



# FAST FORWARD

ANNUAL REPORT 2021





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## OUR MISSION

Our vision is to achieve and maintain leadership of the Guyanese Tobacco Industry in order to create long-term shareholder value.



# OUR STRATEGY

We hold steadfast to the strategy of creating shareholder value, delivering profit growth and long-term business sustainability. The four pillars of this strategy are Growth, Productivity, Sustainability and developing a Winning Organisation.

## 1 Growth

Demerara Tobacco Company (DEMTOCO) continues to focus on key strategic segments of the market that offer the best prospects for long-term growth, including driving our premium segment. We also believe it is important to continue to develop and utilise innovative, differentiated products and offer our consumers added value from our brands.

## 2 Productivity

The Company's overall approach to productivity is about using our global resources to increase profits and generate funds for reinvesting in our business.

## 3 Sustainability

We will continue to balance our commercial objectives with the expectations of a broad range of stakeholders, thus ensuring a sustainable business.

## 4 Winning Organisation

We are confident about our strategies for Growth, Productivity and Sustainability, but to deliver our vision we must also have the right people and the right working environment. That is the essence of the Winning Organisation strategy.

## OUR BUSINESS PRINCIPLES

Our Business Principles cover the key issues that we believe underpin the way we operate as a tobacco business. Together, the three principles below form the basis on which we expect our business to be run in terms of responsibility.

### **The Principle of Mutual Benefit**

This Principle is the basis on which we build relationships with our stakeholders. We are primarily in business to build long-term shareholder value and we believe the best way to do this is to seek to understand and take account of the needs of all our stakeholders.

### **The Principle of Responsible Product Stewardship**

This Principle is the basis on which we meet consumer demand for a legal product that is generally accepted as a cause of serious diseases. Therefore, our products and brands should be developed, manufactured and marketed in a responsible manner.

### **The Principle of Good Corporate Conduct**

This Principle is the basis on which our business should be managed. Business success brings with it an obligation to high standards of behaviour and integrity in everything we do and wherever we operate. These standards should not be compromised for the sake of results.

# OUR ETHOS

In 2020, we transformed the Guiding Principles at DEMTOCO to Our Ethos which forms the core of our culture and guides how we deliver our strategy.



## WE ARE BOLD

We dream big and share innovative ideas.  
We make tough decisions quickly and proudly stand accountable for them.  
We are resilient and fearless in beating the competition.



## WE ARE FAST

Speed matters. We set a clear direction and move fast.  
We keep it simple and focus on outcomes.  
We learn quickly and share learnings.



## WE ARE EMPOWERED

We set the context for our teams and trust their expertise.  
We challenge each other. Once in agreement, we commit collectively.  
We collaborate and hold each other accountable to deliver.



## WE ARE DIVERSE

We value different perspectives.  
We build on each other's ideas, knowledge and experiences.  
We challenge ourselves to be open-minded and to recognise unconscious bias.



## WE ARE RESPONSIBLE

We take action to reduce the health impact of our business.  
We ensure the best quality products for our consumers, the best place to work for our people and the best results for our shareholders.  
We act with integrity, never compromising our standards and ethics.

# CORPORATE INFORMATION

## **Chairman**

Mrs Kathryn Abdulla

## **Managing Director**

Mr Vijay Singh

## **Other Directors**

Mr Chandradat Chintamani

Ms Patricia Bacchus

Mr Raoul Glynn

Mr Andre Pryce

## **Secretary**

Mr Dharmendra Dharmo

## **Registered Office**

Lot 122 Parade Street

Kingston

Georgetown

## **Attorneys-At-Law**

Fraser, Housty & Yearwood

260 Middle Street

North Cummingsburg

Georgetown

Demerara

Mr Ronald Burch-Smith

225 South Road

Lacytown

Georgetown

## **Auditors**

Jack A Alli, Sons & Co.

Chartered Accountants

145 Crown Street

Queenstown

Georgetown

## **Bankers**

Guyana Bank for Trade & Industry Limited

138 Regent Street

Lacytown

Georgetown

## **Scotiabank**

104 Carmichael Street

North Cummingsburg

Georgetown

## **Registrar**

Trust Company (Guyana) Limited

Lot 11 Lamaha Street

Queenstown

Georgetown



# NOTICE OF ANNUAL MEETING

NOTICE is hereby given that the EIGHTY-EIGHTH ANNUAL GENERAL MEETING ("AGM") of SHAREHOLDERS of DEMERARA TOBACCO COMPANY LIMITED ("the Company") will be held on THURSDAY 28TH APRIL 2022 at 2:00PM at PEGASUS HOTEL, SEAWALL ROAD, KINGSTON, GEORGETOWN, GUYANA for the transaction of the following business:-

1. To receive and consider the Audited Financial Statements of the Company for the year ended 31 December 2021, together with the Report of the Auditors thereon;
2. To declare a Final Dividend of G\$9.94 per share in respect of the year 2021;
3. To elect Mr Andre Pryce, who was appointed a Director of the Company in accordance with By-Law 18(7) of the Company's By-Laws, as a Director of the Company;
4. To elect Mr Troy Beharry as a Director of the Company in accordance with By-Law 18(5) of the Company's By-Laws;
5. To re-elect Ms Patricia Bacchus, who retires as a Director of the Company in accordance with By-Law 18(1) of the Company's By-Laws, as a Director of the Company;
6. To fix the remuneration of the Independent Directors;
7. To re-appoint auditors Jack A. Alli, Sons & Co until the close of the next AGM and to authorise the Directors to fix their remuneration.

The Company wishes to notify its Shareholders that in compliance with the COVID-19 restrictions with regard to public gatherings imposed under the Public Health Ordinance and pursuant to an Order of the Court, the Company will be providing the opportunity to Shareholders to attend the AGM remotely via a live webcast.

**Facilities will not be available for shareholders to attend in person. Shareholders may appoint a proxy to attend the virtual AGM, or in accordance with the aforementioned Order, shareholders may appoint one of the following persons to act as their physical proxy with instructions as to voting on the Motions to be proposed at the Meeting. These persons are:**

1. Mr Anand Persaud
2. Mr Adip Hariprasad
3. Mr Brian Chu-A-Kong
4. Ms Joyclyn Richmond
5. Mr Azad Khan

## BY ORDER OF THE BOARD



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Dharmendra Dharmo  
Secretary

25 February 2022

## NOTICE OF ANNUAL MEETING (*continued*)

### NOTES:

1. The Directors have not fixed a record date for the determination of Shareholders who are entitled to receive notice of the AGM. In accordance with Section 109(a)(i) of the Companies Act, Cap 89:01 the statutory record date applies. Only shareholders on record at the close of business on 24 February 2022, the date immediately preceding the date on which the Notice is given, are therefore entitled to receive Notice of the AGM.
2. A Shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy or one or more alternate proxies to attend and act at the Meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy. A proxy need not be a shareholder. All Proxy Forms should be completed and deposited with the Secretary of the Company at the Registered Office of the Company at least 48 hours before the time appointed for the Annual General Meeting.
3. Shareholders and duly appointed proxyholders who wish to attend, participate and vote at the meeting are asked to pre-register by Tuesday 26 April 2022 during the hours of 8:30 am to 4:00pm by contacting the Company at 592 226-7474 or via email at [DemeraraTobaccoAGM@bat.onmicrosoft.com](mailto:DemeraraTobaccoAGM@bat.onmicrosoft.com).
4. Shareholders are asked to please provide their full name and address as listed in the Shareholders Register, as well as their email address and a valid identification number to facilitate registration.
5. Following registration, the credentials to join the meeting will be provided on or before Wednesday 27 April 2022.
6. Any Shareholder who is a body corporate, may in lieu of appointing a proxy, authorise an individual by resolution of its Directors or other governing body, to act as its representative at the Meeting.
7. AGM Gifts and Tokens will not be provided to shareholders this year on account of health and safety risks posed by COVID-19.

# REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their report for the year ended 31 December 2021.

## Principal Activities

The principal activities of the Company are the importation, marketing and sale of tobacco products in Guyana, which are manufactured under contract to predetermined specifications.

## Financial Results

	G\$'000
Gross Turnover	7,308,347
Cost of Sales	(2,838,434)
Gross Profit	4,469,913
Operating Expenses	(998,578)
Other Income	2,961
Profit from Operation	3,474,296
Finance Income	-
Profit Before Taxation	3,474,296
Taxation	(1,448,142)
Profit After Taxation	2,026,154

## Cash, Deposits and Capital Expenditure

Cash and Bank Balances as at 31 December 2021 totalled **G\$1.027 billion** compared to **G\$1.491 billion** at the prior year end, a decrease of **G\$464 million**.

Operating activities generated cash of **G\$2.958 billion** for the year under review.

Corporation tax paid during the year amounted to **G\$1.374 billion**. Total dividends paid amounted to **G\$ 2.007 billion**. Capital Expenditure for the year amounted to **G\$20.8 million** compared to **G\$42.2 million** for the previous year.

## Intercompany Loan

The Company did not have any intercompany loan transactions for 2021.

## REPORT OF THE DIRECTORS *(continued)*

### Dividends

In June, August and November 2021, there were three (3) interim dividend payments with a fourth interim dividend payment scheduled for March 2022, totalling **G\$76.65 per share**. A final dividend of **G\$9.94 per share** is proposed by your Directors, making a total payment for the Financial Year 2021 of **G\$86.59 per share**.

### Directors

The Board of Directors currently comprises six Directors. Of the six Directors five are Non-Executive Directors and of the five, two are independent. The Board is diversified by nationality and gender and represents a strong team with a broad range of professional backgrounds and styles.

The Chairman is responsible for leading the Board to ensure effectiveness and robust shareholder engagement. Based on the strategy and policies set by the Board, the Managing Director is responsible for overseeing the implementation of these strategies, which create the framework for day-to-day operations. Directors oversee the Company's strategy, review management proposals, monitor performance, bring an external and specialist perspective and effective challenge to Board members.

Mr Andre Pryce, who was appointed a Director of the Company in accordance with By-Law 18(7) of the Company's By-Laws, will retire from the Board of Directors, and being eligible, offers himself for election.

In accordance with By-Law 18(1) of the Company's By-Laws, Ms Patricia Bacchus will retire from the Board of Directors, and being eligible, offers herself for re-election.

In accordance with By-Law 18(1) of the Company's By-Laws, Mr Chandradat Chintamani will retire from the Board of Directors, and will not offer himself for re-election.

In accordance with By-Law 18(5) of the Company's By-Laws, Mr Troy Beharry, being eligible, offers himself for election. Mr Beharry is currently the Vice President and Chief Operating Officer of Massy Distribution (Guyana) Inc. and Massy Stores (Guyana) Inc. He has over 25 years' experience in Accounting and Finance and previously held the position of Finance Director/ Company Secretary of Massy Distribution (Guyana) Inc. Mr Beharry is a Fellow of the Association of Chartered Certified Accountants of the UK and an alumnus of the Ivey Business School in Canada.



## REPORT OF THE DIRECTORS (*continued*)

### Interests of Directors, Senior Officers and Connected Persons

We record hereunder details of the beneficial interest of each Director, together with their connected persons, in the share capital of the Company as at the end of the Company's financial year 31 December 2021.

DIRECTORS	ORDINARY SHARES	NO. OF SHARES HELD BY CONNECTED PERSONS
Mrs Kathryn Abdulla	NIL	NIL
Mr Vijay Singh	NIL	NIL
Ms Patricia Bacchus	NIL	NIL
Mr Chandradat Chintamani	NIL	NIL
Mr Raoul Glynn	NIL	NIL
Mr Andre Pryce	NIL	NIL

Mrs Kathryn Abdulla, Non-Executive Director/Chairman is the Company Secretary and a Senior Officer of an affiliated Company, The West Indian Tobacco Company Limited in Trinidad and Tobago and Mr Raoul Glynn, Non-Executive Director, is a Director of an affiliated Company, Carreras Limited in Jamaica.

### Auditors

The Auditors, Jack A. Alli, Sons & Co, Chartered Accountants, have retired and are proposed for re-election.

### BY ORDER OF THE BOARD



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Dharmendra Dharmo  
Secretary  
25 February 2022

# FIVE YEARS AT A GLANCE

<b>GYD \$ 000</b>	<b>2017</b>	<b>2018</b>	<b>Restated 2019</b>	<b>Restated 2020</b>	<b>2021</b>
<b><i>Balance Sheet Items</i></b>					
Non - Current Assets	32,419	40,880	220,197	221,609	197,220
Current Assets	1,109,745	1,614,455	1,418,990	2,238,961	2,011,783
<b>Total Assets</b>	<b>1,142,164</b>	<b>1,655,335</b>	<b>1,639,187</b>	<b>2,460,570</b>	<b>2,209,003</b>
Current Liabilities	648,609	1,032,754	906,217	1,602,916	1,335,305
Non - Current Liabilities	-	-	122,233	102,988	70,117
<b>Net Assets</b>	<b>493,555</b>	<b>622,581</b>	<b>610,737</b>	<b>754,666</b>	<b>803,581</b>
<b>Net Assets per Share</b>	<b>21.09</b>	<b>26.61</b>	<b>26.10</b>	<b>32.25</b>	<b>34.34</b>
<b><i>Profits and Distribution</i></b>					
Net Profit before Tax	2,522,270	2,884,910	2,844,440	3,051,479	3,474,296
Taxation	1,105,961	1,238,270	1,206,344	1,290,929	1,448,142
<b>Net Profit after Tax</b>	<b>1,416,309</b>	<b>1,646,640</b>	<b>1,638,096</b>	<b>1,760,550</b>	<b>2,026,154</b>
<b><i>Statistics</i></b>					
Ordinary Shares in issue ('000)	23,400	23,400	23,400	23,400	23,400
Earning per share	60.53	70.37	70.00	75.24	86.59
Dividends declared per share	62.71	65.49	72.52	70.60	85.80

# FINANCIAL CALENDAR

## ANNUAL MEETING

28 April 2022

## REPORTS:

Interim Report six months to 30 June 2022

August 2022

## PROPOSED DIVIDEND PAYOUT DATES

Fourth Interim 2021

March 2022

Final 2021

May 2022

First Interim 2022

June 2022

Second Interim 2022

August 2022

Third Interim 2022

November 2022

Fourth Interim 2022

March 2023

Final 2022

May 2023

## BOARD OF DIRECTORS



**Kathryn Abdulla**  
Chairman

### **Position**

Chairman, appointed to the Board of Directors of DEMTOCO Company in April 2020; Caribbean Head of Legal and Company Secretary, The West Indian Tobacco Company Limited.

### **Skills & Experience**

Kathryn is an Attorney-at-Law with over 20 years corporate commercial experience. She has operated at a strategic level in various functions largely in the private sector. In her current portfolio, Kathryn provides strategic direction to achieve the Company's mandate of sustaining market leadership of tobacco products for the Caribbean, which includes some 24 markets. Kathryn operates at a senior management level to operationalise the mandate in various functions and is responsible for matters inclusive of legal, corporate governance, security, identification of business risks and pension plan issues. Kathryn manages Board administration in Trinidad and Tobago, ensuring compliance with local statutory requirements and compliance within the British American Tobacco (BAT) Group and manages share registration and the shareholder relations services.

### **Directorships**

Kathryn has provided national service to her country as she held the position of Director on the not-for-profit Friends of the Blood Bank Association board until December 2019. This board provides oversight and direction to fulfil the Blood Bank's mandate of fundraising and blood collection under the Ministry of Health. For many years, Kathryn was also a Trustee for another charitable committee that had responsibility for sustaining local wildlife in Trinidad and Tobago.

### **Qualifications**

Kathryn is a graduate of The University of the West Indies, Cave Hill Campus located in Barbados and of the Hugh Wooding Law school located in Trinidad and Tobago. She was appointed a Notary Public in 2018 and is a member of the Law Association of Trinidad and Tobago and of the Caribbean Corporate Governance Institute. She has completed many training programmes both locally and overseas, in various disciplines and obtained a postgraduate certificate in the field of Corporate Governance from the Arthur Lok Jack School of Business in 2017.





**Vijay Singh**  
Managing Director

### **Position**

Managing Director, appointed to the Board of Directors of DEMTOCO in February 2020.

### **Skills & Experience**

Vijay most recently served as the Trade Marketing and Distribution Manager for BAT interest in the English, Dutch and French-speaking Caribbean. He held this position for three years and was instrumental in driving key business initiatives throughout the Caribbean. Specifically, Vijay was responsible for managing the French Overseas Territories through a turbulent legislative period, bringing much-needed stability and clarity to these markets. He also increased and transformed BAT's market share within this cluster. Prior to this, Vijay worked at the West Indian Tobacco Company Limited for nine years, five of which were spent

as the Trade Marketing Manager. He credits his beginning as entry-level management for his successful tenure there. During this time, he led his department to achieving ambitious targets which enabled the Company to earn year-on-year double digit profit growth. Vijay's experience of managing large groups has given him a wealth of knowledge and allowed him to develop his solution-based approach to challenges. Overall, his demonstration of sound commercial acumen and delivery of outstanding results, particularly in distributor management and profit growth, has informed this appointment to Managing Director.

### **Qualifications**

Bachelor's degree in Business Management from the University of Sunderland.



**Patricia Bacchus**  
Non-Executive Director  
(Independent)

### **Position**

Non-Executive Director, appointed to the Board of Directors of DEMTOCO in September 2019.

### **Skills & Experience**

Since 2014, Patricia has held the portfolios of Managing Director and Board Chairperson of Caribbean Container Inc. (CCI) – a publicly listed company engaged in manufacturing activities. Prior to this, she held several other positions within the Company, including Director of Administration and Chief Operating Officer, since joining CCI in 2006.

Patricia has significant experience stretching across various sectors, having held Directorships on many State Boards and private sector organisations over the last 10 years. Patricia has chaired the Board of the Environmental Protection Agency and most recently, she chaired the Board of the Guyana Office for Investments (GO-Invest) for four years. She sat as a Director on the Guyana Gold Board, the Protected Areas Commission

Board, the Board of Atlantic Hotel Inc. (Marriott) and the Privatisation Unit Board. She served on the Council and Executive Management Committee of the Private Sector Commission (PSC) and on the Council of the Georgetown Chamber of Commerce and Industry (GCCCI). Patricia currently serves as a Director on the Board of the Canada-Guyana Chamber of Commerce (CGCC).

Patricia also lectured part-time on the LLB Programme at the University of Guyana, in areas such as the Law of Corporate Management.

### **Qualifications**

Patricia is an Attorney-at-Law. She graduated from the Hugh Wooding Law School with a Legal Certificate of Merit in 2006, having secured several academic awards – including the Government of Guyana Prize for the Most Outstanding Law Graduate. In 2004, Patricia secured her LLB at the University of Guyana, where she received the Pro-Chancellor's Medal for the Best Graduating Law Student.



**Chandradat Chintamani**  
Non-Executive Director  
(Independent)

#### **Position**

Non-Executive Director, appointed to the Board of Directors in September 2012; Former Senior Vice President, Laparkan Holdings Limited – with responsibilities for operations in Guyana – freight (air and ocean), money transfer, office services, department store etc. Currently General Manager for Muneshwars Limited with responsibility for Shipping, Logistics, Agency Management, Oil and Gas support services etc.

#### **Skills & Experience**

Appointed to the Management Committee of Shipping Association of Guyana. Prior to this, Chandradat was the Operations Director of Demerara Distillers Limited and subsequently, Executive Director Demerara Shipping Company Limited for a combined period of five years. From 2000 to 2011, he held

the following positions of Finance Manager, Company Secretary, Territory Manager and Managing Director of DEMTOCO. During this period, he was also responsible for the finance function for BAT's interest in Suriname. Prior to 2000, he worked with the Massy Group as well as with the Amazon Group of Companies. From 2008 to 2010, he was the President of the Georgetown Chamber of Commerce, the oldest private sector organisation in Guyana. During this period, he was also the Secretary of the Private Sector Commission as well as a member of the Guyana Manufacturing and Service Association Board. From 2012 to 2013, he served as Vice President of the Institute of Charter Accountants of Guyana.

#### **Qualifications**

Chandradat carries the professional designation of Certified Accountant (FCCA).



**Raoul Glynn**  
Non-Executive Director

#### **Position**

Non-Executive Director, appointed to the Board of Directors of DEMTOCO since February 2017; Managing Director, Carreras Limited.

#### **Skills & Experience**

Raoul has over 19 years of experience with the British American Tobacco Group. He joined BAT's entity in Trinidad and Tobago, The West Indian Tobacco Company Limited, in September 2002 in the role of Trade Marketing Executive, assigned to the capital, Port of Spain. In January 2004, he was seconded to the Carisma Marketing Services Limited in the role of Area Management, focusing primarily on the English-speaking Caribbean markets, specifically Barbados and The Bahamas. In April 2006, following the success in the islands, he was seconded to Guyana, and promoted to Trade Marketing and Distribution Manager for DEMTOCO delivering a strong marketing agenda with the launch of Pall Mall, which is now the biggest brand in DTC history. Following a stint in same position in Trinidad, he was seconded to the Carreras Group in Jamaica as Head of Trade in August 2009. Chief amongst his achievements was the return to positive volume performance in the market following years of decline. In February 2012, Raoul was promoted to the role of Marketing Operations

Manager of British American Tobacco Pars in the Islamic Republic of Iran, leading the marketing function in the launch of a strategic portfolio in a key T40 market for the Group.

Following a short stint in the Middle East Area in Dubai, in February 2014, Raoul assumed the role of Business Development Manager in Costa Rica with responsibility for the Trade Marketing Distribution and Activation portfolio for the BAT Group's interest in Central America and the Caribbean, leading a strong efficiency agenda in the region. Prior to his promotion to Managing Director at Carreras, Raoul served as Country Manager of Carisma Marketing Services where he provided strategic direction for 21 markets in the English, French and Dutch-speaking Caribbean. Effective 01 February 2020, Raoul was appointed Managing Director of Carreras Limited.

#### **Committees**

Participant- Audit Committee, NOMS Committee, Corporate Governance Committee- Carreras Ltd; Member, Carreras Ltd Superannuation Fund.

#### **Qualifications**

Bachelor's degree from The University of the West Indies, St. Augustine Campus.





**Andre Pryce**  
Non-Executive Director

### **Position**

Non-Executive Director, appointed to the Board of Directors of DEMTOCO in October 2021; Head of Trade, Carreras Limited.

### **Skills & Experience**

In January 2021, Andre Pryce was appointed Head of Trade for Carreras Limited, Jamaica. His experience in marketing spans over 18 years, 14 of which were in significant roles within the BAT Group, such as Key Accounts Manager, Route to Market Manager, Customer Development Manager, Business Development Manager and Territory Manager, covering 31 different end markets within the Caribbean, Central America and South America. Commencing his BAT journey as Trade Representative in 2007, he consistently moved up the ranks and has always distinguished himself with exemplary performance in both local and regional roles.

Andre has a knack for delivering business results, leading change, and developing talent. In March 2017, he was seconded to BAT

Caribbean and Central American (BATCCA) Area Office in Costa Rica. There, he served as Customer Development Manager with responsibilities for 30 BATCCA markets. In 2018, he moved to Bogotá, Colombia, as Business Development Manager where he functioned as a key player in the transition of BAT's Area Office Headquarters. In July 2019, he was promoted to Territory Manager for Carisma Marketing Services, with general management responsibilities for 19 end markets within the English, French and Dutch-speaking Caribbean islands. Prior to his journey with BAT, Andre held other positions in the fields of marketing and teaching. He also served as Board Chairman for Pesticides Control Authority in Jamaica.

### **Qualifications**

MBA Marketing (Distinction), BA Literature in English, both from The University of the West Indies, Mona.



## CHAIRMAN'S REVIEW

**Kathryn Abdulla**  
Chairman

Dear Valued Stakeholders,

For the reporting period, DEMTOCO made considerable progress strategically and financially. Clarity around the full impact of the pandemic and for life to return to some semblance of normality continues to take longer than expected.

However, the determined manner adopted by both the Board and Management in confronting the challenges and impacts of what many argued was a more difficult year than 2020, was admirable.

Our 2021 results demonstrate the resilience of not only our core business but also the wisdom of the acceleration of our business transformation and our commitment to building "A Better Tomorrow".

### **An unprecedented environment**

For most of 2021, we saw sustained upheaval on a global scale as a result of the COVID-19 pandemic. This continues to have a profound

impact on business and society as a whole. At the beginning of the crisis, we took swift action across the entire business to ensure that we could continue to operate safely and effectively.

We are encouraged by the steps being taken at a national level to accelerate the economic recovery and as a result we believe we are well-positioned to not only emerge as a stronger company but to capitalise on the opportunities that the post-pandemic environment will present.

In its "Focus on the Guyana Budget 2022", Ernst & Young indicated that "Guyana remained among the fastest-growing economies in 2021, experiencing another year of double-digit real GDP growth of 19.9%. Non-oil GDP also rebounded last year, growing by a comfortable 4.6%."

It goes on to state that "real GDP is projected to grow by 47.5% with non-oil economy growing

by 7.7%, as spillovers from the oil and gas sector propel services sector growth."

### **Superior returns for our Shareholders**

Our Company delivered earnings per share of G\$86.59 versus G\$75.24 prior year and total dividend payments totalling G\$2.007 billion were distributed for 2021. We generated profit after tax of G\$2.026 billion versus G\$1.760 billion (2020) which represented an increase of 15.1%. Overall, the Company saw growth in revenue of 8.4%, with a favourable movement in operating profit of 13.9% mainly driven by increased revenue and efficiencies in operating costs.

As we continue to build "A Better Tomorrow", we will be focused on three key priorities: releasing funds to support our growth agenda, maximising our marketing spend effectiveness and generating cash to continue to deleverage the balance sheet.

### **Continuing the fight against Illicit Trade**

Cigarettes are among the most commonly traded products on the black market due to high profit margins, relative ease of production and movement and low detection rates and penalties.

Illegal traders do not pay tax and provide the cheapest available cigarettes, often at less than half the legal price. Unlike legal tobacco, illegal tobacco is not required to meet manufacturing standards or quality controls and is not subject to excise. The illicit product may be sold without health warnings or age verification. As a responsible Company,

however, DEMTOCO adheres to all local laws and regulations regarding the distribution, marketing and sale of our products and fully supports all initiatives which seek to eliminate the illicit tobacco trade.

DEMTOCO remains committed to improving the legal tobacco landscape and will continue to drive awareness through active engagement with our regulators, government and the private sector.

### **Increased sustainability and responsibility**

Increasingly, business is moving beyond seeking only to deliver 'shareholder value' and is embracing a wider purpose that serves the interests of all stakeholders.

The expectation for a broader society is that business should play a more active role in addressing and finding solutions to crucial social, economic and environmental issues. Evidence of these expectations can be found in the increasing focus being channelled towards environmental, social and governance (ESG) targets.

We at DEMTOCO welcome this shift. It is aligned to our Company's purpose, our sustainability agenda and the decision-making approach that the Board encourages.

### **Governance and the Board**

Robust governance is key to our sustainable long-term growth. We are committed to achieving our business objectives in an honest transparent and accountable way and sustaining a culture of integrity in everything we do.

## CHAIRMAN'S REVIEW *(continued)*

Your Company will always remain steadfast in its commitment to the highest standards of corporate governance. We remain confident in our ability to govern with purpose, accountability and clarity. Your Directors participated in corporate governance training in November 2021 with a focus on ESG and we continue to pursue a 'best-in-class' governance agenda.

### **In closing**

I am very pleased to have welcomed Mr Andre Pryce, who joined the Board as a Non-Executive Director in October 2021. Andre brings considerable knowledge and expertise of the trade as well as consumer goods and I have no doubt that he will continue to be an asset to the Board and to management.


I also take this opportunity to express a great debt of gratitude to Mr Chandradat Chintamani who steps down from the Board of Directors at the close of this AGM. Mr Chintamani first served the Company in the key role of Finance Director. He later transitioned to a Non-Executive Director role

and was appointed the Chairman of the Audit Committee. On behalf of the management and staff of the Company, we thank Mr Chintamani for his distinguished and sterling contribution to DEMTOCO for more than two decades.

If you the Shareholder, see it fit to elect him, I also take this opportunity to welcome Mr Troy Beharry who offers himself for election as a Director at the April 2022 AGM.

I would also like to thank my fellow Directors and to acknowledge the tremendous efforts of our dedicated management team and loyal staff who go over and above the call of duty every day to demonstrate their commitment.

Finally, to our shareholders, as always, we say a special thank you for your continued loyalty and commitment.



---

Kathryn Abdulla  
Chairman



## MANAGING DIRECTOR'S REVIEW

**Vijay Singh**  
Managing Director

"In 2020, the world was thrown into uncharted waters as a result of the pandemic. However, we at DEMTOCO demonstrated tenacity and resilience to deliver outstanding results in 2021. We are now primed to accelerate and fast-forward into this new reality."

Dear Shareholders,

In 2021, we continued to operate in a dynamic and ever-changing environment not only experienced in Guyana but the entire world. The COVID-19 pandemic raged on with its collateral effects such as collective uncertainty, curfew, lockdowns as well as fluctuating periods of restriction and release. In addition, there was also a disruption in the global supply chain, which brought its unique challenges, with increased cost and mitigating major shortages.

These issues somewhat stabilized in the latter part of the year with the introduction of the national COVID-19 vaccination drive and supply chain contingency measures which enabled businesses to confidently navigate this period.

We can hope that 2022 will be the final pandemic recovery year before we truly enter the post pandemic new normal, and I can assure you that DEMTOCO is well poised to capitalize on this. Together with the positive momentum of the Guyanese economy, we are well positioned to ensure we continue to deliver strong and sustainable results in the future.

I am therefore pleased to report a strong operational performance with growth in revenue, value and volume share. I am especially pleased to report that DEMTOCO delivered revenue growth of 8.4% to G\$7.3 billion, mainly driven by improvements to portfolio mix and volume increases.

## Company performance

Despite the challenges and uncertainty, we did not waver in our commitment to deliver superior value across the total portfolio. The strength of our brands, coupled with innovative strategies that allowed us to quickly pivot and adapt to the changing realities, resulted in our Profit After Tax increasing from G\$1.760 billion to G\$2.026 billion, resulting in a 15.1% increase in Earnings Per Share. Our Company's share price at the close of the financial year

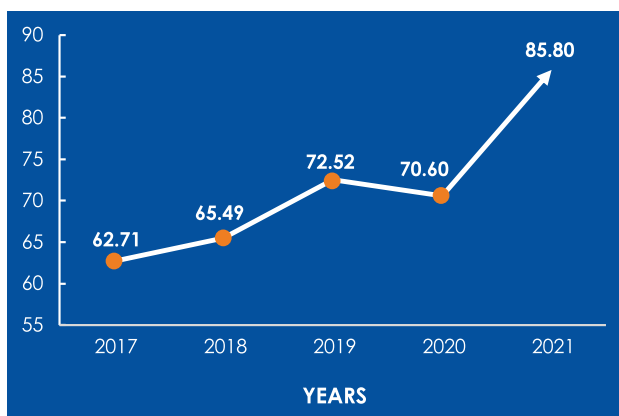
stood proudly at G\$2,000, representing a 105% increase, solidifying the confidence of our shareholders and the commitment of management to deliver on expectations. These are indeed exceptional results.

This year, the administration, distribution and marketing expenses were G\$998.6 million, a 1.4% increase over the G\$984.9 million in 2020. Operating Revenue and Gross Operating Profit posted increases of 8.4% and 13.9% respectively.

## Dividends

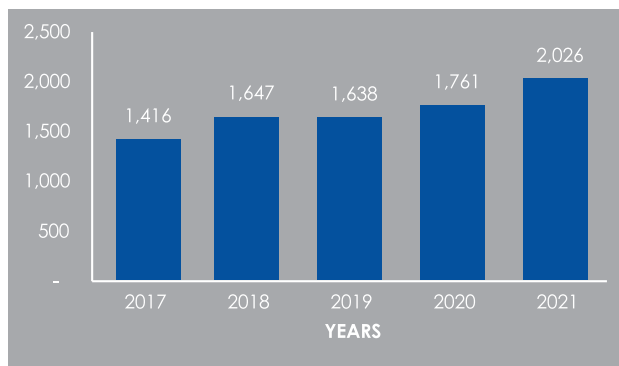
Effective management of the COVID-19 pandemic by the Government gave confidence to the Board of Directors to resume the distribution of Dividends as per approved timelines. Dividend payouts increased by 21.53% to G\$85.80 in 2021 compared to a decline of 2.65% to G\$70.60 in 2020.

Additional value will be passed to shareholders by way of the fourth interim and the final dividends, both payable in 2022.



## Profit After Tax

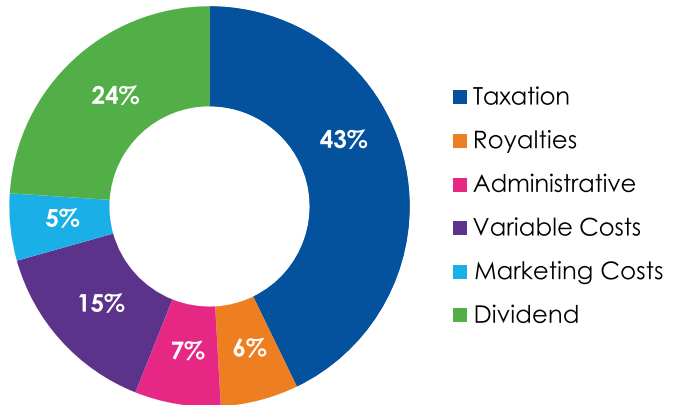
Profit after tax increased by 15.1% this year, from G\$1.761 billion to G\$2.026 billion. The maintenance of growth was due to the customer-focused and diligent approach of the DEMTOCO Team.





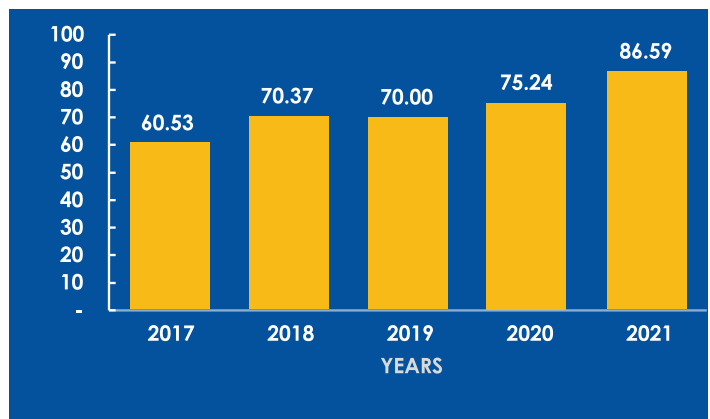
## Income Distribution

A look at the distribution of income indicates a significant 43% totaling G\$3.6 billion being allocated to taxation, followed by dividend payments amounting to 24%.



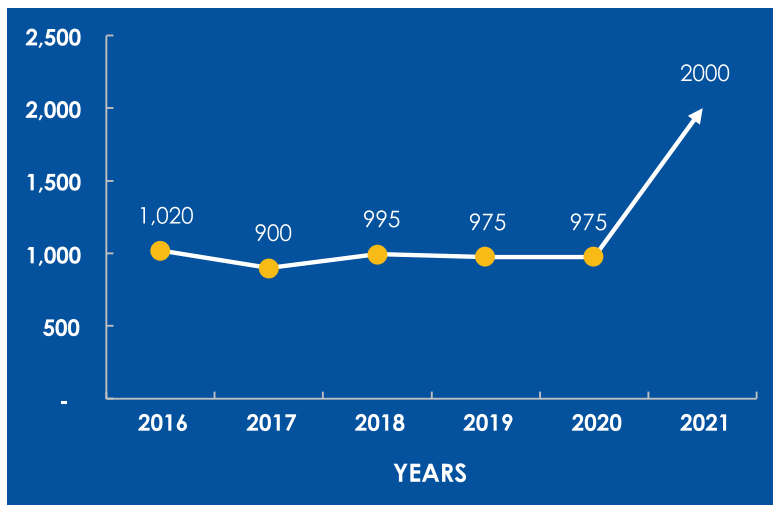
## Earnings Per Share

Earnings per share increased by 15.1% this year from G\$75.24 to G\$86.59.



### Share Price

Share price increased by 105% in 2021 versus flat results same period last year.



## MARKETING

### Volume performance and return to growth

For over eight decades, DEMTOCO has built trusted and powerful brands which satiate our consumers and serve as a promise of quality and satisfaction. The year proved to be one of resilience and adaptability for the DEMTOCO Team. While tested by the obstacles presented by the ongoing COVID-19 pandemic, the team was able to persevere and deliver the full year volume target.

DEMTOCO was able to deliver a total of 421 mn sticks. This resulted in volume growth of +3.5% which represents the first growth in the past 5 years. This outstanding performance was supported by enhancement of our brands portfolio as well as our retailers continued loyalty. Our premium brand Dunhill grew significantly by 22% driven by continuous acceptance of the innovation that the brand offers which was well received by our consumers.

Focus was placed on enhancing our local flagship brand, Bristol as we commenced

its transformation to the Lucky Strike brand resulting in growth of +2.2% vs previous year. We strongly believe that our international brand Lucky Strike that will offer consumers modernity that will continue to fulfil their needs. Our Pall Mall family also showed resilience resulting in 2% growth, despite the many challenges with the continuous presence of suspected Illicit Trade in the market.

DEMTOCO is committed to ensuring that our portfolio continues to deliver on innovation, quality and value to meet future expectations.

### A clear corporate purpose

In 2020, we unveiled our new corporate purpose accompanied by a brand new logo and Ethos. Our Ethos is about being Bold, Fast, Empowered, Diverse and Responsible. In 2021, we built on this by transforming DEMTOCO's corporate space to reflect the change and continue to reinforce key messages aligned to our new vision and direction. We thus remain committed to building "A Better Tomorrow" for consumers, employees, shareholders and society.

## **Illicit Trade**

The unprecedented crisis which came with COVID-19 has undoubtedly contributed to the rise in smuggling worldwide, affecting all aspects of society. Criminal networks that smuggle for profit continued to thrive as they re-organized themselves amidst restrictions in order to sustain their operations.

Illicit trade continues to be a threat to the Company and for this reason, it remains one of our main priorities. We are aware of the dynamic environment in which we operate and the continuing fight against this trade is critical. We see it as a significant and growing problem for governments, law enforcement agencies, our business, our partners and those who operate legally.

DEMTOCO has been committed to fighting the trade in illicit tobacco. As part of our efforts, we continued in 2021 to dialogue with both local and regional law enforcement agencies to support in combating this criminal trade, with the aim of countering the detrimental effects which it has on the overall society.

Though there are laws which govern the packaging and labelling of tobacco products along with associated penalties, we continue to see non-compliant brands being sold across the country. It is encouraging to see the Guyana National Bureau of Standards, the Guyana Revenue Authority and the Customs Anti Narcotic Unit taking a stance against this illegal trade. We do believe there are opportunities for further collaboration to ensure the right type of enforcement is applied throughout the supply chain.

The consequences of this trade range from national security, economic loss from tax evasions, trademark infringements, undermining of brand investments, and

detrimental quality issues associated with poor manufacturing conditions. Smugglers are well coordinated, and the criminal nature of the illicit cigarette trade has a significantly negative impact on society and should be the focus of collective effort and attention by all stakeholders.

## **Employee Engagement**

The year 2021 marked an extension of the uncertainties and challenges that accompanied this pandemic. However, by exemplifying our Ethos we were able to once again deliver exceptional results while prioritizing the health and safety of our employees. As a team, we were able to capitalize on the foundations laid in 2020 and found the means to optimize performance and delivery. While we navigated the Trade, we ensured compliance to all health and safety regulations and never compromised the safety of our people, our families and our communities.

The team, through collective effort, was able to combine ideas and build upon them to ensure that they were able to deliver a reliable supply of the best quality product to our consumers, the best results for our shareholders and the best place to work for our people.

## **Thank You**

As always, we wish to thank you, our retailers and consumers. Your loyalty and continued support motivate us to keep delivering year on year. Looking at these 2021 results, there is no doubt that we continue to accelerate our business transformation to build "A Better Tomorrow".

I would also like to thank the Chairman and the Board of Directors for their support during

an arguably difficult year. I also wish to extend best wishes to Mr Chandradat Chintamani for his invaluable contributions to DEMTOCO and the Board for over twenty years. Your experience and guidance have been critical to the Company's continued growth and sustainability. We wish you all the best in your future endeavours.

Our ongoing success could not have been possible without the dedication and energy of our distribution team at Edward B. Beharry. I want to thank them for their unwavering commitment and determination during our most challenging couple of years. Finally, my sincere gratitude to every member of the DEMTOCO team. I appreciate your desire to go the extra mile in everything that you do.

We look forward to a better and brighter 2022.



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Vijay Singh  
Managing Director

# LEADERSHIP TEAM

**Vijay Singh**  
Managing Director

**Dharmendra Dharmo**  
Finance Controller

**Candice Canzius**  
Area Manager



**Merson Jones**  
Marketing Deployment  
Executive

**Solange Pertab**  
Executive Assistant

# REPORT TO SHAREHOLDERS



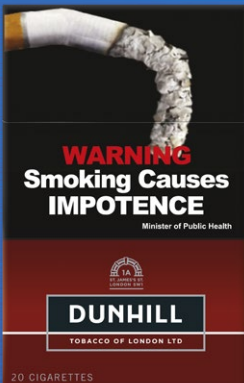
**As a long-standing and established tobacco company in Guyana, we have built trusted and powerful brands that satisfy our consumers. We have a unique insight into the Guyanese consumer that ensures the development of responsible marketing strategies that comply with all Tobacco Control legislative requirements.**

Your company commenced a transformative process in 2020 and was able to deliver exceptional results with the acceleration of this transformation in 2021. The opportunities that arose were significant, and it was with much excitement that we embraced the mission to fast-forward our portfolio improvements and the engagement with all our stakeholders including our employees.

## Fast-forwarding portfolio innovation and transformation

Dunhill remains the premium brand in Guyana. In 2021 the brand recorded a remarkable performance of +12% vs 2020. Fast-forwarding the transformation and innovation of this brand has translated to exceptional results and we look forward to even greater things in 2022.

In August 2021, DEMTOCO took the bold step to fast-forward Bristol and anchor it in a more global and modern space. Bristol is now endorsed by Lucky Strike, a brand with 150 years of heritage and an icon which takes evolution to another level. The roll out for this uplift was very successful and we received great feedback from retailers that they approve. They advised that visibly the pack looks great and consumers seem to continue to enjoy the moments with this brand. We look forward to the continued strong performance of Bristol backed by Luck Strike, a brand with global equity.





Last but not least, Pall Mall performed just as competitively as it did in the previous year. The Pall Mall Family continues to be our biggest brand by volume. The brand has been instrumental in making slight inroads into the fight against illicit and the Duty Not Paid space in 2021. We are aware that consumers can be very price sensitive and Pall Mall remains a brand that offers high and consistent quality at a great price.

### Fast forwarding our Teams

DEMTOCO has been exceptionally resilient in a challenging year. This is due to the grit and determination of our colleagues and our culture of high performance and engagement.

Our highly-motivated people continue to be empowered by the message of our Ethos; being responsive to constant change, embodying a learning culture and dedication to continuous improvement. Our Ethos guides our culture and behaviours and is a key determinant of our exceptional results. Developed with significant input from our employees, it ensures an organisation that is future-fit for sustainable growth.

Attracting and retaining an increasingly diverse workforce and providing a welcoming, inclusive

working environment are key drivers of our transformation journey. We focus on providing a fair and inclusive workplace where all our employees can flourish and foster an environment where teams can challenge ideas. Once in agreement, we commit collectively and hold each other accountable to deliver.

Employee engagement remained high on the agenda, even with the disconnect and disruptions caused by the COVID-19 pandemic. The acceleration of our Caribbean Resource Integration Programme was at the forefront during the first annual BAT Caribbean Olympics. Employees from the BAT Group of Companies located in Guyana, Jamaica and Trinidad & Tobago formed mixed teams from across the territories. These employees participated in a series of interactive virtual games over the course of one month which provided the platform for increased camaraderie and collaboration across the Caribbean.

Religious holidays and specially observed days were celebrated virtually as we continued to recognise the diversity of our employees. Divali, Holi, Emancipation Day, Phagwa, Easter and Mashramani all formed part of our calendar of events in 2021.



The “Your Voice Survey”, which takes place every two years, measures overall employee engagement and in 2021 we scored at least 78 in the three main indices; Sustainability Engagement Index (85), High Performance Index (79) and Ethos (78). The tool classifies all these Indices as area of strengths, as they all had a favorable score of more than seventy-five (75). These scores reflect that despite the existing challenges, our employees continue to be engaged and committed to the values of the business.



Building the capability of our employees and preparing our next generation of leaders is also high on the list of strategic priorities. In 2021, the Mind-to-Mind Mentorship Initiative was launched which is an Integrated Caribbean Mentorship Programme. It is designed to provide key Caribbean talent with direct access to senior colleagues as Mentors to develop the skill, knowledge, and ability of our Talent Pool. The Caribbean Heroes Reward and Recognition platform was also launched in 2021 as the business continues to look for ways to celebrate our people. The Project Nexus initiative also placed emphasis on integrating a direct approach to growing and exporting Caribbean talent.

Ultimately, the team continued to deliver exceptional and improved results in a volatile

and unprecedented environment, ensuring maximum return to our shareholders.

### Fast forwarding partnership

We cannot succeed on our own, and especially during these challenging times, our partnerships with our Distributor, suppliers and retailers were key to ensuring sustainable growth.

We understand the need to keep adding value for our consumers, trade partners, employees and shareholders. In all that we do we are committed to doing business in a way that meets the expectations of today's society, and the society of tomorrow.

We want to see that the standards we hold ourselves to become the industry benchmark and the example that other players in the industry follow. That is why we are keen to share our approach, information and expertise with governmental technical advisory committees, standards bodies and other key stakeholders.

Truly effective regulation needs cooperation between governments and industry and we can contribute valuable experience and expertise to the implementation of existing regulations. We believe that dialogue which includes regulators, policy makers, consumers and the industry is key to implementing existing tobacco control laws and regulations.

Given that adults chose to continue to smoke and are likely to do so in the near future we believe that it is far better to have a regulated legal industry that takes its responsibilities seriously rather than an unregulated one. By conducting all our engagements with policy makers and regulators transparently and with high regards for accuracy and integrity, we can make a valuable contribution to policy implementation and help enable the best information to be used as a foundation for decisions moving forward.

# REPORTS OF THE INDEPENDENT AUDITORS AND FINANCIAL STATEMENTS 2021



# REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF  
DEMERARA TOBACCO COMPANY LIMITED

## Opinion

We have audited the financial statements of Demerara Tobacco Company Limited which comprise the statement of financial position as at 31 December 2021, and the statement of 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, as set out on pages 42 to 58.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Demerara Tobacco Company Limited as at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Guyana Companies Act.

## 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), and we have fulfilled our other ethical responsibilities in accordance with 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	How our audit addressed the key audit matter
<b>Revenue recognition and existence of trade receivables</b>	
<p>The Company recorded revenue for the year of \$7.3 billion and has trade receivables outstanding at the year end of \$523 million. These related amounts are material to the financial statements and therefore considered a key audit matter.</p>	<p>Our audit procedures in relation to this key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• testing of internal controls relevant to the recognition of revenue;</li> <li>• sample testing of revenue recognised to supporting invoices and delivery documentation;</li> <li>• sample testing of sales transactions around the year end date to supporting invoices and delivery documentation;</li> <li>• comparison of quantities sold to quantities imported and changes in stock holdings; and</li> <li>• comparison of the trade receivables to confirmation letters received and subsequent collections from customers.</li> </ul>
<b>Tax obligations arising on related party transactions</b>	
<p>The Company carries out several significant transactions with related entities based outside of Guyana, as disclosed in Note 9 (b) to the financial statements. These related party transactions give rise to various tax obligations in Guyana, the financial impact of which is material to the Company's financial results and therefore considered a key audit matter.</p>	<p>Our audit procedures in relation to this key audit matter included, but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• procedures to assess the completeness and accuracy of related party transaction disclosures;</li> <li>• sample testing of related party transactions to supporting documentation including contracts, invoices or delivery records, as applicable; and</li> <li>• assessment of the adequacy of tax liabilities recognised on related party transactions by reference to the provisions of the applicable Guyana tax legislation (including relevant Double Taxation Treaties) and to previous engagements between the Company and the Guyana Revenue Authority.</li> </ul>



## Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report but does not include the financial statements and our auditors' report thereon. The Company's 2021 Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Guyana Companies Act, 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 these 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 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 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.

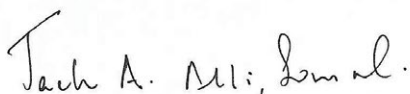
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies 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 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 also 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 consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

The engagement partner in charge of the audit resulting in this independent auditors' report is Khalil Alli.



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JACK A. ALLI, SONS & CO.  
145 Crown Street, Queenstown  
Georgetown, Guyana  
25 February 2022

# STATEMENT OF FINANCIAL POSITION

31 December 2021

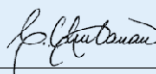
*Thousands of Guyana Dollars*

	Note	31 Dec 2021	31 Dec 2020 (Restated)	01 Jan 2020 (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	93,452	101,482	79,851
Right-of-use assets	5	86,112	110,378	134,152
Deferred taxation	6	17,656	9,749	6,194
		197,220	221,609	220,197
<b>Current assets</b>				
Inventories	7	182,169	204,773	191,268
Accounts receivable and prepayments	8	603,470	334,743	402,802
Amount due from related party	9	0	9,156	46,139
Taxation		199,092	199,092	199,092
Cash and cash equivalents	10	1,027,052	1,491,197	579,689
		2,011,783	2,238,961	1,418,990
<b>TOTAL ASSETS</b>		2,209,003	2,460,570	1,639,187
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	11	23,400	23,400	23,400
Retained earnings		780,181	731,266	587,337
		803,581	754,666	610,737
<b>Non-current liability</b>				
Lease liabilities	5	70,117	102,988	122,233
<b>Current liabilities</b>				
Accounts payable and accruals	12	650,666	622,888	545,438
Amounts due to related parties	9	377,542	773,638	229,756
Taxation		216,529	134,859	85,191
Provision for other liabilities	13	57,697	52,286	30,306
Lease liabilities	5	32,871	19,245	15,526
		1,335,305	1,602,916	906,217
<b>TOTAL EQUITY AND LIABILITIES</b>		2,209,003	2,460,570	1,639,187

The notes on pages 42 to 58 form an integral part of these financial statements. The Board of Directors approved these financial statements for issue on 25 February 2022.



Directors



# STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2021

*Thousands of Guyana Dollars*

	Note	2021	2020 (Restated)
Sales		7,308,347	6,741,471
Cost of sales	14	(2,838,434)	(2,705,217)
Gross profit		4,469,913	4,036,254
Distribution and marketing costs	14	(460,243)	(430,186)
Administrative expenses	14	(538,335)	(554,743)
Other income		2,961	154
Profit before taxation		3,474,296	3,051,479
Taxation	17	(1,448,142)	(1,290,929)
<b>Profit for the year</b>		<u>2,026,154</u>	<u>1,760,550</u>
<b>Earnings per share</b>	18	<u>86.59 Dollars</u>	<u>75.24 Dollars</u>

The notes on pages 42 to 58 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2021

*Thousands of Guyana Dollars*

**Note**

		<b>Share Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Year ended 31 December 2020</b>				
As at beginning of year		23,400	586,225	609,625
Impact of prior year adjustments	<b>22</b>	0	1,112	1,112
As at beginning of year - restated		23,400	587,337	610,737
Profit for the year		0	1,760,550	1,760,550
Dividends paid	<b>19</b>	0	(1,652,040)	(1,652,040)
Forfeiture of unclaimed dividends	<b>19</b>	0	35,419	35,419
As at end of year		23,400	731,266	754,666
<b>Year ended 31 December 2021</b>				
As at beginning of year		23,400	750,193	773,593
Impact of prior year adjustments	<b>22</b>	0	(18,927)	(18,927)
As at beginning of year - restated		23,400	731,266	754,666
Profit for the year		0	2,026,154	2,026,154
Dividends paid	<b>19</b>	0	(2,007,720)	(2,007,720)
Forfeiture of unclaimed dividends	<b>19</b>	0	30,481	30,481
As at end of year		23,400	780,181	803,581

The notes on pages 42 to 58 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

For the Year Ended 31 December 2021

*Thousands of Guyana Dollars*

	Note	2021	2020 (Restated)
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		3,474,296	3,051,479
Adjusted for:			
Depreciation		67,186	54,886
Loss/(gain) on disposal of property, plant and equipment		95	(153)
Gain on disposal of right-of-use assets		0	(188)
Net movement in provision for other liabilities		5,411	21,980
Interest on lease liabilities		15,816	19,025
Operating profit before changes in working capital		3,562,804	3,147,029
Decrease/(increase) in inventories		22,604	(13,505)
(Increase)/decrease in accounts receivable and prepayments		(268,727)	68,059
(Decrease)/increase in net amount due to related parties		(386,940)	580,865
Increase in accounts payable and accruals		27,778	77,450
<b>Cash generated from operations</b>		2,957,519	3,859,898
Taxes paid		(1,374,379)	(1,244,816)
Interest paid		(15,816)	(19,025)
<b>Net Cash Inflow - Operating Activities</b>		1,567,324	2,596,057
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(20,806)	(42,270)
Proceeds from sale of property, plant and equipment		170	5,373
<b>Net Cash Outflow - Investing Activities</b>		(20,636)	(36,897)
<b>FINANCING ACTIVITIES</b>			
Dividends paid	19	(2,007,720)	(1,652,040)
Forfeiture of unclaimed dividends	19	30,481	35,419
Payment of lease liabilities - principal portion		(33,594)	(31,031)
<b>Net Cash Outflow - Financing Activities</b>		(2,010,833)	(1,647,652)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		<b>(464,145)</b>	<b>911,508</b>
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF YEAR</b>		<b>1,491,197</b>	<b>579,689</b>
<b>CASH AND CASH EQUIVALENTS AS AT END OF YEAR</b>	10	<b>1,027,052</b>	<b>1,491,197</b>

The notes on pages 42 to 58 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 1. INCORPORATION AND PRINCIPAL ACTIVITIES

The Company was incorporated in Guyana on 14 June 1934. Its registered office is 122 Parade Street, Georgetown.

The Company is a subsidiary of British American Tobacco International Holdings (UK) Limited, a company registered in the United Kingdom. The ultimate parent company is British American Tobacco plc., a company registered in the United Kingdom.

The principal activities of the Company are the marketing and sale of tobacco products in Guyana, which are manufactured under contract to pre-determined specifications.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements have been prepared under the historical cost convention. The Company's accounting policies conform with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and the Guyana Companies Act.

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### *Pronouncements effective in current year*

The following amendments to existing standards have been published and are effective in the current financial year. There was no impact from the adoption of the amendments.

IFRS 9 / IAS 39 / IFRS 7 /            Amendments - Interest Rate Benchmark Reform Phase 2  
IFRS 4 / IFRS 16

#### *Pronouncements effective in future years*

The following new standard, amendments and improvements to existing standards have been published and are effective in future financial years. No significant impact is expected to arise from these new pronouncements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (a) Basis of Preparation *(continued)*

*Pronouncements effective in future years (continued)*

IFRS 17	Insurance Contracts
IAS 1	Amendments - Classification of Liabilities as Current or Non-current
IAS 1	Amendments - Disclosure of Material Accounting Policies
IAS 8	Amendments - Definition of Accounting Estimates
IAS 12	Amendments - Deferred Tax related Assets and Liabilities arising from a Single Transaction
IAS 16	Amendments - Proceeds before Intended Use
IAS 37	Amendments - Onerous Contracts: Cost of Fulfilling a Contract
IFRS 3	Amendments - Reference to Conceptual Framework
IFRS 16	Amendment - COVID-19 Rent Related Concession
Annual Improvements to IFRS 2018-2020 Cycle:	
	Minor amendments to IFRS 1, IFRS 9
	Amendment to illustrative examples

### (b) Foreign Currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Guyana Dollars, which is the Company's functional currency.

*Transactions and balances*

Transactions involving foreign currencies are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end rates are recognised in the statement of comprehensive income.

### (c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation is calculated on a straight line basis at rates estimated to write off the assets over their expected useful economic lives. The current rates of depreciation are:

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (c) Property, Plant and Equipment *(continued)*

Leasehold improvements	Over the lease term
Plant and machinery	7%
Office and other equipment (excluding computers and ancillary equipment)	10 - 20%
Computers and ancillary equipment	33.33%
Motor vehicles	20% - 33.33%

Subsequent costs are included in the asset's carrying amount 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. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and at least at every reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### (d) Intangible Assets (Computer Software)

The costs of acquiring and installing computer software are capitalised and amortised on a straight line basis over the estimated useful economic life of three years. Costs associated with maintenance of computer software are expensed as incurred.

### (e) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable under residual value guarantees
- exercise price of a purchase option, if option reasonably certain to be exercised
- payments of penalties for terminating the lease, if option expected to be exercised

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The Company has applied judgement to determine the lease term for some lease contracts that include renewal options.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### **(e) Leases** *(continued)*

The present value is determined by applying the interest rate implicit in the lease, or, if that rate cannot be readily determined, at the Company's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made.

The right-of-use asset is measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases, which are those with a lease term of 12 months or less, are recognised on a straight-line basis as an expense in profit or loss.

### **(f) Taxation**

The tax expense for the year comprises of current and deferred tax and is recognised in the statement of comprehensive income. The current corporate tax charge is identified on the basis of laws enacted at the reporting date. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company provides for deferred tax using the liability method for all temporary differences arising between the tax bases of the assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred corporate tax. The principal temporary differences arise from depreciation on property, plant and equipment and the treatment of lease expenses.

### **(g) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis and net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (h) Receivables, including amounts due from Related Parties

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less a provision for impairment.

### (i) Impairment of Financial Assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost. To determine the provision for ECL, the Company applies the simplified approach for trade receivables, as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Given the Company's experience of no credit losses in recent years, the Company has chosen to apply a provision matrix with a minimum provision of 0.10 (2020 - 0.10) percent of amounts due from customers which are considered to be highly recoverable.

When a receivable is uncollectible, it was written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the statement of comprehensive income.

### (j) Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and comprise short term deposits, other cash at bank and cash in hand.

### (k) Share Capital and Dividends

Ordinary shares with discretionary dividends are classified as equity.

Dividends are recognised as a deduction from shareholders' equity in the period in which they are approved by shareholders or, as in the case of interim dividends, when paid by the directors as authorised under the Company's By-laws. Dividends unclaimed for six years are forfeited to the Company, as authorised under the Company's By-laws, and are recovered through shareholders' equity.

### (l) Payables, including amounts due to Related Parties

Payables are recognised initially at fair value and subsequently at amortised cost.

### (m) Provisions

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

The Company recognises liabilities for bonuses to employees and the distributor.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (n) Revenue Recognition

Under IFRS 15, sales are recognised as performance obligations are satisfied and control of the goods are passed to the customer. Control is deemed to have passed when goods are accepted by the customer or where the Company has objective evidence that all criteria for acceptance have been satisfied. Sales represents the value of goods sold, after deducting sales discounts and marketing payments to customers.

### (o) Operating Segments

The Company is managed as a single unit engaged in operations exclusively in Guyana.

### (p) Comparatives

Comparative figures have been restated as further described in note 22.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Company's accounting policies. Areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment are described in this note.

### Impairment Losses on Financial Assets

The measurement of the expected credit loss allowance for financial assets under IFRS 9 is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). The ECL provisions generated by the models adopted are influenced by a number of factors, changes in which can result in different outcomes.

### Values of Property, Plant and Equipment

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date and estimates made of the values expected to be obtained from disposal of the assets at the end of their useful lives and the expected period over which the assets are expected to be available for use.

### Lease Term

Where the leases contain extension options, the period of extension is only taken into account in measuring lease liabilities when the Company is reasonably certain to exercise the option.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

*Thousands of Guyana Dollars*

## 4. PROPERTY, PLANT AND EQUIPMENT

	Plant and Machinery	Office and Other Equipment	Motor Vehicles	Leasehold Improvements	Work in Progress	Total
<i>Cost</i>						
As at 01 January 2021	297	47,084	75,103	0	65,822	188,306
Reclassification	0	(447)	0	0	447	0
Additions in the year	0	0	0	5,952	14,854	20,806
Transfers in the year	0	15,634	0	51,133	(66,767)	0
Disposals in the year	0	(2,680)	0	0	0	(2,680)
As at 31 December 2021	297	59,591	75,103	57,085	14,356	206,432
<i>Accumulated Depreciation</i>						
As at 01 January 2021	(297)	(39,559)	(46,968)	0	0	(86,824)
Charges for the year	0	(5,754)	(11,593)	(11,224)	0	(28,571)
Written back on disposals	0	2,415	0	0	0	2,415
As at 31 December 2021	(297)	(42,898)	(58,561)	(11,224)	0	(112,980)
<i>Net Carrying Amount</i>						
As at 31 December 2021	0	16,693	16,542	45,861	14,356	93,452
<i>Cost</i>						
As at 01 January 2020	297	45,644	84,314	0	24,992	155,247
Additions in the year	0	0	0	0	42,270	42,270
Transfers in the year	0	1,440	0	0	(1,440)	0
Disposals in the year	0	0	(9,211)	0	0	(9,211)
As at 31 December 2020	297	47,084	75,103	0	65,822	188,306
<i>Accumulated Depreciation</i>						
As at 01 January 2020	(297)	(36,669)	(38,430)	0	0	(75,396)
Charges for the year	0	(2,890)	(12,529)	0	0	(15,419)
Written back on disposals	0	0	3,991	0	0	3,991
As at 31 December 2020	(297)	(39,559)	(46,968)	0	0	(86,824)
<i>Net Carrying Amount</i>						
As at 31 December 2020	0	7,525	28,135	0	65,822	101,482

The Company has authorised, but not contracted, capital expenditure on plant and equipment of \$34,451 for the coming year (2020 - \$41,844). Included in WIP are amounts totalling \$1,007 (2020 - \$48,531) for leasehold improvements.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

*Thousands of Guyana Dollars*

## 5. LEASES

2021

2020  
(Restated)

The Company leases various properties to carry out its activities.

### (a) Right-of-use Assets

#### *Cost*

As at beginning of year	154,188	153,626
Additions	14,349	17,954
Disposals	0	(17,392)
As at end of year	168,537	154,188

#### *Accumulated Depreciation*

As at beginning of year	43,810	19,474
Charge in the year	38,615	39,467
Written back on disposals	0	(15,131)
As at end of year	82,425	43,810

#### *Net Carrying Amount*

As at end of year	86,112	110,378
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### **Lease Liabilities**

As at beginning of year	122,233	137,759
New lease	14,349	17,954
Interest expense	15,816	19,025
Payments	(49,410)	(50,056)
Written back on disposals	0	(2,449)

As at end of year	102,988	122,233
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Current	32,871	19,245
Non-current	70,117	102,988

102,988	122,233
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# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## Thousands of Guyana Dollars

<b>6. DEFERRED TAXATION</b>	<b>2021</b>	<b>2020 (Restated)</b>
Deferred tax asset:		
Accelerated accounts depreciation	10,906	5,008
Lease liability	6,750	4,741
	<b>17,656</b>	<b>9,749</b>
Amount realisable within 12 months	<b>2,421</b>	<b>0</b>
<b>7. INVENTORIES</b>	<b>2021</b>	<b>2020</b>
Goods for resale	61,013	127,759
Goods in transit	121,156	77,014
	<b>182,169</b>	<b>204,773</b>
<b>8. ACCOUNTS RECEIVABLE AND PREPAYMENTS</b>	<b>2021</b>	<b>2020</b>
Trade receivables	522,842	289,828
Other receivables	67,903	33,386
Less provision for impairment	(523)	(290)
Trade and other receivables - net	590,222	322,924
Prepayments	13,248	11,819
	<b>603,470</b>	<b>334,743</b>
<b>9. RELATED PARTIES</b>	<b>2021</b>	<b>2020</b>
(a) <i>Key management compensation:</i>		
Short term benefits	41,469	34,655
(b) <i>Transactions carried out with related parties:</i>		
Acquisition of products from fellow group subsidiary	1,328,044	1,190,119
Area service charges from fellow group subsidiary	60,482	63,470
Royalty charges from fellow group subsidiaries	526,972	479,021
Technical and advisory service charges from fellow group subsidiary	127,838	176,803
Information technology charges from fellow group subsidiaries	117,364	92,597
Research and development charges from fellow group subsidiary	0	4,109
Recharges from fellow group subsidiary	94,391	73,050
Dividends paid to parent	1,410,502	1,160,623

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## Thousands of Guyana Dollars

<b>9. RELATED PARTIES</b> <i>(continued)</i>	<b>2021</b>	<b>2020</b>
<i>(c) Outstanding balances at year end:</i>		
Amount due from fellow group subsidiary	0	9,156
Amounts due to fellow group subsidiaries	377,542	773,638
All balances are interest free, unsecured and repayable on demand.		
<b>10. CASH AND CASH EQUIVALENTS</b>	<b>2021</b>	<b>2020</b>
Short term deposits	18,491	18,454
Other cash at bank	1,008,561	1,472,743
	1,027,052	1,491,197
<b>11. SHARE CAPITAL</b>	<b>2021</b>	<b>2020</b>
<i>Authorised</i>		
23,400,000 ordinary shares of no par value		
<i>Issued and fully paid</i>		
23,400,000 ordinary shares of no par value	23,400	23,400
The Company's ordinary share confers upon its holder the right to (i) vote at any meeting of shareholders, (ii) receive any dividend declared by the Company, and (iii) receive the remaining property of the Company on its dissolution.		
<b>12. ACCOUNTS PAYABLE AND ACCRUALS</b>	<b>2021</b>	<b>2020</b>
Sundry payables	466,420	515,827
Accruals	184,246	107,061
	650,666	622,888
<b>13. PROVISION FOR OTHER LIABILITIES</b>	<b>2021</b>	<b>2020</b>
Provision for bonuses:		
As at beginning of year	52,286	30,306
Charged in the year	57,696	52,286
Used in the year	(52,286)	(30,306)
As at end of year	57,697	52,286

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

*Thousands of Guyana Dollars*

## 14. EXPENSES BY NATURE

	2021	2020 (Restated)
Cost of inventories expensed	2,838,434	2,705,217
Staff costs (note 15)	202,524	203,508
Technical and advisory service charges	127,838	176,803
Area service charges	60,482	63,470
Information technology charges	117,364	92,597
Depreciation	67,186	54,886
Communications expenses	26,932	7,727
Advertising expenses	48,620	9,067
Auditors' remuneration	6,858	6,248
Interest on lease liabilities	15,816	19,025
Directors' remuneration (note 16)	3,629	4,147
Other	321,329	347,451
Total of Cost of Sales, Distribution and Marketing Costs, and Administrative Expenses	3,837,012	3,690,146

## 15. STAFF COSTS

	2021	2020
Wages and salaries	182,346	179,399
Other benefits	20,178	24,109
	202,524	203,508

## 16. DIRECTORS' REMUNERATION

	2021	2020
Remuneration paid to Directors for services as directors, included in key management compensation:		
Chandradat Chintamani	1,901	2,160
Patricia Bacchus	1,728	1,987
	3,629	4,147

Other Directors waived their rights to remuneration for their services as directors.

## 17. TAXATION

	2021	2020 (Restated)
The provisional charge for taxation is made up as follows:		
Current tax	1,467,116	1,293,920
Deferred tax	(7,907)	(3,555)
Prior year adjustments	(11,067)	564
	1,448,142	1,290,929

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## Thousands of Guyana Dollars

<b>17. TAXATION</b> <i>(continued)</i>	<b>2021</b>	<b>2020</b> <b>(Restated)</b>
Reconciliation of tax expense and accounting profit:		
Profit before taxation	3,474,296	3,051,479
Corporation tax at 40%	1,389,718	1,220,592
Expenses not deductible for tax purposes	63,326	64,680
Property tax	6,165	5,093
Prior year adjustments	(11,067)	564
	<u>1,448,142</u>	<u>1,290,929</u>
<b>18. EARNINGS PER SHARE</b>	<b>2021</b>	<b>2020</b> <b>(Restated)</b>
Profit attributable to shareholders	2,026,154	1,760,550
Weighted average number of ordinary shares in issue	23,400,000	23,400,000
Earnings per share	86.59 Dollars	75.24 Dollars
<b>19. DIVIDENDS</b>	<b>2021</b>	<b>2020</b>
Prior year fourth interim paid \$16.60 per share (2020 - \$13.00 per share)	388,440	304,200
Prior year final paid \$9.85 per share (2020 - \$8.00 per share)	230,490	187,200
Interim declared and paid \$13.50 per share (2020 - \$10.50 per share)	315,900	245,700
Interim declared and paid \$22.60 per share (2020 - \$20.90 per share)	528,840	489,060
Interim declared and paid \$23.25 per share (2020 - \$18.20 per share)	544,050	425,880
	<u>2,007,720</u>	<u>1,652,040</u>

A fourth interim dividend in respect of the financial year of \$17.30 per share (2020 - \$16.60), amounting to a total dividend of \$404,820 (2020 - \$388,440) has been declared and paid after the year end. A final dividend in respect of the financial year of \$9.94 per share (2020 - \$9.85 per share), amounting to a total dividend of \$232,596 (2020 - \$230,490), is to be proposed at the annual general meeting on 28 April 2022.

In accordance with By-law 26(6) of the Company's Amended By-Laws, the Company has recorded through equity, a recovery of \$30,481 in forfeited unclaimed dividends (2020 - \$35,419).

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

*Thousands of Guyana Dollars*

20. CONTINGENT LIABILITIES	2021	2020
Bonds in favour of the Comptroller of Customs and Excise	19,500	19,500
Guarantees	2,802	3,456

## 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### (a) Financial Instruments

Financial instruments carried at the reporting date include accounts receivable, related parties' balances, cash and cash equivalents, accounts payable, accruals, lease liabilities and provision for liabilities based on contractual obligations.

The classification of financial assets and financial liabilities into IFRS 7 measurement categories is shown in the table below.

	Category	Carrying Amount 2021	Carrying Amount 2020
<b>Financial assets</b>			
Accounts receivable	Amortised cost	590,222	322,924
Related party's balance	Amortised cost	0	9,156
Cash and cash equivalents	Amortised cost	1,027,052	1,491,197
<b>Financial liabilities</b>			
Accounts payable and accruals	Amortised cost	650,666	622,888
Related parties' balances	Amortised cost	377,542	773,638
Lease liabilities	Amortised cost	102,988	122,233
Provision for other liabilities	Amortised cost	26,795	27,871

### (b) Credit Risk

Credit risk arises on receivables from customers and related parties and from cash holdings. The maximum exposure to credit risk at the reporting date is represented by the carrying amounts of these financial assets, as shown in notes 8, 9 and 10 to these financial statements. The Company does not hold collateral as security.

The Company's credit risk from customers is managed by restricting credit to between five to ten working days. The majority of the Company's sales are made to a single distributor which management considers to be of good credit quality based on its financial condition, past trading experience and other factors. Revenue earned from this distributor amounted to 99 percent (2020 - 99 percent) of total revenue.



# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

*Thousands of Guyana Dollars*

## 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

### *(b) Credit Risk (continued)*

Management considers the credit risk arising on balances due from related parties to be minimal given that the entities are controlled by British American Tobacco plc. and are of good financial standing. Cash resources are held with financial institutions licensed in Guyana. While related parties' balances and cash resources are also subject to the impairment requirements of IFRS 9, the impairment loss is considered to be immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for trade and sundry receivables. To measure the lifetime loss allowance, the Company considers the write-off history of the past five years. Given the Company's experience of no credit losses in recent years, the Company has chosen to apply a provision matrix with a minimum provision of 0.10 (2020 - 0.10) percent of amounts due from customers which are considered to be highly recoverable. The minimum ECL level is adjusted for the impact of expected changes in factors such as macroeconomic fundamentals.

The following is a summary of the ECL on trade receivables arising from application of the provision matrix:

<b>As at 31 December 2021</b>	<b>Average ECL</b>	<b>Estimated</b>	<b>Expected</b>
<b>Ageing Bucket</b>	<b>rate</b>	<b>exposure</b>	<b>credit loss</b>
Performing (0 - 30 days)	0.10%	522,842	523
Underperforming (31 to 90 days)	0.00%	0	0
Non-performing (over 90 days)	0.00%	0	0
		<hr/> 522,842	<hr/> 523
<b>As at 31 December 2020</b>	<b>Average ECL</b>	<b>Estimated</b>	<b>Expected</b>
<b>Ageing Bucket</b>	<b>rate</b>	<b>exposure</b>	<b>credit loss</b>
Performing (0 - 30 days)	0.10%	289,828	290
Underperforming (31 to 90 days)	0.00%	0	0
Non-performing (over 90 days)	0.00%	0	0
		<hr/> 289,828	<hr/> 290

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

*Thousands of Guyana Dollars*

## 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

### *(c) Capital Risk Management*

The Company's objectives when managing its capital (ordinary shares) are to safeguard its ability to continue as a going concern in order to provide returns for 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 shareholders, return capital to shareholders or issue new shares.

### *(d) Liquidity Risk*

The table below shows the contractual undiscounted cash flows arising on financial liabilities.

	Within 1 month	Between 1 to 3 months	Between 3 to 12 months	Between 1 to 5 years	Total
<b>As at 31 December 2021</b>					
Accounts payable and accruals	133,647	517,019	0	0	650,666
Amounts due to related parties	377,542	0	0	0	377,542
Lease liabilities	4,349	7,836	32,593	78,854	123,632
Provision for other liabilities (based on contractual obligations)	0	26,795	0	0	26,795
<b>As at 31 December 2020</b>					
Accounts payable and accruals	113,253	509,635	0	0	622,888
Amounts due to related parties	773,638	0	0	0	773,638
Lease liabilities (restated)	4,534	9,068	36,918	111,037	161,557
Provision for other liabilities (based on contractual obligations)	0	27,871	0	0	27,871

The Company manages this risk by monitoring expected cash flows arising on financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

## Thousands of Guyana Dollars

### 21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT *(continued)*

#### *(e) Foreign Currency Risk*

The Company is exposed to foreign currency risk through its holding of financial instruments denominated in the following foreign currencies as expressed in the Guyana dollar equivalent in the table below:

	2021	2020
<i>Assets</i>		
United States Dollars	0	2,022
<i>Liabilities</i>		
United States Dollars	397,617	702,925
British Pound Sterling	614	73,589

The Company's exposure to foreign exchange risk is limited by the denomination of the underlying transactions in stable foreign currencies.

The Company recognised net exchange losses of \$11,837 in the year (2020 - \$12,129).

As at the year end, if the Guyana Dollar had weakened / strengthened by 1% against the United States Dollar, with all other variables held constant, post-tax profit for the year would have been \$2,385 (2020 - \$4,205) lower/higher.

As at the year end, if the Guyana Dollar had weakened / strengthened by 1% against the British Pound Sterling, with all other variables held constant, post-tax profit for the year would have been \$4 (2020 - \$442) lower / higher.

#### *(f) Fair Values*

The carrying values of financial assets and liabilities approximate to their fair values given their short term maturity.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

*Thousands of Guyana Dollars*

## 22. PRIOR YEAR ADJUSTMENTS

The Company adopted IFRS 16 'Leases' from 01 January 2019. Prior year figures in relation to the leases were restated in the current year to account for:

- (a) Recognition of rate escalation clauses in accordance with lease agreements
- (b) Reallocation of payments in 2020 for non-IFRS 16 leases to short-term leases

The table below reflects the impact of the adjustments:

	31 Dec 2020	Adjustments	31 Dec 2020 (Restated)
<b>Statement of Financial Position</b>			
Right-of-use assets	111,153	(775)	110,378
Deferred tax asset	13,389	(3,640)	9,749
Lease liabilities	107,721	14,512	122,233
Retained earnings	750,193	(18,927)	731,266
	<b>31 Dec 2020</b>	<b>Adjustments</b>	<b>31 Dec 2020 (Restated)</b>
<b>Statement of Comprehensive Income</b>			
Profit before tax	3,068,614	(17,135)	3,051,479
Taxation	1,288,025	2,904	1,290,929
Profit after tax	1,780,589	(20,039)	1,760,550
Earnings per share	76.09	(0.85)	75.24

The impact of the adjustments on the retained earnings as at 01 January 2020 was \$1,112.

THE COMPANIES ACT, 1991 - (Section 115)

1. **Name of Company:**  
DEMERARA TOBACCO COMPANY LIMITED
- Company No:**  
308
2. **Particulars of Meeting:**  
Eighty-eighth Annual General Meeting of Demerara Tobacco Company Limited to be held at the Pegasus Hotel, Seawall Road, Kingston, Georgetown, Guyana on Thursday 28 April 2022.
3. **Solicitation:**  
It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders with this Circular and, in the absence of a specific direction, in the discretion of the Proxy Holder in respect of any other resolution.
4. **Any Director's statement submitted pursuant to Section 72(2):**  
No statement has been received from any Director pursuant to Section 72(2) of the Companies Act, 1991.
5. **Any Auditor's statement submitted pursuant to Section 178:**  
No statement has been received from any Auditors pursuant to Section 178 of the Companies Act, 1991.
6. **Any Shareholder's proposal submitted pursuant to Sections 114(a) and 115(2):**  
No statement has been received from any Shareholder pursuant to Sections 114(a) and 115(2) of the Companies Act, 1991.

DATE	NAME AND TITLE	SIGNATURE
25 February 2022	Dharmendra Dharmo Secretary and Authorised Signatory Demerara Tobacco Company Limited	





**THE COMPANIES ACT, 1991 (Section 114)**

**1. Name of Company**

DEMERARA TOBACCO COMPANY LIMITED

**Company No:**

308

**2. Particulars of Meeting:**

Eighty-eighth Annual Meeting of The Demerara Tobacco Company Limited to be held at the Pegasus Hotel, Seawall Road, Kingston, Georgetown, Guyana on Thursday April 28, 2022 at 2.00 p.m.

**3. I/We**\_\_\_\_\_

(BLOCK LETTERS PLEASE)

Of \_\_\_\_\_

shareholder/s in the above Company appoint:

☐ the Chairman of the Meeting

or failing him

☐ Mr. Anand Persaud or

☐ Mr. Adip Hariprasad or

☐ Mr. Brian Chu-A-Kong or

☐ Mr. Joyclyn Richmond or

☐ Ms. Azad Khan

or failing them

\_\_\_\_\_ of \_\_\_\_\_

(NAME IN BLOCK LETTERS)

ADDRESS)

to be my/our proxy to vote for me/us and on my/our behalf at the above meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we was/were present at the said meeting or such adjournment or adjournments thereof and in respect of the resolutions listed overleaf to vote in accordance with my/our instructions.

**Please indicate with an "X" in the spaces overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.**

**Please consider Notes 1 to 5 below for assistance to complete and deposit the Proxy Form.**

## PROXY FORM *(CONTINUED)*

RESOLUTION	DETAILS	FOR	AGAINST
1	To receive and consider the Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> December 2021 together with the Reports of the Directors and Auditors thereon.		
2	To declare a Final Dividend of G\$9.94 per share in respect of the year 2021.		
3	To elect Mr Andre Pryce, who was appointed a Director of the Company in accordance with By-Law 18(7) of the Company's By-Laws, as a Director of the Company.		
4	To elect Mr Troy Beharry as a Director of the Company in accordance with By-Law 18(5) of the Company's By-Laws.		
5	To re-elect Ms Patricia Bacchus, who retires as a Director of the Company in accordance with By-Law 18(1) of the Company's By-Laws, as a Director of the Company.		
6	To fix the remuneration of the Independent Directors.		
7	To re-appoint auditors Jack A. Alli, Sons & Co until the close of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		

Signature/s \_\_\_\_\_

\_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

## PROXY FORM *(CONTINUED)*

### Notes:

1. If the appointer is a corporation, this Proxy Form must be under its common seal or under the hand of an officer of the corporation or attorney duly authorized in that behalf.
2. A shareholder who is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its directors or governing body to represent it at this Annual General Meeting.
3. In the case of joint shareholders, the names of all the joint shareholders must be stated on the Proxy Form and any one shareholder must sign on the Proxy Form.
4. If the Proxy Form is returned without any indication as to how the person-appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
5. To be valid, this Proxy Form must be completed and deposited at the Registered Office of the Company at the address below at least 48 hours before the time for holding the Annual General Meeting.

Return to:  
THE SECRETARY  
THE DEMERARA TOBACCO COMPANY LIMITED  
LOT 122 PARADE STREET, KINGSTON  
GEORGETOWN  
GUYANA

NOTES





