The Guyana and Trinidad Mutual Fire Insurance Company Limited

A Tradition of Superior Insurance Service

138th Annual Report 2017

Notice of Meeting

The **ORDINARY GENERAL MEETING OF MEMBERS** will be held at 17:00 hours on Friday, 10th August, 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 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.

6. To consider and if thought fit to pass the following resolution, namely:-

   That the Directors are hereby authorised to take all steps necessary to have the Company's Ordinance Chapter 210, amended as follows:

   Section 10 — Ordinary general meetings

   By substituting in paragraph (1) the words "in every year between the 15th July and the 30th September" with the words "once every year"; and

   By the addition in paragraph (1) the words "and not more than fifteen months after the previous ordinary general meeting", after the word "directors".

   Section 12 — Notices of motion by members

   By the deletion of the words "or the 2nd July, as the case may require".

By Order of the Board

K. Goberdhan
Company Secretary/ Finance Controller

GTM Buildings
27-29 Robb & Hincks Streets, Georgetown
11th July, 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, 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.

Management Team

MANAGING DIRECTOR	R. ST. P. YEE, BSc. (HONS), EMBA
MANAGER	R. SINGH (MRS.), BSc, Dip.Mgt.
COMPANY SECRETARY /FINANCE CONTROLLER	K. GOBERDHAN, FCCA
ACCOUNTANT/ASSISTANT COMPANY SECRETARY	D. MEMRAJ, ACCA
GROUP SALES MANAGER	MAJOR I. ALLI
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 REPORT and the AUDITED FINANCIAL STATEMENTS for the year ended 31 December, 2017.

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 $373,662,533,785 with annual premiums of $1,737,283,317.

New policies, increases and reinstatements totalled $33,227,091,867 in sums insured, yielding annual premiums of $154,707,423. The amount of insurance in force at 31 December, 2017 was $373,276,089,416 with annual premiums of $1,777,576,125.

SUMMARY OF POLICIES ISSUED AND EXPIRED

	SUM INSURED	ANNUAL PREMIUMS
	G$	G$
Insurance in force at 31-12-2016	373,662,533,785	1,737,283,317
Issued during the year ended 31-12-2017	33,227,091,867	154,707,423
	406,889,625,652	1,819,990,740
Expired during the year ended 31-12-2017	33,613,536,236	114,414,615
Insurance in force at 31-12-2017	373,276,089,416	1,777,576,125

The total amount of claims paid and provided for during the year amounted to $248,474,903 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, 2017. This will result in a return to policyholders of $68,110,455 in cash.

REPORT OF THE DIRECTORS

INVESTMENTS

The ledger value of shares, treasury bills and other securities purchased during the year amounted to $171,377,860 while redemption amounted to $98,438,330. At the end of the year the Directors revalued the securities to reflect current market value. The net increase arising out of revaluation was $694,163,206. 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, 2017 were $25,253,141.

DIVIDENDS

The Directors have approved a final dividend of 4.10% on the Preferent Scrip and First Preferred Stock, and recommend a final dividend of 4.10% on the Ordinary Scrip Capital.

DIRECTORATE

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

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 AUDITOR'S REPORT

To the Members of
The Guyana & Trinidad Mutual Fire 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 Fire 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 5 to 48.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Guyana and Trinidad Mutual Fire 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.

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 Auditors' 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 Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern,

- 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 and Insurance Act 1998.

TSD, Lal & Co.
CHARTERED ACCOUNTANTS

77 BRICKDAM
STABROEK
GEORGETOWN
GUYANA
9th July, 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)	2,511,783,943	**2,571,622,187**
Reinsurance premiums	(5)	(503,257,672)	**(626,460,258)**
		2,008,526,271	**1,945,161,929**
Income from investments			
"Held to maturity"	(6)	65,769,447	**63,401,563**
"Loans and receivables"	(6)	4,417,769	**4,527,951**
"Available for sale"	(6)	70,934,663	**75,417,549**
Other income	(7)	1,758,498	**1,900,508**
Currency exchange gain/(loss)	(8)	12,146,849	**(43,848,747)**
		2,163,553,497	**2,046,560,753**
Deduct:			
EXPENDITURE			
Claims	(9)	665,718,199	**812,382,193**
Commissions and sales expenses	(10)	266,857,678	**274,052,095**
Salaries and other staff costs	(11)	364,288,077	**342,624,424**
Management expenses	(11)	438,650,889	**383,926,012**
Taxation	(12)	102,947,254	**75,190,501**
Pension fund contribution		11,231,487	**10,533,711**
Dividends, biennial bonus and triennial profit	(13)	76,171,124	**79,100,344**
Transfer to investment reserve	(14)	2,401,165	**2,505,761**
		1,928,265,873	**1,980,315,041**
Profit after tax		235,287,624	**66,245,712**
OTHER COMPREHENSIVE INCOME			
Items that will not be classified to profit or loss			
Re-measurement of defined benefit pension plans net of tax	(23)	29,339,364	**(55,419,310)**
Items that may be reclassified subsequently to profit or loss			
Adjustment to fair value of investments and transfer	(32)	696,564,371	**(139,241,191)**
Other comprehensive income/(loss) for the year net of tax		725,903,735	**(194,660,501)**
Total comprehensive income/(loss) for the year net of tax		961,191,359	**(128,414,789)**

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

PROFIT AND LOSS (ANNUAL) ACCOUNT — FIRE INSURANCE

For the Year Ended 31 December, 2017

	Notes	2017 G$	2016 G$
Premiums on without profit policies and commissions		856,893,508	**833,976,876**
Income from investments		141,121,879	**143,347,063**
Other income		1,758,498	**1,900,508**
		999,773,885	**979,224,447**
Deduct:			
Claims		227,876,632	**236,082,685**
Commissions and sales expenses		170,967,858	**161,235,555**
Salaries and other staff costs		263,144,711	**257,587,315**
Management expenses		334,660,606	**298,345,761**
Taxation		(85,046,052)	**(56,371,719)**
Reinsurance		252,599,899	**324,986,076**
Pension fund contribution		8,319,553	**7,890,302**
Transfer to investment reserve	(14)	2,401,165	**2,505,761**
Interest	(15)	41,800,464	**41,691,033**
		1,216,724,836	**1,273,952,769**
Transfer from premiums on with profit policies	(16)	(216,950,951)	**(294,728,322)**

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 2017.

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

PROFIT AND LOSS (TRIENNIAL) ACCOUNT — FIRE INSURANCE

For the Year Ended 31 December, 2017

	Notes	2017 G$	2016 G$
Balance of unexpired risks reserve at beginning		24,692,550	**26,966,959**
Premiums received		132,547,699	**143,149,214**
Premiums on policies surrendered for profit		2,950,571	**2,543,083**
		160,190,820	**172,659,256**
Deduct:			
Unexpired risks reserve at end		23,969,911	**26,272,830**
Transfer to profit & loss (annual) account	(17)	207,576,047	**214,556,053**
Triennial profit 50 % (2016 - 50%)		68,110,455	**73,193,213**
		299,656,413	**314,022,096**
Transfer from other reserve		(139,465,593)	**(141,362,840)**

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 2017.

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December, 2017

	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, 2016	**1,000,000**	**199,338,419**	**1,606,115,482**	**2,880,004,916**	**76,703,425**	**584,703,615**	**5,347,865,857**
Changes in equity 2016							
Total Comprehensive income/(loss) for the year	—	(7,906,907)	(139,241,191)	18,959,944	(226,635)	—	(128,414,789)
Balance at 31 December, 2016	**1,000,000**	**191,431,512**	**1,466,874,291**	**2,898,964,860**	**76,476,790**	**584,703,615**	**5,219,451,068**
Changes in equity 2017							
Total Comprehensive income/(loss) for the year	—	12,660,312	696,564,371	253,280,666	(1,313,990)	—	961,191,359
Balance at 31 December, 2017	**1,000,000**	**204,091,824**	**2,163,438,662**	**3,152,245,526**	**75,162,800**	**584,703,615**	**6,180,642,427**

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

STATEMENT OF FINANCIAL POSITION
As at 31 December, 2017

	Notes	2017	2016
Assets		G$	G$
Non-current assets			
Property and equipment	(18)	1,526,000,093	**1,568,758,625**
Deferred tax asset	(19)	47,743,299	**58,782,102**
Other assets			
Investments			
Held to maturity	20(a)	432,910,829	**334,472,499**
Loans and receivables	20(b)	25,253,141	**26,770,181**
Available for sale	20(c)	2,378,820,482	**1,684,657,276**
Statutory deposits	(22)	776,858,654	**766,255,015**
Retirement benefit assets	(23)	90,926,946	**54,398,283**
		5,278,513,444	**4,494,093,981**
Current assets			
Interest accrued	(24)	19,857,408	**19,105,178**
Receivables and prepayments	(25)	259,062,120	**306,863,918**
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited	(26)	—	**4,421,564**
Unexpired reinsurance premiums	(27)	7,473,454	**7,497,763**
Taxes recoverable	(37)	49,737,064	**59,728,491**
Treasury bills	(28)	705,673,743	**731,172,543**
Cash on deposit	(29)	890,443,925	**654,041,248**
Cash at bank		535,756,009	**409,436,195**
Cash on hand and in transit		43,408,054	**18,357,092**
		2,511,411,777	**2,210,623,992**
Total assets		7,789,925,221	**6,704,717,973**
Equity and liabilities			
Capital and reserves			
Scrip and stock capital	(30)	1,000,000	**1,000,000**
Premium capital	(31)	204,091,824	**191,431,512**
Investment reserve	(32)	2,163,438,662	**1,466,874,291**
Other reserves	(33)	3,152,245,526	**2,898,964,860**
Dividends, biennial bonus and triennial profit	(34)	75,162,800	**76,476,790**
Revaluation reserve	(21)	584,703,615	**584,703,615**
		6,180,642,427	**5,219,451,068**
Non-current liabilities			
Pension reserve	(35)	5,784,909	**6,277,389**
Deferred tax liabilities	(19)	470,133,747	**466,493,712**
Retirement benefit obligations	(23)	74,073,314	**74,606,557**
		549,991,970	**547,377,658**
Current liabilities			
Due to The Guyana and Trinidad Mutual Life Insurance Company Limited	(26)	10,479,903	**—**
Unclaimed dividends and triennial profit	(36)	78,616,346	**69,685,564**
Provision for taxation	(37)	120,699,794	**35,626,263**
Provision for claims	(38)	561,930,216	**645,810,952**
Payables and accruals	(39)	287,564,565	**186,766,468**
		1,059,290,824	**937,889,247**
Total equity and liabilities		7,789,925,221	**6,704,717,973**

The financial statements were approved by the Board of Directors on 9th July, 2018
On behalf of the Board:
Chairman: **MR. P. S. FRASER**
Director: **MR. R. E. CHEONG,** AA
Company Secretary/ Finance Controller: **MR. K. GOBERDHAN,** FCCA

"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		
Profit before taxation	338,234,878	**141,436,213**
Adjustments for -		
Depreciation	74,463,554	**38,131,988**
Dividend and interest received	(141,121,879)	**(143,347,063)**
Loss on disposal of property and equipment	1,939	**—**
Currency exchange (gain)/loss	(12,146,849)	**43,848,747**
Operating profit before working capital changes	259,431,643	**80,069,885**
Increase/(decrease) in reserves	62,954,472	**(134,245,980)**
Decrease/(increase) in receivables and prepayments	51,495,441	**(46,000,136)**
Increase in unclaimed dividends and triennial profit	8,930,782	**3,710,916**
(Decrease)/increase in provision for claims	(83,880,736)	**203,393,743**
Increase/(decrease) in payables and accruals	111,278,000	**(18,855,033)**
(Increase)/decrease in retirement benefit assets	(36,528,663)	**65,137,662**
(Decrease)/increase in retirement benefit obligations	(533,243)	**31,965,119**
Net cash provided by operations	373,147,696	**185,176,176**
Taxes paid	(12,763,032)	**(60,418,055)**
Net cash provided by operating activities	360,384,664	**124,758,121**
Investing activities		
Purchase of property and equipment	(31,706,961)	**(75,915,859)**
Purchase of securities	(196,876,660)	**—**
Net proceeds from redemption of securities	98,438,330	**71,397,884**
Net mortgage repayments	1,517,040	**1,601,738**
Net decrease/(increase) in treasury bills	25,498,800	**(205,522,922)**
Increase in cash on deposits	(236,402,677)	**(3,960,679)**
Increase in statutory deposits	(10,603,639)	**(43,930,128)**
Dividend and interest received	141,121,879	**143,347,063**
Net cash used in investing activities	(209,013,888)	**(112,982,903)**
Net increase in cash and cash equivalents	151,370,776	**11,775,218**
Cash and cash equivalents at beginning of period	427,793,287	**416,018,069**
Cash and cash equivalents at end of period	579,164,063	**427,793,287**
Cash and cash equivalents consist of:		
Cash on hand, at bank and in transit	579,164,063	**427,793,287**
	579,164,063	**427,793,287**

"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 objectives 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 31 December 2017 was 341 (31 December 2016 —312).

(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 which 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 do not anticipate a material impact on the financial statements.

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.

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

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

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 or 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 or 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 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.

(c) 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 are stated at amortised cost.

iii) **Available for sale financial assets**
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 and other comprehensive income for the period.

(e) 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 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:-

Buildings	—	2% (reducing balance)
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.

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 Fire Insurance Company Limited and The Guyana and Trinidad Mutual Life Insurance Company Limited share common staff and facilities. In Guyana, staff are employed, and facilities 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.

In Guyana, all staff are employed by The Guyana and Trinidad Mutual Fire Insurance Company Limited. Employment costs are shared with The Guyana and Trinidad Mutual Life Insurance Company Limited on a pre-determined, agreed and equitable reimbursement basis.

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:

	2017 G$	2016 G$
Pension scheme contribution (staff)	6,066,676	**6,497,005**
Pension scheme contribution (sales representative)	5,164,811	**4,036,706**

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 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 currently payable and the deferred tax.

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

Commissions represent expenses incurred in the acquisition of insurance business contracted mainly through sales representatives and brokers. Various rates are used in the computation of commissions 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) **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, 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 clients 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 indemnify the Company's clients 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 and is disclosed net of deferred tax.

(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", 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/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, 2017 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

	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
(5) PREMIUMS						
Property	1,411,768,163	(451,055,526)	960,712,637	**1,401,609,880**	**(567,575,225)**	**834,034,655**
Motor	1,013,938,687	(49,272,794)	964,665,893	**1,096,397,472**	**(56,358,115)**	**1,040,039,357**
Accident & liability	86,077,093	(2,929,352)	83,147,741	**73,614,835**	**(2,526,918)**	**71,087,917**
	2,511,783,943	(503,257,672)	2,008,526,271	**2,571,622,187**	**(626,460,258)**	**1,945,161,929**

	2017 G$	2016 G$
(6) INCOME FROM INVESTMENTS		
"Held to maturity"		
Stocks, bonds and debentures		
Treasury bills and fixed deposits	65,769,447	**63,401,563**
"Loans and receivables"		
Mortgages	1,785,292	**1,884,318**
Sundry loans	2,632,477	**2,643,633**
	4,417,769	**4,527,951**
"Available for sale"		
Equities	70,934,663	**75,417,549**
TOTAL	141,121,879	**143,347,063**
(7) OTHER INCOME		
Miscellaneous income	1,758,498	**1,900,508**
(8) CURRENCY EXCHANGE GAIN/(LOSS)	12,146,849	**(43,848,747)**

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	2017 Reinsurance	2017 Net	2016 Gross	2016 Reinsurance	2016 Net
	G$	G$	G$	G$	G$	G$
Property	259,474,903	(11,000,000)	248,474,903	902,104,321	(660,735,831)	241,368,490
Motor	407,037,060	(11,020,559)	396,016,501	575,706,904	(23,745,738)	551,961,166
Accident and liability	21,226,795	—	21,226,795	19,052,537	—	19,052,537
	687,738,758	(22,020,559)	665,718,199	1,496,863,762	(684,481,569)	812,382,193

Claims paid in financial year

	2017 Gross	2017 Reinsurance	2017 Net	2016 Gross	2016 Reinsurance	2016 Net
	G$	G$	G$	G$	G$	G$
Property	885,500,892	(679,452,798)	206,048,094	**411,029,384**	**(280,273,144)**	**130,756,240**
Motor	535,655,926	(19,104,147)	516,551,779	**468,164,941**	**—**	**468,164,941**
Accident and liability	26,999,063	—	26,999,063	**10,067,269**	**—**	**10,067,269**
	1,448,155,881	(698,556,945)	749,598,936	**889,261,594**	**(280,273,144)**	**608,988,450**

(10) COMMISSIONS AND SALES EXPENSES

	2017 G$	2016 G$
Property	206,175,270	**203,724,206**
Motor	52,568,623	**62,160,684**
Accident and liability	8,113,785	**8,167,205**
	268,857,678	**274,052,095**

(11) MANAGEMENT EXPENSES

	2017 G$	2016 G$
Operating expenses	353,075,695	**334,773,384**
Depreciation	74,463,554	**38,131,988**
Directors' emoluments (a)	9,200,640	**9,200,640**
Auditor's remuneration	1,911,000	**1,820,000**
	438,650,889	**383,926,012**
Salaries and other staff costs	364,288,077	**342,624,424**

(a) Directors' emoluments

			2017 G$	2016 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**
	—	R. St. P. Yee	1,150,080	**1,150,080**
			9,200,640	**9,200,640**

NOTES ON THE ACCOUNTS

	2017 G$	2016 G$
(12) TAXATION		
Reconciliation of tax expenses and accounting profit		
Accounting profit	338,234,878	**141,436,213**
Corporation tax at (40%)	135,293,951	**56,574,485**
Add:		
Tax effect of expenses not deductible in determining taxable profits:		
Depreciation for accounting purposes	29,785,422	**15,252,795**
Loss on disposal of property and equipment	776	—
Penalty	171,253	—
Property tax	16,408,472	**13,474,183**
	181,659,874	**85,301,463**
Deduct:		
Tax effect of depreciation for tax purposes	(15,968,687)	**(40,942,563)**
	165,691,187	**44,358,900**
Adjustment / set off / effects of varying tax rates	(66,479,295)	**(30,109,362)**
	99,211,892	**14,249,538**
Corporation tax (32.50% — 40%)	99,211,892	**14,249,538**
Premium and stamp tax	7,806,695	**6,990,096**
Withholding tax	809,403	**1,043,523**
Deferred tax (note 19)	(4,880,736)	**52,907,344**
	102,947,254	**75,190,501**
Current tax	107,827,990	**22,283,157**
Deferred tax	(4,880,736)	**52,907,344**
	102,947,254	**75,190,501**

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.

	2017 G$	2016 G$
(13) DIVIDENDS, BIENNIAL BONUS AND TRIENNIAL PROFIT		
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	72,610,086	**72,921,983**
Biennial bonus paid	3,514,038	**6,132,361**
	76,171,124	**79,100,344**

NOTES ON THE ACCOUNTS

	2017 G$	2016 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.	2,401,165	**2,505,761**
(15) INTEREST		
Ordinary scrip	28,200	**27,600**
Preferent scrip	4,700	**4,600**
First preferred stock	14,100	**13,800**
Reserves	41,753,464	**41,645,033**
	41,800,464	**41,691,033**
(16) TRANSFER FROM PREMIUMS ON WITH PROFIT POLICIES		
Policies entitled to profit Dec 2016	—	**(100,593,232)**
Policies entitled to profit Dec 2017	(66,619,020)	**(85,055,084)**
Policies entitled to profit Dec 2018	(70,977,097)	**(109,080,006)**
Policies entitled to profit Dec 2019	(79,354,834)	**—**
	(216,950,951)	**(294,728,322)**
(17) TRANSFER TO PROFIT AND LOSS (ANNUAL) ACCOUNT on policies entitled to profit at December 2017		
As at 31 Dec 2014	—	**62,852,588**
As at 31 Dec 2015	55,901,943	**51,110,233**
As at 31 Dec 2016	85,055,084	**100,593,232**
As at 31 Dec 2017	66,619,020	**—**
	207,576,047	**214,556,053**

NOTES ON THE ACCOUNTS

(18) PROPERTY AND EQUIPMENT

	Land G $	Buildings G $	Furniture, computer and other equipment G $	Motor vehicles G $	2017 Total G $	2016 Total G $
Cost/valuation						
At 1 January	689,300,000	582,501,952	760,100,962	22,437,684	2,054,340,598	**1,978,424,739**
Additions	—	9,944,313	21,182,648	580,000	31,706,961	**75,915,859**
Disposals	—	—	—	(245,500)	(245,500)	—
At 31 December	689,300,000	592,446,265	781,283,610	22,772,184	2,085,802,059	**2,054,340,598**
Comprising:						
Cost	50,777,948	256,462,293	781,283,610	22,772,184	1,111,296,035	**1,079,834,574**
Valuation	638,522,052	335,983,972	—	—	974,506,024	**974,506,024**
	689,300,000	592,446,265	781,283,610	22,882,184	2,085,802,059	**2,054,340,598**
Depreciation:						
At 1 January	—	10,994,603	458,398,851	16,188,519	485,581,973	**447,449,985**
Charge for the year	—	11,579,993	61,604,878	1,278,683	74,463,554	**38,131,988**
Written back on disposals	—	—	—	(243,561)	(243,561)	—
At 31 December	—	22,574,596	520,003,729	17,223,641	559,801,966	**485,581,973**
Net book values:						
At 31 December 2017	689,300,000	569,871,669	261,279,881	5,548,543	1,526,000,093	
At 31 December 2016	**689,300,000**	**571,507,349**	**301,702,111**	**6,249,165**		**1,568,758,625**

NOTES ON THE ACCOUNTS

(19) DEFERRED TAX

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

	2017 G$	2016 G$
Deferred tax liabilities		
Property and equipment, revaluation	389,802,410	**389,802,410**
Property and equipment, timing difference	43,960,559	**54,931,989**
Retirement benefit assets	36,370,778	**21,759,313**
	470,133,747	**466,493,712**
Deferred tax assets		
Retirement benefit obligations	29,629,325	**29,842,622**
Accumulated tax losses	18,113,974	**28,939,480**
	47,743,299	**58,782,102**

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 1 January, 2016	**389,802,410**	**32,087,654**	**47,814,378**	**469,704,442**
Movement during the year:-				
Statement of profit or loss	—	22,844,333	3,164,072	26,008,405
Statement of other comprehensive income	—	—	(29,219,135)	(29,219,135)
At 31 December, 2016	**389,802,410**	**54,931,987**	**21,759,315**	**466,493,712**
Movement during the year:-				
Statement of profit or loss	—	(10,971,428)	1,640,741	(9,330,687)
Statement of other comprehensive income	—	—	12,970,722	12,970,722
At 31 December, 2017	**389,802,410**	**43,960,559**	**36,370,778**	**470,133,747**

Deferred tax Assets	Accumulated tax losses G$	Retirement benefit obligations G$	Total G$
At 1 January, 2016	**60,897,397**	**17,056,575**	**77,953,972**
Movement during the year:-			
Statement of profit or loss	(31,957,918)	5,058,978	(26,898,940)
Statement of other comprehensive income	—	7,727,070	7,727,070
At 31 December, 2016	**28,939,479**	**29,842,623**	**58,782,102**
Movement during the year:-			
Statement of profit or loss	(10,825,505)	6,375,554	(4,449,951)
Statement of other comprehensive income	—	(6,588,852)	(6,588,852)
At 31 December, 2017	**18,113,974**	**29,629,325**	**47,743,299**

Net Movements for the year	2017 G$	2016 G$
Movements in deferred tax liabilities	(3,640,035)	**3,210,730**
Movements in deferred tax assets	(11,038,803)	**(19,171,870)**
Net movements for the year	(14,678,838)	**(15,961,140)**
Movements through the profit or loss account	(4,880,736)	**52,907,344**
Movements through statement of other comprehensive income	19,559,574	**(36,946,204)**
	14,678,838	**15,961,140**

NOTES ON THE ACCOUNTS

	2017 G$	2016 G$
(20) INVESTMENTS		
(a) **Held to maturity**		
COMMONWEALTH CARIBBEAN GOVERNMENTS		
Held in trust with Insurance Regulators		
Others — Eastern Caribbean	332,590,829	**235,592,499**
Bonds and debentures	100,320,000	**98,880,000**
	432,910,829	**334,472,499**
(b) **Loans and receivables**		
Mortgages	25,253,141	**26,770,181**
(c) **Available for sale**		
Equity investments in Guyana	2,368,065,291	**1,673,902,085**
Equity investments in the Eastern Caribbean	10,755,191	**10,755,191**
	2,378,820,482	**1,684,657,276**

NOTES ON THE ACCOUNTS

(20) INVESTMENTS — cont'd

(d) **Details of securities**

	Year of maturity	Rate of interest %	2017 G$	2016 G$
Eastern Caribbean				
Grenada	2023	3.00	71,500,000	**—**
St. Vincent	2018	6.50	28,600,000	**28,600,000**
St. Vincent	2022	7.50	16,087,500	**19,662,500**
St. Lucia	2019	5.00	115,945,829	**115,829,999**
St. Lucia	2018	7.50	100,320,000	**98,880,000**
St. Lucia	2019	6.00	71,500,000	**71,500,000**
St. Lucia	2022	6.25	28,957,500	**—**
			432,910,829	**334,472,499**

NOTES ON THE ACCOUNTS

(21) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	2017			2016		
	IFRS 13 LEVEL	Carrying value G$	Fair value G$	IFRS 13 LEVEL	Carrying value G$	Fair value G$
Assets						
Investments						
Held to maturity	2	432,910,829	432,910,829	**2**	**334,472,499**	**334,472,499**
Loans and receivables	2	25,253,141	25,253,141	**2**	**26,770,181**	**26,770,181**
Statutory deposits	1	776,858,654	776,858,654	**1**	**766,255,015**	**766,255,015**
Interest accrued	2	19,857,408	19,857,408	**2**	**19,105,178**	**19,105,178**
Receivables and prepayments	2	259,062,120	259,062,120	**2**	**306,863,918**	**306,863,918**
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited	2	—	—	**2**	**4,421,564**	**4,421,564**
Unexpired reinsurance premiums	2	7,473,454	7,473,454	**2**	**7,497,763**	**7,497,763**
Taxes recoverable	2	49,737,064	49,737,064	**2**	**59,728,491**	**59,728,491**
Treasury bills	1	705,673,743	705,673,743	**1**	**731,172,543**	**731,172,543**
Cash on deposit	1	890,443,925	890,443,925	**1**	**654,041,248**	**654,041,248**
Cash at bank	1	535,756,009	535,756,009	**1**	**409,436,195**	**409,436,195**
Cash on hand and in transit	1	43,408,054	43,408,054	**1**	**18,357,092**	**18,357,092**
		3,746,434,401	3,746,434,401		**3,338,121,687**	**3,338,121,687**
Liabilities						
Pension reserve	2	5,784,909	5,784,909	**2**	**6,277,389**	**6,277,389**
Due to The Guyana and Trinidad Mutual Life Insurance Company Limited	2	10,479,903	10,479,903	**2**	—	—
Provision for claims	2	561,930,216	561,930,216	**2**	**645,810,952**	**645,810,952**
Payables and accruals	2	287,564,565	287,564,565	**2**	**186,766,468**	**186,766,468**
Unclaimed dividends and triennial profit	2	78,616,346	78,616,346	**2**	**69,685,564**	**69,685,564**
Provision for taxation	2	120,699,794	120,699,794	**2**	**35,626,263**	**35,626,263**
		1,065,075,733	1,065,075,733		**944,166,636**	**944,166,636**

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

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 values

Assets carried at fair values

Property and equipment	**2017** **G$**	**2016** **G$**
Net book value	1,526,000,093	**1,568,758,625**

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 for that year. 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 were done, the net book value of land and buildings would have been approximately G$284,665,645 (2016 — G$286,301,325).

Investments **Available for sale**	**2017** **G$**	**2016** **G$**
Level 1	1,724,580	**1,724,580**
Level 2	2,377,095,902	**1,682,932,696**
	2,378,820,482	**1,684,657,276**

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).

	2017 **G$**	**2016** **G$**
(22) STATUTORY DEPOSITS	776,858,654	**766,255,015**

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, 2016 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, 2017. The projected unit method was used as required by IAS 19.

	2017		2016	
	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	170,392,520	386,467,647	**141,241,385**	**333,185,660**
Present value of obligations	244,465,834	295,540,701	**215,847,942**	**278,787,377**
Net defined benefit asset/(liability)	(74,073,314)	90,926,946	**(74,606,557)**	**54,398,283**
Reconciliation of amounts recognised in the statement of financial position				
Opening benefit asset/(liability)	(74,606,557)	54,398,283	**(42,641,438)**	**119,535,945**
Net pension cost	(24,308,384)	(4,343,225)	**(20,651,596)**	**(757,060)**
Contributions paid	8,369,498	8,445,077	**8,004,152**	**8,667,239**
Re-measurements recognised in other comprehensive income	16,472,129	32,426,811	**(19,317,675)**	**(73,047,841)**
Closing defined benefit asset/(liability)	(74,073,314)	90,926,946	**(74,606,557)**	**54,398,283**
Plan assets at fair value				
At beginning of year	141,241,385	333,185,660	**132,449,509**	**372,254,155**
Actual return on plan assets	19,952,242	58,673,365	**1,040,438**	**(33,502,684)**
Employer contributions	8,369,498	8,445,077	**8,004,152**	**8,667,239**
Employee contributions	4,928,199	2,903,863	**4,578,904**	**2,752,702**
Benefit payments	(4,098,805)	(16,740,318)	**(4,831,618)**	**(16,985,752)**
	170,392,520	386,467,647	**141,241,385**	**333,185,660**
Benefit obligations				
At beginning of year	215,847,942	278,787,377	**175,090,947**	**252,718,210**
Current service cost	20,280,287	7,096,845	**18,263,051**	**6,781,012**
Interest cost	11,320,139	13,770,879	**9,204,806**	**12,449,610**
Employee contributions	4,928,199	2,903,863	**4,578,904**	**2,752,702**
Actuarial (gain)/loss	(3,811,928)	9,722,056	**13,541,852**	**21,071,595**
Benefit payments	(4,098,805)	(16,740,318)	**(4,831,618)**	**(16,985,752)**
	244,465,834	295,540,701	**215,847,942**	**278,787,377**

NOTES ON THE ACCOUNTS

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

The major categories of plan assets are as follows:

	2017		2016	
	Sales Reps. Plan	Staff Plan	Sales Reps. Plan	Staff Plan
	G$	G$	G$	G$
Investments	304,659,796	384,540,250	**245,852,615**	**337,622,777**
Current liabilities	—	11,498,908	—	**9,521,966**
Cash	57,489,893	8,557,391	**58,481,053**	**5,084,849**
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	2017	2016
	G$	G$
Opening value of plans' assets	54,398,283	**119,535,945**
Opening value of plans' liabilities	(74,606,557)	**(42,641,438)**
Closing value of plans' assets	90,926,946	**54,398,283**
Closing value of plans' liabilities	(74,073,314)	**(74,606,557)**
Net movements for the year	37,061,906	**(97,102,781)**
Recognised through the statement of profit or loss account (note a)	(11,837,034)	**(4,737,265)**
Recognised in other comprehensive income (note b)	48,898,940	**(92,365,516)**
	37,061,906	**(97,102,781)**
(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.	29,339,364	**(55,419,310)**

NOTES ON THE ACCOUNTS

	2017 G$	2016 G$
(24) ACCRUED INTEREST		
Fixed deposits	5,256,585	**8,159,355**
Stocks, bonds and debentures	4,731,767	**4,124,541**
Treasury bills	9,869,056	**6,821,282**
	19,857,408	**19,105,178**
(25) RECEIVABLES AND PREPAYMENTS		
Receivables	201,567,219	**315,131,238**
Prepayments	75,090,862	**9,328,641**
Provision for impairment (specific)	(17,595,961)	**(17,595,961)**
	259,062,120	**306,863,918**

Receivables comprise reinsurance premiums paid in advance, amounts due from brokers, sales representatives and staff loans and other sundry receivables.

(26) AMOUNT DUE (TO)/FROM THE GUYANA AND TRINIDAD MUTUAL LIFE INSURANCE COMPANY LIMITED

	2017 G$	2016 G$
The amount represents the balance due (to)/from GTM Life Insurance Company Limited for shared costs.	(10,479,903)	**4,421,564**
(27) UNEXPIRED REINSURANCE PREMIUMS		
Property	5,976,255	**7,450,958**
Accident and liability	1,668,809	**218,415**
	7,645,064	**7,669,373**
Unexpired reinsurance commissions	(171,610)	**(171,610)**
	7,473,454	**7,497,763**

These are estimates of the amount of reinsurance cost incurred net of commission that relates to the future accounting period.

NOTES ON THE ACCOUNTS

(28) TREASURY BILLS

	Average interest rates %	2017 G$	2016 G$
Grenada	4.37	158,619,280	**189,047,300**
St. Lucia	4.16	518,530,596	**542,125,243**
St. Vincent	3.43	28,523,867	**—**
		705,673,743	**731,172,543**

(29) CASH ON DEPOSIT

		2017 G$	2016 G$
Short term deposit accounts	0.39	111,073,396	**105,121,122**
Fixed deposits	0.88	779,370,529	**548,920,126**
		890,443,925	**654,041,248**

(30) SCRIP AND STOCK CAPITAL

	2017 G$	2016 G$
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.

(31) PREMIUM CAPITAL

	2017 G$	2016 G$
Policies entitled to profit Dec 2017	—	**113,816,637**
Policies entitled to profit Dec 2018	127,172,015	**66,826,284**
Policies entitled to profit Dec 2019	67,468,602	**—**
Subtotal (i)	194,640,617	**180,642,921**
St. Lucia Bonus Policies (B)	—	**10,788,591**
St. Lucia Bonus Policies (A)	9,451,207	**—**
Subtotal (ii)	9,451,207	**10,788,591**
Total	204,091,824	**191,431,512**

(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

(32) INVESTMENT RESERVE

	2017 G$	2016 G$
Balance at 1 January	1,466,874,291	**1,606,115,482**
Movement in reserves for the year:		
Movements due to fair value revaluations	694,163,206	**(141,746,952)**
Transfer to investment reserve	2,401,165	**2,505,761**
Net movements in investment reserve for the year	696,564,371	**(139,241,191)**
Balancet 31 December	2,163,438,662	**1,466,874,291**

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.

(33) OTHER RESERVES

	2017 G$	2016 G$
Sundry reserves (a)	1,891,637,349	**1,622,754,586**
Reserve for unexpired risks	1,260,608,177	**1,276,210,274**
	3,152,245,526	**2,898,964,860**

(a) This represents retained earnings.

(34) DIVIDENDS, BIENNIAL BONUS AND TRIENNIAL PROFIT

	2017 G$	2016 G$
Ordinary scrip dividend	24,600	**28,200**
Preferent scrip dividend	4,100	**4,700**
First preferred stock dividend	12,300	**14,100**
Triennial cash profit	68,110,455	**73,193,213**
Biennial bonus	7,011,345	**3,236,577**
	75,162,800	**76,476,790**

(35) PENSION RESERVES

	2017 G$	2016 G$
At 1 January	6,277,389	**6,814,869**
Movements for the year	(492,480)	**(537,480)**
At 31 December	5,784,909	**6,277,389**

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

(36) UNCLAIMED DIVIDENDS AND TRIENNIAL PROFIT

	2017 G$	2016 G$
Ordinary scrip dividend	83,299	**498,084**
Preferent scrip dividend	13,017	**68,756**
First preferred stock dividend	34,202	**194,217**
Triennial cash profit	78,485,828	**68,924,507**
	78,616,346	**69,685,564**

NOTES ON THE ACCOUNTS

	2017 G$	2016 G$
(37) TAXATION PAYABLE/(RECOVERABLE)		
Taxation payable	120,699,794	**35,626,263**
Taxation recoverable	(49,737,064)	**(59,728,491)**

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.

	2017 G$	2016 G$
(38) PROVISION FOR CLAIMS		
Property	316,287,748	**942,313,737**
Motor	436,009,940	**553,287,118**
Accident and liability	44,590,519	**50,362,787**
	796,888,207	**1,545,963,642**
Provisions for recoveries	(234,957,991)	**(900,152,690)**
	561,930,216	**645,810,952**
(39) PAYABLES AND ACCRUALS		
Sundry payables	253,308,388	**150,530,837**
Accruals	34,256,177	**36,235,631**
	287,564,565	**186,766,468**

(40) 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

(41) 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

	2017 G$	2016 G$
Cost incurred and shared by The Guyana and Trinidad Mutual Life Insurance Company Limited for the year	213,307,135	**161,684,595**
Cost incurred and shared with The Guyana and Trinidad Mutual Life Insurance Company Limited for the year	222,232,398	**196,591,513**
Net Balance due (to)/ from The Guyana and Trinidad Mutual Life Insurance Company Limited for shared costs.	(10,479,903)	**4,421,564**
Long Term Loan from The Guyana and Trinidad Mutual Life Insurance Company Limited. Interest is at 7% per annum. Repayable in the year 2019.	93,244,008	**93,244,008**
Short term interest free loan from The Guyana and Trinidad Mutual Life Insurance CompanyLimited. Repayable 2018	105,000,000	**—**
	198,244,008	**93,244,008**
The fixed assets of The Guyana and Trinidad Mutual Life Insurance Company Limited are insured with this Company		
Insurance coverage	567,338,860	**567,338,860**
Premiums for the year	3,037,467	**3,273,578**

(b) Key management personnel

(i) Compensation
The Company's 8 (2016 - 8) 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.

	2017	2016
Short term benefits	35,240,647	**33,550,239**
(ii) Directors' emoluments — 7 Directors (2016 — 7)	9,200,640	**9,200,640**
(iii) Car loans — Executive managers	2,778,446	**3,724,402**

The above balance comprise two (2) car loans and will be fully amortised between the years 2018 to 2019. The rate of interest is 12% per annum. Loans are secured by Bills of Sale in favour of the Company.

NOTES ON THE ACCOUNTS

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

2017	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	—	—	—	1469,607,988	1,469,607,988
Investments	432,910,829	25,253,141	2,378,820,482	—	2,836,984,452
Statutory deposits	—	—	—	776,858,654	776,858,654
Treasury bills	—	—	—	705,673,743	705,673,743
Receivables and prepayments	—	259,062,120	—	—	259,062,120
Others	—	19,857,408	—	57,210,518	77,067,926
	432,910,829	304,172,669	2,378,820,482	3,009,350,903	6,125,254,883
Liabilities					
Pension reserves	—	—	—	5,784,909	5,784,909
Unclaimed dividends and triennial profits	—	—	—	78,616,346	78,616,346
Payables and accruals	—	—	—	287,564,565	287,564,565
Others	—	—	—	693,109,913	693,109,913
	—	—	—	1,065,075,733	1,065,075,733

2016	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	—	—	—	1,081,834,535	**1,081,834,535**
Investments	334,472,499	26,770,181	1,684,657,276	—	**2,045,899,956**
Statutory deposits	—	—	—	766,255,015	**766,255,015**
Treasury bills	—	—	—	731,172,543	**731,172,543**
Receivables and prepayments	—	306,863,918	—	—	**306,863,918**
Others	—	19,105,178	—	71,647,818	**90,752,996**
	334,472,499	352,739,277	1,684,657,276	2,650,909,911	**5,022,778,963**
Liabilities					
Pension reserves	—	—	—	6,277,389	**6,277,389**
Unclaimed dividends and triennial profits	—	—	—	69,685,564	**69,685,564**
Payables and accruals	—	—	—	186,766,468	**186,766,468**
Others	—	—	—	681,437,215	**681,437,215**
	—	—	—	944,166,636	**944,166,636**

NOTES ON THE ACCOUNTS

(43) 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

(43) 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	
		2017	**2016**
Cash and cash equivalents		**G$M**	**G$M**
Local Currency	+/-50	3.15	4.36
Foreign Currencies	+/-50	7.92	7.53

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

(43) 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:

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	0.51	890,443,925	—	—	579,164,063	1,469,607,988
Investments	5.10	834,593,743	232,490,829	71,500,000	2,378,820,482	3,517,405,054
Mortgages	6.00	1,033,778	5,211,174	19,008,189	—	25,253,141
Statutory deposits	1.19	—	776,858,654	—	—	776,858,654
Receivables and prepayments	12.00	7,245,381	15,750,665	—	236,066,074	259,062,120
Others		—	—	—	77,067,926	77,067,926
		1,733,316,827	1,030,311,322	90,508,189	3,271,118,545	6,125,254,883
Liabilities						
Pension reserves		—	—	—	5,784,909	5,784,909
Unclaimed dividends and triennial profit		—	—	—	78,616,346	78,616,346
Payables and accruals		—	93,244,008	—	194,320,557	287,564,565
Others		—	—	—	693,109,913	693,109,913
		—	93,244,008	—	971,831,725	1,065,075,733
Interest sensitivity gap		1,733,316,827	937,067,314	90,508,189		

NOTES ON THE ACCOUNTS

(43) FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

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	2.79	654,041,248	—	—	427,793,287	**1,081,834,535**
Investments	4.00	731,172,543	314,809,999	19,662,500	1,684,657,276	**2,750,302,318**
Mortgages	6.00	1,680,763	6,010,535	19,078,883	—	**26,770,181**
Statutory deposits	1.20	—	766,255,015	—	—	**766,255,015**
Receivables and prepayments	12.00	306,863,918	—	—	—	**306,863,918**
Others		—	—	—	90,752,996	**90,752,996**
		1,693,758,472	1,087,075,549	38,741,383	2,203,203,559	**5,022,778,963**
Liabilities						
Pension reserves		—	—	—	6,277,389	**6,277,389**
Unclaimed dividends and triennial profit		—	—	—	69,685,564	**69,685,564**
Payables and accruals		—	93,244,008	—	93,522,460	**186,766,468**
Others		—	—	—	681,437,215	**681,437,215**
		—	93,244,008	—	850,922,628	**944,166,636**
Interest sensitivity gap		1,693,758,472	993,831,541	38,741,383		

NOTES ON THE ACCOUNTS

(43) 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:-

	31.12.2017				
	£ Sterling	US$	EC$	TT$	Total G$ equivalent
Assets	1,369,622	1,625,515	27,009,896	660,231	2,676,323,641
Liabilities	—	—	2,328,253	—	166,470,075

	31.12.2016				
	£ Sterling	US$	EC$	TT$	Total G$ equivalent
Assets	**1,368,805**	**485,862**	**25,556,959**	**660,231**	**2,288,277,960**
Liabilities	**—**	**—**	**4,003,474**	**—**	**286,248,395**

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
2017 Profit	11.6	10.2	62.9	0.6	85.3
2016 Profit	**11.5**	**3.0**	**63.4**	**0.6**	**78.4**

NOTES ON THE ACCOUNTS

(43) 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$
2017						
Assets						
Mortgages	—	253,790	779,988	5,211,174	19,008,189	25,253,141
Securities	—	—	—	361,410,829	2,450,320,482	2,811,731,311
Statutory deposits	—	—	—	776,858,654	—	776,858,654
Interest accrued	19,857,408	—	—	—	—	19,857,408
Receivables and prepayments	3,614,664	148,191,877	23,202,563	83,069,006	984,010	259,062,120
Unexpired reinsurance premiums	—	7,473,454	—	—	—	7,473,454
Taxes recoverable	—	—	49,737,064	—	—	49,737,064
Treasury bills	—	705,673,743	—	—	—	705,673,743
Cash on deposit	890,443,925	—	—	—	—	890,443,925
Cash at bank	535,756,009	—				535,756,009
Cash on hand and in transit	43,408,054	—	—	—	—	43,408,054
	1,493,080,060	861,592,864	73,719,615	1,226,549,663	2,470,312,681	6,125,254,883
Liabilities						
Pension reserves	—	—	—	—	5,784,909	5,784,909
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited	10,479,903	—	—	—	—	10,479,903
Unclaimed dividends and triennial profit	78,616,346	—	—	—	—	78,616,346
Taxation	—	120,699,794	—	—	—	120,699,794
Claims	561,930,216	—	—	—	—	561,930,216
Payables and accruals	—	194,320,557	—	93,244,008	—	287,564,565
	651,026,465	315,020,351	—	93,244,008	5,784,909	1,065,075,733
Net assets	842,053,595	546,572,513	73,719,615	1,133,305,655	2,464,527,772	5,060,179,151

NOTES ON THE ACCOUNTS

(43) 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$
2016						
Assets						
Mortgages	—	427,578	1,253,185	6,010,535	19,078,883	**26,770,181**
Securities	—	—	—	314,809,999	1,704,319,776	**2,019,129,775**
Statutory deposits	—	—	—	766,255,015	—	**766,255,015**
Accrued interest	19,105,178	—	—	—	—	**19,105,178**
Receivables and prepayments	26,004,108	109,383,425	17,358,048	154,095,647	22,690	**306,863,918**
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited	4,421,564	—	—	—	—	**4,421,564**
Unexpired reinsurance premiums	—	7,497,763	—	—	—	**7,497,763**
Taxes recoverable	—	—	59,728,491	—	—	**59,728,491**
Treasury bills	—	731,172,543	—	—	—	**731,172,543**
Cash on deposit	654,041,248	—	—	—	—	**654,041,248**
Cash at bank	409,436,195	—				**409,436,195**
Cash on hand and in transit	18,357,092	—	—	—	—	**18,357,092**
	1,131,365,385	848,481,309	78,339,724	1,241,171,196	1,723,421,349	**5,022,778,963**
Liabilities						
Pension reserves	—	—	—	—	6,277,389	**6,277,389**
Unclaimed dividends and triennial profit	69,685,564	—	—	—	—	**69,685,564**
Taxation	—	35,626,263	—	—	—	**35,626,263**
Claims	645,810,952	—	—	—	—	**645,810,952**
Payables and accruals	—	93,522,460	—	93,244,008	—	**186,766,468**
	715,496,516	129,148,723	—	93,244,008	6,277,389	**944,166,636**
Net assets	**415,868,869**	**719,332,586**	**78,339,724**	**1,147,927,188**	**1,717,143,960**	**4,078,612,327**

NOTES ON THE ACCOUNTS

(43) 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 **G$** Maximum exposure	**2016** **G$** Maximum exposure
Investments(i)	2,811,731,311	**2,019,129,775**
Loans and recievables (ii)	25,253,141	**26,770,181**
Accrued interest (iii)	19,857,408	**19,105,178**
Receivables and prepayments (iv)	259,062,120	**306,863,918**
Due from The Guyana and Trinidad Mutual Life Insurance Company Limited (v)	—	**4,421,564**
Unexpired reinsurance premiums(vi)	7,473,454	**7,497,763**
Statutory deposits (vii)	776,858,654	**766,255,015**
Treasury bills (viii)	705,673,743	**731,172,543**
Cash and cash equivalents (ix)	1,469,607,988	**1,081,834,535**
Taxes recoverable	49,737,064	**59,728,491**
Total credit risk exposure	6,125,254,883	**5,022,778,963**

Receivables' balances are classified as follows:

Current	183,971,258	**297,535,277**
Impaired	17,595,961	**17,595,961**
	201,567,219	**315,131,238**

(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$25,253,141 (2016 — $26,770,181) 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) Receivables 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, 2017, (2016 — $17,595,961).

NOTES ON THE ACCOUNTS

(43) 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 with 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

	2017 G$	2016 G$
120 + days	17,595,961	**17,595,961**
Provision for impairment - individually assessed	17,595,961	**17,595,961**

NOTES ON THE ACCOUNTS

(44) 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.

(45) REPORTING BY CLASS OF INSURANCE

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

NOTES ON THE ACCOUNTS

(45) REPORTING BY CLASS OF INSURANCE — Cont'd

The following is an analysis by the respective segments:

	2017				2016
	Property	Motor	Accident & liability	Total	Total
	G$	G$	G$	G$	G$
Revenue					
Gross premiums	1,411,768,163	1,013,938,687	86,077,093	2,511,783,943	**2,571,622,187**
Less Reinsurance premiums	(451,055,526)	(49,272,794)	(2,929,352)	(503,257,672)	**(626,460,258)**
Net premiums	960,712,637	964,665,893	83,147,741	2,008,526,271	**1,945,161,929**
Income from investment	79,318,676	56,967,054	4,836,149	141,121,879	**143,347,063**
Other income	988,378	709,858	60,262	1,758,498	**1,900,508**
Currency exchange gain/(loss)	6,827,233	4,903,352	416,264	12,146,849	**(43,848,747)**
	1,047,846,924	1,027,246,157	88,460,416	2,163,553,497	**2,046,560,753**
Deduct:					
Expenditure					
Claims	248,474,903	396,016,501	21,226,795	665,718,199	**812,382,193**
Commission & sales expenses	206,175,270	52,568,623	8,113,785	266,857,678	**274,052,095**
Management expenses	409,445,405	294,065,660	24,964,346	728,475,411	**688,418,448**
Depreciation	74,463,554	—	—	74,463,554	**38,131,988**
Pension fund contribution	11,231,487	—	—	11,231,487	**10,533,711**
Dividends, bonus & triennial profit	76,171,124	—	—	76,171,124	**79,100,344**
Transfer to investment reserve	2,401,165	—	—	2,401,165	**2,505,761**
	1,028,362,908	742,650,784	54,304,926	1,825,318,618	**1,905,124,540**
Surplus before tax	19,484,016	284,595,373	34,155,490	338,234,878	**141,436,213**
Taxation				102,947,254	**75,190,501**
Surplus after tax				235,287,624	**66,245,712**

	2017				2016
	Property	Motor	Accident & liability	Total	Total
	G$	G$	G$	G$	G$
Assets	4,362,358,124	3,115,970,088	311,597,009	7,789,925,221	**6,704,717,973**
Liabilities	833,606,480	595,433,200	59,543,320	1,488,583,000	**1,449,640,642**
Unallocated liabilities	—	—	—	120,699,794	**35,626,263**

(46) APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Directors on 9th July, 2018.

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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
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Samlall's Agency
224 Public Road, Montrose
East Coast Demerara
Tel: 220-6737/6725

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

24 Republic Avenue
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Essequibo Coast
Tel: 771-4053/5251

WK Shopping Mall
31 First Avenue, Bartica
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CB 47 Commercial Zone
Lethem, Rupununi
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Corporate Information

AUDITORS

TSD, Lal & Co.
Chartered Accountants

ATTORNEYS-AT-LAW

Luckhoo & Luckhoo
Sievewright Stoby & Company

BANKERS

Guyana

Demerara Bank Limited
Guyana Bank for Trade & Industry Limited
Republic Bank (Guyana) 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
First Caribbean International Bank
RBTT Caribbean Limited
Bank of St. Vincent & the Grenadines
Bank of Nova Scotia