THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES

(Incorporated 1865)

153rd

ANNUAL REPORT AND ACCOUNTS

For the year ended 31st December, 2018

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

NOTICE OF MEETING

The One Hundred and Fifty Third Annual General Meeting of Members of the above mentioned Company will be held at the Company's Offices, Lots 1, 2, 3 & 4, Avenue of the Republic, Georgetown, on Thursday, 27 June, 2019, 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, 2018 and the Report of the Auditors thereon.
2. Declaration of the profits available for distribution amongst Members.
3. Election of Directors.
4. Election of Auditors.
5. To fix the remuneration of the Directors.
6. To fix the remuneration of the Auditors.
7. 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

03 June, 2019

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

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

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

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

HEAD OFFICE

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

DIRECTORS

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

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

C.R. Quintin

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

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

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

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

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

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

MANAGEMENT:

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

AUDITORS: TSD LAL and Company, Chartered Accountants

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

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

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

BRANCH OFFICES:

BERBICE:	1) New Amsterdam	Lots 15 & 16B New Street, New Amsterdam, Berbice
	2) Corriverton	Lot 101 Ramjohn Square, No. 78 Village (Springlands) Corriverton, Berbice.
	3) D’Edward Village	Plot ‘A’ Northern Public Road, D’ Edward Village, West Bank Berbice.
	4) Rosehall	45 'A’ Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 5 Section ‘C’ Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Lot 1995 Parika Highway, East Bank Essequibo.
BARTICA:		Top Floor, WK Shopping Mall, 1st Avenue, Bartica.
MON REPOS:		30 Tract “A” Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Building Lot “M” Great Diamond East Bank Demerara.
ESSEQUIBO:		Doobay’s Complex, Lot 18 Cotton field, Essequibo Coast.
SOESDYKE:		Shawnee Service Station Block ‘X’ Soesdyke, East Bank Demerara.
GEORGETOWN:		Lot 212 Barr Street, Kitty Village, Greater Georgetown.

THE
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REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018 BY THE CHAIRMAN – MR. JOHN G. CARPENTER A.A., B.Sc.

Welcome
Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 153rd Annual General Meeting. Please allow me to review the performance of the Company for the year ended 31 December, 2018.

Economic Review
The Global economy has grown by 3.7 percent at the end of 2018. The Growth of advanced economies slowed due to a weaker than expected performance from Europe, along with looming political uncertainty, and Brexit from the UK. Growth in China and other parts of emerging Asia remained strong with a growth rate of 5.5 percent at the end of 2018. The Asia growth momentum is still resilient and has been less affected by financial market turbulence as compared to other regions.

The Caribbean region recorded a respectable growth rate of 1.9 percent in 2018. The more vigorous oil sector of Trinidad and Tobago, the largest economy in the region, and the post-natural disaster reconstruction spending by countries that were affected by the 2017 hurricanes, helped to drive the region's growth.

The Guyanese economy grew by 4.1 percent, which almost doubled the 2017 growth rate of 2.1 percent. This strong growth was attributed to favourable commodity prices and greater investment expenditure, which in turn boosted production in bauxite, and the agricultural, construction and manufacturing sectors.

Inflation during the year 2018 was 1.6 percent as there have been moderate increases in the prices for food and fuel. The value of the Guyana dollar to the United States dollar during the year 2018 depreciated by 0.85 percent to GY$212.72 as compared to GY$210.92 for the same period in 2017.

Insurance Companies in Guyana 2018
The total domestic insurance sector's resources increased by 32.1 percent to $72.3 billion, which represented 27.0 percent of the total assets on the Non-Banking Financial Institutions (NBFIs). Furthermore, the Industry's Non-Life component also increased by 28.6 percent to $23.0 billion. The Hand-In-Hand Mutual Fire Insurance Company Ltd. managed to increase its Net Assets by 17.0 percent.

The Life component, which accounted for 86.2 percent of the industry's resources, increased by 33.8 percent to $49.3 billion. Total Insurance Premiums also increased by $1.3 billion to $5.8 billion, of which, 22.8 percent is attributable to local Life premiums.

Banking Sector
The local commercial banking sector continued to remain stable by the end of 2018. In spite of the high level of non-performing loans, the banks managed to record healthy profits. The weighted-average time deposit rate of the banks declined by 4 basis points to 1.1 percent while the weighted-average lending rate fell by 17 basis points to 10.0 percent.

Commercial banks managed to increase their average Capital Adequacy Ratio to 31.1 percent; this being well above the prudential benchmark of 8.0 percent

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

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018 BY THE CHAIRMAN – MR. JOHN G. CARPENTER A.A., B.Sc.

Trust Companies

The two trust companies in Guyana, Hand-in-Hand Trust Corporation Inc. and Trust Company Guyana Ltd decreased their combined resources by 2.2 percent or $249 million. In addition, Deposits, which represented 71.0 percent of total liabilities, also contracted by 3.6 percent to $8.0 billion. This resulted from a decline in deposits of 6.4 percent or $172 million from the National Insurance Scheme (NIS).

Insurance Regulation

The new Insurance Act 2016 which took effect in 2018, requires Hand-in-Hand Mutual Fire Insurance Company Ltd. to have a minimum surplus of assets equivalent to $400m. The Company is required to comply within 5 years from 2018. A more robust corporate governance structure including Enterprise Risk Management (ERM) and an Own Risk and Solvency Assessment framework will need to be put in place as proposed in new regulatory guidelines.

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. The Hand-in-Hand Mutual Fire Insurance Company Ltd. will seek to implement early adoption where possible, and comply with all Insurance and other regulations for the budgeted period and beyond.

Group Results

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

The Group recorded a Total Revenue of $2.9 billion which represent a 29.8 percent increase from the previous year. This is mainly due to a sale of property to the Hand-in-Hand Mutual Life Assurance Company Ltd. and the appreciation of local securities. The Total Expenditure also increased by 11.6 percent to 2.1 billion as compared to 2017. This Group to achieved a Comprehensive Income Surplus of $793.6 million in 2018.

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

The company had a relatively stable performance for the period under review. The Total Revenue from Hand-in-Hand Fire operations and investments increased by 27.1 percent to $1.6 billion from the previous year. Also, the Total Expenditure increased by 5.5 percent to 1.2 billion, giving us a surplus of revenue of $378.0 million.

Premium Income from all sources within the Fire Insurance Company for the period decreased by 3.2 percent to $1.3 Billion as compared to 2017.

The company underwrote 1,125 New Fire Policies. Total Sums Insured of the new policies was $16.0 billion, which was a 23.0 percent decrease from the previous year. Hand-in-Hand Fire's New Business Annualised Premium was down by 29.2 percent to $45.7 million. This shows that aggressive pricing strategies from new entrants and excess underwriting capacity, continues to drive insurance premium rates further down. Nevertheless, Business in Force at the end of 2018 stood at $175.8 billion with an Annualised Premium Income of $582.7 million. This represented a 3.0 percent and 0.9 percent increase with respect to the Sums Insured and Annualized Premiums, respectively. The Company will continue to expand its Accident and Marine portfolios to cater for the new Oil and Gas Industry.

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

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2018 BY THE CHAIRMAN – MR. JOHN G. CARPENTER A.A., B.Sc.

Motor Insurance

The Motor Division of the company remains a leading player in the industry by virtue of the very efficient underwriting and claims service provided. During period of 2018, we issued a total of 4,680 new policies, generating an Annualized Premium of $128.9 million. This represented 1.5 percent and 8.7 percent decreases with respect to New Policies and Annualized Premiums respectively. This further demonstrates the negative effects of excess underwriting capacity.

Claims

The Company was happy to meet its Claim obligations, paying and reserving a total of $202.4 million. We see claims handling as our raison d'être and we will continue to provide superior claims service to our customers who may have experienced an unfortunate loss.

Investments

The Company continues to utilize all available opportunities for short-term and long-term investments while hedging against systematic and unsystematic risks. Investments increased from $2.2 billion to $2.3 billion and yielded a return of 1.9 percent on average investments.

Triennial Cash Profit

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

Taxation

The Group contributed $78.1 million by way of taxation to the general revenue of the country.

Hand-in-Hand Trust Corporation Inc.

Total Equity of the Hand-in-Hand Trust increased by $319.0 million to $1.4 billion, due to the adoption and implementation of IFRS 9 (Financial Instruments), and included the Net Profit earned for the year of $50.1 million.

Total Assets increased from $9.6 billion to $9.7 billion. This was attributed to the increase in mortgages and loans by $388.0 million.

The Trust Corporation was happy to report a Tier I Capital Adequacy Ratio of 20.8% percent and Tier II, 21.2 percent for the period ended 2018, which was above the benchmark average of 8.0 percent.

GCIS Inc.

GCIS Inc. recorded a deficit of $1.2 million in 2018, against a profit of $9.8 million in 2017. This was mainly due to an increase of 14.7 percent in claims and a decline of 6.7 percent in net premium. GCIS continues to be a key player in the Motor Insurance Industry and complements the Hand-in-Hand Group with excellent service.

Hand-in-Hand Investment Inc.

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

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Future Outlook

According to Bank of Guyana, the Global growth for 2019 will decline to 3.5 percent, reflecting weaker than expected international trade and investment, due to intensified trade war between the U.S and China. The Latin America and the Caribbean region is expecting growth of 2.0 percent in 2019. The recovery will be supported by increased international trade and accommodative financial conditions. The global economy continues to face numerous risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, and intensifying climate risks.

The Guyanese economy continues with an upward projection of 4.4 percent growth for 2019. This growth will be driven by the continuous strengthening of the construction and service sectors to prepare Guyana for the Oil and Gas economy. Furthermore, all the major economic sectors are expected to outperform the previous year, especially the mining and agricultural sectors.

In light of Guyana drawing first oil in early 2020, there will be a surplus in revenue, which, coupled with the upcoming local content policy ought to stimulate the Guyanese economy. Hand-in-Hand will continue to position itself to capture all opportunities relating to the lucrative Oil and Gas Industry, while expanding our present line of business.

Appreciation

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

To our policyholders, I wish to express my gratitude for their loyalty and support during the past year, and indeed over the past 153 years.

Thank you,

JOHN G. CARPENTER A.A., B.Sc.
CHAIRMAN

THE
HAND-IN-HAND
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REPORT OF THE DIRECTORS

The Directors have pleasure in submitting for the information of Members and Policyholders their Annual Report and Audited Financial Statements for the year ended 31 December, 2018.

1. Principal Activities

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

2. Operational Results

The Company's funds increased by $378.0 million for the year ended 31 December, 2018 as compared with an increase in funds of $103.2 million for the year ended 31 December, 2017.

3. Fire Business

During the year the Company issued 1,125 fire policies insuring $16.0 billion yielding annual premiums of $45.7 million. At the close of the year, there were 14,300 policies in force insuring $175.8 billion with annualised premiums of $582.7 million. At the close of the previous year, there were 14,024 policies in force insuring $170.7 billion with annualised premiums of $578.4 million. A statement of fire policies issued and expired during the year is shown on page 11 of this report.

4. Motor Business

During the period 4,680 policies were issued insuring 5,010 vehicles with annualised premiums of $128.9 million. Previous year figures were 4,753 policies insuring 5,165 vehicles with annualised premiums of $141.1 million.

5. Investments

Investments at the end of the year stood at $2.3 billion as against $2.2 billion the previous year. Certificates for securities held by the Company and those lodged with the company's bankers as collateral for overdraft and loan facilities have been examined by our auditors. The Company invested in $285.4 million shares in the local companies during the year.

6. Triennial Cash Profit

The Directors recommend a Cash Profit return of 15% in respect of those policies entitled to earn profit for the triennial period ended 31 December, 2018, after deduction of reserve for the unexpired period. This will result in a cash payout of $2.4 million. For year ended 31 December, 2017, a 15% Cash Profit was declared which resulted in a payout of $2.5 million.

7. Employee Relations

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

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

REPORT OF THE DIRECTORS

8. **Directorate**

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

Messrs.: W.A. Lee
C.R. Quintin
I.A. McDonald

9. **Corporate Governance**

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

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

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

The committees established by the Board and their Chairpersons are:

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

10. **Auditors**

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

By Order of the Board

Shaheed Essack
Company Secretary/Finance Controller

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

POLICIES ISSUED AND EXPIRED

	No. of Policies	Sum Insured (G$M)	Annual Premiums (G$M)
In force as at 2017-12-31	14,024	170,714	578
Issued during the year	1,125	16,043	46
	15,149	186,757	624
Expired during the year	849	10,914	41
In force as at 2018-12-31	14,300	175,843	583

THE HAND-IN-HAND
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of The Hand-in-Hand Mutual Fire Insurance Company Limited and subsidiaries, which comprise the statement of financial position as at 31 December, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 15 to 96.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Hand-in - Hand Mutual Fire Insurance Company Limited and subsidiaries as at 31 December, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Company's 2018 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Responsibilities of Those Charged with Governance for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

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

TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: 14 June, 2019

77 Brickdam,
Stabroek, Georgetown

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Company 2018 G$	Company 2017 G$ Restated	Group 2018 G$	Group 2017 G$ Restated
Revenue					
Premiums	3	1,334,781,796	1,378,677,969	1,527,817,983	1,574,585,925
Less : Reinsurance premiums	3	254,964,804	282,968,393	272,544,505	295,397,293
Increase in unexpired risks	3	(25,590,226)	(45,823,398)	(15,455,037)	(39,576,131)
		1,105,407,218	1,141,532,974	1,270,728,515	1,318,764,763
Investment income					
"Held to Collect"	4	-	-	71,108,925	58,959,718
"Held for Trading"	4	31,588,144	29,701,074	63,290,267	56,934,761
"Loans and receivables"	4	25,013,808	9,104,425	575,645,562	617,713,015
Other income	5	203,155,783	37,699,880	402,498,365	124,051,927
Management fees	6	18,000,000	18,500,000	-	-
Unclaimed triennial cash profit and others		1,073,079	2,764,896	1,073,079	2,764,896
Gain on exchange		6,662,431	146,993	7,340,347	9,252,737
Gain on disposal of investments					
"Held for Trading"		5,013,607	8,661,931	22,205,635	10,558,547
Gain on disposal of fixed assets	16 (b)	190,041,649	-	440,194,367	-
		1,585,955,719	1,248,112,173	2,854,085,062	2,199,000,364
Deduct:					
Expenditure					
Commissions and allowances	7	159,332,750	172,178,965	167,128,684	178,246,518
Management expenses	8	782,228,089	755,742,102	1,369,579,218	1,098,299,692
Claims (net)	9	202,398,936	132,387,069	268,573,522	190,057,213
Interest	10	-	-	183,905,092	255,088,273
Surrenders	11	-	-	-	226,533
Triennial cash profit	12	2,476,578	3,412,241	2,476,578	3,412,241
Property tax		11,605,421	10,589,250	24,508,429	21,775,034
Taxation	15(a)	49,951,075	70,545,868	53,625,380	106,839,753
		1,207,992,849	1,144,855,495	2,069,796,903	1,853,945,257
Surplus of revenue over expenditure before actuarial adjustment		377,962,870	103,256,678	784,288,159	345,055,107
Actuarial adjustment to Policyholders' Liabilities	36	-	-	9,349,624	-
Surplus of revenue over expenditure after actuarial adjustment		377,962,870	103,256,678	793,637,783	345,055,107
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Written back on disposal of investment	15(b)	-	1,562,350	-	1,562,350
Fair value adjustment on investments	15(b)	-	115,426,548	-	168,823,368
Other comprehensive income, net of tax		-	116,988,898	-	170,385,718
Total comprehensive income for the year		377,962,870	220,245,576	793,637,783	515,440,825
Surplus of revenue over expenditure attributable to:					
Owners of the Company		377,962,870	103,256,678	690,416,149	291,536,418
Non-controlling interests		-	-	103,221,634	53,518,689
		377,962,870	103,256,678	793,637,783	345,055,107
Total comprehensive income attributable to:					
Owners of the Company		377,962,870	220,245,576	690,416,149	444,945,614
Non-controlling interests		-	-	103,221,634	70,495,211
		377,962,870	220,245,576	793,637,783	515,440,825

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Company	Notes	Premium capital G$	Capital reserve G$	Investment reserve G$	General reserve G$	Capital redemption reserve G$	Reserve for unexpired risk G$	Triennial profit G$	Total G$
Balance as at 31 December 2016		4,128,167	651,396,183	376,989,412	1,032,814,306	1,508,452	741,857,177	3,412,241	2,812,105,938
Prior year adjustment for Unexpired risk	48 (i)	-	-	-	-	-	(741,857,177)	-	(741,857,177)
Prior year adjustment for Employee's Benefit	48 (ii)	-	-	-	(44,944,142)	-	-	-	(44,944,142)
Balance as at 31 December 2016 (restated)		4,128,167	651,396,183	376,989,412	987,870,164	1,508,452	-	3,412,241	2,025,304,619
Changes in equity 2017									
Total Comprehensive Income for the year		25,531,956	-	116,988,898	78,660,385	-	-	(935,663)	220,245,576
Balance as at 31 December 2017 (restated)		29,660,123	651,396,183	493,978,310	1,066,530,549	1,508,452	-	2,476,578	2,245,550,195
Adjustments as a result of the initial application of IFRS 9:									
Adoption of fair value through the profit or loss as per IFRS 9	2 (b)	-	-	(493,978,310)	493,978,310	-	-	-	-
Initial recognition of IFRS 9 on financial assets	2 (c) (i)	-	-	-	(8,065,955)	-	-	-	(8,065,955)
Initial application of IFRS 9 on receivables	2 (c) (i)	-	-	-	12,780,932	-	-	-	12,780,932
Balance as at 1 January 2018 (restated) under IFRS 9		29,660,123	651,396,183	-	1,565,223,836	1,508,452	-	2,476,578	2,250,265,172
Changes in equity 2018									
Total Comprehensive Income for the year		64,928,674	-	-	313,148,891	-	-	(114,695)	377,962,870
Balance as at 31 December 2018		94,588,797	651,396,183	-	1,878,372,727	1,508,452	-	2,361,883	2,628,228,042

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

Group

	Notes	Premium capital G$	Capital reserve G$	Risk reserve G$	Reserve fund G$	Investment reserve G$	General reserve G$	Capital redemption reserve G$	Reserve for unexpired risk G$	Triennial profit G$	Non controlling interest G$	Total G$
Balance as at 31 December, 2016		4,128,167	718,084,427	-	-	459,543,076	610,059,078	1,508,452	749,096,067	3,412,241	258,346,233	2,804,177,741
Prior year adjustment for Unexpired risk	48 (i)	-	-	-	-	-	(32,056,956)	-	(749,096,067)	-	(19,629,862)	(800,782,885)
Prior year adjustment for Employee's Benefit	48 (ii)	-	-	-	-	-	(44,944,142)	-	-	-	-	(44,944,142)
Prior year adjustment for reserve fund	48 (iii)				160,024,968							160,024,968
Balance as at 31 December 2016 (restated)		4,128,167	718,084,427	-	160,024,968	459,543,076	533,057,980	1,508,452	-	3,412,241	238,716,371	2,118,475,682
Changes in equity for 2017												
Total Comprehensive Income for the year		25,531,956	-	-	-	153,409,196	266,940,125	-		(935,663)	70,495,211	515,440,825
Transfer to Statutory Reserve		-	-	-	34,754,851	-	(27,226,502)	-			(7,528,349)	-
Balance as at 31 December 2017 (restated)		29,660,123	718,084,427	-	194,779,819	612,952,272	772,771,603	1,508,452	-	2,476,578	301,683,233	2,633,916,507
Adjustments as a result of the initial application of IFRS 9:												
Adoption of fair value through the profit or loss as per IFRS 9	2 (b)	-	-	-	-	(612,952,272)	612,952,272	-	-	-	-	-
Initial recognition of IFRS 9 on financial assets	2 (c) (i)	-	-	-	-	-	(13,720,656)	-	-	-	(1,653,837)	(15,374,493)
Initial application of IFRS 9 on Loans and Advances	2 (c) (i)	-	-	215,784,245	-	-	-	-	-	-	59,666,098	275,450,343
Initial application of IFRS 9 on receivables	2 (c) (i)	-	-	-	-	-	12,780,932	-	-	-	-	12,780,932
Balance as at 1 January 2018 (restated) under IFRS 9		29,660,123	718,084,427	215,784,245	194,779,819	-	1,384,784,151	1,508,452	-	2,476,578	359,695,494	2,906,773,289
Changes in equity 2018												
Total Comprehensive Income for the year		64,928,674	-	-	-	-	625,602,170	-	-	(114,695)	103,221,634	793,637,783
Transfer to Statutory Reserve		-	-	-	7,514,483	-	(5,886,748)	-	-	-	(1,627,735)	-
Transfer (from)/ to Risk Reserve		-	-	(93,486,213)	-	-	93,584,501	-	-	-	27,177	125,465
Balance as at 31 December 2018		94,588,797	718,084,427	122,298,032	202,294,302	-	2,098,084,074	1,508,452	-	2,361,883	461,316,570	3,700,536,537

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

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

PROFIT AND LOSS (ANNUAL) ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Company and Group 2018 G$	Company and Group 2017 G$ Restated
Earned premiums		822,342,437	845,469,005
Investment income			
"Held for Trading"	4	31,588,144	29,701,074
"Loans and receivables"	4	25,013,808	9,104,425
Other income		25,781,637	37,699,880
Management fees		18,000,000	18,500,000
Gain on exchange		6,662,431	146,993
Gain on disposal of investments		5,013,607	8,661,931
Gain on disposal of Fixed Assets		190,041,649	-
		1,124,443,713	949,283,308
Deduct:			
Management expenses		642,063,568	652,685,392
Claims (net)		79,623,083	3,798,028
Reinsurance premiums		222,654,828	246,792,569
Taxation		56,450,416	22,223,258
		1,000,791,895	925,499,247
Transfer - policies entitled to profit 2018/2020	13	123,651,818	23,784,061

This account, made up in accordance with Section 83 of the Company's Ordinance of Incorporation No. 9 of 1938 (together with the accompanying Profit and Loss (Triennial) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire policies entitled to profit in 2018.

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

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

PROFIT AND LOSS (TRIENNIAL) ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

		Company and Group	
	Note	2018 G$	2017 G$ Restated
Premiums received 2015 - 2018		14,849,750	14,355,175
Balance of unexpired risks reserve at 31 December 2015		3,257,864	3,278,277
Premiums on surrendered profit policies		184,053	1,414,868
		18,291,667	19,048,320
Deduct:			
Balance of unexpired risks reserve at 31 December 2018		2,558,519	2,451,886
Transfer - profit and loss (Annual) account	14	29,683,168	27,265,477
Triennial profit - 15%		2,361,883	2,476,578
		34,603,570	32,193,941
Transfer from general reserve		(16,311,903)	(13,145,621)

This account, made up in accordance with Section 78 of the Company's Ordinance of Incorporation No. 9 of 1938 (together with Profit and Loss (Annual) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire Policies entitled to profit in 2018.

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

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Company			Group		
	Notes	31.12.2018 G$	31.12.2017 G$ Restated	31.12.2016 G$ Restated	31.12.2018 G$	31.12.2017 G$ Restated	31.12.2016 G$ Restated
ASSETS							
Non current assets							
Goodwill	41	-	-	-	157,582,464	157,582,464	157,582,464
Plant, Property and Equipment	16	1,440,771,223	2,041,697,730	2,039,796,845	1,671,312,606	2,028,263,563	2,011,056,650
Other assets							
Investments							
"Held to Collect"	17	-	-	-	1,436,984,301	1,351,540,543	773,868,999
"Held for Trading"	17	1,268,851,764	1,053,156,744	918,939,957	2,420,607,293	1,853,283,796	1,699,155,815
"Loans and receivables"	17	9,427,445	204,022,640	188,700,537	6,004,807,929	5,811,607,439	5,844,540,498
Investment in subsidiaries	19	948,873,333	948,873,333	948,873,333	-	-	-
Properties on hand	20	1,900,000	1,900,000	1,900,000	54,326,860	14,334,347	13,905,618
Statutory deposits	21	-	244,375,148	243,576,901	1,062,256,825	1,320,775,899	1,289,554,317
Deferred tax assets	15(a)	28,071,594	33,076,951	67,089,470	29,246,690	34,668,277	68,950,612
		3,697,895,359	4,527,102,546	4,408,877,043	12,837,124,968	12,572,056,328	11,858,614,973
Current assets							
Receivables and prepayments	22	797,408,104	678,262,107	834,079,456	845,196,293	741,951,959	885,696,488
Interest accrued	23	6,876,078	8,144,612	5,648,311	37,673,714	24,787,781	44,005,391
Stock of stationery		6,079,249	5,431,422	4,960,856	7,233,314	6,610,967	6,261,697
Tax recoverable		133,160,286	72,071,750	72,071,750	147,410,195	77,938,053	83,692,031
Cash on deposits	24	344,746,422	215,466,721	90,620,377	615,378,162	1,090,418,489	1,086,458,093
Cash at banks and on hand	25	129,648,131	92,127,293	80,533,944	182,628,948	242,849,118	152,500,272
		1,417,918,270	1,071,503,905	1,087,914,694	1,835,520,626	2,184,556,367	2,258,613,972
TOTAL ASSETS		5,115,813,629	5,598,606,451	5,496,791,737	14,672,645,594	14,756,612,695	14,117,228,945
EQUITY AND LIABILITIES							
Capital and reserves							
Premium capital	26	94,588,797	29,660,123	4,128,167	94,588,797	29,660,123	4,128,167
Capital reserve		651,396,183	651,396,183	651,396,183	718,084,427	718,084,427	718,084,427
Risk reserve		-	-	-	122,298,032	-	-
Reserve fund	34	-	-	-	202,294,302	194,779,819	160,024,968
Investment reserve	27	-	493,978,310	376,989,412	-	612,952,272	459,543,076
General reserve	28	1,878,372,727	1,066,530,549	987,870,164	2,098,084,074	772,771,603	533,057,980
Capital redemption reserve	29	1,508,452	1,508,452	1,508,452	1,508,452	1,508,452	1,508,452
Triennial profit	31	2,361,883	2,476,578	3,412,241	2,361,883	2,476,578	3,412,241
		2,628,228,042	2,245,550,195	2,025,304,619	3,239,219,967	2,332,233,274	1,879,759,311
Non controlling interest	32	-	-	-	461,316,570	301,683,233	238,716,371
		2,628,228,042	2,245,550,195	2,025,304,619	3,700,536,537	2,633,916,507	2,118,475,682
Non current liabilities							
Provision for unexpired risks	30	670,443,553	696,033,779	741,857,177	745,751,717	761,206,754	800,782,885
Medium term borrowings	33	512,324,338	1,312,324,338	942,324,338	512,324,338	1,312,324,338	942,324,338
Customers' deposits	35	-	-	-	523,552,760	933,260,073	1,156,992,932
Deferred tax liabilities	15(a)	434,264,122	434,264,122	434,264,122	501,955,810	502,424,237	502,305,487
Policyholders' liabilities	36	-	-	-	290,376	9,640,000	9,640,000
		1,617,032,013	2,442,622,239	2,118,445,637	2,283,875,001	3,518,855,402	3,412,045,642
Other liabilities							
Customers' deposits	35	-	-	-	7,622,400,622	7,470,868,699	7,027,329,173
Claims admitted or intimated but not paid	37	494,252,454	495,803,015	856,025,742	526,386,498	529,224,311	888,651,705
Payables and accrued expenses	38	255,255,582	302,178,552	323,883,168	409,893,756	448,298,418	486,664,995
Taxes payable		98,933,375	65,478,423	29,547,444	107,441,017	108,475,331	40,476,621
Bank overdraft	39	22,112,163	46,974,027	143,585,127	22,112,163	46,974,027	143,585,127
		870,553,574	910,434,017	1,353,041,481	8,688,234,056	8,603,840,786	8,586,707,621
TOTAL EQUITY AND LIABILITIES		5,115,813,629	5,598,606,451	5,496,791,737	14,672,645,594	14,756,612,695	14,117,228,945

"These financial statements were approved by the Board of Directors on ......14 June 2019......

On behalf of the Board:

.... Director

.... Director

.... Company Secretary/Finance Controller

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Company		Group	
		2018	2017	2018	2017
		G$	G$	G$	G$
			Restated		Restated
Operating activities					
Net cash used in operating activities	(a)	(16,763,059)	(160,571,593)	(858,776,638)	(559,002,946)
Investing activities					
Purchase of fixed assets		(35,246,055)	(28,994,933)	(41,662,331)	(57,071,008)
Proceeds from disposal of fixed assets		800,000,000	-	800,000,000	-
Proceeds from redemption of securities		407,454,014	95,368,664	704,144,350	297,063,566
Properties on hand		-	-	(39,992,513)	(428,729)
Purchase of securities		(440,761,281)	(103,934,621)	(1,090,520,165)	(847,918,825)
Loans and receivables (advances)/repayments		194,595,195	(15,322,103)	(296,134,455)	130,618,863
Medium term borrowings		(800,000,000)	370,000,000	(800,000,000)	370,000,000
Interest and dividend received		56,601,952	38,805,499	710,044,754	733,607,494
Other income		25,781,637	37,699,880	402,498,365	124,051,927
Net cash provided by in investing activities		208,425,462	393,622,386	348,378,005	749,923,288
Net increase/(decrease) in cash and cash equivalents		191,662,403	233,050,793	(510,398,633)	190,920,342
Cash and cash equivalents at beginning of period		260,619,987	27,569,194	1,286,293,580	1,095,373,238
Cash and cash equivalents at end of period		452,282,390	260,619,987	775,894,947	1,286,293,580
Comprising:					
Cash on deposits		344,746,422	215,466,721	615,378,162	1,090,418,489
Cash at banks and on hand		129,648,131	92,127,293	182,628,948	242,849,118
Bank overdraft		(22,112,163)	(46,974,027)	(22,112,163)	(46,974,027)
		452,282,390	260,619,987	775,894,947	1,286,293,580

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

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

NOTE TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

		Company		Group	
		2018	2017	2018	2017
		G$	G$	G$	G$
			Restated		Restated
(a)	Surplus of revenue over expenditure before taxation	427,913,945	173,802,546	847,263,163	451,894,860
	Adjustments for:				
	Depreciation	26,214,211	26,712,672	38,646,690	39,217,354
	Provision for unexpired risks	(25,590,226)	(45,823,398)	15,455,037	(39,576,131)
	Provision for loan losses	-	-	102,933,965	(97,685,804)
	Fair value through Profit and Loss a/c	(177,374,146)	-	-	-
	Redemption of Securities - gain	(5,013,607)	(8,661,931)	(22,205,635)	(10,558,547)
	Increase in mandatory deposits with				
	- Bank of Guyana	-	-	15,605,370	(29,000,000)
	- Commissioner of Insurance	244,375,148	(798,247)	242,913,704	(2,221,582)
	Investment income	(56,601,952)	(38,805,499)	(710,044,754)	(733,607,494)
	Other income	(25,781,637)	(37,699,880)	(402,498,365)	(124,051,927)
	(Gain)/Loss from Disposal of fixed assets	(190,041,649)	381,376	(440,033,402)	646,741
	Operating surplus/(deficit) before working capital changes	218,100,087	69,107,639	(311,964,227)	(544,942,530)
	Increase/(decrease) in customers' deposits	-	-	(258,175,390)	219,806,667
	(Increase)/decrease in receivables, prepayments and interest accrued	(113,162,486)	153,321,048	(116,130,268)	162,962,139
	Increase in stock of stationery	(647,827)	(470,566)	(622,347)	(349,270)
	Decrease in current liabilities	(48,473,531)	(381,927,343)	(41,242,475)	(397,793,971)
	Decrease in Policyholders' Liabilities	-	-	(9,349,624)	-
	Cash generated from/(used in) operations	55,816,243	(159,969,222)	(737,484,331)	(560,316,965)
	Taxes paid/adjusted	(72,579,302)	(602,371)	(121,292,307)	1,314,019
	Net cash used in operating activities	(16,763,059)	(160,571,593)	(858,776,638)	(559,002,946)

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

NOTES ON THE ACCOUNTS

1. Incorporation and activities

The Hand-In-Hand Mutual Fire Insurance Company Limited

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

The Company provides a range of Insurance services.

GCIS Incorporated

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

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

Hand-In-Hand Trust Corporation Incorporated

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

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

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

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

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

NOTES ON THE ACCOUNTS

1. Incorporation and activities – cont'd

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

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

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

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

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

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

The revised shareholdings are as follows:

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

NOTES ON THE ACCOUNTS

1. Incorporation and activities – cont'd

Hand-In-Hand Investments Incorporated

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

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

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

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

Employees

During the year the number of employees in the group was 258 (2017 – 257).

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**
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts With Customers Annual improvements to IFRS 2014-2016	1 January 2018
IFRS 2	Share based Payment: Classification and measurement of share based transactions	1 January 2018
IAS 40	Transfers of investment property	1 January 2018
IFRS 4	Insurance contracts: Applying IFRS 9 ''Financial Instruments'' with ''IFRS 4 ''Insurance Contracts''	1 January 2018

NOTES ON THE ACCOUNTS

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

New and revised interpretations

IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

Of the above, the following are relevant to the entity:

IFRS 9 - Financial instruments

In July 2014, the IASB issued IFRS 9 which replaces the guidance in IAS 39. The standard includes the requirements for the classification and measurement of financial assets and financial liabilities. It also includes an expected credit loss model that replaces the incurred loss impairment model used currently. The standard also contains general hedge accounting requirements.

Extensive disclosures are required by the new standard which also contains transitional provisions for:

i) Classification and measurement of financial assets;
ii) Impairment of financial assets; and
iii) Hedge accounting.

IFRS 15 Revenue from Contracts With Customers

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

i) Identify the contract(s) with a customer
ii) Identify the performance obligations in the contract
iii) Determine the transaction price
iv) Allocate the transaction price to the performance obligations in the contract
v) Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES ON THE ACCOUNTS

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

Annual improvements to IFRS 2014-2016

Standard	**Amendment(s)**
IFRS 1 First Time Adoption of IFRS	This amendment deletes the short term exemptions covering transition provisions of IFRS 7, IAS19 and IFRS 10 available to Entities for passed reporting periods and therefore no longer applicable.
IAS 28 Investments in Associates and Joint Ventures	IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring investments in associates or joint ventures at fair value through profit or loss (FVTPL).

IFRS 2 Share based Payment: Classification and measurement of share based transactions
The amendment clarifies the measurement basis for cash-settled, share based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

IAS 40 Transfers of investment property -The amendment clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of an investment property. This change must be supported by evidence. The Board confirmed that a change in intention, in isolation, is not enough to support a transfer.

IFRIC 22 Foreign Currency Transactions and Advance Consideration
The interpretation applies where an entity either pays or receives consideration in advance for foreign currency denominated contracts and considers how to determine the date of the transaction when applying IAS 21. The following conclusions were reached:

- 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.

NOTES ON THE ACCOUNTS

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

Pronouncements effective in future periods available for early adoption

	Effective for annual periods beginning on or after
New and Amended Standards	
IFRS 16 Leases	1 January 2019
Annual Improvements 2015-2017	1 January 2019
IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28 Investments in Associates: Long Term Interests in Associates and Joint Ventures	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 16: Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

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

Annual Improvements 2015-2017

Standard	**Amendment(s)**
IFRS 3 Business Combinations	The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.
IFRS11 Joint Arrangements	The amendments clarify that the party obtaining joint control of business that is a joint operation should not re-measures its previously held interest in the joint operation.
IAS 12 Income Taxes	The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.
IAS 23 Borrowing Costs	The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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.

IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
This amendment enables companies to measure at amortised cost, some prepayable financial assets with negative compensation. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest.

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

IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

This amendment requires an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and;
- to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

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.

IAS 28 Investments in Associates: Long Term Interests in Associates and Joint Ventures

The amendment clarified that long term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9, including the relevant impairment requirements.

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.

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.

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

New and revised interpretations

Available for early adoption

	Effective for annual periods beginning on or after
IFRIC 23 Uncertainty over Income Tax treatments	1 January 2019

IFRIC 23 Uncertainty over Income Tax Treatment

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

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

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

2.1 Summary of significant accounting policies

(a) Accounting convention

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(b) Investments

IFRS 9: Financial Instruments, Recognition and Measurement

- Initial Recognition of IFRS 9

The Group adopted IFRS 9 which is effective on or after 1st January 2018 using the retroactive approach. As such opening balances were adjusted to reflect the impact in the initial adoption of the standard without prior periods being restated. Accordingly, the financial statements for 2017 have contrasting accounting policies and adjustments as these statements have been prepared using IAS 39 – Financial Instruments.

IFRS 9 – Financial Instruments prescribes that financial assets be accounted for within the following classfications:

1. Amortised cost: financial assets are accounted for at amortized cost if:
   i. the contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (referred to as "SPPI") on the outstanding principal amount; and
   ii. the assets are held within a business model whose objective is to collect the contractual cash flows.
2. Fair value through other comprehensive income: financial assets are accounted for as fair value through other comprehensive income if:
   i. the contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (referred to as "SPPI") on the outstanding principal amount; and
   ii. the assets are held within a business model whose objective is to collect the contractual cash flows and sell the financial asset.
3. Fair value through profit or loss instruments – financial assets are accounted for as fair value through profit or loss if they are not classified as financial assets at amortised cost or fair value through other comprehensive income financial assets.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(b) Investments – cont'd

In view of the prescribed accounting, the Group has classified their investments on the following bases:

Held to collect

2018 – These investments are non-derivative financial assets with fixed and determinable payments and fixed maturities that management has the positive intent and ability to hold to maturity. The carrying value of these financial assets at initial recognition includes any directly attributable transactions costs. These investments are measured at amortised cost and are stated net of expected credit losses.

2017 – For 2017, held to collect investments refer to "Held to maturity" investments. These assets are stated at amortised cost. Any gain or loss on these investments is recognized in the statement of profit or loss and other comprehensive income when the assets are de-recognised or impaired.

Held for trading

2018 - Held for trading investments are primarily equity investments held by the Group and are measured at fair value through profit or loss with any gains and losses as a result of movements in fair value being recognized in profit or loss as it occurs.

2017 – For 2017, held for trading investments refer to "Available for sale" investments are initially recognized at cost and adjusted to fair value at subsequent periods. Gains or losses on "available for sale financial assets" are recognised through the statement of profit or loss and other comprehensive income.

As a result of transferring all investments from "available for sale" investments to "fair value through profit or loss" all investment reserves relating to fair value movements of investments were transferred to general reserve at 1 January 2018.

Investments in subsidiary

Investments in subsidiary are stated at cost.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(b) Investments – cont'd

Loans and receivables

2018 – Loans and receivables financial assets consist of loans and mortgages granted by the Group. These assets are measured at amortised cost and are stated net of expected credit losses.

2017 - "Loans and receivables" are stated net of unearned interest and provision for losses. Specific provisions are established on individual loans to recognize anticipated losses, and doubtful debts are written off when the possibility of further recovery seems remote.

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

(c) Impairment of financial assets

i. Initial Recognition and Adoption of IFRS 9

The Group adopted the requirements of IFRS 9 which recognises a loss allowance on a forward-looking expected credit loss model using the general approach which is effective on or after the 1st January 2018.

At the date of initial application, the Group uses reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that the financial instrument was initially recognised for loan commitments and investments compare that to the credit risk at the date of initial application of IFRS 9.

Under the general approach adopted by the Group, IFRS 9 establishes a three (3) stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three (3) stages then determine the amount of impairment to be recognised as Expected Credit Losses (ECLs) at each reporting period as well as the amount of interest revenue to be recorded in future periods. ECLs are defined as the weighted average of credit losses, with the respective risks of a default occurring as the weights.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(c) Impairment on Financial Assets – cont'd

i. Initial Recognition and Adoption of IFRS 9 – cont'd.

The stages under ECLs are as follows:

Stage 1: Credit risk has not increased significantly since initial recognition – recognise 12 months ECL, and recognise interest on a gross basis.

Stage 2: Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest on a gross basis.

Stage 3: Impairment occurs when there is objective evidence that an impairment event has occurred at reporting date and a loss allowance equal to lifetime ECLs is recognised and present interest on net basis (i.e gross carrying amount less loss allowance).

For financial assets classified under Stage 3, the Group directly reduces the gross carrying amount when there is no reasonable expectation of recovery, which required that a write-off constitutes a derecognition event and may relate to either the asset in its entirety or a portion of it.

12 months ECL under stage 1 is calculated by multiplying the probability of default occuring in the next 12 months by the lifetime ECL that would result from that default, regardless when those losses occur.

Lifetime expected credit losses, results from all possible default events over the life of the financial asset. Lifetime expected credit losses are calculated based on a weighted average of the expected credit losses, with weighings being based on the respective probabilities of default.

A loss allowance for lifetime expected credit losses is required for financial asset, if the credit risk on that asset has increased significantly since initial recognition. Additionally, the Group elect an accounting policy of recognising lifetime expected credit losses for all contract assets, including those that contain a significant financing component.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(c) Impairment on Financial Assets (Cont'd)

ii. Calculation of Expected Credit Losses (ECLs)

The Group has the necessary tools to ensure an adequate estimate and timely recognition of expected credit losses (ECLs). Information on historical loss experiences or the impact of current conditions may not fully reflect the credit risk in lending exposures. In that context, the Group uses experienced credit judgment to thoroughly incorporate the expected impact of all reasonable and supportable forward-looking information, including macroeconomic factors, on its estimate for each stage of ECLs.

iii.Calculation of Expected Credit Losses (ECLs)

The methodologies and key elements for assessing credit risk and measuring the level of allowances for ECL estimates are as follows:

Probability of Default (PD) is assigned to each risk measure and represents a percentage of the likelihood of default. The calculation is for a specific time frame and measures the percentage of loans and investments that default. The PD is then assigned to the risk level, and each risk level has one PD percentage.

Loss Given Default (LGD) - measures the expected loss and is shown as a percentage of Exposure at Default (EAD). LGD represents the amount unrecovered by the lender after selling the underlying asset if a default was to occur on a loan and investment.

Exposure at Default (EAD) is seen as an estimation of the extent to which the Group may be exposed to in the event and at the time of, the borrower's and investment's was to default. The loan and investment repayment pattern and EAD value for each financial assets are then used to determine the overall default risk.

Stage 1 - 12-month Expected Credit Losses (ECLs) are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECLs are the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd.

(c) Impairment on Financial Assets (Cont'd)

Stage 2 - Lifetime ECL are recognised when the loan assets or investments have had a significant increase in credit risk since initial recognition, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected Credit Losses are the weighted average credit losses with the Probability of Default (PD) as the weight.

Stage 3 - Loan Assets have evidence of impairment at the reporting date. Lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). Credit risk on a financial instrument has increased significantly, to consider reasonable and supportable information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

(d) Renegotiated Loans

Hand in Hand Trust Corporation Inc.'s policy in relation to renegotiated loans is in accordance with Financial Institutions Act 1995 and Bank of Guyana Supervision Guideline 5.

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

(e) Loan provisioning

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

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

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd.

(e) Loan provisioning – cont'd

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

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

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

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

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

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

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

(f) The Risk Reserve

The Risk Reserve is created as an appropriation of retained earnings to account for the difference between the requirements of IFRS 9 (ECLs) adopted by the Group and the provisions as required under Bank of Guyana Supervision Guideline No.5.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd.

(f) The Risk Reserve – cont'd

The Group have adopted the requirements of IFRS 9 and makes specific allowances/ provisions on loans and advances. These allowances/ provisions booked as at 31 December, 2018 totalled $89.9 million compared with the provision of $246 million as required under Bank Of Guyana Supervision Guideline No. 5.

The Risk Reserve as at 31 December, 2018 was $156 million. The reduction of $119 million is shown as a transfer from Risk Reserve to Retained Earnings.

(g) Plant, property and equipment and depreciation

Freehold land and buildings held for use in the supply of services or for administrative purposes are stated in the statement of financial position at their revalued amounts.

Revalued amounts are taken as the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

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

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

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

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(g) Plant, property and equipment and depreciation – cont'd

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

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

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

(h) Pension plan

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

The main objective and purpose of the plan is to establish a fund for the provision of pension and other benefits for the employees of the Companies as shall become entitled thereto in accordance with the rules. All employees are eligible to join the plan provided they have completed one year of continuous service with the group and have attained the age of 18 years and are under the age of 50 if males or 45 if females. During the year, the companies' contribution to the pension plan was $21,190,413 (2017- $24,649,576).

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(h) Pension plan – cont'd

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

During 2018 the corporation's contribution to the Plan was $5,847,831 (2017 - $5,563,064). The fund balance was $126,755,638 as at 31 December, 2018 (31 December, 2017 – $87,838,588).

(i) Provision for unexpired risks

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

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

(j) Consolidation

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(j) Consolidation – cont'd

The financial statements incorporate the financial statements of GCIS Incorporated, Hand-In-Hand Trust Corporation Inc. and Hand-In-Hand Investments Inc. in which The Hand-in-Hand Mutual Fire Insurance Company Limited owns 66.7%, 72% and 35% at 31 December, 2018 respectively of the issued share capitals. The group owns 58.9% of the issued share capital of the Hand-in-Hand Investment Inc.

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

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

(k) Management fees and expenses

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

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

(l) Commissions and allowances

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

(m) Financial instruments

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(m) Financial instruments-cont'd

Receivables
Receivables are stated at amortised cost. Appropriate allowances for estimated unrecoverable (2018- expected credit losses, 2017 – provision for bad and doubtful debts) amounts are recognized in the statement of profit or loss and other comprehensive income when there is objective evidence that they are not collectible.

Payables
Payables are recognised at amortized cost.

Bank borrowings
Interest bearing bank overdrafts are recognized at amortized cost.

De-recognition
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.

(n) Revenue recognition

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

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

(o) Goodwill

Goodwill is tested annually for impairment.

(p) Cash and cash equivalents

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(q) Taxation

Income Tax

Income tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company and group's liability for current tax is calculated using tax rates that have been enacted in Guyana at the end of the reporting period.

Deferred Tax

Deferred tax is recognized on the differences between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(q) Taxation- cont'd

Deferred Tax – cont'd

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the company and group intends to settle their current tax assets and liabilities on a net basis.

(r) Properties on hand

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

(s) Foreign Currencies

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

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

(t) Reinsurance

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(t) Reinsurance- cont'd

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

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

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

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

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

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

Liability adequacy test

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

(v) Insurance contract – GCIS Inc.

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(v) Insurance contract GCIS Inc. - cont'd

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

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

(w) Claims

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

(x) Premium Capital

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

(y) Capital Reserve

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

(z) General Reserve

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(aa) Capital Redemption Reserve

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

(ab) Triennial Profit

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

(ac) Reserve fund

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

(ad) Business information

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

(ae) Investment reserve

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(af) Impairment of tangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

(ag) Provisions

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

De-recognition of provisions

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

(ah) Dividends

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

(ai) Borrowing costs

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

NOTES ON THE ACCOUNTS

2.2 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company and Group's accounting policies which are described in note 2.1, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

<u>Key sources of estimation uncertainty</u>

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

(i) <u>Receivables and prepayments</u>
On a regular basis, management reviews receivables and prepayments 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) <u>Useful lives of plant, property and equipment</u>
Management reviews the estimated useful lives of plant, property and equipment at the end of each reporting period to determine whether the useful lives should remain the same.

(iii) <u>Other financial assets</u>
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.

NOTES ON THE ACCOUNTS

	2018			
	Gross	Reinsurance	Increase in Unexpired Risks	Net
	G$	G$	G$	G$
3 Premiums				
Company				
Fire	636,992,374	155,995,899	(2,274,494)	483,270,969
Marine	15,382,979	7,601,716	(3,003,978)	10,785,241
Accident and liabilities	174,427,263	59,057,213	(2,958,943)	118,328,993
Auto	507,979,180	32,309,976	(17,352,811)	493,022,015
	1,334,781,796	254,964,804	(25,590,226)	1,105,407,218
Group				
Fire	829,978,126	173,771,421	7,860,695	648,346,010
Marine	15,382,979	7,601,716	(3,003,978)	10,785,241
Accident and liabilities	174,427,263	59,057,213	(2,958,943)	118,328,993
Auto	507,979,180	32,309,976	(17,352,811)	493,022,015
Life	50,435	(195,821)	-	246,256
	1,527,817,983	272,544,505	(15,455,037)	1,270,728,515

	2017			
	Gross	Reinsurance	Increase in Unexpired Risks	Net
	G$	G$	G$	G$
Premiums				Restated
Company				
Fire	637,947,733	175,198,738	(14,940,642)	477,689,637
Marine	20,837,946	12,121,680	263,675	8,452,591
Accident and liabilities	179,362,970	59,472,151	(7,560,905)	127,451,724
Auto	540,529,320	36,175,824	(23,585,526)	527,939,022
	1,378,677,969	282,968,393	(45,823,398)	1,141,532,974
Group				
Fire	669,559,967	178,016,300	(13,569,869)	505,113,536
Marine	20,837,946	12,121,680	263,675	8,452,591
Accident and liabilities	179,362,970	59,472,151	(7,560,905)	127,451,724
Auto	704,769,561	45,787,162	(18,709,032)	677,691,431
Life	55,481	-	-	55,481
	1,574,585,925	295,397,293	(39,576,131)	1,318,764,763

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
4 Investment income				
"Held to Collect"				
Bonds & debentures	-	-	71,108,925	58,959,718
"Held for Trading"				
Shares and stocks	31,588,144	29,701,074	63,290,267	56,934,761
"Loans and receivables"				
Mortgages & loans	25,013,808	9,104,425	575,645,562	617,713,015
Total	56,601,952	38,805,499	710,044,754	733,607,494
Investment income from:				
Quoted investments	29,201,644	27,384,574	49,198,167	53,050,261
Unquoted investments	27,400,308	11,420,925	660,846,587	680,557,233
	56,601,952	38,805,499	710,044,754	733,607,494
5 Other income				
Cash on deposit	6,110,034	16,774,696	10,973,916	21,540,402
Changes in fair value on equity securities	177,374,146	-	282,472,082	-
Miscellaneous	19,671,603	20,925,184	109,052,367	102,511,525
	203,155,783	37,699,880	402,498,365	124,051,927

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

NOTES ON THE ACCOUNTS

		Company		Group	
		2018	2017	2018	2017
		G$	G$	G$	G$
6	Management fees				
	GCIS Inc.	12,000,000	12,000,000	-	-
	Hand-in-Hand Trust Corporation Inc.	6,000,000	6,500,000	-	-
		18,000,000	18,500,000	-	-
7	Commissions and allowances				
	Fire	100,430,671	108,485,519	104,186,609	110,718,380
	Marine	2,425,340	3,543,575	2,425,340	3,543,575
	Accident and liabilities	27,500,874	30,501,378	27,500,874	30,501,378
	Auto	28,975,865	29,648,493	33,015,861	33,483,185
		159,332,750	172,178,965	167,128,684	178,246,518
8	Management expenses		Restated		Restated
	Operating expenses	293,248,526	289,510,427	387,964,978	375,311,070
	Provision for losses (a)	-	-	93,152,373	(97,685,804)
	Provision for ECL's (b)	5,551,664	-	15,485,677	-
	Employment cost	440,763,231	424,188,250	779,752,472	726,877,455
	Depreciation	26,214,211	26,712,672	38,646,690	39,217,354
	Directors' emoluments (c)	11,837,460	11,273,724	17,825,208	17,986,330
	Investments written off (d)	-	-	29,097,901	29,753,245
	Auditor's remuneration	4,612,997	4,057,029	7,653,919	6,840,042
		782,228,089	755,742,102	1,369,579,218	1,098,299,692
	(a) Provision for losses				
	Increase in loan loss provision	-	-	-	(84,812,976)
	Bad debt written off	-	-	38,600,651	23,577,249
	Bad debt recoveries	-	-	(17,690,247)	(36,450,077)
	Loss allowance (ECLs) for the year	-	-	72,241,969	-
		-	-	93,152,373	(97,685,804)
	(b) Credit impairment losses on other financial assets				
	Loss allowance on investments	1,897,533	-	11,526,643	-
	Loss allowance on other financial assets	3,654,131	-	3,959,034	-
		5,551,664	-	15,485,677	-
	(c) Directors' emoluments				
	J.G. Carpenter - (Chairman - HIHF)	2,959,080	2,818,164	3,340,128	3,199,212
	P.A. Chan-Sue - (Chairman - HIH Trust and Vice-Chairman - GCIS Inc)	1,775,676	1,691,112	3,198,852	3,114,288
	C.R. Quintin - (Chairman - GCIS Inc and Vice-Chairman - HIH Trust)	1,775,676	1,691,112	3,102,720	3,018,156
	W.A. Lee - (Vice Chairman - HIHF)	1,775,676	1,691,112	1,775,676	1,691,112
	I.A. Mc Donald	1,775,676	1,691,112	2,600,820	2,516,256
	T.A. Parris	1,775,676	1,691,112	2,981,868	2,897,304
	K. Evelyn	-	-	-	-
	K. Cholmondeley	-	-	-	381,048
	Troy Cadogan	-	-	825,144	825,144
	Timothy Jonas	-	-	-	343,810
		11,837,460	11,273,724	17,825,208	17,986,330
	(d) Investment written off				
	RBC Dominion and other investments	-	-	29,097,901	29,753,245

Hand -In- Hand Trust Corporation Inc.'s investments held in RBC Dominion have declined significantly in fair values, as a result an amount of $29,097,901 and $29,753,245 (2017) respectively, were written off.

NOTES ON THE ACCOUNTS

	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
9 Claims						
Company						
Fire	104,319,668	29,666,885	74,652,783	(33,221,273)	(19,798,419)	(13,422,854)
Marine	6,028,384	-	6,028,384	4,945,512	-	4,945,512
Accident and liabilities	(17,660,038)	(16,601,954)	(1,058,084)	12,275,370	-	12,275,370
Auto	126,011,549	3,235,696	122,775,853	142,566,039	13,976,998	128,589,041
	218,699,563	16,300,627	202,398,936	126,565,648	(5,821,421)	132,387,069
Group						
Fire	170,461,511	29,666,885	140,794,626	(25,258,657)	(13,078,710)	(12,179,947)
Marine	6,028,384	-	6,028,384	4,945,512	-	4,945,512
Accident and liabilities	(17,660,038)	(16,601,954)	(1,058,084)	12,275,370	-	12,275,370
Auto	126,011,549	3,235,696	122,775,853	203,502,459	19,274,736	184,227,723
Life	32,743		32,743	737,555	(51,000)	788,555
	284,874,149	16,300,627	268,573,522	196,202,239	6,145,026	190,057,213

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

NOTES ON THE ACCOUNTS

	Group	
	2018	2017
	G$	G$
10 Interest		
Interest expenses	183,905,092	255,088,273

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

	Group	
	2018	2017
	G$	G$
11 Surrenders		
Surrenders	-	226,533

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

	Company & Group	
	2018	2017
	G$	G$
12 Triennial cash profit		
Triennial cash profit - 15%	2,476,578	3,412,241
13 Policies entitled to profits 2015/2018		Restated
Policies entitled to profits 2017	-	10,127,028
Policies entitled to profits 2018	56,708,354	8,577,636
Policies entitled to profits 2019	45,923,437	5,079,397
Policies entitled to profits 2020	21,020,027	-
	123,651,818	23,784,061
14 Transfer - profit and loss (Annual) account on policies entitled to profit		Restated
At 31 December 2015	-	(16,683,999)
At 31 December 2016	(35,602,822)	54,076,504
At 31 December 2017	8,577,636	(10,127,028)
At 31 December 2018	56,708,354	-
	29,683,168	27,265,477

NOTES ON THE ACCOUNTS

15(a) Taxation

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

Life insurance business is taxed at 27.5%; Fire insurance business at 40% and Trust business at 27.5% on varying bases.

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
		Restated		Restated
Reconciliation of tax expenses and accounting profit				
Accounting profit	427,913,945	173,802,546	847,263,163	451,894,860
Corporation tax @ 40%/27.5%	171,165,578	69,521,018	119,769,111	153,007,342
Add:				
Tax effect of expenses not deductible in determining taxable profit	10,485,684	10,685,069	10,983,808	12,020,679
	181,651,262	80,206,087	130,752,919	165,028,021
Deduct:				
Income exempt from corporation tax	(7,993,339)	(11,482,721)	(33,223,498)	(34,021,821)
	173,657,923	68,723,366	97,529,421	131,006,200
Adjustments and effect of varying tax rates	(168,552,702)	(34,729,346)	(91,971,775)	(64,208,043)
Corporation tax	5,105,221	33,994,020	5,557,646	66,798,157
Taxes deducted at source from income on deposits	829,446	806,941	3,700,143	3,528,802
Capital gains tax at 20%	39,011,051	1,732,386	39,414,431	2,111,709
Deferred tax	5,005,357	34,012,521	4,953,160	34,401,085
	49,951,075	70,545,868	53,625,380	106,839,753
Taxation - current	44,945,718	36,533,347	48,672,220	72,438,668
- deferred	5,005,357	34,012,521	4,953,160	34,401,085
	49,951,075	70,545,868	53,625,380	106,839,753

NOTES ON THE ACCOUNTS

15(a) Taxation - cont'd

Deferred tax

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

Movement in temporary differences

	Company		
	Fixed Assets G$	Unused tax losses carried forward G$	Total G$
Deferred assets			
At 1 January 2016	395,099	27,476,715	27,871,814
Movement during the year:-			-
Statement of profit or loss and other comprehensive income	39,667	39,177,989	39,217,656
At 31 December 2016 (restated)	434,766	66,654,704	67,089,470
Movement during the year:-			-
Statement of profit or loss and other comprehensive income	(18,499)	(33,994,020)	(34,012,519)
At 31 December 2017 (restated)	416,267	32,660,684	33,076,951
Movement during the year:-			
Statement of profit or loss and other comprehensive income	99,864	(5,105,221)	(5,005,357)
At 31 December 2018	516,131	27,555,463	28,071,594

	Company	
	Revaluation of Land and Building G$	Total G$
Deferred liabilities		
At 1 January 2017 and 31 December 2018	434,264,122	434,264,122

NOTES ON THE ACCOUNTS

15(a) Taxation - cont'd

Deferred tax

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

Movement in temporary differences

	Group		
	Plant, property and equipment G$	Unused tax losses carried forward G$	Total G$
Deferred assets			
At 1 January 2016	1,981,504	27,476,715	29,458,219
Movement during the year:-			
Statement of profit or loss and other comprehensive income	314,404	39,177,989	39,492,393
At 31 December 2016 (restated)	2,295,908	66,654,704	68,950,612
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(288,315)	(33,994,020)	(34,282,335)
At 31 December 2017 (restated)	2,007,593	32,660,684	34,668,277
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(316,366)	(5,105,221)	(5,421,587)
At 31 December 2018	1,691,227	27,555,463	29,246,690

	Group		
	Revaluation of Land and Building G$	Plant, property and equipment G$	Total G$
Deferred liabilities			
At 1 January 2017	495,649,419	6,656,068	502,305,487
Movement during the year:-			
Statement of profit or loss and other comprehensive income	-	118,750	118,750
At 31 December 2017	495,649,419	6,774,818	502,424,237
Movement during the year:-			
Statement of profit or loss and other comprehensive income	-	(468,427)	(468,427)
At 31 December 2018	495,649,419	6,306,391	501,955,810

NOTES ON THE ACCOUNTS

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

	Company					
	2018			2017		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	G$	G$	G$	G$	G$	G$
Written back on disposal of investment	-	-	-	1,562,350	-	1,562,350
Fair value adjustment on investments	-	-	-	115,426,548	-	115,426,548
	-	-	-	116,988,898	-	116,988,898

	Group					
	2018			2017		
	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount	Before-tax amount	Tax (expense)/ benefit	Net-of-tax amount
	G$	G$	G$	G$	G$	G$
Written back on disposal of investment	-	-	-	1,562,350	-	1,562,350
Fair value adjustment on investments	-	-	-	168,823,368	-	168,823,368
	-	-	-	170,385,718	-	170,385,718

NOTES ON THE ACCOUNTS

16 (a) Plant, Property and Equipment

COMPANY

	Freehold land and buildings G$	Furniture, equipment and machinery G$	Motor vehicles G$	Total G$
Cost/valuation				
At 1 January 2017	1,877,106,284	347,017,095	83,903,778	2,308,027,157
Additions	2,857,456	20,240,157	-	23,097,613
Disposals	-	(912,339)	(278,382)	(1,190,721)
At 31 December 2017	1,879,963,740	366,344,913	83,625,396	2,329,934,049
Additions	10,356,420	16,558,635	8,331,000	35,246,055
Disposals (i)	(609,500,000)	(1,433,871)	-	(610,933,871)
At 31 December 2018	1,280,820,160	381,469,677	91,956,396	1,754,246,233
Comprising:				
Cost	195,159,855	381,469,677	91,956,396	668,585,928
Valuation	1,085,660,305	-	-	1,085,660,305
	1,280,820,160	381,469,677	91,956,396	1,754,246,233
Depreciation				
At 1 January 2017	-	224,360,299	37,972,693	262,332,992
Charged for the year	-	18,098,821	8,613,851	26,712,672
Written back on disposals	-	(763,393)	(45,952)	(809,345)
At 31 December 2017	-	241,695,727	46,540,592	288,236,319
Charge for the year	-	17,875,243	8,338,968	26,214,211
Written back on disposals	-	(975,520)	-	(975,520)
At 31 December 2018	-	258,595,450	54,879,560	313,475,010
Net book values:				
At 31 December 2018	1,280,820,160	122,874,227	37,076,836	1,440,771,223
At 31 December 2017	1,879,963,740	124,649,186	37,084,804	2,041,697,730

NOTES ON THE ACCOUNTS

16 (b) Plant, Property and Equipment

GROUP

	Freehold land and buildings G$	Furniture, equipment and machinery G$	Motor vehicles G$	Total G$
Cost/valuation				
At 1 January 2017	1,851,994,877	450,619,495	104,588,351	2,407,202,723
Additions	2,857,456	44,620,223	9,593,329	57,071,008
Disposals	-	(4,897,726)	(278,382)	(5,176,108)
At 31 December 2017	1,854,852,333	490,341,992	113,903,298	2,459,097,623
Additions	10,356,420	22,974,911	8,331,000	41,662,331
Disposals (i)	(359,347,282)	(2,292,126)	-	(361,639,408)
At 31 December 2018	1,505,861,471	511,024,777	122,234,298	2,139,120,546
Comprising:				
Cost	219,888,431	511,024,777	122,234,298	853,147,506
Valuation	1,285,973,040	-	-	1,285,973,040
	1,505,861,471	511,024,777	122,234,298	2,139,120,546
Accumulated depreciation				
At 1 January 2017	29,952,695	310,317,000	55,876,378	396,146,073
Charged for the year	1,250,658	24,252,303	13,714,393	39,217,354
Written back on disposals	-	(4,483,415)	(45,952)	(4,529,367)
At 31 December 2017	31,203,353	330,085,888	69,544,819	430,834,060
Charge for the year	1,213,139	26,497,156	10,936,395	38,646,690
Written back on disposals	-	(1,672,810)	-	(1,672,810)
At 31 December 2018	32,416,492	354,910,234	80,481,214	467,807,940
Net book values:				
At 31 December 2018	1,473,444,979	156,114,543	41,753,084	1,671,312,606
At 31 December 2017	1,823,648,980	160,256,104	44,358,479	2,028,263,563

(i) During the year a property valued at $800,000,000 was transferred from the Company to Hand-in-Hand Mutual Life Assurance Company Limited. This was done to facilitate the repayment of the inter-company loan between the two companies. A gain of $190.5 million and $440.2 million was realised on this sale in the Company and Group respectively.

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

NOTES ON THE ACCOUNTS

17 Investments

	Company			
	31.12.2018		31.12.2017	
	Fair value G$	Cost G$	Fair value G$	Cost G$
"Held for Trading"				
Shares, other stocks and bonds				
Guyana	1,063,541,812	530,537,122	569,106,670	245,134,422
Canada	82,839,908	24,684,283	85,198,533	24,684,283
United States	122,470,044	42,277,902	186,586,160	94,241,152
United Kingdom	-	-	212,265,381	195,118,576
	1,268,851,764	597,499,307	1,053,156,744	559,178,433
"Loans and receivables"				
Mortgages (d)	342,270	342,270	189,322,640	189,322,640
MCG Investment	13,224,697	13,224,697	14,700,000	14,700,000
Provision for impairment ECL's	(4,139,522)	(4,139,522)	-	-
	9,427,445	9,427,445	204,022,640	204,022,640
Total investments	1,278,279,209	606,926,752	1,257,179,384	763,201,073
Impairment on Investments				
Initial recognition of IFRS 9 ECLs	2,241,989	2,241,989	-	-
ECLs during the year	1,897,533	1,897,533	-	-
As at year end	4,139,522	4,139,522	-	-

	Group			
	31.12.2018		31.12.2017	
	Fair value G$	Cost G$	Fair value G$	Cost G$
"Held to Collect"				
Bonds & Debentures:-				
Guyana - Others (a)	282,881,550	282,881,550	288,909,350	288,909,350
Caribbean - Government (b)	419,042,301	419,042,301	409,092,216	409,092,216
Caribbean - Others (c)	751,391,204	751,391,204	653,538,977	653,538,977
Less ECL's	(16,330,754)	(16,330,754)	-	-
	1,436,984,301	1,436,984,301	1,351,540,543	1,351,540,543
"Held for Trading"				
Government:-				
United Kingdom	-	-	3,395,978	3,500,734
Shares, other stocks and bonds				
Guyana	1,409,712,161	730,083,400	728,639,378	368,638,359
Canada	107,725,122	49,569,497	113,414,197	55,586,760
United States	168,427,743	88,235,601	240,795,129	130,186,386
Caribbean - Others	734,742,267	737,420,784	487,420,704	320,181,872
United Kingdom	-	-	279,618,410	256,635,398
	2,420,607,293	1,605,309,282	1,853,283,796	1,134,729,509
"Loans and receivables"				
Mortgages	6,085,666,935	6,085,666,935	6,090,059,994	6,090,059,994
MCG Investment	13,224,697	13,224,697	14,700,000	14,700,000
Provision for impairment ECL's	(94,083,703)	(94,083,703)	-	-
Motgages net of ECL (d)	6,004,807,929	6,004,807,929	6,104,759,994	6,104,759,994
Less: Provision for impaired mortgages	-	-	293,152,555	293,152,555
	6,004,807,929	6,004,807,929	5,811,607,439	5,811,607,439
Total investments	9,862,399,523	9,047,101,512	9,016,431,778	8,297,877,491
Impairment on Investments				
Initial recognition of IFRS 9 ECLs	17,939,766	17,939,766	-	-
ECLs during the year	76,143,937	76,143,937	-	-
As at year end	94,083,703	94,083,703	-	-

NOTES ON THE ACCOUNTS

17 Investments - cont'd

Investment securities

	Year of Maturity	Rate of Interest	Security	31.12.2018 G$	31.12.2017 G$
Held to Collect					
(a) Guyana - Others					
Courts (Guyana) Inc	2019/2020	8.00	Secured	170,000,000	170,000,000
Berbice Bridge Inc. - Tranche 1	2018	9.00	Secured	12,881,550	18,909,350
Berbice Bridge Inc. - Tranche 2	2022	10.00	Secured	100,000,000	100,000,000
				282,881,550	288,909,350
(b) Caribbean- Government					
St.Vincent & Grenadines	2018	8.50	Secured	-	6,300,000
Gov't of Belize	2031	5.00	Secured	160,224,960	160,224,960
T&T Housing Bond	2025	7.00	Secured	61,120,000	61,120,000
Gov't of St. Kitts New Discount Bonds	2032	6.00	Secured	7,838,116	8,308,031
Gov't of St Kitts New Par Bonds	2057	1.50	Secured	9,019,225	9,019,225
Gov't of T&T Bond	2021	-	Secured	60,864,000	81,152,000
Gov't of T&T Bond	2021	-	Secured	14,976,000	19,968,000
Barbados Port Inc.	2024	8.00	Secured	63,000,000	63,000,000
Gov't of St. Lucia	2019	5.00	Secured	42,000,000	-
				419,042,301	409,092,216

NOTES ON THE ACCOUNTS

17 Investments - cont'd

Investment Securities - cont'd

	Year of Maturity	Rate of Interest	Security	31.12.2018	31.12.2017
				G$	G$
(c) Caribbean- Others					
Hand in Hand Life Assurance Co. Ltd.	2022	2.75	Secured	300,000,000	300,000,000
JMMB Repurchase Agreement	2019	2.10	Secured	166,080,439	163,130,155
JMMB Repurchase Agreement	2019	2.25	Secured	66,082,925	64,918,262
RBC - OMO 15-79	2022	2.20	Secured	219,227,840	125,490,560
				751,391,204	653,538,977

(d) Mortgages

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
(a) Accrual loan and advances	13,566,967	204,022,640	3,950,141,478	4,100,985,170
Non accruals loan and advances	-	-	2,148,750,154	2,003,774,824
	13,566,967	204,022,640	6,098,891,632	6,104,759,994
Provision for impairment (i)	-	-	-	293,152,555
Expected credit loss (ii)	4,139,522	-	94,083,703	-
	9,427,445	204,022,640	6,004,807,929	5,811,607,439
(i) Provision for impairment				
At beginning	-	-	293,152,555	377,965,531
Reversal of provision	-	-	(800,275,065)	(2,136,810,283)
Provision for the year	-	-	753,181,123	2,051,997,307
Reversal of impairment losses and adoption of IFRS 9	-	-	(246,058,613)	-
As at year end	-	-	-	293,152,555
(ii) Expected credit loss				
Initial recognition of IFRS 9 ECL's	2,241,989		19,944,201	-
ECL's during the year	1,897,533	-	74,139,502	-
As at year end	4,139,522	-	94,083,703	-

NOTES ON THE ACCOUNTS

18 Fair value determination

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

Company	IFRS 13 Level	31.12.2018 Carrying Value G$	31.12.2018 Fair Value G$	IFRS 13 Level	31.12.2017 Carrying Value G$ Restated	31.12.2017 Fair Value G$ Restated
Assets						
Investments						
"Loans and receivables"	2	9,427,445	9,427,445	2	204,022,640	204,022,640
Statutory deposits	2	-	-	2	244,375,148	244,375,148
Investment in subsidiaries	2	948,873,333	948,873,333	2	948,873,333	948,873,333
Accrued interest	2	6,876,078	6,876,078	2	8,144,612	8,144,612
Receivable and prepayments	2	797,408,104	797,408,104	2	678,262,107	678,262,107
Taxes recoverable	2	133,160,286	133,160,286	2	72,071,750	72,071,750
Cash on deposits	1	344,746,422	344,746,422	1	215,466,721	215,466,721
Cash at banks and on hand	1	129,648,131	129,648,131	1	92,127,293	92,127,293
		2,370,139,799	2,370,139,799		2,463,343,604	2,463,343,604
Liabilities						
Provision for unexpired risks	3	670,443,553	670,443,553	3	696,033,779	696,033,779
Medium term borrowings	2	512,324,338	512,324,338	2	1,312,324,338	1,312,324,338
Claims admitted and intimated but not paid	2	494,252,454	494,252,454	2	495,803,015	495,803,015
Payables and accrued expenses	2	255,255,582	255,255,582	2	302,178,552	302,178,552
Taxes payable	2	98,933,375	98,933,375	2	65,478,423	65,478,423
Bank overdraft	1	22,112,163	22,112,163	1	46,974,027	46,974,027
		2,053,321,465	2,053,321,465		2,918,792,134	2,918,792,134
Group						
Assets						
Goodwill	3	157,582,464	157,582,464	3	157,582,464	157,582,464
Investments						
"Held to Collect"	2	1,436,984,301	1,436,984,301	2	1,351,540,543	1,351,540,543
"Loans and receivables"	3	6,004,807,929	6,004,807,929	3	5,811,607,439	5,811,607,439
Statutory deposits	2	1,062,256,825	1,062,256,825	2	1,320,775,899	1,320,775,899
Accrued interest	2	37,673,714	37,673,714	2	24,787,781	24,787,781
Receivable and prepayments	2	845,196,293	845,196,293	2	741,951,959	741,951,959
Taxes recoverable	2	147,410,195	147,410,195	2	77,938,053	77,938,053
Cash on deposits	1	615,378,162	615,378,162	1	1,090,418,489	1,090,418,489
Cash at banks and on hand	1	182,628,948	182,628,948	1	242,849,118	242,849,118
		10,489,918,831	10,489,918,831		10,819,451,745	10,819,451,745
Liabilities						
Provision for unexpired risks	2	745,751,717	745,751,717	2	761,206,754	761,206,754
Medium term borrowings	2	512,324,338	512,324,338	2	1,312,324,338	1,312,324,338
Customers' deposits	2	8,145,953,382	8,145,953,382	2	8,404,128,772	8,404,128,772
Policyholders' liabilities	2	290,376	290,376	2	9,640,000	9,640,000
Claims admitted and intimated but not paid	2	526,386,498	526,386,498	2	529,224,311	529,224,311
Payables and accrued expenses	2	409,893,756	409,893,756	2	448,298,418	448,298,418
Taxes payable	2	107,441,017	107,441,017	2	108,475,331	108,475,331
Bank overdraft	1	22,112,163	22,112,163	1	46,974,027	46,974,027
		10,470,153,247	10,470,153,247		11,620,271,951	11,620,271,951

NOTES ON THE ACCOUNTS

18 Fair value determination - cont'd

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

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

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

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

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

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

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

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

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

Fair value measurements recognised in the statement of financial position

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

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

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

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

NOTES ON THE ACCOUNTS

18 Fair value determination - cont'd

Assets carried at fair value

Company

	31.12.2018 (IFRS 13)			
	Level 1	Level 2	Level 3	Total
	G$	G$	G$	G$
Held for Trading financial assets	205,309,951	1,053,266,813	10,275,000	1,268,851,764

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

	31.12.2018 (IFRS 13)			
Group	Level 1	Level 2	Level 3	Total
	G$	G$	G$	G$
Held for Trading financial assets	1,010,895,131	1,398,589,833	11,122,329	2,420,607,293

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

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

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

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

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
Plant, Property and Equipment	1,440,771,223	2,041,697,730	1,671,312,606	2,028,263,563
Properties on hand	1,900,000	1,900,000	54,326,860	14,334,347

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

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

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

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

NOTES ON THE ACCOUNTS

19 Investment in subsidiaries

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
GCIS Inc.	215,000,000	215,000,000	-	-
HIH Trust Corporation Inc.	733,838,333	733,838,333	-	-
HIH Investment Inc.	35,000	35,000	-	-
	948,873,333	948,873,333	-	-

20 Properties on hand

Cost				
Opening and closing balance	1,900,000	1,900,000	90,317,211	50,324,698
Provision for diminution in value	-	-	35,990,351	35,990,351
Fair value	1,900,000	1,900,000	54,326,860	14,334,347

21 Statutory deposits

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
Deposit at Bank of Guyana	-	-	999,812,533	1,015,417,903
Republic Bank Guyana Ltd	-	84,060,119	-	84,060,119
Citizens Bank Inc.	-	148,912,709	62,444,292	209,895,557
Guyana Bank For Trade & Industry Ltd	-	11,402,320	-	11,402,320
	-	244,375,148	1,062,256,825	1,320,775,899

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

NOTES ON THE ACCOUNTS

22 Receivables and prepayments

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
		Restated		Restated
Reinsurance recoveries (a)	143,301,389	168,706,825	143,301,389	168,706,825
Prepayments	3,559,180	2,990,147	8,651,232	6,512,153
Other receivables (b)	660,025,632	514,176,984	702,874,251	574,344,830
	806,886,201	685,873,956	854,826,872	749,563,808
Less: Provision for impairment/ ECL's (Individually assessed)	9,478,097	7,611,849	9,630,579	7,611,849
	797,408,104	678,262,107	845,196,293	741,951,959
Provision for Impairment (IAS 39)				
Opening balance	7,611,849	6,248,068	7,611,849	6,248,068
Provisions during the year	5,169,083	1,363,781	5,169,083	1,363,781
Reversal of impairment losses and adoption of IFRS 9	(12,780,932)	-	(12,780,932)	-
As at year end	-	7,611,849	-	7,611,849
Impairment on Investments (IFRS 9)				
Initial recognition of IFRS 9 ECLs	5,823,966	-	5,823,966	-
ECLs during the year	3,654,131	-	3,806,613	-
As at year end	9,478,097	-	9,630,579	-

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

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
Reinsurance recoveries				
Fire	102,000,000	110,793,905	102,000,000	110,793,905
Accident and liabilities	38,301,389	54,912,920	38,301,389	54,912,920
Auto	3,000,000	3,000,000	3,000,000	3,000,000
	143,301,389	168,706,825	143,301,389	168,706,825

(b) Included in this amount is a deposit for the acquisition of 10,000 shares in the Hand In Hand Investment USA Inc. ($2.2 million).

Hand-in-Hand Investment USA Inc. was incorporated in the state of Florida, USA on 1 January, 2018 and is a subsidiary of The Hand-in-Hand Mutual Fire Insurance Company Ltd. The primary purpose of this company is to manage investments held on behalf of the Hand-in-Hand Group. Certain key management and directors of The Hand-in-Hand Mutual Fire Insurance Company Limited are directors of the Hand-in-Hand Investments USA Inc. As at 31 December' 2018, an amount of G$523 million is held in trust on behalf of the Hand in Hand Mutual Life Assurance Company Limited. At the year end, no shares were issued by the Hand-in-Hand Investment USA Inc. and the net assets of the Company was G$14,231,255. This Company was not included in the consolidated financial statements as it was considered immaterial to the group.

NOTES ON THE ACCOUNTS

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
23 Interest accrued				
Bonds	-	-	27,814,886	12,415,987
Deposits at banks	5,409,542	5,417,778	8,392,292	9,644,960
Investment Income	1,466,536	1,382,571	1,466,536	1,382,571
Loans	-	1,344,263	-	1,344,263
	6,876,078	8,144,612	37,673,714	24,787,781
24 Cash on deposits				
Non statutory deposits:				
Term deposits	245,153,144	-	426,077,884	792,148,606
Other deposits	99,593,278	215,466,721	189,300,278	298,269,883
	344,746,422	215,466,721	615,378,162	1,090,418,489
25 Cash at banks and on hand				
Cash at banks	127,912,756	91,226,415	161,936,362	226,931,700
Cash on hand	1,735,375	900,878	20,692,586	15,917,418
	129,648,131	92,127,293	182,628,948	242,849,118

	Company and Group	
	31.12.2018	31.12.2017
	G$	G$
26 Premium capital		Restated
Policies entitled to profit 2018	-	13,711,327
Policies entitled to profit 2019	64,666,693	13,403,644
Policies entitled to profit 2020	27,274,234	2,545,152
Policies entitled to profit 2021	2,647,870	-
	94,588,797	29,660,123

NOTES ON THE ACCOUNTS

27 Investment reserve

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
At beginning	493,978,310	376,989,412	612,952,272	459,543,076
Adoption of fair value through the profit or loss as per IFRS 9	(493,978,310)	-	(612,952,272)	-
Fair value adjustments	-	116,988,898	-	153,409,196
At end	-	493,978,310	-	612,952,272

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

28 General reserve

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
		Restated		Restated
At beginning	1,066,530,549	987,870,164	772,771,603	533,057,980
Adoption of fair value through the profit or loss as per IFRS 9	493,978,310	-	612,952,272	-
Initial recognition of IFRS 9 on financial assets	(8,065,955)	-	(13,720,656)	-
Initial application of IFRS 9 on trade receivables	12,780,932	-	12,780,932	-
Total Comprehensive Income for the year	313,148,891	78,660,385	625,602,170	266,940,125
Transfer to risk reserve	-	-	93,584,501	-
Transfer to statutory reserve	-	-	(5,886,748)	(27,226,502)
At end	1,878,372,727	1,066,530,549	2,098,084,074	772,771,603

29 Capital redemption reserve

	Company and Group	
	31.12.2018	31.12.2017
	G$	G$
Ordinary scrip redeemed	600,000	600,000
Preference scrip redeemed	908,452	908,452
	1,508,452	1,508,452

30 Provision for unexpired risks

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
Balance at beginning	696,033,779	741,857,177	761,206,754	800,782,885
Movement recorded in income statement	(25,590,226)	(45,823,398)	(15,455,037)	(39,576,131)
Balance at end	670,443,553	696,033,779	745,751,717	761,206,754

31 Triennial profit

	Company and Group	
	31.12.2018	31.12.2017
	G$	G$
Triennial cash profit	2,361,883	2,476,578

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

NOTES ON THE ACCOUNTS

32 Non - controlling interest

	Group	
	31.12.2018	31.12.2017
	G$	G$
		Restated
At beginning	301,683,233	238,716,371
Total Comprehensive Income for the year	103,221,634	70,495,211
Transfer to/from risk reserve	27,177	-
Initial recognition of IFRS 9 on financial assets	(1,653,837)	-
Initial application of IFRS 9 on Loans and Advances	59,666,098	-
Transfer to statutory reserve	(1,627,735)	(7,528,349)
At end	461,316,570	301,683,233

33 Medium term borrowings

	Company & Group	
	31.12.2018	31.12.2017
	G$	G$
Hand In Hand Mutual Life Assurance Company Limited	512,324,338	1,312,324,338

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

34 Reserve fund

	Group	
	31.12.2018	31.12.2017
	G$	G$
At beginning	194,779,819	160,024,968
Transfer from Retained Earnings	7,514,483	34,754,851
At end	202,294,302	194,779,819

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

NOTES ON THE ACCOUNTS

35 Customers' deposits

	Group	
	31.12.2018	31.12.2017
	G$	G$
Fixed	6,668,113,544	7,166,362,188
Savings	1,477,839,838	1,237,766,584
	8,145,953,382	8,404,128,772

Customers' deposits - by maturity

Fixed - within one year	6,144,560,784	6,208,017,971
Savings - on demand	1,477,839,838	1,262,850,728
	7,622,400,622	7,470,868,699
Fixed - over one year	523,552,760	933,260,073
	8,145,953,382	8,404,128,772

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

The average interest rates are as follows:

Fixed	-	1.35% - 5.0%
Savings	-	2.0%

36 Policyholders' liabilities

	Group	
	31.12.2018	31.12.2017
	G$	G$
At 1 January	9,640,000	9,640,000
Actuarial decrease	(9,349,624)	-
At 31 December	290,376	9,640,000

Policyholders' liabilities are Actuarially valued every three (3) years. Increases in the actuarial liabilities are recognised through the statement of profit or loss and other comprehensive income. The valuation done as at 31 December 2018 showed that the aggregate amount of the life insurance policy liabilities in relation to its long term insurance business was G$290,376.

37 Claims admitted or intimated but not paid

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
Fire	230,219,603	216,184,429	233,367,892	219,159,475
Marine	3,802,361	6,088,657	3,802,361	6,088,657
Accident and liabilities	124,695,224	152,764,727	124,695,224	152,764,727
Auto	135,535,266	120,765,202	164,033,766	150,254,502
Life		-	487,255	956,950
	494,252,454	495,803,015	526,386,498	529,224,311

38 Payables and accrued expenses

Other payables	221,398,760	186,377,265	369,207,566	322,873,218
Accruals	33,856,822	115,801,287	40,686,190	125,425,200
	255,255,582	302,178,552	409,893,756	448,298,418

39 Bank overdraft

	Company & Group	
	31.12.2018	31.12.2017
	G$	G$
Republic Bank (Guyana) Limited	-	44,786,564
Bank of Nova Scotia (unsecured)	22,112,163	2,187,463
	22,112,163	46,974,027
Interest Rate	11.0%	11.0%

NOTES ON THE ACCOUNTS

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

	Company 31.12.2018			
	Fair value through PL G$	Financial assets at amortised cost G$	Financial liabilitites at amortised cost G$	Total G$
Investments				
"Held for Trading"	1,268,851,764	-	-	1,268,851,764
"Loans and receivables"	-	9,427,445	-	9,427,445
Statutory deposits	-	-	-	-
Receivables and prepayments	-	797,408,104	-	797,408,104
Interest accrued	-	6,876,078	-	6,876,078
Taxes recoverable	-	133,160,286	-	133,160,286
Cash on deposits	-	344,746,422	-	344,746,422
Cash at banks and on hand	-	129,648,131	-	129,648,131
TOTAL ASSETS	1,268,851,764	1,421,266,466	-	2,690,118,230
Liabilities				
Provision for unexpired risk	-	-	670,443,553	670,443,553
Medium term borrowings	-	-	512,324,338	512,324,338
Claims admitted or intimated but not paid	-	-	494,252,454	494,252,454
Payables and accrued expenses	-	-	255,255,582	255,255,582
Taxes payable	-	-	98,933,375	98,933,375
Bank overdraft	-	-	22,112,163	22,112,163
TOTAL LIABILITIES	-	-	2,053,321,465	2,053,321,465

NOTES ON THE ACCOUNTS

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

	Company 31.12.2017			
	Available for sale G$	Loans and receivables G$	Other financial assets/liabilities at amortized cost G$	Total G$
Assets				Restated
Investments				
"Held for Trading"	1,053,156,744	-	-	1,053,156,744
"Loans and receivables"	-	204,022,640	-	204,022,640
Statutory deposits	-	-	244,375,148	244,375,148
Receivables and prepayments	-	678,262,107	-	678,262,107
Interest accrued	-	8,144,612	-	8,144,612
Taxes recoverable	-	72,071,750	-	72,071,750
Cash on deposits	-	-	215,466,721	215,466,721
Cash at banks and on hand	-	-	92,127,293	92,127,293
TOTAL ASSETS	1,053,156,744	962,501,109	551,969,162	2,567,627,015
Liabilities				
Provision for unexpired risk	-	-	696,033,779	696,033,779
Medium term borrowings	-	-	1,312,324,338	1,312,324,338
Claims admitted or intimated but not paid	-	-	495,803,015	495,803,015
Payables and accrued expenses	-	-	302,178,552	302,178,552
Taxes payable	-	-	65,478,423	65,478,423
Bank overdraft	-	-	46,974,027	46,974,027
TOTAL LIABILITIES	-	-	2,918,792,134	2,918,792,134

NOTES ON THE ACCOUNTS

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

	Group 31.12.2018			
	Fair value through PL G$	Financial assets at amortised cost G$	Financial liabilitites at amortised cost G$	Total G$
Assets				
Investments				
"Held to Collect"	-	1,436,984,301	-	1,436,984,301
"Held for Trading"	2,420,607,293	-	-	2,420,607,293
"Loans and receivables"	-	6,004,807,929	-	6,004,807,929
Statutory deposits	-	1,062,256,825		1,062,256,825
Receivables and prepayments	-	845,196,293	-	845,196,293
Interest accrued	-	37,673,714	-	37,673,714
Taxes recoverable	-	147,410,195	-	147,410,195
Cash on deposits	-	615,378,162	-	615,378,162
Cash at banks and on hand	-	182,628,948	-	182,628,948
TOTAL ASSETS	2,420,607,293	10,332,336,367	-	12,752,943,660
.				
Liabilities				
Provision for unexpired risks	-	-	745,751,717	745,751,717
Medium term borrowings	-	-	512,324,338	512,324,338
Customers Deposit	-	-	8,145,953,382	8,145,953,382
Policyholders' liabilities	-	-	290,376	290,376
Claims admitted or intimated but not paid	-	-	526,386,498	526,386,498
Payables and accrued expenses	-	-	409,893,756	409,893,756
Taxes payable	-	-	107,441,017	107,441,017
Bank overdraft	-	-	22,112,163	22,112,163
TOTAL LIABILITIES	-	-	10,470,153,247	10,470,153,247

NOTES ON THE ACCOUNTS

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

	Group				
	31.12.2017				
	Available for sale G$	Held to Maturity G$	Loans and receivables G$	Other Assets/Liabilities at amortized cost G$	Total G$ Restated
Assets					
Investments					
"Held to Collect"	-	1,351,540,543	-	-	1,351,540,543
"Held for Trading"	1,853,283,796	-	-	-	1,853,283,796
"Loans and receivables"	-	-	5,811,607,439	-	5,811,607,439
Statutory deposits	-	-	-	1,320,775,899	1,320,775,899
Receivables and prepayments	-	-	741,951,959	-	741,951,959
Interest accrued	-	-	24,787,781	-	24,787,781
Taxes recoverable	-	-	77,938,053	-	77,938,053
Cash on deposits	-	-	-	1,090,418,489	1,090,418,489
Cash at banks and on hand	-	-	-	242,849,118	242,849,118
TOTAL ASSETS	1,853,283,796	1,351,540,543	6,656,285,232	2,654,043,506	12,515,153,077
Liabilities					
Provision for unexpired risks	-	-	-	761,206,754	761,206,754
Medium term borrowings	-	-	-	1,312,324,338	1,312,324,338
Customers Deposit	-	-	-	8,404,128,772	8,404,128,772
Policyholders' liabilities	-	-	-	9,640,000	9,640,000
Claims admitted or intimated but not paid	-	-	-	529,224,311	529,224,311
Payables and accrued expenses	-	-	-	448,298,418	448,298,418
Taxes payable	-	-	-	108,475,331	108,475,331
Bank overdraft	-	-	-	46,974,027	46,974,027
TOTAL LIABILITIES	-	-	-	11,620,271,951	11,620,271,951

NOTES ON THE ACCOUNTS

41 Goodwill

In accordance with IFRS 3 - Business combinations, goodwill for impairment at 31 December, 2018 was calculated using the value in use method.

	Group	
	31.12.2018	31.12.2017
	G$	G$
Balance at beginning and at end	157,582,464	157,582,464
Goodwill at cost	161,623,040	161,623,040
Accumulated impairment/ amortisation	4,040,576	4,040,576
	157,582,464	157,582,464

Impairment testing of goodwill

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

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

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

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

NOTES ON THE ACCOUNTS

42 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Listed below are transactions and balances with related parties.

(i) Subsidiary companies

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
Management fees charged to:				
Hand In Hand Trust Corporation Inc.	6,000,000	6,500,000	-	-
GCIS Inc.	12,000,000	12,000,000	-	-
	18,000,000	18,500,000	-	-

(ii) Other disclosure

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

Fees charged	103,126,011	88,759,880	103,126,011	88,759,880
Interest on loan from the Hand-in-Hand Mutual Life Assurance Company Limited.	98,685,947	90,117,179	98,685,947	90,117,179
Loans granted during the year by the Hand-in-Hand Mutual Life Assurance Company Limited.	512,324,338	1,312,324,338	512,324,338	1,312,324,338

Key management personnel

(i) Compensation
The Group' s key management personnel comprises its Directors and Executive managers. The remuneration paid during the year were:

(a) Short term employee benefit - Managers - 37 (2017 - 36)	79,572,081	79,228,408	147,209,913	137,785,070
(b) Long term employee benefit Managers - Benefits from the contribution of pension scheme are similar to the benefits of all employees.				
Directors' gratuity & medical benefit	34,577,562	40,000,000	34,577,562	40,000,000
Directors' emoluments - 9 (2017 - 9)	11,837,460	11,273,724	17,825,208	17,986,330
(ii) Mortgages: Staff /Director - (8) 4% - 5% (2017-(13) 4% - 5%)	-	188,980,370	-	367,475,570
(iii) Loans and advances Staff /Director - (108) (2017-(112))	351,680,393	306,610,818	422,038,381	341,424,441
Rate of interest	6 - 8%	6 - 8%	5 - 10%	5 - 10%

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

USA Global Export Company Limited	84,796,464	87,964,164
Rate of interest	10% p.a	10% p.a
Stark Inc.	46,246,437	50,094,457
Rate of interest	8% p.a	8% p.a
Keith Evelyn Investments	61,023,786	-
Rate of interest	8% p.a	-

NOTES ON THE ACCOUNTS

43 (a) Business Information

Company

	31.12.2018				
	Fire	Marine	Accident and liabilities	Motor	Total
	G$	G$	G$	G$	G$
Revenue					
Premium	636,992,374	15,382,979	174,427,263	507,979,180	1,334,781,796
Less: Reinsurance premiums	155,995,899	7,601,716	59,057,213	32,309,976	254,964,804
Increase in unexpired risks	(2,274,494)	(3,003,978)	(2,958,943)	(17,352,811)	(25,590,226)
Premium (net)	483,270,969	10,785,241	118,328,993	493,022,015	1,105,407,218
Investment income					
"Held for Trading"	25,149,121	406,847	6,032,176	-	31,588,144
"Loans and receivables"	19,914,918	322,171	4,776,719	-	25,013,808
Other income	160,322,770	3,577,951	39,255,062	-	203,155,783
Management fees	14,330,826	231,835	3,437,339	-	18,000,000
Unclaimed TCP and others	526,260	8,513	126,227	412,079	1,073,079
Gain on exchange	5,304,341	85,810	1,272,280	-	6,662,431
Gain on disposal of fixed asset	151,302,984	2,447,686	36,290,979	-	190,041,649
Gain on disposal of investments					
"Available for sale"	3,991,618	64,574	957,415	-	5,013,607
	864,113,807	17,930,628	210,477,190	493,434,094	1,585,955,719
Deduct:					
Expenditure					
Commissions and allowances	103,784,543	1,678,962	24,893,380	28,975,865	159,332,750
Management expenses	408,200,494	9,109,880	99,947,973	264,969,742	782,228,089
Claims (net)	74,652,783	6,028,384	(1,058,084)	122,775,853	202,398,936
Triennial cash profit	2,476,578	-	-	-	2,476,578
Property Tax	11,605,421	-	-	-	11,605,421
Taxation	49,897,628	-	-	53,447	49,951,075
	650,617,447	16,817,226	123,783,269	416,774,907	1,207,992,849
Surplus of revenue over expenditure	213,496,360	1,113,402	86,693,921	76,659,187	377,962,870

	Fire	Marine	Accident & liabilities	Motor	Total
	G$	G$	G$	G$	G$
ASSETS	3,381,149,294	115,974,888	- 1,086,863,473	- 531,825,975	5,115,813,629
LIABILITIES	1,175,768,414	43,969,110	- 831,780,937	- 436,067,126	2,487,585,587

NOTES ON THE ACCOUNTS

43 (b) Business Information

Company

	31.12.2017				
	Fire G$	Marine G$	Accident and liabilities G$	Motor G$	Total G$ Restated
Revenue					
Premium	637,947,733	20,837,946	179,362,970	540,529,320	1,378,677,969
Less: Reinsurance premiums	175,198,738	12,121,680	59,472,151	36,175,824	282,968,393
Increase in unexpired risks	(14,940,642)	263,675	(7,560,905)	(23,585,526)	(45,823,398)
Premium (net)	477,689,637	8,452,591	127,451,724	527,939,022	1,141,532,974
Investment income					
"Held for Trading"	23,241,736	437,778	6,021,560	-	29,701,074
"Loans and receivables"	7,124,411	134,194	1,845,820	-	9,104,425
Other income	29,500,976	555,676	7,643,228	-	37,699,880
Management fees	14,476,652	272,680	3,750,668	-	18,500,000
Unclaimed TCP and others	1,934,398	36,436	501,171	292,891	2,764,896
Gain on exchange	115,025	2,167	29,801	-	146,993
Gain on disposal of fixed asset	-	-	-	-	-
Gain on disposal of investments					
"Available for sale"	6,778,149	127,672	1,756,110	-	8,661,931
	560,860,984	10,019,194	149,000,082	528,231,913	1,248,112,173
Deduct:					
Expenditure					
Commissions and allowances	111,533,195	2,100,821	28,896,456	29,648,493	172,178,965
Management expenses	397,161,213	7,027,662	105,966,045	245,587,182	755,742,102
Claims (net)	(13,422,854)	4,945,512	12,275,370	128,589,041	132,387,069
Triennial cash profit	3,412,241	-	-	-	3,412,241
Property Tax	10,589,250	-	-	-	10,589,250
Taxation	44,913,703	-	-	25,632,165	70,545,868
	554,186,748	14,073,995	147,137,871	429,456,881	1,144,855,495
Surplus/(deficit) of revenue over expenditure	6,674,236	(4,054,801)	1,862,211	98,775,032	103,256,678

	Fire G$	Marine G$	Accident & liabilities G$	Motor G$	Total G$ Restated
ASSETS	3,815,984,538	130,889,925	1,226,640,366	425,091,622	5,598,606,451
LIABILITIES	1,759,882,342	69,776,158	1,057,357,673	466,040,083	3,353,056,256

NOTES ON THE ACCOUNTS

43 (c) Segmented information

Group — 31.12.2018

	Fire G$	Marine G$	Accident and liabilities G$	Motor G$	Life G$	Trust G$	Hand-in-Hand Investments Inc. G$	Taxation G$	Total G$
Revenue									
Premium	679,002,181	15,382,979	170,153,013	663,229,375	50,435	-	-	-	1,527,817,983
Less: Reinsurance premiums	162,936,642	7,601,716	59,057,213	43,144,755	(195,821)	-	-	-	272,544,505
Increase in unexpired risks	4,820,376	(3,003,978)	(2,958,943)	(14,312,492)	-	-	-	-	(15,455,037)
Net premiums	511,245,163	10,785,241	114,054,743	634,397,112	246,256	-	-	-	1,270,728,515
Investment income									
"Held to Collect"	-	-	-		-	71,108,925	-	-	71,108,925
"Held for Trading"	25,923,736	406,847	6,032,176	2,140,048	2,021,405	26,766,055	-	-	63,290,267
"Loans and receivables"	19,914,918	322,171	4,776,719	-	-	550,631,754	-	-	575,645,562
Other income	266,659,687	3,577,951	39,255,062	6,124,681	353,148	86,527,836	-	-	402,498,365
Unclaimed TCP and others	526,260	8,513	126,227	412,079			-	-	1,073,079
Gain on disposal of investments									
"Available for sale"	4,527,639	64,574	957,415	1,480,878	-	15,175,129	-	-	22,205,635
Gain on exchange	5,982,257	85,810	1,272,280	-	-	-	-	-	7,340,347
Gain on disposal of assets	151,302,984	2,447,686	36,290,979	-	-	250,152,718	-	-	440,194,367
	986,082,644	17,698,793	202,765,601	644,554,798	2,620,809	1,000,362,417	-	-	2,854,085,062
Deduct: expenditure									
Commissions and allowance	107,540,481	1,678,962	24,893,380	33,015,861	-	-	-	-	167,128,684
Management expenses	416,080,683	9,109,880	99,947,973	353,618,009	106,077	490,716,596	-	-	1,369,579,218
Interest	-	-	-	-	-	183,905,092	-	-	183,905,092
Claims (net)	81,287,772	6,028,384	(1,058,084)	182,282,707	32,743	-	-	-	268,573,522
Surrenders	-	-	-	-	-	-	-	-	-
Triennial cash profit	2,476,578	-	-	-	-	-	-	-	2,476,578
Property tax	-	-	-	-	-	-	-	24,508,429	24,508,429
Taxation	-	-	-	-	-	-	-	53,625,380	53,625,380
	607,385,514	16,817,226	123,783,269	568,916,577	138,820	674,621,688	-	78,133,809	2,069,796,903
Surplus/(deficit) of revenue over expenditure before actuarial adjustment and non-controlling interest	378,697,130	881,567	78,982,332	75,638,221	2,481,989	325,740,729	-	(78,133,809)	784,288,159
Actuarial Adjustment	-	-	-	-	9,349,624	-	-	-	9,349,624
Less: Non controlling interest	31,223,788	-	-	6,256,696	205,307	65,535,843	-	-	103,221,634
Surplus/(deficit) of revenue over expenditure after non-controlling interest	347,473,342	881,567	78,982,332	69,381,525	11,626,306	260,204,886	-	(78,133,809)	690,416,149
ASSETS	2,754,643,333	87,867,592	823,454,789	1,060,452,484	138,021,104	9,557,487,555	566,020	-	14,422,492,877
LIABILITIES	1,199,805,184	43,191,164	824,461,451	610,801,444	4,272,227	8,289,542,067	35,520	-	10,972,109,057

NOTES ON THE ACCOUNTS

43 (d) Segmented information

Group — 31.12.2017

	Fire	Marine	Accident and liabilities	Motor	Life	Trust	Hand-in-Hand Investments Inc.	Taxation	Total
	G$	G$	G$	G$	G$	G$	G$	G$	G$
Revenue									Restated
Premium	673,958,717	20,837,946	174,964,220	704,769,561	55,481	-	-	-	1,574,585,925
Less: Reinsurance premiums	178,016,300	12,121,680	59,472,151	45,787,162	-	-	-	-	295,397,293
Increase in unexpired risks	(13,569,869)	263,675	(7,560,905)	(18,709,032)	-	-	-	-	(39,576,131)
Net premiums	509,512,286	8,452,591	123,052,974	677,691,431	55,481	-	-	-	1,318,764,763
Investment income									
"Held to Collect"	-	-	-	-	-	58,959,718	-	-	58,959,718
"Held for Trading"	23,929,343	437,778	6,021,560	2,162,032	1,580,085	22,803,963	-	-	56,934,761
"Loans and receivables"	7,124,411	134,194	1,845,820	-	2,560	608,606,030	-	-	617,713,015
Other income	31,107,481	555,676	7,643,228	5,994,594	472,592	78,278,356	-	-	124,051,927
Unclaimed TCP and others	1,934,398	36,436	501,171	292,891			-	-	2,764,896
Gain on disposal of investments									
"Available for sale"	7,235,795	127,672	1,756,110	1,438,970	-	-	-	-	10,558,547
Gain on exchange	115,025	2,167	29,801	-	-	9,105,744	-	-	9,252,737
Gain on disposal of assets	-	-	-	-	-	-	-	-	-
	580,958,739	9,746,514	140,850,664	687,579,918	2,110,718	777,753,811	-	-	2,199,000,364
Deduct: expenditure									
Commissions and allowance	113,766,056	2,100,821	28,896,456	33,483,185	-	-	-	-	178,246,518
Management expenses	413,929,435	7,461,186	102,627,400	327,851,418	3,195,431	243,234,822	-	-	1,098,299,692
Interest	-	-	-	-	-	255,088,273	-	-	255,088,273
Claims (net)	(12,179,947)	4,945,512	12,275,370	184,227,723	788,555	-	-	-	190,057,213
Surrenders	-	-	-	-	226,533	-	-	-	226,533
Triennial cash profit	3,412,241	-	-	-	-	-	-	-	3,412,241
Property tax	-	-	-	-	-	-	-	21,775,034	21,775,034
Taxation	-	-	-	-	-	-	-	106,839,753	106,839,753
	518,927,785	14,507,519	143,799,226	545,562,326	4,210,519	498,323,095	-	128,614,787	1,853,945,257
Surplus/(deficit) of revenue over expenditure before actuarial adjustment and non-controlling interest	62,030,954	(4,761,005)	(2,948,562)	142,017,592	(2,099,801)	279,430,716	-	(128,614,787)	345,055,107
Actuarial Adjustment	-	-	-	-		-	-	-	-
Less: Non controlling interest	1,002,931	-	-	2,296,175	(33,950)	50,253,533	-	-	53,518,689
Surplus/(deficit) of revenue over expenditure after non-controlling interest	61,028,023	(4,761,005)	(2,948,562)	139,721,417	(2,065,851)	229,177,183	-	(128,614,787)	291,536,418
									Restated
ASSETS	3,151,030,978	102,724,467	962,686,606	913,521,383	110,394,958	9,515,727,404	526,900	-	14,756,612,695
LIABILITIES	1,770,484,264	68,940,279	1,049,493,110	636,287,242	28,443,331	8,569,016,042	31,920	-	12,122,696,188

NOTES ON THE ACCOUNTS

44 Financial risk management

Financial risk management objectives

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

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

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

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

(a) Market risk

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

(i) Price risk

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

(ii) Interest rate risk

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

NOTES ON THE ACCOUNTS

44 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

	Interest rate %	Maturing 31.12.2018 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Company						
Assets						
Investments						
"Held for Trading"		-	-	-	1,268,851,764	1,268,851,764
"Loans and receivables"	4.00-18.50	-	9,427,445	-	-	9,427,445
Statutory deposits	1.00-3.25	-	-	-	-	-
Receivables and prepayments	6.00	-	351,159,331	-	446,248,773	797,408,104
Interest accrued		-	-	-	6,876,078	6,876,078
Taxes recoverable		-	-	-	133,160,286	133,160,286
Cash on deposits	0.21-11.07	344,746,422	-	-	-	344,746,422
Cash at banks and on hand		-	-	-	129,648,131	129,648,131
		344,746,422	360,586,776	-	1,984,785,032	2,690,118,230
Liabilities						
Provision for unexpired risks		-	-	-	670,443,553	670,443,553
Medium term borrowings	6.00	-	512,324,338	-	-	512,324,338
Claims admitted or intimated but not paid		-	-	-	494,252,454	494,252,454
Payables and accrued expenses		-	-	-	255,255,582	255,255,582
Taxes payable		-	-	-	98,933,375	98,933,375
Bank overdraft	11.00	22,112,163	-	-	-	22,112,163
		22,112,163	512,324,338	-	1,518,884,964	2,053,321,465
Interest sensitivity gap		322,634,259	(151,737,562)	-		

	Average rate %	Maturing 31.12.2017 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$ Restated
Company						
Assets						
Investments						
"Held for Trading"		-	-	-	1,053,156,744	1,053,156,744
"Loans and receivables"	4.00-18.50	17,352,137	61,540,364	125,130,139	-	204,022,640
Statutory deposits	1.00-3.25	-	-	244,375,148	-	244,375,148
Receivables and prepayments	6.00	-	239,251,511	-	439,010,596	678,262,107
Interest accrued		-	-	-	8,144,612	8,144,612
Taxes recoverable		-	-	-	72,071,750	72,071,750
Cash on deposits	0.21-11.07	215,466,721	-	-	-	215,466,721
Cash at banks and on hand		-	-	-	92,127,293	92,127,293
		232,818,858	300,791,875	369,505,287	1,664,510,995	2,567,627,015
Liabilities						
Provision for unexpired risks		-	-	-	696,033,779	696,033,779
Medium term borrowings	6.00-8.00	-	1,312,324,338	-	-	1,312,324,338
Claims admitted or intimated but not paid		-	-	-	495,803,015	495,803,015
Payables and accrued expenses		-	-	-	302,178,552	302,178,552
Taxes payable		-	-	-	65,478,423	65,478,423
Bank overdraft	11.00	46,974,027	-	-	-	46,974,027
		46,974,027	1,312,324,338	-	1,559,493,769	2,918,792,134
Interest sensitivity gap		185,844,831	(1,011,532,463)	369,505,287		

NOTES ON THE ACCOUNTS

44 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

	Interest rate %	Maturing 31.12.2018 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Group						
Assets						
Investments						
"Held to Collect"	1.50-10.00	665,312,495	473,048,676	298,623,130	-	1,436,984,301
"Held for Trading"	-	-	-	1,255,514,867	1,165,092,426	2,420,607,293
"Loans and receivables"	4.00-18.50	1,648,080,806	2,165,544,378	2,191,182,745	-	6,004,807,929
Statutory deposits	1.00-3.25	-	-	62,444,292	999,812,533	1,062,256,825
Receivables and prepayments	6.00	-	351,159,331	-	494,036,962	845,196,293
Interest accrued	-	27,814,886	-	-	9,858,828	37,673,714
Taxes recoverable	-	-	-	-	147,410,195	147,410,195
Cash on deposits	0.21-11.07	615,378,162	-	-	-	615,378,162
Cash at banks and on hand	-	18,909,211	22,131,254	-	141,588,483	182,628,948
		2,975,495,560	3,011,883,639	3,807,765,034	2,957,799,427	12,752,943,660
Liabilities						
Provision for unexpired risks		-	-	-	745,751,717	745,751,717
Medium term borrowings	6.00-8.00	-	512,324,338	-	-	512,324,338
Customers Deposit - Savings	2.00	1,477,839,838	-	-	-	1,477,839,838
Customers Deposit - Fixed deposit	1.35-5.00	6,144,560,784	523,552,760	-	-	6,668,113,544
Policyholders liabilities	-	-	-	-	290,376	290,376
Claims admitted or intimated but not paid	-	-	-	-	526,386,498	526,386,498
Payables and accrued expenses	-	-	-	-	409,893,756	409,893,756
Taxes payable	-	-	-	-	107,441,017	107,441,017
Bank overdraft	11.00	22,112,163	-	-	-	22,112,163
		7,644,512,785	1,035,877,098	-	1,789,763,364	10,470,153,247
Interest sensitivity gap		(4,669,017,225)	1,976,006,541	3,807,765,034		

	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$ Restated
Group						
Assets						
Investments						
"Held to Collect"	1.50-10.00	464,499,395	587,871,973	299,169,175	-	1,351,540,543
"Held for Trading"	-	-	-	903,886,390	949,397,406	1,853,283,796
"Loans and receivables"	4.00-18.50	449,731,838	2,837,691,494	2,524,184,107	-	5,811,607,439
Statutory deposits	1.00-3.25	-	-	305,357,996	1,015,417,903	1,320,775,899
Receivables and prepayments	6.00	-	239,251,511	-	502,700,448	741,951,959
Interest accrued	-	11,991,980	288,910	1,197,745	11,309,146	24,787,781
Taxes recoverable	-	-	-	-	77,938,053	77,938,053
Cash on deposits	0.21-11.07	1,074,792,861	15,625,628	-	-	1,090,418,489
Cash at banks and on hand	-	109,796,563	8,967,650	-	124,084,905	242,849,118
		2,110,812,637	3,689,697,166	4,033,795,413	2,680,847,861	12,515,153,077
Liabilities						
Provision for unexpired risks		-	-	-	761,206,754	761,206,754
Medium term borrowings	6.00-8.00	-	1,312,324,338	-	-	1,312,324,338
Customers Deposit - Savings	2.00	1,262,850,728	-	-	-	1,262,850,728
Customers Deposit - Fixed deposit	1.35-5.00	6,208,017,971	933,260,073	-	-	7,141,278,044
Policyholders liabilities	-	-	-	-	9,640,000	9,640,000
Claims admitted or intimated but not paid	-	-	-	-	529,224,311	529,224,311
Payables and accrued expenses	-	-	-	-	448,298,418	448,298,418
Taxes payable	-	-	-	-	108,475,331	108,475,331
Bank overdraft	11.00	46,974,027	-	-	-	46,974,027
		7,517,842,726	2,245,584,411	-	1,856,844,814	11,620,271,951
Interest sensitivity gap		(5,407,030,089)	1,444,112,755	4,033,795,413		

NOTES ON THE ACCOUNTS

44 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Foreign currency risk

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

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

Company

	31.12.2018			
	£	US$	Can$	G$ equivalent
Assets	1,291	676,880	534,451	224,303,661

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

Group

	31.12.2018			
	£	US$	Can$	G$ equivalent
Assets	1,641	7,938,269	534,451	2,033,008,248

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

Foreign currency sensitivity analysis:

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

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. A positive number below indicates an increase in reserves if the currency were strenghtened 3% against the Guyana dollar. If the currencies were weakened 3% against the Guyana dollar, there would be an equal and opposite impact on the Statement of Profit or Loss and Other Comprehensive Income and the balances would be negative.

	Company			Group		
	31.12.2018			31.12.2018		
	£ G$M impact	US$ G$M impact	Can$ G$M impact	£ G$M impact	US$ G$M impact	Can$ G$M impact
Profit/(loss)	0.0	4.2	2.4	0.0	50.5	2.5

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

NOTES ON THE ACCOUNTS

44 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Interest sensivity analysis

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

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

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

	Increase/decrease in basis points	**Impact on profit for the year**			
		Company		**Group**	
		31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
		G$000	**G$000**	**G$000**	**G$000**
Cash and cash equivalents					
Local currency	+/-50	1,308	1,303	2,216	5,208
Foreign currency	+/-50	215	809	868	1,493
Overdrafts					
Local currency	+/-50	111	235	111	235

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

NOTES ON THE ACCOUNTS

44 Financial Risk Management - cont'd

(b) Liquidity risk

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

	Maturing 31.12. 2018					
	On Demand G$	1 to 3 months G$	4 to 12 months G$	1 to 5 years G$	Over 5 years G$	Total G$
Company						
Assets						
Investments						
"Held for Trading"	1,268,851,764	-	-	-	-	1,268,851,764
"Loans and receivables"	-	-	-	9,427,445	-	9,427,445
Statutory deposits	-	-	-	-	-	-
Receivables and prepayments	272,433,618	121,879,054	-	403,095,432	-	797,408,104
Interest accrued	6,876,078	-	-	-	-	6,876,078
Taxes recoverable	-	-	133,160,286	-	-	133,160,286
Cash on deposits	344,746,422	-	-	-	-	344,746,422
Cash at banks and on hand	129,648,131	-	-	-	-	129,648,131
	2,022,556,013	121,879,054	133,160,286	412,522,877	-	2,690,118,230
Liabilities						
Provision for unexpired risks	670,443,553	-	-	-	-	670,443,553
Medium term borrowings	-	-	-	512,324,338	-	512,324,338
Claims admitted or intimated but not paid	494,252,454	-	-	-	-	494,252,454
Payables and accrued expenses	78,857,895	4,658,593	56,707,060	74,577,562	40,454,472	255,255,582
Taxes payable	-	-	98,933,375	-	-	98,933,375
Bank overdraft	22,112,163	-	-	-	-	22,112,163
	1,265,666,065	4,658,593	155,640,435	586,901,900	40,454,472	2,053,321,465
Net assets/(liabilities)	756,889,948	117,220,461	(22,480,149)	(174,379,023)	(40,454,472)	636,796,765

	Maturing 31.12. 2017					
	On Demand G$	1 to 3 months G$	4 to 12 months G$	1 to 5 years G$	Over 5 years G$	Total G$ Restated
Company						
Assets						
Investments						
"Held for Trading"	1,053,156,744	-	-	-	-	1,053,156,744
"Loans and receivables"	8,369,210	2,211,847	6,771,080	61,540,364	125,130,139	204,022,640
Statutory deposits	-	-	-	-	244,375,148	244,375,148
Receivables and prepayments	592,258,856	45,497,167	-	40,506,084	-	678,262,107
Interest accrued	8,144,612	-	-	-	-	8,144,612
Taxes recoverable	-	-	72,071,750	-	-	72,071,750
Cash on deposits	215,466,721	-	-	-	-	215,466,721
Cash at banks and on hand	92,127,293	-	-	-	-	92,127,293
	1,969,523,436	47,709,014	78,842,830	102,046,448	369,505,287	2,567,627,015
Liabilities						
Provision for unexpired risks	696,033,779	-	-	-	-	696,033,779
Medium term borrowings	-	-	-	1,312,324,338	-	1,312,324,338
Claims admitted or intimated but not paid	495,803,015	-	-	-	-	495,803,015
Payables and accrued expenses	120,492,222	4,413,755	54,519,172	80,000,000	42,753,403	302,178,552
Taxes payable	-	-	65,478,423	-	-	65,478,423
Bank overdraft	46,974,027	-	-	-	-	46,974,027
	1,359,303,043	4,413,755	119,997,595	1,392,324,338	42,753,403	2,918,792,134
Net assets/(liabilities)	610,220,393	43,295,259	(41,154,765)	(1,290,277,890)	326,751,884	(351,165,119)

NOTES ON THE ACCOUNTS

44 Financial Risk Management - cont'd

(b) Liquidity risk - cont'd

	Maturing 31.12.2018					
	On Demand G$	1 to 3 months G$	4 to 12 months G$	1 to 5 years G$	Over 5 years G$	Total G$
Group						
Assets						
Investments						
"Held to Collect"	-	466,993,389	198,319,106	473,048,676	298,623,130	1,436,984,301
"Held for Trading"	1,268,851,764	-	-	-	1,151,650,529	2,420,502,293
"Loans and receivables"	144,524,898	74,604,710	1,428,951,198	2,165,544,378	2,191,182,745	6,004,807,929
Statutory deposits	177,340,781	140,493,049	619,152,372	62,826,331	62,444,292	1,062,256,825
Receivables and prepayments	271,686,913	121,879,054	48,534,895	403,095,431	-	845,196,293
Interest accrued	9,858,828	22,732,886	5,082,000	-	-	37,673,714
Taxes recoverable	-	-	147,410,195	-	-	147,410,195
Cash on deposits	434,453,422	1,413,770	179,510,970	-	-	615,378,162
Cash at banks and on hand	159,466,716	22,131,254	-	-	1,030,978	182,628,948
	2,466,183,322	850,248,112	2,626,960,736	3,104,514,816	3,704,931,674	12,752,838,660
Liabilities						
Provision for unexpired risks	745,751,717	-	-	-	-	745,751,717
Medium term borrowings	-	-	-	512,324,338	-	512,324,338
Customers Deposit - Savings	1,477,839,838	-	-	-	-	1,477,839,838
Customers Deposit - Fixed deposits	-	984,957,680	5,159,603,104	523,552,760	-	6,668,113,544
Policyholders' liabilities	290,376	-	-	-	-	290,376
Claims admitted or intimated but not paid	526,386,498	-	-	-	-	526,386,498
Taxes payable	3,790,784	-	103,650,233	-	-	107,441,017
Payables and accrued expenses	135,043,194	4,658,593	195,614,407	74,577,562	-	409,893,756
Bank overdraft	22,112,163	-	-	-	-	22,112,163
	2,911,214,570	989,616,273	5,458,867,744	1,110,454,660	-	10,470,153,247
Net assets/ (liabilities)	(445,031,248)	(139,368,161)	(2,831,907,008)	1,994,060,156	3,704,931,674	2,282,685,413

	Maturing 31.12.2017					
	On Demand G$	1 to 3 months G$	4 to 12 months G$	1 to 5 years G$	Over 5 years G$	Total G$ Restated
Group						
Assets						
Investments						
"Held to Collect"	-	413,538,977	50,960,418	587,871,973	299,169,175	1,351,540,543
"Held for Trading"	1,053,156,744	-	-	-	800,127,052	1,853,283,796
"Loans and receivables"	25,910,919	121,555,714	302,265,205	2,837,691,494	2,524,184,107	5,811,607,439
Statutory deposits	151,542,087	138,253,619	606,708,537	118,913,659	305,357,997	1,320,775,899
Receivables and prepayments	592,271,466	45,497,167	63,677,242	40,506,084	-	741,951,959
Interest accrued	11,309,146	11,991,980	288,910	1,197,745	-	24,787,781
Taxes recoverable	-	-	77,938,053	-	-	77,938,053
Cash on deposits	298,269,883	622,586,614	153,936,364	15,625,628	-	1,090,418,489
Cash at banks and on hand	124,084,905	109,796,563	-	8,967,650	-	242,849,118
	2,256,545,150	1,463,220,634	1,255,774,729	3,610,774,233	3,928,838,331	12,515,153,077
Liabilities						
Provision for unexpired risks	761,206,754	-	-	-	-	761,206,754
Medium term borrowings	-	-	-	1,312,324,338	-	1,312,324,338
Customers Deposit - Savings	1,262,850,728	-	-	-	-	1,262,850,728
Customers Deposit - Fixed deposits	-	1,152,113,493	5,055,904,478	933,260,073	-	7,141,278,044
Policyholders' liabilities	9,640,000	-	-	-	-	9,640,000
Claims admitted or intimated but not paid	529,224,311	-	-	-	-	529,224,311
Taxes payable	3,766,727	-	104,708,604	-	-	108,475,331
Payables and accrued expenses	108,170,982	4,413,755	255,713,681	80,000,000	-	448,298,418
Bank overdraft	46,974,027	-	-	-	-	46,974,027
	2,721,833,529	1,156,527,248	5,416,326,763	2,325,584,411	-	11,620,271,951
Net assets/ (liabilities)	(465,288,379)	306,693,386	(4,160,552,034)	1,285,189,822	3,928,838,331	894,881,126

NOTES ON THE ACCOUNTS

44 Financial Risk Management - cont'd

(c) CREDIT RISK

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

The table below shows the maximum exposure to credit risk:

	Maximum Exposure			
	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
Investments		Restated		Restated
"Held to Collect"	-	-	1,436,984,301	1,351,540,543
"Held for Trading"	1,268,851,764	1,053,156,744	2,420,607,293	1,853,283,796
"Loans and receivables"	9,427,445	204,022,640	6,004,807,929	5,811,607,439
Statutory deposits	-	244,375,148	1,062,256,825	1,320,775,899
Receivables (net of prepayments)	793,848,924	675,271,960	836,545,061	735,439,806
Interest accrued	6,876,078	8,144,612	37,673,714	24,787,781
Tax recoverable	133,160,286	72,071,750	147,410,195	77,938,053
Cash at banks	127,912,756	91,226,415	161,936,362	226,931,700
Cash on deposits	344,746,422	215,466,721	615,378,162	1,090,418,489
Total Credit risk	2,684,823,675	2,563,735,990	12,723,599,842	12,492,723,506

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

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

	Company		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	G$	G$	G$	G$
Loans and receivables - (i)	9,427,445	204,022,640	6,004,807,929	5,811,607,439
Interest accrued - Note 23	6,876,078	8,144,612	37,673,714	24,787,781
Receivables (excluding prepayments) - Note 22	797,988,446	675,271,960	841,397,447	735,439,806
	814,291,969	887,439,212	6,883,879,090	6,571,835,026
Provision for impairment	-	7,611,849		7,611,849
Impairment on Investments (IFRS 9)	9,630,579	-	9,630,579	-
Provision for impairment on mortgages	-	-	-	293,152,555
Total provision for impairment	9,630,579	7,611,849	9,630,579	300,764,404
(i) The above balances are classified as follows:				
Pass	738,709,582	614,996,022	4,600,115,333	4,379,202,751
Special Mention (Past due 30 - 89 days)	44,514,169	50,032,727	1,291,399,720	806,295,020
Sub-Standard (Past due 90 - 179 days)	5,991,530	7,274,331	296,689,530	706,557,900
Doubtful (Past due over - 180 days but less than 1 year)	10,717,519	14,896,074	190,624,519	64,858,798
Loss	14,359,169	200,240,058	505,049,988	614,920,557
	814,291,969	887,439,212	6,883,879,090	6,571,835,026
Included above are non-performing mortgages of:	-	-	1,051,375,000	1,150,093,000

(ii) As detailed in note 23, Interest accrued represents amounts due or accured on the various investments of the Company and Group. These amounts would either be received in the new financial year, or would materialise on the maturity of the investment(s) in accordance with their terms and conditions.

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

NOTES ON THE ACCOUNTS

45 INSURANCE RISK

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

Risk management objectives and policies

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

Terms and conditions of insurance contracts

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

Sensitivity analysis

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

Concentration of insurance risks

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

Claims development

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

Actuarial Valuation

The actuarial report carried out as at 31 December 2018 revealed that the aggregate amount of the life insurance policy liabilities in relation to its long term insurance business was $290,376.

NOTES ON THE ACCOUNTS

46 Pending litigations

As at 31 December, 2018, there are several legal matter outstanding against the Group, the outcome of which cannot be determined at this stage.

47 APUA Investments

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

The Trust received payments totaling US$12,209.88 with an outstanding balance US$72,700.29 to be collect from Trustees of APUA.

48 Restatement

(i) In the current year, the financial statements were retrospectively restated to correct unexpired risk being incorrectly classified as a reserve in equity instead of a liability. The effect of this restatement is as follows:

	Company	Group
	G$	G$
As at 31 December, 2016		
Unexpired risks reserve decreased by	741,857,177	749,096,067
General reserve decreased by	-	32,056,956
Non controlling interest decreased by	-	19,629,862
Unexpired risk provision increased by	741,857,177	800,782,885
As at 31 December, 2017		
Unexpired risks reserve decreased by	696,033,779	707,438,790
General reserve decreased by	-	32,056,956
Non controlling interest decreased by	-	21,711,008
Unexpired risk provision increased by	696,033,779	761,206,754
Total comprehensive income for the year ended 31 December 2017 decreased by	45,823,398	39,576,131

NOTES ON THE ACCOUNTS

48 Restatement - cont'd

(ii) In the current year, the financial statements were retrospectively restated to provide for employee's emoluments. The effect of this restatement is as follows:

	Company & Group
	G$
As at 31 December, 2016	
General reserve decreased by	44,944,142
Creditors and accrued expenses increased by	67,891,500
Taxes payable increased by	205,313
Deferred tax assets increased by	23,152,671
As at 31 December, 2017	
Premium capital decreased by	1,814,447
General reserve decreased by	47,698,095
Creditors and accrued expenses increased by	75,505,500
Taxes payable decreased by	1,317,487
Deferred tax assets increased by	24,675,471
Total comprehensive income for the year ended 31 December 2017 increased by	41,254,998

(iii) In the current year, the financial statements were retrospectively restated to correct reserve fund being incorrectly classified as a liability instead of a equity. The effect of this restatement is as follows:

As at 31 December, 2016	
Reserve fund (Liabilities) decreased by	160,024,968
Reserve fund (Capital and Reserve) increased by	160,024,968
As at 31 December, 2017	
Reserve fund (Liabilities) decreased by	194,779,819
Reserve fund (Capital and Reserve) increased by	194,779,819

NOTES ON THE ACCOUNTS

49 INSURANCE ACT 2016

The Insurance Act 2016 became effective in 2018. Part XIV section 171 of the Act relates to the statutory fund and fund and refers to the Regulations made under the Insurance Act 2016, which also became effective in 2018. Part 3 and 4 of the Regulations stipulate the statutory fund's composition, limits and all other requirements including investments. The areas of non-compliance are as listed:

Statutory fund requirements
As stated in part 4 number 30 (f) of the Regulations;

"f)… debt obligations of any one entity or group of related entities the market value of which represents more than ten per cent of the statutory fund requirement of the insurer."
Management is currently in the process of resolving this issue.

As stated in part 4 number 32 of the Regulations;

"… The category limits of investments for statutory fund requirements shall be as set out in Schedule 3"

The limit of shares held in local companies had exceeded it stipulated limit. Management is currently in the process of resolving this issue.

As stated in part 4 number 36 of the Regulations;

"b)...The board of directors shall establish and maintain a series of policies and safeguards designed to limit and control the company's risk exposure due to currency fluctuations in manner that would be exercised by a reasonable and prudent person to effectively monitor, mitigate and avoid undue risk of loss from currency exposures, and which policies and safeguards the bank do not deemed to be inadequate." Management is currently in the process of resolving this issue.

Related party transactions
As stated in part 4 number 40 (2) of the Regulations; "Every Guyana Inc. insurer must have in place Board approved policies with regard to any related party transactions that may be contemplated."

Further, areas of non-compliance are as listed:

"(3) As a minimum, these policies must-

(a) make it clear that to the extent possible the insurer will avoid related party transactions when reasonable alternatives are available, and
(b) establish criteria that will be met in cases when related party transactions are being proposed."
Management is currently in the process of resolving this issue.

NOTES ON THE ACCOUNTS

49 INSURANCE ACT 2016 cont'd

"(4) Criteria under subregulation 3(b) shall include the following as a minimum-

(a) the transaction is at market value if a true market value exists, or if there is no readily available market value, at the Board's best estimate of market value supported by credible evidence'

(b) the transaction has benefit for the insurer (and not only for the related party);

(c) the insurer's potential exposure from the transaction is not material relative to its equity base."

Management is currently in the process of resolving this issue.

"(5) No related party transaction shall be entered into without prior Board approval and specific indication from the Board that the criteria provided in subregulation (4) will be complied with."

Management is currently in the process of resolving this issue.

Investments

As stated in part 4 number 23 (1) (a) of the Regulations;

"An insurer may own or invest in real propert acquired for the production of income provided that the property earn the greater of-

(a) a yield of at least 4 percent of the market value net of encumbrnces, after all real estate expenses including interest on encumbrances and taxes have been charged: "

Management is currently in the process of resolving this issue.

NOTES ON THE ACCOUNTS

50 Development claims tables

INSURANCE CONTRACTS- COMPANY

Figures in Thousands

	Before 2014	2014	2015	2016	2017	2018	Total
Net estimate of cumulative claims cost							
One year later	354,460	772,986	532,926	784,098	365,222	316,091	-
Two year later	350,701	320,464	453,540	411,958	352,088	-	-
Three year later	338,882	306,579	407,890	405,958	-	-	-
Four year later	309,441	301,637	395,572	-	-	-	-
Five year later	241,574	298,651	-	-	-	-	-
Current estimate of cumulative claims cost	241,574	298,651	395,572	405,958	352,088	316,091	2,009,934
Cumulative payments	(89,561)	(281,162)	(372,475)	(363,009)	(267,384)	(142,091)	(1,515,682)
Outstanding claims	152,013	17,489	23,097	42,949	84,704	174,000	494,252
Outstanding claims 2014 and prior	-	-	-	-	-	-	-
Total net outstanding claims	152,013	17,489	23,097	42,949	84,704	174,000	494,252

INSURANCE CONTRACTS- GROUP

Figures in Thousands

	Before 2014	2014	2015	2016	2017	2018	Total
Net estimate of cumulative claims cost							
One year later	386,515	872,414	642,006	873,302	427,097	382,628	-
Two year later	382,278	414,310	567,575	495,824	415,694	-	-
Three year later	363,233	400,159	521,925	493,376	-	-	-
Four year later	334,922	394,431	509,037	-	-	-	-
Five year later	261,760	391,632	-	-	-	-	-
Current estimate of cumulative claims cost	261,760	391,632	509,037	493,376	415,694	382,628	2,454,127
Cumulative payments	(105,437)	(373,893)	(484,850)	(441,953)	(324,205)	(197,890)	(1,928,228)
Outstanding claims	156,323	17,739	24,187	51,423	91,489	184,738	525,899
Outstanding claims 2014 and prior	-	-	-	-	-	-	-
Total net outstanding claims	156,323	17,739	24,187	51,423	91,489	184,738	525,899

51 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 14 June 2019