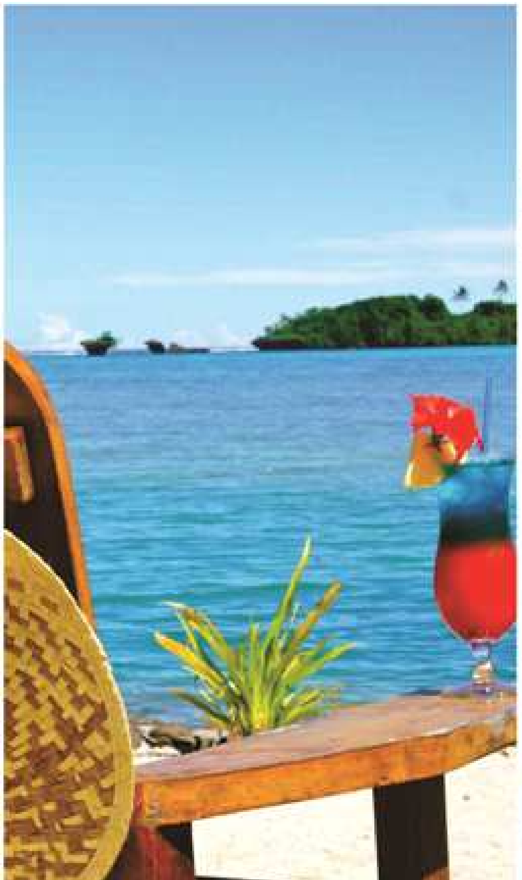

136th ANNUAL REPORT 2015

The Guyana and Trinidad Mutual Fire Insurance Company Limited

SOUND, SOLID & RELIABLE

Notice of Meeting

The **ORDINARY GENERAL MEETING OF MEMBERS** will be held at 17:00 hours on Wednesday, 24th August, 2016 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 2015 and the Report of the Auditors thereon.

2. To sanction the declaration of a final dividend on Scrip Capital.

3. To elect Directors.

4. To fix remuneration of the Directors.

5. To elect Auditors and fix their remuneration.

By Order of the Board

K. Goberdhan
Company Secretary/
Finance Controller

GTM Buildings
27/29 Robb & Hincks Streets
Georgetown
11th July, 2016

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, A.A., A.C.I.S.
DIRECTORS	R. E. CHEONG, A.A., F.C.I.I, F.L.M.I., C.L.U.
	P. S. FRASER
	E. A. LUCKHOO, S.C, LL.B , (HONS) (LOND)
	L. W. VALIDUM, M.D.
	B. J. HARPER (MS.), B.A.
MANAGING DIRECTOR	R. St. P. YEE, B. Sc. (HONS), E.M.B.A.

D I R E C T O R S

Management Team

MANAGING DIRECTOR	R. ST. P. YEE, B. Sc. (HONS), E.M.B.A
MANAGER	R. SINGH (MRS.), B.Sc, Dip. Mgt.
COMPANY SECRETARY /FINANCE CONTROLLER	K. GOBERDHAN, F.C.C.A.
ACCOUNTANT/ASSISTANT COMPANY SECRETARY	C. PETERS-GRANT (MRS.), A.C.C.A
GROUP SALES MANAGER	MAJOR I. ALLI
BRANCH MANAGER, ST. LUCIA	M. FONTENELLE, L.U.T.C.F, F.L.M.I., A.C.S., P.M.P
BRANCH MANAGER, ST. VINCENT	C. CAMBRIDGE, A.I.A.A., A.C.S (HONS), A.I.R.C, Dip.Mgt (UWI)
BRANCH MANAGER, GRENADA	J. MC CUTCHEON (MRS.), M.B.A

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their REPORT and the AUDITED FINANCIAL STATEMENTS for the year ended December 31, 2015.

FIRE BUSINESS

GUYANA & CARIBBEAN OFFICES

At the commencement of the year after adjustment for the change in currency rates the sum insured for business in force was $342,680,747,016 with annual premiums of $1,728,525,325.

New policies, increases and reinstatements totalled $42,582,246,442 in sums insured: yielding annual premiums of $169,009,226. The amount of insurance in force at 31 December, 2015 was $352,524,176,447 with annual premiums of $1,725,263,079.

SUMMARY OF POLICIES ISSUED AND EXPIRED

	SUM INSURED	ANNUAL PREMIUMS
	G$	G$
Insurance in force at 31-12-2014	342,680,747,016	1,728,525,325
Issued during the year ended 31-12-2015	42,582,246,442	169,009,226
	385,262,993,458	1,897,534,551
Expired during the year ended 31-12-2015	32,738,817,011	172,271,472
Insurance in force at 31-12-2015	352,524,176,447	1,725,263,079

The total amount of claims paid and provided for during the year amounted to $350,200,158 net of reinsurance recoveries.

TRIENNIAL CASH PROFIT

The Directors have declared a return of 50% of the premiums received after deduction of the usual reserve for unexpired time, in respect of those fire insurance policies issued in Guyana entitled to earn profit for the period ended 31 December, 2015. This will result in a return to policyholders of $72,877,161 in cash.

REPORT OF THE DIRECTORS

INVESTMENTS

The ledger value of shares and treasury bills purchased during the year amounted to $267,068,642 while Redemptions amounted to $10,261,264. At the end of the year the Directors revalued the Securities to reflect current Market Value. The net decrease arising out of revaluation was $92,980,131: This Fair Value adjustment is being held in the Investment Reserve.

Certificates for the securities have been examined by the Auditors.

Mortgage Loans outstanding at 31 December, 2015 were $28,371,919.

DIVIDENDS

The Directors have approved a final dividend of 4.60% on the Preferent Scrip and First Preferred Stock, and recommend a final dividend of 4.60% on the Ordinary Scrip Capital.

DIRECTORATE

The following Directors retire from Office and are eligible for re-election — Messrs. R. L. Singh and P. S. Fraser, and Dr. L. W. Validum .

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CORPORATE GOVERNANCE

The Company shares a common Board of Directors with the Guyana and Trinidad Mutual Life Insurance Company Limited and regular meetings are held once per month 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. Chartered Accountants retire and are eligible for re-election.

INDEPENDENT AUDITORS' REPORT

To the Members of
The Guyana & Trinidad Mutual Fire Insurance Company Limited
on the Financial Statements for the Year Ended 31 December, 2015

Report on the Financial Statements

We have audited the accompanying financial statements of The Guyana and Trinidad Mutual Fire Insurance Company Limited, which comprise the statement of financial position as at 31 December, 2015 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 a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 47.

Directors' / Management's Responsibility 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of The Guyana and Trinidad Mutual Fire Insurance Company Limited as at 31 December, 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991 and the Insurance Act 1998.

TSD, Lal & Co.
CHARTERED ACCOUNTANTS
77 Brickdam
Stabroek
Georgetown, Guyana
11th July, 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December, 2015

	Notes	2015 G$	2014 G$
REVENUE			
Insurance premiums	(5)	2,621,775,562	**2,562,641,930**
Reinsurance premiums	(5)	(480,351,815)	**(629,619,755)**
		2,141,423,747	**1,933,022,175**
Income from investments			
"Held to maturity"	(6)	78,022,521	**79,596,613**
"Loans and receivables"	(6)	4,899,136	**5,276,702**
"Available for sale"	(6)	52,239,029	**48,898,505**
Other income	(7)	5,561,674	**4,168,902**
Currency translation adjustment	(8)	(23,352,909)	**21,872,883**
		2,258,793,198	**2,092,835,780**
Deduct:			
EXPENDITURE			
Claims	(9)	937,081,194	**767,680,318**
Commissions and sales expenses	(10)	295,802,466	**313,161,560**
Salaries and other staff costs	(11)	357,394,641	**348,410,243**
Management expenses	(11)	420,029,862	**347,633,518**
Loss on Revaluation	(18)	8,829,991	—
Taxation	(12)	70,374,409	**58,027,880**
Pension fund contribution		10,327,029	**16,267,043**
Dividends, biennial bonus and triennial profit	(13)	75,538,737	**77,052,476**
Transfer to investment reserve	(14)	859,779	**4,590,286**
		2,176,238,108	**1,932,823,324**
Profit after tax		**82,555,090**	**160,012,456**
OTHER COMPREHENSIVE INCOME			
Items that will not be classified to profit or loss			
(Decrease)/Increase in other reserves		(8,793,887)	**26,722,089**
Fair value gain on Revaluation of properties net of tax	(21)	393,788,229	—
Remeasurement of defined benefit pension plans net of tax	(23)	8,714,150	**(34,699,272)**
Items that may be reclassified subsequently to profit or loss			
Adjustment to fair value of investments and transfer		(92,120,352)	**(107,884,372)**
Other comprehensive income for the year net of tax		301,588,140	**(115,861,555)**
Total comprehensive income for the year net of tax		**384,143,230**	**44,150,901**

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

PROFIT AND LOSS (ANNUAL) ACCOUNT — FIRE INSURANCE

For the Year Ended 31 December, 2015

	Notes	2015 G$	2014 G$
Premiums on without profit policies and commissions		885,289,310	**807,811,103**
Income from investments		135,160,686	**133,771,820**
Other income		5,561,674	**4,168,902**
		1,026,011,670	**945,751,825**
Deduct:			
Claims		274,428,309	**200,233,570**
Commissions and sales expenses		167,941,099	**167,143,738**
Salaries and other staff costs		271,176,388	**233,655,834**
Management expenses		338,626,926	**265,400,206**
Taxation		(75,078,850)	**(60,003,240)**
Reinsurance		166,551,774	**262,770,569**
Pension fund contribution		7,605,213	**8,091,379**
Transfer to investment reserve	(14)	859,779	**4,590,286**
Interest	(15)	35,795,149	**32,483,070**
		1,187,905,787	**1,114,365,412**
Transfer from premiums on with profit policies	(16)	**(161,894,117)**	**(168,613,587)**

This account, made up in accordance with By-Law 17 of this Company's Ordinance of Incorporation Chapter 210, (together with the accompanying Profit and Loss (Triennial) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire Policies entitled to profit in 2015.

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

PROFIT AND LOSS (TRIENNIAL) ACCOUNT — FIRE INSURANCE

For the Year Ended 31 December, 2015

	Notes	2015 G$	2014 G$
Balance of unexpired risks reserve at beginning		23,845,619	25,619,353
Premiums received		150,652,924	129,917,852
Premiums on policies surrendered for profit		1,547,237	2,582,791
		176,045,780	158,119,996
Deduct:			
Unexpired risks reserve at end		30,291,458	24,692,550
Transfer to Profit & Loss (Annual) Account	(17)	229,606,306	176,338,493
Triennial profit 50 % (2014 - 50%)		72,877,161	66,713,723
		332,774,925	267,744,766
Transfer from other reserve		(156,729,145)	(109,624,770)

This account, made up in accordance with By-Laws 12-14 of this Company's Ordinance of Incorporation Chapter 210, (together with the Profit and Loss (Annual) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire Policies entitled to profit in 2015.

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December, 2015

	Note	Scrip & stock capital	Premium capital	Investment reserve	Other reserves	Dividends, biennial bonus & triennial profit	Fixed assets revaluation reserve	Total
		G$	G$	G$	G$	G$	G$	G$
Balance at 1 January, 2014		**1,000,000**	**206,025,469**	**1,806,120,206**	**2,514,021,690**	**74,212,051**	**318,192,310**	**4,919,571,726**
Changes in equity 2014								
Total Comprehensive Income for the year		—	3,755,306	(107,884,372)	151,222,117	(2,942,150)	—	44,150,901
Balance at 31 December, 2014		**1,000,000**	**209,780,775**	**1,698,235,834**	**2,665,243,807**	**71,269,901**	**318,192,310**	**4,963,722,627**
Changes in equity 2015								
Total Comprehensive Income for the year		—	(10,442,356)	(92,120,352)	87,484,185	5,433,524	393,788,229	384,143,230
Transfers	46	—	—	—	127,276,924		(127,276,924)	—
Balance at 31 December, 2015		**1,000,000**	**199,338,419**	**1,606,115,482**	**2,880,004,916**	**76,703,425**	**584,703,615**	**5,347,865,857**

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

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2015

Assets	Notes	2015 G$	2014 G$
Non-current assets			
Property and equipment	(18)	1,530,974,754	**729,212,792**
Deferred tax asset	(19)	77,953,972	**74,144,880**
Other assets			
Investments			
Held to maturity	20(a)	405,870,383	**396,897,054**
Loans and receivables	20(b)	28,371,919	**28,045,657**
Available for sale	20(c)	1,826,404,228	**1,667,936,298**
Statutory deposits	(22)	722,324,887	**702,585,223**
Retirement benefit assets	(23)	119,535,945	**98,392,255**
		4,711,436,088	**3,697,214,159**
Current assets			
Interest accrued	(24)	25,446,290	**25,820,694**
Debtors and prepayments	(25)	246,424,906	**297,854,099**
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited	(26)	11,787,815	**59,750,377**
Unexpired reinsurance premiums	(27)	8,229,276	**9,489,606**
Taxes recoverable	(37)	48,453,985	**37,532,547**
Treasury bills	(28)	525,649,621	**528,363,885**
Cash on deposit	(29)	650,080,569	**881,056,291**
Cash at bank		416,057,940	**365,469,771**
Cash on hand and in transit		10,537,246	**18,243,099**
		1,942,667,648	**2,223,580,369**
Total assets		**6,654,103,736**	**5,920,794,528**
Equity and liabilities			
Capital and reserves			
Scrip and stock capital	(30)	1,000,000	**1,000,000**
Premium capital	(31)	199,338,419	**209,780,775**
Investment reserve	(32)	1,606,115,482	**1,698,235,834**
Other reserves	(33)	2,880,004,916	**2,665,243,807**
Dividends, biennial bonus and triennial profit	(34)	76,703,425	**71,269,901**
Revaluation reserve	(18)	584,703,615	**318,192,310**
		5,347,865,857	**4,963,722,627**
Non-current liabilities			
Pension reserve	(35)	6,814,869	**172,219**
Deferred tax liabilities	(19)	469,704,442	**174,775,669**
Retirement benefit obligations	(23)	42,641,438	**26,895,276**
		519,160,749	**201,843,164**
Current liabilities			
Unclaimed dividends and triennial profit	(36)	65,974,648	**56,606,449**
Provision for taxation	(37)	62,486,655	**31,340,091**
Provision for claims	(38)	442,417,209	**480,191,074**
Creditors and accruals	(39)	205,621,501	**187,043,375**
Bank overdraft (unsecured)	(40)	10,577,117	**47,748**
		787,077,130	**755,228,737**
Total equity and liabilities		**6,654,103,736**	**5,920,794,528**

The financial statements were approved by the Board of Directors on 11th July, 2016
On behalf of the Board:
Chairman: **MR. R. L. SINGH, AA**
Director: **MS. B. J. HARPER**
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, 2015

	2015 G$	2014 G$
Operating activities		
Profit before taxation	152,929,499	**218,040,336**
Adjustments for -		
Depreciation	21,591,090	**19,515,859**
Dividend and interest received	(135,160,686)	**(133,771,820)**
Loss on revaluation of property	8,829,991	**—**
Loss on disposal of assets	2,484,718	**252,932**
Loss/(gain) on exchange	23,352,909	**(21,872,883)**
Operating profit before working capital changes	74,027,521	**82,164,424**
Decrease in reserves	(678,880)	**(49,268,515)**
Decrease/(increase) in debtors	101,026,489	**(45,991,965)**
Increase/(decrease) in unclaimed dividends and triennial profit	9,368,199	**(6,585,339)**
(Decrease)/increase in provision for claims	(37,773,865)	**174,135,157**
Increase in creditors and accruals	18,578,126	**11,047,886**
Net cash provided by operations	164,547,590	**165,501,647**
Taxes paid	(37,706,173)	**(32,701,583)**
Net cash provided by operating activities	126,841,417	**132,800,065**
Investing activities		
Purchase of fixed assets	(179,254,046)	**(34,218,097)**
Proceeds on disposal of fixed assets	900,000	**—**
Purchase of securities	(267,068,642)	**(26,812,500)**
Net proceeds from redemption of securities	7,547,000	**106,847,000**
Net mortgage (disbursements)/repayments	(326,262)	**2,531,088**
(Increase)/decrease in retirement benefit assets	(21,143,690)	**428,229,690**
Increase/(decrease) in retirement benefit obligations	15,746,162	**(374,217,797)**
Net decrease/(increase) in treasury bills	2,714,264	**(162,510,655)**
Decrease/(increase) in cash on deposits	230,975,722	**(52,882,557)**
Increase in statutory deposits	(19,739,664)	**(89,559,714)**
Dividend and interest received	135,160,686	**133,771,820**
Net cash used in investing activities	(94,488,470)	**(68,821,723)**
Net increase in cash and cash equivalents	32,352,947	**63,978,342**
Cash and cash equivalents at beginning of period	383,665,122	**319,686,780**
Cash and cash equivalents at end of period	416,018,069	**383,665,122**
Cash and cash equivalents consist of:		
Cash on hand, at bank and in transit	426,595,186	**383,712,870**
Bank overdraft (unsecured)	(10,577,117)	**(47,748)**
	416,018,069	**383,665,122**

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

NOTES ON THE ACCOUNTS

(1) INCORPORATION AND ACTIVITIES

The Guyana and Trinidad Mutual Fire Insurance Company Limited was incorporated by Ordinance No. 31 of 15th December 1880. The objects of the Company are to carry on the business of Property, Motor, Accident and liability and any other class of insurance approved by the Regulators. The average number of employees at 31st December 2015 was 310 (31st December 2014 — 312).

(2) ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Effective for the current period

New and Amended Standards		Effective for Annual periods beginning on or after
IAS 19	Employee Benefits Annual Improvements 2012 - 2014 Cycle	1 January 2016

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions

Amends IAS 19 Employee Benefits to clarify the applicable discount rates to be used in a regional market.

The application of the amendments to IAS 19 above is not expected to have an impact on amounts reported in respect of the Company's defined benefit plans.

Annual Improvements

The annual improvements program of the International Accounting Standards Board deals with amendments and clarifications to IFRS.

IFRS 5	—	Non-current Assets Held for Sale and Discontinued Operation
IFRS 7	—	Financial Instruments Disclosure
IFRS 9	—	Financial Instruments
IFRS 14	—	Regulatory deferral account
IFRS 15	—	Revenue from contracts with customers
IFRS 10 / IAS 28	—	Amendments - Sale or contribution of assets
IFRS 11	—	Amendments - Disclosure initiative
IAS 1	—	Amendments - Disclosure initiative
IAS 16 / IAS 38	—	Clarification of acceptable methods of depreciation and amortisation
IAS 16 / IAS 41	—	Amendments - Bearer plants
IAS 27	—	Amendments - Equity method in separate financial statements
IAS 34	—	Interim Financial Reporting

NOTES ON THE ACCOUNTS

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

Pronouncements effective in future periods

New and Amended Standards		**Effective for Annual periods beginning on or after**
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 11	Joint Arrangements	1 January 2016
IAS 16 & IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16 & IAS 41	Agriculture: Bearer Plants	1 January 2016
IAS 27	Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets Between Investor and Associate or Joint Venture	1 January 2016
	Disclosure Initiative Amendments to IAS 1	1 January 2016
IFRS 9	Financial Instruments: Classification, Measurement and additions for financial liability accounting	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018

The Company has not opted for early adoption.

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

<u>IFRS 15: Revenue from Contracts with Customers</u>
This standard provides a single, principle based five-step model to be applied to all contracts with customers as follows:

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

NOTES ON THE ACCOUNTS

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

New and Amended Standards — cont'd

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets, to clarify the appropriateness of the methods of depreciation used for property, plant and equipment.

The application of the amendments may have an impact on amounts reported in respect of depreciation. However, the directors do not anticipate a significant effect.

Disclosure Initiative (Amendments to IAS 1)

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

Annual Improvements 2012 - 2014 Cycle

Make amendments to the following standards:

IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 — Financial Instruments: Disclosures

IFRS 9 — Financial Instruments

IAS 34 — Interim Financial Reporting

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 assets and 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 have not yet performed a detailed analysis of the impact on the application of the amendments and hence have not yet quantified the extent of the impact.

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 for the revaluation of certain investments, property and equipment, and conform to International Financial Reporting Standards.

The principal accounting policies are set out below.

(b) Revenue Recognition

i) Premiums

Premiums are recognised as revenue when received from policyholders. Premiums are recognised gross of commissions payable. Reserves for unexpired risks that relate to future periods are included in other reserves.

ii) Other Revenues

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 rental income earned.

(c) Financial Investments

Investments are recognised in the financial statements to comply with International Financial Reporting 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

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 property and loans and are stated at amortised cost.

iii) Available for sale

Investments are initially recognised at cost and adjusted to fair 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.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

(d) Foreign Currencies

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At the date of the financial statements, monetary assets and liabilities that are denominated in foreign currencies are retranslated 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 retranslation are included in the statement of profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities which are recognised in the statement of changes in equity.

(e) Fixed Assets 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 valuators.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve account. 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:-

Furniture and fittings	—	10% (reducing balance)
Motor vehicles and machinery	—	20% (reducing balance)
Computer equipment	—	20% (straight line)
Other equipment	—	15% (reducing balance)

No depreciation is provided on land and buildings.

The estimated useful lives of the buildings and appreciating property values are such that any depreciation would be immaterial.

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 are written down immediately to their recoverable amounts.

The gain or loss arising on the disposal or retirement of an item of fixed assets 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.

(f) Operating Expenses

The Guyana and Trinidad Mutual Life Insurance Company Limited and The Guyana and Trinidad Mutual Fire Insurance Company Limited share common staff and facilities. In Guyana, staff are employed, and faciilities are owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed, and facilities are 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.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

(g) Employees Pension Scheme

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 by 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 sales representatives 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 period were as follows:

	2015 G$	2014 G$
Pension scheme contribution (staff)	5,723,473	**3,911,739**
Pension scheme contribution (sales representative)	4,603,556	**12,355,304**

The fair value of the plans' assets and the present value of the obligations are actuarially calculated at the end of each year and disclosed on the statement of the financial position.

The movements in assets and liabilities of the pension schemes are recognised through the statement of profit or loss and other comprehensive income.

(h) Taxation

Income tax expense represents the sum of the tax assessed for the current period.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted in Guyana and the Caribbean territories at the reporting date.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

(i) 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 reporting date.

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

(j) Reserve for Unexpired Risks

Reserve for unexpired risks represents the proportion of the premiums written in a year which relates to the period of insurance subsequent to the reporting date and has been computed on the basis of 50% of the gross premium income received in the financial year.

(k) Commissions and Allowances

This represents expenses incurred in the acquisition of insurance business contracted mainly through sales representatives and brokers. Various rates are used in the computation of commissions and allowances paid.

(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 overdrafts, receivables, payables, accruals, borrowings and cash resources. The recognition methods adopted for the instruments are disclosed in the individual policy statement.

i) ***Trade Receivables***

Trade receivables 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 loans and overdrafts are recognised at amortised cost.

iii) ***Trade Payables***

Trade payables 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, i.e. when the obligation is discharged, cancelled or expired.

(m) Reinsurance

The Guyana and Trinidad Mutual Fire Insurance Company Limited has both treaty and facultative reinsurance in place for the risks that the Company underwrites. Relevant amounts are reimbursed to the Company for claims paid, in accordance with the terms of the reinsurance agreements.

Reinsurance premiums paid are disclosed separately in the statement of profit or loss and other comprehensive income, and claims are disclosed net of reinsurance recoveries.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

(n) Insurance Contracts

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

Accident and liability insurance contracts protect the Company’s customers against the risk of causing harm to third parties as a result of their legitimate activities and damages covered include both contractual and non-contractual events.

Property Insurance Contracts mainly compensate the Company’s customers for damage suffered to their properties or for the value of property lost.

Motor insurance contracts provide financial protection to the Company's clients against physical damage and/or bodily injury resulting from motor vehicle accidents, and against liability that could arise from them.

Liability adequacy test
The Company, upon notification of the occurrence of an insured event, sets up a provision based on best estimates and/or reports received from loss adjusters. At regular intervals the amounts provided for all unpaid claims are reviewed to take into account any material changes advised of by the client and/or loss adjusters. At all times therefore, balances reflected as payable on individual claims represent the assessed liability of the Company having taken all the information relevant to the individual claims into consideration. Liabilities for all claims are kept until they are discharged or cancelled, or have expired.

(o) Premium Capital

The Premium capital is an accumulation of profit premiums net of any refunds, lapses, surrenders and unexpired time. This together with any gain or loss on the profit and loss account is used in the computation of triennial cash profit for distribution amongst members at the end of each triennial period.

(p) Investment Reserve

This comprises the movement in the fair value of securities traded. This also includes provision made in accordance with By-Law 19 of the Company’s Ordinance.

(q) Revaluation Reserve

This comprises the revaluation surplus arising from the revaluation of land and buildings.

(r) Triennial Profit

This is a return of premium to profit policyholders in cash at the end of a triennial period pursuant to the By-Laws of the Company. A rate of return is decided by the Directors based on the performance of the Company.

(s) Biennial Bonus

This is a cash bonus payable at a fixed rate of 30% at the end of the biennial period in accordance with the conditions of the policy. These are non-participating policies with a special bonus condition attached and are currently only sold in the territory of St. Lucia.

(t) 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in 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.

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 reporting date, 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", management has 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, plant and equipment

Management reviews the estimated useful lives of property, plant 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/liabilities

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. At December 31, 2015 provision for claims comprised claims notified but not settled. The provision for the cost of claims notified but not settled 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, the application of statistical techniques requires significant judgement. Any deviation in the actual cost of the claims would result in the recognition of an additional surplus or deficit in subsequent financial years.

v) Valuation method of pension schemes

Certain assumptions were used in the disclosure information on the schemes based on information provided by the management of the Company.

NOTES ON THE ACCOUNTS

	2015			2014		
	Gross G$	Reinsurance G$	Net G$	Gross G$	Reinsurance G$	Net G$
(5) PREMIUMS						
Property	1,477, 608,028	(419,824,201)	1,057,783,827	1,437,039,998	(566,433,741)	870,606,257
Motor	1,071,832,955	(57,240,643)	1,014,592,312	1,043,413,731	(56,819,190)	986,594,541
Accident & liability	72,334,579	(3,286,971)	69,047,608	82,188,201	(6,366,824)	75,821,377
	2,621,775,562	**(480,351,815)**	**2,141,423,747**	**2,562,641,930**	**(629,619,755)**	**1,933,022,175**

	2015 G$	2014 G$
(6) INCOME FROM INVESTMENTS		
"Held to maturity"		
Stocks, bonds and debentures treasury bills and fixed deposits	78,022,521	79,596,613
"Loans and receivables"		
Mortgages	1,900,586	2,002,400
Sundry loans	2,998,550	3,274,302
	4,899,136	5,276,702
"Available for sale"		
Equities	52,239,029	48,898,505
TOTAL	135,160,686	133,771,820
(7) OTHER INCOME		
Miscellaneous income	5,561,674	4,168,902
(8) CURRENCY TRANSLATION ADJUSTMENT	(23,352,909)	21,872,883

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

	2015 Gross G$	2015 Reinsurance G$	2015 Net G$	2014 Gross G$	2014 Reinsurance G$	2014 Net G$
Property	543,912,320	(193,712,162)	350,200,158	**321,401,692**	**(104,918,879)**	**216,482,813**
Motor	573,223,135	—	573,223,135	**534,298,883**	**—**	**534,298,883**
Accident and liability	13,657,901	—	13,657,901	**16,898,622**	**—**	**16,898,622**
	1,130,793,356	(193,712,162)	937,081,194	**872,599,197**	**(104,918,879)**	**767,680,318**

Claims paid in financial year

	2015 Gross G$	2015 Reinsurance G$	2015 Net G$	2014 Gross G$	2014 Reinsurance G$	2014 Net G$
Property	547,644,389	(49,304,140)	498,340,249	**625,513,590**	**(535,372,555)**	**90,141,035**
Motor	461,601,414	(385,000)	461,216,414	**494,702,241**	**(1,066,200)**	**493,636,041**
Accident and liability	15,298,396	—	15,298,396	**9,768,085**	**—**	**9,768,085**
	1,024,544,199	(49,689,140)	974,855,059	**1,129,983,916**	**(536,438,755)**	**593,545,161**

	2015 G$	2014 G$
(10) COMMISSIONS AND SALES EXPENSES		
Property	256,385,029	252,756,661
Motor	32,817,453	50,664,558
Accident and liability	6,599,984	9,740,341
	295,802,466	**313,161,560**
(11) MANAGEMENT EXPENSES		
Operating expenses	387,463,132	316,733,309
Depreciation	21,591,090	19,456,529
Directors' emoluments (a)	9,200,640	9,775,680
Auditors' remuneration	1,775,000	1,668,000
	420,029,862	**347,633,518**
Salaries and other Staff Costs	357,394,641	**348,410,243**

(a) Directors' Emoluments

		2015 G$	2014 G$
Chairman	— R. L. Singh	2,300,160	2,300,160
Directors	— P. S. Fraser	1,150,080	1,150,080
	— E. A. Luckhoo	1,150,080	1,150,080
	— B. J. Harper	1,150,080	1,150,080
	— L. W. Validum	1,150,080	1,150,080
	— R. E. Cheong	1,150,080	1,150,080
Resigned (w.e.f. June 30, 2014)	— R. L. Jordon	—	575,040
	— R. St. P. Yee	1,150,080	1,150,080
		9,200,640	**9,775,680**

NOTES ON THE ACCOUNTS

	2015 G$	2014 G$
(12) TAXATION		
Reconciliation of tax expenses and accounting profit		
Accounting profit	152,929,499	**218,040,336**
Corporation tax at (40%)	61,171,800	**87,216,134**
Add:		
Tax effect of expenses not deductible in determining taxable profits:		
Depreciation for accounting purposes	8,636,436	**7,806,344**
Property tax	14,736,860	**6,882,780**
	84,545,096	**101,905,258**
Deduct:		
Tax effect of depreciation for tax purposes	(34,608,230)	**(8,099,267)**
	49,936,866	**93,805,991**
Adjustment / set off / effects of varying tax rates	(8,072,840)	**(65,568,867)**
	41,864,026	**28,237,124**
Corporation tax (32.50% — 40%)	41,864,026	**28,237,124**
Premium tax	4,039,490	**3,909,434**
Withholding tax	1,686,132	**1,319,364**
Deferred tax (note 19)	22,784,761	**24,561,958**
	70,374,409	**58,027,880**
Current tax	47,589,648	**33,465,922**
Deferred tax	22,784,761	**24,561,958**
	70,374,409	**58,027,880**

Taxation provisions are made in accordance with the tax administration laws of the various countries in which the Company operates, namely - Guyana, St. Lucia, St. Vincent and Grenada.

(13) DIVIDENDS, BIENNIAL BONUS AND TRIENNIAL PROFIT

	2015 G$	2014 G$
Ordinary scrip dividend	28,200	**27,600**
Preferent scrip dividend	4,700	**4,600**
First preferred stock dividend	14,100	**13,800**
Triennial cash profit paid	68,752,015	**67,974,820**
Biennial bonus paid	6,739,722	**9,031,656**
	75,538,737	**77,052,476**

NOTES ON THE ACCOUNTS

	2015 G$	2014 G$
(14) TRANSFER TO INVESTMENT RESERVE		
By-Law 19 of the Company's Ordinance provides that in any year, the Directors may transfer from the Interest account to the Investment Reserve Account, an amount to provide for the past losses or future possible losses on investments or depreciation thereof.	859,779	**4,590,286**
(15) INTEREST		
Ordinary scrip	28,200	**27,600**
Preferent scrip	4,700	**4,600**
First preferred stock	14,100	**13,800**
Reserves	35,748,149	**32,437,070**
	35,795,149	**32,483,070**
(16) TRANSFER FROM PREMIUMS ON WITH PROFIT POLICIES		
Policies entitled to profit Dec 2014	—	**(50,811,763)**
Policies entitled to profit Dec 2015	(54,881,941)	**(54,949,236)**
Policies entitled to profit Dec 2016	(51,110,233)	**(62,852,588)**
Policies entitled to profit Dec 2017	(55,901,943)	**—**
	(161,894,117)	**(168,613,587)**
(17) TRANSFER TO PROFIT AND LOSS (ANNUAL) ACCOUNT on policies entitled to profit at December 2015		
As at 31 Dec 2012	—	**50,811,763**
As at 31 Dec 2013	54,881,941	**94,120,916**
As at 31 Dec 2014	54,949,236	**31,405,814**
As at 31 Dec 2015	119,775,129	**—**
	229,606,306	**176,338,493**

NOTES ON THE ACCOUNTS

(18) NON-CURRENT ASSETS

	Land G$	Buildings G$	Furniture, computer and other equipment G$	Motor vehicles G$	2015 Total G$	2014 Total G$
Cost/valuation						
At 1 January	103,173,125	481,223,535	547,518,985	30,815,184	1,162,730,829	**1,128,824,994**
Additions	—	7,149,753	172,104,293	—	179,254,046	**34,218,097**
Revaluation	586,126,875	70,186,840	—	—	656,313,715	—
Impairment	—	(8,829,991)	—	—	(8,829,991)	—
Disposals	—	—	(2,666,360)	(8,377,500)	(11,043,860)	**(312,262)**
At 31 December	689,300,000	549,730,137	716,956,918	22,437,684	1,978,424,739	**1,162,730,829**
Comprising:						
Cost	50,777,948	213,746,165	716,956,918	22,437,684	1,003,918,715	**844,538,519**
Valuation	638,522,052	335,983,972	—	—	974,506,024	**318,192,310**
	689,300,000	549,730,137	716,956,918	22,437,684	1,978,424,739	**1,162,730,829**
Depreciation:						
At 1 January	—	—	413,185,531	20,332,506	433,518,037	**414,061,508**
Charge for the year	—	—	19,638,225	1,952,865	21,591,090	**19,515,859**
Written back on disposals	—	—	—	(7,659,142)	(7,659,142)	**(59,330)**
At 31 December	—	—	432,823,756	14,626,229	447,449,985	**433,518,037**
Net book values:						
At 31 December 2015	689,300,000	549,730,137	284,133,162	7,811,455	1,530,974,754	
At 31 December 2014	103,173,125	481,223,535	134,333,454	10,482,678		**729,212,792**

NOTES ON THE ACCOUNTS

(19) DEFERRED TAX

Recognised deferred tax assets/liabilities are attributed to the following items:

	2015 G$	2014 G$
Deferred tax liabilities		
Property and equipment, revaluation	389,802,410	**127,276,924**
Property and equipment, timing difference	32,087,654	**8,141,842**
Retirement benefit assets	47,814,378	**39,356,903**
	469,704,442	**174,775,669**
Deferred tax assets		
Retirement benefit obligations	17,056,575	**10,758,110**
Accumulated tax losses	60,897,397	**63,386,770**
	77,953,972	**74,144,880**

Movement in temporary differences

Deferred tax liabilities	Property and Equipment revaluation G$	Property and Equipment timing difference G$	Retirement Benefit Assets G$	Total G$
At January 1, 2014	**—**	**135,114,601**	**50,203,549**	**185,318,150**
Movement during the year:-				
Statement of profit or loss	—	304,165	2,439,836	2,744,001
Statement of other comprehensive income	—	—	(13,286,482)	(13,286,482)
At December 31, 2014	**—**	**135,418,766**	**39,356,903**	**174,775,669**
Movement during the year:-				
Transfer/reclassification (note 46)	127,276,924	(127,276,924)	—	—
Statement of profit or loss	—	23,945,812	936,275	24,882,087
Statement of other comprehensive income	262,525,486	—	7,521,200	270,046,686
At December 31, 2015	**389,802,410**	**32,087,654**	**47,814,378**	**469,704,442**

Deferred tax Assets	Accumulated Tax Losses G$	Retirement Benefit Obligation G$	Total G$
At January 1, 2014	**86,116,471**	**—**	**86,116,471**
Movement during the year:-			
Statement of profit or loss	(22,729,701)	911,744	(21,817,957)
Statement of other comprehensive income	—	9,846,366	9,846,366
At December 31, 2014	**63,386,770**	**10,758,110**	**74,144,880**
Movement during the year:-			
Statement of profit or loss	(2,489,373)	4,586,699	2,097,326
Statement of other comprehensive income	—	1,711,766	1,711,766
At December 31, 2015	**60,897,397**	**17,056,575**	**77,953,972**

Net Movements for the year	2015 G$	2014 G$
Movements in deferred tax liabilities	294,928,773	**(10,542,481)**
Movements in deferred tax assets	(3,809,092)	**11,971,591**
Net movements for the year	**291,119,681**	**1,429,110**
Movements through the profit or loss account	22,784,761	**24,561,958**
Movements through statement of other comprehensive income	268,334,920	**(23,132,848)**
	291,119,681	**1,429,110**

NOTES ON THE ACCOUNTS

	2015 G$	2014 G$
(20) INVESTMENTS		
(a) **"Held to maturity"**		
COMMONWEALTH CARIBBEAN GOVERNMENTS		
Held in trust to the order of Insurance Regulators		
Grenada	26,557,134	**26,557,134**
Others — Eastern Caribbean	280,673,249	**267,967,920**
Bonds and Debentures	98,640,000	**98,400,000**
British Government Securities	—	**3,972,000**
	405,870,383	**396,897,054**
(b) **"Loans and receivables"**		
Mortgages	28,371,919	**28,045,657**
(c) **"Available for sale"**		
Equity investments in Guyana	1,815,649,037	**1,657,181,107**
Equity investments in the Eastern Caribbean	10,755,191	**10,755,191**
	1,826,404,228	**1,667,936,298**

NOTES ON THE ACCOUNTS

(20) INVESTMENTS — cont'd

(d) **Details of Securities**

	Year of Maturity	Rate of Interest %	2015 G$	2014 G$
Eastern Caribbean				
St. Vincent	2016	8.00	26,557,133	**26,557,134**
St. Vincent	2016	7.25	41,505,750	**41,505,750**
St. Vincent	2022	7.50	23,237,500	**26,812,500**
St. Lucia	2017	5.50	115,830,000	**99,549,670**
St. Lucia	2018	7.50	98,640,000	**98,400,000**
St. Lucia	2019	6.00	71,500,000	**71,500,000**
St. Vincent	2018	6.50	28,600,000	**28,600,000**
Others				
British Government	2015	3.50	—	**3,972,000**
			405,870,383	**396,897,054**

NOTES ON THE ACCOUNTS

(21) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details the carrying values of assets and liabilities and their fair values:

	2015			2014		
	IFRS 13 LEVEL	Carrying Value G$	Fair Value G$	IFRS 13 LEVEL	Carrying Value G$	Fair Value G$
Assets						
Property and Equipment	2	1,530,974,754	1,530,974,754	2	729,212,792	729,212,792
Investments						
Held to maturity	2	405,870,383	405,870,383	2	396,897,054	396,897,054
Loans and receivables	2	28,371,919	28,371,919	2	28,045,657	28,045,657
Available for sale	1	1,724,580	1,724,580	1	1,724,580	1,724,580
Available for sale	2	1,824,679,648	1,824,679,648	2	1,666,211,718	1,666,211,718
Statutory deposits	2	722,324,887	722,324,887	2	702,585,223	702,585,223
Interest accrued	2	25,446,290	25,446,290	2	25,820,694	25,820,694
Debtors and prepayments	2	246,424,906	246,424,906	2	297,854,099	297,854,099
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited	2	11,787,815	11,787,815	2	59,750,377	59,750,377
Unexpired reinsurance premiums	2	8,229,276	8,229,276	2	9,489,606	9,489,606
Taxes recoverable	2	48,453,985	48,453,985	2	37,532,547	37,532,547
Treasury bills	2	525,649,621	525,649,621	2	528,363,885	528,363,885
Cash on deposit	2	650,080,569	650,080,569	2	881,056,291	881,056,291
Cash at bank	2	416,057,940	416,057,940	2	365,469,771	365,469,771
Cash on hand and in transit	2	10,537,246	10,537,246	2	18,243,099	18,243,099
		6,456,613,819	6,456,613,819		5,748,257,393	5,748,257,393
Liabilities						
Pension reserve	2	6,814,869	6,814,869	2	172,219	172,219
Provision for claims	2	442,417,209	442,417,209	2	480,191,074	480,191,074
Creditors and accruals	2	205,621,501	205,621,501	2	187,043,375	187,043,375
Bank overdraft	2	10,577,117	10,577,117	2	47,748	47,748
Unclaimed dividends and triennial profit	2	65,974,648	65,974,648	2	56,606,449	56,606,449
Provision for taxation	2	62,486,655	62,486,655	2	31,340,091	31,340,091
		793,891,999	793,891,999		755,400,956	755,400,956

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.

NOTES ON THE ACCOUNTS

(21) FAIR VALUE OF FINANCIAL INSTRUMENTS — cont'd

"Financial instruments where the carrying amounts are equal to fair values"

The carrying amounts of certain financial instruments are assumed to approximate their fair values due to their short-term nature. These include cash resources, treasury bills and other assets and liabilities.

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

Assets carried at fair value

Property, Plant and Equipment	2015 G$	2014 G$
Net Book Value	1,530,974,754	**729,212,792**

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 resulting in an increase in the revalution surplus for the year net of deferred tax of $393,788,229 and is recognised through other comprehensive income. The revaluation surplus net of deferred tax of G$584,703,615 is being held in revaluation reserve.

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$264,524,113 (2014 — G$266,204,350).

Investments **Available for Sale**	2015 G$	2014 G$
Level 1	1,724,580	**1,724,580**
Level 2	1,824,679,648	**1,666,211,718**
	1,826,404,228	**1,667,936,298**

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

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).

	2015 G$	2014 G$
(22) STATUTORY DEPOSITS	722,324,887	**702,585,223**

These are deposits with Insurance Regulators and with financial institutions held in trust to the order of the relevant Insurance Regulators.

NOTES ON THE ACCOUNTS

(23) DEFINED BENEFIT ASSET/LIABILITY

The last actuarial valuations of the plans' assets and the present value of the defined benefit obligations for the Sales Representatives and the Administrative Staff were carried out as at December 31, 2013 by the Actuaries. The present value of the defined benefit obligation and the related current service cost to comply with IAS 19 were measured by the Actuaries as at December 31, 2015. The projected unit method was used as required by IAS 19.

	2015		2014	
	Sales Reps. Plan	Staff Plan	Sales Reps. Plan	Staff Plan
	G$	G$	G$	G$
Amount recognised in the statement of financial position				
Fair value of plan assets	132,449,509	372,254,155	124,596,503	408,634,914
Present value of obligations	175,090,947	252,718,210	151,491,779	310,242,659
Net defined benefit assets/(liabilities)	**(42,641,438)**	**119,535,945**	**(26,895,276)**	**98,392,255**
Reconciliation of amounts recognised in the statement of financial position				
Opening benefit assets/(liabilities)	(26,895,276)	98,392,255	14,994,043	110,514,828
Net pension cost	(18,571,000)	(4,604,915)	(9,591,152)	(1,490,807)
Contributions paid	7,104,252	6,945,607	7,311,791	7,590,396
Re-measurements recognised in other comprehensive income	(4,279,414)	18,802,998	(39,609,958)	(18,222,162)
Closing defined benefit assets/(liabilities)	**(42,641,438)**	**119,535,945**	**(26,895,276)**	**98,392,255**
Plan assets at fair value				
At beginning of year	124,596,503	408,634,914	115,399,604	411,222,341
Actual return on plan assets	(406,323)	(16,301,056)	1,566,759	2,595,921
Employer contributions	7,104,252	6,945,606	7,311,791	7,590,396
Employee contributions	4,827,225	2,797,436	4,819,815	3,119,488
Benefit payments	(3,672,148)	(29,822,745)	(4,501,466)	(15,893,232)
	132,449,509	**372,254,155**	**124,596,503**	**408,634,914**
Benefit obligations				
At beginning of year	151,491,779	310,242,659	100,405,561	300,707,512
Current service cost	16,979,359	9,461,627	10,398,202	7,521,329
Interest cost	8,027,950	15,073,041	6,345,830	17,884,878
Employee contributions	4,827,225	2,797,436	4,819,815	3,119,488
Actuarial (gain)/loss	(2,563,218)	(55,033,808)	34,023,837	(3,699,757)
Benefit payments	(3,672,148)	(29,822,745)	(4,501,466)	(15,893,232)
Past service cost	—	—	—	602,441
	175,090,947	**252,718,210**	**151,491,779**	**310,242,659**

NOTES ON THE ACCOUNTS

(23) DEFINED BENEFIT ASSET/LIABILITY — cont'd

The major categories of plan assets are as follows:

	2015		2014	
	Sales Reps. Plan	**Staff Plan**	**Sales Reps. Plan**	**Staff Plan**
	G$	**G$**	**G$**	**G$**
Investments	247,734,649	375,578,992	172,345,575	404,992,535
Current liabilities	1,551,529	1,312,147	39,471	1,131,225
Cash	42,466,083	10,775,192	121,233,653	5,354,524
Principal actuarial assumptions at the statement of financial position date				
Assumed discount rate	5.00%	5.00%	5.00%	5.00%
Future promotional salary increases	2.00%	2.00%	2.00%	2.00%
Future inflationary salary increases	0.00%	3.00%	0.00%	3.00%
Expected rate of future pension increases	2.00%	2.00%	2.00%	2.00%

Summary of movements in plans' assets and liabilities	2015	2014
	G$	**G$**
Opening value of plans' assets	98,392,255	125,508,871
Opening value of plans' liabilities	(26,895,276)	—
Closing value of plans' assets	119,535,945	98,392,255
Closing value of plans' liabilities	(42,641,438)	(26,895,286)
Net movements for the year	**5,397,528**	**(54,011,892)**
Recognised through the statement of profit or loss account (note a)	(9,126,056)	3,820,228
Recognised in other comprehensive income (note b)	14,523,584	(57,832,120)
	5,397,528	**54,011,892**

(a) The amounts recognised in the statement of profit or loss are included in salaries and other staff costs.

(b) Amounts recognised in other comprehensive income net of 40% deferred tax.	8,714,150	**(34,699,272)**

NOTES ON THE ACCOUNTS

		2015 G$	2014 G$
(24)	**INTEREST ACCRUED**		
	Fixed deposits	9,314,079	**12,759,648**
	Stocks, bonds and debentures	9,167,886	**6,251,318**
	Treasury bills	6,964,325	**6,809,728**
		25,446,290	**25,820,694**
(25)	**DEBTORS AND PREPAYMENTS**		
	Prepayments	13,746,068	**52,528,024**
	Other debtors	250,274,799	**262,922,036**
	Provision for impairment (specific)	(17,595,961)	**(17,595,961)**
		246,424,906	**297,854,099**

These comprise reinsurance premiums paid in advance, amount due from brokers, sales representatives and staff loans and other sundry debtors.

		2015 G$	2014 G$
(26)	**AMOUNT DUE FROM THE GUYANA AND TRINIDAD MUTUAL LIFE INSURANCE COMPANY LIMITED**		
	The amount represents the balance due from GTM Life Insurance Company Limited for shared costs.	11,787,815	**59,750,377**
(27)	**UNEXPIRED REINSURANCE PREMIUMS**		
	Property	8,169,806	**11,042,347**
	Accident and liability	237,732	**394,460**
		8,407,538	**11,436,807**
	Unexpired reinsurance commissions	(178,262)	**(1,947,201)**
		8,229,276	**9,489,606**

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

NOTES ON THE ACCOUNTS

		Average interest rates %	2015 G$	2014 G$
(28)	**TREASURY BILLS**			
	Grenada	5.77	183,197,278	**178,376,849**
	St. Lucia	4.72	342,452,343	**349,987,036**
			525,649,621	**528,363,885**
(29)	**CASH ON DEPOSIT**			
	Short term deposit accounts	1.45	61,522,868	**175,827,405**
	Fixed deposits	0.38	588,557,701	**705,228,886**
			650,080,569	**881,056,291**
(30)	**SCRIP AND STOCK CAPITAL**			
	Ordinary scrip		600,000	**600,000**
	Preferent scrip		100,000	**100,000**
	First preferred stock		300,000	**300,000**
			1,000,000	**1,000,000**

These represent the Stock Capital of the Company. These are not available for payment of any expenses or claims incurred by the Company until all other funds are exhausted. Stockholders are entitled to be paid interest in accordance with the Company's Ordinance. Stock and Scrip do not carry voting rights and dividends are paid at the average rate of interest that is declared by the Company each year.

		2015 G$	2014 G$
(31)	**PREMIUM CAPITAL**		
	Policies entitled to profit Dec 2015	—	**126,140,925**
	Policies entitled to profit Dec 2016	125,028,669	**68,609,256**
	Policies entitled to profit Dec 2017	61,708,873	**—**
	Subtotal (i)	186,737,542	**194,750,181**
	St. Lucia Bonus Policies (B)	—	**15,030,594**
	St. Lucia Bonus Policies (A)	12,600,877	**—**
	Subtotal (ii)	12,600,877	**15,030,594**
	Total	199,338,419	**209,780,775**

(i) This represents premiums on with-profit policies entitled to cash profit payment in the future years.

(ii) This policy was introduced in St. Lucia in 2007, and entitles the policyholders to a rebate of a percentage of premiums paid on a biennial basis.

NOTES ON THE ACCOUNTS

	2015 G$	2014 G$
(32) INVESTMENT RESERVE		
At 1 January	1,698,235,834	1,806,120,206
Movements due to fair value revaluations	(92,980,131)	(112,474,658)
Transfer to investment reserve	859,779	4,590,286
At 31 December	1,606,115,482	1,698,235,834

This represents fair value adjustment on the revaluation of investments and transfers in accordance with By-Law 19 of the Company's Ordinance as per note 14.

	2015 G$	2014 G$
(33) OTHER RESERVES		
Sundry Reserves (a)	1,580,229,044	**1,393,169,223**
Reserve for unexpired risks	1,299,775,872	**1,272,074,584**
	2,880,004,916	**2,665,243,807**

(a) This represents retained earnings.

	2015 G$	2014 G$
(34) DIVIDENDS, BIENNIAL BONUS AND TRIENNIAL PROFIT		
Ordinary scrip dividend	27,600	**28,200**
Preferent scrip dividend	4,600	**4,700**
First preferred stock dividend	13,800	**14,100**
Triennial cash profit	72,877,161	**66,713,723**
Biennial bonus	3,780,264	**4,509,178**
	76,703,425	**71,269,901**

	2015 G$	2014 G$
(35) PENSION RESERVES		
At 1 January	172,219	**100,371**
Movements for the year	6,642,650	**71,848**
At 31 December	6,814,869	**172,219**

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

	2015 G$	2014 G$
(36) UNCLAIMED DIVIDENDS AND TRIENNIAL PROFIT		
Ordinary scrip dividend	480,327	**492,298**
Preferent scrip dividend	66,202	**63,544**
First preferred stock dividend	187,605	**180,061**
Triennial cash profit	65,240,514	**55,870,546**
	65,974,648	**56,606,449**

NOTES ON THE ACCOUNTS

	2015 G$	2014 G$
(37) TAXATION PAYABLE/(RECOVERABLE)		
Taxation payable	62,486,655	**31,340,091**
Taxation recoverable	(48,453,985)	**(37,532,547)**

Taxes recoverable arise when advance payments on corporation taxes exceed the tax assessed for the year. Taxes payable and recoverable are disclosed separately, as the Company does not have a legally enforceable right to offset them.

(38) PROVISION FOR CLAIMS

	2015 G$	2014 G$
Property	441,638,242	**346,762,031**
Motor	455,345,713	**342,953,992**
Accident and liability	41,377,519	**43,018,014**
	938,361,474	**732,734,037**
Provisions for recoveries	(495,944,265)	**(252,542,963)**
	442,417,209	**480,191,074**

(39) CREDITORS AND ACCRUALS

	2015 G$	2014 G$
Sundry creditors	146,876,718	**145,726,884**
Accruals	58,744,783	**41,316,491**
	205,621,501	**187,043,375**

(40) BANK OVERDRAFT (UNSECURED)

	Interest (p.a)	2015 G$	2014 G$
Republic Bank (Guyana) Ltd. Current Account	17.0%	10,406,099	**47,748**
Bank of Nova Scotia Current Account	17.0%	171,018	**—**
		10,577,117	**47,748**

(41) CONTINGENT LIABILITIES

There are several pending litigation matters as at the date of the financial statements. The outcome of these matters cannot be determined at this stage.

NOTES ON THE ACCOUNTS

(42) RELATED PARTY TRANSACTIONS

(a) Transactions with related Company

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 Life Insurance Company Limited. 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.

Transactions with related company

	2015 G$	2014 G$
Cost incurred and shared by The Guyana and Trinidad Mutual Life Insurance Company Limited for the year	161,471,332	**168,422,988**
Cost incurred and shared with The Guyana and Trinidad Mutual Life Insurance Company Limited for the year	178,448,818	**170,941,016**
Net Balance due from The Guyana and Trinidad Mutual Life Insurance Company Limited for shared costs.	11,787,815	**59,750,377**
Long Term Loan by The Guyana and Trinidad Mutual Life Insurance Company Limited. Interest is charged at 7% per annum. Repayable in the year 2019.	93,244,008	**93,244,008**
Purchase of equity investments from The Guyana and Trinidad Mutual Life Insurance Company Limited	250,548,312	**—**
The fixed assets of The Guyana and Trinidad Mutual Life Insurance Company Limited are insured with this Company		
Insurance Coverage	567,338,860	**494,750,558**
Premiums for the year	3,273,578	**2,801,755**
Amount paid for services rendered by entities controlled by related parties	—	**376,048**

(b) Key management personnel

		2015 G$	2014 G$
(i)	Compensation The Company's 8 (2014 - 9) key management personnel comprises its Managing Director and Senior Managers. The remuneration paid during the year to senior managers is included in salaries and other staff costs and is shared with The Guyana and Trinidad Mutual Life Insurance Company Limited.		
	Short Term Benefits	30,723,435	**30,260,240**
(ii)	Directors' Emoluments — 7 Directors (2014 — 8)	9,200,640	**9,775,680**
(iii)	Mortgage loans to directors. The rate of interest is 6%. These loans are repayable over 10 - 15 years. No provision for doubtful debts has been made for loans to directors.	—	**1,190,873**

NOTES ON THE ACCOUNTS

(43) ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

2015	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	TOTAL
	G$	G$	G$	G$	G$
Assets					
Cash resources	—	—	—	1,076,675,755	1,076,675,755
Investments	405,870,383	28,371,919	1,826,404,228	—	2,260,646,530
Statutory deposits	—	—	—	722,324,887	722,324,887
Treasury bills	—	—	—	525,649,621	525,649,621
Debtors and prepayments	—	246,424,906	—	—	246,424,906
Others	—	25,446,290	—	68,471,076	93,917,366
	405,870,383	300,243,115	1,826,404,228	2,393,121,339	4,925,639,065
Liabilities					
Pension reserves	—	—	—	6,814,869	6,814,869
Unclaimed dividends and triennial profits	—	—	—	65,974,648	65,974,648
Creditors and accruals	—	—	—	205,621,501	205,621,501
Others	—	—	—	504,903,864	504,903,864
Bank overdraft	—	—	—	10,577,117	10,577,117
	—	—	—	793,891,999	793,891,999

2014	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	TOTAL
	G$	G$	G$	G$	G$
Assets					
Cash resources	—	—	—	1,264,769,161	1,264,769,161
Investments	396,897,054	28,045,657	1,667,936,298	—	2,092,879,009
Statutory deposits	—	—	—	702,585,223	702,585,223
Treasury bills	—	—	—	528,363,885	528,363,885
Debtors and prepayments	—	297,854,099	—	—	297,854,099
Others	—	25,820,694	—	106,772,530	132,593,224
	396,897,054	351,720,450	1,667,936,298	2,602,490,799	5,019,044,601
Liabilities					
Pension reserves	—	—	—	172,219	172,219
Unclaimed dividends and triennial profits	—	—	—	56,606,449	56,606,449
Creditors and accruals	—	—	—	187,043,375	187,043,375
Others	—	—	—	511,531,165	511,531,165
Bank overdraft	—	—	—	47,748	47,748
	—	—	—	755,400,956	755,400,956

NOTES ON THE ACCOUNTS

(44) 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 the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk.

(ii) Interest sensitivity analysis

The table overleaf 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.

NOTES ON THE ACCOUNTS

(44) FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk - cont'd

(ii) Interest rate sensitivity analysis - cont'd

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:

	Increase/ decrease in basis points	Impact on surplus for the period	
		2015	**2014**
Cash and cash equivalents		**G$M**	**G$M**
Local Currency	+/-50	3.77	4.39
Foreign Currencies	+/-50	7.20	7.13

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.

NOTES ON THE ACCOUNTS

(44) FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk - cont'd

(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.

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

2015	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	0.48	650,080,569	—	—	426,595,186	1,076,675,755
Investments	5.09	593,712,504	314,570,000	23,237,500	1,826,404,228	2,757,924,232
Mortgages	6.00	1,609,727	6,472,171	20,290,021	—	28,371,919
Statutory deposits	1.20	—	722,324,887	—	—	722,324,887
Debtors and prepayments	12.00	246,424,906	—	—	—	246,424,906
Others		—	—	—	93,917,366	93,917,366
		1,491,827,706	1,043,367,058	43,527,521	2,346,916,780	4,925,639,065
Liabilities						
Pension reserves		—	—	—	6,814,869	6,814,869
Unclaimed dividends and triennial profit		—	—	—	65,974,648	65,974,648
Creditors and accruals		—	93,244,008	—	112,377,493	205,621,501
Others		—	—	—	504,903,864	504,903,864
Bank overdraft		10,577,117	—	—	—	10,577,117
		10,577,117	93,244,008	—	690,070,874	793,891,999
Interest sensitivity gap		1,481,250,589	1,043,367,058	43,527,521		

NOTES ON THE ACCOUNTS

(44) FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

2014

		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	2.79	881,056,291	—	—	383,712,870	1,264,769,161
Investments	4.00	532,335,885	366,112,554	26,812,500	1,667,936,298	2,593,197,237
Mortgages	6.00	2,539,029	6,244,510	19,262,118	—	28,045,657
Statutory deposits	1.20	—	702,585,223	—	—	702,585,223
Debtors and prepayments	12.00	297,854,099	—	—	—	297,854,099
Others		—	—	—	132,593,224	132,593,224
		1,713,785,304	1,074,942,287	46,074,618	2,184,242,392	5,019,044,601
Liabilities						
Pension reserves		—	—	—	172,219	172,219
Unclaimed dividends and triennial profit		—	—	—	56,606,449	56,606,449
Creditors and accruals		—	—	93,244,008	93,799,367	187,043,375
Others		—	—	—	511,531,165	511,531,165
Bank overdraft		47,748	—	—	—	47,748
		47,748	—	93,244,008	662,109,200	755,400,956
Interest sensitivity gap		1,713,737,556	1,074,942,287	46,074,618		

NOTES ON THE ACCOUNTS

(44) 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 Trinidad & Tobago dollars.

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

31.12.2015

	£ Sterling	US$	EC$	TT$	Total G$ equivalent
Assets	1,366,038	628,467	23,902,047	660,231	2,288,277,960
Liabilities	—	—	4,052,786	—	289,774,223

31.12.2014

	£ Sterling	US$	EC$	TT$	Total G$ equivalent
Assets	1,375,894	489,190	22,637,526	660,231	2,193,434,614
Liabilities	—	—	2,012,875	—	143,920,527

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 includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 3% change in foreign currency rate. 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 reserves and the balances would be negative.

	£ Sterling Impact G$M	US Dollar Impact G$M	EC Dollar Impact G$M	TT Dollar Impact G$M	Total G$M Equivalent
2015 Profit	12.9	3.9	60.0	0.6	77.3
2014 Profit	13.7	3.0	52.9	0.6	70.2

NOTES ON THE ACCOUNTS

(44) 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	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G$	G$	G$	G$	G$	G$
2015						
Assets						
Mortgages	—	420,977	1,188,750	6,472,171	20,290,021	28,371,919
Securities	—	—	—	382,632,883	1,849,641,728	2,232,274,611
Statutory deposits	—	—	—	722,324,887	—	722,324,887
Accrued interest	25,446,290	—	—	—	—	25,446,290
Debtors and prepayments	118,073,445	102,721,032	2,549,541	23,080,889	—	246,424,907
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited	11,787,815	—	—	—	—	11,787,815
Unexpired reinsurance premiums	—	8,229,276	—	—	—	8,229,276
Taxes recoverable	—	—	48,453,985	—	—	48,453,985
Treasury bills	—	525,649,621	—	—	—	525,649,621
Cash on deposit	650,080,569	—	—	—	—	650,080,569
Cash at bank	416,057,940	—				416,057,940
Cash on hand and in transit	10,537,246	—	—	—	—	10,537,246
	1,231,983,305	637,020,906	52,192,276	1,134,510,830	1,869,931,749	4,925,639,066
Liabilities						
Pension reserves	—	—	—	—	6,814,869	6,814,869
Unclaimed dividends and triennial profit	65,974,648	—	—	—	—	65,974,648
Taxation	—	62,486,655	—	—	—	62,486,655
Claims	442,417,209	—	—	—	—	442,417,209
Creditors and accruals	—	112,377,493	—	93,244,008	—	205,621,501
Bank overdraft	10,577,117	—	—	—	—	10,577,117
	518,968,974	174,864,148	—	93,244,008	6,814,869	793,891,999
Net Assets	713,014,331	462,156,758	52,192,276	1,041,266,822	1,863,116,880	4,131,747,068

NOTES ON THE ACCOUNTS

(44) 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$
2014						
Assets						
Mortgages	—	641,838	1,897,191	6,244,510	19,262,118	28,045,657
Securities	—	—	99,549,670	266,562,884	1,698,720,798	2,064,833,352
Statutory deposits	—	—	—	702,585,223	—	702,585,223
Accrued interest	25,820,694	—	—	—	—	25,820,694
Debtors and prepayments	110,045,069	123,672,044	38,413,238	25,723,748	—	297,854,099
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited	59,750,377	—	—	—	—	59,750,377
Unexpired reinsurance premiums	—	9,489,606	—	—	—	9,489,606
Taxes recoverable	—	—	37,532,547	—	—	37,532,547
Treasury bills	—	528,363,885	—	—	—	528,363,885
Cash on deposit	881,056,291	—	—	—	—	881,056,291
Cash at bank	365,469,771	—	—	—	—	365,469,771
Cash on hand and in transit	18,243,099	—	—	—	—	18,243,099
	1,460,385,301	662,167,373	177,392,646	1,001,116,365	1,717,982,916	5,019,044,601
Liabilities						
Pension reserves	—	—	—	—	172,219	172,219
Unclaimed dividends and triennial profit	56,606,449	—	—	—	—	56,606,449
Taxation	—	31,340,091	—	—	—	31,340,091
Claims	480,191,074	—	—	—	—	480,191,074
Creditors and accruals	—	93,799,367	—	—	93,244,008	187,043,375
Bank overdraft	47,748	—	—	—	—	47,748
	536,845,271	125,139,458	—	—	93,416,227	755,400,956
Net Assets	923,540,031	537,027,915	177,392,646	1,001,116,365	1,624,566,689	4,263,643,646

NOTES ON THE ACCOUNTS

(44) 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:

	2015 G$ Maximum exposure	2014 G$ Maximum exposure
Investments(i)	2,232,274,611	**2,064,833,352**
Loans and recievables (ii)	28,371,919	**28,045,657**
Accrued Interest (iii)	25,446,290	**25,820,694**
Debtors and prepayments (iv)	246,424,906	**297,854,099**
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited (v)	11,787,815	**59,750,377**
Unexpired reinsurance premiums(vi)	8,229,276	**9,489,606**
Statutory deposits (vii)	722,324,887	**702,585,223**
Treasury bills (viii)	525,649,621	**528,363,885**
Cash and cash equivalents (ix)	1,076,675,755	**1,264,769,161**
Taxes recoverable	48,453,985	**37,532,547**
Total credit risk exposure	4,925,639,065	**5,019,044,601**

Receivables' balances are classified as follows:

	2015	2014
Current	302,664,246	**403,364,472**
Impaired	17,595,961	**17,595,961**
	320,260,207	**420,960,433**

(i) Investments in Government Bonds and Equities are assets for which the likelihood of default are considered low by the Company.

(ii) Loans and receivables include the sum of G$28,371,919: and comprise mortgages. These are fully secured against the borrowers' properties as such the likelihood of loss is considered extremely low by the Company.

(iii) As detailed in note 24, accrued interest represents amounts due or accrued on the various investments of the Company. These amounts would either be received in the new financial year, or would materialise on the maturity of the investment(s) in accordance with their terms and conditions.

(iv) Debtors comprise a number of advances and loans to staff and sales representatives on which interest is earned. They also include amounts for securities pending redemption and amounts owing to the Company by other organisations. A provision for irrecoverable debts of $17,595,961 was reflected as at December 31, 2015.

NOTES ON THE ACCOUNTS

(44) FINANCIAL RISK MANAGEMENT — cont'd

(c) Credit risk - cont'd

(v) Amount due from the Guyana and Trinidad Mutual Life Insurance Company Limited represents the net balance due for shared costs. The Company has a sound capital base and management continuously monitors this account. It is therefore considered virtually risk-free.

(vi) 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.

(vii) Statutory deposits represent deposits with Insurance Regulators and financial institutions held in trust to the order of the Insurance Regulators. The likelihood of default is considered very low by the Company.

(viii) 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.

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

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

There were no mortgages and other receivables which were impaired

Ageing of trade and other receivables which were impaired

	2015 G$	2014 G$
120 + days	17,595,961	**17,595,961**
Provision for impairment - individually assessed	17,595,961	**17,595,961**

NOTES ON THE ACCOUNTS

(45) INSURANCE RISK

The principal risks that the Company faces under its insurance contracts are that actual claims are greater than estimates, actual claims are not adequately mitigated by re-insurance, and that total claims from the portfolio of contracts exceed the estimate used in pricing those contracts. The risks and mitigating factors are discussed below.

Risk management objectives and policies

The Company mitigates its risks by engaging in both facultative reinsurance and excess of loss reinsurance treaties. Reinsurance coverage for perils and other risks excluded from the excess of loss treaty are facultatively reinsured on a yearly renewable basis. The Company also engages in redlining where it reserves the right to offer no coverage in specified geographic areas. The Company declines, rates up, applies excesses, accepts small participation or a combination of more than one of the preceding as part of its overall prudent underwriting principles.

Terms and conditions of insurance contracts

All insurance contracts issued by the Company include conditions aimed at protecting it. Some of these include stating assumed risks clearly (aimed at removing any ambiguity), inclusion of excess clauses, reserving the right to terminate the policy with notice, and clearly stating the maximum limit of any liability. The Company promises to settle claims as soon as possible, all consideration given to proper investigations to establish that the insured event and losses have occurred.

Sensitivity analysis

The Company's profitability is sensitive to the flow of monies (1) inwards from policyholders; and (2) outwards to policyholders. If policyholders are unable to pay their premiums, the inflow of cash will be constrained. If claims are above anticipated averages, there will be strain on the Company's finances and it would have to seek alternative financing solutions. Its cash flow would therefore be affected negatively.

Concentrations of insurance risk

Insurance risks are spread in a number of geographical areas across the four territories in which the Company operates.

Claims development

Claims are provided for and kept as a liability until they are settled or have expired. At the time of loss, a provision is made based on best estimates. There is some amount of uncertainty surrounding the timing of payments and the exact amount to be paid for most claims. There are occasions where the provision is in excess of the incurred loss. This is adjusted at the time of claim settlement or at the point of the revision of provisions, whichever is earlier. Similarly, there are times when the provision is insufficient to cover the losses estimated. These too are adjusted at the earlier of claims payment or overall claims revision.

NOTES ON THE ACCOUNTS

(46) REPORTING BY CLASS OF INSURANCE

	2015				2014
	Property	Motor	Accident & liability	Total	Total
	G$	G$	G$	G$	G$
Revenue					
Gross premiums	1,477,608,028	1,071,832,955	72,334,579	2,621,775,562	**2,562,641,930**
Less Reinsurance premiums	(419,824,201)	(57,240,643)	(3,286,971)	(480,351,815)	**(629,619,755)**
Net premiums	1,057,783,827	1,014,592,312	69,047,608	2,141,423,747	**1,933,022,175**
Income from investment	76,175,290	55,256,322	3,729,074	135,160,686	**133,771,820**
Other income	3,134,507	2,273,721	153,446	5,561,674	**4,168,902**
Currency translation adjustment	(13,161,480)	(9,547,124)	(644,305)	(23,352,909)	**21,872,883**
	1,123,932,144	1,062,575,231	72,285,823	2,258,793,198	**2,092,835,780**
Deduct:					
Expenditure					
Claims	350,200,158	573,223,135	13,657,901	937,081,194	**767,680,318**
Commission & sales expenses	256,385,029	32,817,453	6,599,984	295,802,466	**313,161,560**
Management expenses	430,957,097	312,609,305	21,097,002	764,663,404	**674,443,760**
Depreciation	21,591,090	—	—	21,591,090	**21,600,001**
Pension fund contribution	10,327,029	—	—	10,327,029	**16,267,043**
Dividends, bonus & triennial profit	75,538,737	—	—	75,538,737	**77,052,476**
Transfer to investment reserve	859,779	—	—	859,779	**4,590,286**
	1,145,858,919	918,649,893	41,354,887	2,105,863,699	**1,874,795,444**
Surplus/(deficit) before tax	(21,926,775)	143,925,338	30,930,936	152,929,499	**218,040,336**
Taxation				70,374,409	**58,027,880**
Surplus after tax				82,555,090	**160,012,456**

	2015				2014
	Property	Motor	Accident & liability	Total	Total
	G$	G$	G$	G$	G$
Assets	3,992,462,242	2,462,018,382	199,623,112	6,654,103,736	**6,529,569,354**
Liabilities	808,438,296	373,125,367	62,187,561	1,243,751,224	**1,534,506,636**
Unallocated liabilities	—	—	—	**62,486,655**	**31,340,091**

(47) RECLASSIFICATION

The Company has reclassified the presentation of Defined Benefit Assets and Defined Benefit Liabilities on the Statement of Financial Position to conform with the current year's presentation.
A reclassification from fixed assets revaluation reserve to other reserves was made to correct a previous year presentation of the deffered tax effect on revaluation reserve.