GUYANA STOCKFEEDS INC.

KAITUK FEEDS

Annual Report 2021

Contents

Corporate Information

REGISTERED OFFICE
Farm, East Bank Demerara, Guyana.

REGISTRAR AND TRANSFER OFFICE
Guyana Stockfeeds Inc.
Farm, East Bank Demerara, Guyana.

COMPANY SECRETARY
Priya Nauth-Badal

LEGAL ADVISORS
Hughes, Fields & Stoby
62 Hadfield & Cross Streets,
Werk-en-Rust, Georgetown, Guyana.

BANKERS
Bank of Nova Scotia
104 Carmichael Street,
Georgetown, Guyana.

Guyana Bank for Trade and Industry
47 Water Street, Lacytown,
Georgetown, Guyana.

AUDITORS
Nizam Ali & Company
215 'C' Camp Street,
Georgetown, Guyana.

Notice of Annual General Meeting

The 61st Annual General Meeting of Guyana Stockfeeds, Inc. will be held at the Pegasus Hotel, Kingston, Georgetown, on Wednesday June 30th, 2022, at 10am.

AGENDA:

1. To receive and consider the report of the Directors and the Audited Accounts for the year ended 31st December 2021.
2. To elect Directors.
3. To confirm the remuneration of the Directors.
4. To appoint Auditors and authorize the Directors to fix their remunerations.
5. To transact any other business of an Annual General Meeting.

Only Shareholders or their duly appointed Proxies may attend.

Please bring this notice to gain entry to the meeting.

Any member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of him/her.

A person exercising a Proxy need not be a member of the Company. The Form of Proxy must be deposited with the Company Secretary at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting. A Proxy Form is attached for use.

Any corporation which is a Member of the Company may, by resolution of its Directors or other governing body, authorize such person as it thinks fit to act as its representative at the meeting.

BY ORDER OF THE BOARD

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Priya Nauth - Badal
Company Secretary
Registered Office
Farm, East Bank Demerara

June 9th, 2022

Chairman's Report

Guyana Stockfeeds Inc. continued its excellent performance in 2021 with earnings topping those of previous years. These results are commendable when viewed against the backdrop of the Covid 19 pandemic which resulted in significant job losses globally.

Overall sales increased by 16% to $7.9B from $6.8B. Sales of Feed and day-old chicks were higher by 22% and 17% respectively while sales of Rice were marginally lower on account of a poor Autumn rice crop.

Despite higher sales, profits for the year were marginally higher mainly resulting from higher raw material cost and higher taxes. Earnings per share improved from $4.26 to $4.56.

DIVIDEND

The Directors take pleasure in recommending a dividend of $2 per share for the year 2021.

ONE YEAR FORECAST

Capital works on our Poultry Processing Plant is ongoing and is scheduled to be completed before the end of 2022. The delay was mainly caused by our need for additional land space. This is a major development for us given the direction of which the local poultry industry is evolving. This investment is pivotal to our Company's medium and long-term growth prospects and for the sustainable profitability of our Farmers business. This project is expected to cost approximately US$7M.

Last year was indeed challenging with higher raw materials and energy costs, but 2022 seems to be evolving with even more challenges. Escalation in international prices of oil and the War in Ukraine has impacted both grain prices and energy cost even further and no reprieve is in sight. The result is that higher input cost and therefore higher feed and meat prices have become a new normal the world over.

CONCLUSION

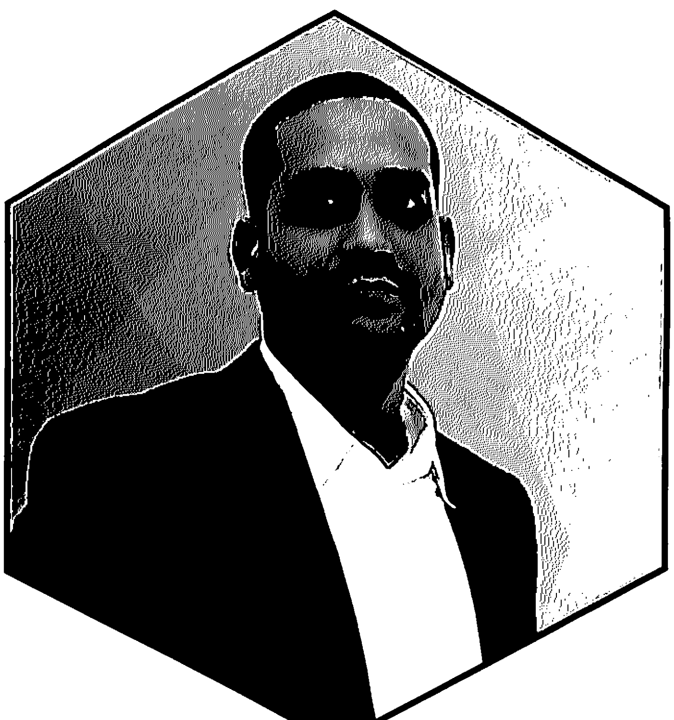
I take this opportunity on behalf of the Board of Directors to thank our Management and Staff for their hard work and diligence, sometimes above and beyond the call of duty. Let me also thank you my fellow shareholders for your confidence, understanding, and support.

Robert J. Badal
Chairman.

Board of Directors

Robert Badal FCCA, CA, MBA

Nigel Cumberbatch MSc



Robert Badal Jr.

Priya Nauth-Badal BA

Management Team

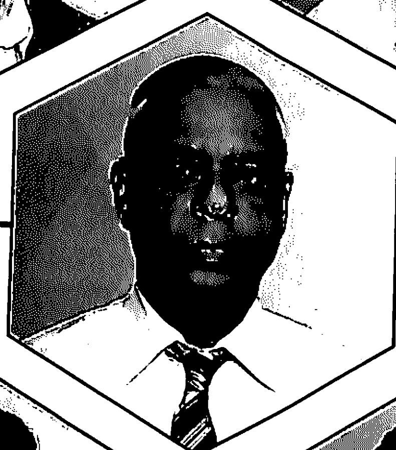
Robert Badal
Chief Executive Officer

Robert Badal Jnr.
Finance Manager

Reshan Singh
Feed Mill Manager

Gairy Rupnarine
Rice Mill Manager

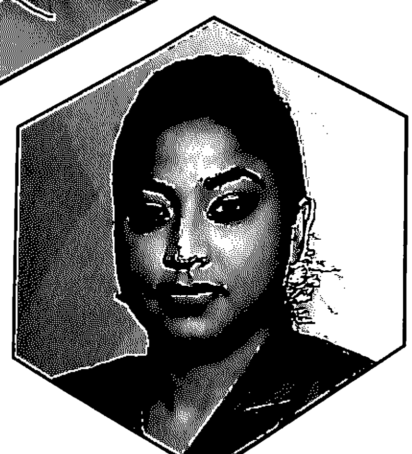
Mohamed Pasha
Group Production Manager



Surujnauth Haripersaud
Management Accountant

Jonathan Persaud
Hatchery Manager

Brandon Badal
Administration



Anita Sookdeo
Administration

Report of the Directors

The Directors take full pleasure in presenting this Report and the Audited Financial Statements for the year ended December 31, 2021.

PRINCIPAL ACTIVITIES

The company manufactures and distributes livestock feeds and related products including day-old broiler chicks to both the local and export markets. It also produces parboiled rice for the export market under its "Angel" brand.

FINANCIAL RESULTS

Results for the year are shown on pages 14 to 44 in the financial statements. The results reflect the operations and financial position of the Company.

Highlights are set out in the table below:

	2021 $M	2020 $M
Sales	7,913	6,804
Profit before Tax	492	425
Taxation	126	82
Profit after Tax	366	342
Earnings per share ($)	4.56	4.26

DIVIDEND

The directors take pleasure in recommending a dividend of $2 per share for the year 2021.

SHARE CAPITAL

The authorized Share Capital of the Company remains at 100,000,000 shares of no-par value, of which 80,285,557 were issued and are fully paid.

DIRECTORS

At the 60th Annual General Meeting of the Company, the following persons were appointed Directors:

Robert J. Badal
Robert Badal Jnr.
Nigel Cumberbatch
Priya Nauth-Badal

In accordance with Article 122 of the Company's Articles of Incorporation, all Directors retire and being eligible, offer themselves for re-election until the following Annual General Meeting.

Report of the Directors - continued

AUDITORS:

The Auditors, Nizam Ali & Company, has indicated their willingness to continue as the Company's auditors. A resolution proposing their re-appointment and authorizing the Directors to fix their remuneration will be submitted to the Annual General Meeting.

DIRECTORS' INTEREST

The interest of the Directors holding office as at December 31, 2021 in the ordinary shares of the company were as follows:

	Beneficial Interest	Associated Interest
Robert Badal		40,121,919
Robert Badal Jr.		12,000,000
Priya Nauth - Badal		10,000,000
Nigel Cumberbatch	5,000	Nil

SERVICE CONTRACTS

There were no service contracts between the Company and any of its Directors or any Director proposed for election at the forthcoming Annual General Meeting.

There are no contracts in which any of the Directors has had any material interest.

By Order of the Board

....

Priya Nauth-Badal,
Company Secretary

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Guyana Stockfeeds Inc. (the Company), which comprise the statement of financial position as at December 31, 2021, the statements of profit or loss and other comprehensive income, changes in equity and of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of the Company's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgment in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Guyana. Where IFRS presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying financial statements have been authorised for issue, if later. Management affirms that if carried out its responsibilities as outlined above.

....
Chief Executive Officer / Director
Date: March 18, 2022

....
Finance Manager
Date: March 18, 2022

....
Corporate Secretary
Date: March 18, 2022

Independent Auditors' Report

To the Shareholders of Guyana Stockfeeds Inc.

Report on the Audit of the Financial Statements

Opinion

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

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

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 Auditors' 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 judgment, were of most significance in our audit of the financial statements for the financial year ended December 31, 2021. 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	How our audit addressed the key audit matter
The estimation of the quantity of closing stock of raw material is subject to certain assumptions regarding compaction and the capacity of storage facilities.	Two methodologies were employed to confirm the accuracy of the quantity of raw material at year end as follows: (i) A roll forward calculation was done using opening stock, adding purchases and subtracting usage. (ii) Subsequent to year end and prior to any further receipt of stock, the level of raw material stock was reduced to a negligible quantity.

Independent Auditors' Report - continued

Key Audit Matter	How our audit addressed the key audit matter
	Actual consumption of raw material was computed between the statement of financial position date and immediately before the first receipt of stock subsequent to year end. Both methodologies confirmed the accuracy of the quantity of raw material at year end.
The carrying amount of the company's property, plant and equipment (PPE) amounted to $699,171,354. The valuation of PPE was identified as a key audit matter due to the significance of this balance to the financial statements, as well as the significance of management's judgment in determining its valuation. Further, an annual impairment review of PPE was done which involved significant management judgment.	Our procedures included testing of design, existence and operating effectiveness of internal control procedures as well as test of detail to ensure completeness and accuracy of PPE through the following: (i) An evaluation of the assumptions made by management in determination of the residual values and useful lives to ensure that these are consistent with accounting and industry standards. (ii) Assessment of whether indicators of impairment existed at December 31, 2021, based on our knowledge of the business and industry and the methodology used by management to carry out impairment review. (iii) Recalculation of depreciation charges for selected assets in line with the company's accounting policy. (iv) Physical verification of selected assets acquired in current and prior years. Based on our procedures, we found management's assessment of the valuation and impairment of PPE to be appropriate.

Going Concern

The company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the company's financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the company's ability to continue as a going concern.

Independent Auditors' Report - continued

Other Information

Management is responsible for the other information. The other information comprises all the information included in the company's 2021 annual report but does not include the financial statements and our auditors' 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 Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

In preparing the financial statements, 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives 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 auditors' report that includes our 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 aggregate, they can 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 judgment and maintain professional skepticism throughout 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 omissions, misrepresentations, or the override of internal control.

- 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 company's internal control.

Independent Auditors' Report - continued

Auditors' Responsibilities for the Audit of the Financial Statements, continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's 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 auditors' 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 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 auditors' report is Mr. Leslie Veerasammy, FCCA.

Nizam Ali & Company

Chartered Accountants
Georgetown, Guyana
March 18, 2022

Statement of Financial Position

As at December 31, 2021
With comparative figures for 2020 (Expressed in Guyana Dollars)

	Notes	2021	2020
		$	$
Assets			
Non- current assets			
Property, plant and equipment	10 (a)	699,171,354	673,738,603
		699,171,354	673,738,603
Current assets			
Inventories	8	629,350,065	150,057,850
Trade and other receivables	11	225,173,925	175,182,485
Cash at bank and on hand		1,027,923,152	1,322,768,408
Tax recoverable		64,555,577	64,555,577
Due from related party	17	-	1,585,757,534
Total current assets		**1,947,002,719**	**3,298,321,854**
Total assets		**2,646,174,073**	**3,972,060,457**
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	12	470,593,154	470,593,154
Retained earnings		1,337,127,446	2,895,466,314
Capital reserve	7	96,506,907	98,808,411
Total equity		**1,904,227,507**	**3,464,867,879**
Non- current liabilities			
Deferred tax	4.2	57,847,924	53,025,856
Pension liability	13	23,072,819	23,072,819
Total non- current liabilities		**80,920,743**	**76,098,675**
Current liabilities			
Trade and other payables	9	569,172,265	342,707,656
Provision for taxation		91,854,558	88,386,247
Total current liabilities		**661,025,823**	**431,093,903**
Total shareholders' equity and liabilities		**2,646,174,073**	**3,972,060,457**

.... Director

.... Director

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

Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2021
With comparative figures for 2020 (Expressed in Guyana Dollars)

	Notes	2021 $	2020 $
Sales		7,913,394,749	6,804,394,033
Discount allowed		(54,432,847)	(33,031,250)
		7,858,961,902	6,771,362,783
Raw materials and consumables		6,912,120,021	5,910,668,291
Employment benefits	14	289,459,081	265,424,128
Depreciation		17,567,249	16,952,219
Professional fees		13,122,500	5,460,508
Property tax		12,948,734	24,825,093
Net credit impairment	11	202	8,800
Other expenses	19	130,576,503	125,109,538
		7,375,794,290	6,348,448,577
Net operating income		483,167,612	422,914,206
Other income	20	9,059,066	2,278,889
Net income before taxation	15	492,226,678	425,193,095
Taxation	4.1	(126,013,682)	(82,920,574)
Profit for the year		366,212,996	342,272,521
Earnings per share in dollars	5	4.56	4.26

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

Statement of Changes in Equity

For the year ended December 31, 2021
With comparative figures for 2020 (Expressed in Guyana Dollars)

	Share capital	Retained earnings	Capital reserve	Total
	$	$	$	$
Balance at January 1, 2020	470,593,154	2,631,177,846	101,109,915	3,202,880,915
Profit for the year	-	342,272,521	-	342,272,521
Dividend (See note 6)	-	(80,285,557)	-	(80,285,557)
Amortised portion of excess of depreciation on revalued amount over depreciated cost as at end of year	-	2,301,504	(2,301,504)	-
Balance at December 31, 2020	470,593,154	2,895,466,314	98,808,411	3,464,867,879
Profit for the year	-	366,212,996	-	366,212,996
Dividend (See note 6)	-	(1,926,853,368)	-	(1,926,853,368)
Amortised portion of excess of depreciation on revalued amount over depreciated cost as at end of year	-	2,301,504	(2,301,504)	-
Balance at December 31, 2021	470,593,154	1,337,127,446	96,506,907	1,904,227,507

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

Statement of Cash Flows

For the year ended December 31, 2021
With comparative figures for 2020 (Expressed in Guyana Dollars)

	2021 $	2020 $
Cash flows from operating activities		
Profit before tax	492,226,678	425,193,095
Adjustments for:		
Depreciation	17,567,249	16,952,219
Gain on disposal	-	(4,149,998)
Operating income before working capital changes	509,793,927	437,995,316
Change in inventories	(479,292,216)	241,428,135
Change in trade and other receivables	(49,991,441)	90,462,167
Change in trade and other payables	226,463,610	(24,732,890)
Change in pension liability	-	(3,517,145)
Cash from operations	1,792,731,414	741,635,583
Taxes paid	(117,723,302)	(128,125,878)
Net cash from operating activities	1,675,008,112	613,509,705
Cash flows from investing activities		
Purchase of property, plant and equipment	(43,000,000)	(21,940,960)
Proceeds from sale of plant and equipment	-	4,150,000
Net cash used in investing activities	(43,000,000)	(17,790,960)
Cash flows from financing activities		
Dividends	(1,926,853,368)	(80,285,557)
Net cash used in financing activities	(1,926,853,368)	(80,285,557)
Net (decrease) increase in cash and cash equivalents	(294,845,256)	515,433,188
Cash and cash equivalents, beginning of year	1,322,768,408	807,335,220
Cash and cash equivalents, end of year	1,027,923,152	1,322,768,408
Represented by:		
Cash at bank and on hand	1,027,923,152	1,322,768,408

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

Notes to Financial Statements

December 31, 2021
(Expressed in Guyana Dollars)

1. Incorporation and principal activity

Guyana Stockfeeds Inc. (the company) was incorporated on October 14, 1960 and obtained Certificate of Continuance on March 13, 1997 in accordance with the Companies Act 1991. Its principal activity is the manufacture and sale of livestock feeds and parboiled rice.

The company, by a special resolution passed on September 4, 1998, changed its name from Guyana Stockfeeds Limited to Guyana Stockfeeds Inc.

2. Significant accounting policies

(a) ***(i) Basis of preparation and statement of compliance***

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and are presented in Guyana dollars, which is the functional currency. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The areas involving critical accounting estimates or a higher degree of judgment are identified in note 3.

The financial statements were authorised for issue by the Board of Directors on March 18, 2022.

(ii) New standards and interpretations adopted

The following new and amended pronouncements which became effective on January I, 2021 were adopted by the company. The adoption of these pronouncements did not have any impact on the financial statements.

Amendments to IFRS 7, Financial instruments: disclosures; IFRS 9, Financial instruments ; IAS 39, Financial instruments: recognition and measurement; IFRS 4, Insurance Contracts ; and IFRS 16, Leases

The amendments, comprising Phase 2 of IBOR (inter-bank offered rates) reform, became effective on January 1, 2021 provide a practical expedient for modifying a financial contract or a lease for lessees as a result of IBOR reform (IBOR reform — Phase 2). The amendments also allow a series of exemptions from certain rules around hedge accounting, including the need to discontinue existing hedging relationships as a result of changes to hedging documentation required by IBOR reform.

This is not applicable to the Company and thus had no impact.

2. Significant accounting policies, continued

(ii) New standards and interpretations adopted, continued

Amendments to IFRS 16, Leases

The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) became effective on June 1, 2020 and amend IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments require that lessees apply the exemption to account for COV1D-19-related rent concessions as if they were not lease modifications, that lessees that apply the exemption disclose that fact, and that lessees apply the exemption retrospectively in accordance with IAS 8, but do not require them to restate prior period figures.

The adoption of the amendments to IFRS 16 did not result in any changes to the financial statements.

(iii) New Standards, amendments and interpretations not adopted

The following new and amended pronouncements which are not yet effective have not been early adopted by the company. The company is assessing the impact, if any, these pronouncements will have on future reporting.

Standard	Main Topic	Effective date
Amendments to IAS 1, *Presentation of Financial Statements*	IAS 1 has been revised to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	1-Jan-23
Amendments to IAS 1, *Presentation of Financial Statements* and IFRS Practice Statement 2, *Making Materiality Judgements*	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1-Jan-23

Notes to Financial Statements

December 31, 2021
(Expressed in Guyana Dollars)

2. Significant accounting policies, continued

(iii) New Standards, amendments and interpretations not adopted, continued

Standard	Main Topic	Effective date
Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty and also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	1-Jan-23
Amendments to IAS 12, *Income Taxes*	The amendments clarify how companies should account for deferred tax on certain transactions such as leases and decommissioning provisions. It narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences.	1-Jan-23
Amendments to 1AS 16, *Property, Plant and Equipment*	The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.	1-Jan-22
Amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*	The amendments clarify that, for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.	1-Jan-22
Amendments to IFRS 9, *Financial Instruments*	The amendment, part of the *Annual Improvements to IFRS Standards 2018 to 2020*, clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	1-Jan-22
Amendments to IFRS 16, *Leases*	The amendments to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example. This is part of the Annual Improvements to IFRS Standards 2018 to 2020.	1-Jan-22

2. Significant accounting policies, continued

(iii) New Standards, amendments and interpretations not adopted, continued

Standard	Main Topic	Effective date
Amendments to IFRS 16, *Leases*	The amendment extends the relief available to account for COVID-19 related rent concessions from 2020 amendment Covid-19-Related Rent Concessions (Amendment to IFRS 16). It provides lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before June 30, 2022) is a lease modification.	1-Apr-21

(b) Revenue recognition

Revenue is recognised at a point in time or over time in the amount of the price, before tax on sales, expected to be received by the company for goods and services supplied as a result of its ordinary activities, as contractual performance obligations are fulfilled, and control of goods and services passes to the customer. Revenues are decreased by any trade discounts or volume rebates granted to customers.

(c) Property, plant and equipment

Property, plant and equipment are stated generally at historical cost, except for those measured at fair value, when they are tested for impairment. Historical cost includes expenditure directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amounts of replaced parts are derecognised. All repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Property, plant and equipment are tested for impairment whenever there is objective evidence that the carrying amount of the asset may exceed its recoverable amount. Any resulting impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

No depreciation is provided on freehold land and work-in-progress. Other assets are depreciated on the straight line method over their estimated useful lives as follows:

Buildings	-	50 years
Leashold land	-	99 years
Plant and machinery	-	varying lives up to 10 years
Equipment	-	varying lives up to 20 years
Motor vehicle	-	4 years

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2. Significant accounting policies, continued

(d) Inventories

Inventories are valued using the lower of cost or net realisable value. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Guyana Stockfeeds Inc. analyses its inventory balances to determine if, as a result of internal events, such as physical damage or market conditions, certain portions of such balances have become obsolete or impaired. When an impairment situation arises, the inventory balance is adjusted to its net realisable value, whereas, if an obsolescence situation occurs, the inventory obsolescence reserve is increased. In both cases, these adjustments are recognised against the results of the period. Advances to suppliers of inventory are presented as part of other current assets.

(e) Dividend on ordinary shares

Dividend on ordinary shares are recognised in equity in the period in which they are declared.

(f) Foreign currency translation

The financial statements are presented in Guyana dollars which is the functional and presentation currency of the company.

Transactions denominated in foreign currencies are recorded in the functional currency at the exchange rates prevailing on the dates of their execution. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the statement of financial position date, and the resulting foreign exchange fluctuations are recognised in earnings.

The most significant closing exchange rates and the approximate average exchange rates for statement of financial position accounts and statement of profit or loss accounts as of December 31, 2021 and 2020, were as follows (expressed in the quantity of Guyana dollars equivalent to one unit of the currency):

Currency	2021	2020
United States Dollar	215	215

(g) Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the period. 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 expenses that are taxable or deductible in other years and it further excludes items that

2. Significant accounting policies, continued

(g) Taxation, continued

are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted in Guyana at the statement of financial position date.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amount of the 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 balance sheet liability method. Deferred tax liability are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

(h) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(i) Cash and cash equivalents

The balance in this caption is comprised of available amounts of cash and cash equivalents, mainly represented by highly-liquid short-term investments, which are readily convertible into known amounts of cash, and which are not subject to significant risks of changes in their values.

(j) Trade accounts receivable

The company applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses,

Notes to Financial Statements

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2. Significant accounting policies, continued

(j) Trade accounts receivable, continued

trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before December 31, 2021 or January 1, 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been expected. For these receivables the estimated impairment losses were recoginsed in a separate provision for impairment. The company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue). Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

(k) Share capital

Ordinary shares
Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

Repurchase of share capital
When share capital recognised as equity is repurchased, the amount of the consideration paid including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(l) Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade accounts receivable, other accounts receivable, trade payables and other current liabilities.

2. **Significant accounting policies, continued**

(l) **Financial instruments, continued**

Initial recognition and measurement

Trade accounts receivable are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement of financial instruments

Financial assets are classified under three principal classification categories: measured at amortised cost, measured at fair value through other comprehensive income (FVOCI) and measured at fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Other financial obligations are measured at amortised cost using the effective interest rate method. Interest accrued on financial instruments are recognised within trade and other payables.

Derecognition

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or when it expires. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the income statement.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to Financial Statements

December 31, 2021
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2. Significant accounting policies, continued

(l) Financial instruments, continued

Impairment of financial assets

Impairment losses of financial assets, including trade accounts receivable, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

Fair value measurements

Under IFRS, fair value is based on the "exit price" which is 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, considering the counterparty's credit risk in the valuation. The concept of exit price is premised on the existence of a market and market participants for the specific asset or liability. When there are no market and/or market participants willing to make a market, IFRS establishes a fair value hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 - represent quoted prices (unadjusted) in active markets for identical assets or liabilities that Guyana Stockfeeds Inc. has the ability to access at the measurement date. A quoted price in an active market provides the most reliable evidence of fair value and is used without adjustment to measure fair value whenever available.

- Level 2 - are inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly, and are used mainly to determine the fair value of securities, investments or loans that are not actively traded. Level 2 inputs included equity prices, certain interest rates and yield curves, implied volatility and credit spreads, among others, as well as inputs extrapolated from other observable inputs. In the absence of Level 1 inputs, Guyana Stockfeeds Inc. determined fair values by iteration of the applicable Level 2 inputs, the number of securities and/or the other relevant terms of the contract, as applicable.

- Level 3 - inputs are unobservable inputs for the asset or liability. Guyana Stockfeeds Inc. used unobservable inputs to determine fair values, to the extent there are no Level 1 or Level 2 inputs, in valuation models including risk assumptions consistent with what market participants would use to arrive at fair value.

2. Significant accounting policies, continued

(m) Trade payables

Trade payables are recognised initially at fair value and subsequently at amortised cost.

(n) Operating segment

A business segment is a component of an entity that is engaged in providing products or service 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 geographical segments.

(o) Contingencies and commitments

Obligations or losses related to contingencies are recognised as liabilities in the statement of financial position only when present obligations exist resulting from past events that are probable to result in an outflow of resources and the amount can be measured reliably. Otherwise, a qualitative disclosure is included in the notes to the financial statements. The effects of long-term commitments established with third parties, such as supply contracts with suppliers or customers, are recognised in the financial statements on an incurred or accrued basis, after taking into consideration the substance of the agreements. Relevant commitments are disclosed in the notes to the financial statements. The company recognises contingent revenues, income or assets only when their realisation is virtually certain.

3. Critical accounting estimates and judgments

These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively from the period in which the estimates are revised. The following are the key estimate and assumption uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

(i) Impairment of non financial assets

An impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its

3. Critical accounting estimates and judgments, continued

Critical accounting estimates, continued

recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is determined using an approach that includes the use of market observable data for similar type CGUs. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

(ii) Useful life of property, plant and equipment

Property, plant and equipment is amortised over the estimated useful life of the assets. Changes in the estimated useful lives could significantly increase or decrease the amount of depreciation recorded during the year and the carrying value of property, plant and equipment.

Critical accounting judgments

In the preparation of these financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognised in the financial statements.

(i) Income taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

(ii) Provision for expected credit losses (ECL)

Management exercises judgement in determining the adequacy of provisions established for accounts receivable balances for which collections are considered doubtful. Judgement is used in the assessment of the extent of the recoverability of certain balances. Actual outcomes may be materially different from the provision established by management.

Impairment losses of financial assets, including trade accounts receivable, are recognised using the expected credit loss (ECL) model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering for their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability.

3. Critical accounting estimates and judgments, continued

Critical accounting judgments, continued

(iii) Inventory

The estimation of the quantity of closing stock of raw material is subject to certain assumptions regarding compaction and the capacity of storage facilities. Management periodically reviews these assumptions to determine appropriateness.

(iv) Defined benefit plans

The cost of defined benfit plans and the post retirement benefits are determined using actuarial valuations. The actuarial valuation involves making judgments and assumptions in determining discount rates, expected rate of return on assets, future salary increases and future pension increases. Due to the long term nature of the plan, such assumptions are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

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4 Taxation

4.1 *Taxation for the period*

The amounts of taxation expense in the income statement for 2021 and 2020 were summarised as follows:

	2021 $	2020 $
Corporation tax - current year	121,191,614	103,007,539
- deferred	4,822,068	(20,086,965)
	126,013,682	82,920,574

4.2 *Deferred taxation*

The movement in the deferred tax liability (asset) is as follows:

	2021		
	Plant and equipment $	Pension liability $	Total $
Opening balance	58,794,061	(5,768,205)	53,025,856
Recognised in:			
Profit or loss	4,822,068	-	4,822,068
Closing balance	63,616,129	(5,768,205)	57,847,924

	2020		
	Plant and equipment $	Pension liability $	Total $
Opening balance	79,760,312	(6,647,491)	73,112,821
Recognised in:			
Profit or loss	(20,966,251)	879,286	(20,086,965)
Closing balance	58,794,061	(5,768,205)	53,025,856

4.3 *Reconciliation of effective tax rate*

For the years ended December 31, 2021 and 2020, the effective taxation rates were as follows:

	2021 $	2020 $
Profit	492,226,678	425,193,095
Taxation	121,191,614	103,007,539
Effective Taxation rate[1]	24.6	24.2

[1] The average effective tax rate equals the net amount of taxation expense divided by income before taxation, as these line items are reported in the statement of profit or loss and other comprehensive income.

4. Taxation - continued

4.3 *Reconciliation of effective tax rate - continued*

	2021		2020	
	%	$	%	$
Statutory tax rate	25.0	123,056,669	25.0	106,298,274
Expenses not deductible for tax purposes	0.7	3,237,234	1.5	6,208,473
Accounting depreciation	0.9	4,391,812	1.0	4,238,055
Tax depreciation	(1.9)	(9,494,101)	(2.8)	(11,820,477)
Others	-	-	(0.5)	(1,916,786)
Effective tax rate	24.6	121,191,614	24.2	103,007,539

5. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of $366,212,996 (2020: $342,272,521) and the number of ordinary shares outstanding during the period of 80,285,557 (2020: 80,285,557) as follows:

	2021 $	2020 $
Net profit attributable to ordinary shareholders		
Profit for the year	366,212,996	342,272,521
Number of ordinary shares		
On issue at December 31	80,285,557	80,285,557
Earnings per share	4.56	4.26

6. Dividend payable

	2021 $	2020 $
Interim dividend for 2021 $23.00 per share	1,846,567,811	-
Final dividend 2020 $1.00 per share (2019-$1.00)	80,285,557	80,285,557
	1,926,853,368	80,285,557

The financial statements do not reflect a final dividend of $2.00 per share proposed by the Directors. This amount will be accounted for as an appropriation of retained earnings in the subsequent year.

7. Capital reserve

Capital reserve represents surplus on revaluation of land and buildings amounting to $158,031,513. This reserve is only distributable upon realisation. Realisation occurs upon the disposal or amortisation of the related assets.

The portion of the revaluation surplus relating to buildings is amortised annually based on the life of the related asset. The annual amortised portion of the revaluation surplus is transferred to distributable reserves. The cumulative realised portion of the revaluation reserve at December 31, 2021 amounted to $61,524,606 (2020 - $59,223,102).

Notes to Financial Statements

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8. Inventories

	2021 $	2020
Finished goods	41,060,233	20,335,994
Raw and packaging materials	573,096,212	112,880,906
Goods in transit	15,193,620	16,840,950
	629,350,065	150,057,850

9. Trade and other payables

	2021 $	2020 $
Trade payables	195,075,563	142,226,594
Property tax	15,181,771	27,058,130
Dividend payable	212,583,724	80,285,557
Other payables and accruals	146,330,207	93,137,375
	569,171,265	342,707,656

Notes to Financial Statements

December 31, 2021
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10. Property, plant and equipment

	2021					
	Land and building $	Plant, machinery and equipment $	Motor vehicle $	WIP $	Leasehold land $	Total $
(a) Cost/Valuation						
At January 1, 2021	460,007,051	2,439,495,197	89,272,810	283,080,701	-	3,271,855,759
Additions	-	-	-	-	43,000,000	43,000,000
At December 31, 2021	460,007,051	2.439.495,197	89,272,810	283,080,701	43,000,000	3,314,855,759
Comprising						
Cost	301,975,538	2,439,495,197	89,272,810	283,080,701	43,000,000	3,156,824,246
Valuation	158,031,513	-	-	-	-	158,031,513
	460,007,051	2,439,495,197	89,272,810	283,080,701	43,000,000	3,314,855,759
Accumulated depreciation						
At January 1, 2021	125,803,681	2,385,819,640	86,493,835	-	-	2,598,117,156
Charge for the year	6,633,497	9,751,909	747,500	-	434,343	17,567,249
At December 31, 2021	132,437,178	2,395,571,549	87,241,335	-	434,343	2,615,684,405
Net book values						
At December 31, 2021	327,569,873	43,923,648	2,031,475	283,080,701	42,565,657	699,171,354

	2020				
	Land and building $	Plant, machinery and equipment $	Motor vehicle $	WIP $	Total $
Cost/Valuation					
At January 1, 2020	460,007,051	2,439,495,197	98,512,810	264,129,741	3,262,144,799
Additions	-	-	2,990,000	18,950,960	21,940,960
Disposal	-	-	(12,230,000)	-	(12,230,000)
At December 31, 2020	460,007,051	2,439,495,197	89,272,810	283,080,701	3,271,855,759
Comprising					
Cost	301,975,538	2,439,495,197	89,272,810	283,080,701	3,113,824,246
Valuation	158,031,513				158,031,513
	460,007,051	2,439,495,197	89,272,810	283,080,701	3,271,855,759
Accumulated depreciation					
At January 1, 2020	119,170,184	2,375,711,968	98,512,783	-	2,593,394,935
Charge for the year	6,633,497	10,107,672	211,050	-	16,952,219
Write back on disposals	-	-	(12,229,998)	-	(12,229,998)
At December 31, 2020	125,803,681	2,385,819,640	86,493,835	-	2,598,117,156
Net book values					
At December 31, 2020	334,203,370	53,675,557	2,778,975	283,080,701	673,738,603

(b) Included in plant, machinery and equipment is a wharf costing $139,924,401 (net book value $1) which was constructed on land which is not owned by the company but on which the company has a shared interest.

(c) Leasehold land represents land situated at Sublot 'D" Farm East Bank Demerara currently being leased for a period of ninety-nine (99) years. The lease payment comprise of a one off payment of $43,000,000, there is no annual lease obligation.

Notes to Financial Statements

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11. Trade and other receivables

	2021	2020
	$	$
Trade receivables	191,714,494	156,399,228
Less provision for doubtful debts *(see note 18 (a))*	(30,809,709)	(30,809,507)
	160,904,785	125,589,721
Other receivables and prepayments	64,269,140	49,592,764
	225,173,925	175,182,485

The movement in the provision for doubtful debts during the year was as follows:

	2021	2020
	$	$
Balance, beginning of year	30,809,507	30,800,707
Additional provisions	202	8,800
Balance, end of year	30,809,709	30,809,507

12. Share capital

	2021	2020
	$	$
Authorised		
100,000,000 (2020 - 100,000,000) Ordinary shares of no par value		
Issued and fully paid shares		
80,285,557 (2020 - 80,285,557) ordinary shares stated value	470,593,154	470,593,154

13. Pension scheme

The company participates in a contributory defined benefit scheme. The contributions are held in trustee-administrated funds, which are separate from the company's finances.

The last statutory valuation of the scheme was performed as at December 31, 2019. Under the Actuarial method employed, the valuation revealed that there was an Actuarial liability of $23,072,819 as follows:

	2021	2020
	$	$
Fair value of assets as per actuarial valuation	73,709,181	73,709,181
Present value of defined benefit obligation	(96,782,000)	(96,782,000)
Pension liability	(23,072,819)	(23,072,819)

The amounts recognised in these financial statements are as follows:

(a) Included in the statement of financial position:

	2021	2020
	$	$
Pension liability	23,072,819	23,072,819

(b) Included in the statement of profit or loss:

	2021	2020
	$	$
Contribution during the year	7,379,439	8,495,874

13. Pension scheme, continued

The company has not undertaken an IAS 19 - Employee benefit, valuation of the pension scheme at the end of 2021. Management is currently engaged in discussions with the trustees of the scheme to have an IAS 19 valuation of the scheme done. Management does not believe that the outcome of this valuation will result in material adjustment to the financial statements.

(c) Liability profile

The defined benefit obligation was allocated between the scheme's members as follows:

- Active members	90%
- Pensioners	10%

(d) Summary of main assumptions

Discount rate	5%
Expenses	1.2%
Salary increases	4%

Assumptions regarding mortality is nil for pre-retirement and GAM94 for post retirement.

(e) Sensitivity analysis

The calculation of defined benefit obligation is sensitive to the assumptions used. The following table summarises how the defined benefit obligations as at December 31, 2019 would have changed as a result of a change in the assumptions used.

	1% pa higher
Discount rate	17,646,000
Future salary increases	(11,518,000)

(f) Investment allocation and returns

The plan is currently invested in Deposit Administration Policy with Hand in Hand Mutual Life Assurance Company Limited. The average rate of return earned by the fund in the past three years was 4.5%.

14. Employment benefits

	2021 $	2020 $
Wages and salaries	222,333,181	204,077,863
Staff uniform	1,133,548	3,314,575
Staff training	-	-
Subsistence	9,600,564	7,537,780
Travelling	2,053,113	2,253,320
Leave passage	14,040,000	14,125,000
NIS employer's contribution	17,258,508	15,318,660
Contribution to pension scheme	7,379,439	4,978,729
Contribution to medical scheme	986,201	1,230,144
Canteen and general expense	14,674,527	12,588,057
	289,459,081	265,424,128

Employees

The number of employees in the company as at December 31, 2021 amounted to 132 (2020 - 130).

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15. Net income before taxation

	2021	2020
	$	$
Net income before taxation	492,226,678	425,193,095
After charging the following:		
Depreciation	17,567,249	16,952,219
Auditors' remuneration	3,670,000	3,670,000
Directors' emoluments (note 16)	1,020,000	1,020,000

16. Directors' emoluments

Emoluments including expenses paid to directors for services as directors

	2021	2020
	$	$
R. Badal	300,000	300,000
P. Nauth Badal	240,000	240,000
N. Cumberbatch	240,000	240,000
R. Badal (Jnr)	240,000	240,000
	1,020,000	1,020,000

17. Related parties

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party:
   a) is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries);
   b) has a direct or indirect interest in the company that gives it significant influence; or
   c) has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Notes to Financial Statements

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17. Related parties, continued

The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company and its affiliates.

Related party transactions include the provision of services and payment of expenses by and on behalf of Guyana Stockfeeds Limited and Pegasus Hotels of Guyana Limited. The company conducted transactions during the year with affiliated companies and recorded the following outstanding balance at December 31, 2021 and 2020.

Transactions and balances with related parties are as follows:

	2021	2020
	$	$
Guyana Stockfeeds Ltd.		
Transactions (note a)		
Expenses paid on behalf of Guyana Stockfeeds Inc.		
Cost incurred	53,750,000	53,750,000
Reimbursement	(53,750,000)	(53,750,000)
Balance	-	-

	2021	2020
	$	$
Pegasus Hotels of Guyana Ltd.		
Transactions		
Repayment of loan	1,585,757,534	-
Balance	-	1,585,757,534

(a) Guyana Stockfeeds Ltd. (GSL), a company incorporated in Trinidad and Tobago, arranges for export markets and merchandising services. Cost incurred represents cost of rental of office space, staff cost, sales promotion, transport and travel cost and administrative expense.

Key management personnel

Remuneration paid to key management personnel was as follows:

	2021	2020
	$	$
Short-term employee benefits	28,028,836	27,986,400

The Chief Executive Officer of the company controls 94.02% of the voting shares of the company.

Notes to Financial Statements

December 31, 2021
(Expressed in Guyana Dollars)

18. Financial risk management

(i) Introduction and overview

Enterprise risks may arise from any of the following situations: i) the potential change in the value of assets owned or reasonably anticipated to be owned, ii) the potential change in value of liabilities incurred or reasonably anticipated to be incurred, iii) the potential change in value of services provided, purchase or reasonably anticipated to be provided or purchased in the ordinary course of business, iv) the potential change in the value of assets, services, inputs, products or commodities owned, produced, manufactured, processed, merchandised, leased or sell or reasonably anticipated to be owned, produced, manufactured, processed, merchandising, leasing or selling in the ordinary course of business, or v) any potential change in the value arising from interest rate or foreign exchange rate exposures arising from current or anticipated assets or liabilities.

The Board of Directors is ultimately responsible for the overall risk management approach and for approving the risk strategies, principles and policies and procedures. Day to day adherence to risk principles is carried out by the executive management in compliance with the policies approved by the Board of Directors. The Company's overall risk management measures are focused on minimising the potential adverse effects on its financial performance of changes in financial markets.

The main risk categories are mentioned below:

(a) Credit risk

Credit risk is the risk of financial loss faced by the company if a customer or counterparty to a financial instrument does not meet its contractual obligations and originates mainly from trade accounts receivable. As of December 31, 2021 and 2020, the maximum exposure to credit risk is represented by the balance of financial assets. Management has developed policies for the authorisation of credit to customers. Exposure to credit risk is monitored constantly according to the payment behaviour of debtors. Credit is assigned on a customer-by-customer basis and is subject to assessments which consider the customers' payment capacity, as well as past behaviour regarding due dates, balances past due and delinquent accounts. In cases deemed necessary, the company's management requires guarantees from its customers and financial counterparties with regard to financial assets.

The company's management has established a policy of low risk tolerance which analyses the creditworthiness of each new customer individually before offering the general conditions of payment terms and delivery. The review includes external ratings, when references are available, and in some cases bank references. Thresholds of purchase limits are established for each customer, which represent the maximum purchase amounts that require different levels of approval. Customers that do not meet the levels of solvency requirements imposed by the company can only carry out transactions by paying cash in advance. As of December 31, 2021, considering the company's best estimate of potential expected losses based on the ECL model developed by the company, the allowance for ECL was $30,809,709.

The company estimated ECL on trade receivables using a provision matrix based on historical credit experience as well as the credit risk and the expected developments for each group of customers.

Credit risks from balances with banks and financial institutions are managed in accordance with

18. Financial risk management, continued

(i) Introduction and overview, continued

(a) Credit risk, continued

policy. Investments of surplus funds are made only with approved counterparties and within limits assigned to each counterparty. Counterparty limits are reviewed by the Company's Board of Directors on an annual basis and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Credit risks from other financial assets have been assessed as being very low. Loans to employees can be recovered from employee benefits not yet paid.

Trade receivables are categorised into three stages as follows:

Stage 1 - A financial instrument that is not credit impaired on initial recognition is classified in 'stage 1' and has its credit risk continuously monitored by the company.

Stage 2 - If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to 'stage 2' but is not yet to be credit impaired.

Stage 3 - If the financial instrument is credit impaired, the financial instrument moves to 'stage 3'.

The following table presents trade receivables according to these stages:

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	**$**	**$**	**$**
Gross trade receivables	101,432,651	65,250,747	25,031,096	191,714,494
Provision	(786,953)	(4,991,660)	(25,031,096)	(30,809,709)
Net trade receivables	100,645,698	60,259,087	-	160,904,785

	2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	**$**	**$**	**$**
Gross trade receivables	84,438,011	44,706,971	27,254,246	156,399,228
Provision	(786,751)	(2,768,510)	(27,254,246)	(30,809,507)
Net trade receivables	83,651,260	41,938,461	-	125,589,721

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18. Financial risk management - continued

(b) Liquidity risk

Liquidity risk is the risk that the company will not have sufficient funds available to meet its obligations. In addition to cash flows provided by its operating activities, in order to meet the company's overall liquidity needs for operations, servicing debt and funding capital expenditures, the company relies on cost-cutting and operating improvements to optimise capacity utilisation and maximise profitability, as well as borrowing under credit facilities, proceeds of debt and equity offerings, and proceeds from asset sales. The maturities of the company's contractual obligations are detailed in the table below:

	Maturing December 31, 2021		
	Within one year		
	On demand	Due in 3 months	Total
	$	$	$
Assets			
Trade receivables	160,904,785	-	160,904,785
Other receivables	64,269,140	-	64,269,140
Cash and cash equivalents	1,027,923,152	-	1,027,923,152
Tax recoverable	64,555,577	-	64,555,577
	1,317,652,654	-	1,317,652,654
Liabilities			
Trade and other payables	569,171,265	-	569,171,265
Taxation	91,854,558	-	91,854,558
	661,025,823	-	661,025,823
Liquidity gap	656,626,831	-	656,626,831

	December 31, 2020		
	Within one year		
	On demand	Due in 3 months	Total
	$	$	$
Assets			
Trade receivables	125,589,721	-	125,589,721
Other receivables	49,592,764	-	49,592,764
Cash and cash equivalents	1,322,768,408	-	1,322,768,408
Tax recoverable	64,555,577	-	64,555,577
Due from related party	1,585,757,534	-	1,585,757,534
	3,148,264,004	-	3,148,264,004
Liabilities			
Trade and other payables	342,707,656	-	342,707,656
Taxation	88,386,247	-	88,386,247
	431,093,903	-	431,093,903
Liquidity gap	2,717,170,101	-	2,717,170,101

18. Financial risk management - continued

(c) Capital risk management

The company's objective when managing its capital (ordinary shares) is to safeguard its ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders or issue new shares.

(d) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Such exposure arises from sales or purchases in currencies other than the company's functional currency. Management monitors its exposure to foreign currency fluctuations and employs appropriate strategies to mitigate any potential losses. As such, there is no material risk relating to foreign currency fluctuations.

The aggregate value of financial assets and liabilities by denominated currency are as follows:

	2021	2020
	$	$
Monetary assets	369,321,195	937,835,590
Monetary liabilities	(81,353,474)	(38,649,744)
Net monetary assets (liabilities)	287,967,721	899,185,846
Out of which:		
United States dollars	287,967,721	899,185,846

At December 31, 2021, if the Guyana Dollar had weakened/strengthened by 2% against the various currencies with all other variables held constant, pre-tax profit for the year would have been $5,759,354 (2020 - $17,983,717) higher/lower.

19. Other expense

	2021	2020
	$	$
Commission	13,813,612	13,212,482
Insurance	6,677,795	6,503,831
Marketing expenses	53,750,000	53,750,000
Other	56,335,096	51,643,225
	130,576,503	125,109,538

20. Other income

	2021	2020
	$	$
Other income	9,059,066	2,278,889
	9,059,066	2,278,889

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21. Contingencies

		2021	2020
		$	$
(a)	Bond in favor of the State of Guyana	200,000	200,000

(b) During 2018, the Guyana Revenue Authority (GRA) conducted an examination of the company's tax returns for the years of assessment 2011, 2015, 2016 and 2017. Consequent to this examination, the GRA raised additional corporation tax assessments in the amounts of $14,163,449, $53,344,358, $56,404,792 and $60,966,479, for years of assessment 2011, 2015, 2016 and 2017, respectively. On October 31, 2019, the company filed notices of appeal for the additional tax assessed. Further, in accordance with section 82 (2)(a) of the Income Tax Act Chapter 81:01, a payment of sixty one million six hundred and twenty six thousand four hundred dollars ($61,626,400) was made, representing one third of taxes in dispute. Management is of the view that the company is not subject to these taxes and accordingly, no further provisions have been made for the outstanding amount of one hundred and twenty three million two hundred and fifty two thousand six hundred and seventy eight dollars ($123,252,678).

(c) By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

The company is subject to various litigation actions, the outcome of which may require payments to the plaintiffs. The company's legal advisors assess the potential outcome of the litigation and the company establishes provisions for future disbursements required.

As at December 31, 2021, the company did not have any material provisions for litigation claims. Further, the company does not believe claims for which no provision has been recorded will have a material impact on the financial position of the company.

22. Segment reporting

Segment information is presented in respect of the company's business and geographical segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The company comprises the following main business segments:

Feeds. The manufacture and sale of feeds used in the livestock industry.

Baby Chicks. Hatching of chicks sold to the poultry industry.

Rice. The manufacture and sale of parboiled rice.

22. Segment reporting, continued

Geographical segments

Guyana is the sole market for baby chicks and the major market for feed sales. Parboiled rice is sold to certain Caricom destinations.

In presenting information on the basis of geographical segments, revenue is based on the geographical location of customers. Segment assets are not distinguishable for geographical purposes.

	2021			
Business segments	**Feeds** **$**	**Rice** **$**	**Baby chicks** **$**	**Total** **$**
Sales	6,001,217,753	1,217,384,679	640,359,470	7,858,961,902
Segment result	383,082,414	77,700,478	44,392,521	505,175,413
Unallocated				(12,948,734)
Taxation				(126,013,682)
Profit for the year				366,212,997
Segment assets	1,057,101,948	107,118,243	74,189,602	1,238,409,793
Unallocated				1,407,764,281
Total assets				2,646,174,074
Segment liabilities	501,039,506	48,314,134	19,817,625	569,171,265
Unallocated				172,775,301
Total liabilities				741,946,566

	2020			
Business segments	**Feeds** **$**	**Rice** **$**	**Baby chicks** **$**	**Total** **$**
Sales	4,902,245,600	1,319,946,965	549,170,218	6,771,362,783
Segment result	379,160,030	68,522,975	2,335,183	450,018,188
Unallocated				(24,825,093)
Taxation				(82,920,574)
Profit for the year				342,272,521
Segment assets	517,339,189	107,118,243	59,235,954	683,693,386
Unallocated				3,288,367,071
Total assets				3,972,060,457
Segment liabilities	274,575,897	48,314,134	19,817,625	342,707,656
Unallocated				164,484,922
Total liabilities				507,192,578

Notes to Financial Statements

December 31, 2021
(Expressed in Guyana Dollars)

22. Segment reporting, continued

Geographical segments, continued

	Guyana		Caricom		Total	Total
	2021	2020	2021	2020	2021	2020
	$	$	$	$	$	$
Sales	6,692,061,227	5,742,849,597	1,166,900,675	1,028,513,186	7,858,961,902	6,771,362,783

23. Fair values

The fair value hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

- Level 1 inputs are quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included with level I that are observable for the asset or liability, either directly or indirectly such as derived from prices.

- Level 3 inputs are unobservable inputs for the asset or liability.

There have been no changes in categories of financial instruments since December 31, 2020.

Financial assets and liabilities measured at fair value on a recurring basis are as follows:

	December 31, 2021					December 31, 2020
	Carrying amount	Level 1	Level 2	Level 3	Total	
	$	$	$	$	$	$
Cash and cash equivalent	1,027,923,152	1,027,923,152	-	-	1,027,923,152	1,322,768,408
	1,027,923,152	1,027,923,152	-	-	1,027,923,152	1,322,768,408

24. Subsequent events

There are no significant events that occurred after the reporting date that affects the financial performance, position or changes therein for the reporting period presented in these financial statements.

Proxy Form

The Secretary

Guyana Stockfeeds, Inc.

Farm, East Bank Demerara

Guyana

I/We ____

of ____

A member/members of GUYANA STOCKFEEDS INC., hereby appoint ____________________

of ____

or in his/her absence ____

of ____

as my/our Proxy to vote in my / our name(s) and on my / our behalf upon any matter proposed at the 61st Annual General Meeting of the Guyana Stockfeeds, Inc. to be held on 30th June, 2022 or any adjournment thereof in such manner as such Proxy may think proper.

As witness my hand this ____________________ day of ____________________2022

Signed by the said ____

(Name of Member/s) ____

(Signature of Member/s) ____

NOTE:

To be valid, this form must be completed and deposited with the Secretary at least 48 hours before the time appointed for the meeting or adjourned meeting.

Notes

Notes