The Guyana and Trinidad Mutual Life Insurance Company Limited

With GTM the Possibilities are Endless!

93rd ANNUAL REPORT 2017

Notice of Meeting

The **Ordinary General Meeting of Members** will be held at 16:45 hours on Thursday, 5th July, 2018 at the Georgetown Club, 208 Camp Street, Georgetown.

AGENDA

1. To receive and consider the Report of the Directors, the Accounts for the year ended 31st December, 2017 and the Report of the Auditors thereon.

2. To elect Directors.

3. To fix remuneration of the Directors.

4. To elect Auditors and fix their remuneration.

BY ORDER OF THE BOARD

Company Secretary/
Finance Controller

GTM Buildings
27-29 Robb & Hincks Streets
Georgetown
8th June, 2018

N.B. The right to vote by proxy may only be exercised if the member resides outside of the City of Georgetown.

The appointed proxy must be a member of the Company.

The instrument appointing a proxy must be deposited at the Head Office of the Company not less than twenty-four hours before the time appointed for holding the meeting.

Chairman & Board of Directors

CHAIRMAN	R. L. SINGH, AA, ACIS
DIRECTORS	R. E. CHEONG, AA, FCII, FLMI, CLU
	P. S. FRASER
	E. A. LUCKHOO, SC, LL.B(HONS) (LOND)
	L. W. VALIDUM, MD
	B. J. HARPER (Ms.), BA
MANAGING DIRECTOR	R. ST. P. YEE, BSc.(HONS), EMBA

Management Team

MANAGING DIRECTOR	R. ST. P. YEE, BSc.(Hons), EMBA
MANAGER (AG.)	S. INNISS-HOYTE (Mrs.), MBA, BSc.(Econ), FLML, ACS
COMPANY SECRETARY/FINANCE CONTROLLER	K. GOBERDHAN, FCCA
ACCOUNTANT/ASSISTANT COMPANY SECRETARY	D. MEMRAJ (Mrs.), ACCA
GROUP SALES MANAGER	Major I. ALLI
ASSISTANT MANAGER (AG.), HEALTH, GROUP & ANNUITIES PRODUCTS DEPARTMENT	P. PERSAUD (Mrs.), RN, BS(Nursing)
BRANCH MANAGER (AG.), ST. LUCIA	K. MARAJ, BA
BRANCH MANAGER, ST. VINCENT	C. CAMBRIDGE, AIAA, ACS(Hons), AIRC, Dip.Mgt (UWI)
BRANCH MANAGER (AG.), GRENADA	D. FELIX, CC, CL, JP

Report of the Directors

The Directors have pleasure in presenting their **ANNUAL REPORT** and the **AUDITED FINANCIAL STATEMENTS** for the year ended 31 December 2017.

All amounts stated are in Guyana dollars.

INSURANCE IN FORCE
At the commencement of the year, after adjustments including adjustment for the change in currency exchange rates there were 13,516 policies in force insuring $70,754,564,936 with annual premiums of $810,404,952. During the year 1,230 policies were issued insuring $11,497,757,502 with annual premiums of $131,491,390. At 31 December 2017, there were 12,436 policies in force insuring $75,525,201,163 including bonus additions, yielding annual premiums of $878,206,958.

GROUP LIFE
At 31 December 2017, there were 89 group plans in force with annual premiums of $167,280,375 insuring a total sum of $18,632,861,151.

HEALTH INSURANCE
At 31 December 2017, there were 132 group plans and 2,389 individual plans with annual premiums of $751,228,597.

ACCIPROTECT
At 31 December 2017, there were 1,850 policies insuring $3,755,875,000 with annual premiums of $9,233,125.

ACTUARIAL LIABILITIES
Actuarial Liabilities at 31 December 2017 were valued were $4,786,032,649.

CLAIMS
Total claims paid and provided for during the year amounted to $595,976,463. Death claims in respect of 35 policies totalled $100,194,290 net of reinsurance; endowments matured required $21,539,682; payments under annuity policies were $13,378,860; and health insurance benefits paid amounted to $460,863,631. Since inception of the Company, the total net claims paid and provided for amounted to $6,597,718,424.

INVESTMENTS
The ledger value of investments purchased during the year amounted to $171,482,256 while redemptions were $91,676,270. At 31 December 2017, securities were revalued in accordance with the Company's accounting policy, which resulted in a net increase in fair value of $604,203,803.

DIRECTORATE
All the Directors retire as provided in the Company's Ordinance and are eligible for re-election.

CORPORATE GOVERNANCE
The Company shares a common Board of Directors with The Guyana and Trinidad Mutual Fire Insurance Company Limited and regular meetings are held for each Company.

The Board has established an Organisational and Compensation Committee, which on an ongoing basis, reviews the appropriateness of the establishment to the needs of the business.

Other major Committees, on which members of the Board serve, are the Audit and Risk Management, Budget, Information Systems and Investment.

AUDITORS
Messrs. TSD, Lal & Co. retire and are eligible for re-election.

Independent Auditor's Report

To the Members of
The Guyana and Trinidad Mutual Life Insurance Company Limited
on the Financial Statements for the Year Ended 31 December 2017

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of The Guyana and Trinidad Mutual Life Insurance Company Limited, which comprise the statement of financial position as at 31 December 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 4 to 42.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Guyana and Trinidad Mutual Life Insurance Company Limited as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Going concern

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

Other information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Company's 2017 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

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

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

Independent Auditor's Report — cont'd

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher that one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls,

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls,

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

- Conclude on the appropriateness of the Director'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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern,

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991 but did not fully comply with the Insurance Act 1998.

TSD, Lal & Co.
CHARTERED ACCOUNTANTS

77 BRICKDAM
STABROEK

GEORGETOWN
GUYANA
6th June, 2018

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December, 2017

	Notes	2017 G$	2016 G$
REVENUE			
Insurance premiums	(5)	1,727,477,404	**1,685,530,911**
Reinsurance premiums ceded		(155,940,204)	**(141,907,431)**
		1,571,537,200	**1,543,623,480**
Income from investments			
"Held to maturity"		98,073,669	**97,463,076**
"Loans and receivables"		46,031,581	**31,903,946**
"Available for sale"		61,896,882	**66,695,104**
	(6)	206,002,132	**196,062,126**
Other income	(7)	12,872,050	**10,716,591**
Currency exchange gain/(loss)	(8)	14,317,262	**(48,165,804)**
		1,804,728,644	**1,702,236,393**
***Deduct:* EXPENDITURE**			
Benefits:			
Claims	(9)	595,976,463	**626,631,163**
Surrenders	(10)	215,385,776	**174,941,814**
		811,362,239	**801,572,977**
Expenses:			
Commissions and sales expenses	(11)	174,912,596	**194,775,419**
Salaries and other staff costs	(12)	130,461,462	**121,682,946**
Management expenses	(12)	271,100,711	**223,253,857**
Taxation	(13)	4,103,353	**8,660,780**
		580,578,122	**548,373,002**
Total expenditure		1,391,940,361	**1,349,945,979**
Net surplus before movement in Actuarial Liabilities		412,788,283	**352,290,414**
Net movement in Actuarial Liabilities	(14)	(508,375,800)	**(269,733,575)**
Net (loss)/ profit after tax		(95,587,517)	**82,556,839**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on investment		604,203,803	**(88,669,759)**
Other comprehensive income/(loss) for the year net of tax		604,203,803	**(88,669,759)**
Total comprehensive income/(loss) for the year		508,616,286	**(6,112,920)**

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

Statement of Changes in Equity

For the Year Ended 31 December, 2017

	Guarantee Capital	Investment Reserve	Revaluation Reserve	Retained Earnings	Total
	G $	G $	G $	G $	G$
Balance at 1 January 2016	100,000	1,381,545,170	304,657,293	873,284,799	2,559,587,262
Changes in equity 2016					
Total comprehensive income/(loss) for the year	—	(88,669,759)	—	82,556,839	(6,112,920)
Balance at 31 December 2016	**100,000**	**1,292,875,411**	**304,657,293**	**955,841,638**	**2,553,474,342**
Changes in equity 2017					
Total comprehensive income/(loss) for the year	—	604,203,803	—	(95,587,517)	508,616,286
Balance at 31 December 2017	100,000	1,897,079,214	304,657,293	860,254,121	3,062,090,628

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

Statement of Financial Position

As at 31 December, 2017

	Notes	2017 G $	2016 G$
Assets			
Non-current assets			
Property and equipment	(15)	1,205,460,360	**1,062,064,033**
Other assets			
Investments			
Held to maturity	16(a)	438,804,804	**351,889,475**
Loans and receivables	16(b)	651,624,162	**559,353,733**
Available for sale	16(c)	2,104,522,100	**1,500,318,297**
Segregated funds' assets	(18)	733,519,323	**567,307,408**
Statutory deposits	(19)	220,054,369	**219,105,136**
		5,353,985,118	**4,260,038,082**
Current assets			
Unexpired reinsurance premiums (net of commission)	(20)	70,967,776	**63,105,689**
Premiums outstanding	(21)	56,255,153	**54,821,320**
Accrued and unpaid interest	(22)	33,257,532	**32,737,955**
Receivables and prepayments	(23)	148,646,108	**200,239,076**
Due from the Guyana Trinidad Mutual Fire Insurance Company Limited	(35)	10,479,903	—
Tax recoverable	(32)	21,292,537	**13,329,212**
Treasury bills	(24)	798,013,988	**805,123,331**
Cash on deposit	(25)	3,381,668,251	**3,218,934,718**
Cash at bank		420,672,798	**354,630,320**
Cash on hand and in transit		13,693,043	**6,064,657**
		4,954,947,089	**4,748,986,278**
Total Assets		10,308,932,207	**9,009,024,360**
Equity and liabilities			
Capital and reserves			
Guarantee capital	(26)	100,000	**100,000**
Investment reserve	(27)	1,897,079,214	**1,292,875,411**
Revaluation reserve	(15)	304,657,293	**304,657,293**
Retained earnings		860,254,121	**955,841,638**
		3,062,090,628	**2,553,474,342**
Non-current liabilities			
Actuarial liabilities	(14)	4,786,032,649	**4,277,656,849**
Sundry reserve	(28)	5,688,574	**6,181,043**
Deposit administration fund	(29)	1,247,838,450	**1,192,152,117**
		6,039,559,673	**5,475,990,009**
Current liabilities			
Claims admitted and intimated (net of amounts recoverable from reinsurers)	(30)	152,211,439	**58,091,543**
Segregated funds' liabilities	(18)	733,519,323	**567,307,408**
Claims option deposits	(31)	2,935,971	**2,918,232**
Taxation	(32)	5,270,750	**13,848,823**
Premiums received in advance	(33)	48,688,006	**9,441,294**
Payables and accruals	(34)	178,241,569	**194,389,788**
Due to The Guyana and Trinidad Mutual Fire Insurance Company Ltd.	(35)	—	**4,421,564**
Unearned premiums	(36)	74,705,479	**72,258,485**
Unexpired risk	(37)	7,470,547	**7,225,849**
Bank overdraft (unsecured)	(38)	4,238,822	**49,657,023**
		1,207,281,906	**979,560,009**
Total equity and liabilities		10,308,932,207	**9,009,024,360**

The financial statements were approved by the Board of Directors on 6th June, 2018.
On behalf of the Board:

Chairman: MR. R. L. SINGH, AA
Director: DR. L. W. VALIDUM
Company Secretary/Finance Controller: MR. K. GOBERDHAN

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

Statement of Cash Flows

For the Year Ended 31 December, 2017

	2017 G $	2016 G $
Operating activities		
(Loss)/profit before taxation	(91,484,164)	**91,127,619**
Adjustments for:		
Depreciation	11,107,623	**11,439,113**
Dividends and interest received	(206,002,132)	**(196,062,126)**
(Gain)/loss on exchange	(14,317,262)	**48,165,804**
Operating loss before working capital changes	(300,695,935)	**(45,239,590)**
Increase/(decrease) in reserves	14,317,262	**(48,165,804)**
Increase in deposit administration fund	55,686,333	**62,324,118**
Decrease in sundry reserve	(492,469)	**(537,468)**
Increase in receivables & prepayments	(134,914,347)	**(31,276,194)**
Increase in liabilities	790,093,971	**245,070,041**
Net cash provided by operations	423,994,815	**182,175,103**
Taxes paid	(20,644,751)	**(32,431,951)**
Net cash provided by operating activities	403,350,064	**149,743,152**
Investing activities		
Purchase of property and equipment	(154,503,950)	**(21,681,815)**
(Acquisition)/redemption of investments	(86,915,329)	**46,803,959**
(Increase)/decrease in policy and other loans	(102,105,845)	**2,323,584**
Decrease/(increase) in treasury bills	7,109,343	**(255,982,572)**
Mortgage repayments/(disbursements)	9,835,416	**(61,131,786)**
(Increase)/decrease in statutory deposits	(949,233)	**64,013,848**
Dividends and interest received	206,002,132	**196,062,126**
Net cash used in investing activities	(121,527,466)	**(29,592,656)**
Net increase in cash and cash equivalents	281,822,598	**120,150,496**
Cash and cash equivalents at beginning of period	3,529,972,672	**3,409,822,176**
Cash and cash equivalents at end of period	3,811,795,270	**3,529,972,672**
Cash and cash equivalents consist of:		
Cash on deposit, at bank, on hand and in transit	3,816,034,092	**3,579,629,695**
Bank overdraft (unsecured)	(4,238,822)	**(49,657,023)**
	3,811,795,270	**3,529,972,672**

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

Notes on the Accounts

1. INCORPORATION AND ACTIVITIES

The Guyana and Trinidad Mutual Life Insurance Company Limited was incorporated in Guyana on 30 May 1925. It is engaged in the underwriting of long term insurance business and associated insurance activities.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Amendments effective for the current year end

New and Amended Standards

			Effective for annual periods beginning on or after
IAS 7	—	Statement of Cash Flows — disclosure related to financing activity	1 January 2017
IAS 12	—	Income Taxes	1 January 2017

IAS 7: Statement of Cash Flows

The amendments to IAS 7 respond to investors' request for improved disclosures about changes in an entity's liabilities arising from financing activities. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash and non-cash flows.

IAS 12: Income Taxes

The amendments to IAS 12 are to be applied retrospectively and are effective from 1 January 2017 with early application permitted. The amendments were issued to clarify recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that:

— The carrying amount of an asset does not limit the estimation of probable future profits; and that

— When comparing deductible temporary differences with future taxable profits, the future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences.

Pronouncements effective in future period for early adoption

New and Amended Standards

			Effective for annual periods beginning on or after
IFRS 2	—	Share based Payment: Classification and measurement of share based transactions	1 January 2018
IFRS 4	—	Insurance Contracts: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"	1 January 2018
IFRS 9	—	Financial Instruments: Classification and measurement	1 January 2018
IFRS 9	—	Additions for Financial Liability Accounting	1 January 2018
IFRS 15	—	Revenue from Contracts with Customers	1 January 2018

Notes on the Accounts

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS — cont'd

Pronouncements effective in future period for early adoption — cont'd

New and Amended Standards — cont'd			**Effective for annual periods beginning on or after**
IAS 40	—	Investment Property: transfer to or from Investment Properties	1 January 2018
IFRS 16	—	Leases	1 January 2019
IFRS 17	—	Insurance Contracts	1 January 2021

The Company has not opted for early adoption.

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

IFRS 4 - Insurance Contracts

The amendment to IFRS 4 provides two options for entities that issue insurance contracts within the scope of IFRS 4:

(a) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets;
(b) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4.

The Directors have opted to defer applications under IFRS 9 until adoption of IFRS 17.

IFRS 9 - Financial Instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Early adoption must apply to all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated at fair value through profit or loss, the requirements for which an entity may apply early without applying the other requirements of IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

   The standard contains specific transitional provisions for:
   i) classification and measurement of financial assets;
   ii) impairment of financial assets; and
   iii) hedge accounting.

The Directors do not anticipate a material impact on the financial statements.

Notes on the Accounts

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS — cont'd
New and Amended Standards — cont'd

IFRS 15: Revenue from Contracts with Customers

This standard provides a single, principle-based five-step model to be applied to all contracts with customers as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

This standard will not have a material impact on the financial statements, until it is applied with the adoption of IFRS 17.

IFRS 17: Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

The adoption of this standard will have a material impact on the reported profit, the classification of assets and the overall financial statement presentation and disclosure requirements.

New and revised interpretation

Available for early adoption			**Effective for annual periods beginning on or after**
IFRIC 22	—	Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23	—	Uncertainty over Income Tax treatments	1 January 2019

IFRIC 23: Uncertainty over Income Tax treatments

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities' examinations;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- The effect of changes in facts and circumstances.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

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

The principal accounting policies are set out below:

b) Revenue recognition

i) Premiums

Premiums on long-term insurance are recognised as revenue when due from policyholders. Premiums are recognised gross of commissions payable. Premiums received that relate to future periods are included in current liabilities and premiums outstanding are included in current assets.

ii) Income from investments

Interest income for all interest bearing financial instruments except for those classified as available for sale or designated at fair value is recognised in the statement of profit or loss and other comprehensive income on an accrual basis using the effective interest yield method.

The effective interest yield is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

iii) Other income

Other income is recognised as it is earned. This is mainly due to fees charged for routine transactions and fees earned for the administration of pension plans.

c) Reinsurance

The Guyana and Trinidad Mutual Life Insurance Company Limited has treaty reinsurance in place for risk that it underwrites on its life products. Relevant amounts are reimbursed to the Company for claims paid in accordance with the terms of the reinsurance agreement.

Reinsurance premiums paid reflect amounts due to reinsurers for the financial year net of commissions earned by the Company for ceding business to them. Unexpired reinsurance premium net of the corresponding commission is an estimated amount of reinsurance premium relating to the future accounting period. This is shown under current assets.

d) Claims

Claims are made against the Company in respect of the various classes of insurance policies. Claims are recognised when reported to the Company, whether or not settled at the date of the financial statements.

Claims are reflected in the statement of profit or loss and other comprehensive income net of reinsurance recoveries. The liability for claims reported and unpaid at the date of the financial statements is disclosed net of amounts recoverable from reinsurers.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

e) Maturities

Some of the Company's policies mature after the contractual period has elapsed. Such amounts whether or not claimed for by the policyholder are accrued in the statement of profit or loss and other comprehensive income, and provided for as claims admitted under current liabilities.

f) Commissions

This represents expenses incurred in the acquisition of insurance business contracts mainly through insurance advisors and brokers. Various rates are used in the computation of commissions paid.

g) Operating expenses

The Guyana and Trinidad Mutual Life Insurance Company Limited and Guyana and Trinidad Mutual Fire Insurance Company Limited share common staff and facilities. In Guyana, staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Life Insurance Company Limited. Relevant costs are shared between the Companies on a pre-determined, agreed and equitable reimbursement basis.

h) Taxation

Income tax expense represents the sum of the tax payable using varying bases for Guyana and the Caribbean Offices. For Guyana, Corporation Tax is based on its investment income from the statutory fund with expenses restricted to 12% of investment income.

i) Property, equipment and depreciation

Land and buildings held for use in the supply of services, or for administrative purposes are stated in the statement of financial position at cost or their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation determined from the market based evidence by appraisal undertaken by professional valuers.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve. Depreciation on revalued assets is charged to the statement of profit or loss and other comprehensive income.

Equipment and fixtures are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and construction work-in-progress, over their estimated useful lives as follows:-

Building	—	2%	(reducing balance)
Furniture and fittings	—	10%	(reducing balance)
Computer equipment	—	20%	(reducing balance)
Other equipment	—	15% - 20%	(reducing balance)

No depreciation is provided on land.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

i) **Property, equipment and depreciation — cont'd**

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount, and is written down immediately to its recoverable amount.

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

j) **Financial investments**

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

The Company classifies its investment portfolio into the following categories: "held to maturity investments", "loans and receivables" and "available for sale financial assets". Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities are acquired. The classification is reviewed annually.

Income on variable return securities is dealt with on a cash basis, while income on fixed return securities is recognised as it is earned.

i) **Held to maturity investment**
Investments held to maturity are carried at amortised cost. Any gain or loss on these investments is recognised in the statement of profit or loss and other comprehensive income when the assets are de-recognised or impaired.

ii) **Loans and receivables**
These comprise mortgages on properties and loans and are stated at amortised cost.

iii) **Available for sale financial assets**
These investments are initially recognised at cost and adjusted to fair value (market value) at subsequent periods. Gains or losses on revaluations are recognised through the investment reserve account until the asset is sold or otherwise disposed, at which time previously recognised gains or losses are transferred to the statement of profit or loss and other comprehensive income for that period.

k) **Impairment of tangible assets**

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

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

k) Impairment of tangible assets - cont'd

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

l) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial instruments carried on the statement of financial position include investment securities, loans and bank overdrafts, receivables, payables, accruals, borrowings and cash resources.

i) **Receivables and prepayments**
Receivables and prepayments are recognised at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of profit or loss and other comprehensive income when there is objective evidence that they are not collectible.

ii) **Bank borrowings**
Interest bearing bank overdraft is recognised at amortised cost.

iii) **Payables and accruals**
Payables and accruals are recognised at amortised cost.

iv) **Cash and cash equivalents**
Cash and short-term funds are held for the purpose of meeting short-term cash commitments rather than investment or other purposes. These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

v) **Derecognition**
Financial assets are derecognised when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expired.

m) Actuarial liabilities

Actuarial valuations for the Company are done at the end of each financial year. Changes in the actuarial liabilities are recognised through the statement of profit or loss and other comprehensive income for the period.

In the valuation, the appointed Actuary considers the insurance portfolio of the Company at the end of the year and applies such actuarial assumptions as outlined in note 43 .

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

n) **Unearned premiums**

This provision is an estimation of premiums received in the current year on short-term insurance contracts which relate to the future period.

o) **Unexpired risk**

This is a provision for claims on short-term insurance contracts that may be reported in the future accounting period but which relate to the present accounting period.

p) **Claims option deposits**

Some of the Company's policies allow the policyholders the option of leaving the maturity proceeds on deposit with the Company. These are separately classified under current liabilities.

q) **Segregated funds**

Segregated funds' assets and liabilities represent funds maintained to meet specific investment objectives of certain pension schemes that bear the investment risk.

Investment income and both realised and unrealised gains and losses accrue directly to the pension schemes.

The assets of each scheme are segregated and are not subject to claims that arise out of any other business of the Company. The assets and liabilities are carried at fair values. Deposits, withdrawals, net investment income and realised gains and losses, together with the increase or decrease in market value of investments are charged or credited to the segregated funds' assets and liabilities.

The Company earns fees for the administration of these schemes.

r) **Reserves**

Gains and losses on the revaluation of "available for sale" assets are recorded in the investment reserve. Gains and losses arising out of the revaluation of property are recorded in the revaluation reserve.

Retained earnings represent the accumulated profits of the Company.

s) **Foreign currencies**

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of transactions. At the date of the financial statements, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on re-translation are included in the statement of profit or loss and other comprehensive income for the period.

t) **Assets under management**

The Company provides custody and investment management services to certain pension schemes. Those assets that are held in a fiduciary capacity are not included in these financial statements.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

u) Pension plan

A defined benefit pension scheme is operated by The Guyana and Trinidad Mutual Fire Insurance Company Limited.

The Guyana and Trinidad Mutual Life Insurance Company Limited has no employees in Guyana. All staff are employed The Guyana and Trinidad Mutual Fire Insurance Company Limited and employment costs are shared on a pre-determined, agreed and equitable reimbursement basis. The Company also pays the corresponding portion of pension contribution to the pension scheme.

A defined benefit pension plan is also operated for the insurance advisors of both The Guyana and Trinidad Mutual Fire and The Guyana and Trinidad Mutual Life Insurance Companies. Contributions to the scheme are paid by The Guyana and Trinidad Mutual Fire Insurance Company Limited, and the relevant portion is then reimbursed by The Guyana and Trinidad Mutual Life Insurance Company Limited.

Contributions for the year were as follows:

	2017 G$	2016 G$
Pension scheme contribution (staff)	2,711,572	**2,465,775**
Pension scheme contribution (insurance advisors)	7,716,929	**7,970,771**

Actuarial valuations for both schemes were completed at January 1, 2017.

v) Insurance contracts — recognition and measurement

The Company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts including those with Discretionary Participation Features (DPF) are classified into four main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

- *Short-term insurance contracts*

These contracts are group life and group and individual health. These contracts protect policyholders from the consequences of events (such as death, disability or sickness) that would affect the ability of the policyholder or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or are linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Premiums on these contracts are recognised as premium revenue proportionally over the period of coverage. The estimated portion of premiums received on in-force contracts during the financial year that relates to the future period, is reported as unearned premiums among current liabilities. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are recognised as incurred in the statement of profit or loss and other comprehensive income based on the estimated liability for compensation owed to policyholders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the date of the financial statements even if they have not yet been reported to the Company. Actuarial Liabilities for unpaid claims are estimated as 15% of premium on health and 22.5% on life.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

v) Insurance contracts — recognition and measurement – cont'd

- *Long-term insurance contracts with fixed and guaranteed terms*

  These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission.

  Benefits payable to beneficiaries are recorded as an expense when they are incurred.

  A liability for contractual benefits that are expected to be incurred is recorded when the premiums are recognised. The liability is based on assumptions as to future mortality, persistency, maintenance expenses and investment income. A margin for adverse deviations is included in the assumptions.

- *Long-term insurance contracts without fixed and guaranteed terms*

  These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. These liabilities however, are increased by credited interest (in the case of universal life contracts) and are decreased by policy administration fees, mortality and surrender charges and any withdrawals.

  Liabilities for Universal Life policies are based on assumptions as to future mortality, persistency, maintenance expenses, investment income, and crediting interest rates. A margin for adverse deviations is included in the assumptions.

  Liabilities for deferred group annuities are set equal to the accumulated account values.

- *Long-term insurance contracts with fixed and guaranteed terms and with Discretionary Participation Features.*

  These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the policyholder. Premiums are shown before deduction of commission.

  Benefits payable to beneficiaries are recorded as an expense when they are incurred.

  A liability for contractual benefits that are expected to be incurred is recorded when the premiums are recognised. The liability is based on assumptions as to mortality, persistency, and maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

  In addition, these contracts also participate in the profits of the Company. As the Company declares the bonus to be paid, it is credited to the individual policyholders.

Notes on the Accounts

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

i) **Available for sale financial assets**
In classifying investment securities as available for sale, the Directors have determined that these securities do not meet the criteria for loans and receivables, held to maturity investments or financial assets at fair value through profit or loss and are valued at fair value.

ii) **Held to maturity financial assets**
The Directors have reviewed the Company's "held to maturity" assets in the light of its capital maintenance and liquidity requirements and have confirmed the Company's positive intention and ability to hold these assets to maturity.

iii) **Useful lives of property and equipment**
Management reviews the estimated useful lives of property and equipment at the end of each year to determine whether the useful lives of these assets should remain the same.

iv) **Other financial assets**
In determining the fair value of the investment in the absence of an active market, the directors estimate the likelihood of impairment by using discounted cash flows.

v) **Receivables**
On a regular basis, management reviews receivables to assess impairment. Based on information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for bad and doubtful debts.

vi) **Actuarial liability**
This liability is computed annually by the actuaries based on data provided by management. The computation of this balance assumes that the data is not materially misstated.

vii) **Provision for claims**
Provision for claims comprised claims notified but not settled at 31 December, 2017. This provision is arrived at after taking into account all known facts up to the reporting date. While management believes that the liability carried at the reporting date is adequate any deviation in the actual cost of the claims would result in the recognition of an additional surplus or deficit in subsequent financial years.

Notes on the Accounts

5. PREMIUMS

	2017 Gross G$	2017 Reinsurance G$	2017 Net G$	2016 Gross G$	2016 Reinsurance G$	2016 Net G$
Life	974,034,953	154,532,828	819,502,125	**952,849,132**	**140,489,930**	**812,359,202**
Health	752,635,973	1,407,376	751,228,597	**731,581,468**	**1,417,501**	**730,163,967**
Annuities	806,478	—	806,478	**1,100,311**	**—**	**1,100,311**
	1,727,477,404	155,940,204	1,571,537,200	**1,685,530,911**	**141,907,431**	**1,543,623,480**

6. INCOME FROM INVESTMENTS

	2017 G$	2016 G$
Held to maturity		
Bonds and debentures	33,529,519	**22,894,560**
Fixed deposits	37,172,537	**43,984,231**
Treasury bills	27,371,613	**30,584,285**
	98,073,669	**97,463,076**
Loans and receivables		
Mortgages	12,192,300	**9,893,906**
Policy loans	18,750,035	**10,719,188**
Other loans	8,562,166	**4,763,772**
The Guyana and Trinidad Mutual Fire Insurance Company Limited	6,527,080	**6,527,080**
	46,031,581	**31,903,946**
Available for sale		
Equities	61,896,882	**66,695,104**
TOTAL	206,002,132	**196,062,126**

7. OTHER INCOME

	2017 G$	2016 G$
Miscellaneous income	12,872,050	**10,716,591**

8. CURRENCY EXCHANGE GAIN/(LOSS)

	2017 G$	2016 G$
Gain / (loss) on exchange	14,317,262	**(48,165,804)**

These differences arose as a result of translation of monetary assets and liabilities denominated in foreign currencies at the reporting date and transaction differences for the period.

Notes on the Accounts

9. CLAIMS

	2017 Gross G$	2017 Reinsurance G$	2017 Net G$	2016 Gross G$	2016 Reinsurance G$	2016 Net G$
Life - Death claims	136,281,128	36,086,838	100,194,290	**151,561,197**	**50,574,120**	**100,987,077**
- Maturities	21,539,682	—	21,539,682	**40,080,834**	**—**	**40,080,834**
- Disability benefits	—	—	—	**2,018,833**	**—**	**2,018,833**
Health	460,863,631	—	460,863,631	**476,066,340**	**—**	**476,066,340**
Annuities	13,378,860	—	13,378,860	**7,478,079**	**—**	**7,478,079**
	632,063,301	36,086,838	595,976,463	**677,205,283**	**50,574,120**	**626,631,163**

Claims paid in the financial year

	2017 Gross G$	2017 Reinsurance G$	2017 Net G$	2016 Gross G$	2016 Reinsurance G$	2016 Net G$
Life - Death claims	97,162,404	105,813,187	(8,650,783)	**79,956,763**	**33,031,854**	**146,924,909**
- Maturities	26,220,374	—	26,220,374	**36,731,833**	**—**	**36,731,833**
- Disability benefits	—	—	—	**2,088,833**	**—**	**2,088,833**
Health	470,908,115	—	470,908,115	**470,771,284**	**—**	**470,771,284**
Annuities	13,378,860	—	13,378,860	**7,478,079**	**—**	**7,478,079**
	607,669,753	105,813,187	501,856,566	**697,026,792**	**33,031,854**	**663,994,938**

10. SURRENDERS

	2017 G$	2016 G$
Surrenders including surrender of bonuses	215,385,776	**174,941,814**

11. COMMISSIONS AND SALES EXPENSES

	2017 G$	2016 G$
Life	97,928,592	**102,849,453**
Health	76,932,810	**91,751,834**
Annuities	51,194	**174,132**
	174,912,596	**194,775,419**

Notes on the Accounts

12. MANAGEMENT EXPENSES

	2017 G$	2016 G$
Depreciation	11,107,623	**11,439,113**
Actuarial fees	6,054,254	**7,547,190**
Directors' emoluments - note (a)	8,870,400	**8,870,400**
Auditor's remuneration	1,995,000	**1,900,000**
Operating expenses	243,073,434	**193,497,154**
	271,100,711	**223,253,857**
Salaries and other staff costs	130,461,462	**121,682,946**

Note (a) Directors' emoluments

			2017 G$	2016 G$
Chairman	—	R. L. Singh	2,217,600	**2,217,600**
Directors	—	P. S. Fraser	1,108,800	**1,108,800**
	—	E. A. Luckhoo	1,108,800	**1,108,800**
	—	B. J. Harper	1,108,800	**1,108,800**
	—	R. E. Cheong	1,108,800	**1,108,800**
	—	L. W. Validum	1,108,800	**1,108,800**
Managing Director	—	R. St. P. Yee	1,108,800	**1,108,800**
			8,870,400	**8,870,400**

13. TAXATION

	2017 G$	2016 G$
Corporation tax (varying rates)	(2,048,850)	**1,530,518**
Stamp tax	2,600,846	**1,936,280**
Withholding tax	3,551,357	**5,193,982**
	4,103,353	**8,660,780**

Taxation on the Company has been computed based on the applicable laws relating to life insurance companies in Guyana and the Caribbean Islands in which the Company operates.

14. ACTUARIAL LIABILITIES

	2017 G$	2016 G$
Balance at beginning	4,277,656,849	**4,007,923,274**
Net movement in actuarial liabilities	508,375,800	**269,733,575**
Balance at end	4,786,032,649	**4,277,656,849**

Actuarial liabilities are valued at the end of each financial year. Changes in the liabilities are recognised through the statement of profit or loss and other comprehensive income.

Notes on the Accounts

15. PROPERTY AND EQUIPMENT

	Land	Buildings	Furniture & equipment	2017 Total	2016 Total
	G$	G$	G$	G$	G$
Cost/valuation					
At 1 January	745,993,654	281,631,435	129,928,767	1,157,553,856	**1,135,872,041**
Additions	—	149,677,374	4,826,576	154,503,950	**21,681,815**
Reclassification	(9,735,431)	9,735,431	—	—	—
At 31 December	736,258,223	441,044,240	134,755,343	1,312,057,806	**1,157,553,856**
Comprising:					
Cost	526,787,813	345,857,357	134,755,343	1,007,400,513	**852,896,563**
Valuation	209,470,410	95,186,883	—	304,657,293	**304,657,293**
	736,258,223	441,044,240	134,755,343	1,312,057,806	**1,157,553,856**
Depreciation					
At 1 January	—	5,262,376	90,227,447	95,489,823	**84,050,710**
Charge for the year	—	5,157,128	5,950,495	11,107,623	**11,439,113**
At 31 December	—	10,419,504	96,177,942	106,597,446	**95,489,823**
Net book values					
At 31 December 2017	736,258,223	430,624,736	38,577,401	1,205,460,360	
At 31 December 2016	**745,993,654**	**276,369,059**	**39,701,320**		**1,062,064,033**

Notes on the Accounts

16. INVESTMENTS

	2017 G $	2016 G $
(a) **Held to maturity**		
Eastern Caribbean	438,804,804	**351,889,475**
(b) **Loans and receivables**		
Mortgages	205,534,953	**215,370,369**
Policy loans	247,845,201	**250,739,356**
The Guyana and Trinidad Mutual Fire Insurance Company Limited	198,244,008	**93,244,008**
	651,624,162	**559,353,733**
(c) **Available for sale**		
Equity investments in Guyana	2,076,129,717	**1,471,925,915**
Equity investments in Grenada	28,392,383	**28,392,382**
	2,104,522,100	**1,500,318,297**

Notes on the Accounts

16. INVESTMENTS — cont'd

(d) Details of Securities

	Year of maturity	Rate of interest	2017 G $	2016 G $
"Held to maturity"				
Eastern Caribbean				
Dominica	2034	3.50%	3,575,000	**3,575,000**
Grenada	2023	3.00%	71,500,000	—
St. Lucia	2017	7.50%	—	**3,575,000**
St. Lucia	2019	5.00%	77,220,000	**77,220,000**
St. Lucia	2019	6.95%	50,050,000	**50,050,000**
St. Lucia	2022	6.25%	71,900,329	**42,900,000**
St. Lucia	2022	7.40%	71,500,000	**71,500,000**
St. Lucia	2022	7.50%	22,711,832	**39,434,445**
St. Vincent	2017	7.50%	—	**2,860,000**
St. Vincent	2018	6.50%	7,150,000	**7,150,000**
St. Vincent	2021	7.00%	14,300,000	**14,300,000**
St. Vincent	2022	7.50%	7,097,392	**27,758,874**
St. Vincent	2022	7.50%	39,434,445	**11,566,156**
St. Vincent	2022	7.40%	2,365,806	**—**
Total			438,804,804	**351,889,475**

Notes on the Accounts

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details the carrying values of assets and liabilities at amortised cost. However, fair values have been used for disclosure purposes.

	2017			2016		
	IFRS 13	Carrying value	Fair value	IFRS 13	Carrying value	Fair value
	LEVEL	G$	G$	LEVEL	G$	G$
Assets						
Investments						
Held to maturity	2	438,804,804	438,804,804	**2**	**351,889,475**	**351,889,475**
Loans and receivables	2	651,624,162	651,624,162	**2**	**559,353,733**	**559,353,733**
Segregated funds' assets	1&2	733,519,323	733,519,323	**1&2**	**567,307,408**	**567,307,408**
Statutory deposits	1	220,054,369	220,054,369	**1**	**219,105,136**	**219,105,136**
Treasury bills	1	798,013,988	798,013,988	**1**	**805,123,331**	**805,123,331**
Due from the Guyana and Trinidad Mutual Fire Insurance Company Limited	2	10,479,903	10,479,903	**2**	**—**	**—**
Cash resources	1	3,816,034,092	3,816,034,092	**1**	**3,579,629,695**	**3,579,629,695**
Other financial assets	2	330,419,106	330,419,106	**2**	**364,233,252**	**364,233,252**
		6,998,949,747	6,998,949,747		**6,446,642,030**	**6,446,642,030**
Lliabilities						
Actuarial liabilities	2	4,786,032,649	4,786,032,649	**2**	**4,277,656,849**	**4,277,656,849**
Deposit administration fund	2	1,247,838,450	1,247,838,450	**2**	**1,192,152,117**	**1,192,152,117**
Claims admitted and intimated (net of amounts recoverable from reinsurers)	2	152,211,439	152,211,439	**2**	**58,091,543**	**58,091,543**
Segregated funds' liabilities	2	733,519,323	733,519,323	**2**	**567,307,408**	**567,307,408**
Claims option deposits	2	2,935,971	2,935,971	**2**	**2,918,232**	**2,918,232**
Taxation	2	5,270,750	5,270,750	**2**	**13,848,823**	**13,848,823**
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	2	—	—	**2**	**4,421,564**	**4,421,564**
Other financial liabilities	1&2	319,032,997	319,032,997	**1&2**	**339,153,482**	**339,153,482**
		7,246,841,579	7,246,841,579		**6,455,550,018**	**6,455,550,018**

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

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

"Loans and receivables"
These investments are carried net of specific and other provisions for impairment. The fair value is based on the expected realisation of outstanding balances. Mortgages are secured against the borrowers' properties, and policy loans are secured by the cash values of the policies.

"Financial instruments where the carrying amounts are equal to fair value"
The carrying amounts of certain financial instruments are assumed to approximate their fair values due to their short-term nature. These includes cash resources, treasury bills and other assets and liabilities.

Notes on the Accounts

17. FAIR VALUE OF FINANCIAL INSTRUMENTS - cont'd

Valuation techniques and assumptions applied for the purposes of measuring fair value — cont'd

Assets carried at fair value

	2017 G$	2016 G$
Property and equipment		
Net book value	1,205,460,360	1,062,064,033

On December 31, 2015, the Company's land and buildings in Guyana were professionally revalued by the Senior Valuation Officer of the Valuation Division of the Ministry of Finance. The revaluation surplus of G$47,099,529 is being held in revaluation reserve.

On January 15, 2016, the Company's property in Grenada was professionally revalued by the firm John Joseph & Associates Ltd. The revaluation surplus of G$37,318,064 is being held in revaluation reserve.

On November 4, 2015, the Company's property in St. Vincent was professionally revalued by the firm Evans Properties. The revaluation surplus of G$19,690,671 is being held in revaluation reserve.

On November 2, 2015, the Company's property in Le Choc, St. Lucia was professionally revalued by the firm Charles Heywood and Co. Ltd. The revaluation surplus of G$137,666,029 is held in revaluation reserve.

On October 27, 2015, the Company's property in Castries, St. Lucia was professionally revalued by the firm Charles Heywood and Co. Ltd. An impairment of G$73,520,376 was recognised in the statement of profit or loss and other comprehensive income for the year ended December 31, 2015.

All valuations were based on open market value. The valuation of property has been derived by reference to the current market value in the case of land, and the replacement cost in the case of buildings. The most significant input for these valuation approaches is the value or replacement cost per square foot which is considered to be observable. The valuation of property is classified as a level 2.

If no revaluation of land and buildings was done, the net book value of land and buildings would have been approximately G$862,225,666 (2016 — $717,705,420).

	2017 G $	2016 G $
Investments		
Available for Sale		
Level 1	1,724,580	**1,724,580**
Level 2	2,102,797,520	**1,498,593,717**
	2,104,522,100	**1,500,318,297**

Level 1:
Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2:
Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Notes on the Accounts

	2017 G$	2016 G$
18. SEGREGATED FUNDS' ASSETS/LIABILITIES		
Equity investments	124,226,352	**73,722,516**
Cash on deposit	609,292,971	**493,584,892**
	733,519,323	**567,307,408**

These are assets managed by the Company on behalf of certain pension schemes. The schemes bear all rewards and risks for the performance of these investments. These assets are disclosed at fair value and a corresponding liability booked.

	2017 G$	2016 G$
19. STATUTORY DEPOSITS	220,054,369	**219,105,136**

These are deposits with Insurance Regulators.

	2017 G$	2016 G$
In addition to the foregoing, these assets are held in trust to the order of the Insurance Regulators:	4,553,700,211	**3,911,132,213**
20. UNEXPIRED REINSURANCE PREMIUMS		
Unexpired reinsurance premiums	70,991,405	**63,131,861**
Unearned reinsurance commissions	(23,629)	**(26,172)**
	70,967,776	**63,105,689**

This is an estimate of the amount of reinsurance cost paid that relates to the future accounting period.

	2017 G$	2016 G$
21. PREMIUMS OUTSTANDING		
Life	26,812,005	**24,217,271**
Health	29,443,148	**30,604,049**
	56,255,153	**54,821,320**

These are premiums due from policyholders but were unpaid at the date of the financial statements.

	2017 G$	2016 G$
22. ACCRUED AND UNPAID INTEREST		
Bonds	8,082,936	**8,521,762**
Deposits	13,404,604	**15,154,733**
Treasury bills	11,769,992	**9,061,460**
	33,257,532	**32,737,955**
23. RECEIVABLES AND PREPAYMENTS		
Receivables	148,000,391	**176,839,551**
Prepayments	645,717	**23,399,526**
	148,646,108	**200,239,076**

Receivables comprise securities pending redemption, loans to insurance advisors and staff, and other sundry receivables.

Notes on the Accounts

	2017 G$	2016 G$
24. TREASURY BILLS		
Dominica	7,035,600	**7,035,600**
Grenada	184,461,949	**152,387,099**
St. Lucia	474,304,205	**557,280,579**
St. Vincent and the Grenadines	132,212,234	**88,420,053**
	798,013,988	**805,123,331**

	2017 G$	2016 G$
25. CASH ON DEPOSIT		
Short term deposit accounts	346,861,227	**389,574,185**
Fixed deposits	3,034,807,024	**2,829,360,533**
	3,381,668,251	**3,218,934,718**

The interest rates on fixed deposit and short term deposit accounts are at varying rates from 0.01% to 3%.

	2017 G$	2016 G$
26. GUARANTEE CAPITAL	100,000	**100,000**

This is a deposit made by The Guyana and Trinidad Mutual Fire Insurance Company Limited upon the formation of this Company. This amount is not available for the payment of any expenses or claims incurred by the Company until all other funds are exhausted.

	2017 G$	2016 G$
27. INVESTMENT RESERVE		
Balance at beginning	1,292,875,411	**1,381,545,170**
Movements due to fair value revaluations	604,203,803	**(88,669,759)**
Balance at end	1,897,079,214	**1,292,875,411**

This represents accumulated fair value adjustments on the revaluation of investments.

	2017 G$	2016 G$
28. SUNDRY RESERVE		
Balance at beginning	6,181,043	**6,718,511**
Movements for the year	(492,469)	**(537,468)**
Balance at end	5,688,574	**6,181,043**

This is a reserve created to provide for directors' pensions.

Notes on the Accounts

	2017 G$	2016 G$
29. DEPOSIT ADMINISTRATION FUND		
Balance at beginning	1,192,152,117	**1,129,827,999**
Contributions received plus interest	184,190,671	**188,066,775**
Refund of contributions, charges, claims and benefits	(128,504,338)	**(125,742,657)**
Balance at end	1,247,838,450	**1,192,152,117**

This fund is administered by the Company on behalf of several group pension schemes and is represented by assets included in investments, cash at bank and on deposit.

30. CLAIMS ADMITTED AND INTIMATED (NET OF AMOUNTS RECOVERABLE FROM REINSURERS)

	2017 G$	2016 G$
Life - Death claims	156,853,953	**117,735,230**
- Maturities	20,284,987	**24,965,679**
Health	15,208,990	**25,253,474**
	192,347,930	**167,954,383**
Outstanding reinsurance recoveries	(40,136,491)	**(109,862,840)**
	152,211,439	**58,091,543**

	2017 G$	2016 G$
31. CLAIMS OPTION DEPOSITS	2,935,971	**2,918,232**

As per policy in note 3(p), some policyholders exercise the option of leaving their maturity proceeds with the Company on which interest is paid. These deposits are available to be withdrawn on demand.

32. TAXATION PAYABLE /(RECOVERABLE)

	2017 G$	2016 G$
Corporation tax — Payable	5,270,750	**13,848,823**
Corporation tax — Recoverable	(21,292,537)	**(13,329,212)**

33. PREMIUMS RECEIVED IN ADVANCE

	2017 G$	2016 G$
Life	47,651,614	**8,865,414**
Health	1,036,392	**575,880**
	48,688,006	**9,441,294**

These are premiums received from policyholders that relate to future accounting periods.

Notes on the Accounts

	2017 G$	2016 G$
34. PAYABLES AND ACCRUALS		
Sundry payables	111,702,974	**141,162,520**
Accruals	66,538,595	**53,227,268**
	178,241,569	**194,389,788**

35. AMOUNTS DUE FROM/(TO) THE GUYANA AND TRINIDAD MUTUAL FIRE INSURANCE COMPANY LIMITED

	2017 G$	2016 G$
Due from The Guyana and Trinidad Mutual Fire Insurance Company Limited	10,479,903	**—**
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	—	**(4,421,564)**

This amount represents the balance owed by/(to) The Guyana and Trinidad Mutual Fire Insurance Company Limited for shared costs.

36. UNEARNED PREMIUMS

	2017 G$	2016 G$
Balance at beginning	72,258,485	**69,194,477**
Increase in provision	2,446,994	**3,064,008**
Balance at end	74,705,479	**72,258,485**

This provision is an estimate of premiums received in the current year on short-term insurance contracts which relate to the future period.

37. UNEXPIRED RISK

	2017 G$	2016 G$
Balance at beginning	7,225,849	**6,919,448**
Increase in provision	244,698	**306,401**
Balance at end	7,470,547	**7,225,849**

This is a provision made for claims on short-term insurance contracts that may be reported in the future accounting period but which relate to the present accounting period.

38. BANK OVERDRAFT (UNSECURED)

	2017 G$	2016 G$
RBC Imprest Account - St. Lucia	3,756,103	**48,217,323**
RBTT Current Account - St. Vincent	482,719	**—**
RBTT Imprest Account - Grenada	—	**1,439,700**
Balance at end	4,238,822	**49,657,023**

Notes on the Accounts

39. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The Company shares a common Chairman and Board of Directors with The Guyana and Trinidad Mutual Fire Insurance Company Limited. In Guyana, the staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed and facilities owned by, The Guyana and Trinidad Mutual Life Insurance Company Limited. Relevant costs are shared between the Companies on a pre-determined, agreed and equitable reimbursement basis.

	2017 G$	2016 G$
Transactions with related company		
Cost incurred and shared with The Guyana and Trinidad Mutual Fire Insurance Company Limited for the year.	213,307,135	**161,684,595**
Cost incurred and shared by The Guyana and Trinidad Mutual Fire Insurance Company Limited for the year.	222,232,398	**196,591,513**
Net Balance due from/(to) The Guyana and Trinidad Mutual Fire Insurance Company Limited for shared costs.	10,479,903	**(4,421,564)**
Long term loan to The Guyana and Trinidad Mutual Fire Insurance Company Limited. Interest is charged at 7.00% per annum. Repayable in the year 2019.	93,244,008	**93,244,008**
Short term interest free loan to The Guyana and Trinidad Mutual Fire Insurance Company Limited. Repayable 2018.	105,000,000	—
	198,244,008	93,244,008
The Company's fixed assets are insured by The Guyana and Trinidad Mutual Fire Insurance Company Limited.		
Insurance coverage	567,338,860	**567,338,860**
Premiums for the year	3,037,467	**3,273,578**
Key management personnel		
The Company's 8 (2016 - 8) key management personnel comprises its Managing Director and Executive Managers. The remuneration paid during the year to Executive Managers is included among the costs shared by The Guyana and Trinidad Mutual Fire Insurance Company Limited.		
Short term benefits	19,397,185	**18,817,409**
Directors' emoluments — 7 Directors (2016 — 7)	8,870,400	**8,870,400**
Mortgages — Director and executive managers	54,395,696	**57,580,592**
Interest paid for the year	3,322,415	**2,593,602**

The above balance comprise four (4) mortgages. The rate of interest is 6% per annum, repayable between 2020 and 2035. Mortgages are secured against the borrowers' properties.

Notes on the Accounts

40. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	2017 TOTAL	2016 TOTAL
	G$	G$	G$	G$	G$	G $
Assets						
Cash resources	—	—	—	3,816,034,092	3,816,034,092	**3,579,629,695**
Investments	438,804,804	651,624,162	2,104,522,100	—	3,194,951,066	**2,411,561,505**
Segregated funds' assets	—	—	—	733,519,323	733,519,323	**567,307,408**
Treasury bills	—	—	—	798,013,988	798,013,988	**805,123,331**
Statutory deposits	—	—	—	220,054,369	220,054,369	**219,105,136**
Receivables and prepayments	—	—	—	148,646,108	148,646,108	**200,239,076**
Others	—	—	—	192,252,901	192,252,901	**163,994,176**
	438,804,804	651,624,162	2,104,522,100	5,908,520,781	9,103,471,847	
2016	**351,889,475**	**559,353,733**	**1,500,318,297**	**5,535,398,822**		**7,946,960,327**
Liabilities						
Actuarial liabilities	—	—	—	4,786,032,649	4,786,032,649	**4,277,656,849**
Deposit administration fund	—	—	—	1,247,838,450	1,247,838,450	**1,192,152,117**
Claims admitted and intimated*	—	—	—	152,211,439	152,211,439	**58,091,543**
Segregated funds' liabilities	—	—	—	733,519,323	733,519,323	**567,307,408**
Payables and accruals	—	—	—	178,241,569	178,241,569	**194,389,788**
Others	—	—	—	148,998,149	148,998,149	**165,952,313**
	—	—	—	7,246,841,579	7,246,841,579	
2016	—	—	—	**6,455,550,018**		**6,455,550,018**

*Net of amounts recoverable from reinsurers

Notes on the Accounts

41. INSURANCE ACT 1998

The Insurance Act 1998 became effective in 2002 upon the appointment of a Commissioner of Insurance, the duties of whose office were then conferred onto the Bank of Guyana in 2009.

Part XVI of the Act relates to pension plans, their registration, management and all other stipulations. The Company has not fully complied with this section for some of the plans that it manages. The Company continues to work along with clients to satisfy their requirements as stipulated by the Act.

42. FINANCIAL RISK MANAGEMENT

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

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

(a) **Market risk**
The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the Company's exposure to market risks or the manner in which it manages these risks.

(i) **Price risk**
Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to individual security, of its issuer, or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk.

(ii) **Interest rate sensitivity analysis**
The table below analyses the sensitivity of interest rates exposure for both financial assets and financial liabilities at the end of the reporting period. The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the Company's surplus would have been as illustrated on the following table:

		Impact on surplus for year	
		2017	**2016**
	Increase/decrease in basis points	**G$M**	**G$M**
Cash and cash equivalents			
Local currency	+/-50	5.48	4.12
Foreign currencies	+/-50	16.97	16.01

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

(iii) **Interest rate risk**
The Company's exposure to interest rate risk is minimal but the Company's management continuously monitors and manages these risks through the use of appropriate tools and implements strategies to hedge against any adverse effects.

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk — cont'd

(iii) Interest rate risk — cont'd

The Company's exposures to interest rate risk on financial assets and financial liablilties are listed below:

2017

	Maturing					
	Average interest rate	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
	%	**G $**	**G $**	**G $**	**G $**	**G $**
Assets						
Cash resources	2.00	3,381,668,251	—	—	434,365,841	3,816,034,092
Investments	4.23	798,013,988	532,048,812	—	2,209,522,100	3,539,584,900
Segregated funds' assets		—	733,519,323	—	—	733,519,323
Statutory deposits	2.00	—	220,054,369	—	—	220,054,369
Policy loans	9.07	—	247,845,201	—	—	247,845,201
Mortgages	6.00	8,406,204	44,447,697	152,681,052	—	205,534,953
Receivables and prepayments	8.00	148,646,108	—	—	—	148,646,108
Others		—	—	—	192,252,901	192,252,901
		4,336,734,551	1,777,915,402	152,681,052	2,836,140,842	9,103,471,847
Liabilities						
Actuarial liabilities	—	—	—	—	4,786,032,649	4,786,032,649
Deposit administration fund	—	—	—	—	1,247,838,450	1,247,838,450
Sundry Reserve	—	—	—	—	5,688,574	5,688,574
Claims admitted and intimated*	—	—	—	—	152,211,439	152,211,439
Segregated funds' liabilities	—	—	—	—	733,519,323	733,519,323
Payables and accruals	—	—	—	—	178,241,569	178,241,569
Others	—	—	—	—	143,309,575	143,309,575
		—	—	—	7,246,841,579	7,246,841,579
Interest sensitivity gap		4,336,734,551	1,777,915,402	152,681,052		

2016

	Maturing					
	Average interest rate	**Within 1 year**	**1 to 5 years**	**Over 5 years**	**Non interest bearing**	**Total**
	%	**G $**	**G $**	**G $**	**G $**	**G $**
Assets						
Cash resources	2.00	3,218,934,718	—	—	360,694,977	3,579,629,695
Investments	2.08	805,123,331	445,133,483	—	1,500,318,297	2,750,575,111
Segregated funds' assets		—	567,307,408	—	—	567,307,408
Statutory deposits	2.00	—	219,105,136	—	—	219,105,136
Policy loans	6.20	—	250,739,356	—	—	250,739,356
Mortgages	6.00	8,485,660	44,418,666	162,466,043	—	215,370,369
Receivables and prepayments	8.00	200,239,076	—	—	—	200,239,076
Others		—	—	—	163,994,176	163,994,176
		4,232,782,785	1,526,704,049	162,466,043	2,025,007,450	7,946,960,327
Liabilities						
Actuarial liabilities	—	—	—	—	4,277,656,849	4,277,656,849
Deposit administration fund	—	—	—	—	1,192,152,117	1,192,152,117
Sundry Reserve	—	—	—	—	6,181,043	6,181,043
Claims admitted and intimated*	—	—	—	—	58,091,543	58,091,543
Segregated funds' liabilities	—	—	—	—	567,307,408	567,307,408
Payables and accruals	—	—	—	—	194,389,788	194,389,788
Others	—	—	—	—	159,771,270	159,771,270
		—	—	—	6,455,550,018	6,455,550,018
Interest sensitivity gap		4,232,782,785	1,526,704,049	162,466,043		

*Net of amounts recoverable from reinsurers

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk — cont'd

(iv) Foreign currency risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from investments and foreign bank balances. The currencies which the Company is mainly exposed to are Pounds Sterling, United States, Eastern Caribbean and Barbados Dollars.

The aggregate amounts of assets and liabilities denominated in currencies other than Guyana Dollars are as shown below:

	2017				
	£	**US $**	**EC $**	**B'dos $**	**Total equivalent G $**
Assets	1,008,082	1,520,538	67,433,113	483,749	5,467,318,430
Liabilities	—	—	15,829,613	46,170	1,135,995,715

	2016				
	£	**US $**	**EC $**	**B'dos $**	**Total equivalent G $**
Assets	1,455,915	2,122,946	46,106,177	477,642	4,183,345,436
Liabilities	—	—	12,493,261	46,170	897,446,582

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 3% increase or decrease in the Guyana Dollar against the relevant currencies. Although a rate is not formally adopted and used as a measure, 3% gives a prudent possibility of a change in rate.

The sensitivity analysis shows the impact of all assets and liabilities that are held in foreign currencies per the preceding table. A positive number below indicates an increase in reserves if the currency were to strengthen 3% against the Guyana Dollar. If the currencies were to weaken 3% against the Guyana Dollar, there would be an equal and opposite impact on the reserve and the balances would be negative.

	£ Sterling impact G $M	**US Dollars impact G $M**	**EC Dollars impact G $M**	**B'dos Dollars impact G $M**	**Total equivalent G $M**
2017 Profit/(loss)	8.5	9.5	110.7	1.2	129.9
2016 Profit/(loss)	13.8	13.1	72.1	1.2	100.1

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(b) **Liquidity risk**
Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

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

The following table details the Company's remaining contractual maturity:

	On Demand G$	1 to 3 Months G$	4 to 12 Months G$	1 to 5 Years G$	Over 5 Years G$	Total G$
At 31 December 2017						
Assets						
Mortgages	139,675	2,075,135	6,191,394	44,447,697	152,681,052	205,534,953
Securities	—	—	—	2,104,522,100	—	2,104,522,100
Bonds	—	—	7,150,000	356,579,804	75,075,000	438,804,804
Segregated funds' assets	—	—	—	733,519,323	—	733,519,323
Policy loans	—	—	—	247,845,201	—	247,845,201
Other loans	—	—	—	198,244,008	—	198,244,008
Statutory deposits	—	—	—	—	220,054,369	220,054,369
Outstanding premiums	56,255,153	—	—	—	—	56,255,153
Accrued interest	33,257,532	—	—	—	—	33,257,532
Unexpired reinsurance premiums	—	70,967,776	—	—	—	70,967,776
Receivables and prepayments	—	148,646,108	—	—	—	148,646,108
Due from The Guyana and Trinidad Mutual Fire Insurance Company Limited	10,479,903	—	—	—	—	10,479,903
Tax recoverable	—	21,292,537	—	—	—	21,292,537
Treasury bills	—	—	798,013,988	—	—	798,013,988
Cash on deposit	92,804,340	13,682,003	3,275,181,908	—	—	3,381,668,251
Cash at bank	420,672,798	—	—	—	—	420,672,798
Cash on hand and in transit	13,693,043	—	—	—	—	13,693,043
	627,302,444	256,663,559	4,086,537,290	3,685,158,133	447,810,421	9,103,471,847
Liabilities						
Actuarial liabilities	372,617,772	(62,617,432)	(199,207,428)	(592,970,903)	5,268,210,640	4,786,032,649
Deposit administration fund	—	—	1,247,838,450	—	—	1,247,838,450
Sundry reserve	—	—	—	—	5,688,574	5,688,574
Claims admitted and intimated*	152,211,439	—	—	—	—	152,211,439
Segregated funds' liabilities	—	—	—	733,519,323	—	733,519,323
Claims option deposit	2,935,971	—	—	—	—	2,935,971
Premiums received in advance	—	48,688,006	—	—	—	48,688,006
Taxation	—	5,270,750	—	—	—	5,270,750
Unearned premiums	74,705,479	—	—	—	—	74,705,479
Unexpired risks	7,470,547	—	—	—	—	7,470,547
Payables and accruals	—	178,241,569	—	—	—	178,241,569
Bank overdraft (unsecured)	4,238,822	—	—	—	—	4,238,822
	614,180,030	169,582,893	1,048,631,022	140,548,420	5,273,899,214	7,246,841,579
Net assets/(liabilities)	13,122,414	87,080,666	3,037,906,268	3,544,609,713	(4,826,088,793)	1,856,630,268

*Net of amounts recoverable from reinsurers

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(b) Liquidity risk — cont'd

	On Demand	1 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Total
	G$	G$	G$	G$	G$	G$
At 31 December 2016						
Assets						
Mortgages	—	2,144,185	6,341,475	44,418,666	162,466,043	215,370,369
Securities	—	—	—	1,500,318,297	—	1,500,318,297
Bonds	—	—	—	183,755,000	168,134,475	351,889,475
Segregated funds' assets	—	—	—	567,307,408	—	567,307,408
Policy loans	—	—	—	250,739,356	—	250,739,356
Other loans	—	—	—	93,244,008	—	93,244,008
Statutory deposits	—	—	—	—	219,105,136	219,105,136
Outstanding premiums	54,821,320	—	—	—	—	54,821,320
Accrued interest	—	32,737,955	—	—	—	32,737,955
Unexpired reinsurance premiums	—	63,105,689	—	—	—	63,105,689
Receivables and prepayments	—	200,239,076	—	—	—	200,239,076
Tax recoverable	—	13,329,212	—	—	—	13,329,212
Treasury bills	—	—	805,123,331	—	—	805,123,331
Cash on deposit	—	3,218,934,718	—	—	—	3,218,934,718
Cash at bank	354,630,320	—	—	—	—	354,630,320
Cash on hand and in transit	6,064,657	—	—	—	—	6,064,657
	415,516,297	3,530,490,835	811,464,806	2,639,782,735	549,705,654	7,946,960,327
Liabilities						
Actuarial liabilities	355,337,039	(62,826,435)	(183,981,058)	(594,438,152)	4,763,565,455	4,277,656,849
Deposit administration fund	—	—	1,192,152,117	—	—	1,192,152,117
Sundry reserve	—	—	—	—	6,181,043	6,181,043
Claims admitted and intimated*	58,091,543	—	—	—	—	58,091,543
Segregated funds' liabilities	—	—	—	567,307,408	—	567,307,408
Claims option deposit	2,918,232	—	—	—	—	2,918,232
Premiums received in advance	—	9,441,294	—	—	—	9,441,294
Taxation	—	13,848,823	—	—	—	13,848,823
Unearned premiums	72,258,485	—	—	—	—	72,258,485
Unexpired risks	7,225,849	—	—	—	—	7,225,849
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	4,421,564	—	—	—	—	4,421,564
Payables and accruals	—	194,389,788	—	—	—	194,389,788
Bank overdraft (unsecured)	49,657,023	—	—	—	—	49,657,023
	549,909,735	154,853,470	1,008,171,059	(27,130,744)	4,769,746,498	6,455,550,018
Net assets/(liabilities)	**(134,393,438)**	**3,375,637,365**	**(196,706,253)**	**2,666,913,479**	**(4,220,040,844)**	**1,491,410,309**

*Net of amounts recoverable from reinsurers

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(c) Credit risk

Concentration of assets and liabilities

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company faces credit risk in respect of its receivables, investments and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Company. The maximum credit risk faced by the Company are the balances reflected in the financial statements.

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

	2017 Maximum exposure G$	2016 Maximum exposure G$
Loans and receivables (i)	651,624,162	**559,353,733**
Unexpired reinsurance premiums (net of commission) (ii)	70,967,776	**63,105,689**
Outstanding premiums (iii)	56,255,153	**54,821,320**
Accrued interest (iv)	33,257,532	**32,737,955**
Due from The Guyana and Trinidad Mutual Fire Insurance Company Limited (v)	10,479,903	
Receivables (vi)	148,646,108	**200,239,076**
Investments (vii)	2,543,326,904	**1,852,207,772**
Segregated funds' assets (viii)	733,519,323	**567,307,408**
Statutory deposit (ix)	220,054,369	**219,105,136**
Tax Recoverable (x)	21,292,537	**13,329,212**
Treasury bills (xi)	798,013,988	**805,123,331**
Cash and cash equivalents (xii)	3,816,034,092	**3,579,629,695**
Total credit risk exposure	9,103,471,847	**7,946,960,327**

The above balances are classified as follows:

	2017	2016
Current	9,103,352,885	**7,946,841,365**
Past due but not impaired	118,962	**118,962**
	9,103,471,847	**7,946,960,327**

(i) Loans and receivables include the sum of G$247,845,201 (2016 - G$250,739,356) for loans on policies. These are fully secured against the cash values of the individual policies.

(ii) Unexpired reinsurance premiums is the estimated portion of the reinsurance cost that relates to the future accounting period. This amount would be recovered through the reversing of this provision in the next financial year.

Notes on the Accounts

42. FINANCIAL RISK MANAGEMENT — cont'd

(c) **Credit risk — cont'd**

(iii) Outstanding premiums represent premiums due but not received at the date of the statement of financial position. These amounts would be collected in the next financial year.

(iv) As detailed in note 22, accrued and unpaid interest represents amounts due or accrued on the various investments of the Company. These amounts would either be received in the next financial year, or would materialise on the maturity of the investment(s) in accordance with their terms and conditions.

(v) Receivables comprise a number of advances, and loans to staff and insurance advisors on which interest is earned. They also include amounts for securities pending redemption and amounts owing to the Company by other organisations.

(vi) Investments in government bonds and equities are assets for which the likelihood of default are considered extremely low by the Company.

(vii) Segregated funds' assets are assets administered by the Company on behalf of certain pension schemes. These mainly consist of equities and cash on deposits. All related risks on these investments are borne by the respective pension schemes.

(viii) Statutory deposits represent deposits with Insurance Regulators and Commercial Banks held to the order of the Insurance Regulators. The likelihood of default is considered very low by the Company.

(ix) Tax recoverable reflects overpayment of advance corporate tax to the Tax Authorities. The likelihood of default is considered extremely low by the Company.

(x) Treasury Bills are investments in Eastern Caribbean Governments and are such that the likelihood of default is extremely low and have therefore been considered virtually risk-free by the Company.

(xi) Cash and cash equivalents include balances held with Commercial Banks. These banks have been assessed by the Company as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low.

(xii) Mortgages to the sum of G$205,534,953 (2016 — $215,370,369) are also included in the amount for loans and receivables.

Mortgages which were past due but not impaired

	2017 G$	2016 G$
Past due more than 1 year	118,962	**118,962**

A provision individually assessed is maintained for this amount.

Notes on the Accounts

43. INSURANCE RISK

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) **Frequency and severity of claims**
For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle resulting in earlier or more claims than expected.

At present, these risks do not vary significantly in relation to the location of the risk insured by the Company. However, under-concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The Company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company to some extent balances death risk and survival risk across its portfolio. The Company has a retention limit of G$3,000,000 on the vast proportion of lives insured. The Company reinsures the excess of the insured benefit over G$3,000,000 for standard risks (as measured by the sum insured) under a yearly renewable term reinsurance arrangement. The Company does not have in place any reinsurance for contracts that insure survival risk.

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to pay reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed annuity option. As a result, the amount of insurance risk is also subject to the contract holders' behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health.

(b) **Sources of uncertainty in the estimation of future benefit payments and premium receipts**
Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contract arises from unpredictability on long-term changes in overall levels of mortality and variability in contract holder behaviour.

Reserves for future policyholders' benefits
The Policy Premium Method is used for the determination of reserves for future policyholder benefits of long-term insurance contracts. The reserves for future policyholders' benefits are determined by actuarial valuation every year and represent an estimate of the amount required, together with future premiums and investment income, to provide for future benefits and expenses payable on insurance and annuity contracts. The reserves are calculated using assumptions for future policy lapse rates, mortality, morbidity rates, maintenance expenses and interest rates. The assumptions also include provisions for adverse deviation to recognise uncertainty in establishing the assumptions and to allow for possible deterioration in experience. The process of determining the provision necessarily involves risks that the actual results will deviate from the assumptions made.

Notes on the Accounts

43. INSURANCE RISK — cont'd

Actuarial liabilities are calculated using best estimate assumptions with margins for adverse deviation.

(i) Mortality assumptions for life business are based on Company experience and industry experience in the Caribbean. A margin is added for adverse deviation.

(ii) Investment yields
Expected investment yields are based on actual investment yields.

(iii) Persistency
Lapse rates are based on Company's experience where credible experience is available and industry experience is used where credible Company experience is not available. A margin for adverse deviation is added by increasing or decreasing lapse rates.

(iv) Expenses
Expenses are based on best estimates of Company experience. Expenses are increased 10% as a margin for adverse deviation. Expenses per policy are assumed to increase with inflation.
Traditional Life — $2,083 per policy plus 2% of premium
Universal Life — $4,166 per policy plus 2% of premium
AcciProtect — $600 per policy

(v) Ongoing review
Actuarial assumptions are continuously reviewed based on emerging Company and industry experience and revised if appropriate and material.

(vi) Margins for adverse deviation assumptions
The basic assumptions made in establishing actuarial liabilities are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin in each assumption. The impact of these margins is to increase reserves and so decrease the income that would be recognised on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The Company uses assumptions at the conservative end of the range, taking into account the risk profiles of the business and its small size.

(vii) Sensitivity Analysis
The following table shows the sensitivity of the reserves for the Individual Life and payout annuities to a change in assumptions as noted:

Sensitivity	**G$'000**
10% decrease in Lapses	108,867
10% increase in Mortality	(329)
10% increase in Expenses	81,880
10% decrease in Interest Rates	411,608

The above analyses are based on a change in an assumption while holding all other assumptions constant. The purpose is to provide a measure of sensitivity of the actuarial liabilities to each individual assumption. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated.

The results show that the level of actuarial liabilities is most sensitive to change in expenses and interest rates.

44. REPORTING BY CLASS OF INSURANCE

The Company's reporting is organised into three main business segments per the classes of insurance namely Life, Health and Annuities. The Company's primary reporting format is by class of insurance, and the secondary format would be by geographical segments.

Notes on the Accounts

44. REPORTING BY CLASS OF INSURANCE — cont'd

The following is an analysis by the respective segments:

i) **By class of business**

	2017				
	Life	**Health**	**Annuities**	**Total**	**2016**
	G$	**G$**	**G$**	**G$**	**G$**
Revenue					
Net premiums	819,502,125	751,228,597	806,478	1,571,537,200	**1,543,623,480**
Income from investments	107,422,965	98,473,452	105,716	206,002,132	**196,062,126**
Other income	6,712,327	6,153,117	6,606	12,872,050	**10,716,591**
Currency exchange gain/(loss)	7,465,955	6,843,959	7,347	14,317,262	**(48,165,804)**
	941,103,372	862,699,125	926,147	1,804,728,644	**1,702,236,393**
Deduct:					
Expenditure					
Claims	121,733,972	460,863,631	13,378,860	595,976,463	**626,631,163**
Surrenders	215,385,776	—	—	215,385,776	**174,941,814**
Commissions & sales expenses	97,928,592	76,932,810	51,194	174,912,596	**194,775,419**
Management expenses	224,823,249	176,621,393	117,531	401,562,173	**344,936,803**
	659,871,589	714,417,834	13,547,585	1,387,837,008	**1,341,285,199**
Surplus before tax	281,231,783	148,281,291	(12,621,438)	416,891,636	**360,951,194**
Taxation				4,103,353	**8,660,780**
Net surplus before movement in actuarial liabilities				412,788,283	**352,290,414**
Net movement in actuarial Liabilities				(508,375,800)	**(269,733,575)**
Net (loss)/profit after tax				(95,587,517)	**82,556,839**
Assets	6,922,401,111	1,686,066,064	1,700,465,031	10,308,932,207	**9,009,024,361**
Liabilities	370,070,425	98,421,408	1,987,046,347	2,455,538,180	**2,164,044,346**
Unallocated liabilities				5,270,750	**13,848,823**

The above do not include actuarial liabilities. Actuarial liabilities valued at December 31, 2017 were $4,786,032,649 (2016— $4,277,656,849).

45. ASSETS UNDER MANAGEMENT

Assets under management which are managed on behalf of certain pension schemes are listed below:

	2017	**2016**
	G $	**G$**
Equity investments	67,865,000	**58,800,000**
Mutual funds	167,197,365	**134,263,328**
Long term bonds	695,081,159	**686,712,356**
	930,143,524	**879,775,684**

These amounts are not reflected in the financial statements.

46. ACTUARIAL VALUATION

An actuarial valuation of the Company was done as at 31 December 2017. The results of the actuarial valuation is shown under non current liabilities in the statement of financial position and is accounted for in accordance with the Company's accounting policy. The next actuarial valuation is due at 31 December 2018.

47. PENDING LITIGATION

At the date of the statement of financial position, there was no pending litigation against the Company that required a provision in the financial statements.

48. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Directors on 6th June, 2018.

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Sublot 'A' Ankerville
Port Mourant, Corentyne
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Tel: 336-6166/6002

24 Ketting
D'Edward Village
West Coast Berbice
Tel: 327-5339/5392

24 Plantain Walk
Vreed-en-Hoop
West Bank Demerara
Tel: 264-2539/2578

Harbour Bridge Mall
10F Bagotstown
East Bank Demerara
Tel: 233-5483/5484

Guyoil Service Station
Public Road Diamond
East Bank Demerara
Tel: 265-5541/5542

Samlall's Agency
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East Coast Demerara
Tel: 220-6737/6725

Ramsarup's Service Station
Mahaica, East Coast Demerara
228-2588/600-4200

24 Republic Avenue
Mackenzie, Linden
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6 Anna Regina
Essequibo Coast
Tel: 771-4053/5251

WK Shopping Mall
31 First Avenue, Bartica
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Lethem, Rupununi
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Dr. Janice Imhoff, General Medicine

AUDITORS

TSD, Lal & Co.
Chartered Accountants

ATTORNEYS-AT-LAW

Luckhoo & Luckhoo
Sievewright Stoby & Company

BANKERS

Guyana

Guyana Bank for Trade & Industry Limited
Republic Bank (Guyana) Limited
Citizens Bank Guyana Limited
Demerara Bank Limited
Bank of Nova Scotia
Bank of Baroda (Guyana) Limited

Eastern Caribbean
Grenada, St. Lucia and St. Vincent

Republic Bank (Grenada) Limited
Bank of St. Lucia
Royal Bank of Canada
Bank of Nova Scotia
First Caribbean International Bank
Bank of St. Vincent & the Grenadines
Caribbean Banking Corporation