HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

(Incorporated June 23, 1966)

52nd

ANNUAL REPORT AND ACCOUNTS

For the Year Ended 31st December, 2017

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTICE OF MEETING

52nd Annual General Meeting

Notice is hereby given that the fifty second Annual General Meeting of the above named Company will be held at the Company's Offices at Lots 1,2,3 & 4, Avenue of the Republic, Georgetown, on Thursday, 26 April, 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. Election of Directors.
3. To fix the remuneration of the Directors.
4. Election of Auditors.
5. To fix the remuneration of the Auditors.
6. 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.

04 April, 2018

N.B. *A Member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A proxy form requires a $10.00 stamps.*

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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, 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

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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	-	Omadatt Singh, B.Sc.(Hons.), M.B.A., F.C.C.A.,C.G.A.,C.P.C.U.
Deputy Manager	-	Lalita Sukhram, F.L.M.I., A.C.S., A.R.A.
Assistant Life Manager (ag)	-	Elizabeth Gopie, F.L.M.I, A.C.S., A.I.R.C.
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.

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AUDITORS:	TSD LAL and Company Chartered Accountants
ATTORNEYS-AT-LAW:	Cameron & Shepherd Hughes, Fields & Stoby
MEDICAL ADVISOR:	Dr. Janice Imhoff
CONSULTING ACTUARIES:	Apex Consulting Ltd.
BANKERS:	Republic Bank (Guyana) Limited
	Guyana Bank for Trade & Industry Limited
	Bank of Nova Scotia.
	Citizens Bank (Guyana) Inc.
	Demerara Bank Ltd .
	Bank of Baroda
	Guyana Americas Merchant Bank
	Lloyds TSB Offshore Private Banking
	JMMB Investments Trinidad & Tobago

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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:		130 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.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

Welcome

Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 52nd Annual General Meeting, to review the performance of the Company for the year ended 31 December 2017.

Economic Condition

Overall, the global economy grew by 3.4 percent in the first half of 2017. This was due to improved performances of advanced economies. World Economic growth was also fueled by the rapidly expanding economies of China and India which enhanced global trade in products and services while placing upward pressure on commodity prices. Furthermore, Latin America and the Caribbean have begun to recover from a two-year contraction, growing by an estimated 0.9 percent in 2017, supported predominantly by private consumption. The majority of the growth was carried by Brazil, Argentina and Mexico. Natural disasters had a massive impact on the Caribbean in the second half of 2017, destroying infrastructure and lowering growth prospects.

Guyana's economy only managed to grow by 2.1 percent by the end of 2017, which was 0.8 percent lower than projected. This was due to the shortfall in gold declarations of more than 45,000 ounces and the drop in output of the Guyana Sugar Corporation by 15.2 percent. Nevertheless, the positive growth was largely on account of the improved performance of rice, the main agricultural output, as well as the manufacturing and construction sectors. The inflation rate remained relatively low at 1.1 percent due to moderate increases in food and fuel prices.

The value of the Guyana dollar to the United States dollar during the first half of 2017 has depreciated to $213.3 as compared to $206.5 for the same period in 2016.

Performance Review

I am pleased to report that Hand-in-Hand Mutual Life Assurance Co. Ltd recorded a Net Increase in Funds before Actuarial Adjustment of $510.8 million compared to $267.2 million the previous year; representing a 91 percent increase. This significant growth, mainly resulted from annuity sales and efficient management of expenses.

Actuarial adjustments to the Statement of Total Comprehensive Income, reflected increases in Gross Reserves of $603.2 million. These reserves, as recommended by our actuary, demonstrated prudent provisioning for new regulations and changes in actuarial assumptions. They are designed to give the Company healthy actuarial margins in each of the Company's long-term funds.

Nevertheless, the Total Comprehensive Income increased by $499.3 million, due to the upward movement of the market value of investments, mainly Republic Bank Guyana Ltd and Banks DIH Ltd in 2017.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

New Business

The performance of the Individual Life and Annuities Portfolios decreased slightly in New Policies by 11.0 percent from the previous year. A total of 301 new policies were issued in 2017, which provided an Annualized Premium Income from Individual Life and Annuities of $20 million and $328.9 million respectively.

Group New Business, also decreased to $35.0 million from the previous year's extraordinary $162.2 million. Group Business generally takes a longer time to materialize and Hand-in-Hand Mutual Life Assurance Company Limited remains a major player in Group Business in Guyana.

The Ordinary Life, Group Life, Group Medical and Deposit Administration Funds continued to expand and reached $4.9 billion at the end of 2017, up from $4.2 billion in 2016.

These positive results would not have been possible without the effort and support of our Brokers and Sales Team. In the light of a highly competitive market, we look forward to the full support of our Direct Sales, Marketing and Business Development Departments.

Claims

The Company was happy to meet its Claim obligations, paying and reserving a total of $222.4 million in 2017 against $240.8 million in the previous year. The cost of claims arising from death under Individual Life policies, after reinsurance recoveries, decreased from $5.1 million to $4.9 million. Moreover, the payments, after Reinsurance recoveries, for Group Life and Group Health claims decreased from $27.8 million and $188.1 to $20.3 million and $176.8 million respectively.

Payments and provisions to the extent of $18.9 million were also made in respect of policies, which reached full maturity, and policies, which during the year became eligible for part payments in accordance with the terms of the policies.

Actuarial Valuation

A triennial Actuarial Valuation was completed for the year, ended 31 December 2015 and revealed a surplus of $722.9 million or Liability Coverage of 1.2 times. A Liability Adequacy test was completed for the year ended 31 December 2017 and revealed a surplus of $861.3 million or liability coverage of 1.2 times. The next Actuarial valuation for the triennial period is due for 31 December 2018.

Insurance Regulation

The insurance and pension sectors remained strong and was adequately capitalized, while potential risks to which the industry was exposed to, were prudently managed to minimize any negative effect, despite the volatility of global financial conditions.

MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

The new Insurance Act which was passed and assented in 2016, requires Hand-in-Hand Mutual Life Assurance Co. Ltd to have a minimum surplus of assets equivalent to $500m. The Company is required to comply within 5 years after the passing of the Act. This Company is currently implementing measures to counteract the challenge that these regulations would have on our liquidity. In addition, the Draft Private Pension Law is currently in circulation and being studied by the financial sector to assess its impact on operations and profitability.

IFRS17 with an effective date of 2021, will have massive impact on the current business practices of the insurance industry. The main impact will be on the profit recognition aspect of insurance companies. Hand-in-Hand Mutual Life Assurance Company Limited will seek to implement early adoption where possible, and to comply with all Insurance and other regulations for the budgeted period and beyond.

Insurance Companies in Guyana - performance for second quarter of 2017

The total domestic insurance sector's resources increase by 0.9 percent to $50.5 billion, which represented 23.9 percent of the total assets of the Non-Banking Financial Institutions (NBFIs). The Life component, which accounted for 65.9 percent of the industry's resources, increased by 4.0 percent to $33.2 billion. Hand-in-Hand Mutual Life Assurance Co. Ltd had managed to increase its Total Asset by 27.6 percent to $5.9 billion in 2017. However, the Industry Non-Life component contracted by 4.7 percent to $17.2 billion.

Total Insurance Premiums also increased by $270 million to $4.7 billion, of which, 34.0 percent is attributable to local Life premiums.

Future Outlook

Global growth is expected to be sustained over the next couple of years, and even accelerate somewhat in emerging market and developing economies, due to a rebound in commodity prices. However, the global outlook is still subject to several downside risks such as domestic policy uncertainty, disruptions from natural disasters, rise in U.S. trade protectionism and geopolitical tensions, which could derail the potential growth. Nevertheless, the IMF projects that global growth will increase to 3.9 percent at the end of 2018, reflecting existing growth momentum of commodity exporters and tax policy changes in the U.S.

The Guyana economy is projected to grow by 3.8% in fiscal-year 2018. This projection is boosted by the implementation of major infrastructure projects and the expansion in the housing sector. However, the agricultural sector is expected to contract due to the divestment of the sugar industry. Furthermore, Guyana is gearing towards new era with the oil and gas sector, which should bring new prospects and industries to the country. The insurance industry is expected to expand due to the need for proper risk protection of the energy sector.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

Notwithstanding the economic constraints, Hand-in-Hand Mutual Life Assurance Co Ltd remains committed to the future development of Guyana. We will continue to enhance the overall experience we provide to our customers, introduce new insurance products, embrace technology and fulfill our corporate social responsibility.

Appreciation

It is my pleasure to thank most sincerely, our policyholders for their continued confidence and loyalty to the organization over the past 52 years. I would also like to extend my sincerest gratitude to my fellow Directors, Management, the Sales Force and the indoor Staff Members of our Head Office and Branches, for their dedication and commitment, and for playing their parts in achieving these results.

Thank you,

JOHN G CARPENTER BSc.
CHAIRMAN

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

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

1. **Principal Activities**
   The Company is engaged in the underwriting of long term business and associated insurance activities.

2. **Operational Results**
   The Net increase in Funds for the year before actuarial adjustment was $510.8 million as compared to $267.2 million for the previous year.

3. **Life Business**
   Gross premiums received for Ordinary Life Business for the year was $121.7 million as compared with $128.0 million for the previous year.

4. **Annuities**
   Annuities received for the year was $335.7 million as compared with $5.3 million for the previous year.

5. **Group Business**
   Gross premiums received in respect of Group Business amounted to $550.6 million as compared with $526.1 million for the previous year.

6. **Ordinary Life Fund**
   This fund now stands at $901.3 million, the comparative for the year ended 31 December, 2016 being $742.8 million.

7. **Annuities Fund**
   This fund now stands at $756.5 million, the comparative for the year ended 31 December, 2016 being $405.5 million.

8. **Group Life Fund/Single Premium Mortgage Protection**
   This fund now stands at $938.7 million, the comparative for the year ended 31 December, 2016 being $814.9 million.

9. **Group Health Fund**
   This fund now stands at zero, the comparative for the year ended 31 December, 2016 being $3.6 million. However, a provision of $5.7 million for outstanding claims is included under Payables and accrued expenses.

10. **Deposit administration Fund**
    This fund now stands at $2.2 billion, the comparative for the year ended 31 December, 2016 being $2.0 billion.

11. **Actuarial Valuation**
    An Actuarial Valuation was completed for the year ended 31 December, 2017 which revealed a surplus of 861.3 million or liability coverage of 1.3 times. The next Actuarial valuation for the triennium ended will be due on 31 December, 2018.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

12. **Claims**

Total death claims (both Ordinary Life and Group Life) paid and provided for during the year amounted to \$67.3 million of which \$42.1 million is recoverable from our re-insurer resulting in a net cost to the Company of \$25.2 million. Policies matured during the year were \$18.9 million while medical claims amounted to \$176.8 million.

13. **Investments**

At 31 December, 2017 the total amount invested is \$4.9 billion. Including are Investments in Government, Municipal and other Securities stood at \$2.3 billion, Mortgages amounted to \$92.6 million, Share Purchase Plans \$1.4 million, Loan to Berbice Bridge \$150.0 million, Loans on policies \$73.0 million, Participation in Loans \$307.5 million and Loans to Fire Company \$1.3 billion. The Company's invested in Local Shares during the financial year.

14. **Employee Relations**

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

15. **Directorate**

The following Directors retire on this occasion in accordance with Article 141 and 147 of the Articles of Association and being eligible, offer themselves for re-election.

Messrs: C.R. Quintin
I.A. McDonald
P.A. Chan-A-Sue

16. **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 Chairperson are:

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

17. **Auditors**

The Auditors, TSD Lal and Company, retire and have indicated their willingness to be reappointed.

By Order of the Board

Shaheed Essack
Company Secretary/Finance Controller

HAND-IN-HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HAND-IN-HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

We have audited the financial statements of the Hand-in-Hand Mutual Life Assurance Company Limited, which comprise the statement of financial position as at 31 December, 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and funds 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 58.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, 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.

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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The management is responsible for overseeing the Company's financial reporting process.

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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAND-IN-HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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 Company'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 Company's internal control.

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

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAND-IN-HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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

We communicate with 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 the Audit Committee 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 came into effect in 2002. As explained in Note 33, the company did not fully comply with the requirements of the Act.

TSD Lal & Co.

TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: 13 April, 2018

77 Brickdam,
Stabroek, Georgetown
Guyana.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

	Notes	2017 G$	2016 G$
Revenue			
Premiums	5	1,007,994,171	659,427,952
Reinsurance premiums	5	85,933,313	79,202,162
		922,060,858	580,225,790
Investment income			
"Held to Maturity"	6	800,000	4,026,822
"Available for Sale"	6	14,204,812	7,761,064
"Loans and Receivables"	6	91,521,944	75,143,961
"Other Income"	6	9,226,627	5,063,008
		115,753,383	91,994,855
Gain/(Loss) on exchange		915,210	(1,540,659)
Gain on disposal of investments		11,749,919	151,758,626
Unclaimed Ordinary Cheques written off		996,418	-
		13,661,547	150,217,967
		1,051,475,788	822,438,612
Deduct:			
Expenditure			
Management expenses	7	197,018,849	213,378,606
Commissions	8	69,698,373	72,121,802
Claims	9	222,394,819	240,775,592
Surrenders	10	29,623,739	13,025,107
Annuities	11	18,349,421	14,708,509
Taxation	12	3,622,284	1,209,535
		540,707,485	555,219,151
Net increase in funds for the year before actuarial adjustment		510,768,303	267,219,461
Actuarial adjustment to:			
Policyholders' liabilities	24	629,794,471	251,969,946
Contingency reserve	26	14,000,000	(19,000,000)
Reinsurance assets	19	(40,568,055)	(70,454,033)
		603,226,416	162,515,913
Net increase/(decrease) in funds for the year		(92,458,113)	104,703,548
Other comprehensive income **Items that may be subsequently reclassified to profit or loss**			
Currency translation difference		8,584,392	(17,051,345)
Fair value adjustment on investments		583,158,944	(348,517,175)
Other comprehensive income/(loss)		591,743,336	(365,568,520)
Total comprehensive income/(loss) for the year		499,285,223	(260,864,972)

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

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

	Issued share capital G$	Other reserve G$	General reserve G$	Total G$
Balance at 1 January 2016	275,000	1,190,193,350	(567,540,049)	622,928,301
Changes in equity 2016				
Total comprehensive income/(loss) for the year	-	(348,517,175)	87,652,203	(260,864,972)
Balance at 31 December 2016	275,000	841,676,175	(479,887,846)	362,063,329
Changes in equity 2017				
Total comprehensive income/(loss) for the year	-	583,158,944	(83,873,721)	499,285,223
Balance at 31 December 2017	275,000	1,424,835,119	(563,761,567)	861,348,552

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Notes	2017	2016
		G$	G$
ASSETS			
Non current assets			
Property, plant & equipment	13	278,711,618	271,851,396
Other assets			
Investments			
"Held to Maturity"	14(a)	10,000,000	58,130,416
"Available for Sale"	14(b)	2,945,711,948	2,237,971,571
"Loans and Receivables"	14(c)	1,542,486,852	1,105,237,403
Reinsurance assets	19	218,692,554	178,731,661
Statutory deposit	16	18,750,000	18,750,000
		5,014,352,972	3,870,672,447
Current assets			
Short Term Loan	14(c)	394,316,347	206,464,868
Interest accrued	17	12,574,098	11,612,685
Receivables and prepayments	18	95,659,112	133,538,555
Stocks of stationery		386,350	280,402
Tax recoverable		9,709,130	9,709,130
Cash on hand and at banks	20	446,713,825	449,548,435
		959,358,862	811,154,075
TOTAL ASSETS		5,973,711,834	4,681,826,522
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	21	275,000	275,000
Other reserve	22	1,424,835,119	841,676,175
General reserve	23	(563,761,567)	(479,887,846)
		861,348,552	362,063,329
Non Current Liabilities			
Policyholders' liabilities	24	2,596,496,793	1,966,702,322
Deposit administration fund	25	2,211,317,625	2,032,756,287
Contingency reserves	26	177,000,000	163,000,000
		4,984,814,418	4,162,458,609
Current liabilities			
Claims admitted or intimated but not paid	27	20,516,064	27,305,626
Tax payable		5,007,205	2,199,479
Payables and accrued expenses	28	99,472,072	121,741,915
Bank overdraft (unsecured)	29	2,553,523	6,057,564
		127,548,864	157,304,584
TOTAL EQUITY AND LIABILITIES		5,973,711,834	4,681,826,522

These Financial Statements were approved by the Board of Directors on ……13 April 2018……

On behalf of the Board:

…………………………………………..Director

…………………………………………..Director

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

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	G$	G$
Operating activities		
Increase/(decrease) in funds and reserves for the year before taxation	(88,835,829)	105,913,083
Adjustments for:		
Depreciation	2,236,077	1,765,253
Redemption of securities - gain	(11,749,919)	(151,758,626)
Disposal of property, plant & equipment -loss	263,967	56,478
Investment income	(115,753,383)	(91,994,855)
Decrease in funds for the year before working capital changes	(213,839,087)	(136,018,667)
Decrease/(increase)in interest accrued	(961,413)	1,978,481
(Decrease)/increase in receivables and prepayments	37,879,443	(73,153,762)
Decrease/(increase) in reinsurance assets	(39,960,893)	133,205,063
(Increase)/decrease in stocks of stationery	(105,948)	141,273
Decrease in claims admitted or intimated but not paid	(6,789,562)	(203,656,972)
Increase/(decrease) in payables and accrued expenses	(22,269,843)	49,934,776
Increase in policyholders' liabilities	629,794,471	251,969,946
Increase/(decrease) in Deposit administration fund	178,561,338	(140,646,403)
Increase/(decrease) in contingency reserve	14,000,000	(19,000,000)
Cash generated from operations	576,308,502	(135,246,265)
Taxes paid	(814,558)	(1,356,671)
Net cash provided by /(used in) operating activities	575,493,944	(136,602,936)
Investing activities		
Purchase of property, plant & equipment	(9,360,265)	(1,447,182)
Proceeds from redemption of securities	118,032,013	309,785,560
Purchase of securities	(174,148,716)	(186,741,866)
Mortgages	(32,431,502)	(2,817,009)
Loans on policies repayments	(1,209,384)	(14,073,351)
Short term loan	(591,460,042)	67,130,000
Dividends and interest received	115,753,383	91,994,855
Net cash provided by/ (used in) investing activities	(574,824,513)	263,831,007
Net increase in cash and cash equivalents	669,431	127,228,071
Cash and cash equivalents at beginning of period	443,490,871	316,262,800
Cash and cash equivalents at end of period	444,160,302	443,490,871
Cash and cash equivalents comprised of:		
Cash at banks	446,713,825	449,548,435
Bank overdraft (unsecured)	(2,553,523)	(6,057,564)
	444,160,302	443,490,871

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

NOTES ON THE ACCOUNTS

1. **Incorporation and activities**

Hand-in-Hand Mutual Life Assurance Company Limited was incorporated in Guyana on 23 June 1966. It is engaged in the underwriting of long term insurance business and associated insurance activities.

Employees

During the year the number of employees was 26 (2016 – 26).

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

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 probably future profits; and that;

- when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes 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.

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.

NOTES ON THE ACCOUNTS

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

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

The Company has not opted for early adoption.

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

IFRS 4- Insurance contracts

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

(a) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets;
(b) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4.

IFRS 9-Financial instruments

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Early adoption must apply 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.

NOTES ON THE ACCOUNTS

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

Pronouncements effective in future period for early adoption – cont'd

The standard contains specific transitional provisions for:

- Classification and measurement of financial assets;
- Impairment of financial assets; and
- Hedge accounting.

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 recognized 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

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**

Pronouncements effective in future period for early adoption – 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.

3. **Summary of significant accounting policies**

(a) Accounting convention

The accounts have been prepared under the historical cost convention, modified by the revaluation of "available for sale" investments and conform to International Financial Reporting Standards.

NOTES ON THE ACCOUNTS

3. **Summary of significant accounting policies- cont'd**

(b) Segregated funds

All income and direct expenses related to the funds are allocated accordingly. Indirect expenses are apportioned based on the amount of premiums generated in the year.

Policyholders' liabilities

(i) Ordinary life

All income and expenses relating to individual life and annuities businesses are allocated to this fund.

(ii) Group life

Income and expenses relating to group life businesses are allocated to this fund and is represented by assets included in the cash on hand and at banks and securities.

(iii) Group health

This fund is administered by the company on behalf of several group medical schemes and is represented by assets included in cash on hand and at banks and securities.

Deposit administration fund

(i) Group pension fund

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

(ii) Contingency reserve

This reserve represents a provision approximately eight percent (8%) of the value of the deposit administration fund.

NOTES ON THE ACCOUNTS

3. **Summary of significant accounting policies- cont'd**

(c) 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 shareholder's rights to receive payment have been established.

(d) Reinsurance

The company 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 company. Reinsurer reimburses the company for claims paid to policyholders according to various standing agreements reached.

The company 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 company's reinsurance treaties.

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

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

(e) Foreign currencies

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transaction. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Gains and losses are recognized in the statement of profit or loss and other comprehensive income.

NOTES ON THE ACCOUNTS

3. **Summary of significant accounting policies -cont'd**

(f) Management expenses

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

(g) Commission 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.

(h) Claims

Claims are made against the company for losses incurred by its various policyholders. Management minimizes this expense by prudent underwriting policies and efficient handling and settlement of claims. Management also minimizes this expense by reinsurance.

Claims that are reported but not paid are provided for in the accounts. A claim must be made immediately and then put in writing within 14 days according to the insurance contract.

Claims are recognized when reported to the company, whether or not settled at the end of the reporting period.

Claims are reflected in the statement of profit or loss and other comprehensive income net of Reinsurance recoveries. The liability for claims reported and unpaid at the end of the reporting period is disclosed net of amounts recoverable from Reassurers.

(i) Maturities

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

(j) Taxation

Life insurance business is taxed at 27.5% on the income from the statutory fund less 12% allowance for expenses.

NOTES ON THE ACCOUNTS

3. **Summary of significant accounting policies -cont'd**

(k) Property, plant, equipment and depreciation

Land and building held for use in the provision of services, or for administrative purposes is stated in the statement of financial position at cost or revalued amounts. No revaluation was done for the financial year, based on the Directors opinion the net book value of land approximated the stated value in the financial statements.

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

Depreciation of property, plant 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 life.

Office Machinery and Equipment	-	10%
Motor Vehicles	-	20%
Computers	-	50%

(l) Investments

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

The company classifies its investment portfolio into the following categories: "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.

Held to maturity

Investments held to maturity are carried at amortized 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-recognized or impaired.

Available for sale

These investments are initially recognized at cost and adjusted to fair value in subsequent periods.

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

NOTES ON THE ACCOUNTS

3. **Summary of significant accounting policies -cont'd**

(l) Investments – cont'd

Loans and receivables

Loans and receivables are stated net of unearned interest and provision for losses. Specific provisions are established on individual loans to recognize impairment and 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.

(m) Financial instruments

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

<u>Receivables</u>

Trade receivables are stated at amortized 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>

Trade payables are recognized at amortized cost.

<u>Cash and cash equivalents</u>

Cash and cash equivalents in the financial statement consist of cash at bank and cash on hand and bank overdraft with maturity period of three months or less.

<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

3. **Summary of significant accounting policies-cont'd**

(n) Segment reporting

A business segment is a component 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 segments.

A geographical segment is a group of assets and operations engaged in providing similar products and services that are subject to risks and returns that are different from those of other business segments.

The company analyses its operations by both business and geographic segments. The primary formats of business are those reflecting ordinary life fund, group life fund, group health fund. The company's secondary format is that of geographic segments reflecting the primary economic environment in which the company has exposure.

(o) Insurance contracts

The company issues contracts that transfer insurance risk.

Short-duration life insurance contracts protect the company's customers from the consequences of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income.

Long-term insurance contracts with fixed and guaranteed terms are contracts that insure events associated with human life such as death over a long duration.

Premiums received and reinsurance premiums ceded are recognized as revenue and expense over the period of coverage.

(p) Pension funding

A defined benefit plan was established on 1 January 1971, and was administered under a Trust Deed executed on that date, amended later by supplemental deeds.

All employees of the Hand-in-Hand Mutual Life Assurance Company Limited are contracted with The Hand-in-Hand Mutual Fire Insurance Company Limited. They provide services to Hand-in-Hand Mutual Life Assurance Company Limited, for which the company pays on a monthly basis. The company also pays the corresponding portion of pension contribution to the pension scheme.

NOTES ON THE ACCOUNTS

3. **Summary of significant accounting policies-cont'd**

(p) Pension funding- cont'd

This plan is also operated for the Sales Representatives of the Hand-in-Hand Mutual Life Assurance Company Limited. Contributions to the scheme are paid by The Hand-in-Hand Mutual Fire Insurance Company Limited, and the relevant portion is then reimbursed by Hand-in-Hand Mutual Life Assurance Company Limited.

4. **Critical accounting judgment and key sources of estimation uncertainty**

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimated.

The estimation of the liability arising from claims made under insurance contracts is the company's most critical accounting estimate.

(i) Receivables and other receivables

On a regular basis, management reviews receivables 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 property, plant and equipment

Management reviews the estimated useful lives of property, plant and equipment at the end of each year to determine whether the useful lives 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) Method of actuarial valuation

Valuation has been performed on a seriatim, record-by-record basis for each individual life coverage.

NOTES ON THE ACCOUNTS

4. **Critical accounting judgment and key sources of estimation uncertainty-cont'd**

(iv) Method of actuarial valuation-cont'd

Actuarial liabilities have been calculated using the Caribbean Policy Premium Method.

Under this valuation method the reserve is based on cash flow matching. The liability is equal to the value of the assets that will be sufficient, without being excessive, to provide for future policy cash flows. The reserve is strictly prospective.

Acquisition expenses are ignored. Future cash flows are based on best estimates with Provisions for Adverse Deviation. An expected assumption and a Provision for Adverse Deviation must be made for each contingency and factor which materially affects the future cash flows.

Typically, all cash flows are included: premiums, commission expenses, guaranteed and non-guaranteed benefits such as dividends, reinsurance premiums and benefits, and asset cash flows net of defaults.

Non-guaranteed benefits are based on policyholders' reasonable expectations and for this purpose the company have allowed for future bonuses and dividends.

Cash flows are determined over the term of the liability. The term of the liability is the last possible date to which the policyholder can prolong coverage without requiring consent of the insurer.
Best estimates are used for expected cash flows. These are based on past experience of the Company, where credible, in conjunction with other published data subject to modifications appropriate to the circumstances.

Provisions for Adverse Deviations (PFAD) are added to each expected assumption. The PFADs are to provide for miss-estimation of the mean, and deterioration of the mean. They do not provide for statistical fluctuation, which is effectively catastrophic risk and should be provided for in the capital and surplus held by the Company. The PFADs are to be sufficient, but not excessive.

The Policy Premium Method is an appropriate Method by which to determine the adequacy of the liabilities as it is a Gross Premium Valuation Method with explicit assumptions.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

5 Premiums

	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Ordinary Life	121,711,002	21,147,061	100,563,941	128,014,426	19,707,136	108,307,290
Annuities	335,670,389	-	335,670,389	5,324,201	-	5,324,201
Group Life	303,417,679	64,786,252	238,631,427	284,015,198	59,495,026	224,520,172
Group Health	247,195,101	-	247,195,101	242,074,127	-	242,074,127
	1,007,994,171	85,933,313	922,060,858	659,427,952	79,202,162	580,225,790

6 Investment income

	2017	2016
	G$	G$
"Held to maturity"		
Courts Bond	800,000	4,026,822
"Available for sale"		
Shares and stocks	14,204,812	7,761,064
"Loans and receivable"		
Policy loans	11,739,723	9,036,409
The Hand-in-Hand Mutual Fire Insurance Company Limited	79,782,221	66,107,552
	91,521,944	75,143,961
"Other Income"		
Cash on deposits	9,226,326	5,057,239
Miscellaneous	301	5,769
	9,226,627	5,063,008
	115,753,383	91,994,855

Summary of interest received

	2017	2016
Cash on deposits	9,226,326	5,057,239
Shares and stocks	15,004,812	11,787,886
Policy loans	11,739,723	9,036,409
The Hand-in-Hand Mutual Fire Insurance Company Limited	79,782,221	66,107,552
Miscellaneous	301	5,769
	115,753,383	91,994,855

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

		2017 G$	2016 G$
7	Management expenses		
	Actuarial fees	9,821,575	7,140,000
	Auditor's remuneration	3,947,200	3,979,700
	Directors' emoluments (Note a)	5,633,772	5,633,772
	Depreciation	2,236,076	1,765,253
	Employment cost	112,658,954	149,846,568
	Pension contributions	8,009,220	4,964,336
	Operating expenses	54,712,052	40,048,977
		197,018,849	213,378,606
	(a) Directors emoluments:		
	Chairman: J.G.Carpenter	1,365,672	1,365,672
	Non Executive Directors:		
	W.A. Lee	853,620	853,620
	P.A. Chan-A-Sue	853,620	853,620
	I.A. Mc Donald	853,620	853,620
	T. A. Parris	853,620	853,620
	C.R. Quintin	853,620	853,620
	Executive Directors:		
	K.Evelyn	-	-
	H.Cox	-	-
		5,633,772	5,633,772

8	Commissions		
	Ordinary Life	15,837,364	18,053,295
	Group Life	39,162,015	40,614,726
	Group Health	14,698,994	13,453,781
		69,698,373	72,121,802

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

9 Claims

	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Ordinary Life						
Death	19,945,350	15,035,855	4,909,495	9,567,173	4,482,415	5,084,758
Maturities	18,876,072	-	18,876,072	19,150,895	-	19,150,895
Other claims	1,469,362	-	1,469,362	597,995	-	597,995
	40,290,784	15,035,855	25,254,929	29,316,063	4,482,415	24,833,648
Group Life	47,418,778	27,088,115	20,330,663	58,749,787	30,933,908	27,815,879
Group Health	176,809,227	-	176,809,227	188,126,065	-	188,126,065
	264,518,789	42,123,970	222,394,819	276,191,915	35,416,323	240,775,592

Claims paid in financial year

	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Ordinary Life						
Death	23,157,099	15,035,855	8,121,244	6,593,820	4,482,415	2,111,405
Maturities	18,956,072	-	18,956,072	19,260,895	-	19,260,895
Other claims	1,469,362	-	1,469,362	597,995	-	597,995
	43,582,533	15,035,855	28,546,678	26,452,710	4,482,415	21,970,295
Group Life	50,955,277	27,695,277	23,260,000	43,491,806	23,441,746	20,050,060
Group Health	171,137,393	-	171,137,393	169,238,453	-	169,238,453
	265,675,203	42,731,132	222,944,071	239,182,969	27,924,161	211,258,808

	2017	2016
10 Surrenders	G$	G$
Ordinary Life	29,623,739	13,025,107
11 Annuities		
Ordinary Life	18,349,421	14,708,509
12 Taxation		
Taxes deducted at source from investments of statuory fund	3,622,284	1,209,535

Taxation on the company has been computed based on the applicable tax laws relating to life insurance companies.

NOTES ON THE ACCOUNTS

13 Property, plant & equipment

	Freehold Land and building G$	Office furniture and equipment G$	Computer equipment G$	Motor vehicle G$	2017 Total G$	2016 Total G$
Cost						
At 1 January	262,403,258	11,488,141	22,213,312	6,200,000	302,304,711	305,716,147
Additions	731,012	2,059,480	197,773	6,372,000	9,360,265	1,447,182
Disposals	-	(64,940)	(184,605)	(2,000,000)	(2,249,545)	(4,858,619)
At 31 December	263,134,270	13,482,681	22,226,480	10,572,000	309,415,431	302,304,710
Depreciation						
At 1 January	-	5,321,788	21,467,804	3,663,722	30,453,314	33,490,200
Charge for the year	-	729,953	433,068	1,073,056	2,236,077	1,765,253
Written back on disposals	-	(44,990)	(180,599)	(1,759,989)	(1,985,578)	(4,802,139)
At 31 December	-	6,006,751	21,720,273	2,976,789	30,703,813	30,453,314
Net book values:						
At 31 December 2017	263,134,270	7,475,930	506,207	7,595,211	278,711,618	
At 31 December 2016	262,403,258	6,166,353	745,507	2,536,278		271,851,396

14 **Investments**

	2017 G$	2016 G$
(a) Held to Maturity:		
Local Bonds	10,000,000	10,000,000
Foreign Bonds	-	48,130,416
	10,000,000	58,130,416
(b) Available for sale:		
United Kingdom Securities	146,554,517	118,628,955
United Kingdom Stocks	9,633,658	3,256,879
United States Securities	112,990,926	110,129,329
United States Stocks	62,514,555	-
Trinidad & Tobago Securities	41,110,378	-
Local Securities	2,572,907,914	2,005,956,408
	2,945,711,948	2,237,971,571

NOTES ON THE ACCOUNTS

14 **Investments- cont'd**

(c) **Loans and Receivables:**

	2017	2016
	G$	G$
(i) Mortgages on properties		
At 1 January	60,734,348	57,888,885
Drawdown/repayments	32,759,093	2,845,463
	93,493,441	60,734,348
Less: Provision for impairment (a)	934,934	607,343
At 31 December	92,558,507	60,127,005
(a) Provision for impairment individually assessed		
At 1 January	607,343	578,889
Movement during the year	327,591	28,454
At 31 December	934,934	607,343
(ii) Loans on policies	73,023,972	71,814,588
This represents loans granted to policyholders taking into account the cash value of the policies.		
(iii) Share purchase plans		
Beneficiaries:		
Banks DIH Limited	224,780	224,780
Guyana National Industrial Company Inc.	1,211,560	1,211,560
	1,436,340	1,436,340
The capital sums earn interest and are repayable in ten (10) years.		
(iv) Loan to The Hand-in-Hand Mutual Fire Insurance Company Limited		
At 1 January	942,324,338	1,009,454,338
Additions	390,000,000	155,000,000
Repayment	(20,000,000)	(222,130,000)
At 31 December	1,312,324,338	942,324,338
Current	262,464,868	188,464,868
Long term	1,049,859,470	753,859,470
	1,312,324,338	942,324,338
(v) Loan to Berbice Bridge Company Limited		
At 1 January	236,000,000	236,000,000
Repayment	(86,000,000)	-
At 31 December	150,000,000	236,000,000
Current	50,000,000	18,000,000
Long term	100,000,000	218,000,000
	150,000,000	236,000,000
(vi) Participation in Loans - Hand-in-Hand Trust Corporation Inc.		
Balance at 31 December	307,460,042	-
Current	81,851,479	-
Long term	225,608,563	-
	307,460,042	-
At 31 December	1,936,803,199	1,311,702,271
Comprised of:		
Short Term Loan	394,316,347	206,464,868
Loans and Receivables	1,542,486,852	1,105,237,403
	1,936,803,199	1,311,702,271

NOTES ON THE ACCOUNTS

14 **Investments- cont'd**

(c) Loans and Receivables - Cont'd

(iv) Inter-Company Loan

Interest is charged at a rate of 8% on total of $997,324,338 and 6% on total of $315,000,000 per annum. Security held on this loan is an agreement between both Hand-in-Hand Life and Fire Companies.

(v) Third Loan

This Loan was granted in June 2011 for $200 million. Capital repayment commenced in 2017.

The terms and conditions for these loans are as follows:

Payment of interest commence immediately and is payable annually for the first three(3) years thereafter repayment of the principal and interest will commence three (3) years after the drawn down by 5 equal annual installments. The rate of interest is 7.5%. Security held on these loans are promissory notes for $200 million in favour of the company.

(vi) Participation in Loans - Hand-in-Hand Trust Corporation Inc.

Interest is charged at a rate of 9.55% on total of $79,800,000; 11% on total of $62,660,042; 11% on total of $75,000,000 and 12% on total of $90,000,000. Capital repayment will commence in January, 2018. Security held on these loans is an agreement between Hand-in-Hand Mutual Life Assurance Company Limited and Hand-in-Hand Trust Corporation Inc.

15 **Fair Value estimation**

<u>Fair value measurements recognised in the statement of financial position</u>

The following levels were used in the analysis of financial instruments that are measured subsequent to initial recognition at fair value.

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).

The following assets and liabilities are carried at amortised cost. However, fair values have been stated for disclosure purposes.

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

15 **Fair Value estimation - cont'd**

Fair value measurements recognised in the statement of financial position - cont'd

	IFRS 13 Level	2017 Carrying Value G$	2017 Fair Value G$	IFRS 13 Level	2016 Carrying Value G$	2016 Fair Value G$
Assets						
Property, plant and equipment	2	278,711,618	278,711,618	2	271,851,396	271,851,396
Investments:						
Held to maturity	2	10,000,000	10,000,000	2	2,237,971,571	2,237,971,571
Loans and receivables	2	1,542,486,852	1,542,486,852	2	1,105,237,403	1,105,237,403
Statutory deposits	2	18,750,000	18,750,000	2	18,750,000	18,750,000
Reinsurance assets	2	218,692,554	218,692,554	2	178,731,661	178,731,661
Short term loan	2	394,316,347	394,316,347	2	206,464,868	206,464,868
Interest accrued	2	12,574,098	12,574,098	2	11,612,685	11,612,685
Receivables and prepayments	2	95,659,112	95,659,112	2	133,538,555	133,538,555
Cash on hand and at banks	1	446,713,825	446,713,825	1	449,548,435	449,548,435
Tax recoverable	2	9,709,130	9,709,130	2	9,709,130	9,709,130
		3,027,613,536	3,027,613,536		4,623,415,704	4,623,415,704
Liabilities						
Policyholders' liabilities	2	2,596,496,793	2,596,496,793	2	1,966,702,322	1,966,702,322
Deposit administration fund	2	2,211,317,625	2,211,317,625	2	2,032,756,287	2,032,756,287
Contingency reserves	2	177,000,000	177,000,000	2	163,000,000	163,000,000
Claims admitted and intimated but not paid	2	20,516,064	20,516,064	2	27,305,626	27,305,626
Payables and accrued expenses	2	99,472,072	99,472,072	2	121,741,915	121,741,915
Bank overdraft (unsecured)	1	2,553,523	2,553,523	1	6,057,564	6,057,564
Tax payable	2	5,007,205	5,007,205	2	2,199,479	2,199,479
		5,112,363,282	5,112,363,282		4,319,763,193	4,319,763,193

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

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

"Held to maturity"
The carrying value of these investments were determined using the level 2 fair value measurement.

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

"Receivables, short term loans and interest accrued"
Receivables, short term loans and interest accrued are net of provisions for impairment. The fair value of receivables is based on expected realisation of outstanding balances taking into account the company's history with respect to delinquencies.

"Reinsurance assets, policyholders' liabilities, deposit administration fund and contingency reserves "
These were measured by management on the advice from the actuaries.

"Financial instruments where the carrying amounts are equal to fair value "
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 on hand and at bank, payables and accrued interest, tax liability/recoverable, prepayments, statutory deposits, bank overdraft (unsecured) and claims admitted and intimated but not paid.

"Property,plant and equipment"
Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Management's judgement was used to determine that fair value approximates the carrying value.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

15 **Fair value estimation - cont'd**

Fair values

The following assets are carried at fair values.

	IFRS 13	2017		IFRS 13	2016	
	Level	Carrying Value	Fair Value	Level	Carrying Value	Fair Value
		G$	G$		G$	G$
Financial assets						
Investments:						
Available for sale (a)	2	206,356,077	206,356,077	2	173,262,161	173,262,161
Available for sale (b)	2	2,572,907,914	2,572,907,914	2	2,005,956,408	2,005,956,408
Available for sale (c)	2	166,447,957	166,447,957	2	58,753,002	58,753,002
		2,945,711,948	2,945,711,948		2,237,971,571	2,237,971,571

"Available for sale"
The carrying values of these investments were valued using quoted market prices and from inputs other than quoted prices.

(a) These market values were verified with statements from Lloyd's Bank.
(b) These were valued based on rates from the Guyana Association of Securities Companies and Intermediaries Inc.
(c) These were verified with broker's statements.

	2017	2016
16 Statutory deposit	G$	G$
Citizens Bank (Guyana) Inc.	18,750,000	18,750,000

This is a one year statutory term deposit by
direct order of the Commissioner of Insurance

17 Interest accrued

Loan to The Hand-in-Hand Mutual Fire Insurance Company Limited	-	5,969,491
Mortgages	234,831	251,672
Deposits at banks	543,882	532,686
Interest on Courts Bond	201,644	403,288
Investment Income	11,593,741	4,455,548
	12,574,098	11,612,685

18 Receivables and prepayments

Other receivable (i)	95,659,112	133,538,555

(i) This comprised of securities pending redemption, sales representatives, staff and other sundry receivables.

NOTES ON THE ACCOUNTS

19 Reinsurance assets	Ordinary life fund G$	Group life fund G$	Single premium mortgage protection G$	Total G$
Balance as at 1 January 2016	263,058,808	14,451,704	34,426,212	311,936,724
Actuarial increase/(decrease)	61,508,920	(947,485)	9,892,598	70,454,033
Claims recoverable	(199,213,542)	(4,445,554)	-	(203,659,096)
Balance as at 31 December 2016	125,354,186	9,058,665	44,318,810	178,731,661
Actuarial increase/(decrease)	27,394,178	(9,715)	13,183,592	40,568,055
Claims recoverable	-	(607,162)	-	(607,162)
Balance as at 31 December 2017	152,748,364	8,441,788	57,502,402	218,692,554

20 Cash on hand and at banks	2017 G$	2016 G$
Non statutory deposits:		
Deposits - others	225,291,862	270,344,293
Current accounts	221,401,963	179,184,142
Cash on hand	20,000	20,000
	446,713,825	449,548,435

The interest rates on deposits vary from 2% to 6%.

21 Share capital

Authorised		
Number of 6% cumulative redeemable preference shares	10,000	10,000
Issued and fully paid		
2,750 - 6% cumulative redeemable preference shares	275,000	275,000

The Capital of the company is G$1,000,000 divided into 10,000 Redeemable Cumulative Preference shares of G$100 each. This amount issued to The Hand-in-Hand Mutual Fire Insurance Company Limited is not available for the payment of any expenses or claims incurred by the company until all other funds are exhausted. The company shall be entitled to the whole or any part of the shares as shall be determined by the board.

NOTES ON THE ACCOUNTS

22 Other reserve

	2017 G$	2016 G$
At 1 January	841,676,175	1,190,193,350
Fair value adjustment on investments	583,158,944	(348,517,175)
At 31 December	1,424,835,119	841,676,175

23 General reserve

	2017 G$	2016 G$
At 1 January	(479,887,846)	(567,540,049)
Net increase/(decrease) in fund for the year	(92,458,113)	104,703,548
Currency translation difference	8,584,392	(17,051,345)
At 31 December	(563,761,567)	(479,887,846)

24 Policyholders' liabilities

Gross liabilities	Ordinary life fund G$	Annuity fund G$	Group life fund G$	Single premium mortgage protection G$	Group health fund G$	Total G$
Balance as at 1 January 2016	635,829,672	368,422,789	15,582,283	690,556,461	4,341,171	1,714,732,376
Actuarial increase/(decrease)	106,939,467	37,091,616	(9,594,107)	118,311,601	(778,631)	251,969,946
Balance as at 31 December 2016	742,769,139	405,514,405	5,988,176	808,868,062	3,562,540	1,966,702,322
Actuarial increase/(decrease)	158,583,167	350,942,538	189,561	123,641,745	(3,562,540)	629,794,471
Balance as at 31 December 2017	901,352,306	756,456,943	6,177,737	932,509,807	-	2,596,496,793

NOTES ON THE ACCOUNTS

25 Deposit administration fund

	2017	2016
	G$	G$
At 1 January	2,032,756,287	2,173,402,690
Contributions received plus interest	384,820,281	391,039,526
Refund of contributions	(166,993,509)	(481,595,380)
Charges, claims and benefits	(39,265,434)	(50,090,549)
At 31 December	2,211,317,625	2,032,756,287

26 Contingency reserves	177,000,000	163,000,000

A Contingency reserve representing approximately 8% of the value of the Deposit administration fund was appropriated to the Statutory Fund, in keeping with draft legislation in Guyana.

	2017	2016
27 Claims admitted or intimated but not paid	G$	G$
Ordinary life	6,574,582	9,827,645
Group life	13,941,482	17,477,981
	20,516,064	27,305,626

28 Payables and accrued expenses

Other payables	52,088,563	52,871,965
Accruals	47,383,509	68,869,950
	99,472,072	121,741,915

29 Bank overdraft (unsecured)

Bank of Nova Scotia	2,553,523	6,057,564

NOTES ON THE ACCOUNTS

30 Pending litigation

There are several income tax appeals pending for the years 1976 - 1988 and 1995 inclusive.
The tax in dispute has been lodged with the Guyana Revenue Authority.

There is an ongoing claim from the Deposit administration fund.

31 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 with related parties.

Related company

The Hand-in-Hand Mutual Fire Insurance Company Limited and the Hand-in-Hand Mutual Life Assurance Company Limited share a common Board of Directors.

	2017	2016
(i) Interest received	G$	G$
Interest received during the year on loans granted to The Hand-in-Hand Mutual Fire Insurance Company Limited	79,782,221	66,107,552
Loans to The Hand-in-Hand Mutual Fire Insurance Company Limited Interest is charged at a rate of 8% on total of $997,324,338 and 6% on total of $315,000,000 per annum.	1,312,324,338	942,324,338
Loan to Hand-in-Hand Trust Corporation Inc. Interest is charged at a rate of 9.55% on total of $79,800,000; 11% on total of $62,660,042; 11% on total of $75,000,000 and 12% on total of $90,000,000. Capital repayment will commence in January, 2018.	307,460,042	-
The Hand-in-Hand Mutual Fire Insurance Company Limited 2,750 - 6% Cumulative Redeemable Preference Shares	275,000	275,000
(ii) Insurance		
Insurance coverage	45,000,000	45,000,000
Premiums for the year	180,000	180,000

NOTES ON THE ACCOUNTS

31 Related party transactions - cont'd

Related company

(iii) Fees paid

The Hand-in-Hand Mutual Life Assurance Company Limited utilised the staff and facilities of The Hand-in-Hand Mutual Fire Insurance Company Limited.

	2017 G$	2016 G$
Fees charged	88,759,880	77,262,301

Key management personnel

(i) Compensation

The company's key management personnel comprises of its Directors, its Chief Executive Officer and Managers. The renumeration paid during the year was as follows:

	2017 G$	2016 G$
Short term employee benefits - Managers - 13 (2016 -13)	29,808,797	27,299,622

Long term benefit is derived from the Pension Scheme.

Directors' emoluments - 6 (2016 - 6)	5,633,772	5,633,772

(ii) Mortgages

Interest paid for the year	1,504,303	1,349,297
Balance outstanding	78,409,311	45,593,975

The above balance refers to 3 (2016-2) mortages. The rate of interest is 3.5% - 9% per annum. Security held on these mortgage are promissory notes.

(iii) Loans	2017 G$	2016 G$
Interest paid for the year	3,745,804	1,037,900
Balance outstanding	52,905,197	68,721,832

The rate of interest is 6% per annum. Security held on these loans are promissory notes.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

32 Analysis of financial assets and liabilities by measurement basis.

	Held to maturity G$	Available for sale G$	Loans and receivables G$	Other Assets/Liabilities at amortized cost G$	2017 Total G$	2016 Total G$
Assets						
Investments	10,000,000	2,945,711,948	1,542,486,852	-	4,498,198,800	3,607,804,258
Statutory deposit	-	-	-	18,750,000	18,750,000	18,750,000
Short term loan	-	-	394,316,347	-	394,316,347	206,464,868
Interest accrued	-	-	12,574,098	-	12,574,098	11,612,685
Receivables and prepayments	-	-	95,659,112	-	95,659,112	133,538,555
Reinsurance contract assets	-	-	218,692,554	-	218,692,554	178,731,661
Tax recoverable	-	-	9,709,130	-	9,709,130	9,709,130
Cash on hand and at banks	-	-	-	446,713,825	446,713,825	449,548,435
2017	10,000,000	2,945,711,948	2,273,438,093	465,463,825	5,694,613,866	
2016	58,130,416	2,237,971,571	1,645,294,302	468,298,435		4,616,159,592
Liabilities						
Policyholders' liabilities	-	-	-	2,596,496,793	2,596,496,793	1,966,702,322
Deposit administration fund	-	-	-	2,211,317,625	2,211,317,625	2,032,756,287
Contingency reserve	-	-	-	177,000,000	177,000,000	163,000,000
Claims admitted or intimated but not paid	-	-	-	20,516,064	20,516,064	27,305,626
Tax payable	-	-	-	5,007,205	5,007,205	2,199,479
Payables and accrued expenses	-	-	-	99,472,072	99,472,072	121,741,915
Bank overdraft (unsecured)	-	-	-	2,553,523	2,553,523	6,057,564
2017	-	-	-	5,112,363,282	5,112,363,282	
2016	-	-	-	4,319,763,193		4,319,763,193

NOTES ON THE ACCOUNTS

33 **INSURANCE ACT 1998**

The Insurance Act 1998 became effective in 2002 upon the appointment of a Commissioner of Insurance, the duties of whose office were then conferred onto the Bank of Guyana in 2009. Part XVI of the Act relates to pension plans, their registrations, management and all other stipulations. The company has not fully complied with this section for all the plans it manages. This is a continuing effort.

34 **FINANCIAL RISK MANAGEMENT**

Financial risk mangement objectives

The Company's management monitors and manages the financial risk relating to the operation of the Company through internal risk reports which analyse exposure 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 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 risks.

(a) Market risk

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

(i) Price risk

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

Should the market prices of investments change by 5 percent with all other variables held constant, the impact on equity would be G$17,710,811 (2016- G$13,844,183).

(ii) Interest rate sensitivity analysis

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

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

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(a) Market risk - cont'd

(ii) Interest rate sensitivity analysis - cont'd

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

	Increase / decrease in basis point	Impact on profit for year 2017	Impact on profit for year 2016
Cash and cash equivalents		G$M	G$M
Local Currency	+/-50	0.59	0.88
Foreign Currencies	+/-50	0.63	0.43

Apart from the foregoing with respect to 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 risks, market risks, political and disaster risks can affect the value of the assets and liabilities.

(iii) Interest rate risk

The Company's exposure to interest rate risk is minimal but the Company's management continuously monitors and manages these risks through the use of appropriate tools and implements strategies to hedge against any adverse effects.

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

	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$
Assets						
Investments	1.1-10	-	10,000,000	-	2,945,711,948	2,955,711,948
Mortgages on properties	3.5-10	5,700,436	31,565,004	55,293,067	-	92,558,507
Loans on policies	15	-	73,023,972	-	-	73,023,972
Loan to Berbice Bridge Company	7.50	50,000,000	100,000,000	-	-	150,000,000
Loan to Fire Company	6-8	262,464,868	1,049,859,470	-	-	1,312,324,338
Participation in Loans- HIH/T	7.5-12	81,851,479	225,608,563			307,460,042
Share purchase plans	8.5-14	-	-	1,436,340	-	1,436,340
Statutory deposits	2.75	-	18,750,000	-	-	18,750,000
Receivables & prepayments	6-8	44,473,238	37,984,344	6,518,016	6,683,514	95,659,112
Cash on hand and at banks	0.15-3	225,291,862	-	-	221,421,963	446,713,825
Tax recoverable	-	-	-	-	9,709,130	9,709,130
Reinsurance assets	-	-	-	-	218,692,554	218,692,554
Interest accrued	1.1-10	12,574,098	-	-	-	12,574,098
		682,355,981	1,546,791,353	63,247,423	3,402,219,109	5,694,613,866
Liabilities						
Policholders' Liabilities	-	-	-	-	2,596,496,793	2,596,496,793
Deposit administration fund	-	-	-	-	2,211,317,625	2,211,317,625
Contingency reserves	-	-	-	-	177,000,000	177,000,000
Claims admitted or intimated but not paid	-	-	-	-	20,516,064	20,516,064
Payables and accrued interest	-	-	-	-	99,472,072	99,472,072
Bank overdraft (unsecured)	-	-	-	-	2,553,523	2,553,523
Tax payable	-	-	-	-	5,007,205	5,007,205
		-	-	-	5,112,363,282	5,112,363,282
Interest sensitivity gap		682,355,981	1,546,791,353	63,247,423		

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	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$
Assets						
Investments	1.1-7.5	-	58,130,416	-	2,237,971,571	2,296,101,987
Mortgages on properties	3.5-10	3,696,056	20,787,072	35,643,877	-	60,127,005
Loans on policies	15	-	71,814,588	-	-	71,814,588
Berbice Bridge loan	7.50	18,000,000	218,000,000	-	-	236,000,000
Loan to Fire Company	6-8	188,464,868	753,859,470	-	-	942,324,338
Share purchase plans	8.5-14	-	-	1,436,340	-	1,436,340
Statutory deposits	2.75	-	18,750,000	-	-	18,750,000
Receivables & prepayments	6-8	62,735,128	37,007,042	26,619,744	7,176,641	133,538,555
Cash on hand and at banks	0.15-3	270,344,293	-	-	179,204,142	449,548,435
Tax recoverable	-	-	-	-	9,709,130	9,709,130
Reinsurance assets	-	-	-	-	178,731,661	178,731,661
Interest accrued	1.1-10	11,612,685	-	-	-	11,612,685
		554,853,030	1,178,348,588	63,699,961	2,612,793,145	4,409,694,724
Liabilities						
Policyholders' liabilities	-	-	-	-	1,966,702,322	1,966,702,322
Deposit administration fund	-	-	-	-	2,032,756,287	2,032,756,287
Contingency reserves	-	-	-	-	163,000,000	163,000,000
Claims admitted or intimated but not paid	-	-	-	-	27,305,626	27,305,626
Payables & accrued interst	-	-	-	-	121,741,915	121,741,915
Bank overdraft (unsecured)	-	-	-	-	6,057,564	6,057,564
Tax payable	-	-	-	-	2,199,479	2,199,479
		-	-	-	4,319,763,193	4,319,763,193
Interest sensitivity gap		554,853,030	1,178,348,588	63,699,961		

NOTES ON THE ACCOUNTS

34 Financial risk management - cont'd

(a) Market risk-cont'd

(iv) Foreign currency risk

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

The equivalent Guyana dollar value of assets in United States dollar, Pounds Sterling and Trinidadian dollar are shown below:

	2017				2016			
	£	US$	T.T$	Total G$	£	US$	T.T$	Total G$
Assets	572,179	818,548	1,500,156	354,216,187	474,732	550,999	1,604,347	270,443,229

Foreign currency sensitivity analysis:

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

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

	2017			2016		
	T.T dollar impact G$ M	£ Sterling impact G$ M	US dollar impact G$ M	T.T dollar impact G$ M	£ Sterling impact G$ M	US dollar impact G$ M
Profit/(loss)	1.21	4.29	5.12	1.44	3.35	3.32

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(b) Credit risk

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

The company faces credit risk in respect of its cash and cash equivalents, investments and receivables. However, this risk is controlled by close monitoring of these assets by the company. The maximum credit risk faced by the company is the balance 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 risk is therefore considered very low.

Investments reflected by the company are assets for which the likelihood of default are considered minimal by the Directors.

	2017 G$	2016 G$
Investments		
Held to maturity	10,000,000	58,130,416
Available for sale	2,945,711,948	2,237,971,571
Statutory deposit	18,750,000	18,750,000
Taxes recoverable	9,709,130	9,709,130
Cash at bank	446,693,825	449,528,435
Loans & receivables (i)	1,542,486,852	1,105,237,403
Short term loans	394,316,347	206,464,868
Accrued interest (ii)	12,574,098	11,612,685
Receivables & prepayments (iii)	95,659,112	133,538,555
Reinsurance assets (iv)	218,692,554	178,731,661
	5,694,593,866	4,409,674,724
Provision for impairment	934,934	607,343

(i) Loans and receivables include the sum of $73,023,972 (2016- $71,814,588) for loans on policies. These are fully secured against the cash values of the individual policies. Ongoing evaluation is performed on the financial condition of these receivables on a regular basis.
This amount also include a loan that is granted to The Hand in Hand Mutual Fire Insurance Company Limited on which interest is earned.

(ii) Accrued interest represents amounts due or accrued on the various investments of the company. These amounts will be received in the next financial year, or will materialise on the maturity of the investment(s) in accordance with their terms and conditions.

(iii) Receivables & prepayments comprised of a number of advances and loans to staff and sales representative on which interest is earned.

The above receivables and prepayments are classified as follows:.

	2017 G$	2016 G$
Current	75,940,926	89,566,750
Past due but not impaired	19,718,186	43,971,805
	95,659,112	133,538,555
Ageing of past due but not impaired		
31-60 days	4,791,047	30,873,481
61-90 days	-	5,152,815
91-120 days	824,808	1,374,900
over 120 days	14,102,331	6,570,609
Total	19,718,186	43,971,805

While the foregoing is past due they are still considered collectible in full. There are no specific impairment of receivables, however the Company makes a general provision as stated above.

(iv) Reinsurance assets comprise amounts recovered from reinsurers for claims that were paid during the financial year.

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(c) Liquidity risk

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

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

	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$
Assets						
Available for sale	2,945,711,948	-	-	-	-	2,945,711,948
Held to Maturity	-	-	-	10,000,000	-	10,000,000
Mortgages on properties	175,891	1,354,073	4,170,473	31,565,004	55,293,066	92,558,507
Loans on policies	-	-	-	73,023,972	-	73,023,972
Share purchase plans	-	-	-	-	1,436,340	1,436,340
Loan to Berbice Bridge Company Ltd.	-	-	50,000,000	100,000,000	-	150,000,000
Loan to The Hand-in-Hand Mutual Fire Insurance Co. Ltd	-	-	262,464,868	1,049,859,470	-	1,312,324,338
Participation in Loans- HIH/T			81,851,479	225,608,563		307,460,042
Statutory deposits	-	-	-	18,750,000	-	18,750,000
Interest accrued	12,574,098	-	-	-	-	12,574,098
Receivables and prepayments	-	-	-	95,659,112	-	95,659,112
Tax recoverable	-	-	-	-	9,709,130	9,709,130
Reinsurance assets	218,692,554	-	-	-	-	218,692,554
Cash on deposits	225,291,862	-	-	-	-	225,291,862
Cash on hand & at banks	221,421,963	-	-	-	-	221,421,963
	3,623,868,316	1,354,073	398,486,820	1,604,466,121	66,438,536	5,694,613,866
Liabilities						
Policyholders liabilities	-	-	-	2,596,496,793	-	2,596,496,793
Deposit administration fund	-	-	-	2,211,317,625	-	2,211,317,625
Contingency reserve	-	-	-	177,000,000	-	177,000,000
Claims admitted or intimated but not paid	20,516,064	-	-	-	-	20,516,064
Payables and accrued interest	72,851,599	3,494,527	885,974	22,239,972	-	99,472,072
Bank overdraft (unsecured)	2,553,523	-	-	-	-	2,553,523
Tax payable	-	-	5,025,578	-	-	5,025,578
	95,921,186	3,494,527	5,911,552	5,007,054,390	-	5,112,381,655
Net current assets/(liablities)	3,527,947,130	(2,140,454)	392,575,268	(3,402,588,269)	66,438,536	582,232,211

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(c) Liquidity risk

	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$
Assets						
Available for sale	2,237,971,571	-	-	-	-	2,237,971,571
Held to Maturity	-	-	-	58,130,416	-	58,130,416
Mortgages on properties	160,826	874,736	2,697,828	20,389,700	36,003,915	60,127,005
Loans on policies	-	-	-	71,814,588	-	71,814,588
Share purchase plans	-	-	-	-	1,436,340	1,436,340
Berbice Bridge loan	-	-	18,000,000	218,000,000	-	236,000,000
Loan to Hand in Hand Mutual Fire Insurance Co. Ltd	-	-	188,464,868	753,859,470	-	942,324,338
Statutory deposits	-	-	-	18,750,000	-	18,750,000
Interest accrued	11,612,685	-	-	-	-	11,612,685
Receivables and prepayments	-	-	-	133,538,555	-	133,538,555
Tax recoverable	-	-	-	-	9,709,130	9,709,130
Reinsurance assets	178,731,661	-	-	-	-	178,731,661
Cash on deposits	270,344,293	-	-	-	-	270,344,293
Cash on hand & at banks	179,204,142	-	-	-	-	179,204,142
	2,878,025,178	874,736	209,162,696	1,274,482,729	47,149,385	4,409,694,724
Liabilities						
Policyholders liabilities	-	-	-	1,966,702,322	-	1,966,702,322
Deposit Administration Fund	-	-	-	2,032,756,287	-	2,032,756,287
Contingency reserve	-	-	-	163,000,000	-	163,000,000
Claims admitted or intimated but not paid	27,305,626	-	-	-	-	27,305,626
Payables and accrued interest	96,517,681	1,868,768	936,088	22,419,378	-	121,741,915
Bank overdraft (unsecured)	6,057,564	-	-	-	-	6,057,564
Tax payable	-	-	2,199,479	-	-	2,199,479
	129,880,871	1,868,768	3,135,567	4,184,877,987	-	4,319,763,193
Net current assets/(liablities)	2,748,144,307	(994,032)	206,027,129	(2,910,395,258)	47,149,385	89,931,531

NOTES ON THE ACCOUNTS

35 Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance.

For management purposes, the company is currently organised into three operating divisions - ordinary life fund, group life fund and group health fund. These divisions are the basis on which the company reports its primary segment information.

	2017				
	Ordinary Life Fund	Annuity Fund	Group Life Fund	Group Health Fund	Total
Revenue	G$	G$	G$	G$	G$
Premiums	121,711,002	335,670,389	303,417,679	247,195,101	1,007,994,171
Reinsurance premiums	21,147,061	-	64,786,252	-	85,933,313
	100,563,941	335,670,389	238,631,427	247,195,101	922,060,858
Investment income	59,583,703	8,000,346	47,959,656	209,678	115,753,383
Loss on exchange	-	-	915,210	-	915,210
Gain on disposal of investments	-	-	11,749,919	-	11,749,919
Unclaimed ordinary cheques w/o	120,313	331,816	299,933	244,356	996,418
	160,267,957	344,002,551	299,556,145	247,649,135	1,051,475,788
Deduct: Expenditure					
Management expenses	33,869,433	9,926,267	105,434,314	47,788,835	197,018,849
Commissions	15,837,364	-	39,162,015	14,698,994	69,698,373
Claims	25,254,929	-	20,330,663	176,809,227	222,394,819
Surrenders	29,623,739	-	-	-	29,623,739
Annuities		18,349,421	-	-	18,349,421
	104,585,465	28,275,688	164,926,992	239,297,056	537,085,201
Surplus/(deficit) of revenue over expenditure before actuarial adjustments	55,682,492	315,726,863	134,629,153	8,352,079	514,390,587
Actuarial adjustments to:					
- Policyholders' liabilities	158,583,167	350,942,538	123,831,306	(3,562,540)	629,794,471
- Reinsurance	(27,394,178)	-	(13,173,877)	-	(40,568,055)
	(75,506,497)	(35,215,675)	23,971,724	11,914,619	(74,835,829)
Unallocated adjustments/expenses:	Taxation				3,622,284
	Contingency reserve				14,000,000
	Currency translation difference				(8,584,392)
	Fair value adjustment on investments				(583,158,944)
Total Comprehensive loss for the year					499,285,223
Statement of Financial Position					
Segmented assets	1,432,107,726	815,103,453	1,335,247,207	2,935,823	3,585,394,209
Unallocated assets					2,388,317,625
Total assets					5,973,711,834
Segmented liabilities	958,108,173	779,592,427	981,337,852	-	2,719,038,452
Unallocated liabilities					2,393,324,830
Total liabilities					5,112,363,282

NOTES ON THE ACCOUNTS

35 Segment reporting - cont'd

	2016				
	Ordinary Life Fund	Annuity Fund	Group Life Fund	Group Health Fund	Total
Revenue	G$	G$	G$	G$	G$
Premiums	128,014,426	5,324,201	284,015,198	242,074,127	659,427,952
Reinsurance premiums	19,707,136	-	59,495,026	-	79,202,162
	108,307,290	5,324,201	224,520,172	242,074,127	580,225,790
Investment income	46,367,429	7,510,401	37,884,122	232,903	91,994,855
Loss on exchange	-	-	(1,540,659)	-	(1,540,659)
Gain on disposal of investments	-	-	151,758,626	-	151,758,626
	154,674,719	12,834,602	412,622,261	242,307,030	822,438,612
Deduct: Expenditure					
Management expenses	52,565,681	2,186,240	116,623,203	42,003,482	213,378,606
Commissions	18,053,295	-	40,614,726	13,453,781	72,121,802
Claims	24,833,648	-	27,815,879	188,126,065	240,775,592
Surrenders	13,025,107	-	-	-	13,025,107
Annuities	-	14,708,509	-	-	14,708,509
	108,477,731	16,894,749	185,053,808	243,583,328	554,009,616
Surplus/(deficit) of revenue over expenditure before actuarial adjustments	46,196,988	(4,060,147)	227,568,453	(1,276,298)	268,428,996
Actuarial adjustments to:					
- Policyholders' liabilities	148,091,230	(4,060,147)	108,717,494	(778,631)	251,969,946
- Reinsurance	(61,508,920)	-	(8,945,113)	-	(70,454,033)
	(40,385,322)	-	127,796,072	(497,667)	86,913,083
Unallocated adjustments/expenses: Taxation					1,209,535
Contingency reserve					(19,000,000)
Currency translation difference					17,051,345
Fair value adjustment on investments					348,517,175
Total Comprehensive loss for the year					(260,864,972)
Statement of Financial Position					
Segmented assets	1,522,646,173	121,726,010	824,864,139	16,833,913	2,486,070,235
Unallocated assets					2,195,756,287
Total assets					4,681,826,522
Segmented liabilities	1,100,267,053	143,010,369	874,781,885	3,748,120	2,121,807,427
Unallocated liabilities					2,197,955,766
Total liabilities					4,319,763,193

NOTES ON THE ACCOUNTS

35 Segment reporting - cont'd

The company's operations are located in Guyana. The geographical segment is defined by the location of the operation from which the sale is made and does not consider the location of the customer.

GEOGRAPHICAL	Revenue	
	2017	2016
	G$	G$
Local - Guyana	1,034,033,567	819,333,779
Overseas	17,442,221	3,104,833
	1,051,475,788	822,438,612

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and other assets, analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets & liabilities		Additions/disposals/revaluations to assets	
	2017	2016	2017	2016
	G$	G$	G$	G$
Assets				
Guyana	5,600,907,800	4,401,680,943	1,199,226,857	(340,948,334)
Trinidad & Tobago	41,110,378	48,130,416	(7,020,038)	(11,158,758)
United Kingdom	156,188,175	121,885,834	34,302,341	(29,409,451)
United States	175,505,481	110,129,329	65,376,152	53,294,334
	5,973,711,834	4,681,826,522	1,291,885,312	(328,222,209)
Liabilities - Guyana	5,112,363,282	4,319,763,193		

36 **ACTUARIAL VALUATION**

An actuarial valuation of the Company was done as at 31 December 2017. This revealed a surplus of G$861,348,552 (2016 - G$362,063,329).

NOTES ON THE ACCOUNTS

37 Insurance Risk

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

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

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

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

(a) Frequency and severity of claims

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

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

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

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of the type of risk and the level of insured benefits. For example, the company to some extent balances death risk and survival risk across its portfolio. The company has a retention limit of G$1,500,000 on the vast proportion of lives insured. The company reinsures the excess of the insured benefit over G$1,500,000 for standard risks (as measured by the sum insured) under a yearly renewable term reinsurance arrangement. The company does not have in place any reinsurance for contracts that insure survival risk.

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

NOTES ON THE ACCOUNTS

37 Insurance Risk - cont'd

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

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

(c) Guaranteed annuity options

The company has no annuity policy with the guaranteed annuity option, hence is not exposed to the risk from variability in contract holder behaviour.

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

(i) Mortality

An assumption was made which reflected the Actuary's knowledge of mortality experience in the Caribbean. The mortality assumption used for all policies was 120% of the CIA 86-92 Male Aggregate Table (240% for Special Whole Life) plus a margin for adverse deviation equal to 15 per thousand (7.5% per thousand for the participating business), divided by life expectancy. In addition, an allowance for AIDS was included in accordance with 100% of that recommended for Canadian Life companies by the Canadian Institute of Actuaries. A margin is added for adverse deviation.

(ii) Investment yields

It is impossible to predict long-term interest rates in the Guyanese environment since the longest government security is 12 months. The valuation as at 31 December , 2014 used an interest assumption of 4.75% scaling down uniformly over 10 years to 3.0% per annum, after tax and after a Margin for Adverse Deviation of 0.85% per annum.

For the current valuation, this assumption has been maintained.

(iii) Persistency

The assumed lapse rates were derived from a lapse study conducted using the company's experience for the period 2013 - 2017. A margin for adverse deviation assumes a 20% fluctuation in the lapse rate for all years.

NOTES ON THE ACCOUNTS

37 Insurance Risk - cont'd

Policy liabilities are calculated using best estimate assumptions with margins for adverse deviation - cont'd.

(iv) Expenses

Expenses are based on best estimates of Company experience. Administration expenses per policy increased to $12,079 per annum for 2016, thereafter, inflation on expenses has been applied at a rate of 1.5% per annum. A margin for Adverse Deviation of 10% per annum on non-participating business at 5% per annum on participating business was maintained. Premium paying policies were given equal weights. Paid up policies have been assigned one-eighth of the expense of premium paying policies. For the single mortgage protection policies expenses was determined as $3,619 for 2016. The administration expense per policy was set at $3,619 per annum in 2016 inflating at the same rate as outlined above with a Margin for Adverse Deviation of 10% per annum.

(v) Ongoing review

Actuarial assumptions are continuously reviewed based on emerging Company and industry experience and revised if appropriate and material.

(vi) Margins for adverse deviation assumptions

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

(vii) Sensitivity Analysis

The following table shows the sensitivity of the Gross/Net Reserves for the Ordinary Life, Individual Annuity and Single Premium Mortgage Protection business to a change in the valuation assumptions as noted:

Sensitivity	2017 G$000	2016 G$000
2% Increase in Mortality	15,100	7,200
5% Increase in Expenses	23,400	-
10% Change in Lapse Rates	18,300	13,500
100 Basis Points Decrease in Investment Earnings	237,000	218,600

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

38 **Assets held under Trust**

Assets

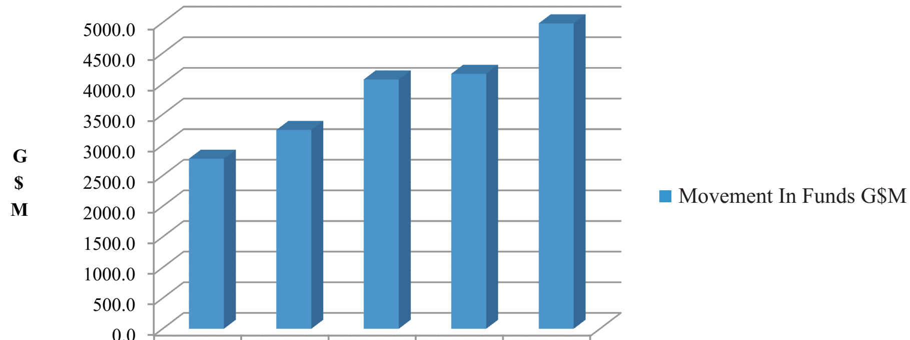
	2017 G$	2016 G$
Statutory Deposit at Citizens Bank (Guyana) Inc.	18,750,000	18,750,000
Land & Building	262,553,258	261,284,778
Mortgages	16,078,409	17,011,302
Short term loan - Berbice Bridge Company Ltd.	218,000,000	236,000,000
	515,381,667	533,046,080
Government Bonds & Bills		
Government of Trinidad and Tobago Bond	-	59,289,174
	-	59,289,174
Ordinary Shares-		
Guyana-		
Demerara Tobacco Co. Ltd	54,138,000	55,220,760
Demerara Distillers Ltd.	64,079,639	60,310,248
Caribbean Containers Inc.	3,755,538	3,964,179
Guyana Bank for Trade and Industry Ltd.	104,041,000	99,365,000
Hand-in-Hand Trust Corporation Inc.	157,367,329	157,367,329
Banks DIH Ltd.	177,709,836	172,157,820
Republic Bank(Guyana) Ltd.	1,172,372,238	1,099,356,072
Citizens Bank (Guyana) Inc.	546,358,464	546,358,464
Hand-in-Hand Investment Inc.	30,000	30,000
Rupununi Development Company Ltd.	21,975,000	21,750,000
	2,301,827,044	2,215,879,872
Bonds & Debentures of Companies Incorporated in Guyana-		
Courts Bond	-	10,000,000
Loan granted to The Hand-in-Hand Mutual Fire Insurance Company Limited-secured	1,277,993,310	829,934,615
Fixed Deposit at Republic Bank (Guyana) Limited	63,852,058	63,343,919
Fixed Deposit at Bank of Baroda	-	26,010,000
Fixed Deposit at Guyana Bank for Trade & Industry Ltd.	30,000,000	-
	1,371,845,368	919,288,534
TOTAL	4,189,054,079	3,737,503,660

39 **Approval of financial statements**

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2018.

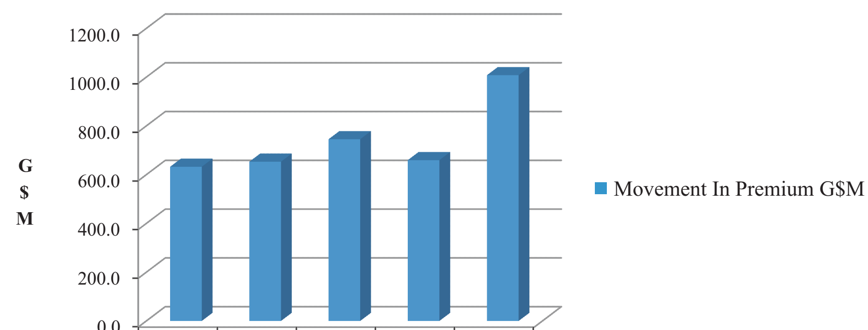
HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

Movement in Funds



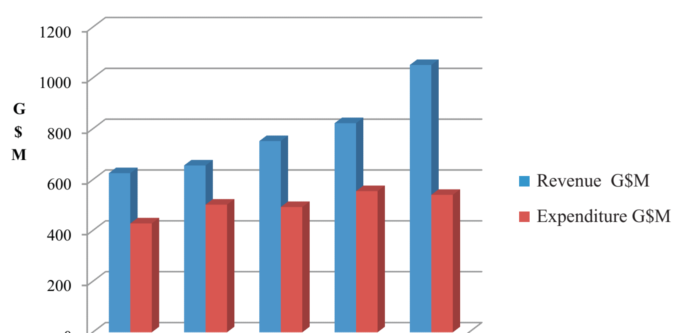
	2013	2014	2015	2016	2017
Movement In Funds G$M	2776.7	3245.7	4070.1	4162.5	4984.8

Movement in Premiums and Annuities



	2013	2014	2015	2016	2017
Movement In Premiums and Annuities G$M	632.4	653.1	745.3	659.4	1007.9

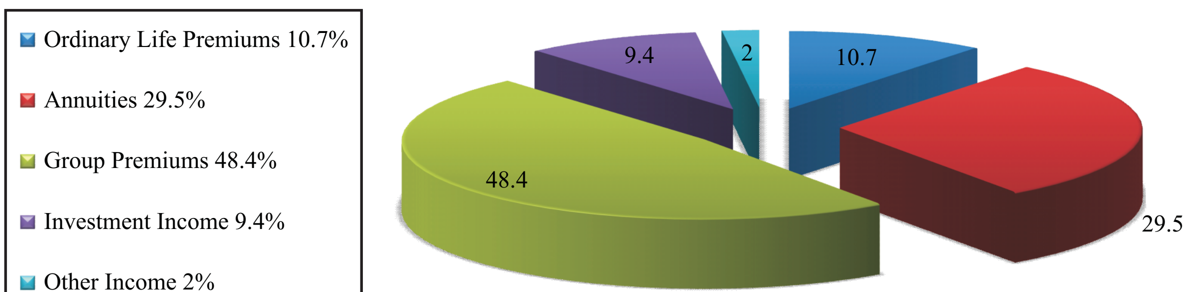
Revenue vs Expenditure



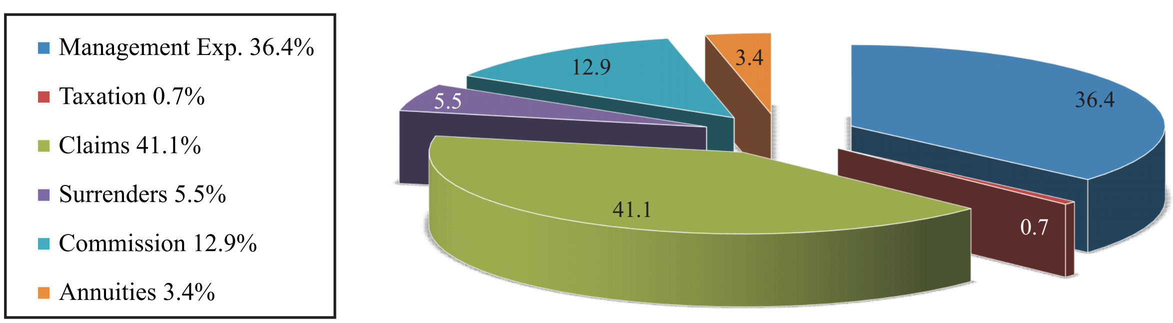
	2013	2014	2015	2016	2017
Revenue G$M	625.8	656.2	752.2	822.4	1051.5
Expenditure G$M	428.1	502.1	492.8	555.2	540.7

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

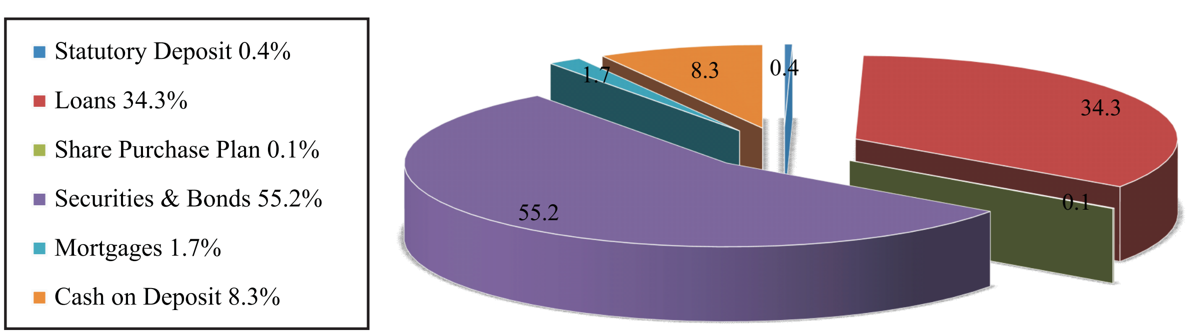
Source of Revenue



2017 Expenditure



Distribution of Investment



HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

PLANS OF INSURANCE OFFERED:

JOINT WHOLE-OF-LIFE
SPECIAL WHOLE-OF-LIFE
WHOLE-OF-LIFE LIMITED PAYMENT
EXECUTIVE BONUS WHOLE-OF-LIFE
RETIREMENT BONUS WHOLE-OF-LIFE
ANTICIPATED BONUS WHOLE-OF-LIFE
ENDOWMENT
ANTICIPATED ENDOWMENT
SECONDARY SCHOOL EDUCATION ENDOWMENT
UNIVERSITY EDUCATION ENDOWMENT TERM
5 YEARS RENEWABLE & CONVERTIBLE TERM
ANNUITIES (IMMEDIATE AND DEFERRED)
GROUP LIFE
GROUP MEDICAL
GROUP PENSION
GROUP CREDITORS

RIDERS - may be attached to most plans

HOSPITAL INDEMNITY
ACCIDENTAL MEDICAL EXPENSES
ACCIDENTAL DEATH AND DISMEMBERMENT
ACCIDENTAL DISABILITY INCOME
TOTAL PERMANENT DISABILITY
TOTAL DISABILITY WAIVER OF PREMIUM
PAYOR WAIVER OF PREMIUM