THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES

(Incorporated 1865)

152nd

ANNUAL REPORT AND ACCOUNTS

For the year ended 31st December, 2017

THE
HAND-IN-HAND
MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES

NOTICE OF MEETING

The One Hundred and Fifty Second Annual General Meeting of Members of the abovementioned Company will be held at the Company's Offices, Lots 1, 2, 3 & 4, Avenue of the Republic, Georgetown, on Thursday, 21 June, 2018, at 10:00 a.m for the following purposes:-

AGENDA

1. To receive the Report of the Directors and the Accounts for the year ended 31 December, 2017 and the Report of the Auditors thereon.
2. Declaration of the profits available for distribution amongst Members.
3. Election of Directors.
4. Election of Auditors.
5. To fix the remuneration of the Directors.
6. To fix the remuneration of the Auditors.
7. To Consider a Motion with respect to a resolution passed at the 150th Annual General Meeting of the Company in relation to a provision for Directors' Pensions.
8. To Consider a Motion with respect to the provision of Directors' benefits.
9. Any other business which may properly be brought before the meeting.

BY ORDER OF THE BOARD

Shaheed Essack
Company Secretary/ Finance Controller

1, 2, 3 & 4 Avenue of the Republic
Georgetown, Guyana

23 May, 2018

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

The person appointed by proxy must be a member of the Company and qualified to vote on his own behalf.

Proxies must be deposited at the Offices of the Company not less than 24 hours before the time appointed for holding the meeting.

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

HEAD OFFICE

1, 2, 3 & 4 Avenue of the Republic
Georgetown, Guyana.
Email: info@hihgy.com
Website: www.hihgy.com
Telephone: 225-1865-7
Fax: 225-7519
P.O. Box: 10188

DIRECTORS

J.G. Carpenter, A.A., B.Sc. - Chairman

W.A. Lee, A.A., B.Sc., B.S.P., E.M.S.C.P., B.Soc.Sc., Dip.M., F.C.I.M - Vice Chairman

C.R. Quintin

I.A. McDonald, A.A., M.A. (Hons) Cantab., F.R.S.L., Hon D.LITT. UWI

P.A. Chan-A-Sue, A.A., C.C.H., F.C.A.

T.A. Parris, B.A. (Econs.), M.A. (Econs. & Ed.)

K. Evelyn, B.A.(Hons) Sheff.Hallam., B.Sc.UMIST., M.B.A. Liv., A.C.I.B., F.C.I.I., M.C.I.B.S
Chartered Insurer, Chartered Banker

H. Cox, A.C.I.I., Chartered Insurer

THE HAND-IN-HAND
MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES

MANAGEMENT:

Chief Executive Officer	-	Keith Evelyn, B.A.(Hons) Sheff. Hallam, B.Sc.UMIST., M.B.A.Liv., A.C.I.B., F.C.I.I., M.C.I.B.S. - Chartered Insurer, Chartered Banker
Manager	-	Howard Cox, A.C.I.I. - Chartered Insurer
Assistant Manager	-	Mary Nagasar, Dip. BMA., G.D.M
Motor Manager	-	Omadatt Singh, B.Sc. (Hons.), M.B.A., F.C.C.A., C.P.A. - C.G.A., C.P.C.U.
Assistant Motor Manager (ag)	-	Chuwatie Harduwar-Ramsaroop, F.L.M.I, A.C.S, A.R.A
Company Secretary/ Finance Controller	-	Shaheed Essack, M.A.A.T., A.C.I.S., M.C.M.I.
Chief Accountant	-	Compton Ramnaraine, M.A.A.T., A.I.C.B., A.C.C.A
Accountant/Investment Analyst	-	Kin Sue, B.Sc., M.Sc., C.I.S.I.
Internal Auditor	-	Ronald Stanley, F.C.C.A., C.P.C.U.
Legal and Compliance Officer	-	Paul Braam, LL.B., L.E.C.
Human Resource Manager	-	Zaida Joaquin, Dip.P.M., F. L. M. I., A.C.S., A.I.R.C., A.I.A.A., A.R.A.
Sales Manager	-	Shanomae Baptiste, B.A., P.G.Dip.
Business Development Officer	-	Savita Singh, B.Sc.
Manager - Berbice Operations	-	Tajpaul Adjodhea, F.L.M.I.

AUDITORS: TSD LAL and Company, Chartered Accountants

ATTORNEYS-AT-LAW:
Cameron & Shepherd
Hughes, Fields & Stoby

BANKERS:
Republic Bank (Guyana) Limited
Guyana Bank for Trade & Industry Limited
Bank of Nova Scotia
Bank of Baroda
Citizens Bank (Guyana) Inc.
Demerara Bank Limited
Hand-in-Hand Trust Corporation Inc.
Lloyds TSB Offshore Private Banking
RBC Dominion Securities, Canada

THE HAND-IN-HAND
MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES

BRANCH OFFICES:

BERBICE:	1) New Amsterdam	Lots 15 & 16B New Street, New Amsterdam, Berbice
	2) Corriverton	Lot 101 Ramjohn Square, No. 78 Village (Springlands) Corriverton, Berbice.
	3) D'Edward Village	Plot 'A' Northern Public Road, D' Edward Village, West Bank Berbice.
	4) Rosehall	45 'A' Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 5 Section 'C' Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Lot 1996 Parika Highway, East Bank Essequibo.
BARTICA:		Top Floor, WK Shopping Mall, 1st Avenue, Bartica.
MON REPOS:		30 Tract "A" Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Building Lot "M" Great Diamond East Bank Demerara.
ESSEQUIBO:		Doobay's Complex, Lot 18 Cotton field, Essequibo Coast.
SOESDYKE:		Shawnee Service Station Block 'X' Soesdyke, East Bank Demerara.
GEORGETOWN:		Lot 212 Barr Street, Kitty Village, Greater Georgetown.

THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

Welcome

Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 152nd Annual General Meeting, to review the performance of the Company for the year ended 31 December, 2017.

Economic Review

The Global Economy grew by 3.7 percent in 2017, due to the upswing in the USA, Europe and Asia. The growth in these advanced economies has positively impacted global demand and commodity prices, boosting the emerging and developing economies. India and China remained the fastest growing economies in Asia with a growth rate of 7.2 percent and 6.9 percent respectively.

The hurricane season of 2017 highlighted the vulnerability of the Caribbean region. It will take considerable time for the affected countries to recover from the significant economic and social damage they have experienced. Notwithstanding the devastating events, there was an overall uptick in economic growth of 0.6 percent in the Caribbean region.

More specifically, the Guyanese economy was initially projected to grow by 2.9 percent. However, at the end of 2017, the country only managed to grow by 2.1 percent as compared to 3.3 percent in 2016, on account of weaker than expected mining output and performance in the sugar sector.

According to the Bank of Guyana Report, inflation during the first six months of 2017 was 1.1 percent and is projected to measure 2.0 percent for fiscal 2017, due to slower growth in demand and consumer spending. The value of the Guyana dollar to the United States dollar during the first half of 2017 depreciated to $213.3 as compared to $206.5 for the same period in 2016.

Insurance Companies in Guyana - performance for second quarter of 2017

The total domestic insurance sector's resources increased by 0.9 percent to $50.5 billion, which represented 23.9 percent of the total assets of the Non-Banking Financial Institutions (NBFIs). However, the Industry Non-Life component contracted by 4.7 percent to $17.2 billion. Nevertheless, The Hand-In-Hand Mutual Fire Insurance Company Ltd. managed to increase its Net Assets by 6.4 percent.

The Life component, which accounted for 65.9 percent of the industry's resources, increased by 4.0 percent to $33.2 billion. Total Insurance Premiums also increased by $270.0 million to $4.7 billion, of which, 34.0 percent is attributable to local Life premiums.

Banking Sector

The local commercial banking sector continued to remain stable at the end-June 2017. In spite an increasing level of non-performing loans, the banks managed to record healthy profits. The interest rate tended downwards over the review period. The weighted average deposit and lending rate declined by 16 basis points to 1.1 percent and 8 basis points to 10.3 percent respectively. Commercial banks managed to increase their average capital adequacy ratio to 26.6%, this being well above the prudential benchmark of 8.0%

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

Trust Companies

The two trust companies in Guyana, Hand-in-Hand Trust Corporation Inc. and Trust Company Guyana Ltd. increased their combined resources by 3.3 percent or $368.0 million. In addition, Deposits, which represented 71.7 percent of total liabilities, also increased by 2.0 percent to $8.3 billion. Individual Deposits modestly grew by 3.0 percent at the end of June 2017. Foreign liabilities, mainly deposits have also increased by 19.6 percent to $157.0 million.

Insurance Regulation

The new Insurance Act which was passed and assented in 2016 came into effect, by ministerial order in April 2018. It requires all general insurance companies to have a minimum surplus of assets equivalent to $400.0 million. The Hand-In-Hand Mutual Fire Insurance Company Ltd. is compliant with this requirement.

IFRS17 (previously referred to as IFRS4 Phase II) will be effective in 2021. The Hand-in-Hand Mutual Fire Insurance Company Limited will seek to implement early adoption where possible, and to comply with all Insurance and other regulations in 2018 and beyond.

Group Results

The Group results in this report comprise the performance of four of the five Hand-in-Hand companies, namely the Fire Insurance Company, Trust Company, Investment Company and GCIS Inc.

The Group recorded a Total Revenue of $2.2 billion and managed to reduce its Total Expenditure by 14.6 percent to 1.9 billion as compared to the previous year. This helped the group to achieve a Comprehensive Income Surplus of $480.4 million in 2017. This resulted from favorable Claim settlements for the year and the upward movement of fair values on investments.

Insurance Business – The Hand-in-Hand Mutual Fire Insurance Company Ltd.

The Company had a relatively solid performance in 2017. The Total Revenue from our insurance operations decreased by 3.9 percent to $1.2 billion from the previous year. However, we managed to reduce Total Expenditure by 5.9 percent, giving us a surplus of revenue of $62.0 million.

Premium Income from all sources within the Fire Insurance Company for the period decreased by 5.6 percent to $1.4 billion as compared to 2016.

The company underwrote 1,017 New Fire Policies. Total Sums Insured of the new policies is $20.8 billion, which was a 23.8 percent increase over the previous year. Hand-in-Hand Fire's New Business Annualised Premium was down by 4.4 percent to $65.5 million. This shows that aggressive pricing strategies from new entrants and excess underwriting capacity, continues to drive insurance premium rates further down.

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

Nevertheless, Business-in-Force at the end of 2017 stood at $170.7 billion with an Annualised Premium Income of $578.4 million. This represented 5.8 percent and 2.6 percent increases with respect to the Sums Insured and Annualized Premiums, respectively. The Company will continue to expand its Accident and Marine portfolios.

Motor Insurance

The Motor Division of the company remains a leading player in the industry by virtue of the very efficient underwriting and claims service provided. During period of 2017, we issued a total of 4,753 policies, generating an Annualized Premium of $141.1 million. This represented 1.5 percent and 11.6 percent decreases with respect to New Policies and Annualized Premiums respectively. This further demonstrates the negative effects of excess underwriting capacity.

Claims

The Company was happy to meet its Claim obligations, paying and reserving a total of $132.4 million. We see claims handling as our raison d'être and we will continue to provide superior claims service to our customers who may have experienced an unfortunate loss.

Investments

The Company continues to utilize all available opportunities for short-term and long-term investments while hedging against systematic and unsystematic risks. Investments increased from $2.1 billion to $2.2 billion and yielded a return of 3.6 percent on average investments.

Triennial Cash Profit

The Board has sought to ensure a reasonable return on the investment of our With Profit Policyholders by declaring a return of Cash Profit of 15 percent. Your cheques will be in the mail tomorrow.

Taxation

The Group contributed $95.7 million by way of taxation to the general revenue of the country.

Hand-in-Hand Trust Corporation Inc.

The Hand-in-Hand Trust Corporation Inc. had a successful year by recoding an After-Tax Profit of $224.7 million in 2017. This favourable result stemmed from a decrease in the Loan Loss Provisions, while increasing their Customer's Deposits. Furthermore, Total Assets also increased from $9.2 billion to $9.6 billion. This attributes to the increase in investments by $548.8 million.

The Trust Corporation was happy to report an increase in Capital Adequacy Ratio of Tier I: 25.13 percent and Tier II: 25.5 percent for the period ended 2017, which is above the benchmark average of 8.0 percent.

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

GCIS Inc.

GCIS Inc. recorded a Profit-After taxation of $16.1 million against $8.4 million in 2016. This represents a 91.5 percent increase, which was due mainly to a decline of 33.5 percent in claims. GCIS continues to be a key player in the Motor Insurance Industry and complements the Hand-in-Hand Group with excellent service.

Hand-in-Hand Investment Inc.

This Company was incorporated in Guyana in September, 2009 and has not yet commenced operations.

Future Outlook

Global growth forecasts for 2018 have been revised upward by 0.2 percentage point to 3.9 percent. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes. Advanced economies are projected to grow by a modest 2.0%, while emerging markets and developing economies anticipates a growth rate of 4.9 percent. This will stem from China's continuous expansionary policy in the form of public investment.

In Latin America, the recovery is expected to strengthen, with growth of 1.9 percent in 2018. This change primarily reflects an improved outlook for Mexico, benefiting from stronger U.S. demand, a firmer recovery in Brazil, and favorable effects of stronger commodity prices and easier financing conditions on some commodity-exporting countries. These upward revisions more than offset further downward revisions for Venezuela. Furthermore, the Caribbean region is projected to grow by 2.0 percent in 2018, dragged along by the momentum of surge in global economic growth.

Guyana has been on the positive side of economic growth over the past decade, and the International Monetary Fund (IMF) expects this trend to continue by projecting a further 3.8 percent growth of the economy in 2018. This growth will be driven by new infrastructural projects, a growing rice sector and a recovery in gold mining. However, other agriculture sectors such as sugar, fishery and forestry are expected to significantly contract in 2018, due to little foreign and local direct investments in these sectors.

Appreciation

As we complete another successful year, I would like to extend my sincerest gratitude to my fellow Directors, Management and Staff for their tremendous commitment and strong work ethic during these challenging times.

To our policyholders, I wish to express my gratitude for your loyalty and support during the past year, and indeed over the past 152 years.

Thank you,

JOHN G. CARPENTER B.Sc.
CHAIRMAN

THE

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MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting for the information of Members and Policyholders their Annual Report and Audited Financial Statements for the year ended 31 December, 2017.

1. **Principal Activities**

   The Hand-in-Hand Mutual Fire Insurance Company Limited provides a comprehensive range of services among which are Property, Motor, Marine, Bond and Accident insurances.

2. **Operational Results**

   The Company's funds increased by $62.0 million for the year ended 31 December, 2017 as compared with an increase in funds of $39.2 million for the year ended 31 December, 2016.

3. **Fire Business**

   During the year the Company issued 1,017 fire policies insuring $20.8 billion yielding annual premiums of $65.5 million. At the close of the year, there were 14,024 policies in force insuring $170.7 billion with annualised premiums of $578.4 million. At the close of the previous year, there were 13,986 policies in force insuring $161.3 billion with annualised premiums of $564.0 million. A statement of fire policies issued and expired during the year is shown on page 11 of this report.

4. **Motor Business**

   During the period 4,753 policies were issued insuring 5,165 vehicles with annualised premiums of $141.1 million. Previous year figures were 4,825 policies insuring 5,211 vehicles with annualised premiums of $159.7 million.

5. **Investments**

   Investments at the end of the year stood at $2.2 billion as against $2.1 billion for the previous year. Certificates for securities held by the Company and those lodged with the company's bankers as collateral for overdraft and loan facilities have been examined by our auditors. The Company invested in $10.7 million shares in local companies during the year.

6. **Triennial Cash Profit**

   The Directors recommend a Cash Profit return of 15% in respect of those policies entitled to earn profit for the triennial period ended 31 December, 2017, after deduction of reserve for the unexpired period. This will result in a cash payout of $2.5 million. For year ended 31 December, 2016, a 15% Cash Profit was declared which resulted in a payout of $3.4 million.

7. **Employee Relations**

   Relations with employees throughout the year were cordial. Training is provided at all levels for technical and personal development.

REPORT OF THE DIRECTORS

8. Directorate

The following Directors retired under Bye-Law 61 & 65 and being eligible, offer themselves for re-election:

Messrs.:	J. G. Carpenter
	P. A. Chan-A-Sue
	T. A. Parris

9. Corporate Governance

The Directors apply principles of good governance by adopting policies and procedures for the better management of the Company.

The Board meets monthly and has adopted a structure of mandates granted to committees whilst retaining specific matters for its decisions.

All of the Board members are considered independent and bring wide knowledge, experience and professionalism to the deliberations of the Board.

The committees established by the Board and their Chairpersons are:

Finance and Audit Committee	-	Mr. P.A. Chan-A-Sue
Sales and Marketing Committee	-	Mr. W.A. Lee
Human Resources Committee	-	Mr. C.R. Quintin
Buildings Committee	-	Mr. J.G. Carpenter

10. Auditors

The Auditors, Messrs. TSD Lal & Company, retire and have indicated their willingness to be re-appointed .

By Order of the Board

Shaheed Essack
Company Secretary/Finance Controller

POLICIES ISSUED AND EXPIRED

	No. of Policies	Sum Insured (G$M)	Annual Premiums (G$M)
In force as at 2016-12-31	13,986	161,326	564
Issued during the year	1,017	20,827	65
	15,003	182,153	629
Expired during the year	979	11,439	51
In force as at 2017-12-31	14,024	170,714	578

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of The Hand In Hand Mutual Fire Insurance Company Limited and subsidiaries, which comprise the statement of financial position as at 31 December, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 15 to 84.

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

Basis for Opinion

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

Other information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Company's 2017 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements based on the work we have performed, we conclude that if there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Responsibilities of Those Charged with Governance for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the Group's 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control 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 Group's internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 Group's 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 Group to cease to continue as a going concern.

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

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group's to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991, the Insurance Act 1998 and the Financial Institutions Act 1995.

TSD Lal & Co.

TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: 23 May, 2018

77 Brickdam,
Stabroek, Georgetown
Guyana

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AND SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		Company		Group	
	Notes	2017	2016	2017	2016
		G$	G$	G$	G$
Revenue					
Premiums	3	1,378,677,969	1,460,080,327	1,574,585,925	1,673,030,189
Reinsurance premiums	3	282,968,393	314,970,224	295,397,293	331,475,068
		1,095,709,576	1,145,110,103	1,279,188,632	1,341,555,121
Investment income					
"Held to maturity"	4	-	-	58,959,718	61,129,062
"Available for sale"	4	29,701,074	31,082,542	56,934,761	58,506,816
"Loans and receivables"	4	9,104,425	1,510,196	617,713,015	637,156,031
Other income	5	37,699,880	41,463,150	124,051,927	125,136,067
Management fees	6	18,500,000	17,500,000	-	-
Unclaimed triennial cash profit and others		2,764,896	7,259,540	2,764,896	7,259,540
Gain on exchange		146,993	3,534,872	9,252,737	7,663,119
Gain on disposal of investments					
"Available for sale"		8,661,931	656,880	10,558,547	1,001,289
Gain on disposal of fixed assets		-	2,399,981	-	2,399,981
		1,202,288,775	1,250,517,264	2,159,424,233	2,241,807,026
Deduct:					
Expenditure					
Commissions and allowances	7	172,178,965	179,483,204	178,246,518	185,249,188
Management expenses	8	748,128,101	627,363,599	1,090,685,691	1,222,546,131
Claims (net)	9	132,387,069	406,463,865	190,057,213	493,247,261
Interest	10	-	-	255,088,273	251,759,646
Surrenders	11	-	-	226,533	414,047
Triennial cash profit	12	3,412,241	2,990,844	3,412,241	2,990,844
Property tax		10,589,250	10,009,824	21,775,034	19,748,614
Taxation	15(a)	73,591,469	(15,042,878)	109,885,354	(10,922,542)
		1,140,287,095	1,211,268,458	1,849,376,857	2,165,033,189
Surplus of revenue over expenditure before actuarial adjustment		62,001,680	39,248,806	310,047,376	76,773,837
Actuarial adjustment to Policyholders' Liabilities	36	-	-	-	16,221,952
Surplus of revenue over expenditure after actuarial adjustment		62,001,680	39,248,806	310,047,376	92,995,789
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Written back on disposal of investment	15(b)	1,562,350	(1,243,395)	1,562,350	(1,243,395)
Fair value adjustment on investments	15(b)	115,426,548	18,807,997	168,823,368	9,996,776
Other comprehensive income, net of tax		116,988,898	17,564,602	170,385,718	8,753,381
Total comprehensive income for the year		178,990,578	56,813,408	480,433,094	101,749,170
Surplus of revenue over expenditure attributable to:					
Owners of the Company		62,001,680	39,248,806	254,447,541	78,487,101
Non-controlling interests		-	-	55,599,835	14,508,688
		62,001,680	39,248,806	310,047,376	92,995,789
Total comprehensive income attributable to:					
Owners of the Company		178,990,578	56,813,408	407,856,737	90,230,085
Non-controlling interests		-	-	72,576,357	11,519,085
		178,990,578	56,813,408	480,433,094	101,749,170

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

Company	Premium capital G$	Capital reserve G$	Investment reserve G$	General reserve G$	Capital redemption reserve G$	Reserve for unexpired risk G$	Triennial profit G$	Total G$
Balance as at 1 January 2016	96,129,909	651,396,183	359,424,810	891,782,942	1,508,452	752,059,390	2,990,844	2,755,292,530
Changes in equity 2016								
Total Comprehensive Income for the year	(92,001,742)	-	17,564,602	141,031,364	-	(10,202,213)	421,397	56,813,408
Balance as at 31 December 2016	4,128,167	651,396,183	376,989,412	1,032,814,306	1,508,452	741,857,177	3,412,241	2,812,105,938
Changes in equity 2017								
Total Comprehensive Income for the year	27,346,403	-	116,988,898	81,414,338	-	(45,823,398)	(935,663)	178,990,578
Balance as at 31 December 2017	31,474,570	651,396,183	493,978,310	1,114,228,644	1,508,452	696,033,779	2,476,578	2,991,096,516

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Premium capital G$	Capital reserve G$	Investment reserve G$	General reserve G$	Capital redemption reserve G$	Reserve for unexpired risk G$	Triennial profit G$	Non controlling interest G$	Total G$
Balance as at 31 December, 2015	96,129,909	718,084,427	447,800,093	430,338,245	1,508,452	760,496,052	2,990,844	247,310,096	2,704,658,118
Changes in equity for 2016									
Total Comprehensive Income for the year	(92,001,742)	-	11,742,983	181,467,431	-	(11,399,985)	421,397	11,519,086	101,749,170
Transfer to Statutory Reserve	-	-	-	(1,746,598)	-	-	-	(482,949)	(2,229,547)
Balance as at 31 December 2016	4,128,167	718,084,427	459,543,076	610,059,078	1,508,452	749,096,067	3,412,241	258,346,233	2,804,177,741
Total Comprehensive Income for the year	27,346,403	-	153,409,196	269,694,078	-	(41,657,277)	(935,663)	72,576,357	480,433,094
Transfer to Statutory Reserve	-	-	-	(27,226,502)	-	-	-	(7,528,349)	(34,754,851)
Balance as at 31 December 2017	31,474,570	718,084,427	612,952,272	852,526,654	1,508,452	707,438,790	2,476,578	323,394,241	3,249,855,984

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

THE
HAND-IN-HAND
MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

PROFIT AND LOSS (ANNUAL) ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Company and Group 2017 G$	2016 G$
Earned premiums		845,469,005	843,540,386
Investment income			
"Available for sale"	4	29,701,074	31,082,542
"Loans and receivables"	4	9,104,425	1,510,196
Other income		37,699,880	41,463,150
Management fees		18,500,000	17,500,000
Gain on exchange		146,993	3,534,872
Gain on disposal of investments		8,661,931	656,880
Gain on disposal of Fixed Assets		-	1,659,010
		949,283,308	940,947,036
Deduct:			
Management expenses		648,735,514	538,842,187
Claims (net)		3,798,028	259,164,628
Reinsurance premiums		246,792,569	277,785,906
Taxation		23,013,233	10,826,618
		922,339,344	1,086,619,339
Transfer - policies entitled to profit 2017/2019	13	26,943,964	(145,672,303)

This account, made up in accordance with Section 83 of the Company's Ordinance of Incorporation No. 9 of 1938 (together with the accompanying Profit and Loss (Triennial) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire policies entitled to profit in 2017.

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

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

PROFIT AND LOSS (TRIENNIAL) ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Company and Group 2017 G$	Company and Group 2016 G$
Premiums received 2014 - 2017		14,355,175	22,547,694
Balance of unexpired risks reserve at 31 December 2014		3,278,277	3,611,808
Premiums on surrendered profit policies		1,414,868	567,395
		19,048,320	26,726,897
Deduct:			
Unexpired risks reserve at 31 December 2017		2,451,886	3,865,162
Transfer - profit and loss (Annual) account	14	15,391,307	32,436,188
Triennial profit - 15%		2,476,578	3,412,241
		20,319,771	39,713,591
Transfer from general reserve		(1,271,451)	(12,986,694)

This account, made up in accordance with Section 78 of the Company's Ordinance of Incorporation No. 9 of 1938 (together with Profit and Loss (Annual) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire Policies entitled to profit in 2017.

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

THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	Company 31.12.2017 G$	Company 31.12.2016 G$	Group 31.12.2017 G$	Group 31.12.2016 G$
ASSETS					
Non current assets					
Goodwill	41	-	-	157,582,464	157,582,464
Plant, Property and Equipment	16	2,041,697,730	2,039,796,845	2,028,263,563	2,011,056,650
Other assets					
Investments					
"Held to maturity"	17	-	-	1,351,540,543	773,868,999
"Available for sale"	17	1,053,156,744	918,939,957	1,853,283,796	1,699,155,815
"Loans and receivables"	17	204,022,640	188,700,537	5,811,607,439	5,844,540,498
Investment in subsidiaries	19	948,873,333	948,873,333	-	-
Properties on hand	20	1,900,000	1,900,000	14,334,347	13,905,618
Statutory deposits	21	244,375,148	243,576,901	1,320,775,899	1,289,554,317
Deferred tax assets	15(a)	8,401,480	43,936,799	9,992,806	45,797,941
		4,502,427,075	4,385,724,372	12,547,380,857	11,835,462,302
Current assets					
Receivables and prepayments	22	678,262,107	834,079,456	741,951,959	885,696,488
Interest accrued	23	8,144,612	5,648,311	24,787,781	44,005,391
Stock of stationery		5,431,422	4,960,856	6,610,967	6,261,697
Tax recoverable		72,071,750	72,071,750	77,938,053	83,692,031
Cash on deposits	24	215,466,721	90,620,377	1,090,418,489	1,086,458,093
Cash at banks and on hand	25	92,127,293	80,533,944	242,849,118	152,500,272
		1,071,503,905	1,087,914,694	2,184,556,367	2,258,613,972
TOTAL ASSETS		5,573,930,980	5,473,639,066	14,731,937,224	14,094,076,274
EQUITY AND LIABILITIES					
Capital and reserves					
Premium capital	26	31,474,570	4,128,167	31,474,570	4,128,167
Capital reserve	16	651,396,183	651,396,183	718,084,427	718,084,427
Investment reserve	27	493,978,310	376,989,412	612,952,272	459,543,076
General reserve	28	1,114,228,644	1,032,814,306	852,526,654	610,059,078
Capital redemption reserve	29	1,508,452	1,508,452	1,508,452	1,508,452
Reserve for unexpired risks	30	696,033,779	741,857,177	707,438,790	749,096,067
Triennial profit	31	2,476,578	3,412,241	2,476,578	3,412,241
		2,991,096,516	2,812,105,938	2,926,461,743	2,545,831,508
Non controlling interest	32	-	-	323,394,241	258,346,233
		2,991,096,516	2,812,105,938	3,249,855,984	2,804,177,741
Non current liabilities					
Medium term borrowings	33	1,312,324,338	942,324,338	1,312,324,338	942,324,338
Reserve fund	34	-	-	194,779,819	160,024,968
Customers' deposits	35	-	-	933,260,073	1,156,992,932
Deferred tax liabilities	15(a)	434,264,122	434,264,122	502,424,237	502,305,487
Policyholders' liabilities	36	-	-	9,640,000	9,640,000
		1,746,588,460	1,376,588,460	2,952,428,467	2,771,287,725
Other liabilities					
Customers' deposits	35	-	-	7,470,868,699	7,027,329,173
Claims admitted or intimated but not paid	37	495,803,015	856,025,742	529,224,311	888,651,705
Payables and accrued expenses	38	226,673,052	255,991,668	372,792,918	418,773,495
Taxes payable		66,795,910	29,342,131	109,792,818	40,271,308
Bank overdraft	39	46,974,027	143,585,127	46,974,027	143,585,127
		836,246,004	1,284,944,668	8,529,652,773	8,518,610,808
TOTAL EQUITY AND LIABILITIES		5,573,930,980	5,473,639,066	14,731,937,224	14,094,076,274

"These financial statements were approved by the Board of Directors on ……23 May, 2018……

On behalf of the Board:

……………………………………………… Director

……………………………………………… Director

……………………………………………… Company Secretary/Finance Controller

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

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Company		Group	
		2017	2016	2017	2016
		G$	G$	G$	G$
Operating activities					
Net cash provided by/(used in) operating activities	(a)	(160,571,592)	4,004,578	(559,002,945)	290,407,409
Investing activities					
Purchase of fixed assets		(28,994,933)	(61,420,596)	(57,071,008)	(68,284,439)
Proceeds from disposal of fixed assets		-	5,276,103	-	5,276,103
Proceeds from redemption of securities		95,368,663	185,110,180	297,063,565	379,696,992
Properties on hand		-	-	(428,729)	(206,784)
Purchase of securities		(103,934,621)	(188,669,959)	(847,918,825)	(333,486,612)
Loans and receivables (advances)/repayments		(15,322,103)	(185,474,919)	130,618,863	(933,928,005)
Medium term borrowings- drawdown/(repayment)		370,000,000	(67,130,000)	370,000,000	(67,130,000)
Interest and dividend received		38,805,499	32,592,738	733,607,494	756,791,909
Other income		37,699,880	41,463,150	124,051,927	125,136,067
Net cash provided by/(used) in investing activities		393,622,385	(238,253,303)	749,923,287	(136,134,769)
Net increase/(decrease) in cash and cash equivalents		233,050,793	(234,248,725)	190,920,342	154,272,640
Cash and cash equivalents at beginning of period		27,569,194	261,817,919	1,095,373,238	941,100,598
Cash and cash equivalents at end of period		260,619,987	27,569,194	1,286,293,580	1,095,373,238
Comprising:					
Cash on deposits		215,466,721	90,620,377	1,090,418,489	1,086,458,093
Cash at banks and on hand		92,127,293	80,533,944	242,849,118	152,500,272
Bank overdraft		(46,974,027)	(143,585,127)	(46,974,027)	(143,585,127)
		260,619,987	27,569,194	1,286,293,580	1,095,373,238

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

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES

NOTE TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Company		Group	
	2017 G$	2016 G$	2017 G$	2016 G$
(a) Surplus of revenue over expenditure before taxation	135,593,149	24,205,928	419,932,730	82,073,247
Adjustments for:				
Depreciation	26,712,672	28,134,017	39,217,354	38,165,374
Provision for loan losses	-	-	(97,685,804)	236,490,074
Redemption of Securities - gain	(8,661,931)	(656,880)	(10,558,547)	(1,001,289)
Increase in mandatory deposits with				
- Bank of Guyana	-	-	(29,000,000)	(121,200,000)
- Commissioner of Insurance	(798,247)	(795,471)	(2,221,582)	(2,185,635)
Investment income	(38,805,499)	(32,592,738)	(733,607,494)	(756,791,909)
Other income	(37,699,880)	(41,463,150)	(124,051,927)	(125,136,067)
(Gain)/Loss from Disposal of fixed assets	381,376	(2,101,321)	646,739	(2,098,765)
Operating surplus/(deficit) before working capital changes	76,721,640	(25,269,615)	(537,328,531)	(651,684,970)
Increase in customers' deposits	-	-	219,806,667	951,401,697
(Increase)/decrease in receivables, prepayments and interest accrued	153,321,048	(275,815,846)	162,962,139	(268,038,739)
Increase in stock of stationery	(470,566)	(784,288)	(349,270)	(759,000)
Increase/(decrease) in current liabilities	(389,541,343)	350,078,459	(405,407,971)	329,319,349
Decrease in Policyholders' Liabilities	-	-	-	(16,221,952)
Cash generated from/(used in) operations	(159,969,221)	48,208,710	(560,316,966)	344,016,385
Taxes paid/adjusted	(602,371)	(44,204,132)	1,314,019	(53,608,976)
Net cash provided by/(used in) operating activities	(160,571,592)	4,004,578	(559,002,947)	290,407,409

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

NOTES ON THE ACCOUNTS

1. Incorporation and activities

The Hand-In-Hand Mutual Fire Insurance Company Limited

The Hand-in-Hand Mutual Fire Insurance Company Limited was incorporated in Guyana on 25 October 1865 under Ordinance of Incorporation No. 18 of 1865.

The Company provides a range of Insurance services.

GCIS Incorporated

Guyana Co-operative Insurance Service was established in Guyana by virtue of Order No. 57 of 1976 made under the Co-operative Financial Institutions Act 1976 (No. 8 of 1976). Effective 26 October 1997 pursuant to Ministerial Order No. 32 of 1997 made under the Financial Institutions Act No. 20 of 1996, the GCIS was registered as a Public Company, limited by shares under the new name GCIS Incorporated. On the 18 November 1998, The Hand-in-Hand Mutual Fire Insurance Company Limited acquired 66.7% of shares in GCIS Inc.

The Company's activities include insurance covering fire, motor business and life assurance.

Hand-In-Hand Trust Corporation Incorporated

In May 1971, the Guyana National Cooperative Bank established a department to carry out various trust services. The department was incorporated as GNCB Trust Company Limited on 28 December, 1971, a wholly owned subsidiary of Guyana National Cooperative Bank.

On 23 February 1977, the GNCB Trust Company Limited was reconstituted and established as the GNCB Trust Corporation by Order No. 13 of 1977, made under the Co – operative Financial Institution Act 1976 (No.8 of 1976).

On 23 February 1999 the GNCB Trust Corporation was incorporated under the Companies Act of Guyana as a company and known as GNCB Trust Corporation Inc.

The GNCB Trust Corporation Inc. was privatized on 20 November, 2002 with The Hand- in-Hand Mutual Fire Insurance Company Limited acquiring 65% of the authorized and issued share capital.

These shares were acquired with the right to a banking licence.

NOTES ON THE ACCOUNTS

1. Incorporation and activities - cont'd

Hand-In-Hand Trust Corporation Incorporated – cont'd

On 25 September 2003, GNCB Trust Corporation Inc. was renamed Hand-in-Hand Trust Corporation Incorporated.

The Company is registered under the Financial Institutions Act 1995 as a deposit taking financial institution.

On 22 September 2009 Hand-in-Hand Trust Corporation Inc. issued 5,000,000 shares fully paid up for an amount of $500 million. These are as follows:

Names	**Number of shares**
The Hand-in-Hand Mutual Fire Insurance Company Limited	1,500,000
Hand-in-Hand Mutual Life Assurance Company Limited	750,000
GCIS Incorporated	500,000
Others	2,250,000
	5,000,000

On 20 October 2015, The Hand-in-Hand Mutual Fire Insurance Company Limited repurchased 2,250,000 shares from one of the non-controlling interest shareholder for an amount of $255 million.

The revised shareholdings are as follows:

Shareholdings	**Number of shares**	**Percentage of Holdings**
National Industrial & Commercial Investment Limited	250,000	3%
The Hand-in-Hand Mutual Fire Insurance Company Limited	5,375,000	72%
Hand-in-Hand Mutual Life Assurance Company Limited	1,125,000	15%
GCIS Incorporated	750,000	10%
	7,500,000	

NOTES ON THE ACCOUNTS

1. Incorporation and activities - cont'd

Hand-in-Hand Investments Incorporated

The Company was incorporated in Guyana in September, 2009 and has not commenced operations to date.

The principal activity of the company is investing in properties and shares.

On 31 October 2011 Hand-in-Hand Investments Inc. Issued 100,000 shares fully paid up for an amount of $ 0.1 million. These are as follows:

Names	**Number of shares**
The Hand-in-Hand Mutual Fire Insurance Company Limited	35,000
Hand-in-Hand Mutual Life Assurance Company Limited	30,000
GCIS Incorporated	30,000
Hand-in-Hand Trust Corporation Inc.	5,000
	100,000

Employees

During the year the number of employees in the group was 257 (2016 – 259).

2. New and amended standards and interpretations

Amendments effective for the current year end

New and Amended Standards	**Effective for annual periods beginning on or after**
IAS 12 Income taxes	1 January 2017
IAS 7 Disclosure initiative	1 January 2017

NOTES ON THE ACCOUNTS

2. New and amended standards and interpretations – cont'd

IAS 12 - Income Taxes

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

The amendments also clarify that:

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

- when comparing deductible temporary differences with future taxable profits, the future taxable profits exclude tax deductions resulting from the reversal of those deductible temporary differences;

IAS 7 - Disclosure initiative

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

Pronouncements effective in future period for early adoption

New and Amended Standards	**Effective for annual periods beginning on or after**
IAS 40 Transfers of investment property	1 January 2018
IFRS 2 Share based Payment: Classification and measurement of share based transactions	1 January 2018
IFRS 4 Insurance contracts: Applying IFRS 9 ''Financial Instrument'' with ''IFRS 4 ''Insurance Contracts''	1 January 2018
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 9 Additions for Financial Liability Accounting	1 January 2018
IFRS 15 Revenue from Contracts With Customers	1 January 2018
Annual improvements to IFRS 2014-2016	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance contracts	1 January 2021

NOTES ON THE ACCOUNTS

2. New and amended standards and interpretations – cont'd

The Company and Group have not opted for early adoption.

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

IAS 40 - Transfers of investment property

The amendments to IAS 40 - Investment property amend the state that an entity shall transfer a property to or from investment property when and only when there is evidence of a change in use. A change in use occurs if property meets or ceases to meet the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

IFRS 4 - Insurance contracts

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

(a) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets;

(b) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4;

IFRS 9 - Financial instruments

IFRS 9 is effective for annual periods beginning on or after1 January 2018 with earlier application permitted. Early adoption must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in 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

NOTES ON THE ACCOUNTS

2. New and amended standards and interpretations – cont'd

IFRS 15 - Revenue From Contracts With Customers

This standard provides amendment to clarify how to:

- Identify the contract with the customer
- Determine whether an entity is a principal or an agent
- Determine whether the revenue from granting a licence to an entity's intellectual property should be recognize at a point in time or over time.

In addition to clarifications, the amendments include two additional reliefs to reduce cost and complexity for an entity when it first applies IFRS 15.

IFRS 17 - Insurance Liabilities

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

Annual improvements 2014 - 2016

The annual improvements to IFRS Standards 2014-2016 cycle contains three amendments related to three standards. The following shows the topics addressed by these amendments:

Standard	**Subject of amendment**
IFRS1 - First time adoption to IFRS	Deletion of short-term exemptions for first time adopters
IFRS 12 - Disclosure of interest in other entities	Clarification of the scope of the Standard
IAS 28 - Investments in Associates and Joint Ventures	Measuring an associate or Joint Venture at fair value

New and revised interpretations

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

NOTES ON THE ACCOUNTS

2. New and amended standards and interpretations – cont'd

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

- There is consideration that is denominated or priced in a foreign currency;
- The entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- The prepayment asset or deferred income liability is non-monetary.

The interpretation committee came to the following conclusion:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

IFRIC 23 - Uncertainty over Income Tax Treatment

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 treatment 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;
- The effect of changes in facts and circumstances.

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

2.1 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, plant, property and equipment and conform with International Financial Reporting Standards.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(b) Investments

Investments are recognized in the financial statements to comply with International Financial Reporting Standards (IFRS).

The Company and Group's investments have been classified as "Held to maturity", "Available for sale" and "Loans and receivables". Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities were 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.

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

"Available for sale" investments are initially recognized at cost and adjusted to fair value at subsequent periods.

Gains or losses on "available for sale financial assets" are recognised through the statement of profit or loss and other comprehensive income.

Investment in subsidiaries is stated at cost in the books of the Company.

"Loans and receivables" are stated net of unearned interest and provision for losses. Specific provisions are established on individual loans to recognize anticipated losses, and doubtful debts are written off when the possibility of further recovery seems remote.

Loans and receivables are classified as non-accrual whenever there is reasonable doubt regarding the collectability of principal or interest and principal is ninety days past due.

(c) Loan provisioning

Losses for impaired loans are recognized promptly when there is objective evidence that impairment of a loan or loan portfolio of loans has occurred.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(c) Loan provisioning – cont'd

Impairment losses are calculated on individual loans and on loans assessed collectively.

Throughout the year the Group assesses on a case by case basis whether there is objective evidence that a loan is impaired.

The Group reviews its portfolio annually. This normally includes a review of collateral held (including reconfirmation of its enforceability) and an assessment of actual and anticipated receipts.

Collateral
It is the Company and Group's policy that all facilities are fully and tangibly secured.

Classification
Hand-in-Hand Trust Corporation Inc., one of the subsidiaries of the Group classifies its loans according to the Financial Institutions Act of 1995.

Loans are classified as non-accrual whenever there is reasonable doubt regarding the collectability of principal or interest.

Provisioning for each classification categories are made based on the following minimum level:

Classification	Level of Provision
Pass	0%
Special mention	0%
Substandard	0% - 20%
Doubtful	50%
Loss	100%

A general provision of 1% of the portion of the loan portfolio not individually assessed is also made.

Renegotiated Loans
Loans are renegotiated because of weakness in the borrower's financial position or the non-servicing of debt as arranged or where it is determined that the terms of the loan be renegotiated to remedy the specific difficulties faced by the borrower.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(d) Plant, property and equipment and depreciation

Freehold land and buildings held for use in the supply of services or for administrative purposes are stated in the statement of financial position at their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

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

Depreciation on revalued land and buildings is charged to the statement of profit or loss and other comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the capital reserve is transferred directly to retained earnings.

Furniture, equipment, machinery and motor vehicles are stated at cost less accumulated depreciation and any impairment losses.

Depreciation of plant, property and equipment is calculated on the reducing balance method at the rates specified below, which are estimated to write off the cost or valuation of these assets to their residual values over their estimated useful lives.

	The Hand-in-Hand Mutual Fire Ins.Co. Ltd.	GCIS Inc.	Hand-in-Hand Trust Corporation Inc.
	%	%	%
Building (i)	–	3	–
Office equipment and machinery	2 – 25	10	5 – 20
Motor vehicles	20	25	25
Computers	50	50	20

(i) No depreciation is charged on the parent company's building since the estimated useful lives of the buildings are such that any depreciation would be immaterial.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(d) Plant, property and equipment and depreciation - cont'd

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount, and is written down immediately to its recoverable amount. The gain or loss arising on the disposal or retirement of an item of plant, property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income.

(e) Pension plan

A plan was established on 1 January, 1971 and administered under a Trust Deed executed on that date amended later by supplemental deeds. It is a Defined Benefit Plan and covers the employees of The Hand-in-Hand Mutual Fire Insurance Company Limited and GCIS Inc.

The main objective and purpose of the plan is to establish a fund for the provision of pension and other benefits for the employees of the Companies as shall become entitled thereto in accordance with the rules. All employees are eligible to join the plan provided they have completed one year of continuous service with the group and have attained the age of 18 years and are under the age of 50 if males or 45 if females. During the year, the companies' contribution to the pension plan was $24,649,576.

A provision for directors' benefits was established in 2015. It is administered by The Hand-in-Hand Mutual Fire Insurance Company Limited and is non-contributory.

The Hand-in-Hand Trust Corporation Inc. established a defined contribution pension plan for its employees in 2000. The assets of the plan are held in a self administered fund which is separate from the Corporation's finances. Retirement benefits are determined by contributions to the fund together with investment earnings thereon.

During 2017 the corporation's contribution to the Plan was $5,563,064 (2016 - $5,629,525). The fund balance was $87,838,588 as at 31 December 2017 (31 December 2016 – $95,155,708).

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(f) Reserve for unexpired risks

The Group's reserve for unexpired risks represents the proportion of the premiums written in a year which relates to periods of insurance subsequent to the reporting period and have been computed on the basis of 50% of the premium income on non-profit policies.

GCIS Incorporated reserve for unexpired risks is on the 60:40 method whereby 60% of the net premium written for the financial year is treated as earned and 40% as relating to the following year.

(g) Consolidation

The financial statements comprise the financial statements of The Hand-in-Hand Mutual Fire Insurance Company Limited (the company) and its controlled subsidiaries, after the elimination of all material intra-company transactions. Control is achieved through ownership of shares. Subsidiaries are consolidated from the date the parent company obtains control until such time as control ceases.

The financial statements incorporate the financial statements of GCIS Incorporated, Hand-in-Hand Trust Corporation Inc. and Hand-in-Hand Investments Inc. in which The Hand-in-Hand Mutual Fire Insurance Company Limited owns 66.7%, 72% and 35% at 31 December, 2017 respectively of the issued share capitals. The group owns 58.9% of the issued share capital of the Hand-in-Hand Investments Inc.

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to confirm any dissimilar material accounting policies that may exist.

Non-controlling interest represent the interest not held by the company in GCIS Incorporated, Hand-in-Hand Trust Corporation Inc. and Hand-in-Hand Investments Inc.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(h) Management fees and expenses

Management fees are charged to GCIS Incorporated to equitably spread overhead in relation to the management services rendered to this company.

These expenses are allocated based on the gross premium written on each class of business for the year.

(i) Commissions and allowances

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

(j) Financial instruments

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

<u>Receivables</u>
Receivables are stated at amortised cost. Appropriate allowances for estimated unrecoverable amounts are recognized in the statement of profit or loss and other comprehensive income when there is objective evidence that they are not collectible.

<u>Payables</u>
Payables are recognised at amortized cost.

<u>Bank borrowings</u>
Interest bearing bank loans and overdrafts are recognized at amortized cost.

<u>De-recognition</u>
Financial assets are derecognized when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognized when they are extinguished, i.e. when obligation is discharged, cancelled or expired.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(k) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business. Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

Dividend income from investments is recognized when the shareholders rights to receive payment have been established.

(l) Goodwill

Goodwill is tested annually for impairment.

(m) Cash and cash equivalents

Cash and cash equivalents 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 months or less.

(n) Taxation

Income Tax

Income tax expense represents the sum of tax currently payable and deferred 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 expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted in Guyana at the end of the reporting period.

Deferred Tax

Deferred tax is recognized on the differences between the carrying amount of the 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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(n) Taxation- cont'd

Deferred Tax – cont'd

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor accounting profit.

The carrying amount of the deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow all or part of the assets 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 realized 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.

(o) Properties on hand

These properties relate to mortgages that were foreclosed and purchased at public auction. These are stated at fair value.

(p) Foreign Currencies

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined.

Gains and losses arising on retranslation are included in the statement of profit or loss and other comprehensive income for the period.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(q) Reinsurance

The group transfers some of its insurance risk to other insurers through reinsurance both locally and overseas. The reinsurer assumes part of the risk and part of the premium originally taken by the group. Reinsurer reimburses the group for claims paid to policyholders according to various standing agreements reached. The group has both treaty and facultative reinsurance. Under a treaty each party automatically accepts specific percentage of the insurers' business. Facultative reinsurance covers specific individual risks that are unusual or so large that it cannot be covered in the group's reinsurance treaties.

Reinsurance premium paid and reinsurance recoveries that are netted against claims are accounted for in the statement of profit or loss and other comprehensive income.

Reinsurance recoveries on outstanding claims are shown as current asset in the statement of financial position.

(r) Insurance contract – The Hand-in-Hand Mutual Fire Insurance Company Ltd.

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

Accident and liability Insurance contracts protect the company's customer against the risk of causing harm to third parties as a result of their legitimate activities and damages covered include both contractual and non-contractual events.

Property Insurance contracts mainly compensate the company's customers for damage suffered to their properties or for the value of property lost.

Liability adequacy test

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(s) Insurance contract – GCIS Inc.

The Company has traditional long-term insurance contracts that continue through the life of the insured individual and for specified periods as well.

Insurance premiums are recognized as they become payable by the contract holder. Premiums paid are recognized through the statement of profit or loss and other comprehensive income and are shown gross of commission.

There is a concentration of insurance risk in the age range of 21-30 years. This risk is factored into the insurance premium amount. A higher premium is charged for high risk insurance contracts. The company maintains a large portfolio of similar contracts resulting in less variability in the estimated risk.

(t) Claims

Claims are made against the group for losses incurred by its various policy holders. Management minimizes this expense by prudent underwriting of policies and efficient handling and settlement of claims. Management also minimizes this expense by reinsurance. Claims are reflected in the statement of profit or loss and other comprehensive income net of reinsurance recoveries. Claims that are reported but not paid are provided for in the accounts. The amount provided is based upon the estimated liabilities and limited to the coverage granted under the policy. Where the claim is subject to reinsurance, an amount is provided as recoverable from the reinsurer. A claim must be made immediately and then put in writing within 14 days according to the insurance contract.

(u) Premium Capital

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

(v) Capital Reserve

Surplus on revaluation of fixed assets is credited to this account.

(w) General Reserve

This represents the accumulated surplus or losses of the group together with write off such as unclaimed triennial cash profit.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(x) Capital Redemption Reserve

A provision is made so as not to reduce the available funds necessary to pay creditors as a result of the redemption of ordinary and preference scrip.

(y) Triennial Profit

This represents triennial cash profit, that is, a portion of the profits of the company which is returnable to members in cash at the end of a triennial period in respect of and in proportion to their premium contributions pursuant to the By-Laws of the company. A rate of return is arrived at after taking into account the various prevailing interest rates.

(z) Reserve fund

This reserve is maintained by Hand-in-Hand Trust Corporation Inc. in accordance with the provisions of Section 20 (1) of the Financial Institutions Act 1995 which requires that a minimum 15% of net profit as defined in the Act, be transferred to the reserve fund until the amount of the fund is equal to its paid up capital.

(aa) Business information

The group's business information are components of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business information.

(ab) Investment reserve

At the end of each reporting period securities are valued using the current market rates prevailing on the Guyana Stock Exchange, London Stock Exchange and at directors' valuation for equity shares. The surplus or deficit is transferred to the Investment Reserve account.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(ac) Impairment of tangible assets

At the end of each reporting 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).

(ad) Provisions

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that the company and group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

De-recognition of provisions

Provisions are de-recognized when it is no longer probable that an outflow of economic resources will be required to settle the obligation.

(ae) Dividends

Dividends that are proposed and declared are recorded as an appropriation of retained earnings in the statement of changes in equity in the period in which they have been approved. Dividends that are proposed and declared after the reporting date are disclosed as a note to the financial statements.

(af) Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds – IAS 23 – Borrowing costs. Borrowing costs were expensed during the period.

NOTES ON THE ACCOUNTS

2.2 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company and Group's accounting policies which are described in note 2.1, the directors are required to make judgments, 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 recognized 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 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) Receivables and prepayments
On a regular basis, management reviews trade and other receivables to assess impairment. Based on the information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairment.

(ii) Useful lives of plant, property and equipment
Management reviews the estimated useful lives of plant, property and equipment at the end of each reporting period to determine whether the useful lives should remain the same.

(iii) Other financial assets
In determining the fair value of investments in the absence of a market, the Directors estimate the likelihood of impairment by using discounted cash flows.

(iv) Transfer to Life Assurance Fund
The transfer to the Life Assurance Fund was computed by the actuaries based on data provided by management. The computation of the transfer assumes that the data is not materially misstated.

NOTES ON THE ACCOUNTS

	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
3 Premiums						
Company						
Fire	637,947,733	175,198,738	462,748,995	662,410,296	203,095,236	459,315,060
Marine	20,837,946	12,121,680	8,716,266	20,862,263	3,884,852	16,977,411
Accident and liabilities	179,362,970	59,472,151	119,890,819	194,417,058	70,805,818	123,611,240
Auto	540,529,320	36,175,824	504,353,496	582,390,710	37,184,318	545,206,392
	1,378,677,969	282,968,393	1,095,709,576	1,460,080,327	314,970,224	1,145,110,103
Group						
Fire	669,559,967	178,016,300	491,543,667	695,410,450	208,460,938	486,949,512
Marine	20,837,946	12,121,680	8,716,266	20,862,263	3,884,852	16,977,411
Accident and liabilities	179,362,970	59,472,151	119,890,819	194,417,058	70,805,818	123,611,240
Auto	704,769,561	45,787,162	658,982,399	762,136,234	49,182,379	712,953,855
Life	55,481	-	55,481	204,184	(858,919)	1,063,103
	1,574,585,925	295,397,293	1,279,188,632	1,673,030,189	331,475,068	1,341,555,121

	Company		Group	
	2017	2016	2017	2016
	G$	G$	G$	G$
4 Investment income				
"Held to maturity"				
Bonds & debentures	-	-	58,959,718	61,129,062
"Available for sale"				
Shares and stocks	29,701,074	31,082,542	56,934,761	58,506,816
"Loans and receivables"				
Mortgages & loans	9,104,425	1,510,196	617,713,015	637,156,031
Total	38,805,499	32,592,738	733,607,494	756,791,909
Investment income from:				
Quoted investments	27,384,574	28,856,042	53,050,261	54,696,316
Unquoted investments	11,420,925	3,736,696	680,557,233	702,095,593
	38,805,499	32,592,738	733,607,494	756,791,909
5 Other income				
Cash on deposit	16,774,696	20,242,922	21,540,402	24,982,066
Miscellaneous	20,925,184	21,220,228	102,511,525	100,154,001
	37,699,880	41,463,150	124,051,927	125,136,067

NOTES ON THE ACCOUNTS

	Company 2017 G$	Company 2016 G$	Group 2017 G$	Group 2016 G$
6 Management fees				
GCIS Inc.	12,000,000	12,000,000	-	-
Hand in Hand Trust Corporation Inc.	6,500,000	5,500,000	-	-
	18,500,000	17,500,000	-	-
7 Commissions and allowances				
Fire	108,485,519	108,053,481	110,718,380	110,258,126
Marine	3,543,575	3,403,087	3,543,575	3,403,087
Accident and liabilities	30,501,378	31,713,637	30,501,378	31,713,637
Auto	29,648,493	36,312,999	33,483,185	39,874,338
	172,178,965	179,483,204	178,246,518	185,249,188
8 Management expenses				
Operating expenses	285,846,304	236,399,815	375,311,070	300,373,409
Provision for losses (a)	-	-	(97,685,804)	236,490,074
Employment cost	420,238,372	347,295,845	719,263,454	617,933,910
Depreciation	26,712,672	28,134,017	39,217,354	38,165,374
Directors' emoluments (b)	11,273,724	11,273,724	17,986,330	18,467,655
Investments written off (c)	-	-	29,753,245	4,072,545
Auditor's remuneration	4,057,029	4,260,198	6,840,042	7,043,164
	748,128,101	627,363,599	1,090,685,691	1,222,546,131
(a) Provision for losses				
Increase in loan loss provision	-	-	(84,812,976)	253,571,184
Bad debt written off	-	-	23,577,249	-
Bad debt recoveries	-	-	(36,450,077)	(17,081,110)
	-	-	(97,685,804)	236,490,074
(b) Directors' emoluments				
J.G. Carpenter - (Chairman - HIHF)	2,818,164	2,818,164	3,199,212	3,199,210
P.A. Chan-Sue - (Chairman - HIH Trust and Vice-Chairman - GCIS Inc)	1,691,112	1,691,112	3,114,288	3,114,286
C.R. Quintin - (Chairman - GCIS Inc and Vice-Chairman - HIH Trust)	1,691,112	1,691,112	3,018,156	3,018,155
W.A. Lee - (Vice Chairman - HIHF)	1,691,112	1,691,112	1,691,112	1,691,112
I.A. Mc Donald	1,691,112	1,691,112	2,516,256	2,516,256
T.A. Parris	1,691,112	1,691,112	2,897,304	2,897,302
K. Evelyn	-	-	-	-
K. Cholmondeley	-	-	381,048	381,046
Troy Cadogan	-	-	825,144	825,144
Timothy Jonas	-	-	343,810	825,144
	11,273,724	11,273,724	17,986,330	18,467,655
(c) Investment written off				
RBC Dominion and other investments	-	-	29,753,245	4,072,545

Investments held in RBC Dominion have declined significantly in fair values, as a result an amount of $29,753,245 and $4,072,545 (2016) respectively, were written off.

NOTES ON THE ACCOUNTS

	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
9 Claims						
Company						
Fire	(33,221,273)	(19,798,419)	(13,422,854)	545,466,773	297,390,453	248,076,320
Marine	4,945,512	-	4,945,512	3,939,579	-	3,939,579
Accident and liabilities	12,275,370	-	12,275,370	7,148,729	-	7,148,729
Auto	142,566,039	13,976,998	128,589,041	155,459,235	8,159,998	147,299,237
	126,565,648	(5,821,421)	132,387,069	712,014,316	305,550,451	406,463,865
Claims paid in financial year						
Fire	336,926,193	215,954,176	120,972,017	181,989,731	24,843,953	157,145,778
Marine	8,315,736	-	8,315,736	839,579	-	839,579
Accident and liabilities	10,895,846	-	10,895,846	8,111,774	-	8,111,774
Auto	147,065,100	13,976,998	133,088,102	174,528,740	8,159,998	166,368,742
	503,202,875	229,931,174	273,271,701	365,469,824	33,003,951	332,465,873
Group						
Fire	(25,258,657)	(13,078,710)	(12,179,947)	559,698,686	306,301,275	253,397,411
Marine	4,945,512	-	4,945,512	3,939,579	-	3,939,579
Accident and liabilities	12,275,370	-	12,275,370	7,148,729	-	7,148,729
Auto	203,502,459	19,274,736	184,227,723	239,107,420	10,461,757	228,645,663
Life	737,555	(51,000)	788,555	159,911	44,032	115,879
	196,202,239	6,145,026	190,057,213	810,054,325	316,807,064	493,247,261
Claims paid in financial year						
Fire	340,866,537	217,026,659	123,839,878	186,371,644	27,196,919	159,174,725
Marine	8,315,736	-	8,315,736	839,579	-	839,579
Accident and liabilities	10,895,846	-	10,895,846	8,111,774	-	8,111,774
Auto	207,782,000	21,474,736	186,307,264	277,497,145	10,775,757	266,721,388
Life	787,788	-	787,788	326,581	66,699	259,882
	568,647,907	238,501,395	330,146,512	473,146,723	38,039,375	435,107,348

NOTES ON THE ACCOUNTS

	Group	
	2017	2016
	G$	G$
10 Interest		
Interest expenses	255,088,273	251,759,646

Interest expenses represent interest on customers' deposits at Hand-in-Hand Trust Corporation Inc.

	Group	
	2017	2016
	G$	G$
11 Surrenders		
Surrenders	226,533	414,047

This is the cancellation of policy due to policyholder no longer interested in coverage.
Surrenders relate to GCIS Inc.

	Company & Group	
	2017	2016
	G$	G$
12 Triennial cash profit		
Triennial cash profit - 15%	3,412,241	2,990,844
13 Policies entitled to profits 2016/2019		
Policies entitled to profits 2016	-	(73,453,573)
Policies entitled to profits 2017	11,472,484	(43,547,790)
Policies entitled to profits 2018	9,717,244	(28,670,940)
Policies entitled to profits 2019	5,754,236	-
	26,943,964	(145,672,303)
14 Transfer - profit and loss (Annual) account on policies entitled to profit/(loss)		
At 31 December 2014	-	18,825,209
At 31 December 2015	(16,683,999)	(59,842,594)
At 31 December 2016	43,547,790	73,453,573
At 31 December 2017	(11,472,484)	-
	15,391,307	32,436,188

NOTES ON THE ACCOUNTS

15(a) Taxation

Taxation on the company and its subsidiaries have been computed based on the applicable tax laws relating to Insurance Companies and Trust Companies.

Life insurance business is taxed at 30%; Fire insurance business at 40% and Trust business at 30% on varying bases.

	Company		Group	
	2017	2016	2017	2016
	G$	G$	G$	G$
Reconciliation of tax expenses and accounting profit				
Accounting profit/(loss)	135,593,149	24,205,928	419,932,730	65,851,295
Corporation tax @ 40%/30%	54,237,260	9,682,371	137,723,583	20,497,897
Add:				
Tax effect of expenses not deductible in determining taxable profit	10,685,069	11,253,607	12,020,679	12,702,941
	64,922,329	20,935,978	149,744,262	33,200,838
Deduct:				
Income exempt from corporation tax	(11,482,721)	(15,423,610)	(34,021,821)	(40,125,620)
	53,439,608	5,512,368	115,722,441	(6,924,782)
Adjustments and effect of varying tax rates	(17,922,787)	(5,512,368)	(47,401,484)	9,964,813
Corporation tax	35,516,821	-	68,320,957	3,040,031
Taxes deducted at source from income on deposits	806,942	740,246	3,528,802	2,287,532
Capital gains tax at 20%	1,732,386	281,861	2,111,709	350,743
Deferred tax	35,535,320	(16,064,985)	35,923,886	(16,600,848)
	73,591,469	(15,042,878)	109,885,354	(10,922,542)
Taxation - current	38,056,149	1,022,107	73,961,468	5,678,306
- deferred	35,535,320	(16,064,985)	35,923,886	(16,600,848)
	73,591,469	(15,042,878)	109,885,354	(10,922,542)

NOTES ON THE ACCOUNTS

15(a) Taxation - cont'd

Deferred tax

The following is the analysis of deffered tax asset/(liabilities) presented in the statement of financial position.

Movement in temporary differences

	Company		
	Fixed Assets G$	Unused tax losses carried forward G$	Total G$
Deferred assets			
At 1 January 2016	395,099	27,476,715	27,871,814
Movement during the year:-			
Statement of profit or loss and other comprehensive income	39,667	16,025,318	16,064,985
At 31 December 2016	434,766	43,502,033	43,936,799
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(18,499)	(35,516,820)	(35,535,319)
At 31 December 2017	416,267	7,985,213	8,401,480

	Company	
	Revaluation of Land and Building G$	Total G$
Deferred liabilities		
At 1 January 2016 and 31 December 2017	434,264,122	434,264,122

NOTES ON THE ACCOUNTS

15(a) Taxation - cont'd

Deferred tax

The following is the analysis of deffered tax asset/(liabilities) presented in the statement of financial position.

Movement in temporary differences

	Group		
	Fixed assets G$	Unused tax losses carried forward G$	Total G$
Deferred assets			
At 1 January 2016	1,981,504	27,476,715	29,458,219
Movement during the year:-			
Statement of profit or loss and other comprehensive income	314,404	16,025,318	16,339,722
At 31 December 2016	2,295,908	43,502,033	45,797,941
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(288,315)	(35,516,821)	(35,805,136)
At 31 December 2017	2,007,593	7,985,213	9,992,806

	Group		
	Revaluation of Land and Building G$	Fixed assets G$	Total G$
Deferred liabilities			
At 1 January 2016	495,649,419	6,917,193	502,566,612
Movement during the year:-			
Statement of profit or loss and other comprehensive income	-	(261,125)	(261,125)
At 31 December 2016	495,649,419	6,656,068	502,305,487
Movement during the year:-			
Statement of profit or loss and other comprehensive income	-	118,750	118,750
At 31 December 2017	495,649,419	6,774,818	502,424,237

NOTES ON THE ACCOUNTS

15(b) Disclosure of tax effects relating to each component of other comprehensive income and statement of changes in equity

	Company					
	2017			2016		
	Before-tax amount G$	Tax (expense)/ benefit G$	Net-of-tax amount G$	Before-tax amount G$	Tax (expense)/ benefit G$	Net-of-tax amount G$
Written back on disposal of investment	1,562,350	-	1,562,350	(1,243,395)	-	(1,243,395)
Fair value adjustment on investments	115,426,548	-	115,426,548	18,807,997	-	18,807,997
	116,988,898	-	116,988,898	17,564,602	-	17,564,602

	Group					
	2017			2016		
	Before-tax amount G$	Tax (expense)/ benefit G$	Net-of-tax amount G$	Before-tax amount G$	Tax (expense)/ benefit G$	Net-of-tax amount G$
Written back on disposal of investment	1,562,350	-	1,562,350	(1,243,395)	-	(1,243,395)
Fair value adjustment on investments	168,823,368	-	168,823,368	9,996,776	-	9,996,776
	170,385,718	-	170,385,718	8,753,381	-	8,753,381

NOTES ON THE ACCOUNTS

16 (a) Plant, Property and Equipment

COMPANY

	Freehold land and buildings G$	Furniture, equipment and machinery G$	Motor vehicles G$	2017 Total G$	2016 Total G$
Cost/valuation					
At 1 January	1,877,106,284	344,682,573	80,340,980	2,302,129,837	2,272,001,954
Additions	2,857,456	22,574,679	3,562,798	28,994,933	61,420,596
Disposals	-	(912,339)	(278,382)	(1,190,721)	(31,292,713)
At 31 December	1,879,963,740	366,344,913	83,625,396	2,329,934,049	2,302,129,837
Comprising:					
Cost	794,303,435	366,344,913	83,625,396	1,244,273,744	1,216,469,532
Valuation	1,085,660,305	-	-	1,085,660,305	1,085,660,305
	1,879,963,740	366,344,913	83,625,396	2,329,934,049	2,302,129,837
Depreciation					
At 1 January	-	224,360,299	37,972,693	262,332,992	262,316,906
Charge for the year	-	18,098,821	8,613,851	26,712,672	28,134,017
Written back on disposals	-	(763,393)	(45,952)	(809,345)	(28,117,931)
At 31 December	-	241,695,727	46,540,592	288,236,319	262,332,992
Net book values:					
At 31 December 2017	1,879,963,740	124,649,186	37,084,804	2,041,697,730	
At 31 December 2016	1,877,106,284	120,322,274	42,368,287		2,039,796,845

NOTES ON THE ACCOUNTS

16 (b) Plant, Property and Equipment

GROUP

	Freehold land and buildings G$	Furniture, equipment and machinery G$	Motor vehicles G$	2017 Total G$	2016 Total G$
Cost/valuation					
At 1 January	1,851,994,877	450,619,495	104,588,351	2,407,202,723	2,382,614,727
Additions	2,857,456	44,620,223	9,593,329	57,071,008	68,284,439
Disposals	-	(4,897,726)	(278,382)	(5,176,108)	(43,696,443)
At 31 December	1,854,852,333	490,341,992	113,903,298	2,459,097,623	2,407,202,723
Comprising:					
Cost	568,879,293	490,341,992	113,903,298	1,173,124,583	1,121,229,683
Valuation	1,285,973,040	-	-	1,285,973,040	1,285,973,040
	1,854,852,333	490,341,992	113,903,298	2,459,097,623	2,407,202,723
Depreciation					
At 1 January	29,952,695	310,317,000	55,876,378	396,146,073	398,499,804
Charge for the year	1,250,658	24,252,303	13,714,393	39,217,354	38,165,374
Written back on disposals	-	(4,483,415)	(45,952)	(4,529,367)	(40,519,105)
At 31 December	31,203,353	330,085,888	69,544,819	430,834,060	396,146,073
Net book values:					
At 31 December 2017	1,823,648,980	160,256,104	44,358,479	2,028,263,563	
At 31 December 2016	1,822,042,182	140,302,495	48,711,973		2,011,056,650

If no revaluation of land and buildings were done, the net book value of the fixed assets would have been approximately $806,328,245 (2016 - $803,470,789).

(c) Refer to Note 18 for fair value disclosures.

NOTES ON THE ACCOUNTS

17 Investments

	Company			
	31.12.2017		31.12.2016	
	Fair value G$	Cost G$	Fair value G$	Cost G$
"Available for sale"				
Shares, other stocks and bonds				
Guyana	569,106,670	245,134,422	504,310,709	234,425,032
Canada	85,198,533	24,684,283	77,275,257	24,684,283
United States	186,586,160	94,241,152	175,068,312	109,210,345
United Kingdom	212,265,381	195,118,576	162,285,679	173,630,885
	1,053,156,744	559,178,433	918,939,957	541,950,545
"Loans and receivables"				
Mortgages (d)	189,322,640	189,322,640	174,000,537	174,000,537
MCG Investment	14,700,000	14,700,000	14,700,000	14,700,000
	204,022,640	204,022,640	188,700,537	188,700,537
Total investments	1,257,179,384	763,201,073	1,107,640,494	730,651,082

	Group			
	31.12.2017		31.12.2016	
	Fair value G$	Cost G$	Fair value G$	Cost G$
"Held to Maturity"				
Bonds & Debentures:-				
Guyana - Others (a)	288,909,350	942,448,327	294,677,600	294,677,600
Caribbean - Government (b)	409,092,216	409,092,216	419,191,399	419,191,399
Caribbean - Others (c)	653,538,977	-	60,000,000	60,000,000
	1,351,540,543	1,351,540,543	773,868,999	773,868,999
"Available for sale"				
Government:-				
United Kingdom	3,395,978	3,500,734	1,155,302	1,402,847
Shares, other stocks and bonds				
Guyana	728,639,378	368,638,359	626,338,416	357,928,969
Canada	113,414,197	55,586,760	107,110,099	52,010,516
United States	240,795,129	130,186,386	220,990,189	148,452,969
Caribbean - Others	487,420,704	320,181,872	521,927,519	534,720,127
United Kingdom	279,618,410	256,635,398	221,634,290	236,161,629
	1,853,283,796	1,134,729,509	1,699,155,815	1,330,677,057
"Loans and receivables"				
Mortgages (d)	6,090,059,994	6,090,059,994	6,207,806,029	6,207,806,029
MCG Investment	14,700,000	14,700,000	14,700,000	14,700,000
	6,104,759,994	6,104,759,994	6,222,506,029	6,222,506,029
Less: Provision for impaired mortgages	293,152,555	293,152,555	377,965,531	377,965,531
	5,811,607,439	5,811,607,439	5,844,540,498	5,844,540,498
Total investments	9,016,431,778	8,297,877,491	8,317,565,312	7,949,086,554

NOTES ON THE ACCOUNTS

17 Investments - cont'd

Investment securities

	Year of Maturity	Rate of Interest	Security	31.12.2017 G$	31.12.2016 G$
Held to Maturity					
(a) Guyana - Others					
Courts (Guyana) Inc.	2018/2019	8.00	Secured	170,000,000	170,000,000
Berbice Bridge Inc. - Tranche 1	2018	9.00	Secured	18,909,350	24,677,600
Berbice Bridge Inc. - Tranche 2	2022	10.00	Secured	100,000,000	100,000,000
				288,909,350	294,677,600
(b) Caribbean- Government					
St.Vincent & Grenadines	2018	8.50	Secured	6,300,000	9,180,000
Gov't of Belize	2031	5.00	Secured	160,224,960	155,647,104
T&T Housing Bond	2025	7.00	Secured	61,120,000	61,120,000
Gov't of Trinidad & Tobago	2017	8.25	Secured	-	49,536,000
Gov't of St. Kitts New Discount Bonds	2032	6.00	Secured	8,308,031	8,514,762
Gov't of St Kitts New Par Bonds	2057	1.50	Secured	9,019,225	8,761,533
Gov't of T&T Bond	2021	-	Secured	81,152,000	101,472,000
Gov't of T&T Bond	2021	-	Secured	19,968,000	24,960,000
Barbados Port Inc.	2024	8.00	Secured	63,000,000	-
				409,092,216	419,191,399

NOTES ON THE ACCOUNTS

17 Investments - cont'd

Investment Securities - cont'd

	Year of Maturity	Rate of Interest	Security	31.12.2017	31.12.2016
				G$	G$
(c) Caribbean- Others					
Neal & Massy Holdings	2017	5.35	Secured	-	16,000,000
TSTT Bonds	2017	4.50	Secured	-	44,000,000
Hand in Hand Life Assurance Co. Ltd.	2022	2.75	Secured	300,000,000	-
JMMB Repurchase Agreement	2018	2.10	Secured	163,130,155	-
JMMB Repurchase Agreement	2018	2.25	Secured	64,918,262	-
RBC - OMO 15-79	2018	2.20	Secured	125,490,560	-
				653,538,977	60,000,000

(d) Mortgages	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
(a) Accrual loan and advances	204,022,640	188,700,537	4,100,985,170	4,614,906,339
Non accruals loan and advances	-	-	2,003,774,824	1,607,599,690
	204,022,640	188,700,537	6,104,759,994	6,222,506,029
Provision for impairment (i)	-	-	293,152,555	377,965,531
	204,022,640	188,700,537	5,811,607,439	5,844,540,498
(b) Provision for impairment				
At beginning	-	-	377,965,531	179,827,973
Reversal of provision	-	-	(2,136,810,283)	(206,611,097)
Provision for the year	-	-	2,051,997,307	404,748,655
	-	-	(84,812,976)	198,137,558
At end	-	-	293,152,555	377,965,531
(i) Individually assessed provision	-	-	293,152,555	377,965,531

NOTES ON THE ACCOUNTS

18 Fair value determination

The following table details the carrying costs of assets and liabilities. Fair values are stated for disclosure purposes.

Company	IFRS 13 Level	**31.12.2017** Carrying Value **G$**	Fair Value **G$**	IFRS 13 Level	**31.12.2016** Carrying Value **G$**	Fair Value **G$**
Assets						
Investments						
Loans and receivables	2	204,022,640	204,022,640	2	188,700,537	188,700,537
Statutory deposits	2	244,375,148	244,375,148	2	243,576,901	243,576,901
Investment in subsidiaries	2	948,873,333	948,873,333	2	948,873,333	948,873,333
Accrued interest	2	8,144,612	8,144,612	2	5,648,311	5,648,311
Receivable and prepayments	2	678,262,107	678,262,107	2	834,079,456	834,079,456
Taxes recoverable	2	72,071,750	72,071,750	2	72,071,750	72,071,750
Cash on deposits	1	215,466,721	215,466,721	1	90,620,377	90,620,377
Cash at banks and on hand	1	92,127,293	92,127,293	1	80,533,944	80,533,944
		2,463,343,604	2,463,343,604		2,464,104,609	2,464,104,609
Liabilities						
Medium term borrowings	2	1,312,324,338	1,312,324,338	2	942,324,338	942,324,338
Claims admitted and intimated but not paid	2	495,803,015	495,803,015	2	856,025,742	856,025,742
Payables and accrued expenses	2	226,673,052	226,673,052	2	255,991,668	255,991,668
Taxes payable	2	66,795,910	66,795,910	2	29,342,131	29,342,131
Bank overdraft	1	46,974,027	46,974,027	1	143,585,127	143,585,127
		2,148,570,342	2,148,570,342		2,227,269,006	2,227,269,006

Group	IFRS 13 Level	31.12.2017 Carrying Value G$	Fair Value G$	IFRS 13 Level	31.12.2016 Carrying Value G$	Fair Value G$
Assets						
Goodwill	2	157,582,464	157,582,464	2	157,582,464	157,582,464
Investments						
Held to maturity	2	1,351,540,543	1,351,540,543	2	773,868,999	773,868,999
Loans and receivables	2	5,811,607,439	5,811,607,439	2	5,844,540,498	5,844,540,498
Statutory deposits	2	1,320,775,899	1,320,775,899	2	1,289,554,317	1,289,554,317
Accrued interest	2	24,787,781	24,787,781	2	44,005,391	44,005,391
Receivable and prepayments	2	741,951,959	741,951,959	2	885,696,488	885,696,488
Taxes recoverable	2	77,938,053	77,938,053	2	83,692,031	83,692,031
Cash on deposits	1	1,090,418,489	1,090,418,489	1	1,086,458,093	1,086,458,093
Cash at banks and on hand	1	242,849,118	242,849,118	1	152,500,272	152,500,272
		10,819,451,745	10,819,451,745		10,317,898,553	10,317,898,553
Liabilities						
Customers' deposits	2	8,404,128,772	8,404,128,772	2	8,184,322,105	8,184,322,105
Medium term borrowings	2	1,312,324,338	1,312,324,338	2	942,324,338	942,324,338
Reserve fund	2	194,779,819	194,779,819	2	160,024,968	160,024,968
Policyholders' liabilities	2	9,640,000	9,640,000	2	9,640,000	9,640,000
Claims admitted and intimated but not paid	2	529,224,311	529,224,311	2	888,651,705	888,651,705
Payables and accrued expenses	2	372,792,918	372,792,918	2	418,773,495	418,773,495
Taxes payable	2	109,792,818	109,792,818	2	40,271,308	40,271,308
Bank overdraft	1	46,974,027	46,974,027	1	143,585,127	143,585,127
		10,979,657,003	10,979,657,003		10,787,593,046	10,787,593,046

NOTES ON THE ACCOUNTS

18 Fair value determination - cont'd

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

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

(i) **"Loans and receivables"**

Loans and receivables and other receivables are net of specific provision for impairment. The fair value is based on expected realisation of outstanding balances taking into account the Company's and Group's history with respect to delinquencies. Mortgages are secured against the borrowers' properties.

(ii) **"Financial instruments where the carrying amounts are equal to fair value "**

The fair values of the Company's and Group's investments were arrived at using market rates provided by Guyana Association of Securities Companies and Intermediaries Inc. and Directors' assessment.

Financial instruments where the carrying amounts are equal to fair value. Due to their short term maturity, the carrying value of certain financial instruments approximates their fair values. These include cash and cash equivalents, statutory deposits, receivables and prepayments, accrued interest, taxes recoverable/payable, medium term borrowings, claims admitted and intimated but not paid, payables and accrual, bank overdraft and customer deposits.

(iii) Fair value of properties on hand, goodwill, investment in subsidiaries and reserve refund were determined using Directors estimate.

(iv) Fair value of policyholders' liabilities was determined by the actuaries.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

NOTES ON THE ACCOUNTS

18 Fair value determination - cont'd

Assets carried at fair value

Company

	31.12.2017 (IFRS 13)			
	Level 1	Level 2	Level 3	Total
	G$	**G$**	**G$**	**G$**
Available for sale financial assets	471,223,514	531,645,480	50,287,750	1,053,156,744

	31.12.2016 (IFRS 13)			
	Level 1	Level 2	Level 3	Total
	G$	**G$**	**G$**	**G$**
Available for sale financial assets	410,293,332	458,358,875	50,287,750	918,939,957

Group

	31.12.2017 (IFRS 13)			
	Level 1	Level 2	Level 3	Total
	G$	**G$**	**G$**	**G$**
Available for sale financial assets	1,108,421,880	693,726,837	51,135,079	1,853,283,796

	31.12.2016 (IFRS 13)			
	Level 1	Level 2	Level 3	Total
	G$	**G$**	**G$**	**G$**
Available for sale financial assets	1,067,326,181	580,694,555	51,135,079	1,699,155,815

Where the fair value of an available for sale investment security is based on a quoted market price in an active market, the instrument is classified in Level 1. A market is regarded as active if quoted market prices are readily and regularly available from an exchange, dealer, broker, industry, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occuring market transactions on an arm's length basis.

Where the fair value of an available for sale investment security is determined by quoted price for an identical instrument in a market that is considered less active or by a quoted price in an active market for a similar instrument, that instrument is included in Level 2.

If the fair value is based on one or more significant inputs that are not derived from observable market data, the instrument is included in Level 3.

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Plant, Property and Equipment	2,041,697,730	2,039,796,845	2,028,263,563	2,011,056,650
Properties on hand	1,900,000	1,900,000	14,334,347	13,905,618

During the year ended 30 June 1980, The Hand-in-Hand Mutual Fire Insurance Company Limited's land and buildings were revalued by an independent professional valuer. The surplus on revaluation amounting to G$808,179 was credited to capital reserve. Another revaluation was done on 12 May 1994 by the Directors and an additional revaluation surplus of G$77,875,716 was credited to capital reserve. A further revaluation was again done on 4 May 2002 by an independent professional valuer, Mr. Hugo Curtis, FRICS - Chartered Valuation Surveyor. A surplus on revaluation amounting to G$1,006,976,410 was credited to capital reserve.

The GCIS Incorporated's land and buildings were revalued on 7 March 1994 by Mr. Moneer Khan, Valuer, but the revalued figures were not brought in the accounts until 31 December 1994, when a 5% upward adjustment was made to those figures by the Valuation Division of the Ministry of Finance. The surplus arising on revaluation was credited to Revaluation Reserve. A further revaluation was again done on 12 November, 2008 by Mr. Pavel Benn, Valuer. A surplus on revaluation of $168,688,283 was credited to revalution reserve.

The valuation of property has been derived to the current market value in the case of land, and the replacement cost in the case of building. The most significant input for these valuation approaches is the value of replacement cost per square foot which is considered to be observable. The valuation of property is classified as a level 2.

NOTES ON THE ACCOUNTS

19 Investment in subsidiaries

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
GCIS Inc.	215,000,000	215,000,000	-	-
HIH Trust Corporation Inc.	733,838,333	733,838,333	-	-
HIH Investment Inc.	35,000	35,000	-	-
	948,873,333	948,873,333	-	-

20 Properties on hand

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Cost				
Opening and closing balance	1,900,000	1,900,000	50,324,698	46,776,290
Provision for diminution in value	-	-	35,990,351	32,870,672
Fair value	1,900,000	1,900,000	14,334,347	13,905,618

These properties relate to foreclosed mortgages. The valuation of these properties was done by an independent professional valuer Mr. Hugo Curtis, FRICS - Chartered Valuation Surveyor.

21 Statutory deposits

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Deposit at Bank of Guyana	-	-	1,015,417,903	986,417,903
Republic Bank Guyana Ltd	84,060,119	83,392,975	84,060,119	83,392,975
Citizens Bank Inc.	148,912,709	148,912,709	209,895,557	208,472,222
Guyana Bank For Trade & Industry Ltd	11,402,320	11,271,217	11,402,320	11,271,217
	244,375,148	243,576,901	1,320,775,899	1,289,554,317

These are deposits with Financial Institutions held to the direct order of the relevant Regulators.

NOTES ON THE ACCOUNTS

22 Receivables and prepayments

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Reinsurance recoveries (a)	168,706,825	388,044,920	168,706,825	388,044,920
Prepayments	2,990,147	9,706,384	6,512,153	13,906,026
Other receivables	514,176,984	442,576,220	574,344,830	489,993,610
	685,873,956	840,327,524	749,563,808	891,944,556
Less: Provision for impairment (Individually assessed)	7,611,849	6,248,068	7,611,849	6,248,068
	678,262,107	834,079,456	741,951,959	885,696,488

(a) This represents recoveries from reinsurers, based on the various treaties, on claims provided for but not paid to date.

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Reinsurance recoveries				
Fire	110,793,905	346,546,500	110,793,905	346,546,500
Accident and liabilities	54,912,920	38,498,420	54,912,920	38,498,420
Auto	3,000,000	3,000,000	3,000,000	3,000,000
	168,706,825	388,044,920	168,706,825	388,044,920

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
23 Interest accrued				
Bonds	-	-	12,415,987	34,855,418
Deposits at banks	5,417,778	5,648,311	9,644,960	9,136,625
Investment Income	1,382,571	-	1,382,571	-
Loans	1,344,263	-	1,344,263	-
Loans on policies	-	-	-	13,348
	8,144,612	5,648,311	24,787,781	44,005,391

NOTES ON THE ACCOUNTS

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
24 Cash on deposits				
Non statutory deposits:				
Term deposits	-	-	792,148,606	932,922,600
Other deposits	215,466,721	90,620,377	298,269,883	153,535,493
	215,466,721	90,620,377	1,090,418,489	1,086,458,093
25 Cash at banks and on hand				
Cash at banks	91,226,415	54,270,118	226,931,700	107,362,147
Cash on hand	900,878	26,263,826	15,917,418	45,138,125
	92,127,293	80,533,944	242,849,118	152,500,272

	Company and Group	
	31.12.2017	31.12.2016
	G$	G$
26 Premium capital		
Policies entitled to profit 2018	14,850,935	-
Policies entitled to profit 2019	14,078,483	4,128,167
Policies entitled to profit 2020	2,545,152	-
	31,474,570	4,128,167

NOTES ON THE ACCOUNTS

27 Investment reserve

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
At beginning	376,989,412	359,424,810	459,543,076	447,800,093
Fair value adjustments	116,988,898	17,564,602	153,409,196	11,742,983
At end	493,978,310	376,989,412	612,952,272	459,543,076

This represents the fair value adjustment of available for sale investments and is not distributable.

28 General reserve

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
At beginning	1,032,814,306	891,782,942	610,059,078	430,338,245
Total Comprehensive Income for the year	81,414,338	141,031,364	269,694,078	181,467,431
Transfer to statutory reserve	-	-	(27,226,502)	(1,746,598)
At end	1,114,228,644	1,032,814,306	852,526,654	610,059,078

29 Capital redemption reserve

	Company and Group	
	31.12.2017	31.12.2016
	G$	G$
Ordinary scrip redeemed	600,000	600,000
Preference scrip redeemed	908,452	908,452
	1,508,452	1,508,452

30 Reserve for unexpired risk

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Balance at beginning	741,857,177	752,059,390	749,096,067	760,496,052
Net decrease in reserves	(45,823,398)	(10,202,213)	(41,657,277)	(11,399,985)
Balance at end	696,033,779	741,857,177	707,438,790	749,096,067

31 Triennial profit

	Company and Group	
	31.12.2017	31.12.2016
	G$	G$
Triennial cash profit	2,476,578	3,412,241

This represents triennial cash profit on fire policies entitled to profit for the financial year.

NOTES ON THE ACCOUNTS

32 Non - controlling interest

	Group	
	31.12.2017	31.12.2016
	G$	G$
At beginning	258,346,233	247,310,096
Total Comprehensive Income for the year	72,576,357	11,519,086
Transfer to statutory reserve	(7,528,349)	(482,949)
At end	323,394,241	258,346,233

33 Medium term borrowings

	Company & Group	
	31.12.2017	31.12.2016
	G$	G$
Hand-in-Hand Mutual Life Assurance Company Limited	1,312,324,338	942,324,338

Loan from related parties at a rate of interest of 6% and 8% per annum.
This is secured by unallocated portion of property situated at 1 - 4 Avenue of the Republic, Lacytown, Georgetown.

34 Reserve fund

	Group	
	31.12.2017	31.12.2016
	G$	G$
At beginning	160,024,968	157,795,421
Transfer from Retained Earnings	34,754,851	2,229,547
At end	194,779,819	160,024,968

This Reserve is maintained in accordance with the provisions of section 20 (1) of the Financial Institutions Act 1995 which requires that minimum 15% of net profit as defined in the Act, be transferred to the Reserve Fund until the amount of the Fund is equal to the paid up capital of the Trust.

NOTES ON THE ACCOUNTS

35 Customers' deposits

	Group	
	31.12.2017	31.12.2016
	G$	G$
Fixed	7,166,362,188	7,077,200,304
Savings	1,237,766,584	1,107,121,801
	8,404,128,772	8,184,322,105

Customers' deposits - by maturity

Fixed - within one year	6,208,017,971	5,920,207,372
Savings - on demand	1,262,850,728	1,107,121,801
	7,470,868,699	7,027,329,173
Fixed - over one year	933,260,073	1,156,992,932
	8,404,128,772	8,184,322,105

This amount represents interest earning deposits held for customers at HIH Trust Corporation Inc.

The average interest rates are as follows:

Fixed	-	1.35% - 5.0%
Savings	-	2.0%

36 Policyholders' liabilities

	Group	
	31.12.2017	31.12.2016
	G$	G$
At 1 January 2016	9,640,000	25,861,952
Actuarial decrease	-	(16,221,952)
At 31 December 2017	9,640,000	9,640,000

Policyholders' liabilities are Actuarially valued every three (3) years. Increases in the actuarial liabilities are recognised through the statement of profit or loss and other comprehensive income. The valuation done as at 31 December 2016 showed that the aggregate amount of the life insurance policy liabilities in relation to its long term insurance business was G$9,640,000.

37 Claims admitted or intimated but not paid

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Fire	216,184,429	586,331,895	219,159,475	590,931,895
Marine	6,088,657	9,458,881	6,088,657	9,458,881
Accident and liabilities	152,764,727	134,970,703	152,764,727	134,970,703
Auto	120,765,202	125,264,263	150,254,502	152,334,043
Life	-	-	956,950	956,183
	495,803,015	856,025,742	529,224,311	888,651,705

38 Payables and accrued expenses

Other payables	186,377,265	245,418,737	322,873,218	399,821,774
Accruals	40,295,787	10,572,931	49,919,700	18,951,721
	226,673,052	255,991,668	372,792,918	418,773,495

NOTES ON THE ACCOUNTS

39 Bank overdraft

	Company & Group 31.12.2017 G$	Company & Group 31.12.2016 G$
Republic Bank (Guyana) Limited	44,786,564	134,522,575
Bank of Nova Scotia (unsecured)	2,187,463	9,062,552
	46,974,027	143,585,127
Interest Rate	11.0%	11.0%

40 (a) Analysis of financial assets and liabilities by measurement basis

	Company 31.12.2017 Available for Sale G$	Loans and receivables G$	Other financial assets/liabilities at amortized cost G$	Total G$
Assets				
Investments				
"Available for Sale"	1,053,156,744	-	-	1,053,156,744
"Loans and receivables"	-	204,022,640	-	204,022,640
Statutory deposits	-	-	244,375,148	244,375,148
Receivables and prepayments	-	678,262,107	-	678,262,107
Interest accrued	-	8,144,612	-	8,144,612
Taxes recoverable	-	72,071,750	-	72,071,750
Cash on deposits	-	-	215,466,721	215,466,721
Cash at banks and on hand	-	-	92,127,293	92,127,293
TOTAL ASSETS	1,053,156,744	962,501,109	551,969,162	2,567,627,015
Liabilities				
Medium term borrowings	-	-	1,312,324,338	1,312,324,338
Claims admitted or intimated but not paid	-	-	495,803,015	495,803,015
Payables and accrued expenses	-	-	226,673,052	226,673,052
Taxes payable	-	-	66,795,910	66,795,910
Bank overdraft	-	-	46,974,027	46,974,027
TOTAL LIABILITIES	-	-	2,148,570,342	2,148,570,342

NOTES ON THE ACCOUNTS

40 (b) Analysis of financial assets and liabilities by measurement basis

	Company 31.12.2016			
	Available for sale	Loans and receivables	Other financial assets/liabilities at amortized cost	Total
	G$	G$	G$	G$
Assets				
Investments				
"Available for Sale"	918,939,957	-	-	918,939,957
"Loans and receivables"	-	188,700,537	-	188,700,537
Statutory deposits	-	-	243,576,901	243,576,901
Receivables and prepayments	-	834,079,456	-	834,079,456
Interest accrued	-	5,648,311	-	5,648,311
Taxes recoverable	-	72,071,750	-	72,071,750
Cash on deposits	-	-	90,620,377	90,620,377
Cash at banks and on hand	-	-	80,533,944	80,533,944
TOTAL ASSETS	918,939,957	1,100,500,054	414,731,222	2,434,171,233
Liabilities				
Medium term borrowings	-	-	942,324,338	942,324,338
Claims admitted or intimated but not paid	-	-	856,025,742	856,025,742
Payables and accrued expenses	-	-	255,991,668	255,991,668
Taxes payable	-	-	29,342,131	29,342,131
Bank overdraft	-	-	143,585,127	143,585,127
TOTAL LIABILITIES	-	-	2,227,269,006	2,227,269,006

NOTES ON THE ACCOUNTS

40 (c) Analysis of financial assets and liabilities by measurement basis

	Group				
	31.12.2017				
	Available for Sale	Held to Maturity	Loans and receivables	Other Assets/Liabilities at amortized cost	Total
	G$	G$	G$	G$	G$
Assets					
Investments					
"Held to maturity"	-	1,351,540,543	-	-	1,351,540,543
"Available for Sale"	1,853,283,796	-	-	-	1,853,283,796
"Loans and receivables"	-	-	5,811,607,439	-	5,811,607,439
Statutory deposits	-	-	-	1,320,775,899	1,320,775,899
Receivables and prepayments	-	-	741,951,959	-	741,951,959
Interest accrued	-	-	24,787,781	-	24,787,781
Taxes recoverable	-	-	77,938,053	-	77,938,053
Cash on deposits	-	-	-	1,090,418,489	1,090,418,489
Cash at banks and on hand	-	-	-	242,849,118	242,849,118
TOTAL ASSETS	1,853,283,796	1,351,540,543	6,656,285,232	2,654,043,506	12,515,153,077
Liabilities					
Medium term borrowings	-	-	-	1,312,324,338	1,312,324,338
Reserve fund	-	-	-	194,779,819	194,779,819
Customers Deposit	-	-	-	8,404,128,772	8,404,128,772
Policyholders' liabilities	-	-	-	9,640,000	9,640,000
Claims admitted or intimated but not paid	-	-	-	529,224,311	529,224,311
Payables and accrued expenses	-	-	-	372,792,918	372,792,918
Taxes payable	-	-	-	109,792,818	109,792,818
Bank overdraft	-	-	-	46,974,027	46,974,027
TOTAL LIABILITIES	-	-	-	10,979,657,003	10,979,657,003

NOTES ON THE ACCOUNTS

40 (d) Analysis of financial assets and liabilities by measurement basis

	Group				
	31.12.2016				
	Available for sale	Held to Maturity	Loans and receivables	Other Assets/Liabilities at amortized cost	Total
	G$	G$	G$	G$	G$
Assets					
Investments					
"Held to maturity"	-	773,868,999	-	-	773,868,999
"Available for Sale"	1,699,155,815	-	-	-	1,699,155,815
"Loans and receivables"	-	-	5,844,540,498	-	5,844,540,498
Statutory deposits	-	-	-	1,289,554,317	1,289,554,317
Receivables and prepayments	-	-	885,696,488	-	885,696,488
Interest accrued	-	-	44,005,391	-	44,005,391
Taxes recoverable	-	-	83,692,031	-	83,692,031
Cash on deposits	-	-	-	1,086,458,093	1,086,458,093
Cash at banks and on hand	-	-	-	152,500,272	152,500,272
TOTAL ASSETS	1,699,155,815	773,868,999	6,857,934,408	2,528,512,682	11,859,471,904
Liabilities					
Medium term borrowings	-	-	-	942,324,338	942,324,338
Reserve fund	-	-	-	160,024,968	160,024,968
Customers Deposit	-	-	-	8,184,322,105	8,184,322,105
Policyholders' liabilities	-	-	-	9,640,000	9,640,000
Claims admitted or intimated but not paid	-	-	-	888,651,705	888,651,705
Payables and accrued expenses	-	-	-	418,773,495	418,773,495
Taxes payable	-	-	-	40,271,308	40,271,308
Bank overdraft	-	-	-	143,585,127	143,585,127
TOTAL LIABILITIES	-	-	-	10,787,593,046	10,787,593,046

NOTES ON THE ACCOUNTS

41 Goodwill

In accordance with IFRS 3 - Business combinations, goodwill for impairment at 31 December, 2017 was calculated using the value in use method.

	Group	
	31.12.2017	31.12.2016
	G$	G$
Balance at beginning and at end	157,582,464	157,582,464
Goodwill at cost	161,623,040	161,623,040
Accumulated impairment/ amortisation	4,040,576	4,040,576
	157,582,464	157,582,464

Impairment testing of goodwill

Goodwill arising through business combination was generated by the acquisition of GNCB Trust Corporation Inc. now renamed Hand-in-Hand Trust Corporation Inc. on 20 November, 2002.

The following table highlights the goodwill and impairment information in the cash generating unit.

	Hand-in-Hand Trust Corporation Inc.
Carrying amount of goodwill (G$)	157,582,464
Basis of recoverable amount	Value in use
Discount rate	7%
Cash flow projection term	10 years
Growth rate (extrapolation period)	5%

The values assigned to key assumptions reflect past experience. The cash flow projections are based on budgets approved by senior management and the Board of Directors of the relevant company.

NOTES ON THE ACCOUNTS

42 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.

Listed below are transactions and balances with related parties.

(i) **Subsidiary companies**

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Management fees charged to:				
Hand-In-Hand Trust Corporation Inc.	6,500,000	5,500,000	-	-
GCIS Inc.	12,000,000	12,000,000	-	-
	18,500,000	17,500,000	-	-

(ii) Other disclosure

The Hand-in-Hand Mutual Fire Insurance Company Limited and Hand-in-Hand Mutual Life Assurance Company Limited have a common Board of Directors. During the year, staff and facilities of the The Hand-in-Hand Mutual Fire Insurance Company Limited were utilised by the Hand-in Hand-Mutual Life Assurance Company Limited.

	Company 31.12.2017	Company 31.12.2016	Group 31.12.2017	Group 31.12.2016
Fees charged	88,759,880	77,262,301	88,759,880	77,262,301
Interest on loan from the Hand-in-Hand Mutual Life Assurance Company Limited.	90,117,179	74,318,129	90,117,179	74,318,129
Loans granted during the year by the Hand-in-Hand Mutual Life Assurance Company Limited.	1,312,324,338	942,324,338	1,312,324,338	942,324,338
Key management personnel				
(i) Compensation The Group's key management personnel comprises its Directors and Executive managers. The remuneration paid during the year were:				
(a) Short term employee benefit - Managers - 37 (2016 - 36)	79,228,408	69,660,431	137,785,070	127,501,378
(b) Long term employee benefit Managers - Benefits from the contribution of pension scheme are similar to the benefits of all employees.				
Directors' gratuity & medical benefit	40,000,000	20,811,092	40,000,000	20,811,092
Directors' emoluments - 9 (2016 - 9)	11,273,724	11,273,724	17,986,330	18,467,655
(ii) Mortgages: Staff /Director - (8) 4% - 5% (2016-(13) 4% - 5%)	188,980,370	173,658,267	367,475,570	361,446,897
(iii) Loans and advances Staff /Director - (108) (2016-(112))	338,433,214	269,880,875	341,424,441	290,100,072
Rate of interest	6 - 8%	6 - 8%	5 - 10%	5 - 10%

(iv) The following are transactions of common interest with the Hand-in-Hand Trust Corporation Inc.

	Group 31.12.2017	Group 31.12.2016
USA Global Export Company Limited	87,964,164	88,000,000
Rate of interest	10% p.a	10% p.a
Stark Inc.	50,094,457	-
Rate of interest	8% p.a	-

NOTES ON THE ACCOUNTS

43 (a) Business Information

Company

	31.12.2017				
	Fire	Marine	Accident and liabilities	Motor	Total
	G$	G$	G$	G$	G$
Revenue					
Premium	637,947,733	20,837,946	179,362,970	540,529,320	1,378,677,969
Reinsurance premiums	175,198,738	12,121,680	59,472,151	36,175,824	282,968,393
Premium (net)	462,748,995	8,716,266	119,890,819	504,353,496	1,095,709,576
Investment income					
"Available for sale"	23,241,736	437,778	6,021,560	-	29,701,074
"Loans and receivables"	7,124,411	134,194	1,845,820	-	9,104,425
Other income	29,500,976	555,676	7,643,228	-	37,699,880
Management fees	14,476,652	272,680	3,750,668	-	18,500,000
Unclaimed TCP and others	1,934,398	36,436	501,171	292,891	2,764,896
Gain on exchange	115,025	2,167	29,801	-	146,993
Gain on disposal of investments					
"Available for sale"	6,778,149	127,672	1,756,110	-	8,661,931
	545,920,342	10,282,869	141,439,177	504,646,387	1,202,288,775
Deduct:					
Expenditure					
Commissions and allowances	111,533,195	2,100,821	28,896,456	29,648,493	172,178,965
Management expenses	396,116,456	7,461,186	102,627,400	241,923,059	748,128,101
Claims (net)	(13,422,854)	4,945,512	12,275,370	128,589,041	132,387,069
Triennial cash profit	3,412,241	-	-	-	3,412,241
Property Tax	10,589,250	-	-	-	10,589,250
Taxation	47,959,304	-	-	25,632,165	73,591,469
	556,187,592	14,507,519	143,799,226	425,792,758	1,140,287,095
Surplus/(deficit) of revenue over expenditure	(10,267,250)	(4,224,650)	(2,360,049)	78,853,629	62,001,680

	Fire	Marine	Accident & liabilities	Motor	Total
	G$	G$	G$	G$	G$
ASSETS	3,797,783,910	130,265,636	1,220,789,812	425,091,622	5,573,930,980
LIABILITIES	1,732,926,611	58,113,572	640,318,376	151,475,905	2,582,834,464

NOTES ON THE ACCOUNTS

43 (b) Business Information

Company

	31.12.2016				
	Fire	Marine	Accident and liabilities	Motor	Total
	G$	G$	G$	G$	G$
Revenue					
Premium	662,410,296	20,862,263	194,417,058	582,390,710	1,460,080,327
Reinsurance premiums	203,095,236	3,884,852	70,805,818	37,184,318	314,970,224
Premium (net)	459,315,060	16,977,411	123,611,240	545,206,392	1,145,110,103
Investment income					
"Available for sale"	23,798,285	879,643	6,404,614	-	31,082,542
"Loans and receivables"	1,156,279	42,739	311,179	-	1,510,196
Other income	31,746,177	1,173,417	8,543,557	-	41,463,150
Management fees	13,398,840	495,254	3,605,907	-	17,500,000
Unclaimed TCP and others	5,092,590	188,235	1,370,522	608,194	7,259,540
Gain on exchange	2,706,468	100,038	728,367	-	3,534,872
Gain on disposal of investments					
"Available for sale"	502,939	18,590	135,351	-	656,880
Gain on disposal of fixed asset	1,270,218	46,950	341,842	740,971	2,399,981
	538,986,854	19,922,276	145,052,577	546,555,557	1,250,517,264
Deduct:					
Expenditure					
Commissions and allowances	108,053,480	3,403,087	31,713,637	36,312,999	179,483,204
Management expenses	302,945,451	11,197,607	81,528,924	231,691,617	627,363,599
Claims (net)	248,076,320	3,939,579	7,148,729	147,299,237	406,463,865
Triennial cash profit	2,990,844	-	-	-	2,990,844
Property Tax	10,009,824	-	-	-	10,009,824
Taxation	(15,248,191)	-	-	205,313	(15,042,878)
	656,827,728	18,540,273	120,391,291	415,509,166	1,211,268,458
Surplus/(deficit) of revenue over expenditure	(117,840,875)	1,382,003	24,661,287	131,046,391	39,248,806

	Fire	Marine	Accident & liabilities	Motor	Total
	G$	G$	G$	G$	G$
ASSETS	3,776,543,005	143,653,314	1,210,279,167	343,163,580	5,473,639,066
LIABILITIES	1,908,148,501	59,738,551	558,576,921	135,069,155	2,661,533,128

NOTES ON THE ACCOUNTS

43 (c) Segmented information

Group

	31.12.2017								
	Fire G$	Marine G$	Accident and liabilities G$	Motor G$	Life G$	Trust G$	Hand-in-Hand Investments Inc. G$	Taxation G$	Total G$
Revenue									
Premium	673,958,717	20,837,946	174,964,220	704,769,561	55,481	-	-	-	1,574,585,925
Reinsurance premiums	178,016,300	12,121,680	59,472,151	45,787,162	-	-	-	-	295,397,293
Net premiums	495,942,417	8,716,266	115,492,069	658,982,399	55,481	-	-	-	1,279,188,632
Investment income									
"Held to maturity"	-	-	-	-	-	58,959,718	-	-	58,959,718
"Available for sale"	23,929,343	437,778	6,021,560	2,162,032	1,580,085	22,803,963	-	-	56,934,761
"Loans and receivables"	7,124,411	134,194	1,845,820	-	2,560	608,606,030	-	-	617,713,015
Other income	31,107,481	555,676	7,643,228	5,994,594	472,592	78,278,356	-	-	124,051,927
Unclaimed TCP and others	1,934,398	36,436	501,171	292,891			-	-	2,764,896
Gain on exchange	115,025	2,167	29,801	-	-	9,105,744	-	-	9,252,737
Gain on disposal of investments "Available for sale"	7,235,795	127,672	1,756,110	1,438,970	-	-	-	-	10,558,547
	567,388,870	10,010,189	133,289,759	668,870,886	2,110,718	777,753,811	-	-	2,159,424,233
Deduct: expenditure									
Commissions and allowance	113,766,056	2,100,821	28,896,456	33,483,185	-	-	-	-	178,246,518
Management expenses	409,979,556	7,461,186	102,627,400	324,187,296	3,195,431	243,234,822	-	-	1,090,685,691
Interest	-	-	-	-	-	255,088,273	-	-	255,088,273
Claims (net)	(12,179,947)	4,945,512	12,275,370	184,227,723	788,555	-	-	-	190,057,213
Surrenders	-	-	-	-	226,533	-	-	-	226,533
Triennial cash profit	3,412,241	-	-	-	-	-	-	-	3,412,241
Property tax	-	-	-	-	-	-	-	21,775,034	21,775,034
Taxation	-	-	-	-	-	-	-	109,885,354	109,885,354
	514,977,906	14,507,519	143,799,226	541,898,204	4,210,519	498,323,095	-	131,660,388	1,849,376,857
Surplus/(deficit) of revenue over expenditure before actuarial adjustment and non-controlling interest	52,410,964	(4,497,330)	(10,509,467)	126,972,682	(2,099,801)	279,430,716	-	(131,660,388)	310,047,376
Less: Non controlling interest	1,379,861	-	-	4,696,837	(730,396)	50,253,533	-	-	55,599,835
Surplus/(deficit) of revenue over expenditure after non-controlling interest	51,031,103	(4,497,330)	(10,509,467)	122,275,845	(1,369,405)	229,177,183	-	(131,660,388)	254,447,541
ASSETS	3,132,830,350	102,100,178	956,836,052	913,521,383	110,394,958	9,515,727,404	526,900	-	14,731,937,225
LIABILITIES	1,737,415,317	57,277,693	632,453,813	262,663,305	28,443,331	8,763,795,861	31,920	-	11,482,081,240

NOTES ON THE ACCOUNTS

43 (d) Segmented information

Group

	31.12.2016								
	Fire G$	Marine G$	Accident and liabilities G$	Motor G$	Life G$	Trust G$	Hand-in-Hand Investments Inc. G$	Taxation G$	Total G$
Revenue									
Premium	699,951,444	20,862,263	189,876,064	762,136,234	204,184	-	-	-	1,673,030,189
Reinsurance premiums	208,460,938	3,884,852	70,805,818	49,182,379	(858,919)	-	-	-	331,475,068
Net premiums	491,490,506	16,977,411	119,070,246	712,953,855	1,063,103	-	-	-	1,341,555,121
Investment income									
"Held to maturity"	-	-	-	-	-	61,129,062	-	-	61,129,062
"Available for sale"	24,464,378	879,643	6,404,614	2,384,264	2,298,108	22,075,809	-	-	58,506,816
"Loans and receivables"	1,156,279	42,739	311,178	-	10,088	635,635,747	-	-	637,156,031
Other income	33,259,702	1,173,417	8,543,556	6,491,463	468,640	75,199,289	-	-	125,136,067
Unclaimed TCP and others	5,092,590	188,235	1,370,521	608,194	-	-	-	-	7,259,540
Gain on exchange	2,706,468	100,038	728,366	-	-	4,128,247	-	-	7,663,119
Gain on disposal of investments									
"Available for sale"	578,146	18,590	135,351	269,202	-	-	-	-	1,001,289
Gain on disposal of assets	1,270,218	46,950	341,842	740,971	-	-	-	-	2,399,981
	560,018,287	19,427,023	136,905,674	723,447,949	3,839,939	798,168,154	-	-	2,241,807,026
Deduct: expenditure									
Commissions and allowance	110,258,125	3,403,087	31,713,638	39,874,338	-	-	-	-	185,249,188
Management expenses	314,665,376	11,197,607	81,528,924	312,906,761	2,173,372	500,074,091	-	-	1,222,546,131
Interest	-	-	-	-	-	251,759,646	-	-	251,759,646
Claims (net)	253,397,411	3,939,579	7,148,729	228,645,663	115,879	-	-	-	493,247,261
Surrenders	-	-	-	-	414,047	-	-	-	414,047
Triennial cash profit	2,990,844	-	-	-	-	-	-	-	2,990,844
Property tax	-	-	-	-	-	-	-	19,748,614	19,748,614
Taxation	-	-	-	-	-	-	-	(10,922,542)	(10,922,542)
	681,311,756	18,540,273	120,391,291	581,426,762	2,703,298	751,833,737	-	8,826,072	2,165,033,189
Surplus/(deficit) of revenue over expenditure before actuarial adjustment and non-controlling interest	(121,293,469)	886,750	16,514,383	142,021,187	1,136,641	46,334,417	-	(8,826,072)	76,773,837
Actuarial Adjustment	-	-	-	-	16,221,952	-	-	-	16,221,952
Less: Non controlling interest	651,471	-	-	2,137,362	5,406,431	6,313,424	-	-	14,508,688
Surplus/(deficit) of revenue over expenditure after non-controlling interest	(121,944,940)	886,750	16,514,383	139,883,825	11,952,162	40,020,993	-	(8,826,072)	78,487,101
ASSETS	3,070,909,795	112,278,699	945,948,042	766,538,162	93,776,343	9,104,134,173	491,060	-	14,094,076,274
LIABILITIES	1,906,744,757	58,606,440	549,038,887	247,182,386	26,763,702	8,501,534,361	28,000	-	11,289,898,533

NOTES ON THE ACCOUNTS

44 Financial risk management

Financial risk management objectives

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

The Company and Group 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 which are approved by the Board of Directors.

Investment risk management is undertaken at the individual investment level and the degree of monitoring of each investment is determined as a result of the outcome of an evaluation of the level of risk involved. An appropriate risk response strategy is implemented immediately for investments that show signs of credit deterioration. Any impairment to a financial asset resulting from an investor's inability to meet its debt service obligations or a company not performing financially in accordance with expectations, is treated in accordance with International Financial Reporting Standards.

The Company and Group's Management reports monthly to the Board of Directors on matters relating to risk and management of risk.

(a) Market risk

The Company and Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates.The Company and Group 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 and Group's exposure to market risk 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 rate risk

The Company and Group are exposed to interest rate risk but the Company and Group's sensitivity to interest rate risk is immaterial as its financial instruments are substantially at fixed rates. The Company and Group's exposures to interest rate risk on financial assets and financial liabilities are listed overleaf:

NOTES ON THE ACCOUNTS

44 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

	Interest rate %	Maturing 31.12.2017 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Company						
Assets						
Investments						
"Available for sale"		-	-	-	1,053,156,744	1,053,156,744
"Loans and receivables"	4.00-18.50	17,352,137	61,540,364	125,130,139	-	204,022,640
Statutory deposits	1.00-3.25	-	-	244,375,148	-	244,375,148
Receivables and prepayments	6.00	-	239,251,511	-	439,010,596	678,262,107
Interest accrued		-	-	-	8,144,612	8,144,612
Taxes recoverable		-	-	-	72,071,750	72,071,750
Cash on deposits	0.21-11.07	215,466,721	-	-	-	215,466,721
Cash at banks and on hand		-	-	-	92,127,293	92,127,293
		232,818,858	300,791,875	369,505,287	1,664,510,995	2,567,627,015
Liabilities						
Medium term borrowings	6.00-8.00	-	1,312,324,338	-	-	1,312,324,338
Claims admitted or intimated but not paid		-	-	-	495,803,015	495,803,015
Payables and accrued expenses		-	-	-	226,673,052	226,673,052
Taxes payable		-	-	-	66,795,910	66,795,910
Bank overdraft	11.00	46,974,027	-	-	-	46,974,027
		46,974,027	1,312,324,338	-	789,271,977	2,148,570,342
Interest sensitivity gap		185,844,831	(1,011,532,463)	369,505,287		

	Average rate %	Maturing 31.12.2016 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Company						
Assets						
Investments						
"Available for sale"		-	-	-	918,939,957	918,939,957
"Loans and receivables"	4.00-18.50	9,618,471	64,185,918	114,896,148	-	188,700,537
Statutory deposits	1.00-3.25	-	-	243,576,901	-	243,576,901
Receivables and prepayments	6.00	-	192,592,505		641,486,951	834,079,456
Interest accrued		-	-	-	5,648,311	5,648,311
Taxes recoverable		-	-	-	72,071,750	72,071,750
Cash on deposits	0.12-10.13	90,620,377	-	-	-	90,620,377
Cash at banks and on hand		-	-	-	80,533,944	80,533,944
		100,238,848	256,778,423	358,473,049	1,718,680,913	2,434,171,233
Liabilities						
Medium term borrowings	6.00-8.00	-	942,324,338	-	-	942,324,338
Claims admitted or intimated but not paid		-	-	-	856,025,742	856,025,742
Payables and accrued expenses		-	-	-	255,991,668	255,991,668
Taxes payable		-	-	-	29,342,131	29,342,131
Bank overdraft	11.00-13.50	143,585,127	-	-	-	143,585,127

NOTES ON THE ACCOUNTS

44 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

	Interest rate %	Maturing 31.12.2017 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Group						
Assets						
Investments						
"Held to Maturity"	1.50-10.00	464,499,395	587,871,973	299,169,175	-	1,351,540,543
"Available for sale"	-	-	-	903,886,390	949,397,406	1,853,283,796
"Loans and receivables"	4.00-18.50	449,731,838	2,837,691,494	2,524,184,107		5,811,607,439
Statutory deposits	1.00-3.25		-	305,357,996	1,015,417,903	1,320,775,899
Receivables and prepayments	6.00	-	239,251,511	-	502,700,448	741,951,959
Interest accrued	-	11,991,980	288,910	1,197,745	11,309,146	24,787,781
Taxes recoverable	-	-	-	-	77,938,053	77,938,053
Cash on deposits	0.21-11.07	1,074,792,861	15,625,628	-	-	1,090,418,489
Cash at banks and on hand	-	109,796,563	8,967,650	-	124,084,905	242,849,118
		2,110,812,637	3,689,697,166	4,033,795,413	2,680,847,861	12,515,153,077
Liabilities						
Medium term borrowings	6.00-8.00	-	1,312,324,338	-	-	1,312,324,338
Reserve fund	-	-	-	-	194,779,819	194,779,819
Customers Deposit - Savings	2.00	1,262,850,728	-	-	-	1,262,850,728
Customers Deposit - Fixed deposit	1.35-5.00	6,208,017,971	933,260,073	-	-	7,141,278,044
Policyholders liabilities	-	-	-	-	9,640,000	9,640,000
Claims admitted or intimated but not paid	-	-	-	-	529,224,311	529,224,311
Payables and accrued expenses	-	-	-	-	372,792,918	372,792,918
Taxes payable	-	-	-	-	109,792,818	109,792,818
Bank overdraft	11.00	46,974,027	-	-	-	46,974,027
		7,517,842,726	2,245,584,411	-	1,216,229,866	10,979,657,003
Interest sensitivity gap		(5,407,030,089)	1,444,112,755	4,033,795,413		

	Interest rate %	Maturing 31.12.2016 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Group						
Assets						
Investments						
"Held to Maturity"	2.20-10.00	269,507,194	301,865,864	202,495,941	-	773,868,999
"Available for sale"	-	-	-	286,185,958	1,412,969,857	1,699,155,815
"Loans and receivables"	4.00-18.50	532,976,824	1,193,265,260	4,118,298,414	-	5,844,540,498
Statutory deposits	1.00-3.25	-	59,559,513	243,576,901	986,417,903	1,289,554,317
Receivables and prepayments	6.00	-	192,592,505	-	693,103,983	885,696,488
Interest accrued	-	35,190,824	-	-	8,814,567	44,005,391
Taxes recoverable	-	-	-	-	83,692,031	83,692,031
Cash on deposits	0.12-10.13	153,535,493	932,922,600	-	-	1,086,458,093
Cash at banks and on hand	-	57,980,045	1,140,406	-	93,379,821	152,500,272
		1,049,190,380	2,681,346,148	4,850,557,214	3,278,378,162	11,859,471,904
Liabilities						
Medium term borrowings	6.00-8.00	-	942,324,338	-	-	942,324,338
Reserve fund	-	-	-	-	160,024,968	160,024,968
Customers Deposit - Savings	2.00	1,107,121,801	-	-	-	1,107,121,801
Customers Deposit - Fixed deposit	1.35-5.00	5,920,207,372	1,156,559,571	433,361	-	7,077,200,304
Policyholders liabilities	-	-	-	-	9,640,000	9,640,000
Claims admitted or intimated but not paid	-	-	-	-	888,651,705	888,651,705
Payables and accrued expenses	-	-	-	-	418,773,495	418,773,495
Taxes payable	-	-	-	-	40,271,308	40,271,308
Bank overdraft	11.00-13.50	143,585,127	-	-	-	143,585,127
		7,170,914,300	2,098,883,909	433,361	1,517,361,476	10,787,593,046
Interest sensitivity gap		(6,121,723,920)	582,462,239	4,850,123,853		

NOTES ON THE ACCOUNTS

44 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Foreign currency risk

The Company and Group is exposed to foreign currency risk due to fluctuations in exchange rates on investments and foreign bank balances.The currencies which the Company and Group are mainly exposed to are Pounds Sterling, United States dollar and Canadian dollar.

The equivalent Guyana dollar value of assets are shown below:-

Company

	31.12.2017			
	£	US$	Can$	G$ equivalent
Assets	831,703	1,568,313	567,990	620,112,716

	31.12.2016			
	£	US$	Can$	G$ equivalent
Assets	690,577	908,590	515,168	422,187,542

Group

	31.12.2017			
	£	US$	Can$	G$ equivalent
Assets	1,122,153	7,952,687	567,990	2,033,008,248

	31.12.2016			
	£	US$	Can$	G$ equivalent
Assets	953,117	8,554,060	515,168	2,048,046,886

Foreign currency sensitivity analysis:

The following table details the company's and group'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 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 a 3% change in foreign currency rates. A positive number below indicates an increase in reserves if the currency were strenghtened 3% against the Guyana dollar. If the currencies were weakened 3% against the Guyana dollar, there would be an equal and opposite impact on the Statement of Profit or Loss and Other Comprehensive Income and the balances would be negative.

	Company			Group		
	31.12.2017			31.12.2017		
	£ G$M impact	US$ G$M impact	Can$ G$M impact	£ G$M impact	US$ G$M impact	Can$ G$M impact
Profit/(loss)	6.2	9.8	2.6	8.4	50.0	2.6

	Company			Group		
	31.12.2016			31.12.2016		
	£ G$M impact	US$ G$M impact	Can$ G$M impact	£ G$M impact	US$ G$M impact	Can$ G$M impact
Profit/(loss)	4.9	5.5	2.3	6.7	51.6	2.3

NOTES ON THE ACCOUNTS

44 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Interest sensivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate at the end of the reporting period.

The sensivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis points increase or decrease is used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates.

A positive number indicates an increase in profits where the interest rate appreciated by 50 basis points. For a decrease of 50 basis points in the interest rate, this would have an equal and opposite impact on profit and the balance below would be negative. If interest rate had been 50 basis points higher/lower and all other variables were held constant, the impact on the company's profit would have been:

		Impact on profit for the year			
	Increase/decrease in basis points	Company		Group	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
		G$000	G$000	G$000	G$000
Cash and cash equivalent					
Local currency	+/-50	1,303	1,298	5,208	5,320
Foreign currency	+/-50	809	144	1,493	1,351
Overdrafts					
Local currency	+/-50	235	718	235	718

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 profit or equity as other factors such as credit risk, market risk, political and disaster risks can affect the value of assets and liabilities.

NOTES ON THE ACCOUNTS

44 Financial Risk Management - cont'd

(b) Liquidity risk

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

	Maturing 31.12. 2017					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G$	G$	G$	G$	G$	G$
Company						
Assets						
Investments						
"Available for sale"	1,053,156,744	-	-	-	-	1,053,156,744
"Loans and receivables"	8,369,210	2,211,847	6,771,080	61,540,364	125,130,139	204,022,640
Statutory deposits	-	-	-	-	244,375,148	244,375,148
Receivables and prepayments	592,258,856	45,497,167	-	40,506,084	-	678,262,107
Interest accrued	8,144,612	-	-	-	-	8,144,612
Taxes recoverable	-	-	72,071,750	-	-	72,071,750
Cash on deposits	215,466,721	-	-	-	-	215,466,721
Cash at banks and on hand	92,127,293	-	-	-	-	92,127,293
	1,969,523,436	47,709,014	78,842,830	102,046,448	369,505,287	2,567,627,015
Liabilities						
Medium term borrowings	-	-	-	1,312,324,338	-	1,312,324,338
Claims admitted or intimated but not paid	495,803,015	-	-	-	-	495,803,015
Payables and accrued expenses	44,986,722	4,413,755	54,519,172	80,000,000	42,753,403	226,673,052
Taxes payable	-	-	66,795,910	-	-	66,795,910
Bank overdraft	46,974,027	-	-	-	-	46,974,027
	587,763,764	4,413,755	121,315,082	1,392,324,338	42,753,403	2,148,570,342
Net assets/(liabilities)	1,381,759,672	43,295,259	(42,472,252)	(1,290,277,890)	326,751,884	419,056,673

	Maturing 31.12. 2016					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G$	G$	G$	G$	G$	G$
Company						
Assets						
Investments						
"Available for sale"	918,939,957	-	-	-	-	918,939,957
"Loans and receivables"	342,270	2,284,087	6,992,114	64,185,918	114,896,148	188,700,537
Statutory deposits	-	-	-	-	243,576,901	243,576,901
Receivables and prepayments	775,053,245	31,563,675	-	27,462,536	-	834,079,456
Interest accrued	5,648,311	-	-	-	-	5,648,311
Taxes recoverable	-	-	72,071,750	-	-	72,071,750
Cash on deposits	90,620,377	-	-	-	-	90,620,377
Cash at banks and on hand	80,533,944	-	-	-	-	80,533,944
	1,871,138,104	33,847,762	79,063,864	91,648,454	358,473,049	2,434,171,233
Liabilities						
Medium term borrowings	-	-	-	942,324,338	-	942,324,338
Claims admitted or intimated but not paid	856,025,742	-	-	-	-	856,025,742

NOTES ON THE ACCOUNTS

44 Financial Risk Management - cont'd

(b) Liquidity risk - cont'd

	Maturing 31.12.2017					
	On Demand G$	1 to 3 months G$	4 to 12 months G$	1 to 5 years G$	Over 5 years G$	Total G$
Group						
Assets						
Investments						
"Held to Maturity"	-	413,538,977	50,960,418	587,871,973	299,169,175	1,351,540,543
"Available for sale"	1,053,156,744	-	-	-	800,127,052	1,853,283,796
"Loans and receivables"	25,910,919	121,555,714	302,265,205	2,837,691,494	2,524,184,107	5,811,607,439
Statutory deposits	151,542,087	138,253,619	606,708,537	118,913,659	305,357,997	1,320,775,899
Receivables and prepayments	592,271,466	45,497,167	63,677,242	40,506,084	-	741,951,959
Interest accrued	11,309,146	11,991,980	288,910	1,197,745	-	24,787,781
Taxes recoverable	-	-	77,938,053	-	-	77,938,053
Cash on deposits	298,269,883	622,586,614	153,936,364	15,625,628	-	1,090,418,489
Cash at banks and on hand	124,084,905	109,796,563	-	8,967,650	-	242,849,118
	2,256,545,150	1,463,220,634	1,255,774,729	3,610,774,233	3,928,838,331	12,515,153,077
Liabilities						
Medium term borrowings	-	-	-	1,312,324,338	-	1,312,324,338
Reserve fund	-	-	-	-	194,779,819	194,779,819
Customers Deposit - Savings	1,262,850,728	-	-	-	-	1,262,850,728
Customers Deposit - Fixed deposits	-	1,152,113,493	5,055,904,478	933,260,073	-	7,141,278,044
Policyholders' liabilities	9,640,000	-	-	-	-	9,640,000
Claims admitted or intimated but not paid	529,224,311	-	-	-	-	529,224,311
Taxes payable	3,766,727	-	106,026,091	-	-	109,792,818
Payables and accrued expenses	108,170,982	4,413,755	180,208,181	80,000,000	-	372,792,918
Bank overdraft	46,974,027	-	-	-	-	46,974,027
	1,960,626,775	1,156,527,248	5,342,138,750	2,325,584,411	194,779,819	10,979,657,003
Net assets/ (liabilities)	295,918,375	306,693,386	(4,086,364,021)	1,285,189,822	3,734,058,512	1,535,496,074

	Maturing 31.12.2016					
	On Demand G$	1 to 3 months G$	4 to 12 months G$	1 to 5 years G$	Over 5 years G$	Total G$
Group						
Assets						
Investments						
"Held to Maturity"	-	5,878,031	263,629,169	301,865,864	202,495,935	773,868,999
"Available for sale"	918,939,957	-	-	-	780,215,858	1,699,155,815
"Loans and receivables"	28,879,118	40,754,007	463,343,699	1,193,265,260	4,118,298,414	5,844,540,498
Statutory deposits	132,854,616	41,165,621	732,985,448	79,412,218	303,136,414	1,289,554,317
Receivables and prepayments	800,803,841	32,277,997	25,152,114	27,462,536	-	885,696,488
Interest accrued	8,814,567	35,121,464	69,360	-	-	44,005,391
Taxes recoverable	-	-	83,692,031	-	-	83,692,031
Cash on deposits	153,535,493	96,508,928	694,094,562	142,319,110	-	1,086,458,093
Cash at banks and on hand	112,104,420	39,255,446	1,140,406	-	-	152,500,272
Liabilities	2,155,932,012	290,961,494	2,264,106,789	1,744,324,988	5,404,146,621	11,859,471,904
Liabilities						
Medium term borrowings	-	-	-	942,324,338	-	942,324,338
Reserve fund	-	-	-	-	160,024,968	160,024,968
Customers Deposit - Savings	1,107,121,801	-	-	-	-	1,107,121,801
Customers Deposit - Fixed deposits	-	343,046,840	6,108,212,065	625,941,399	-	7,077,200,304
Policyholders' liabilities	9,640,000	-	-	-	-	9,640,000
Claims admitted or intimated but not paid	888,651,705	-	-	-	-	888,651,705
Taxes payable	-	-	40,271,308	-	-	40,271,308
Payables and accrued expenses	73,641,357	6,863,733	277,457,313	10,794,969	50,016,123	418,773,495
Bank overdraft	143,585,127	-	-	-	-	143,585,127
	2,222,639,990	349,910,573	6,425,940,686	1,579,060,706	210,041,091	10,787,593,046
Net assets/ (liabilities)	(66,707,978)	(58,949,079)	(4,161,833,897)	165,264,282	5,194,105,530	1,071,878,858

NOTES ON THE ACCOUNTS

44 Financial Risk Management - cont'd

(c) CREDIT RISK

Credit risk is the risk that a counterparty will default on its obligations resulting in financial loss to the company and group.

The table below shows the maximum exposure to credit risk:

	Maximum Exposure			
	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Investments				
Held to maturity	-	-	1,351,540,543	773,868,999
Available for sale	1,053,156,744	918,939,957	1,853,283,796	1,699,155,815
Loans and receivables	204,022,640	188,700,537	5,811,607,439	5,844,540,498
Statutory deposits	244,375,148	243,576,901	1,320,775,899	1,289,554,317
Receivables (net of prepayments)	675,271,960	824,373,072	735,439,806	871,790,462
Interest accrued	8,144,612	5,648,311	24,787,781	44,005,391
Tax recoverable	72,071,750	72,071,750	77,938,053	83,692,031
Cash on deposits	215,466,721	90,620,377	1,090,418,489	1,086,458,093
Cash at banks	91,226,415	54,270,118	226,931,700	107,362,147
Total Credit risk	2,563,735,990	2,398,201,023	12,492,723,506	11,800,427,753

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

Cash and cash equivalents are held by commercial banks. These Banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The related risk is therefore considered very low. Investments as reflected in the company and group are assets for which the likelihood of default is considered minimal by the Directors. Receivables consist of a number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable on a regular basis.

	Company		Group	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	G$	G$	G$	G$
Loans and receivables - (i)	204,022,640	188,700,537	5,811,607,439	5,844,540,498
Interest accrued - Note 23	8,144,612	5,648,311	24,787,781	44,005,391
Receivables (excluding prepayments) - Note 22	675,271,960	824,373,072	735,439,806	871,790,462
	887,439,212	1,018,721,920	6,571,835,026	6,760,336,351
Provision for receivables	7,611,849	6,248,068	7,611,849	6,248,068
Provision for impairment on mortgages	-	-	293,152,555	377,965,531
Total provision for impairment	7,611,849	6,248,068	300,764,404	384,213,599

(i) The above balances are classified as follows:

Pass	614,996,022	788,340,224	4,379,202,751	4,361,777,846
Special Mention (Past due 30 - 89 days)	50,032,727	31,990,524	806,295,020	1,035,634,880
Sub-Standard (Past due 90 - 179 days)	7,274,331	15,497,528	706,557,900	1,157,994,981
Doubtful (Past due over - 180 days but less than 1 year)	14,896,074	1,270,605	64,858,798	23,305,605
Loss	200,240,058	181,623,039	614,920,557	181,623,039
	887,439,212	1,018,721,920	6,571,835,026	6,760,336,351
Included above are non-performing mortgages of:	-	-	1,150,093,000	1,211,277,927

(ii) As detailed in note 23, Interest accrued represents amounts due or accured on the various investments of the Company and Group. 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.

(iii) Receivables comprise a number of advances, loans to staff and sales representatives on which interest is earned. It also includes amounts owing to the Company and Group by other organisations.

NOTES ON THE ACCOUNTS

45 INSURANCE RISK

The principal risks that the Company and GCIS Inc. (its subsidiary) face under its insurance contracts are that actual claims are greater than estimated, 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 and GCIS Inc. mitigate its risks by engaging in both facultative placements 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 renewal basis. The Company also engages in redlining where it reserves the right to offer no coverage in specific geographic areas.

The Company and GCIS Inc. declines, rates up, applies excesses, accepts small participation or a combination of more than one of the preceeding as part of its overall prudent underwriting principles.

Terms and conditions of insurance contracts

All insurance contracts issued by the Company and GCIS Inc. 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 and GCIS Inc. 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 and GCIS Inc'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 a strain on the company's finances and it would have to seek alternative financing solutions. Its cash flow would therefore be affected negatively.

Concentration of insurance risks

Insurance Risks are spread in a number of geographical areas. However, the majority of the Company and GCIS Inc.'s risks are in Georgetown and its environs. A significant portion of total risk is distributed among properties on Regent and Water Streets in Georgetown.

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 revision of provisions, whichever is earlier. Similarily, there are times when the provision is insuffient to cover the losses estimated. These too are adjusted at the earlier of claims payment or overall claims revision.

NOTES ON THE ACCOUNTS

46 Pending litigations

As at 31 December, 2017, there was no legal matter outstanding against the Group.

47 APUA Investments

The Trustees of the APUA Bonds, the Government of Antigua were ordered by the court to make monthly payments until the Bond is fully repaid, however, this has not been consistent. The Trustee has therefore advised that payments would be distributed to the Bondholders as they are collected.

The last payment was made on 24 January, 2018 with Hand in Hand Trust Corporation Inc. receiving US$21,368.92 with an outstanding balance of US$84,910.17.

48 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 23 May, 2018.

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES

GLOSSARY

MUTUAL FIRE INSURANCE COMPANY

The Hand-in-Hand Mutual Fire Insurance Company Limited operates for the benefit of its profit policyholders and their beneficiaries and has no stockholders. All profit policyholders are entitled to share in the profits of the Company. Every person who holds a profit sharing policy is a member of the Company.

TRIENNIAL CASH PROFIT

This is that portion of the "profits of the Company" which is returnable to members in cash at the end of a triennial period in respect of and in proportion to their premium contributions pursuant to the By-laws of the Company.

STATEMENT OF COMPREHENSIVE INCOME

This account shows the result of the business operations for the financial period. Revenue represents income from all sources whatsoever and includes premiums for all types of business - profit and non-profit, fire, accident, motor and marine; while investment income is interest and dividends earned from the Company's investments.

Expenditure includes Management Expenses, Claims net of reinsurance recoveries, Triennial Cash Profit (TCP) paid in current period and provided for in the previous year's accounts and Taxation.

Taxation for the Mutual Company is based on a special formula which caters for Reserves for Unexpired Risks; TCP provided for in the previous year and paid in the current period, Claims and Management Expenses.

PROFIT AND LOSS (ANNUAL) ACCOUNT

This account as its name indicates is prepared annually. Premiums as shown in this account represent those that were earned on both profit and non-profit policies. Figures for the other income heads are the same as those for the comprehensive income except “unclaimed triennial cash profit and others”. Deductions for this account under the various heads are for Fire and Accident businesses. The balance of this account is transferred to the several triennial period premium accounts in proportion to the amount of premiums in the accounts.

PROFIT AND LOSS (TRIENNIAL) ACCOUNT

At the beginning of each financial period, a separate Triennial Premium Account is opened in which premiums received in respect of profits sharing policies issued or renewed during that period and not accounted for in any current triennial account are credited during the next three years. This account shows transaction for the triennium ended 31 December, 2017.

CONSOLIDATION

The Consolidated Financial Statements incorporate the Financial Statements of GCIS Incorporated, Hand-in-Hand Trust Corporation Inc. and Hand-in-Hand Investments Inc in which The Hand-in-Hand Mutual Fire Insurance Company Limited owns 66.7%, 72% and 35% at 31 December, 2017 respectively of the Issued Share Capitals.