977,645,056
Defined benefit asset	442,575,852	-	442,575,852
Investments	335,646,907	-	335,646,907
Inventory, stores and work-in-progress	989,629,016	-	989,629,016
Trade receivables	254,724,456	-	254,724,456
Other receivables and prepayments	64,490,001	-	64,490,001
Tax Recoverable	5,247,552	-	5,247,552
Fixed deposits	56,717,890	-	56,717,890
Cash on hand and at bank	29,397,786	-	29,397,786
	4,049,870,116	106,204,400	4,156,074,516

### Segment liabilities

Trade payables	149,795,451	-	149,795,451
Other payables and accruals	128,449,408	-	128,449,408
Bank overdraft	16,979,830	-	16,979,830
	295,224,689	-	295,224,689

### Geographical location

The Company's operations ( manufacturing and trading) are located in Guyana.

The company's revenue derived from operations from external customers:

	2022 G\$	2021 G\$
Sales:		
Local	4,527,753,899	3,781,807,433
Foreign	219,926,359	226,321,257
	4,747,680,258	4,008,128,690

# NOTES ON THE ACCOUNTS

## 23 Segment information (CONT'D)

### Segment revenue and results

The following is an analysis of the Company's revenue and results from continuing operations and reportable segments:

	Segment Revenue		Segment Gross Profit	
	Year Ended 2022 G\$	Year Ended 2021 G\$	Year Ended 2022 G\$	Year Ended 2021 G\$
Foods and branded food products	4,005,876,590	3,363,898,236	1,124,638,791	1,061,061,341
Cleaning Agents	736,375,047	638,894,031	155,706,292	145,719,108
Other	5,428,621	5,336,423	2,015,952	1,652,476
	<u>4,747,680,258</u>	<u>4,008,128,690</u>	<u>1,282,361,035</u>	<u>1,208,432,925</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales reported in the year. (2021: Nil)

Segment profit represents the profit earned by each segment without allocation of central administration costs, Directors fees, investment revenue , finance costs and income tax expenses.

The accounting policies of the reportable segments are the same as the company's accounting policies.

### Information about major customers

Included in revenues arising from sales of foods and branded food products of G\$ 4.747 billion (2021: G\$ 4.008 billion)-(see table above) are revenues of approximately G\$ 209.53 million (2021: G\$ 77.5 million ) which arose from the sale to the Company's largest customers.



# NOTES ON THE ACCOUNTS

## 24 Fair value estimation

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13 requires fair value of assets and liabilities to be determined based on the following hierarchy:

Level 1 quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table details the carrying costs of assets and liabilities.

	2022			2021		
	IFRS 13 Level	Carrying amount G\$	Fair value G\$	IFRS 13 Level	Carrying amount G\$	Fair value G\$
<b>Assets</b>						
Trade receivables	2	324,060,813	324,060,813	2	254,724,456	254,724,456
Other receivables and prepayments	2	65,776,490	65,776,490	2	64,490,001	64,490,001
Taxes recoverable	2	22,312,927	22,312,927	2	5,247,552	5,247,552
Fixed deposits	2	48,468,097	48,468,097	2	56,717,890	56,717,890
Cash on hand and at bank	1	71,193,082	71,193,082	1	29,397,786	29,397,786
		<u>531,811,409</u>	<u>531,811,409</u>		<u>410,577,685</u>	<u>410,577,685</u>
<b>Liabilities</b>						
Trade payables	2	231,077,508	231,077,508	2	149,795,451	149,795,451
Other payables and accruals	2	152,962,447	152,962,447	2	128,449,408	128,449,408
Lease Liability	2	12,277,371	12,277,371		-	-
Tax liability	2	16,896,815	16,896,815		-	-
Bank overdraft (secured)	1	162,123,006	162,123,006	1	16,979,830	16,979,830
		<u>575,337,147</u>	<u>575,337,147</u>		<u>295,224,689</u>	<u>295,224,689</u>

### Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of assets and liabilities were determined as follows:

- Trade receivables and other receivables are net of specific provisions for impairment. The fair value of trade receivables and other receivables is based on expected realisation of outstanding balances taking into account the company's history with respect to delinquencies.
- Financial instruments where the carrying amounts are equal to fair value:-Due to their short-term maturity, the carrying value of certain financial instruments approximates their fair values. These include cash and cash equivalents, trade and other payables, tax liability and bank overdraft (secured).
- Right of use asset and lease liability are fixed by contract and directors estimate there is no difference between the carrying amount and fair value.

# NOTES ON THE ACCOUNTS

## 24 Fair value estimation (CONT'D)

### Fair value measurement recognised in the statement of financial position

The following table provides an analysis of financial instruments and other assets that are measured subsequent to initial recognition at fair value, grouped into Level 2 and 3 based on the degree to which the value is observable.

	2022		
	Level 2	Level 3	Total
<b>FVTOCI</b>			
Investments	316,830,000	26,486,340	343,316,340

	2021		
	Level 2 G\$	Level 3 G\$	Total G\$
<b>FVTOCI</b>			
Investments	308,025,000	27,621,907	335,646,907

	2022		
	Level 2 G\$	Level 3 G\$	Total G\$
Property, plant and equipment	1,182,468,540	777,415,236	1,959,883,776

	2021		
	Level 2 G\$	Level 3 G\$	Total G\$
Property, plant and equipment	1,180,145,682	797,499,374	1,977,645,056

Freehold land and buildings were revalued by the Directors on advice received from independent professional valuers in 1974, 1980, 2012, 2016 and 2019 with a total after tax surplus of G\$625,930,647 credited to capital reserve.

If no valuation of freehold land and building was done, the net book value of property, plant and equipment would have been approximately G\$1,193,066,111 (2021 - G\$1,213,956,783).

## 25 Capital commitments

	2022 G\$	2021 G\$
Authorised by the Directors but not contracted for	220,770,000	110,240,000

These comprise of acquisition of non current assets.

# NOTES ON THE ACCOUNTS

## 26 **Contingent liabilities**

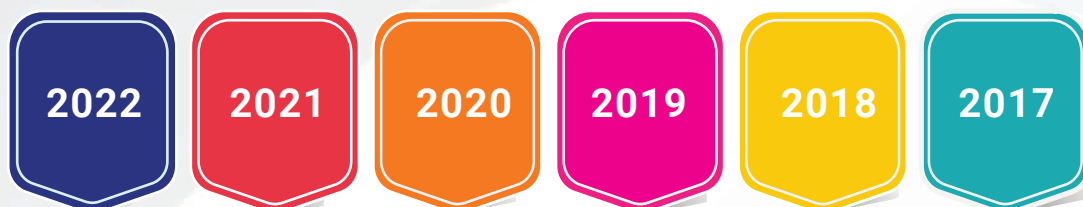
### **Pending litigation**

At the end of the reporting period, there were two pending litigation against the company, the outcome of which cannot be determined at this date.

## 27 **Approval of financial statements**

The financial statements were approved by the Board of Directors and authorised for issue on February 16, 2023.

## SIX YEAR STATISTICAL SUMMARY



	2022	2021	2020	2019	2018	2017
Turnover (\$)	4,747,680,258	4,008,128,690	3,601,294,139	3,605,082,556	3,283,211,508	3,077,180,731
Net Profit Before Taxation	258,276,783	250,018,624	241,760,845	190,723,748	150,745,063	202,497,495
Percentage on Sales	5.44	6.24	6.71	5.29	4.60	6.58
Taxation (\$)	72,433,349	86,392,245	73,232,318	69,218,140	50,388,250	57,914,817
Profit After Taxation	185,843,434	163,626,379	168,528,527	121,505,608	100,356,813	144,582,678
Cash cost of Dividends (\$)	99,263,580	91,627,920	83,992,260	76,356,600	91,627,920	91,627,920
Dividend Cover	1.87	1.79	2.01	1.59	1.10	1.58
Issued capital (\$)	702,480,720	702,480,720	702,480,720	702,480,720	702,480,720	702,480,720
Shareholders' equity (\$)	3,656,878,299	3,549,002,400	3,397,707,492	3,282,942,897	2,994,414,648	2,826,905,384
Working Capital	1,194,860,000	1,104,982,012	1,094,515,681	979,135,712	877,702,418	1,037,419,270
<b>Per Ordinary Share Unit</b>						
Net Profit (\$)	16.91	16.37	15.83	12.49	9.87	13.26
Shareholders Equity (\$)	239.46	232.40	222.49	214.97	196.08	185.11
Dividends paid	6.50	6.00	5.50	5.00	6.00	6.00



# PROXY FORM

I/We.....

of.....

being a member/members of Sterling Products Limited hereby appoint

.....

of.....

or failing him/her .....

of .....

As my/our proxy to vote for me/us on my/our behalf at the 68th Annual General Meeting of the Company at 17:00 hrs on Thursday 27 April 2023.

Signed: .....

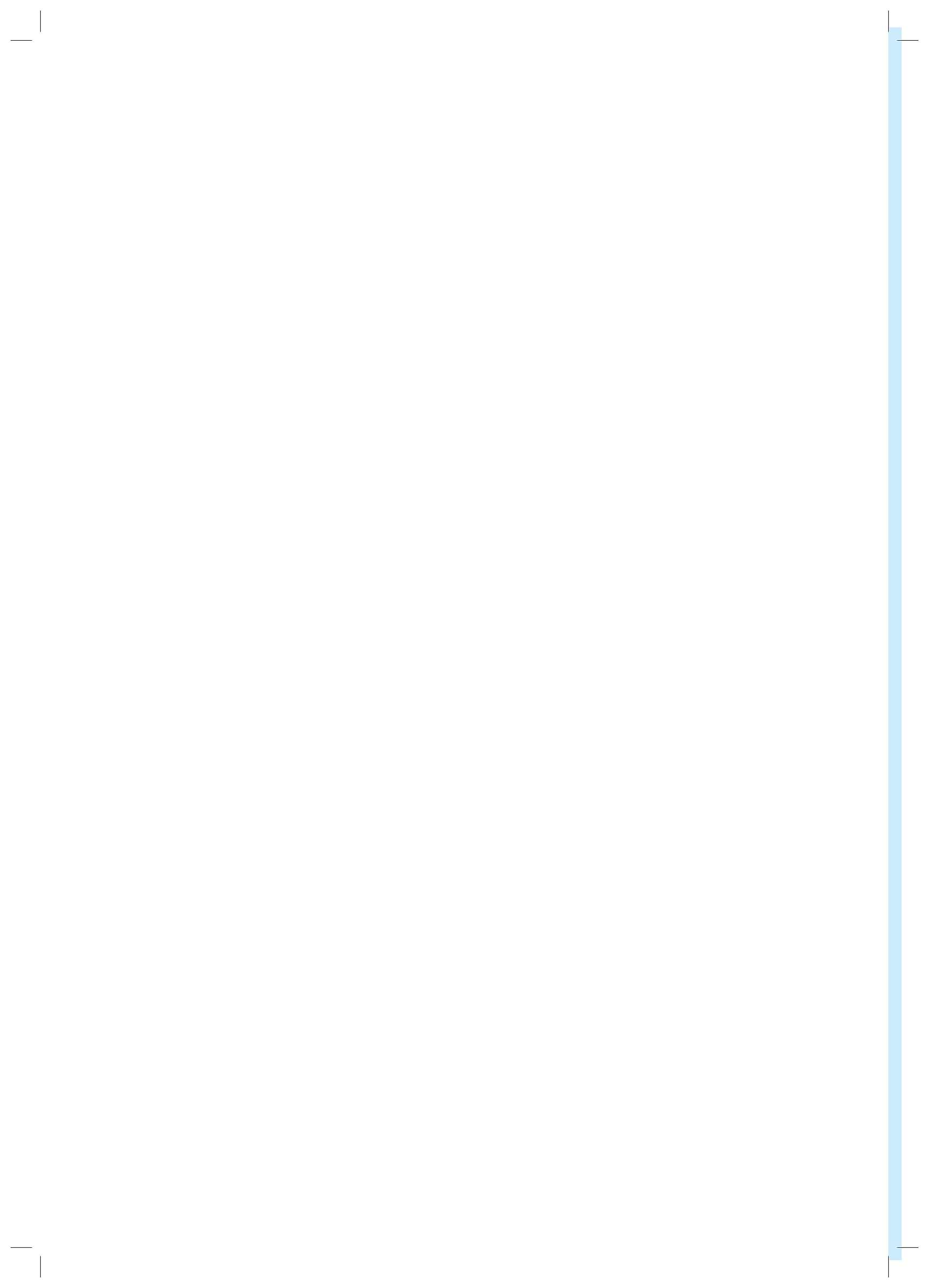
Witness: .....

Witness: .....

Date: .....

Notes:

1. Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies at attend and vote instead of him/her. A proxy need not be a member.
2. If the appointee is a Corporation this form must be under its common seal, or the hand of some officer or attorney duly authorized in that behalf.
3. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated.
4. To be valid this form must be deposited at the registered office of the Company not less than 48 hours before the time fixed for holding the Meeting.



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guilt-free because it's sugar-free!

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 **STERLING**  
PRODUCTS LIMITED

(SUBSIDIARY OF SECURE INTERNATIONAL FINANCE COMPANY INCORPORATED)

PROVIDENCE, EAST BANK DEMERARA, GUYANA.