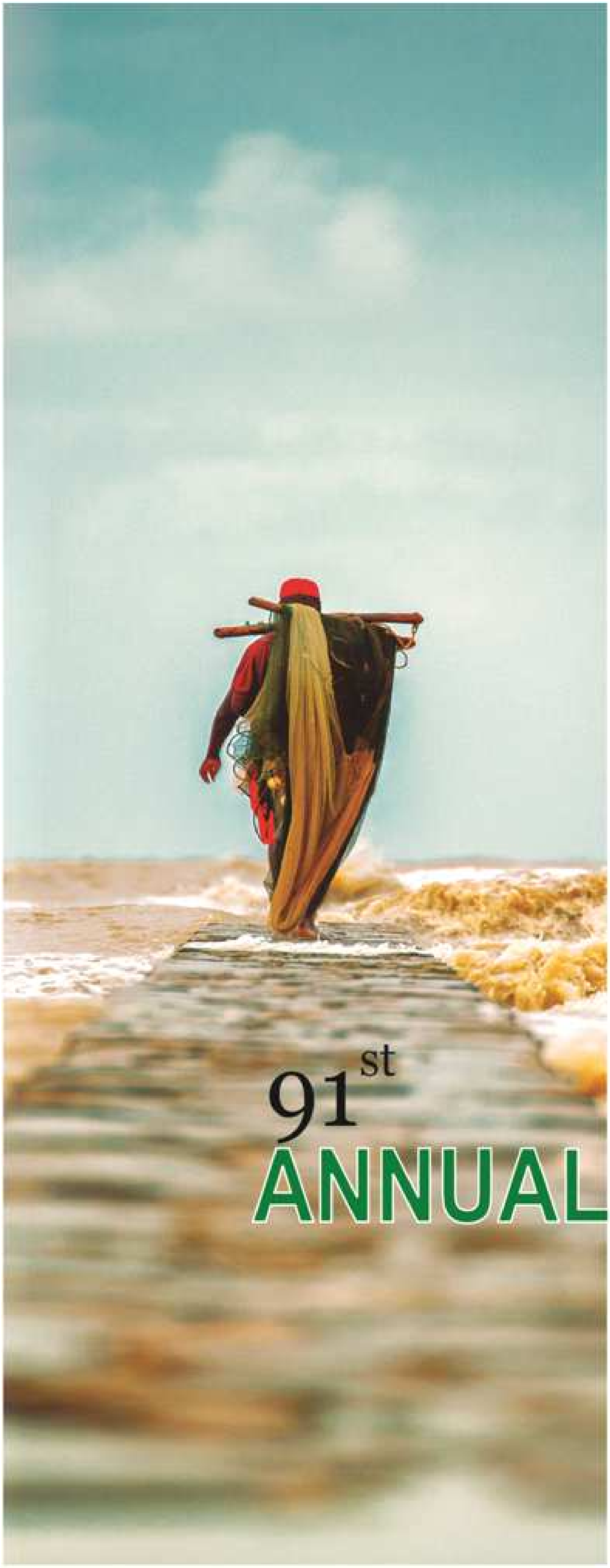

The Guyana and Trinidad Mutual Life Insurance Company Limited

91st ANNUAL REPORT 2015

Notice of Meeting

The **Ordinary General Meeting of Members** will be held at 16:45 hours on Wednesday, 18th May, 2016 at the Georgetown Club, 208 Camp Street, Georgetown.

AGENDA

1. To receive and consider the Report of the Directors, the Accounts for the year ended 31st December, 2015 and the Report of the Auditors thereon.

2. To elect Directors.

3. To fix remuneration of the Directors.

4. To elect Auditors and fix their remuneration.

BY ORDER OF THE BOARD

Company Secretary/
Finance Controller

GTM Buildings
27-29 Robb & Hincks Streets
Georgetown
26th April, 2016

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

The appointed proxy must be a member of the Company.

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

Chairman & Board of Directors

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

Management Team

MANAGING DIRECTOR	R. ST. P. YEE, B.Sc.(Hons), E.M.B.A
MANAGER (AG.)	S. INNISS-HOYTE (Mrs.), B.Sc.(Econ), F.L.M.I., A.C.S
COMPANY SECRETARY/FINANCE CONTROLLER	K. GOBERDHAN, F.C.C.A
ACCOUNTANT/ASSISTANT COMPANY SECRETARY	C. PETERS-GRANT, A.C.C.A
GROUP SALES MANAGER	Major I. ALLI
ASSISTANT MANAGER (AG.), HEALTH, GROUP & ANNUITIES PRODUCTS DEPARTMENT	P. PERSAUD (Mrs), R.N., B.S.N
BRANCH MANAGER, ST. LUCIA	M. FONTENELLE, L.U.T.C.F., F.L.M.I., A.C.S., P.M.P
BRANCH MANAGER, ST. VINCENT	C. CAMBRIDGE, A.I.A.A., A.C.S(Hons), A.I.R.C., Dip.Mgt (UWI)
BRANCH MANAGER, GRENADA	J. MC CUTCHEON (Mrs.), M.B.A

Report of the Directors

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

All amounts stated are in Guyana dollars.

INSURANCE IN FORCE
At the commencement of the year, after adjustments including adjustment for the change in currency exchange rates there were 12,583 policies in force insuring $60,257,112,471 with annual premiums of $694,167,765. During the year 1,486 policies were issued insuring $12,009,803,750 with annual premiums of $145,433,750. At 31 December 2015, there were 13,237 policies in force insuring $66,410,585,166 including bonus additions, yielding annual premiums of $776,473,750.

GROUP LIFE
At 31 December 2015, there were 89 group plans in force with annual premiums of $132,904,627 insuring a total sum of $18,584,557,505.

HEALTH INSURANCE
At 31 December 2015, there were 128 group plans and 2,162 individual plans with annual premiums of $702,826,998.

ACCIPROTECT
At 31 December 2015, there were 1,311 policies insuring $2,586,637,510 with annual premiums of $5,406,725.

ACTUARIAL LIABILITIES
Actuarial Liabilities at 31 December 2015 were valued were $4,007,923,274.

CLAIMS
Total claims paid and provided for during the year amounted to $523,994,878. Death claims in respect of 27 policies totaled $67,957,079 net of reinsurance; endowments matured required $53,213,553; payments under annuity policies were $11,815,540; disability benefits $1,077; and health insurance benefits paid amounted to $391,007,629. Since inception of the Company, the total net claims paid and provided for amounted to $5,375,110,798.

INVESTMENTS
The ledger value of investments purchased during the year amounted to $194,401,252 while redemptions were $30,513,074. Gross receipts on equity investment disposed of during the year were $262,318,012. At 31 December 2015, securities were revalued in accordance with the Company's accounting policy, which resulted in a net decrease in fair value of $89,913,618.

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

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

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

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

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Guyana and Trinidad Mutual Life Insurance Company Limited, which comprise the statement of financial position as at 31 December 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 3 to 41.

Directors'/ Management's Responsibility for the Financial Statements

The Directors / Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

The Insurance Act 1998 came into effect in December 2002. As explained in Note 40, the Company did not fully comply with all the requirements of the Act.

TSD, Lal & Co.
CHARTERED ACCOUNTANTS

77 BRICKDAM
STABROEK
GEORGETOWN
GUYANA
20th April, 2016

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December, 2015

	Notes	2015 G$	2014 G$
REVENUE			
Insurance premiums	(5)	1,588,263,984	**1,428,054,086**
Reinsurance premiums		(123,055,870)	**(110,438,793)**
		1,465,208,114	**1,317,615,293**
Income from investments			
"Held to maturity"		95,002,532	**118,283,242**
"Loans and receivables"		33,591,555	**28,508,189**
"Available for sale"		58,221,176	**57,967,896**
	(6)	186,815,263	**204,759,327**
Other income	(7)	274,898,305	**12,515,471**
Currency translation adjustment	(8)	(20,017,681)	**(1,269,411)**
		1,906,904,001	**1,533,620,680**
***Deduct:* EXPENDITURE**			
Benefits:			
Claims	(9)	523,994,878	**499,929,710**
Surrenders	(10)	156,870,764	**176,189,883**
		680,865,642	**676,119,593**
Expenses:			
Commissions and sales expenses	(11)	199,963,485	**159,464,496**
Salaries and other staff costs	(12)	116,744,956	**124,303,375**
Management expenses	(12)	235,540,878	**216,133,697**
Loss on revaluation	(15)	73,520,376	—
Taxation	(13)	13,581,412	**30,552,309**
		639,351,107	**530,453,877**
Total Expenditure		1,320,216,749	**1,206,573,470**
Net surplus before movement in Actuarial Liabilities		586,687,252	**327,047,210**
Movement in Actuarial Liabilities	(14)	(257,870,410)	**(220,443,148)**
Net Profit after tax		328,816,842	**106,604,062**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		—	**2,220,262**
Write back of investment reserve on disposal of shares		(276,622,997)	**—**
Fair value loss on investments		(89,913,618)	**(92,985,443)**
Items that may not be reclassified subsequently to profit or loss			
Fair value net gain on revaluation of properties	(15)	166,021,547	—
Other comprehensive income for the year net of tax		(200,515,068)	**(90,765,181)**
Total comprehensive income for the year		128,301,774	**15,838,881**

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

Statement of Changes in Equity

For the Year Ended 31 December, 2015

	Guarantee Capital G $	Investment Reserve G $	Revaluation Reserve G $	Retained Earnings G $	Total G$
Balance at 1 January 2014	**100,000**	**1,841,067,228**	**138,635,746**	**435,643,633**	**2,415,446,607**
Changes in equity 2014					
Total Comprehensive Income for the year	—	(92,985,443)	—	108,824,324	15,838,881
Balance at 31 December 2014	**100,000**	**1,748,081,785**	**138,635,746**	**544,467,957**	**2,431,285,488**
Changes in equity 2015					
Total Comprehensive Income for the year	—	(366,536,615)	166,021,547	328,816,842	128,301,774
Balance at 31 December 2015	**100,000**	**1,381,545,170**	**304,657,293**	**873,284,799**	**2,559,587,262**

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

Statement of Financial Position

As at 31 December, 2015

	Notes	2015 G $	2014 G$
Assets			
Non-current assets			
Property and equipment	(15)	1,051,821,331	**951,481,751**
Other assets			
Investments			
Held to maturity	16(a)	398,693,434	**380,716,227**
Loans and receivables	16(b)	500,545,531	**467,947,376**
Available for sale	16(c)	1,588,988,056	**1,956,536,292**
Segregated funds' assets	(18)	564,631,791	**914,017,207**
Statutory deposits	(19)	283,118,984	**167,152,284**
		4,387,799,127	**4,837,851,137**
Current assets			
Unexpired reinsurance premiums (net of commission)	(20)	58,611,215	**51,180,095**
Premiums outstanding	(21)	68,173,556	**58,001,429**
Accrued and unpaid interest	(22)	35,394,946	**36,029,701**
Debtors and prepayments	(23)	160,123,746	**151,221,136**
Tax recoverable	(32)	2,377,116	**1,859,187**
Treasury bills	(24)	549,140,759	**400,330,624**
Cash on deposit	(25)	2,988,269,342	**2,808,972,151**
Cash at bank		417,030,780	**254,660,975**
Cash on hand and in transit		4,522,054	**5,738,909**
		4,283,643,514	**3,767,994,207**
Total Assets		8,671,442,641	**8,605,845,344**
Equity and liabilities			
Capital and reserves			
Guarantee capital	(26)	100,000	**100,000**
Investment reserve	(27)	1,381,545,170	**1,748,081,785**
Revaluation reserve	(15)	304,657,293	**138,635,746**
Retained earnings		873,284,799	**544,467,957**
		2,559,587,262	**2,431,285,488**
Non-current liabilities			
Actuarial liabilities	(14)	4,007,923,274	**3,750,052,864**
Sundry reserve	(28)	6,718,511	**1,711,695**
Deposit administration fund	(29)	1,129,827,999	**1,068,524,741**
		5,144,469,784	**4,820,289,300**
Current liabilities			
Claims admitted and intimated (net of amounts recoverable from reinsurers)	(30)	95,385,318	**73,736,737**
Segregated funds' liabilities	(18)	564,631,791	**914,017,207**
Claims option deposits	(31)	2,952,745	**2,934,872**
Taxation	(32)	26,667,898	**41,255,122**
Premiums received in advance	(33)	11,161,851	**32,883,169**
Creditors and accruals	(34)	178,684,252	**161,649,025**
Due to The Guyana and Trinidad Mutual Fire Insurance Company Ltd.	(35)	11,787,815	**59,750,377**
Unearned premiums	(36)	69,194,477	**61,858,224**
Unexpired risk	(37)	6,919,448	**6,185,823**
		967,385,595	**1,354,270,556**
Total equity and liabilities		8,671,442,641	**8,605,845,344**

The financial statements were approved by the Board of Directors on 20th April, 2016
On behalf of the Board:

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

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

Statement of Cash Flows

For the Year Ended 31 December, 2015

	2015 G$	2014 G$
Operating activities		
Profit before taxation	342,398,254	**137,156,372**
Adjustments for:		
Depreciation	6,704,912	**6,821,966**
Gain on disposal of fixed assets	(97,282)	**—**
Loss on revaluation of property	73,520,376	**—**
Dividends and interest received	(186,815,263)	**(204,759,327)**
Loss on exchange	20,017,681	**1,269,411**
Operating profit/(loss) before working capital changes	255,728,678	**(59,511,578)**
(Decrease)/ increase in reserves	(20,017,681)	**950,851**
Increase in deposit administration fund	61,303,258	**84,968,548**
Increase/(decrease) in sundry reserve	5,006,816	**(176,796)**
Decrease/(increase) in receivables & prepayments	323,514,314	**(214,258,871)**
(Decrease)/increase in liabilities	(114,427,327)	**346,205,129**
Net cash provided by operations	511,108,058	**158,177,283**
Taxes paid	(28,686,565)	**(33,452,953)**
Net cash provided by operating activities	482,421,493	**124,724,330**
Investing activities		
Purchase of fixed assets	(15,947,539)	**(26,621,682)**
Proceeds on sale of fixed assets	1,501,500	**—**
(Acquisition)/redemption of investments	(16,965,586)	**98,572,459**
Decrease in policy and other loans	4,595,675	**15,552,643**
Increase in treasury bills	(148,810,135)	**(174,106,016)**
Mortgage disbursements	(37,193,830)	**(62,745,772)**
Increase in statutory deposits	(115,966,700)	**(36,600,047)**
Dividends and interest received	186,815,263	**204,759,327**
Net cash (used in)/provided by investing activities	(141,971,352)	**18,810,912**
Net increase in cash and cash equivalents	340,450,141	**143,535,242**
Cash and cash equivalents at beginning of period	3,069,372,035	**2,925,836,793**
Cash and cash equivalents at end of period	3,409,822,176	**3,069,372,035**
Cash and cash equivalents consist of:		
Cash on deposit, at bank, on hand and in transit	3,409,822,176	**3,069,372,035**

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

Notes on the Accounts

1. INCORPORATION AND ACTIVITIES

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

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Effective for the current period

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

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions
Amends IAS 19 Employee Benefits to clarify the applicable discount rates to be used in a regional market.

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

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

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

Notes on the Accounts

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

Pronouncements effective in future periods

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

The Company has not opted for early adoption.

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

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

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

Notes on the Accounts

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

New and Amended Standards — cont'd

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

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

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

Disclosure Initiative (Amendments to IAS 1)

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

Annual Improvements 2012 - 2014 Cycle

Make amendments to the following standards:

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

IFRS 7 — Financial Instruments: Disclosures

IFRS 9 — Financial Instruments

IAS 34 — Interim Financial Reporting

IFRS 9 - Financial Instrument

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

1. The presentation of fair value gains and losses attributable to changes in the credit risk of financial assets and liabilities designated at fair value through profit or loss, the requirements for which an entity may apply early without applying the other requirements of IFRS 9; and

2. Hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

The standard contains specific transitional provisions for:

i) Classification and measurement of financial assets;

ii) impairment of financial assets; and

iii) hedge accounting

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

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Accounting convention

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

The principal accounting policies are set out below:

b) Revenue recognition

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

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

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

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

c) Reinsurance

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

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

d) Claims

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

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

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

e) Maturities

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

f) Commissions and allowances

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

g) Operating expenses

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

h) Taxation

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

i) Fixed assets and depreciation

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

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

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

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

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

No depreciation is provided on land and buildings.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

i) Fixed assets and depreciation - cont'd

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

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

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.

j) Financial investments

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

The Company classifies its investment portfolio into the following categories: "held to maturity investment", "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 properties and loans and are stated at amortised cost.

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

k) Impairment of tangible assets

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

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

k) Impairment of tangible assets - cont'd

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

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.

i) Trade receivables

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

ii) Bank borrowings

Interest bearing bank loans and overdrafts are recognised at amortised cost.

iii) Trade payables

Trade payables are recognised at amortised cost.

iv) Cash and cash equivalents

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

v) Derecognition

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

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

m) Actuarial liabilities

Actuarial valuations for the Company are done at the end of each financial year. Changes in the actuarial liabilities are recognised through the statement of profit or loss and other comprehensive income for the period.
In the valuation, the appointed Actuary considers all of the policies on the Company's record at the end of the year and applies such actuarial assumptions as outlined in note 42.

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—cont'd

n) Unearned premiums

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

o) Unexpired risk

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

p) Claims option deposits

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

q) Segregated funds

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

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

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

The Company earns fees for the administration of these schemes.

r) Reserves

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

Retained earnings represent the accumulated profits of the Company.

s) Foreign currencies

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

t) Assets under management

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

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

u) Pension plan

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

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

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

Contributions for the year were as follows:

	2015 G$	2014 G$
Pension scheme contribution (staff)	2,526,464	**3,702,029**
Pension scheme contribution (insurance advisors)	6,876,022	**5,420,737**

Actuarial valuations for both schemes were completed at January 01, 2014.

v) Insurance contracts — recognition and measurement

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

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

- *Short-term insurance contracts*

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

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

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

Notes on the Accounts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — cont'd

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes on the Accounts

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

i) Available for sale financial assets

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

ii) Held to maturity financial assets

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

iii) Useful lives of property, plant and equipment

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives of these assets should remain the same.

iv) Other financial assets

In determining the fair value of the investment in the absence of an active market, the directors estimate the likelihood of impairment by using discounted cash flows.

v) Trade and other receivables

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

vi) Actuarial liabilities

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

vii) Provision for claims

Provision for claims comprised claims notified but not settled at December 31, 2015. This provision is arrived at after taking into account all known facts up to the reporting date. While management believes that the liability carried at the reporting date is adequate any deviation in the actual cost of the claims would result in the recognition of an additional surplus or deficit in subsequent financial years.

Notes on the Accounts

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
5. PREMIUMS						
Life	880,561,167	121,638,370	758,922,797	**792,549,172**	**109,021,292**	**683,527,880**
Health	704,244,498	1,417,500	702,826,998	**630,786,404**	**1,417,501**	**629,368,903**
Annuities	3,458,319	—	3,458,319	**4,718,510**	**—**	**4,718,510**
	1,588,263,984	123,055,870	1,465,208,114	**1,428,054,086**	**110,438,793**	**1,317,615,293**

	2015	2014
	G$	G$
6. INCOME FROM INVESTMENTS		
Held to maturity		
Bonds and debentures	28,403,048	**42,300,864**
Fixed deposits	46,155,495	**53,723,249**
Treasury bills	20,443,989	**22,259,129**
	95,002,532	**118,283,242**
Loans and receivables		
Mortgages	7,106,692	**2,916,678**
Policy loans	15,225,389	**15,495,713**
Other loans	4,732,394	**3,568,718**
The Guyana and Trinidad Mutual Fire Insurance Company Limited	6,527,080	**6,527,080**
	33,591,555	**28,508,189**
Available for sale		
Equities	58,221,176	**57,967,896**
TOTAL	186,815,263	**204,759,327**
7. OTHER INCOME		
Miscellaneous income	13,591,915	**12,515,471**
Gain on sale of equity investment (i)	261,306,390	**—**
Total	274,898,305	**12,515,471**

(i) Included in this amount is a gain on the sale of equity investment amounting to $249,536,692 to the Guyana and Trinidad Mutual Fire Insurance Company Limited.

8. CURRENCY TRANSLATION ADJUSTMENT

	2015	2014
Loss on exchange	(20,017,681)	**(1,269,411)**

These differences arose as a result of conversion at the date of the financial statements, of monetary assets and liabilities that are denominated in foreign currencies, and transaction differences for the year.

Notes on the Accounts

	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
9. CLAIMS						
Life - Death claims	103,398,949	35,441,870	67,957,079	**299,290,439**	**223,298,273**	**75,992,166**
- Maturities	53,213,553	—	53,213,553	**66,587,655**	**—**	**66,587,655**
- Disability benefits	1,077	—	1,077	**102,548**	**—**	**102,548**
Health	391,007,629	—	391,007,629	**348,501,283**	**—**	**348,501,283**
Annuities	11,815,540	—	11,815,540	**8,746,058**	**—**	**8,746,058**
	559,436,748	35,441,870	523,994,878	**723,227,983**	**223,298,273**	**499,929,710**
Claims Paid in the Financial year						
Life - Death claims	273,582,074	223,980,286	49,601,788	**99,765,550**	**31,360,177**	**68,405,373**
- Maturities	60,977,115	—	60,977,115	**61,023,626**	**—**	**61,023,626**
- Disability benefits	1,077	—	1,077	**102,548**	**—**	**102,548**
Health	379,950,777	—	379,950,777	**356,552,515**	**—**	**356,552,515**
Annuities	11,815,540	—	11,815,540	**8,746,058**	**—**	**8,746,058**
	726,326,583	223,980,286	502,346,297	**526,190,297**	**31,360,177**	**494,830,120**

	2015	2014
	G$	G$
10. SURRENDERS		
Surrenders including surrender of bonuses	156,870,764	**176,189,883**
11. COMMISSIONS AND SALES EXPENSES		
Life	125,966,596	**91,320,860**
Health	73,820,671	**67,971,352**
Annuities	176,218	**172,284**
	199,963,485	**159,464,496**

Notes on the Accounts

	2015 G$	2014 G$
12. MANAGEMENT EXPENSES		
Depreciation	6,704,912	**6,821,966**
Actuarial fees	7,519,528	**7,236,522**
Directors' emoluments - note (a)	8,870,400	**9,424,800**
Auditors' remuneration	1,850,000	**1,750,000**
Operating expenses	210,596,038	**190,900,409**
	235,540,878	**216,133,697**
Salaries and other staff costs	116,744,956	**124,303,375**

Note (a) Directors' emoluments

			2015 G$	2014 G$
Chairman	—	R. L. Singh	2,217,600	**2,217,600**
Directors	—	P. S. Fraser	1,108,800	**1,108,800**
	—	E. A. Luckhoo	1,108,800	**1,108,800**
	—	B. J. Harper	1,108,800	**1,108,800**
	—	R. E. Cheong	1,108,800	**1,108,800**
	—	L. W. Validum	1,108,800	**1,108,800**
	—	R. L. Jordon (resigned wef 30th June, 2014)	—	**554,400**
Managing Director	—	R. St. P. Yee	1,108,800	**1,108,800**
			8,870,400	**9,424,800**

	2015 G$	2014 G$
13. TAXATION		
Corporation tax (varying rates)	9,886,317	**29,383,751**
Stamp tax	2,034,870	**1,125,603**
Withholding tax	1,660,225	**42,955**
	13,581,412	**30,552,309**

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

	2015 G$	2014 G$
14. ACTUARIAL LIABILITIES		
Balance at beginning	3,750,052,864	**3,529,609,716**
Net movement in actuarial liabilities	257,870,410	**220,443,148**
Balance at end	4,007,923,274	**3,750,052,864**

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

Notes on the Accounts

15. NON-CURRENT ASSETS

	Land	Buildings	Furniture, equipment	Motor vehicles	2015 Total	2014 Total
	G$	G$	G$	G$	G$	G$
Cost/valuation						
At 1 January	572,320,457	334,555,299	120,547,575	3,575,000	1,030,998,331	**1,004,376,648**
Additions	9,735,440	—	6,212,099	—	15,947,539	**26,621,683**
Revaluation	163,937,757	2,083,790	—	—	166,021,547	—
Impairment	—	(73,520,376)	—	—	(73,520,376)	—
Disposal	—	—	—	(3,575,000)	(3,575,000)	—
At 31 December	745,993,654	263,118,713	126,759,674	—	1,135,872,041	**1,030,998,331**
Comprising:						
Cost	536,523,244	167,931,830	126,759,674	—	831,214,748	**892,362,585**
Valuation	209,470,410	95,186,883	—	—	304,657,293	**138,635,746**
	745,993,654	263,118,713	126,759,674	—	1,135,872,041	**1,030,998,331**
Depreciation						
At 1 January	—	—	77,345,798	2,170,782	79,516,580	**72,694,614**
Charge for the year	—	—	6,704,912	—	6,704,912	**6,821,966**
Written back on disposal	—	—	—	(2,170,782)	(2,170,782)	—
At 31 December	—	—	84,050,710	—	84,050,710	**79,516,580**
Net book values						
At 31 December 2015	745,993,654	263,118,713	42,708,964	—	1,051,821,331	
At 31 December 2014	572,320,457	334,555,299	43,201,777	1,404,218		**951,481,751**

Notes on the Accounts

16. INVESTMENTS

	2015 G $	2014 G $
(a) Held to Maturity		
Eastern Caribbean	391,543,434	**366,926,789**
Guyana	7,150,000	**13,789,438**
	398,693,434	**380,716,227**
(b) Loans and receivables		
Mortgages	154,238,583	**117,044,753**
Policy loans	253,062,940	**257,658,615**
The Guyana and Trinidad Mutual Fire Insurance Company Limited	93,244,008	**93,244,008**
	500,545,531	**467,947,376**
(c) Available for sale		
Equity investments in Guyana	1,560,595,674	**1,928,143,910**
Equity investments in Grenada	28,392,382	**28,392,382**
	1,588,988,056	**1,956,536,292**

Notes on the Accounts

16. INVESTMENTS — cont'd

(d) Details of Securities

	Year of Maturity	Rate of Interest	2015 G$	2014 G$
"Held to maturity"				
Eastern Caribbean				
Dominica	2034	3.50%	3,575,000	**3,575,000**
St. Lucia	2015	6.00%	—	**38,610,000**
St. Lucia	2016	7.25%	55,843,695	**55,843,695**
St. Lucia	2017	7.50%	3,575,000	**3,575,000**
St. Lucia	2017	5.50%	77,220,000	**—**
St. Lucia	2018	6.50%	42,900,000	**42,900,000**
St. Lucia	2019	6.95%	50,050,000	**50,050,000**
St. Lucia	2022	7.40%	71,500,000	**71,500,000**
St. Vincent	2016	7.50%	14,358,094	**14,358,094**
St. Vincent	2016	8.00%	4,596,626	**13,789,438**
St. Vincent	2017	7.50%	7,150,000	**11,440,000**
St. Vincent	2018	6.50%	7,150,000	**7,150,000**
St. Vincent	2021	7.00%	14,300,000	**14,300,000**
St. Vincent	2022	7.50%	32,805,916	**37,852,958**
St. Vincent	2022	7.50%	13,669,103	**15,772,042**
Total			398,693,434	**380,716,227**

Notes on the Accounts

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	2015			2014		
	IFRS 13	Carrying Value	Fair Value	IFRS 13	Carrying Value	Fair Value
	LEVEL	G$	G$	LEVEL	G$	G$
Assets						
Investments						
Held to maturity	2	398,693,434	398,693,434	**2**	**380,716,227**	**380,716,227**
Loans and receivables	2	500,545,531	500,545,531	**2**	**467,947,376**	**467,947,376**
Segregated funds' assets	2	564,631,791	564,631,791	**2**	**914,017,207**	**914,017,207**
Statutory deposits	2	283,118,984	283,118,984	**2**	**167,152,284**	**167,152,284**
Treasury bills	2	549,140,759	549,140,759	**2**	**400,330,624**	**400,330,624**
Cash resources	2	3,409,822,176	3,409,822,176	**2**	**3,069,372,035**	**3,069,372,035**
Other financial assets	2	324,680,579	324,680,579	**2**	**298,291,548**	**298,291,548**
		6,030,633,254	6,030,633,254		**5,697,827,301**	**5,697,827,301**
Lliabilities						
Actuarial liabilities	2	4,007,923,274	4,007,923,274	**2**	**3,750,052,864**	**3,750,052,864**
Deposit administration fund	2	1,129,827,999	1,129,827,999	**2**	**1,068,524,741**	**1,068,524,741**
Claims admitted and intimated (net of amounts recoverable from reinsurers)	2	95,385,318	95,385,318	**2**	**73,736,737**	**73,736,737**
Segregated funds' liabilities	2	564,631,791	564,631,791	**2**	**914,017,207**	**914,017,207**
Claims option deposits	2	2,952,745	2,952,745	**2**	**2,934,872**	**2,934,872**
Taxation	2	26,667,898	26,667,898	**2**	**41,255,122**	**41,255,122**
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	2	11,787,815	11,787,815	**2**	**59,750,377**	**59,750,377**
Other financial liabilities	2	265,960,028	265,960,028	**2**	**262,576,241**	**262,576,241**
		6,105,136,868	6,105,136,868		**6,172,848,161**	**6,172,848,161**

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

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

"Loans and receivables"

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

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

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

Notes on the Accounts

17. FAIR VALUE OF FINANCIAL INSTRUMENTS - cont'd

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

Assets carried at fair value

	2015 G$	2014 G$
Property, Plant and Equipment		
Net Book Value	1,051,821,331	**951,481,751**

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

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

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

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

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

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

If no revaluation of land and buildings was done, the net book value of land and buildings would have been approximately G$704,455,074 (2014 — $768,240,010).

	2015 G $	2014 G$
Investments		
Availavle for Sale		
Level 1	1,724,580	**1,724,580**
Level 2	1,587,263,476	**1,954,811,712**
	1,588,988,056	**1,956,536,292**

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

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

Notes on the Accounts

	2015 G$	2014 G$
18. SEGREGATED FUNDS' ASSETS/LIABILITIES		
Equity investments	89,839,182	**87,544,182**
Cash on deposits	474,792,609	**826,473,025**
	564,631,791	**914,017,207**

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

	2015 G$	2014 G$
19. STATUTORY DEPOSITS	283,118,984	**167,152,284**

These are deposits with Insurance Regulators.

	2015 G$	2014 G$
In addition to the foregoing, these assets are held in trust to the order of the Insurance Regulators:	3,790,017,332	**3,353,820,760**

	2015 G$	2014 G$
20. UNEXPIRED REINSURANCE PREMIUMS		
Unexpired reinsurance premiums	58,640,101	**51,222,531**
Unearned reinsurance commissions	(28,886)	**(42,436)**
	58,611,215	**51,180,095**

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

	2015 G$	2014 G$
21. PREMIUMS OUTSTANDING		
Life	27,743,638	**28,964,335**
Health	40,429,918	**29,037,094**
	68,173,556	**58,001,429**

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

	2015 G$	2014 G$
22. ACCRUED AND UNPAID INTEREST		
Bonds	8,831,003	**7,368,267**
Deposits	18,204,828	**21,551,650**
Treasury bills	8,359,115	**7,109,784**
	35,394,946	**36,029,701**

	2015 G$	2014 G$
23. DEBTORS AND PREPAYMENTS		
Prepayments	2,444,657	**1,124,603**
Other debtors	157,679,089	**150,096,533**
	160,123,746	**151,221,136**

These comprise securities pending redemption, loans to insurance advisors and staff, and other sundry debtors.

Notes on the Accounts

	2015 G$	2014 G$
24. TREASURY BILLS		
Dominica	7,035,600	**7,035,600**
Grenada	200,744,019	**187,703,132**
St. Lucia	341,361,140	**205,591,892**
	549,140,759	**400,330,624**
25. CASH ON DEPOSIT		
Short term deposit accounts	327,862,474	**175,625,495**
Fixed deposits	2,660,406,868	**2,633,346,656**
	2,988,269,342	**2,808,972,151**

The interest rates on fixed deposit and short term deposit accounts are at varying rates from 1% to 4.5%.

	2015 G$	2014 G$
26. GUARANTEE CAPITAL	100,000	**100,000**

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

	2015 G$	2014 G$
27. INVESTMENT RESERVE		
Balance at beginning	1,748,081,785	**1,841,067,228**
Write back of investment reserve on disposal of shares	(276,622,997	**—**
Movements due to fair value revaluations	(89,913,618)	**(92,985,443)**
Balance at end	1,381,545,170	**1,748,081,785**

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

	2015 G$	2014 G$
28. SUNDRY RESERVE		
Balance at beginning	1,711,695	**1,888,491**
Movements for the year	5,006,816	**(176,796)**
Balance at end	6,718,511	**1,711,695**

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

Notes on the Accounts

	2015 G$	2014 G$
29. DEPOSIT ADMINISTRATION FUND		
Balance at beginning	1,068,524,741	**983,556,193**
Contributions received plus interest	164,711,083	**182,144,862**
Refund of contributions, charges, claims and benefits	(103,407,825)	**(97,176,314)**
Balance at end	1,129,827,999	**1,068,524,741**

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

	2015 G$	2014 G$
30. CLAIMS ADMITTED AND INTIMATED		
Life - Death claims	146,130,796	**316,313,922**
- Maturities	21,616,679	**29,380,241**
Health	19,958,417	**8,901,564**
	187,705,892	**354,595,727**
Outstanding reinsurance recoveries	(92,320,574)	**(280,858,990)**
	95,385,318	**73,736,737**
31. CLAIMS OPTION DEPOSITS	2,952,745	**2,934,872**

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

	2015 G$	2014 G$
32. TAXATION PAYABLE /(RECOVERABLE)		
Corporation tax — Payable	26,667,898	**41,255,122**
Corporation tax — Recoverable	(2,377,116)	**(1,859,187)**
33. PREMIUMS RECEIVED IN ADVANCE		
Life	10,023,553	**12,797,518**
Health	1,138,298	**20,085,651**
	11,161,851	**32,883,169**

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

Notes on the Accounts

	2015 G$	2014 G$
34. CREDITORS AND ACCRUALS		
Sundry creditors	112,324,837	**113,265,137**
Accruals	66,359,415	**48,383,888**
	178,684,252	**161,649,025**

	2015 G$	2014 G$
35. AMOUNTS DUE TO THE GUYANA AND TRINIDAD MUTUAL FIRE INSUARNCE COMPANY LIMITED	11,787,815	**59,750,377**

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

36. UNEARNED PREMIUMS

	2015 G$	2014 G$
Balance at beginning	61,858,224	**63,469,906**
Increase/(decrease) in provision	7,336,253	**(1,611,682)**
Balance at end	69,194,477	**61,858,224**

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

37. UNEXPIRED RISK

	2015 G$	2014 G$
Balance at beginning	6,185,823	**6,346,992**
Increase/(decrease) in provision	733,625	**(161,169)**
Balance at end	6,919,448	**6,185,823**

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

Notes on the Accounts

38. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The Company shares a common Chairman and Board of Directors with The Guyana and Trinidad Mutual Fire Insurance Company Limited. In Guyana, the staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are emploloyed 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.

	2015 G$	2014 G$
Transactions with related company		
Cost incurred and shared with The Guyana and Trinidad Mutual Fire Insurance Company Limited for the year.	161,471,332	**168,422,988**
Cost incurred and shared by The Guyana and Trinidad Mutual Fire Insurance Company Limited for the year.	178,448,818	**170,941,016**
Net Balance due to The Guyana and Trinidad Mutual Fire Insurance Company Limited for shared costs.	11,787,815	**59,750,377**
Long term loan to The Guyana and Trinidad Mutual Fire Insurance Company Limited. Interest is charged at 7.00% per annum. Repayable in the year 2019.	93,244,008	**93,244,008**
Proceeds on sale of equity investment to The Guyana and Trinidad Mutual Fire Insurance Company Limited.	250,548,312	—
The Company's fixed assets are insured by The Guyana and Trinidad Mutual Fire Insurance Company Limited.		
Insurance coverage	567,338,860	**494,750,558**
Premiums for the year	3,273,578	**2,801,755**
Key management personnel		
The Company's 8 (2014 - 9) key management personnel comprises its Managing Director and Executive Managers. The remuneration paid during the year to Executive Managers is included among the costs shared by The Guyana and Trinidad Mutual Fire Insurance Company Limited.		
Short term benefits	17,367,713	**16,472,018**
Directors' emoluments — 7 Directors (2014 — 8)	8,870,400	**9,424,800**

Notes on the Accounts

39. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	2015 TOTAL	2014 TOTAL
	G$	G$	G$	G$	G$	G $
Assets						
Cash resources	—	—	—	3,409,822,176	3,409,822,176	**3,069,372,035**
Investments	398,693,434	500,545,531	1,588,988,056	—	2,488,227,021	**2,805,199,895**
Segregated funds' assets	—	—	—	564,631,791	564,631,791	**914,017,207**
Treasury bills	—	—	—	549,140,759	549,140,759	**400,330,624**
Statutory deposits	—	—	—	283,118,984	283,118,984	**167,152,284**
Debtors	—	—	—	160,123,746	160,123,746	**151,221,136**
Others	—	—	—	164,556,833	164,556,833	**147,070,412**
	398,693,434	500,545,531	1,588,988,056	5,131,394,289	7,619,621,310	
2014	**380,716,227**	**467,947,376**	**1,956,536,292**	**4,849,163,698**		**7,654,363,593**
Liabilities						
Actuarial liabilities	—	—	—	4,007,923,274	4,007,923,274	**3,750,052,864**
Deposit administration fund	—	—	—	1,129,827,999	1,129,827,999	**1,068,524,741**
Claims admitted and intimated	—	—	—	95,385,318	95,385,318	**73,736,737**
Segregated funds' liabilities	—	—	—	564,631,791	564,631,791	**914,017,207**
Creditors	—	—	—	178,684,252	178,684,252	**161,649,025**
Others	—	—	—	135,402,745	135,402,745	**206,579,282**
	—	—	—	6,111,855,379	6,111,855,379	
2014	—	—	—	**6,174,559,856**		**6,174,559,856**

Notes on the Accounts

40. INSURANCE ACT 1998

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

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

41. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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

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

		Impact on surplus for year	
		2015	**2014**
	Increase/decrease in basis points	**G$M**	**G$M**
Cash and cash equivalents			
Local currency	+/-50	3.89	3.53
Foreign currencies	+/-50	15.00	14.13

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

Notes on the Accounts

41. 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 liablilties are listed below:

2015

	Average interest rate	Maturing Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total
	%	G$	G$	G$	G$	G$
Assets						
Cash resources	2.20	2,988,269,342	—	—	421,552,834	3,409,822,176
Investments	2.15	549,140,759	491,937,442	—	1,588,988,056	2,630,066,257
Segregated funds' assets		—	564,631,791	—	—	564,631,791
Statutory deposits	2.04	—	283,118,984	—	—	283,118,984
Policy loans	6.20	—	253,062,940	—	—	253,062,940
Mortgages	6.00	6,260,990	32,758,005	115,219,588	—	154,238,583
Debtors and prepayments	8.00	160,123,746	—	—	—	160,123,746
Others		—	—	—	164,556,833	164,556,833
		3,703,794,837	1,625,509,162	115,219,588	2,175,097,723	7,619,621,310
Liabilities						
Actuarial liabilities		—	—	—	4,007,923,274	4,007,923,274
Deposit administration fund		—	—	—	1,129,827,999	1,129,827,999
Sundry Reserve		—	—	—	6,718,511	6,718,511
Claims admitted and intimated		—	—	—	95,385,318	95,385,318
Segregated funds' liabilities		—	—	—	564,631,791	564,631,791
Creditors and accruals		—	—	—	178,684,252	178,684,252
Others		—	—	—	128,684,234	128,684,234
		—	—	—	6,111,855,379	6,111,855,379
Interest sensitivity gap		3,703,794,837	1,625,509,162	115,219,588		

2014

	Average interest rate	Maturing Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total
	%	G$	G$	G$	G$	G$
Assets						
Cash resources	2.05	2,808,972,151	—	—	260,399,884	3,069,372,035
Investments	3.11	400,330,624	380,716,227	93,244,008	1,956,536,292	2,830,827,151
Segregated funds' assets		—	914,017,207	—	—	914,017,207
Statutory deposits	4.00	—	167,152,284	—	—	167,152,284
Policy loans	6.20	—	257,658,615	—	—	257,658,615
Mortgages	6.00	4,326,635	22,407,669	90,310,449	—	117,044,753
Debtors and prepayments	8.00	151,221,136	—	—	—	151,221,136
Others		—	—	—	147,070,412	147,070,412
		3,364,850,546	1,741,952,002	183,554,457	2,364,006,588	7,654,363,593
Liabilities						
Actuarial liabilities		—	—	—	3,750,052,864	3,750,052,864
Deposit administration fund		—	—	—	1,068,524,741	1,068,524,741
Sundry reserve		—	—	—	1,711,695	1,711,695
Claims admitted and intimated		—	—	—	73,736,737	73,736,737
Segregated funds' liabilities		—	—	—	914,017,207	914,017,207
Creditors and accruals		—	—	—	161,649,025	161,649,025
Others		—	—	—	204,867,587	204,867,587
		—	—	—	6,174,559,856	6,174,559,856
Interest sensitivity gap		3,364,850,546	1,741,952,002	183,554,457		

Notes on the Accounts

41. FINANCIAL RISK MANAGEMENT — cont'd

(a) Market risk — cont'd

(iv) Foreign currency risk

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

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

2015

	£	US $	EC $	B'dos $	Total equivalent G $
Assets	1,334,438	2,205,673	44,342,934	468,632	4,087,211,945
Liabilities	—	—	11,853,627	46,170	851,712,774

2014

	£	US $	EC $	B'dos $	Total equivalent G $
Assets	1,299,509	1,860,695	43,167,955	466,594	3,809,720,959
Liabilities	—	—	8,166,140	46,170	588,057,422

Foreign currency sensitivity analysis

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

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

	£ Sterling impact G $M	US Dollars impact G $M	EC Dollars impact G $M	B'dos Dollars impact G $M	Total equivalent G $M
2015 Profit/(loss)	12.6	13.6	69.7	1.1	97.1
2014 Profit/(loss)	12.9	11.4	75.1	1.1	100.6

Notes on the Accounts

41. FINANCIAL RISK MANAGEMENT — cont'd

(b) Liquidity risk

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

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

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

	On Demand G$	1 to 3 Months G$	4 to 12 Months G$	1 to 5 Years G$	Over 5 Years G$	Total G$
At 31 December 2015						
Assets						
Mortgages	118,962	1,576,704	4,565,324	32,758,005	115,219,588	154,238,853
Securities	—	—	—	1,588,988,056	—	1,588,988,056
Bonds	—	—	—	262,843,415	135,850,019	398,693,434
Segregated funds' assets	—	—	—	564,631,791	—	564,631,791
Policy loans	—	—	—	253,062,940	—	253,062,940
Other loans	—	—	—	93,244,008	—	93,244,008
Statutory deposits	—	—	—	—	283,118,984	283,118,984
Outstanding premiums	68,173,556	—	—	—	—	68,173,556
Accrued interest	—	35,394,946	—	—	—	35,394,946
Unexpired reinsurance premiums	—	58,611,215	—	—	—	58,611,215
Debtors and prepayments	—	160,123,746	—	—	—	160,123,746
Tax recoverable	—	2,377,116	—	—	—	2,377,116
Treasury bills	—	—	549,140,759	—	—	549,140,759
Cash on deposit	—	2,988,269,342	—	—	—	2,988,269,342
Cash at bank	417,030,780	—	—	—	—	417,030,780
Cash on hand and in transit	4,522,054	—	—	—	—	4,522,054
	489,845,352	3,246,353,069	553,706,083	2,795,528,215	534,188,591	7,619,621,310
Liabilities						
Actuarial liabilities	174,376,462	(56,262,808)	(159,184,830)	(328,148,634)	4,377,143,084	4,007,923,274
Deposit administration fund	—	—	1,129,827,999	—	—	1,129,827,999
Sundry reserve	—	—	—	—	6,718,511	6,718,511
Claims admitted and intimated (net of recoverable from reinsurers)	95,385,318	—	—	—	—	95,385,318
Segregated funds' liabilities	—	564,631,791	—	—	—	564,631,791
Claims option deposit	2,952,745	—	—	—	—	2,952,745
Premiums received in advance	—	11,161,851	—	—	—	11,161,851
Taxation	—	26,667,898	—	—	—	26,667,898
Unearned premiums	69,194,477	—	—	—	—	69,194,477
Unexpired risks	6,919,448	—	—	—	—	6,919,448
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	11,787,815	—	—	—	—	11,787,815
Creditors and accruals	—	178,684,252	—	—	—	178,684,252
	360,616,265	724,882,984	970,643,169	(328,148,634)	4,383,861,595	6,111,855,379
Net assets/(liabilities)	129,229,087	2,521,470,085	(416,937,086)	3,123,676,849	(3,849,673,004)	1,507,765,931

Notes on the Accounts

41. FINANCIAL RISK MANAGEMENT — cont'd

(b) Liquidity risk — cont'd

	On Demand	1 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	Total
	G$	G$	G$	G$	G$	G$
At 31 December 2014						
Assets						
Mortgages	118,962	1,028,555	3,179,118	22,407,669	90,310,449	117,044,753
Securities	—	—	1,956,536,292	—	—	1,956,536,292
Bonds	—	—	—	88,660,000	292,056,227	380,716,227
Segregated funds' assets	—	—	—	914,017,207	—	914,017,207
Policy loans	—	—	—	257,658,615	—	257,658,615
Other loans	—	—	—	—	93,244,008	93,244,008
Statutory deposits	—	—	—	—	167,152,284	167,152,284
Outstanding premiums	58,001,429	—	—	—	—	58,001,429
Accrued interest	—	36,029,701	—	—	—	36,029,701
Unexpired reinsurance premiums	—	51,180,095	—	—	—	51,180,095
Debtors and prepayments	—	151,221,136	—	—	—	151,221,136
Tax recoverable	—	1,859,187	—	—	—	1,859,187
Treasury bills	—	—	400,330,624	—	—	400,330,624
Cash on deposit	—	2,808,972,151	—	—	—	2,808,972,151
Cash at bank	254,660,975	—	—	—	—	254,660,975
Cash on hand and in transit	5,738,909	—	—	—	—	5,738,909
	318,520,275	3,050,290,825	2,360,046,034	1,282,743,491	642,762,968	7,654,363,593
Liabilities						
Actuarial liabilities	188,942,351	(29,232,983)	(83,872,777)	(42,392,766)	3,716,609,039	3,750,052,864
Deposit administration fund	—	—	1,068,524,741	—	—	1,068,524,741
Sundry reserve	—	—	—	—	1,711,695	1,711,695
Claims admitted and intimated (net of recoverable from reinsurers)	73,736,737	—	—	—	—	73,736,737
Segregated funds' liabilities	—	914,017,207	—	—	—	914,017,207
Claims option deposit	2,934,872	—	—	—	—	2,934,872
Premiums received in advance	—	32,883,169	—	—	—	32,883,169
Taxation	—	41,255,122	—	—	—	41,255,122
Unearned premiums	61,858,224	—	—	—	—	61,858,224
Unexpired risks	6,185,823	—	—	—	—	6,185,823
Due to The Guyana and Trinidad Mutual Fire Insurance Company Limited	59,750,377	—	—	—	—	59,750,377
Creditors and accruals	—	161,649,025	—	—	—	161,649,025
	393,408,384	1,120,571,540	984,651,964	(42,392,766)	3,718,320,734	6,174,559,856
Net assets/(liabilities)	(74,888,109)	1,929,719,285	1,375,394,070	1,325,126,257	(3,075,557,766)	1,479,803,737

Notes on the Accounts

41. FINANCIAL RISK MANAGEMENT—cont'd

(c) Credit risk

Concentration of assets and liabilities

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company faces credit risk in respect of its receivables, investments and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Company. The maximum credit risk faced by the Company are the balances reflected in the financial statements.

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

	2015 Maximum exposure **G$**	**2014** Maximum exposure **G$**
Loans and receivables (i)	500,545,531	**467,947,376**
Unexpired reinsurance premiums (ii)	58,611,215	**51,180,095**
Outstanding premiums (iii)	68,173,556	**58,001,429**
Accrued interest (iv)	35,394,946	**36,029,701**
Debtors (v)	160,123,746	**151,221,136**
Investments (vi)	1,987,681,490	**2,337,252,519**
Segregated funds' assets (vii)	564,631,791	**914,017,207**
Statutory deposit (viii)	283,118,984	**167,152,284**
Tax Recoverable (ix)	2,377,116	**1,859,187**
Treasury bills (x)	549,140,759	**400,330,624**
Cash and cash equivalents (xi)	3,409,822,176	**3,069,372,035**
Total credit risk exposure	7,619,621,310	**7,654,363,593**
The above balances are classified as follows:		
Current	7,619,502,348	**7,654,244,631**
Past due but not impaired	118,962	**118,962**
	7,619,621,310	**7,654,363,593**

(i) Loans and receivables include the sum of G$253,062,940 for loans on policies. These are fully secured against the cash values of the individual policies.

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

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

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

Notes on the Accounts

41. FINANCIAL RISK MANAGEMENT — cont'd

(c) Credit risk — cont'd

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

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

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

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

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

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

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

(xii) Mortgages to the sum of G$154,238,583 are also included in the amount for loans and receivables.

Mortgages which were past due
but not impaired

	2015 G$	2014 G$
Past due 30 — 59 days	—	—
Past due 60 — 89 days	—	—
Past due 90 — 179 days	—	—
Past due over — 180 days but less than 1 year	—	—
Past due more than 1 year	118,962	**118,962**
	118,962	**118,962**

A provision individually assessed is maintained for this amount.

Notes on the Accounts

42. INSURANCE RISK

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

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

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

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

(a) Frequency and severity of claims

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

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

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

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

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

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts.

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

Notes on the Accounts

42. INSURANCE RISK — cont'd

Reserves for future policyholders' benefits

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

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

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

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

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

(iv) Expenses
Expenses are based on best estimates of Company experience. Expenses are increased 10% as a margin for adverse deviation. Expenses per policy are assumed to increase with inflation.

Traditional Life	— $2,303 per policy plus 2% of premium
Universal Life	— $4,606 per policy plus 2% of premium
AcciProtect	— $600 per policy

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

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

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

Sensitivity	**$'000**
10% decrease in Lapses	72,640
10% increase in Mortality	28,582
10% increase in Expenses	73,060
10% decrease in Interest Rates	338,908

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

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

Notes on the Accounts

43. REPORTING BY CLASS OF INSURANCE

	2015				2014
	Life	Health	Annuities	Total	
	G$	G$	G$	G$	G$
Revenue					
Net premiums	758,922,797	702,826,998	3,458,319	1,465,208,114	**1,317,615,293**
Income from investments	96,763,293	89,611,032	440,939	186,815,263	**204,759,327**
Other income	268,346,492	6,519,732	32,081	274,898,305	**12,515,471**
Currency translation adjustment	(19,540,588)	(474,757)	(2,336)	(20,017,681)	**(1,269,411)**
	1,104,491,994	798,483,005	3,929,003	1,906,904,001	**1,533,620,680**
Deduct:					
Expenditure					
Claims	121,171,709	391,007,629	11,815,540	523,994,878	**499,929,710**
Surrenders	156,870,764	—	—	156,870,764	**176,189,883**
Commissions & sales expenses	125,966,596	73,820,671	176,218	199,963,485	**159,464,496**
Management expenses	221,921,754	130,053,628	310,452	352,285,834	**340,437,072**
Loss and revaluation	73,520,376	—	—	73,520,376	**—**
	699,451,199	594,881,928	12,302,210	1,306,635,337	**1,176,021,161**
Surplus before tax	405,040,795	203,601,077	(8,373,207)	600,268,664	**357,599,519**
Taxation				13,581,412	**30,552,309**
Net surplus before movement in actuarial liabilities				586,687,252	**327,047,210**
Movement in actuarial Liabilities				(257,870,410)	**(220,443,148)**
Net profit after tax				328,816,842	**106,604,062**
Assets	5,583,867,830	1,550,357,675	1,537,217,136	8,671,442,641	**8,605,845,344**
Liabilities	278,875,266	97,210,640	1,701,178,301	2,077,264,207	**2,381,540,175**
Unallocated liabilities				26,667,898	**41,255,122**

The above do not include actuarial liabilities. Actuarial liabilities valued at December 31, 2015 were $4,007,923,274 (2014 — $3,750,052,864).

44. ASSETS UNDER MANAGEMENT

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

	2015 G $	2014 G$
Equity investments	56,350,000	**56,350,000**
Mutual funds	124,295,123	**129,847,076**
Long term bonds	651,461,130	**234,425,319**
	832,106,253	**420,622,395**

These amounts are not reflected in the financial statements.

45. ACTUARIAL VALUATION

An actuarial valuation of the Company was done as at 31 December 2015. The results of the Actuarial valuation is shown under non current liabilities in the statement of financial position and is accounted for in accordance with the Company's accounting policy. The next actuarial valuation is due at 31 December 2016.

46. PENDING LITIGATION

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