The Guyana and Trinidad Mutual Fire Insurance Company Limited

140th ANNUAL REPORT 2019

Notice of Meeting

The **ORDINARY GENERAL MEETING OF MEMBERS** will be held at 14:00 hours on Monday, August 31, 2020 via Zoom Virtual Meeting Portal.

AGENDA

1. To approve and if seen fit pass, a special resolution authorising and directing the holding of the Ordinary General Meeting of Members of the GTM Fire Insurance Company Limited by means of a computer generated virtual real time format, where all members are in simultaneous visual attendance, due to the restrictions of the COVID-19 Emergency Measures imposed by the Government of Guyana under the provisions of the Public Health Ordinance, Cap 45.

2. To receive and consider the Report of the Directors, the Financial Statements for the year ended 31st December, 2019 and the Report of the Auditors thereon.

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

4. To elect Directors.

5. To fix remuneration of the Directors.

6. To elect Auditors and fix their remuneration.

By Order of the Board

C. Peters-Grant
Company Secretary/ Finance Controller

GTM Buildings
27-29 Robb & Hincks Streets, Georgetown
17th August, 2020

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

The appointed proxy must be a member of the Company.

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

Chairman & Board of Directors

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

Director

Management Team

MANAGING DIRECTOR	R. ST. P. YEE, BSc. (HONS), EMBA
MANAGER	R. SINGH (MRS.), BSc., Dip.Mgt.
COMPANY SECRETARY /FINANCE CONTROLLER	C. PETERS-GRANT (MS.), FCCA, IMBA
BRANCH MANAGER (AG.), ST. LUCIA	GERMAINE MAXWELL, FCII, MSc, BSc
BRANCH MANAGER, ST. VINCENT	C. CAMBRIDGE, AIAA, ACS (HONS), AIRC, Dip.Mgt (UWI)
BRANCH MANAGER, GRENADA	N. ENNIS (MS.), ACII, BSc.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their REPORT and the AUDITED FINANCIAL STATEMENTS for the year ended 31 December, 2019.

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 $396,912,957,063 with annual premiums of $1,846,882,996.

New policies, increases and reinstatements totalled $55,773,371,126: in sums insured, yielding annual premiums of $193,237,672. The amount of insurance in force at 31 December, 2019 was $429,264,424,961 with annual premiums of $1,930,739,600.

SUMMARY OF POLICIES ISSUED AND EXPIRED

	SUM INSURED	ANNUAL PREMIUMS
	G$	G$
Insurance in force at 31-12-2018	396,912,957,063	1,846,882,996
Issued during the year ended 31-12-2019	55,773,371,126	193,237,672
	452,686,328,189	2,040,120,668
Expired during the year ended 31-12-2019	23,421,903,228	109,381,068
Insurance in force at 31-12-2019	429,264,424,961	1,930,739,600

The total amount of claims paid and provided for during the year amounted to $257,338,111 net of reinsurance recoveries.

TRIENNIAL CASH PROFIT

The Directors have declared a return of 30% 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, 2019. This will result in a return to policyholders of $44,978,957 in cash.

REPORT OF THE DIRECTORS

INVESTMENTS

At the commencement of the year, the total value of investments was $5,023,701,256. The ledger value of investments purchased during the year amounted to $218,572,551 while redemptions were $216,466,227. At the 31 December 2019, securities were revalued in accordance with the Company's accounting policy, which resulted in a net increase in fair value of $1,247,194,817. The total value of investments as at 31 December 2019 was $6,273,002,397.

Certificates for the securities have been examined by the Auditors.

Mortgage Loans outstanding at 31 December, 2019 were $23,006,353.

DIVIDENDS

The Directors have approved a final dividend of 4.50% on the Preferent Scrip and First Preferred Stock, and recommend a final dividend of 4.50% on the Ordinary Scrip Capital.

DIRECTORATE

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

Mr. R. E. Cheong, AA retired and is not available for re-election.

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

Ram & McRae Chartered Accountants have retired and are eligible for 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, 2019

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of The Guyana and Trinidad Mutual Fire Insurance Company Limited, which comprise the statement of financial position as at 31 December 2019 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 summary of significant accounting policies and other explanatory information.

In our opinion, financial statements on pages 5 to 51 present fairly, in all material respects, the financial position of the Guyana and Trinidad Mutual Life Insurance Company Limited as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Ordinance No. 31 of 1880 and the Insurance Act 2016.

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 Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Ordinance No. 31 of 1880 and the Insurance Act 2016, 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report — cont'd

Auditor's Responsibilities for the Audit of the Financial Statements - cont'd

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

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

- 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 Company's internal control.

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

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

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

We 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.

Report on Other Legal and Regulatory Requirements

The Insurance Act 2016 became effective in 2018. As explained in note 49, the Company did not fully comply with the requirements of the Act.

Ram & Mc Rae
CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FiIRM

157 'C' WATERLOO STREET
GEORGETOWN
GUYANA
17th August, 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December, 2019

	Notes	2019 G$	2018 G$
REVENUE			
Insurance premiums	(5)	2,716,420,882	**2,575,273,617**
Movement in unexpired risks	(36)	(70,070,606)	**(19,937,155)**
Net insurance premiums		2,646,350,276	**2,555,336,462**
Reinsurance premiums	(5)	(482,859,735)	**(455,396,044)**
		2,163,490,541	**2,099,940,418**
Income from investments			
"Held to maturity"	(6)	59,823,795	**75,895,643**
"Loans and receivables"	(6)	4,377,051	**4,244,364**
"Available for sale"	(6)	90,729,297	**67,919,558**
Other income	(7)	1,232,044	**1,111,946**
Currency exchange (loss)	(8)	(22,666,366)	**(3,000,686)**
		2,296,986,362	**2,246,111,243**
Deduct:			
EXPENDITURE			
Claims	(9)	742,792,478	**636,735,263**
Commissions and sales expenses	(10)	299,270,369	**270,698,119**
Management expenses	(11)	494,378,296	**461,709,093**
Salaries and other staff costs	(11)	390,972,538	**379,936,628**
Pension fund contribution		746,619	**10,848,429**
Lease interest cost		728,609	**—**
Witholding and other taxes	(12)a	9,970,690	**9,512,046**
Dividends, biennial bonus and triennial profit	(13)	74,985,877	**75,492,741**
Transfer to investment reserve	(14)	954,516	**481,083**
Total expenditure		2,014,799,992	**1,845,413,402**
Profit before taxation		282,186,370	**400,697,841**
Taxation	(12)b	79,032,107	**75,918,730**
Net profit after taxation		203,154,263	**324,779,111**
OTHER COMPREHENSIVE INCOME			
Items that will not be classified to profit or loss			
Fair value gain on revaluation of property & equipment net of tax	(22)	43,080,000	—
Re-measurement of defined benefit pension plans net of tax	(24)	25,458,329	**51,762,560**
Items that may be reclassified subsequently to profit or loss			
Adjustment to fair value of investments and transfer	(33)	1,248,149,333	**1,982,473,227**
Other comprehensive income for the year net of tax		1,316,687,662	**2,034,235,787**
Total comprehensive income for the year net of tax		1,519,841,925	**2,359,014,898**

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

PROFIT OR LOSS (ANNUAL) ACCOUNT — FIRE INSURANCE

For the Year Ended 31 December, 2019

	Notes	2019 G$	2018 G$
Premiums on without profit policies and commissions		982,743,621	**895,466,376**
Income from investments		154,930,143	**148,059,565**
Other income		1,232,044	**1,111,946**
		1,138,905,808	**1,044,637,887**
Deduct:			
Claims		146,981,524	**198,272,264**
Commissions and sales expenses		197,635,113	**176,426,732**
Salaries and other staff costs		307,799,788	**274,119,554**
Management expenses		366,546,584	**343,893,489**
Taxation		(67,458,329)	**(85,389,698)**
Reinsurance		202,713,625	**189,477,894**
Pension fund contribution		8,108,879	**8,289,122**
Transfer to investment reserve	(14)	954,516	**481,083**
Interest	(15)	46,974,538	**51,494,006**
		1,210,256,238	**1,157,064,446**
Transfer from premiums on with profit policies	(16)	(71,350,430)	**(112,426,559)**

This account, made up in accordance with By-Law 17 of this Company's Ordinance of Incorporation Chapter 210, (together with the accompanying profit or loss (triennial) account) has been prepared to reflect the declaration of triennial cash profit on fire policies entitled to profit in 2020.

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

PROFIT OR LOSS (TRIENNIAL) ACCOUNT — FIRE INSURANCE

For the Year Ended 31 December, 2019

	Notes	2019 G$	2018 G$
Balance of unexpired risks reserve at beginning		22,896,235	**22,761,607**
Premiums received		150,570,720	**148,863,837**
Premiums on policies surrendered for profit		3,293,642	**2,223,047**
		176,760,597	**173,848,491**
Deduct:			
Unexpired risks reserve at end		26,830,740	**26,532,413**
Transfer to profit or loss (annual) account	(17)	138,349,479	**218,272,118**
Triennial profit 30 % (2018 - 50%)		44,978,957	**73,658,039**
		210,159,176	**318,462,570**
Transfer from other reserve		(33,398,579)	**(144,614,079)**

This account, made up in accordance with By-Laws 12-14 of this Company's Ordinance of Incorporation Chapter 210, (together with the profit or loss (annual) account) has been prepared to reflect the declaration of triennial cash profit on fire policies entitled to profit in 2020.

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December, 2019

	Note	Scrip & stock capital	Premium capital	Investment reserve	Other reserves	Dividends, biennial bonus & triennial profit	Property & equipment revaluation reserve	Total
		G$	G$	G$	G$	G$	G$	G$
-								
Balance at 1 January, 2018		**1,000,000**	**204,091,824**	**2,163,438,662**	**1,891,637,349**	**75,162,800**	**584,703,615**	**4,920,034,250**
Changes in equity 2018								
Total comprehensive income/(loss) for the year		—	(7,247,527)	1,982,473,227	380,933,807	2,855,391	—	2,359,014,898
Balance at 31 December 2018		**1,000,000**	**196,844,297**	**4,145,911,889**	**2,272,571,156**	**78,018,191**	**584,703,615**	**7,279,049,148**
Adjustment from the adoption of IFRS 16		—	—	—	(1,476,375)	—	—	(1,476,375)
Balance at 31 December 2018 - re-stated		**1,000,000**	**196,844,297**	**4,145,911,889**	**2,271,094,781**	**78,018,191**	**584,703,615**	**7,277,572,773**
Changes in equity 2019								
Total comprehensive income/(loss) for the year		—	(7,424,963)	1,248,149,333	262,719,134	(26,681,579)	43,080,000	1,519,841,925
Balance at 31 December 2019		**1,000,000**	**189,419,334**	**5,394,061,222**	**2,533,813,915**	**51,336,612**	**627,783,615**	**8,797,414,698**

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

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2019

	Notes	2019 G$	2018 G$
Assets			
Non-current assets			
Property and equipment	(18)	1,523,534,997	**1,511,465,951**
Right of use asset	(19)a	8,365,094	—
Deferred tax asset	(20)	68,618,981	**38,613,016**
Other assets			
Investments			
Held to maturity	(21)a	641,988,601	**638,621,050**
Loans and receivables	(21)b	23,006,353	**24,267,580**
Available for sale	(21)c	5,608,007,443	**4,360,812,626**
Statutory deposits	(23)	792,938,945	**785,000,315**
Retirement benefit assets	(24)	176,897,707	**146,505,540**
		8,843,358,121	**7,505,286,078**
Current assets			
Interest accrued	(25)	15,773,056	**25,885,470**
Receivables and prepayments	(26)	185,058,501	**152,226,926**
Related party recievable	(27)	169,167,810	**137,543,743**
Unexpired reinsurance premiums	(28)	15,486,927	**9,051,895**
Taxes recoverable	(39)	63,668,612	**53,892,748**
Treasury bills	(29)	554,284,120	**623,845,254**
Cash on deposit	(30)	1,075,359,729	**920,954,834**
Cash at bank		615,948,223	**521,181,005**
Cash on hand and in transit		11,103,492	**9,714,138**
		2,705,850,470	**2,454,296,013**
Total assets		11,549,208,591	**9,959,582,091**
Equity and liabilities			
Capital and reserves			
Scrip and stock capital	(31)	1,000,000	**1,000,000**
Premium capital	(32)	189,419,334	**196,844,297**
Investment reserve	(33)	5,394,061,222	**4,145,911,889**
Other reserve	(34)	2,533,813,915	**2,272,571,156**
Dividends, biennial bonus and triennial profit	(35)	51,336,612	**78,018,191**
Revaluation reserve	(22)	627,783,615	**584,703,615**
		8,797,414,698	**7,279,049,148**
Non-current liabilities			
Unexpired risks	(36)	1,350,615,938	**1,280,545,332**
Pension reserve	(37)	4,799,949	**5,292,429**
Lease liabilities	(19)b	7,227,256	—
Deferred tax liabilities	(20)	499,142,381	**476,412,024**
Retirement benefit obligations	(24)	46,124,985	**53,993,043**
		1,907,910,509	**1,816,242,828**
Current liabilities			
Lease liabilities	(19)b	2,832,407	—
Unclaimed dividends and triennial profit	(38)	70,319,001	**65,565,837**
Provision for taxation	(39)	9,923,507	**49,875,141**
Provision for claims	(40)	621,067,851	**552,518,799**
Payables and accruals	(41)	139,740,618	**185,184,091**
Bank overdraft (unsecured)	(42)	—	**11,146,247**
		843,883,384	**864,290,115**
Total equity and liabilities		11,549,208,591	**9,959,582,091**

The financial statements were approved by the Board of Directors on 17th August, 2020.
On behalf of the Board:

Chairman: **MR. R. L. SINGH,** AA

Director: **DR. L. W. VALIDUM**

Company Secretary / Finance Controller: **MS. C. PETERS-GRANT**

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

STATEMENT OF CASH FLOWS

For the Year Ended 31 December, 2019

	2019 G$	2018 G$
Operating activities		
Profit before taxation	282,186,370	**400,697,841**
Adjustments for -		
Depreciation — property and equipment	74,844,530	**78,878,500**
Depreciation — right of use asset	2,935,037	—
Dividend and interest received	(154,930,143)	**(148,059,565)**
Lease interest	728,609	—
Loss on revaluation of property and equipment	15,216,128	—
(Gain)/loss on disposal of property and equipment	(324,432)	**31,330**
Currency exchange loss	22,666,366	**3,000,686**
Operating profit before working capital changes	243,322,465	**334,548,792**
Increase in reserves	20,226,219	**83,258,850**
Increase in receivables and prepayments	(60,778,260)	**(38,315,052)**
Increase/(decrease) in unclaimed dividends and triennial profit	4,753,164	**(13,050,509)**
Increase/(decrease) in provision for claims	68,549,052	**(9,411,417)**
Decrease in payables and accruals	(45,443,473)	**(112,860,377)**
Increase in unexpired risks	70,070,606	**19,937,155**
Increase in retirement benefit assets	(30,392,167)	**(55,578,594)**
Decrease in retirement benefit obligations	(7,868,058)	**(20,080,271)**
Net cash provided by operations	262,439,548	**188,448,577**
Taxes paid	(181,727,433)	**(169,998,880)**
Net cash provided by operating activities	80,712,115	**18,449,697**
Investing activities		
Purchase of property and equipment	(32,702,760)	**(64,415,688)**
Purchase of securities	(218,572,551)	**(338,321,050)**
Net proceeds from redemption of securities	215,205,000	**132,610,829**
Proceeds from sale of property and equipment	2,697,488	**40,000**
Net mortgage repayments	1,261,227	**985,561**
Net decrease in treasury bills	69,561,134	**81,828,489**
Increase in cash on deposits	(154,404,895)	**(30,510,909)**
Increase in statutory deposits	(7,938,630)	**(8,141,661)**
Dividend and interest received	154,930,143	**148,059,565**
Net cash provided by/(used) in investing activities	30,036,156	**(77,864,864)**
Financing activities		
Acquisition of right of asset	(3,247,681)	—
Increase in lease liabilities	530,838	—
Interest paid on lease liabilities	(728,609)	—
Net cash used in financing activities	**(3,445,452)**	
Net increase)/(decrease) in cash and cash equivalents	107,302,819	**(59,415,167)**
Cash and cash equivalents at beginning of period	519,748,896	**579,164,063**
Cash and cash equivalents at end of period	627,051,715	**519,748,896**
Cash and cash equivalents consist of:		
Cash on hand, at bank and in transit	627,051,715	**530,895,143**
Bank overdraft (unsecured)	—	**(11,146,247)**
	627,051,715	**519,748,896**

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 2019 was 336 (31 December 2018 —302).

(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 19	—	Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28	—	Investment in Associates: Long Term Interest in Associates and Joint Ventures	1 January 2019
IFRS 9	—	Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
IFRS 16	—	Leases	1 January 2019
IFRIC 23	—	Uncertainty over Income Tax treatments	1 January 2019
	—	Annual Improvements to IFRS 2015-2017 Cycle	1 January 2019

IAS 19 — Employee Benefits: Plan Amendment, Curtailment or Settlement

This amendment requires an entity:
— to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and;

— to recognise in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

IFRS 9 — Financial Instruments: Prepayment Features with Negative Compensation

This amendment requires an entity:
— to measure at amortised cost particular prepayable financial assets with negative compensation through other comprehensive income instead of measuring those assets at fair value through profit or loss. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument at an amount that would be less than the unpaid principal and interest owed.

— to account for modifications or exchanges of financial liabilities that do not result in derecognition.

IFRS 16 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17. The details of accounting policies under IAS 17 are disclosed separately if they are defferent from those under IFRS 16 and the impact of changes is disclosed in note 19.

Policy applicable from April 1, 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

NOTES ON THE ACCOUNTS

(2) ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS — CONT'D

Amendments effective for the current year end — Cont'd

New and Amended Standards — Cont'd

IFRIC 23: Uncertainty over Income Tax Treatments

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

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

Pronouncements effective in future period for early adoption

New and Amended Standards			Effective for annual periods beginning on or after
IAS 1 and IAS 8	—	Definition of Material (Amendments to IAS 1 and IAS 8)	1 January 2020
IFRS 3	—	Definition of a Business (Amendments to IFRS 3)	1 January 2020
IFRS 9, IAS 39, and IFRS 7	—	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	1 January 2020
	—	Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17	—	Insurance Contracts	1 January 2023

The Company has not opted for early adoption.

IAS 1 and IAS 8 — Definition of Material (Amendments to IAS 1 and IAS 8)
The amendments:

— make the definition of material eaiser to understand by improving the explanations that accompany the definition.

— ensure that the definition of material is consistent across all IFRS.

— are not intended to alter the concept of materiality in IFRS.

IFRS 3 — Definition of a Business (Amendments to IFRS 3)
The amendments:

— clarify the definition of a business, with the aim of helping entities to determine whether a transaction should be accounted for as an asset acquisition or a business combination.

— remove the assessment of whether market participations can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs.

—` add an optional concentration test that allows the acquirer to carry out a simplified assessment to determine whether an acquired set of activities and assets is not a business.

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 2023.

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

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 under non-current liabilities.

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 re-translated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on re-translation are included in the statement of profit or loss and other comprehensive income for the period.

(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:

	2019 G$	2018 G$
Pension scheme contribution (staff)	(4,261,986)	**5,291,379**
Pension scheme contribution (sales representative)	5,008,605	**5,557,050**

In 2019, there was a refund of the Company's portion of pension contribution for the sum of $8,888,334.

Actuarial valuations for both schemes were completed at January1, 2017.

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) Unexpired risks

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.

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 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 on the books 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 or 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.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONT'D

(t) Impairment of tangible assets — Cont'd

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

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.

(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, 2018 provision for claims comprised of 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 judgment. 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

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
(5) PREMIUMS						
Property	1,525,247,549	(416,053,590)	1,109,193,959	**1,453,851,444**	**(398,452,310)**	**1,055,399,134**
Motor	1,084,532,995	(58,737,581)	1,025,795,414	**1,025,779,687**	**(52,210,555)**	**973,569,132**
Accident & liability	106,640,338	(8,068,564)	98,571,774	**95,642,486**	**(4,733,179)**	**90,909,307**
	2,716,420,882	(482,859,735)	2,233,561,147	**2,575,273,617**	**(455,396,044)**	**2,119,877,573**

	2019 G$	2018 G$
(6) INCOME FROM INVESTMENTS		
"Held to maturity"		
Stocks, bonds and debentures		
Treasury bills and fixed deposits	59,823,795	**75,895,643**
"Loans and receivables"		
Mortgages	1,635,472	**1,705,735**
Sundry loans	2,741,579	**2,538,629**
	4,377,051	**4,244,364**
"Available for sale"		
Equities	90,729,297	**67,919,558**
TOTAL	154,930,143	**148,059,565**
(7) OTHER INCOME		
Miscellaneous income	1,232,044	**1,111,946**
(8) CURRENCY EXCHANGE (LOSS)	(22,666,366)	**(3,000,686)**

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

	2019 Gross	2019 Reinsurance	2019 Net	2018 Gross	2018 Reinsurance	2018 Net
	G$	G$	G$	G$	G$	G$
Property	251,817,361	(94,028,337)	157,789,024	**271,112,434**	**(21,000,000)**	**250,112,434**
Motor	621,602,359	(49,444,512)	572,157,847	**341,174,549**	**(11,852,632)**	**329,321,917**
Accident and liability	12,845,607	—	12,845,607	**57,300,912**	—	**57,300,912**
	886,265,327	(143,472,849)	742,792,478	**669,587,895**	**(32,852,632)**	**636,735,263**

Claims paid in financial year

	2019 Gross	2019 Reinsurance	2019 Net	2018 Gross	2018 Reinsurance	2018 Net
	G$	G$	G$	G$	G$	G$
Property	354,859,701	(97,521,590)	257,338,111	**283,231,304**	**(10,020,944)**	**273,210,360**
Motor	578,457,123	(38,955,110)	539,502,013	**384,981,299**	**(15,934,496)**	**369,046,803**
Accident and liability	13,880,002	—	13,880,002	**3,889,517**	—	**3,889,517**
	947,196,826	(136,476,700)	810,720,126	**672,102,120**	**(25,955,440)**	**646,146,680**

(10) COMMISSIONS AND SALES EXPENSES

	2019 G$	2018 G$
Property	233,784,112	214,107,078
Motor	52,486,100	47,529,350
Accident and liability	13,000,157	9,061,691
	299,270,369	270,698,119

(11) MANAGEMENT EXPENSES

	2019 G$	2018 G$
Operating expenses	400,453,402	370,953,112
Depreciation — property and equipment	74,742,019	78,878,500
Depreciation — right of use asset	2,935,037	—
Directors' emoluments (a)	10,977,120	9,296,480
Auditor's remuneration	5,270,718	2,581,001
	494,378,296	461,709,093
Salaries and other staff costs	390,972,538	379,936,628

(a) Directors' emoluments

		2019 G$	2018 G$
Chairman	— R. L. Singh	2,439,360	**2,300,160**
Directors	— P. S. Fraser	1,219,680	**1,150,080**
	— E. A. Luckhoo	1,219,680	**1,150,080**
	— B. J. Harper	1,219,680	**1,150,080**
	— L. W. Validum	1,219,680	**1,150,080**
	— R. E. Cheong	1,219,680	**1,150,080**
	— G. E. Dean	1,219,680	**95,840**
Managing Director	— R. St. P. Yee	1,219,680	**1,150,080**
		10,977,120	**9,296,480**

NOTES ON THE ACCOUNTS

		2019 G$	2018 G$
(12)a	**WITHHOLDING AND OTHER TAXES**		
	Premium and stamp tax	5,385,241	**7,610,364**
	Withholding tax	4,585,449	**1,901,682**
		9,970,690	**9,512,046**
(12)b	**TAXATION**		
	Reconciliation of tax expenses and accounting profit		
	Accounting profit	282,186,370	**400,697,841**
	Corporation tax at (40%)	112,874,548	**160,279,136**
	Add:		
	Tax effect of expenses not deductible in determining taxable profits:		
	Depreciation for accounting purposes	29,896,808	**29,785,422**
	Loss on disposal of property and equipment	—	**12,532**
	Property tax	18,726,963	**16,827,939**
		161,498,319	**206,905,029**
	Deduct:		
	Tax effect of depreciation for tax purposes	(12,962,199)	**(15,581,509)**
	Gain on disposal of property and equipment	(129,773)	—
		148,406,347	**191,323,520**
	Adjustment / set off / effects of varying tax rates	(16,406,412)	**(96,304,977)**
		131,999,935	**95,018,543**
	Corporation tax (32.50% — 40%)	131,999,935	**95,018,543**
	Deferred tax (note 20)	(52,967,828)	**(19,099,813)**
		79,032,107	**75,918,730**

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.

		2019 G$	2018 G$
(13)	**DIVIDENDS, BIENNIAL BONUS AND TRIENNIAL PROFIT**		
	Ordinary scrip dividend	27,000	**24,600**
	Preferent scrip dividend	4,550	**4,100**
	First preferred stock dividend	13,500	**12,300**
	Triennial cash profit paid	74,468,884	**69,067,858**
	Biennial bonus paid	471,943	**6,383,883**
		74,985,877	**75,492,741**

NOTES ON THE ACCOUNTS

	2019 G$	2018 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.	954,516	**481,083**
(15) INTEREST		
Ordinary scrip	27,000	**24,600**
Preferent scrip	4,550	**4,100**
First preferred stock	13,500	**12,300**
Reserves	46,929,488	**51,453,006**
	46,974,538	**51,494,006**
(16) TRANSFER FROM PREMIUMS ON WITH PROFIT POLICIES		
Policies entitled to profit Dec 2018	—	**(38,215,016)**
Policies entitled to profit Dec 2019	(23,885,877)	**(35,108,768)**
Policies entitled to profit Dec 2020	(19,881,102)	**(39,102,775)**
Policies entitled to profit Dec 2021	(27,583,451)	**—**
	(71,350,430)	**(112,426,559)**
(17) TRANSFER TO PROFIT OR LOSS (ANNUAL) ACCOUNT on policies entitled to profit at December 2019		
As at 31 Dec 2016	—	**109,080,006**
As at 31 Dec 2017	79,354,834	**70,977,097**
As at 31 Dec 2018	35,108,768	**38,215,015**
As at 31 Dec 2019	23,885,877	**—**
	138,349,479	**218,272,118**

NOTES ON THE ACCOUNTS

(18) PROPERTY AND EQUIPMENT

	Land G $	Buildings G $	Furniture, computer and other equipment G $	Motor vehicles G $	Total G $
Cost/valuation					
At 1 January 2018	689,300,000	592,446,265	781,283,610	22,772,184	2,085,802,059
Additions	—	—	37,874,101	26,541,587	64,415,688
Disposals	—	—	—	(316,192)	(316,192)
At 31 December 2018	689,300,000	592,446,265	819,157,711	48,997,579	2,149,901,555
Additions	—	—	29,902,760	2,800,000	32,702,760
Disposals	—	—	—	(10,550,000)	(10,550,000)
Revaluation	72,000,000	—	—	—	72,000,000
Impairment	—	(15,416,128)	—	—	(15,416,128)
At 31 December 2019	761,300,000	577,030,137	849,060,471	41,247,579	2,228,638,187
Comprising:					
Cost	50,777,948	241,246,165	849,060,471	41,247,579	1,182,332,163
Valuation	710,522,052	335,783,972	—	—	1,046,306,024
	761,300,000	577,030,137	849,060,471	41,247,579	2,228,638,187
Depreciation:					
At 1 January 2018	—	22,574,596	520,003,729	17,223,641	559,801,966
Charge for the year	—	11,397,433	66,385,625	1,095,442	78,878,500
Written back on disposals	—	—	—	(244,862)	(244,862)
At 31 December 2018	—	33,972,029	586,389,354	18,074,221	638,435,604
Charge for the year	—	—	68,794,164	5,947,855	74,742,019
Written back on disposals	—	—	—	(8,176,944)	(8,176,944)
Adjustment	—	—	—	102,511	102,511
At 31 December 2019	—	33,972,029	655,183,518	15,947,643	705,103,190
Net book values:					
At 31 December 2018	**689,300,000**	**558,474,236**	**232,768,357**	**30,923,358**	**1,511,465,951**
At 31 December 2019	761,300,000	543,058,108	193,876,953	25,299,936	1,523,534,997

NOTES ON THE ACCOUNTS

(19) LEASES

(a) Right of use asset

The statement of financial position shows the following amounts relating to leases:

	Buildings G$
Gross carrying amount:	
At 1 January 2019	14,148,716
Additions	3,247,681
Disposal	—
At 31 December 2019	17,396,397
Depreciation:	
At 1 January 2019	6,096,266
Change for the year	2,935,037
At December 2019	9,031,303
Net carrying amount:	
At 31 December 2019	**8,365,094**

(b) Lease liabilities

	2019 G$
Current	2,832,407
Non-current	7,227,256
	10,059,663

(c) The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

Depreciation of right of use asset	2,935,037
Lease interest cost	728,609

(d) Total cash outflows for leases in 2019 were $3,976,290.

(e) The Company's leasing activities and how they are accounted for:

(i) On adoption of IFRS 16, the Company has chosen the modified retrospective approach, with the cumulative effect of the adoption being recognised as an adjustment to the opening balance of retained earnings in the statement of equity. Prior periods have not been stated.

(ii) The Company leases various offices with lease contracts typically made for a period of three (3) to five (5) years that include extension and termination options. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The lease agreements do not impose any covenants. Lease assets may not be used for borrowing purposes.

(iii) Effective January 01, 2019, leases are recognised as right of use assets and a corresponding lease liability at the date at which lease asset is available to the Company. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than twelve months, the Company has applied the optional exemptions to not recognise right of use asset but to account for lease expense on a straigh line basis over the remaining lease term.

(iv) At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using an incremental borrowing rate of 8%.

NOTES ON THE ACCOUNTS

(19) LEASES — CONT'D

(e) The Company's leasing activities and how they are accounted for: — Cont'd

(v) The Company depreciates the right of use assets on a straigh line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Company also assesses the right of use asset for impairment when such indicators exist.

(vi) Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) and variable payments based on a rate of 3%, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

(vii) Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit or loss if the right of use asset is already reduced to zero.

(20) DEFERRED TAX

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

	2019 G$	2018 G$
Deferred tax liabilities		
Property and equipment, revaluation	418,522,410	**389,802,410**
Property and equipment, timing difference	9,860,888	**28,007,398**
Retirement benefit assets	70,759,083	**58,602,216**
	499,142,381	**476,412,024**
Deferred tax assets		
Retirement benefit obligations	18,449,994	**21,597,217**
Accumulated tax losses	50,168,987	**17,015,799**
	68,618,981	**38,613,016**

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, 2018	**389,802,410**	**43,960,559**	**36,370,778**	**470,133,747**
Movement during the year:-				
Statement of profit or loss	—	(15,953,161)	1,835,575	(14,117,586)
Statement of other comprehensive income	—	—	20,395,863	20,395,863
At 31 December, 2018	**389,802,410**	**28,007,398**	**58,602,216**	**476,412,024**
Movement during the year:-				
Statement of profit or loss	—	(18,146,510)	3,320,947	(14,825,563)
Statement of other comprehensive income	28,720,000	—	8,835,920	37,555,920
At 31 December, 2019	**418,522,410**	**9,860,888**	**70,759,083**	**499,142,381**

Deferred tax assets	Accumulated tax losses G$	Retirement benefit obligations G$	Total G$
At 1 January, 2018	**18,113,974**	**29,629,325**	**47,743,299**
Movement during the year:-			
Statement of profit or loss	(1,098,175)	6,080,402	4,982,227
Statement of other comprehensive income	—	(14,112,510)	(14,112,510)
At 31 December, 2018	**17,015,799**	**21,597,217**	**38,613,016**
Movement during the year:-			
Statement of profit or loss	33,153,188	4,989,077	38,142,265
Statement of other comprehensive income	—	(8,136,300)	(8,136,300)
At 31 December, 2019	**50,168,987**	**18,449,994**	**68,618,981**

NOTES ON THE ACCOUNTS

(20) DEFERRED TAX — CONT'D

Net movements for the year

	2019 G$	2018 G$
Movements in deferred tax liabilities	(22,730,357)	**(6,278,277)**
Movements in deferred tax assets	30,005,965	**(9,130,283)**
Net movements for the year	7,275,608	**(15,408,560)**
Movements through the profit or loss account	(52,967,828)	**(19,099,813)**
Movements through statement of other comprehensive income	45,692,220	**34,508,373**
	(7,275,608)	**15,408,560**

(21) INVESTMENTS

(a) **Held to maturity**
COMMONWEALTH CARIBBEAN GOVERNMENTS

Held in trust with Insurance Regulators		
Others — Eastern Caribbean	551,988,601	**538,621,050**
Bonds and debentures	90,000,000	**100,000,000**
	641,988,601	**638,621,050**

(b) **Loans and receivables**

Mortgages	23,006,353	**24,267,580**

(c) **Available for sale**

Equity investments in Guyana	5,602,944,651	**4,350,057,435**
Equity investments in the Eastern Caribbean	5,062,792	**10,755,191**
	5,608,007,443	**4,360,812,626**

NOTES ON THE ACCOUNTS

(21) INVESTMENTS — CONT'D

(d) Details of securities

	Year of maturity	Rate of interest %	2019 G$	2018 G$
"Held to maturity"				
Guyana	2023	4.75	90,000,000	**100,000,000**
Eastern Caribbean				
Grenada	2020	5.50	17,589,000	**17,589,000**
Grenada	2023	6.00	57,200,000	**71,500,000**
St. Vincent	2022	7.50	8,937,500	**12,512,500**
St. Vincent	2026	7.00	28,600,000	**—**
St. Lucia	2019	5.00	—	**115,830,000**
St. Lucia	2019	6.00	—	**71,500,000**
St. Lucia	2020	4.50	37,321,429	**37,321,429**
St. Lucia	2020	4.50	41,105,770	**41,105,770**
St. Lucia	2020	4.50	37,321,428	**37,321,428**
St. Lucia	2021	4.50	115,830,000	**—**
St. Lucia	2022	6.25	28,957,500	**28,957,500**
St. Lucia	2023	7.50	105,480,974	**104,983,423**
St. Lucia	2026	6.50	73,645,000	**—**
			641,988,601	**638,621,050**

NOTES ON THE ACCOUNTS

(22) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	2019			2018		
	IFRS 13	Carrying value	Fair value	IFRS 13	Carrying value	Fair value
	LEVEL	G$	G$	LEVEL	G$	G$
Assets						
Investments						
Held to maturity	2	641,988,601	641,988,601	**2**	**638,621,050**	**638,621,050**
Loans and receivables	2	23,006,353	23,006,353	**2**	**24,267,580**	**24,267,580**
Statutory deposits	1	792,938,945	792,938,945	**1**	**785,000,315**	**785,000,315**
Interest accrued	2	15,773,056	15,773,056	**2**	**25,885,470**	**25,885,470**
Receivables and prepayments	2	185,058,501	185,058,501	**2**	**152,226,926**	**152,226,926**
Related party receivable	2	169,167,810	169,167,810	**2**	**137,543,743**	**137,543,743**
Unexpired reinsurance premiums	2	15,486,927	15,486,927	**2**	**9,051,895**	**9,051,895**
Taxes recoverable	2	63,668,612	63,668,612	**2**	**53,892,748**	**53,892,748**
Treasury bills	1	554,284,120	554,284,120	**1**	**623,845,254**	**623,845,254**
Cash on deposit	1	1,075,359,729	1,075,359,729	**1**	**920,954,834**	**920,954,834**
Cash at bank	1	615,948,223	615,948,223	**1**	**521,181,005**	**521,181,005**
Cash on hand and in transit	1	11,103,492	11,103,492	**1**	**9,714,138**	**9,714,138**
		4,163,784,369	4,163,784,369		**3,902,184,958**	**3,902,184,958**
Liabilities						
Pension reserve	2	4,799,949	4,799,949	**2**	**5,292,429**	**5,292,429**
Provision for claims	2	621,067,851	621,067,851	**2**	**552,518,799**	**552,518,799**
Payables and accruals	2	139,740,618	139,740,618	**2**	**185,184,091**	**185,184,091**
Bank overdraft (unsecured)	1	—	—	**1**	**11,146,247**	**11,146,247**
Unclaimed dividends and triennial profit	2	70,319,001	70,319,001	**2**	**65,565,837**	**65,565,837**
Provision for taxation	2	9,923,507	9,923,507	**2**	**49,875,141**	**49,875,141**
		845,850,926	845,850,926		**869,582,544**	**869,582,544**

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

(22) 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	**2019** **G$**	**2018** **G$**
Net book value	1,523,534,997	**1,511,465,951**

On December 31, 2019, 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 $43,080,000 and was recognised through other comprehensive income for that year. The revaluation surplus net of deferred tax of G$627,783,615 (2018 — $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$258,052,084 (2018 — G$273,268,212).

Investments **Available for sale**	**2019** **G$**	**2018** **G$**
Level 1	—	**1,724,580**
Level 2	5,608,007,443	**4,359,088,046**
	5,608,007,443	**4,360,812,626**

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).

	2019 **G$**	**2018** **G$**
(23) STATUTORY DEPOSITS	792,938,945	**785,000,315**

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

(24) DEFINED BENEFIT ASSETS / OBLIGATIONS

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 obligations and the related current service cost to comply with IAS 19 were measured by the Actuaries as at December 31, 2019. The projected unit method was used as required by IAS 19.

	2019		2018	
	Sales reps. plan	Staff plan	Sales reps. plan	Staff plan
	G$	G$	G$	G$
Amounts recognised in the statement of financial position				
Fair value of plan assets	250,223,469	595,486,115	**224,050,494**	**502,461,112**
Present value of obligations	296,348,454	305,132,607	**278,043,538**	**287,606,384**
Fund status asset/(liability)	(46,124,985)	290,353,508	**(53,993,043)**	**214,854,728**
Effect of asset ceiling	—	(113,455,801)	—	**(68,349,188)**
Net defined benefit asset/(liability)	(46,124,985)	176,897,707	**(53,993,043)**	**146,505,540**
Reconciliation of amounts recognised in the statement of financial position				
Opening benefit asset/(liability)	(53,993,043)	146,505,540	**(74,073,314)**	**90,926,946**
Net pension cost	(21,266,972)	(774,049)	**(23,267,734)**	**(3,946,357)**
Contributions paid	8,794,281	9,076,416	**8,066,729**	**8,535,294**
Re-measurements recognised in other comprehensive income	20,340,749	22,089,800	**35,281,276**	**50,989,657**
Closing defined benefit asset/(liability)	(46,124,985)	176,897,707	**(53,993,043)**	**146,505,540**
Plan assets at fair value				
At beginning of year	224,050,495	502,461,112	**170,392,520**	**386,467,647**
Actual return on plan assets	31,256,053	102,381,749	**45,644,542**	**127,840,693**
Employer contributions	8,794,281	9,076,416	**8,066,729**	**8,535,294**
Employee contributions	5,630,796	2,902,886	**4,710,641**	**2,767,120**
Benefit payments	(19,508,156)	(21,336,048)	**(4,763,938)**	**(23,149,642)**
	250,223,469	595,486,115	**224,050,495**	**502,461,112**
Benefit obligations				
At beginning of year	278,043,538	287,606,384	**244,465,834**	**295,540,701**
Current service cost	18,328,953	8,123,157	**19,283,647**	**8,493,743**
Interest cost	14,013,467	14,122,569	**12,704,050**	**14,479,816**
Employee contributions	5,630,796	2,902,886	**4,710,641**	**2,767,120**
Actuarial (gain) / loss	(160,144)	13,713,659	**1,643,304**	**(10,525,353)**
Benefit payments	(19,508,156)	(21,336,048)	**(4,763,939)**	**(23,149,642)**
	296,348,454	305,132,607	**278,043,538**	**287,606,384**

NOTES ON THE ACCOUNTS

(24) DEFINED BENEFIT ASSETS / OBLIGATIONS — CONT'D

The major categories of plan assets are as follows:

	2019		2018	
	Sales reps. plan	Staff plan	Sales reps. plan	Staff plan
	G$	G$	G$	G$
Investments	434,209,091	600,071,899	**390,519,757**	**502,910,149**
Current liabilities	—	(7,617,874)	—	**12,284,961**
Cash	79,051,011	7,168,837	**61,869,813**	**7,168,837**
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	2019	2018
	G$	G$
Opening value of plans' assets	146,505,540	**90,926,946**
Opening value of plans' liabilities	(53,993,043)	**(74,073,314)**
Closing value of plans' assets	176,897,707	**146,505,540**
Closing value of plans' liabilities	(46,124,985)	**(53,993,043)**
Net movements for the year	38,260,225	**75,658,865**
Recognised through the statement of profit or loss account (note a)	(4,170,324)	**(10,612,068)**
Recognised in other comprehensive income (note b)	42,430,549	**86,270,933**
	38,260,225	**75,658,865**
(b) Amounts recognised in other comprehensive income net of 40% deferred tax.	25,458,329	**51,762,560**

(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.

NOTES ON THE ACCOUNTS

	2019 G$	2018 G$
(25) INTEREST ACCRUED		
Fixed deposits	4,505,211	**4,592,136**
Stocks, bonds and debentures	5,728,363	**13,767,715**
Treasury bills	5,539,482	**7,525,619**
	15,773,056	**25,885,470**
(26) RECEIVABLES AND PREPAYMENTS		
Receivables	219,585,316	**185,423,989**
Less: provision for bad debts	(41,901,783)	**(41,901,783)**
	177,683,533	**143,522,206**
Prepayments	7,374,968	**8,704,720**
	185,058,501	**152,226,926**

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

	2019 G$	2018 G$
(27) RELATED PARTY RECEIVABLE		
This amount represents the balance due from GTM Life Insurance Company Limited for shared costs.	169,167,810	**137,543,743**
(28) UNEXPIRED REINSURANCE PREMIUMS		
Property	8,409,654	**6,438,934**
Accident and liability	7,248,883	**2,784,571**
	15,658,537	**9,223,505**
Unexpired reinsurance commissions	(171,610)	**(171,610)**
	15,486,927	**9,051,895**

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

NOTES ON THE ACCOUNTS

(29) TREASURY BILLS

	Average interest rates %	2019 G$	2018 G$
Grenada	3.27	158,530,085	**231,199,754**
St. Lucia	4.49	338,837,690	**207,964,860**
St. Vincent	1.99	56,916,345	**184,680,640**
		554,284,120	**623,845,254**

(30) CASH ON DEPOSIT

	Average interest rates %	2019 G$	2018 G$
Short term deposit accounts	1.03	298,887,312	**137,870,703**
Fixed deposits	0.38	776,472,417	**783,084,131**
		1,075,359,729	**920,954,834**

(31) SCRIP AND STOCK CAPITAL

	2019 G$	2018 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.

(32) PREMIUM CAPITAL

	2019 G$	2018 G$
Policies entitled to profit Dec 2019	—	**123,896,287**
Policies entitled to profit Dec 2020	113,254,392	**62,846,954**
Policies entitled to profit Dec 2021	69,936,320	—
Subtotal (i)	183,190,712	**186,743,241**
St. Lucia bonus policies (A)	6,228,622	—
St. Lucia bonus policies (B)	—	**10,101,056**
Subtotal (ii)	6,228,622	**10,101,056**
Total	189,419,334	**196,844,297**

(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

	2019 G$	2018 G$
(33) INVESTMENT RESERVE		
Balance at 1 January	4,145,911,889	**2,163,438,662**
Movement in reserves for the year:		
Movements due to fair value revaluations	1,247,194,817	**1,981,992,144**
Transfer to investment reserve	954,516	**481,083**
Net movements in investment reserve for the year	1,248,149,333	**1,982,473,227**
Balance at 31 December	5,394,061,222	**4,145,911,889**

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.

(34) OTHER RESERVES

Sundry reserve	2,533,813,915	**2,272,571,156**
	2,533,813,915	**2,272,571,156**

This represents retained earnings.

(35) DIVIDENDS, BIENNIAL BONUS AND TRIENNIAL PROFIT

Ordinary scrip dividend	27,000	**27,000**
Preferent scrip dividend	4,500	**4,500**
First preferred stock dividend	13,500	**13,500**
Triennial cash profit	44,978,957	**73,658,039**
Biennial bonus	6,312,655	**4,315,152**
	51,336,612	**78,018,191**

(36) UNEXPIRED RISKS

At 1 January	1,280,545,332	**1,260,608,177**
Movements for the year	70,070,606	**19,937,155**
At 31 December	1,350,615,938	**1,280,545,332**

This represents a special reserve held so that in the event of a winding up shall be available for the refund of premiums on policies expired or re-insurance risk of current policies.

(37) PENSION RESERVE

At 1 January	5,292,429	**5,784,909**
Movements for the year	(492,480)	**(492,480)**
At 31 December	4,799,949	**5,292,429**

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

NOTES ON THE ACCOUNTS

	2019 G$	2018 G$
(38) UNCLAIMED DIVIDENDS AND TRIENNIAL PROFIT		
Ordinary scrip dividend	115,102	**98,380**
Preferent scrip dividend	18,101	**15,441**
First preferred stock dividend	47,433	**40,499**
Triennial cash profit	70,138,365	**65,411,517**
	70,319,001	**65,565,837**

(39) TAXATION PAYABLE/(RECOVERABLE)

	2019 G$	2018 G$
Taxation payable	9,923,507	**49,875,141**
Taxation recoverable	(63,668,612)	**(53,892,748)**

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.

(40) PROVISION FOR CLAIMS

	2019 G$	2018 G$
Property	304,648,128	**310,168,878**
Motor	474,303,536	**392,203,190**
Accident and liability	96,967,519	**98,001,914**
	875,919,183	**800,373,982**
Provisions for recoveries	(254,851,332)	**(247,855,183)**
	621,067,851	**552,518,799**

(41) PAYABLES AND ACCRUALS

	2019 G$	2018 G$
Sundry payables	99,382,869	**149,120,325**
Accruals	40,357,749	**36,063,766**
	139,740,618	**185,184,091**

(42) BANK OVERDRAFT (UNSECURED)

	Interest (p.a)	2019 G$	2018 G$
Republic Bank (Guyana) Ltd. current account	17.0%	—	**11,146,247**

(43) 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

(44) 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

	2019 G$	2018 G$
Costs incurred and shared by The Guyana and Trinidad Mutual Life Insurance Company Limited for the year.	204,365,234	**276,177,625**
Costs incurred and shared with The Guyana and Trinidad Mutual Life Insurance Company Limited for the year.	167,906,309	**147,029,058**
Net balance due from The Guyana and Trinidad Mutual Life Insurance Company Limited for shared costs.	169,167,810	**137,543,743**
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**
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	**3,037,467**
Investment in The Guyana and Trinidad Mutual Fire Insurance Company Limited	100,000	**100,000**

(b) Key management personnel

(i) Compensation
The Company's 8 (2018 - 8) key management personnel comprise 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.

	2019	2018
Short term benefits	35,227,751	**33,550,239**
(ii) Directors' emoluments — 8 directors (2018 — 8)	10,977,120	**9,296,480**
(iii) Car loan to executive manager	—	**182,361**

NOTES ON THE ACCOUNTS

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

2019	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	TOTAL
Assets	G$	G$	G$	G$	G$
Cash resources	—	—	—	1,702,411,444	1,702,411,444
Investments	641,988,601	23,006,353	5,608,007,443	—	6,273,002,397
Statutory deposits	—	—	—	792,938,945	792,938,945
Treasury bills	—	—	—	554,284,120	554,284,120
Receivables and prepayments	—	185,058,501	—	—	185,058,501
Others	—	15,773,056	—	248,323,349	264,096,405
	641,988,601	223,837,910	5,608,007,443	3,297,957,858	9,771,791,812
Liabilities					
Pension reserves	—	—	—	4,799,949	4,799,949
Unclaimed dividends and triennial profits	—	—	—	70,319,001	70,319,001
Payables and accruals	—	—	—	139,740,615	139,740,618
Others	—	—	—	1,981,607,296	1,981,607,296
	—	—	—	2,196,466,864	2,196,466,864

2018	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	TOTAL
Assets	G$	G$	G$	G$	G$
Cash resources	—	—	—	1,451,849,977	1,451,849,977
Investments	638,621,050	24,267,580	4,360,812,626	—	5,023,701,256
Statutory deposits	—	—	—	785,000,315	785,000,315
Treasury bills	—	—	—	623,845,254	623,845,254
Receivables and prepayments	—	152,226,926	—	—	152,226,926
Others	—	25,885,470	—	200,488,386	226,373,856
	638,621,050	202,379,976	4,360,812,626	3,061,183,932	8,262,997,584
Liabilities					
Pension reserves	—	—	—	5,292,429	5,292,429
Unclaimed dividends and triennial profits	—	—	—	65,565,837	65,565,837
Payables and accruals	—	—	—	185,184,091	185,184,091
Others	—	—	—	1,882,939,272	1,882,939,272
Bankdraft (unsecured)	—	—	—	11,146,247	11,146,247
	—	—	—	2,150,127,876	2,150,127,876

NOTES ON THE ACCOUNTS

(46) 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

(46) 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	
		2019	**2018**
Cash and cash equivalents		**G$M**	**G$M**
Local currency	+/-50	4.00	3.77
Foreign currencies	+/-50	9.55	8.95

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

(46) 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:

2019		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	0.70	1,075,359,730	—	—	627,051,715	1,702,411,445
Investments	5.10	649,514,720	444,513,001	102,245,000	5,608,007,443	6,804,280,164
Mortgages	6.00	844,669	5,179,103	16,982,581	—	23,006,353
Statutory deposits	1.19	—	792,938,945	—	—	792,938,945
Receivables and prepayments	12.00	145,230,413	39,642,228	185,860	—	185,058,501
Others		—	—	—	264,096,405	264,096,405
		1,870,949,532	1,282,273,277	119,413,441	6,499,155,563	9,771,791,813
Liabilities						
Pension reserve		—	—	—	4,799,949	4,799,949
Unclaimed dividends and triennial profit		—	—	—	70,319,001	70,319,001
Payables and accruals		—	—	—	139,740,618	139,740,618
Other		—	—	—	1,981,607,296	1,981,607,296
		—	—	—	2,196,466,864	2,196,466,864
Interest sensitivity gap		1,870,949,532	1,282,273,277	119,413,441		

NOTES ON THE ACCOUNTS

(46) FINANCIAL RISK MANAGEMENT — CONT'D

(a) Market risk - cont'd

(iii) Interest rate risk — cont'd

2018		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	920,954,834	—	—	530,895,143	1,451,849,977
Investments	5.10	592,060,764	670,405,540	—	4,360,812,626	5,623,278,930
Mortgages	6.00	1,680,763	6,010,535	16,576,282	—	24,267,580
Statutory deposits	1.19	—	785,000,315	—	—	785,000,315
Receivables and prepayments	12.00	152,226,926	—	—	—	152,226,926
Others		—	—	—	226,373,856	226,373,856
		1,666,923,287	1,461,416,390	16,576,282	5,118,081,625	8,262,997,584
Liabilities						
Pension reserve		—	—	—	5,292,429	5,292,429
Unclaimed dividends and triennial profit		—	—	—	65,565,837	65,565,837
Payables and accruals		—	93,244,008	—	91,940,083	185,184,091
Other		—	—	—	1,882,939,272	1,882,939,272
Bank overdraft (unsecured)		11,146,247	—	—	—	11,146,247
		11,146,247	93,244,008	—	2,045,737,621	2,150,127,876
Interest sensitivity gap		1,655,770,040	1,368,172,382	16,576,282		

NOTES ON THE ACCOUNTS

(46) 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:-

2019	£ Sterling	US$	EC$	TT$	Total G$ equivalent
Assets	1,378,365	2,470,949	25,194,101	660,231	**2,716,524,561**
Liabilities	—	—	3,057,959	—	**218,664,050**

2018	£ Sterling	US$	EC$	TT$	Total G$ equivalent
Assets	1,372,551	1,908,231	26,675,547	660,231	**2,713,399,415**
Liabilities	—	—	1,864,671	—	**133,323,962**

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
2019 Profit	11.6	15.6	60.6	0.6	**88.4**
2018 Profit	**11.5**	**12.1**	**61.2**	**0.6**	85.4

NOTES ON THE ACCOUNTS

(46) 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$
2019						
Assets						
Mortgages	—	206,362	638,307	5,179,103	16,982,581	23,006,353
Securities	—	17,589,000	115,748,626	406,405,975	5,710,252,443	6,249,996,044
Statutory deposits	—	—	—	792,938,945	—	792,938,945
Interest accrued	15,773,056	—	—	—	—	15,773,056
Receivables and prepayments	124,074,180	17,532,069	3,624,164	39,642,228	185,860	185,058,501
Related party receivable	169,167,810	—	—	—	—	169,167,810
Unexpired reinsurance premiums	—	15,486,927	—	—	—	15,486,927
Taxes recoverable	—	—	63,668,612	—	—	63,668,612
Treasury bills	—	165,403,273	350,773,820	38,107,027	—	554,284,120
Cash on deposit	1,075,359,729	—	—	—	—	1,075,359,729
Cash at bank	615,948,223	—				615,948,223
Cash on hand and in transit	11,103,492	—	—	—	—	11,103,492
	2,011,426,490	216,217,631	534,453,529	1,282,273,278	5,727,420,884	9,771,791,812
Liabilities						
Unexpired risks	—	—	—	—	1,350,615,938	1,350,615,938
Pension reserve	—	—	—	—	4,799,949	4,799,949
Unclaimed dividends and triennial profit	70,319,001	—	—	—	—	70,319,001
Taxation	—	9,923,507	—	—	—	9,923,507
Claims	621,067,851	—	—	—	—	621,067,851
Payables and accruals	—	139,740,618	—	—	—	139,740,618
	691,386,852	149,664,125	—	—	1,355,415,887	2,196,466,864
Net assets	**1,320,039,638**	**66,553,506**	**534,453,529**	**1,282,273,278**	**4,372,004,997**	**7,575,324,948**

NOTES ON THE ACCOUNTS

(46) 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$
2018						
Assets						
Mortgages	—	427,578	1,253,185	6,010,535	16,576,282	24,267,580
Securities	—	115,830,000	71,500,000	451,291,050	4,360,812,626	4,999,433,676
Statutory deposits	—	—	—	785,000,315	—	785,000,315
Interest accrued	25,885,470	—	—	—	—	25,885,470
Receivables and prepayments	3,121,372	73,644,927	45,164,722	30,110,045	185,860	152,226,926
Related party receivable	137,543,743	—	—	—	—	137,543,743
Unexpired reinsurance premiums	—	9,051,895	—	—	—	9,051,895
Taxes recoverable	—	—	53,892,748	—	—	53,892,748
Treasury bills	—	203,071,898	201,658,866	219,114,490	—	623,845,254
Cash on deposit	920,954,834	—	—	—	—	920,954,834
Cash at bank	521,181,005	—				521,181,005
Cash on hand and in transit	9,714,138	—	—	—	—	9,714,138
	1,618,400,562	402,026,298	373,,469,521	1,491,526,435	4,377,574,768	8,262,997,584
Liabilities						
Unexpired risks	—	—	—	—	1,280,545,332	1,280,545,332
Pension reserve	—	—	—	—	5,292,429	5,292,429
Unclaimed dividends and triennial profit	65,565,837	—	—	—	—	65,565,837
Taxation	—	49,875,141	—	—	—	49,875,141
Claims	552,518,799	—	—	—	—	552,518,799
Payables and accruals	—	91,940,083	—	93,244,008	—	185,184,091
Bank overdraft (unsecured)	11,146,247	—	—	—	—	11,146,247
	629,230,883	141,815,224	—	93,244,008	1,285,837,761	2,150,127,876
Net assets	**989,169,679**	**260,211,074**	**373,469,521**	**1,398,282,427**	**3,091,737,007**	**6,112,869,708**

NOTES ON THE ACCOUNTS

(46) 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:

	2019 G$ Maximum exposure	2018 G$ Maximum exposure
Investments (i)	6,249,996,044	**4,999,433,676**
Loans and recievables (ii)	23,006,353	**24,267,580**
Interest accrued (iii)	15,773,056	**25,885,470**
Receivables and prepayments (iv)	185,058,501	**152,226,926**
Related party receivable (v)	169,167,810	**137,543,743**
Unexpired reinsurance premiums (vi)	15,486,927	**9,051,895**
Statutory deposits (vii)	792,938,945	**785,000,315**
Treasury bills (viii)	554,284,120	**623,845,254**
Cash and cash equivalents (ix)	1,702,411,444	**1,451,849,977**
Taxes recoverable (x)	63,668,612	**53,892,748**
Total credit risk exposure	9,771,791,812	**8,262,997,584**

Receivables balances are classified as follows:

Current	177,683,533	**143,522,206**
Impaired	41,901,783	**41,901,783**
	219,585,316	**185,423,989**

(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$23,006,353 (2018 — G$24,267,580) that comprise of 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 25, interest accrued 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 and prepayments 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 $41,901,783 was reflected as at December 31, 2019, (2018 — $41,901,783).

NOTES ON THE ACCOUNTS

(46) FINANCIAL RISK MANAGEMENT — CONT'D

(c) Credit risk - cont'd

(v) Related party receivable represents net balance due from The Guyana and Trinidad Mutual Life Insurance Company Limited for shared costs. The Company has a sound capital base and management continuously monitors this account.

(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.

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

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

	2019 G$	2018 G$
120 + days	41,901,783	**41,901,783**
Provision for impairment - individually assessed	41,901,783	**41,901,783**

NOTES ON THE ACCOUNTS

(47) INSURANCE RISK

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

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

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

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

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

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

NOTES ON THE ACCOUNTS

(47) INSURANCE RISK — cont'd

Claims Development — cont'd

The table shows the Company's gross claims development history over an eight year period:

	2012	2013	2014	2015	2016	2017	2018	2019	Total
	G$	G$	G$	G$	G$	G$	G$	G$	G$
Gross estimates of cummulative claims cost									
At the end year of claims	471,760,784	682,568,668	397,338,986	564,616,813	827,730,547	289,864,186	276,334,500	323,019,346	
One year later	472,351,028	695,566,928	399,410,986	582,495,658	835,509,390	289,864,186	292,812,364	—	
Two years later	471,171,278	727,167,297	404,270,685	582,495,658	852,648,655	297,298,686	—	—	
Three years later	479,180,708	727,622,037	404,270,685	582,795,658	855,032,505	—	—	—	
Four years later	479,716,958	731,260,314	404,870,685	588,108,882	—	—	—	—	
Five years later	479,716,958	732,556,670	403,970,332	—	—	—	—	—	
Six years later	479,816,958	732,914,170	—	—	—	—	—	—	
Seven years later	479,459,458	—	—	—	—	—	—	—	
Current estimate of cummulative claims cost	**479,459,458**	**732,914,170**	**403,970,332**	**588,108,882**	**855,032,505**	**297,298,686**	**292,812,364**	**323,019,346**	**3,972,615,743**
Cummulative payments	(452,114,452)	(708,200,035)	(375,609,068)	(543,060,678)	(794,465,707)	(169,467,599)	(153,640,934)	—	(3,196,558,473)
Adjustments	—	(4,433,000)	(1,430,000)	—	—	—	—	—	(5,863,000)
Outstanding claims	**27,345,006**	**20,281,135**	**26,931,264**	**45,048,204**	**60,566,798**	**127,831,087**	**139,171,430**	**323,019,346**	**770,194,270**
Outstanding claims 2011 and prior	105,724,914	—	—	—	—	—	—	—	105,724,914
Total gross outstanding claims	**133,069,920**	**20,281,135**	**26,931,264**	**45,048,204**	**60,566,798**	**127,831,087**	**139,171,430**	**323,019,346**	**875,919,184**

The table shows the Company's net claims development history over an eight year period after adjusting for reinsurance recoveries:

	2012	2013	2014	2015	2016	2017	2018	2019	Total
	G$	G$	G$	G$	G$	G$	G$ G$	G$	G$
Net estimates of cummulative claims cost									
At the end year of claims	274,466,064	132,182,056	268,063,994	242,967,149	304,170,415	263,341,543	247,277,355	268,479,904	
One year later	426,611,726	685,157,028	365,574,699	388,180,836	787,681,774	271,635,217	280,811,152	—	
Two years later	448,324,089	709,822,756	370,498,194	552,662,943	802,236,166	272,139,217	—	—	
Three years later	456,802,817	719,368,421	393,315,232	558,269,046	840,368,049	—	—	—	
Four years later	462,944,795	725,055,838	397,684,027	562,451,902	—	—	—	—	
Five years later	466,837,753	726,483,740	396,780,099	—	—	—	—	—	
Six years later	468,182,460	726,841,240	—	—	—	—	—	—	
Seven years later	467,834,925	—	—	—	—	—	—	—	
Current estimate of cummulative claims cost	**467,834,925**	**726,841,240**	**396,780,099**	**562,451,902**	**840,368,049**	**272,139,217**	**280,811,152**	**268,479,904**	**3,815,696,488**
Cummulative payments	(452,114,452)	(708,200,035)	(375,609,068)	(543,060,678)	(794,465,707)	(169,467,599)	(153,640,934)	—	(3,196,558,473)
Adjustments	—	(4,433,000)	(1,430,000)	—	—	—	—	—	(5,863,000)
Outstanding claims	**15,710,473**	**14,208,205**	**19,741,031**	**19,391,224**	**45,902,342**	**102,671,618**	**127,170,218**	**268,479,904**	**613,275,015**
Outstanding claims 2011 and prior	7,792,836	—	—	—	—	—	—	—	7,792,836
Total net outstanding claims	**23,503,309**	**14,208,205**	**19,741,031**	**19,391,224**	**45,902,342**	**102,671,618**	**127,170,218**	**268,479,904**	**621,067,851**

NOTES ON THE ACCOUNTS

(48) 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.

The following is an analysis by the respective segments:

	2019			
	Property	**Motor**	**Accident & liability**	**Total**
	G$	**G$**	**G$**	**G$**
Revenue				
Gross premiums	1,525,247,549	1,084,532,995	106,640,338	2,716,420,882
Movement in unexpired risks	(39,344,058)	(27,975,740)	(2,750,808)	(70,070,606)
Less reinsurance premiums	(416,053,590)	(58,737,581)	(8,068,564)	(482,859,735)
Net premiums	1,069,849,901	997,819,674	95,820,966	2,163,490,541
Income from investment	86,991,976	61,855,971	6,082,195	154,930,143
Other income	691,782	491,894	48,367	1,232,044
Currency exchange loss	(12,726,974)	(9,048,563)	(889,765)	(22,666,366)
	1,144,806,685	1,051,117,976	101,061,699	2,296,986,362
Deduct:				
Expenditure				
Claims	157,789,024	572,157,847	12,845,607	742,792,478
Commissions and sales expenses	233,784,112	52,486,100	13,000,157	299,270,369
Salaries and other staff costs	219,527,802	156,096,068	15,348,668	390,972,538
Management expenses	277,875,862	197,380,891	19,408,137	494,378,296
Pension fund contribution	746,619	—	—	746,619
Lease interest cost	728,609	—	—	728,609
Withholding and other taxes	9,970,690	—	—	9,970,690
Dividends, bonus and triennial profit	74,985,877	—	—	74,985,877
Transfer to investment reserve	954,516	—	—	954,516
	976,076,517	978,120,906	60,602,569	2,014,799,992
Profit before taxation	168,730,168	72,997,070	40,459,130	282,186,370
Taxation				79,032,107
Profit after taxation				203,154,263

NOTES ON THE ACCOUNTS

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

The following is an analysis by the respective segments:

	2018			
	Property	**Motor**	**Accident & liability**	**Total**
	G$	**G$**	**G$**	**G$**
Revenue				
Gross premiums	1,453,851,444	1,025,779,687	95,642,486	2,575,273,617
Movement in unexpired risks	(11,255,372)	(7,941,342)	(740,441)	(19,937,155)
Less reinsurance premiums	(398,452,310)	(52,210,555)	(4,733,179)	(455,396,044)
Net premiums	1,044,143,762	965,627,790	90,168,866	2,099,940,418
Income from investment	83,585,919	58,974,896	5,498,750	148,059,565
Other income	627,741	442,909	41,296	1,111,946
Currency exchange loss	(1,694,015)	(1,195,229)	(111,442)	(3,000,686)
	1,126,663,407	1,023,850,366	95,597,470	2,246,111,243
Deduct:				
Expenditure				
Claims	250,112,434	329,321,917	57,300,912	636,735,263
Commissions and sales expenses	214,107,078	47,529,350	9,061,691	270,698,119
Salaries and other staff costs	214,490,379	151,335,871	14,110,378	379,936,628
Management expenses	260,654,412	183,907,374	17,147,306	461,709,093
Pension fund contribution	10,848,429	—	—	10,848,429
Withholding and other taxes	9,512,046	—	—	9,512,046
Dividends, bonus and triennial profit	75,492,471	—	—	75,492,741
Transfer to investment reserve	481,083	—	—	481,083
	1,035,698,602	712,094,512	97,620,287	1,845,413,402
Profit before taxation	90,964,805	311,755,854	(2,022,817)	400,697,841
Taxation				75,918,730
Profit after taxation				324,779,111

NOTES ON THE ACCOUNTS

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

	2019			
	Property	Motor	Accident & liability	Total
	G$	G$	G$	G$
Assets	6,467,556,811	4,619,683,436	461,968,344	**11,549,208,591**
Liabilities	1,535,447,416	1,096,748,154	109,674,815	**2,741,870,385**
Unallocated liabilities	—	—	—	**9,923,507**

	2018			
	Property	Motor	Accident & liability	Total
	G$	G$	G$	G$
Assets	5,577,365,971	3,983,832,836	398,383,284	**9,959,582,091**
Liabilities	1,473,168,369	1,052,263,121	105,226,312	**2,630,657,802**
Unallocated liabilities	—	—	—	**49,875,141**

(49) INSURANCE ACT 2016

The Insurance Act 2016 became effective in 2018. Part XIV section 171 of the Act relates to the statutory fund and refers to the Regulations made under the Insurance Act 2016, which also became effective in 2018.

Part 4 of the Regulations stipulate the statutory fund's composition, limits and other requirements including investments. The areas of non-compliance are as listed.

Category limits
As stated in part 4 number 33 of the Regulations; "the category limits of investments for statutory fund requirements shall be as set out in Schedule 3." Schedule 3 specifies a maximum of 20% of the statutory fund for shares of Corporations in Guyana. At present, 88% of the statutory fund represents investment in shares of Corporations in Guyana.

Management is currently in the process of resolving this issue.

(50) APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Directors on 17th August, 2020.