HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

(Incorporated 23 June, 1966)

53rd

ANNUAL REPORT AND ACCOUNTS

For the Year Ended 31 December, 2018

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTICE OF MEETING

53rd Annual General Meeting

Notice is hereby given that the Fifty Third Annual General Meeting of the above named Company will be held at the Company's Offices at Lots 1,2,3 & 4, Avenue of the Republic, Georgetown, on Thursday, 23 May, 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. Election of Directors.

3. To fix the remuneration of the Directors.

4. Election of Auditors.

5. To fix the remuneration of the Auditors.

6. Any other business which may properly be brought before the meeting.

BY ORDER OF THE BOARD

Shaheed Essack
Company Secretary/Finance Controller

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

25 April, 2019

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

HEAD OFFICE

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

Email:	info@hihgy.com
Website:	www.hihgy.com
Telephone:	225-1865-7
Fax:	225-7519
P.O. Box:	10188

DIRECTORS

J.G. Carpenter, 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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

MANAGEMENT:

Chief Executive Officer	-	Keith Evelyn, B.A.(Hons) Sheff. Hallam, B.Sc.UMIST., M.B.A.Liv., A.C.I.B., F.C.I.I., M.C.I.B.S. - Chartered Insurer, Chartered Banker
Manager	-	Omadatt Singh, B.Sc.(Hons.), M.B.A., F.C.C.A.,C.P.A.,C.G.A.,C.P.C.U.
Deputy Manager	-	Lalita Sukhram, F.L.M.I., A.C.S., A.R.A.
Assistant Life Manager (ag)	-	Elizabeth Gopie, F.L.M.I, A.C.S., A.I.R.C.
Company Secretary/ Finance Controller	-	Shaheed Essack, M.A.A.T, A.C.I.S., M.C.M.I
Chief Accountant	-	Compton Ramnaraine, M.A.A.T., A.I.C.B., A.C.C.A.
Accountant/Investment Analyst	-	Kin Sue, B.Sc., M.Sc., C.I.S.I.
Internal Auditor	-	Ronald Stanley, F.C.C.A., C.P.C.U., 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.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

BRANCH OFFICES:

BERBICE:	1) New Amsterdam	Lots 15 & 16B New Street, New Amsterdam, Berbice.
	2) Corriverton	Lot 101 Ramjohn Square, No. 78 Village (Springlands) Corriverton, Berbice.
	3) D'Edward Village	Plot 'A' Northern Public Road, D' Edward Village, West Bank Berbice.
	4) Rosehall	45 'A' Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 5 Section 'C' Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Lot 1995 Parika Highway, East Bank Essequibo.
BARTICA:		Top Floor, WK Shopping Mall, 1st Avenue, Bartica.
MON REPOS:		130 Tract "A" Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Building Lot "M" Great Diamond, East Bank Demerara.
ESSEQUIBO:		Doobay's Complex, Lot 18 Cotton field, Essequibo Coast.
SOESDYKE:		Shawnee Service Station Block 'X' Soesdyke, East Bank Demerara.
GEORGETOWN:		Lot 212 Barr Street, Kitty Village, Greater Georgetown.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 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 53rd Annual General Meeting, to review the performance of the Company for the year ended 31 December, 2018.

Economic Condition

Global economies grew by 3.9 percent in the first half of 2018, due to increases in global demands, coupled with stimulative fiscal policies mainly from advanced economies. Growth in advanced economies was pegged at 2.4 percent for the second quarter of 2018, while emerging and developing economies grew by 4.7 percent for the same period, as financial conditions remained generally supportive of growth, with improved trade relationships and domestic demand.

The Caribbean Economies continued to experience low levels of growth owing to tighter financial conditions and volatile commodity markets. The oil-dependent economy of Trinidad & Tobago along with Suriname experienced growth rates of 1.0 percent and 2.0 percent, respectively. There were still concerns about the de-risking in the banking sector along with foreign currency shortages in the Caribbean region.

In the first half of 2018, the Guyanese economy recorded a growth of 4.5 percent, which was a great improvement over the 2.5 percent recorded over the same period, in 2017. This reflected the increases of outputs in the agricultural (3.4 percent growth), services (8.2 percent growth) and construction (13.4 percent growth) sectors due to favourable commodity prices and a strong public investment programme. The inflation rate was stable at 0.9 percent due to rising food prices, transportation, and communication costs.

The value of the Guyana dollar relative to the United States dollar depreciated during the review period to G$208.50=US$1.00, from G$206.50=US$1.00 in 2017.

Performance Review

I am pleased to report that Hand-in-Hand Mutual Life Assurance Co. Ltd recorded a Net Increase in Funds before Actuarial Adjustment of $560.4 million compared to $510.8 million the previous year; representing a 9.7 percent increase.

Actuarial adjustments to the Statement of Total Comprehensive Income, reflected increases in Gross Reserves of $156.5 million. These Reserves, as recommended by our actuary, demonstrated prudent provisioning for new Regulations and changes in actuarial assumptions. They are designed to give the Company healthy actuarial margins in each of the Company's long-term funds.

Nevertheless, the Total Comprehensive Income increased by $1.6 billion, due to the upward movement of the market value of investments, mainly Republic Bank Guyana Ltd and Banks DIH Ltd., in 2018.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

New Business

The performance of the Individual Life and Annuities Portfolios increased slightly in New Policies by 2.0 percent from the previous year. A total of 308 new policies were issued in 2018, which provided an Annualized Premium Income from Individual Life and Annuities of $15 million and $26 million respectively.

Group New Business, increased to $120.0 million from $35 million in the previous year. Group Business generally takes a longer time to materialize and Hand-in-Hand Mutual Life Assurance Company Limited remains a major player in Group Business in Guyana.

The Ordinary Life, Group Life, Group Medical and Deposit Administration Funds continued to expand and reached $5.5 billion at the end of 2018, up from $4.9 billion in 2017.

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

Claims

The Company was happy to meet its Claim obligations, paying and reserving a total of $225.1 million in 2018, against $222.4 million in the previous year. The cost of claims arising from death under Individual Life policies, after reinsurance recoveries increased from $4.9 million to $9.6 million. Moreover, claim payments, after Reinsurance recoveries, for Group Life also increased from $20.3 million to $25.3 million, while Group Health claims decreased from $176.8 million to 160.1 million.

Payments and provisions to the extent of $27.0 million were also made in respect of policies, which reached full maturity, and policies which during the year became eligible for part payments in accordance with the terms of the policies.

Actuarial Valuation

An Actuarial Valuation was completed for the year ended 31 December, 2018 and revealed a surplus of $2.5 billion, or Liability Coverage of 1.5 times. The next Actuarial Valuation is due on 31 December, 2019.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

Insurance Companies in Guyana –performance for second quarter of 2018

The total domestic insurance sector's resources increased by 11.9 percent to $61.2 billion, which represented 25.8 percent of the total assets of the Non-Banking Financial Institutions (NBFIs). The Life component, which accounted for 68.6 percent of the industry's resources, increased by 14.0 percent to $42.0 billion. The Non-Life component also expanded by 7.6 percent to $19.2 billion.

Total Insurance Premiums also increased by 8.2 percent to $15.0 billion, of which, 36.2 percent was attributable to local Life premiums.

Insurance Regulation

The new Insurance Act 2016 which took effect in 2018, required Hand-in-Hand Mutual Life Assurance Company Limited to have a minimum surplus of assets equivalent to $500 million. The Company is required to be compliant within 5 years from 22 November, 2018. A more robust corporate governance structure including Enterprise Risk Management (ERM) and Own Risk and Solvency Assessment framework will be put in place, as required by the new guidelines.

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

Future Outlook

Global Growth is projected at 3.7 percent for 2019. Global financial conditions are expected to tighten, and the trade war between China and the United States will have a significant impact on trade activities as both sides are implementing higher tariffs for $200 billion worth of each other's goods. Advanced economies are projected to grow by a modest 2.1 percent as recent trade measures are expected to impact economic activities especially in the United States. Emerging and developing economies are expected to grow by 4.7 percent as China's projected growth slowed to 6.4 percent, while India's growth is predicted to improve from 2018 to 7.2 percent in 2019 owing to structural reform.

The Guyana economy is projected to grow by 4.4 percent in fiscal-year 2019. This growth will be achieved through all the major sectors. The agriculture, mining, services and construction sectors are expected to increase by 3.2 percent, 3.4 percent, 3.7 percent and 10.5 percent, respectively. The emerging oil and gas sector will continue to play a major role in the economic transformation of Guyana.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

Hand in Hand Mutual Life Assurance Company Limited remains committed to the future development of Guyana. We are confident that the company will play a critical role in supporting the new industries relating to oil and gas with comprehensive insurance products. We will continue to devote our resources towards enhancing the overall experience we provide to our customers, while embracing technology and fulfilling our corporate social responsibility.

Appreciation

It is my pleasure to thank most sincerely, our policyholders for their continued confidence and loyalty to the organization over the past 53 years. I would also like to extend my sincerest gratitude to my fellow Directors, Management, the Sales Force and the indoor Staff Members of our Head Office and Branches, for their dedication and commitment, and for playing their parts in achieving these results.

Thank you,

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

HAND-IN-HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

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

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

2. **Operational Results**
   The Net increase in Funds for the year before actuarial adjustment was $560.4 million as compared to $510.8 million for the previous year.

3. **Life Business**
   Gross premiums received for Ordinary Life Business for the year was $135.9 million as compared with $121.7 million for the previous year.

4. **Annuities**
   Annuities received for the year was $32.2 million as compared with $335.7 million for the previous year.

5. **Group Business**
   Gross premiums received in respect of Group Business amounted to $545.4 million as compared with $550.6 million for the previous year.

6. **Ordinary Life Fund**
   Ordinary Life Fund now stands at $957.9 million, the comparative for the year ended 31 December, 2017 being $901.3 million.

7. **Annuity Fund**
   Annuity Fund now stands at $794.3 million, the comparative for the year ended 31 December, 2017 being $756.5 million.

8. **Group Life Fund/Single Premium Mortgage Protection**
   Group Life Fund/Single Premium Mortgage Protection now stands at $1.0 billion, the comparative for the year ended 31 December, 2017 being $938.7 million.

9. **Deposit Administration Fund**
   Deposit Administration Fund now stands at $2.5 billion, the comparative for the year ended 31 December, 2017 being $2.2 billion.

10. **Actuarial Valuation**
    An Actuarial Valuation was completed for the year ended 31 December, 2018 which revealed a surplus of $2.5 billion or liability coverage of 1.5 times. The next Actuarial valuation is due on 31 December, 2019.

11. **Claims**
    Total death claims (both Ordinary Life and Group Life) paid and provided for during the year amounted to $53.1 million of which $18.2 million is recoverable from our re-insurer resulting in a net cost to the Company of $34.9 million. Policies matured during the year were $27.0 million while medical claims amounted to $160.1 million.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

12. Investments

At December 31, 2018 the total amount invested is $5.2 billion. Included are Investments in Government, Municipal and other Securities which stood at $4.2 billion, Mortgages amounted to $86.9 million, Share Purchase Plans $1.4 million, Loan to Berbice Bridge $150.0 million, Loans on policies $69.4 million, Participation in Loans $231.8 million and Loans to Fire Company $512.3 million. The Company's invested in Local Shares during the financial year.

13. Employee Relations

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

14. Directorate

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

Messrs: J.G. Carpenter
W.A. Lee
T.A. Parris

15. 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.

Non-executive 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

16. Auditors

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

By Order of the Board

Shaheed Essack
Company Secretary/Finance Controller

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Hand-in-Hand Mutual Life Assurance Company Limited, which comprise the statement of financial position as at 31 December, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 15 to 61.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hand-in-Hand Mutual Life Assurance Company Limited as at 31 December, 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 in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Those Charged with Governance for the Financial Statements

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

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

Responsibilities of Those Charged with Governance for the Financial Statements - cont'd

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

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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

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

The Insurance Act 2016 came into effect in 2018. As explained in Note 38, the company did not fully comply with the requirements of the Act.

TSD Lal & Co.

TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: April 25, 2019

77 Brickdam,
Stabroek, Georgetown
Guyana.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

	Notes	2018 G$	2017 G$
Revenue			
Premiums	5	713,392,104	1,007,994,171
Reinsurance premiums	5	91,089,813	85,933,313
Net premiums		622,302,291	922,060,858
Investment income			
"Held to Maturity"	6	-	800,000
"Available for Sale"	6	48,635,972	14,204,812
"Loans and Receivables"	6	81,331,279	91,521,944
"Other Income"	6	3,117,690	9,226,627
		133,084,941	115,753,383
Gain on exchange		2,239,049	915,210
Gain on disposal of investments		377,433,300	11,749,919
Unclaimed ordinary cheques written off		393,839	996,418
		380,066,188	13,661,547
		1,135,453,420	1,051,475,788
Deduct:			
Expenditure			
Management expenses	7	224,444,445	197,018,849
Commissions	8	64,659,513	69,698,373
Claims (net of reinsurance recoveries)	9	225,052,509	222,394,819
Surrenders	10	36,257,488	29,623,739
Annuities	11	22,002,886	18,349,421
Taxation	12	2,681,046	3,622,284
		575,097,887	540,707,485
Net increase in funds for the year before actuarial adjustment		560,355,533	510,768,303
Actuarial adjustment to:			
Policyholders' liabilities	24	162,265,361	629,794,471
Contingency reserve	26	23,000,000	14,000,000
Reinsurance assets	19	(28,726,160)	(40,568,055)
		156,539,201	603,226,416
Net increase/(decrease) in funds for the year		403,816,332	(92,458,113)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation difference		10,757,277	8,584,392
Fair value adjustment on investments		1,217,909,394	583,158,944
Other comprehensive income		1,228,666,671	591,743,336
Total comprehensive income for the year		1,632,483,003	499,285,223

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

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

	Issued share capital G$	Other reserve G$	General reserve G$	Total G$
Balance at 1 January 2017	275,000	841,676,175	(479,887,846)	362,063,329
Changes in equity 2017				
Total comprehensive income/(loss) for the year	-	583,158,944	(83,873,721)	499,285,223
Balance at 31 December 2017	275,000	1,424,835,119	(563,761,567)	861,348,552
Changes in equity 2018				
Total comprehensive income for the year	-	1,217,909,394	414,573,609	1,632,483,003
Balance at 31 December 2018	275,000	2,642,744,513	(149,187,958)	2,493,831,555

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	Notes	2018 G$	2017 G$
ASSETS			
Non current assets			
Property & equipment	13	1,077,488,193	278,711,618
Other assets			
Investments			
"Held to Maturity"	14(a)	10,000,000	10,000,000
"Available for Sale"	14(b)	4,158,034,042	2,945,711,948
"Loans and Receivables"	14(c)	756,749,763	1,542,486,852
Reinsurance assets	19	239,720,714	218,692,554
Statutory deposit	16	-	18,750,000
		6,241,992,712	5,014,352,972
Current assets			
Short Term Loan	14(c)	295,118,002	394,316,347
Interest accrued	17	20,664,074	12,574,098
Receivables and prepayments	18	647,853,082	95,659,112
Stocks of stationery		546,221	386,350
Tax recoverable		9,636,438	9,709,130
Cash on hand and at banks	20	840,720,546	446,713,825
		1,814,538,363	959,358,862
TOTAL ASSETS		8,056,531,075	5,973,711,834
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	21	275,000	275,000
Other reserve	22	2,642,744,513	1,424,835,119
General reserve	23	(149,187,958)	(563,761,567)
		2,493,831,555	861,348,552
Non - Current Liabilities			
Policyholders' liabilities	24	2,758,762,154	2,596,496,793
Deposit administration fund	25	2,492,310,259	2,211,317,625
Contingency reserves	26	200,000,000	177,000,000
		5,451,072,413	4,984,814,418
Current liabilities			
Claims admitted or intimated but not paid	27	16,605,388	20,516,064
Tax payable		3,629,738	5,007,205
Payables and accrued expenses	28	91,391,981	99,472,072
Bank overdraft (unsecured)	29	-	2,553,523
		111,627,107	127,548,864
TOTAL EQUITY AND LIABILITIES		8,056,531,075	5,973,711,834

These Financial Statements were approved by the Board of Directors on ……25 April 2019……

On behalf of the Board:

……………………………………………..Director

……………………………………………..Director

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

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

MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 G$	2017 G$
Operating activities		
Increase/(decrease) in funds and reserves for the year before taxation	406,497,378	(88,835,829)
Adjustments for:		
Depreciation	2,697,650	2,236,077
Redemption of securities - gain	(377,433,300)	(11,749,919)
Decrease in mandatory deposit with - Bank Of Guyana	18,750,000	-
Disposal of property & equipment - loss	196,418	263,967
Investment income	(133,084,941)	(115,753,383)
Decrease in funds for the year before working capital changes	(82,376,795)	(213,839,087)
Increase in interest accrued	(8,089,976)	(961,413)
(Decrease)/ Increase in receivables and prepayments	(552,193,970)	37,879,443
Increase in reinsurance assets	(21,028,160)	(39,960,893)
Increase in stocks of stationery	(159,871)	(105,948)
Decrease in claims admitted or intimated but not paid	(3,910,676)	(6,789,562)
Decrease in payables and accrued expenses	(8,080,091)	(22,269,843)
Increase in policyholders' liabilities	162,265,361	629,794,471
Increase in deposit administration fund	280,992,634	178,561,338
Increase in contingency reserve	23,000,000	14,000,000
Cash generated/ (used in) from operations	(209,581,544)	576,308,502
Taxes paid	(3,985,821)	(814,558)
Net cash provided by /(used in) operating activities	(213,567,365)	575,493,944
Investing activities		
Purchase of property & equipment	(801,670,643)	(9,360,265)
Proceeds from redemption of securities	995,490,942	118,032,013
Purchase of securities	(601,713,065)	(174,148,716)
Short term loan	99,198,345	(187,851,479)
Loans and Receivables	785,737,089	(437,249,449)
Dividends and interest received	133,084,941	115,753,383
Net cash provided by/ (used in) investing activities	610,127,609	(574,824,513)
Net increase in cash and cash equivalents	396,560,244	669,431
Cash and cash equivalents at beginning of period	444,160,302	443,490,871
Cash and cash equivalents at end of period	840,720,546	444,160,302
Cash and cash equivalents comprised of:		
Cash at banks	840,720,546	446,713,825
Bank overdraft (unsecured)	-	(2,553,523)
	840,720,546	444,160,302

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

1. Incorporation and activities

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

Employees

During the year the number of employees was 29 (2017 – 26).

2. New and amended standards and interpretations

Amendments effective for the current year end

New and Amended Standards		Effective for annual periods beginning on or after
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
	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 Instrument" with "IFRS 4 "Insurance Contracts"	1 January 2018

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.

The Company has opted to defer the application of the standard until the earlier of the application of the forthcoming insurance contracts' standard and January 01, 2021.

NOTES ON THE ACCOUNTS

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

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

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)

NOTES ON THE ACCOUNTS

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

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.

Pronouncements effective in future period available for early adoption

New and Amended Standards		Effective for annual periods beginning on or after
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

NOTES ON THE ACCOUNTS

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

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

The Company has not opted for early adoption.

The standards and amendments that are expected to not 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.

Annual Improvements 2015-2017

Standard	**Subject of amendment**
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 if the joint operation at fair value at the acquisition date.
IFRS 11 Joint Arrangements	The amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure 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 recognized according to where the past transactions or events that generated distributable profits were recognized. 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 of general borrowings.

NOTES ON THE ACCOUNTS

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

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

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.

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.

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 Treatments

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

- Whether tax 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.

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies

(a) Accounting convention

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

(b) Segregated funds

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

Policyholders' Liabilities

(i) Ordinary Life

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

(ii) Group Life

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

(iii) Group Health

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

Deposit administration fund

(i) Group pension fund

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

(ii) Contingency reserve

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

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies - cont'd

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

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

(d) Reinsurance

The company transfers some of its insurance risk to other insurers through reinsurance both locally and overseas. The reinsurer assumes part of the risk and part of the premium originally taken by the company. Reinsurer reimburses the company for claims paid to policyholders according to various standing agreements reached.

The company has both treaty and facultative reinsurance. Under a treaty each party automatically accepts specific percentage of the insurers' business. Facultative reinsurance covers specific individual risks that are unusual or so large that it cannot be covered in the company's reinsurance treaties.

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

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

(e) Foreign currencies

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

(f) Management expenses

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

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies – cont'd

(g) Commission and allowances

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

(h) Claims

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

Provisions are made in the Financial Statements for claims that are reported but not paid. A claim must be made immediately and then put in writing within 14 days according to the insurance contract.

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

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

(i) Maturities

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

(j) Taxation

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

(k) Property, equipment and depreciation

Property and equipment consist of freehold land and building, office furniture and equipment, computer equipment and motor vehicles.

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

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies – cont'd

(k) Property, equipment and depreciation - cont'd

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

Depreciation of 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 life.

Office and Equipment	-	10%
Motor Vehicles	-	20%
Computer equipment	-	50%

Depreciation is charged in the year of acquisition but none in the year of disposal.

(l) Investments

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

The company classifies its investment portfolio into the following categories: "held to maturity", "available for sale" and "loans and receivables". Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities were acquired. The classification is reviewed annually.

Held to maturity

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

Available for sale

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

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

Loans and receivables

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

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

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies – cont'd

(m) Financial instruments

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

Receivables

Trade receivables are stated at amortized cost. Appropriate allowances for estimated unrecoverable amounts are recognized in the statement of profit or loss and other comprehensive income when there is objective evidence that they are not collectible.

Payables

Trade payables are recognized at amortized cost.

Cash and cash equivalents

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

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) Segment reporting

A business segment is a component of an entity that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

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

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

(o) Insurance contracts

The company issues contracts that transfer insurance risk.

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

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies – cont'd

(o) Insurance contracts – cont'd

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

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

(p) Pension funding

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

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

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

4. Critical accounting judgment and key sources of estimation uncertainty

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

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

(i) Receivables and other receivables

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

(ii) Useful lives of property and equipment

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

(iii) Other financial assets

In determining the fair value of investments in the absence of a market, the Directors estimate the likelihood of impairment by using discounted cash flows.

NOTES ON THE ACCOUNTS

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

(iv) Method of actuarial valuation

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

Actuarial liabilities have been calculated using the Caribbean Policy Premium Method, which is a Gross Premium Valuation Method, based on cash flow projections. The liability is equal to the value of the assets that will be sufficient, without being excessive, to provide for future policy cash flows. The reserve is strictly prospective.

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

The following cash flows are included: premiums, commissions, administrative expenses, guaranteed and non-guaranteed benefits such as dividends, cash surrender values, reinsurance premiums, benefits, and investments income taxes.

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

Cash flows are determined over the term of the liability. The term of the liability is the last possible date to which the policyholder can prolong coverage without requiring consent of the insurer. The reserve is determined as the present value of all expected future policy cash flows, where the cash flows are discounted at the valuation interest rate.

Best estimates are used for expected cash flows. These are based on past experience of the Company, in conjunction with other published data subject to modifications appropriate to the circumstances.

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

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

5 Premiums

	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Ordinary Life	135,869,519	20,857,256	115,012,263	121,711,002	21,147,061	100,563,941
Annuities	32,167,169	-	32,167,169	335,670,389	-	335,670,389
Group Life	285,078,069	70,232,557	214,845,512	303,417,679	64,786,252	238,631,427
Group Health	260,277,347	-	260,277,347	247,195,101	-	247,195,101
	713,392,104	91,089,813	622,302,291	1,007,994,171	85,933,313	922,060,858

6 Investment income

	2018	2017
	G$	G$
"Held to maturity"		
Courts Bond	-	800,000
"Available for sale"		
Shares and stocks	48,635,972	14,204,812
"Loans and receivable"		
Policy loans	12,012,508	11,739,723
The Hand-in-Hand Mutual Fire Insurance Company Limited	57,818,565	79,782,221
Participation in Loans at Hand-in-Hand Trust Corporation Inc.	11,500,206	-
	81,331,279	91,521,944
"Other Income"		
Cash on deposits	3,117,430	9,226,326
Miscellaneous	260	301
	3,117,690	9,226,627
	133,084,941	115,753,383

Summary of investment income received		
Cash on deposits	3,117,430	9,226,326
Shares and stocks	48,635,972	15,004,812
Policy loans	12,012,508	11,739,723
The Hand-in-Hand Mutual Fire Insurance Company Limited	57,818,565	79,782,221
Participation in Loans at Hand in Hand Trust Corporation Inc.	11,500,206	-
Miscellaneous	260	301
	133,084,941	115,753,383

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

	2018	2017
	G$	G$
7 Management expenses		
Actuarial fees	6,266,300	9,821,575
Auditor's remuneration	4,310,724	3,947,200
Directors' emoluments (Note a)	5,915,484	5,633,772
Depreciation	2,697,650	2,236,076
Employment cost	121,582,797	112,658,954
Pension contributions	6,214,965	8,009,220
Operating expenses	77,456,525	54,712,052
	224,444,445	197,018,849

(a) Directors emoluments:

Chairman: J.G.Carpenter	1,433,964	1,365,672
Non Executive Directors:		
W.A. Lee	896,304	853,620
P.A. Chan-A-Sue	896,304	853,620
I.A. Mc Donald	896,304	853,620
T. A. Parris	896,304	853,620
C.R. Quintin	896,304	853,620
	5,915,484	5,633,772

No emolumments were paid to Executive Directors in 2018 (2017- $0).

8 Commissions		
Ordinary Life	15,370,054	15,837,364
Group Life	34,414,185	39,162,015
Group Health	14,875,274	14,698,994
	64,659,513	69,698,373

HAND-IN-HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

9 Claims

	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Ordinary Life						
Death	11,846,213	2,180,282	9,665,931	19,945,350	15,035,855	4,909,495
Maturities	27,023,256	-	27,023,256	18,876,072	-	18,876,072
Other claims	2,945,113		2,945,113	1,469,362	-	1,469,362
	41,814,582	2,180,282	39,634,300	40,290,784	15,035,855	25,254,929
Group Life	41,264,567	15,989,451	25,275,116	47,418,778	27,088,115	20,330,663
Group Health	160,143,093	-	160,143,093	176,809,227	-	176,809,227
	243,222,242	18,169,733	225,052,509	264,518,789	42,123,970	222,394,819

Claims paid in financial year

	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Ordinary Life						
Death	9,893,409	3,005,282	6,888,127	23,157,099	15,035,855	8,121,244
Maturities	20,359,001	-	20,359,001	18,956,072	-	18,956,072
Other claims	2,945,113	-	2,945,113	1,469,362	-	1,469,362
	33,197,523	3,005,282	30,192,241	43,582,533	15,035,855	28,546,678
Group Life	46,061,215	22,863,451	23,197,764	50,955,277	27,695,277	23,260,000
Group Health	160,143,093	-	160,143,093	171,137,393	-	171,137,393
	239,401,831	25,868,733	213,533,098	265,675,203	42,731,132	222,944,071

10 Surrenders

	2018	2017
	G$	G$
Annuities	4,005,915	-
Ordinary Life	32,251,573	29,623,739
	36,257,488	29,623,739

11 Annuities

Ordinary Life	22,002,886	18,349,421

12 Taxation

Taxes deducted at source from investments of statuory fund	2,681,046	3,622,284

Taxation on the company has been computed based on the applicable tax laws relating to Life Insurance Companies.

NOTES ON THE ACCOUNTS

13 Property & equipment

	Freehold Land and building	Office Furniture and Equipment	Computer Equipment	Motor Vehicle	Total
	G$	G$	G$	G$	G$
Cost					
At 1 January 2017	262,403,258	11,488,141	22,213,312	6,200,000	302,304,711
Additions	731,012	2,059,480	197,773	6,372,000	9,360,265
Disposals	-	(64,940)	(184,605)	(2,000,000)	(2,249,545)
At 31 December 2017	263,134,270	13,482,681	22,226,480	10,572,000	309,415,431
Additions	800,482,400	541,712	646,531	-	801,670,643
Disposals	-	(478,247)	(33,900)	-	(512,147)
At 31 December 2018	1,063,616,670	13,546,146	22,839,111	10,572,000	1,110,573,927
Accumulated Depreciation					
At 1 January 2017	-	5,321,788	21,467,804	3,663,722	30,453,314
Charge for the year	-	729,953	433,068	1,073,056	2,236,077
Written back on disposals	-	(44,990)	(180,599)	(1,759,989)	(1,985,578)
At 31 December 2017	-	6,006,751	21,720,273	2,976,789	30,703,813
Charge for the year	-	760,583	418,025	1,519,042	2,697,650
Written back on disposals	-	(283,168)	(32,561)	-	(315,729)
At 31 December 2018	-	6,484,166	22,105,737	4,495,831	33,085,734
Net book values:					
At 31 December 2018	1,063,616,670	7,061,980	733,374	6,076,169	1,077,488,193
At 31 December 2017	263,134,270	7,475,930	506,207	7,595,211	278,711,618

Additions to Freehold land and buildings- during the year this property valued at $800,000,000 was transferred to the Company from The Hand-in-Hand Mutual Fire Insurance Company Limited. This is was done to facilitate the repayment of the inter-company loan between the two companies. See note 31 (vii) for more details.

14 Investments

	2018	2017
	G$	G$
(a) Held to Maturity:		
Local Bonds	10,000,000	10,000,000
(b) Available for sale:		
United Kingdom Securities	-	146,554,517
United Kingdom Stocks	-	9,633,658
United States Securities	58,512,425	112,990,926
United States Stocks	71,106,840	62,514,555
Trinidad & Tobago Securities	42,349,678	41,110,378
Local Securities	3,986,065,099	2,572,907,914
	4,158,034,042	2,945,711,948

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

14 Investments- cont'd

(c) Loans and Receivables:

	2018 G$	2017 G$
(i) Mortgages on properties		
At 1 January	93,493,441	60,734,348
Drawdown/repayments	(5,742,791)	32,759,093
	87,750,650	93,493,441
Less: Provision for impairment (a)	877,506	934,934
At 31 December	**86,873,144**	**92,558,507**
(a) Provision for impairment individually assessed		
At 1 January	934,934	607,343
Movement during the year	(57,428)	327,591
At 31 December	877,506	934,934
(ii) Loans on policies	**69,440,036**	**73,023,972**
This represents loans granted to policyholders taking into account the cash value of the policies.		
(iii) Share purchase plans		
Beneficiaries:		
Banks DIH Limited	224,780	224,780
Guyana National Industrial Company Inc.	1,211,560	1,211,560
	1,436,340	**1,436,340**
The capital sums earn interest and are repayable in ten (10) years.		
(iv) Loan to The Hand-in-Hand Mutual Fire Insurance Company Limited (a)		
At 1 January	1,312,324,338	942,324,338
Additions	-	390,000,000
Repayment	(800,000,000)	(20,000,000)
At 31 December	**512,324,338**	**1,312,324,338**
Current	90,569,286	262,464,868
Long term	421,755,052	1,049,859,470
	512,324,338	**1,312,324,338**
(v) Berbice Bridge Loan (b)		
At 1 January	150,000,000	236,000,000
Repayment	-	(86,000,000)
At 31 December	**150,000,000**	**150,000,000**
Current	100,000,000	50,000,000
Long term	50,000,000	100,000,000
	150,000,000	**150,000,000**
(vi) Participation in Loans - Hand-in-Hand Trust Corporation Inc. (c)		
At 1 January	307,460,042	307,460,042
Repayment	(75,666,135)	-
Balance at 31 December	**231,793,907**	**307,460,042**
Current	104,548,716	81,851,479
Long term	127,245,191	225,608,563
	231,793,907	**307,460,042**
Total loans & receivables as at 31 December	**1,051,867,765**	**1,936,803,199**
Comprised of:		
Short Term Loan	295,118,002	394,316,347
Loans and Receivables	756,749,763	1,542,486,852
	1,051,867,765	**1,936,803,199**

NOTES ON THE ACCOUNTS

14 Investments- cont'd

(c) Loans and Receivables - Cont'd

(a) Inter - Company Loan

Interest is charged at a rate of 6% on total of $512,324,338 per annum. Security held on this loan is an agreement between both Hand-in-Hand Mutual Life Assurance Company Ltd. and The Hand-in-Hand Mutual Fire Insurance Company Ltd.

Repayment of $800,000,000 was made during the year in the form of a transfer of a property. This was treated as an addition to freehold land and building.

(b) Berbice Bridge - Third Loan

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

The terms and conditions for these loans are as follows:

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

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

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

15 Fair Value estimation

Fair value measurements recognised in the statement of financial position

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

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

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

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

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

NOTES ON THE ACCOUNTS

15 Fair Value estimation - cont'd

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

	IFRS 13 Level	2018 Carrying Value G$	2018 Fair Value G$	IFRS 13 Level	2017 Carrying Value G$	2017 Fair Value G$
Assets						
Property and equipment	2	1,077,488,193	1,077,488,193	2	278,711,618	278,711,618
Investments:						
Held to maturity	2	10,000,000	10,000,000	2	10,000,000	10,000,000
Loans and receivables	2	756,749,763	756,749,763	2	1,542,486,852	1,542,486,852
Reinsurance assets	2	239,720,714	239,720,714	2	218,692,554	218,692,554
Statutory deposits	3	-	-	3	18,750,000	18,750,000
Short term loan	2	295,118,002	295,118,002	2	394,316,347	394,316,347
Interest accrued	2	20,664,074	20,664,074	2	12,574,098	12,574,098
Receivables and prepayments	2	647,853,082	647,853,082	2	95,659,112	95,659,112
Tax recoverable	2	9,636,438	9,636,438	2	9,709,130	9,709,130
Cash on hand and at banks	1	840,720,546	840,720,546	1	446,713,825	446,713,825
		3,897,950,812	3,897,950,812		3,027,613,536	3,027,613,536
Liabilities						
Policyholders' liabilities	3	2,758,762,154	2,758,762,154	3	2,596,496,793	2,596,496,793
Deposit administration fund	2	2,492,310,259	2,492,310,259	2	2,211,317,625	2,211,317,625
Contingency reserves	3	200,000,000	200,000,000	3	177,000,000	177,000,000
Claims admitted and intimated but not paid	2	16,605,388	16,605,388	2	20,516,064	20,516,064
Tax payable	2	3,629,738	3,629,738	2	5,007,205	5,007,205
Payables and accrued expenses	2	91,391,981	91,391,981	2	99,472,072	99,472,072
Bank overdraft (unsecured)	1	-	-	1	2,553,523	2,553,523
		5,562,699,520	5,562,699,520		5,112,363,282	5,112,363,282

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

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

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

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

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

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

"Financial instruments where the carrying amounts are equal to fair value "
Financial instruments where the carrying amounts are equal to fair value:- Due to their short-term maturity, the carrying value of certain financial instruments approximates their fair values. These include cash on hand and at bank, payables and accrued interest, tax payable/recoverable, prepayments, statutory deposits, bank overdraft (unsecured) and claims admitted and intimated but not paid.

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

NOTES ON THE ACCOUNTS

15 Fair value estimation - cont'd

Fair values

The following assets are carried at fair values.

	IFRS 13 Level	2018 Carrying Value G$	2018 Fair Value G$	IFRS 13 Level	2017 Carrying Value G$	2017 Fair Value G$
Financial assets						
Investments:						
Available for sale (a)	2	-	-	2	206,356,077	206,356,077
Available for sale (b)	2	3,986,065,099	3,986,065,099	2	2,572,907,914	2,572,907,914
Available for sale (c)	2	171,968,943	171,968,943	2	166,447,957	166,447,957
		4,158,034,042	4,158,034,042		2,945,711,948	2,945,711,948

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

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

16 Statutory deposit

	2018 G$	2017 G$
Citizen Bank Guyana Inc.	-	18,750,000

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

17 Interest accrued

	2018	2017
Mortgages	329,330	234,831
Deposits at banks	525,680	543,882
Interest on Courts Bond	403,288	201,644
Investment Income	12,211,137	11,593,741
Interest on Participation in Loans (Hand-in-Hand Trust Corporation Inc.)	7,194,639	-
	20,664,074	12,574,098

18 Receivables and prepayments

	2018	2017
Other receivable	113,341,478	90,496,591
GCIS Inc. Current Account	6,982,351	-
Hand-in-Hand Investment USA Inc.	522,996,732	-
Sundry receivables	4,532,521	5,162,521
	647,853,082	95,659,112

NOTES ON THE ACCOUNTS

19 Reinsurance assets

	Ordinary life fund	Group life fund	Single premium mortgage protection	Total
	G$	G$	G$	G$
Balance as at 1 January 2017	125,354,186	9,058,665	44,318,810	178,731,661
Actuarial increase/(decrease)	27,394,178	(9,715)	13,183,592	40,568,055
Claims recoverable	-	(607,162)	-	(607,162)
Balance as at 31 December 2017	152,748,364	8,441,788	57,502,402	218,692,554
Actuarial increase	19,866,115	53,841	8,806,204	28,726,160
Claims recoverable	(825,000)	(6,873,000)	-	(7,698,000)
Balance as at 31 December 2018	171,789,479	1,622,629	66,308,606	239,720,714

20 Cash on hand and at banks

	2018	2017
	G$	G$
Non statutory deposits:		
Deposits - others	286,547,153	225,291,862
Current accounts	554,153,393	221,401,963
Cash on hand	20,000	20,000
	840,720,546	446,713,825

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

21 Share capital

	2018	2017
Authorised		
Number of 6% cumulative redeemable preference shares	10,000	10,000
Issued and fully paid		
2,750 - 6% cumulative redeemable preference shares	275,000	275,000

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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

22 Other reserve

	2018 G$	2017 G$
At 1 January	1,424,835,119	841,676,175
Fair value adjustment on investments	1,217,909,394	583,158,944
At 31 December	2,642,744,513	1,424,835,119

23 General reserve

	2018 G$	2017 G$
At 1 January	(563,761,567)	(479,887,846)
Net increase/(decrease) in fund for the year	403,816,332	(92,458,113)
Currency translation difference	10,757,277	8,584,392
At 31 December	(149,187,958)	(563,761,567)

24 Policyholders' liabilities

Gross liabilities	Ordinary life fund G$	Annuity fund G$	Group life fund G$	Single premium mortgage protection G$	Group health fund G$	Total G$
Balance as at 1 January 2017	742,769,139	405,514,405	5,988,176	808,868,062	3,562,540	1,966,702,322
Actuarial increase/(decrease)	158,583,167	350,942,538	189,561	123,641,745	(3,562,540)	629,794,471
Balance as at 31 December 2017	901,352,306	756,456,943	6,177,737	932,509,807	-	2,596,496,793
Actuarial increase	56,524,257	37,803,389	302,368	67,635,347	-	162,265,361
Balance as at 31 December 2018	957,876,563	794,260,332	6,480,105	1,000,145,154	-	2,758,762,154

NOTES ON THE ACCOUNTS

25 Deposit administration fund

	2018 G$	2017 G$
At 1 January	2,211,317,625	2,032,756,287
Contributions received plus interest	421,219,792	384,820,281
Refund of contributions	(109,935,899)	(166,993,509)
Charges, claims and benefits	(30,291,259)	(39,265,434)
At 31 December	2,492,310,259	2,211,317,625

26 Contingency reserves	200,000,000	177,000,000

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

27 Claims admitted or intimated but not paid

	2018 G$	2017 G$
Ordinary life	7,860,550	6,574,582
Group life	8,744,838	13,941,482
	16,605,388	20,516,064

28 Payables and accrued expenses

Other payables	43,298,908	52,088,563
Accruals	48,093,073	47,383,509
	91,391,981	99,472,072

29 Bank overdraft (unsecured)

Bank of Nova Scotia	-	2,553,523

NOTES ON THE ACCOUNTS

30 Pending litigation

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

There is an ongoing claim from the Deposit administration fund.

31 Related party transactions

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

Listed below are transactions with related parties.

Related companies

The following are transactions/ outstanding balances between the company and related parties who share common directors with the company.

		2018 G$	2017 G$
(i)	Interest received during the year on loans granted to The Hand-in-Hand Mutual Fire Insurance Company Limited.	57,818,565	79,782,221
(ii)	Loans to The Hand-in-Hand Mutual Fire Insurance Company Limited. Interest is charged at a rate of 6% per annum.	512,324,338	1,312,324,338
(iii)	Loan Participation with Hand-in-Hand Trust Corporation Inc. Interest is charged at a rate of 9.55% on total of $79,800,000; 11% on total of $62,660,042; 11% on total of $75,000,000 and 12% on total of $90,000,000. Capital repayment commenced in January, 2018.	231,793,907	307,460,042
(iv)	Interest received from loan participation with Hand-in-Hand Trust Corporation Inc.	19,750,206	-
(v)	The Hand-in-Hand Mutual Fire Insurance Company Limited 2,750 - 6% Cumulative Redeemable Preference Shares.	275,000	275,000
(vi)	Amounts due from Hand-in-Hand Investment USA Inc. At the end of the year this amount was held by Hand-in-Hand Investment USA Inc. on behalf of Hand-in-Hand Mutual Life Assurance Company Limited to facilitate investments in the future. There was no agreement or repayment terms between the two companies.	522,996,732	-
(vii)	Purchase of property from The Hand-in-Hand Mutual Fire Insurance Company Ltd. During the year a property was transferred to Hand-in-Hand Mutual Life Assurance Company Limited as repayment on the intercompany loan. At the end of the year the transport for this property was still oustanding for passing. However, the agreement of sale was finalized betweeen the two companies on 28 December, 2018.	800,000,000	-
(viii)	Insurance		
	(a) Insurance coverage	45,000,000	45,000,000
	(b) Premiums for the year	180,000	180,000

NOTES ON THE ACCOUNTS

31 Related party transactions - cont'd

Related companies- cont'd

(ix) Fees paid

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

	2018 G$	2017 G$
Fees charged	103,126,011	88,759,880

(x) Sale of Republic Bank Shares

During the year the Company sold a substantial portion of its Republic Bank (Guyana) Limited equity holdings to related companies as listed below:

The Hand-in-Hand Mutual Fire Insurance Company Limited	285,402,700	-
GCIS Inc.	76,042,340	-
Hand-in-Hand Trust Corporation Inc.	250,000,080	-
	611,445,120	-

(xi) Current accounts

The Hand-in-Hand Mutual Fire Insurance Company Limited	25,973,285	-
GCIS Inc.	6,982,351	-
	32,955,636	-

Key management personnel

(i) Compensation

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

	2018 G$	2017 G$
Short term employee benefits - Managers - 13 (2017-13)	30,964,022	29,808,797

Long term benefit is derived from the Pension Scheme.

Directors' emoluments - 6 (2017-6)	5,915,484	5,633,772

(ii) Mortgages

Interest paid for the year	3,031,790	1,504,303
Balance outstanding	74,142,171	78,409,311

The above balance refers to 3 (2017-2) mortgages. The rate of interest is 3.5% - 9% per annum.
Security held on this mortgage are promissory notes, irrecoverable limited power of attorney and transports.

(iii) Loans

	2018 G$	2017 G$
Interest paid for the year	2,054,380	3,745,804
Balance outstanding	26,657,574	52,905,197

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

NOTES ON THE ACCOUNTS

32 Analysis of financial assets and liabilities by measurement basis.

	2018				
	Held to maturity G$	Available for sale G$	Loans and receivables G$	Other Assets/Liabilities at amortized cost G$	Total G$
Assets					
Investments	10,000,000	4,158,034,042	756,749,763	-	4,924,783,805
Reinsurance assets	-	-	239,720,714	-	239,720,714
Short term loan	-	-	295,118,002	-	295,118,002
Interest accrued	-	-	20,664,074	-	20,664,074
Receivables and prepayments	-	-	647,853,082	-	647,853,082
Tax recoverable	-	-	9,636,438	-	9,636,438
Cash on hand and at banks	-	-	-	840,720,546	840,720,546
	10,000,000	4,158,034,042	1,969,742,073	840,720,546	6,978,496,661
Liabilities					
	-	-	-		
Policyholders' liabilities	-	-	-	2,758,762,154	2,758,762,154
Deposit Administration Fund	-	-	-	2,492,310,259	2,492,310,259
Contingency Reserve	-	-	-	200,000,000	200,000,000
Claims admitted or intimated but not paid	-	-	-	16,605,388	16,605,388
Tax payable	-	-	-	3,629,738	3,629,738
Payables and accrued expenses	-	-	-	91,391,981	91,391,981
	-	-	-	5,562,699,520	5,562,699,520

NOTES ON THE ACCOUNTS

32 Analysis of financial assets and liabilities by measurement basis - cont'd

	2017				
	Held to maturity G$	Available for sale G$	Loans and receivables G$	Other Assets/Liabilities at amortized cost G$	Total G$
Assets					
Investments	10,000,000	2,945,711,948	1,542,486,852	-	4,498,198,800
Statutory deposit	-	-	-	18,750,000	18,750,000
Short term loan	-	-	394,316,347	-	394,316,347
Interest accrued	-	-	12,574,098	-	12,574,098
Receivables and prepayments	-	-	95,659,112	-	95,659,112
Reinsurance contract assets	-	-	218,692,554	-	218,692,554
Tax recoverable	-	-	9,709,130	-	9,709,130
Cash on hand and at banks	-	-	-	446,713,825	446,713,825
	10,000,000	2,945,711,948	2,273,438,093	465,463,825	5,694,613,866
Liabilities					
Policyholders' liabilities	-	-	-	2,596,496,793	2,596,496,793
Deposit Administration Fund	-	-	-	2,211,317,625	2,211,317,625
Contingency Reserve	-	-	-	177,000,000	177,000,000
Claims admitted or intimated but not paid	-	-	-	20,516,064	20,516,064
Tax payable	-	-	-	5,007,205	5,007,205
Payables and accrued expenses	-	-	-	99,472,072	99,472,072
Bank overdraft (unsecured)	-	-	-	2,553,523	2,553,523
	-	-	-	5,112,363,282	5,112,363,282

NOTES ON THE ACCOUNTS

33 FINANCIAL RISK MANAGEMENT

Financial risk mangement objectives

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

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

(a) Market risk

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

(i) Price risk

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

Should the market prices of investments change by 5 percent with all other variables held constant, the impact on equity would be G$260,995,090 (2017- G$255,060,385).

(ii) Interest rate sensitivity analysis

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

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

NOTES ON THE ACCOUNTS

33 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate sensitivity analysis - cont'd

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

	Increase / decrease in basis point	Impact on profit for year 2018	Impact on profit for year 2017
Cash and cash equivalents		G$M	G$M
Local Currency	+/-50	0.90	0.59
Foreign Currencies	+/-50	0.54	0.63

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

(iii) Interest rate risk

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

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

	Interest Rate %	Maturing 31-12-2018 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Assets						
Investments	1.1-10	-	10,000,000	-	4,158,034,042	4,168,034,042
Mortgages on properties	3.5-10	6,222,241	32,994,192	47,656,711	-	86,873,144
Loans on policies	15	-	69,440,036	-	-	69,440,036
Share purchase plans	8.5-14	-	-	1,436,340	-	1,436,340
Loan to Fire Company	6	90,569,286	421,755,052	-	-	512,324,338
Berbice Bridge loan	7.50	100,000,000	50,000,000	-	-	150,000,000
Participation in Loans- HIH/T	7.5-12	104,548,716	127,245,191	-	-	231,793,907
Reinsurance assets	-	-	-	-	239,720,714	239,720,714
Interest accrued	1.1-10	20,664,074	-	-	-	20,664,074
Receivables & prepayments	6-8	101,535,626	13,386,310	3,879,993	529,051,153	647,853,082
Tax recoverable	-	-	-	-	9,636,438	9,636,438
Cash on hand and at banks	0.15-3	286,547,153	-	-	554,173,393	840,720,546
		710,087,096	724,820,781	52,973,044	5,490,615,740	6,978,496,661
Liabilities						
Policyholders' Liabilities	-	-	-	-	2,758,762,154	2,758,762,154
Deposit administration fund	-	-	-	-	2,492,310,259	2,492,310,259
Contingency reserves	-	-	-	-	200,000,000	200,000,000
Claims admitted or intimated but not paid	-	-	-	-	16,605,388	16,605,388
Payables and accrued interest	-	-	-	-	91,391,981	91,391,981
Tax payable	-	-	-	-	3,629,738	3,629,738
		-	-	-	5,562,699,520	5,562,699,520
Interest sensitivity gap		710,087,096	724,820,781	52,973,044		

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

33 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	Interest Rate %	Maturing 31-12-2017 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Assets						
Investments	1.1-0	-	10,000,000	-	2,945,711,948	2,955,711,948
Mortgages on properties	3.5-10	5,700,436	31,565,004	55,293,067	-	92,558,507
Loans on policies	15	-	73,023,972	-	-	73,023,972
Share purchase plans	8.5-14	-	-	1,436,340	-	1,436,340
Loan to Fire Company	6-8	262,464,868	1,049,859,470	-	-	1,312,324,338
Berbice Bridge loan	7.50	50,000,000	100,000,000	-	-	150,000,000
Participation in Loans -HIH/T	7.5-12	81,851,479	225,608,563			307,460,042
Reinsurance assets	-	-	-	-	218,692,554	218,692,554
Statutory deposits	2.75	-	18,750,000	-	-	18,750,000
Interest accrued	1.1-10	12,574,098	-	-	-	12,574,098
Receivables & prepayments	6-8	44,473,238	37,984,344	6,518,016	6,683,514	95,659,112
Tax recoverable	-	-	-	-	9,709,130	9,709,130
Cash on hand and at banks	0.15-3	225,291,862	-	-	221,421,963	446,713,825
		682,355,981	1,546,791,353	63,247,423	3,402,219,109	5,694,613,866
Liabilities						
Policyholders' liabilities	-	-	-	-	2,596,496,793	2,596,496,793
Deposit administration fund	-	-	-	-	2,211,317,625	2,211,317,625
Contingency reserves	-	-	-	-	177,000,000	177,000,000
Claims admitted or intimated but not paid	-	-	-	-	20,516,064	20,516,064
Payables & accrued interest	-	-	-	-	99,472,072	99,472,072
Bank overdraft (unsecured)	-	-	-	-	2,553,523	2,553,523
Tax payable	-	-	-	-	5,007,205	5,007,205
		-	-	-	5,112,363,282	5,112,363,282
Interest sensitivity gap		682,355,981	1,546,791,353	63,247,423		

NOTES ON THE ACCOUNTS

33 Financial risk management - cont'd

(a) Market risk-cont'd

(iv) Foreign currency risk

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

The equivalent Guyana dollar value of assets in United States dollar, Pounds Sterling and the Trindad and Tobago Dollar are shown below:

	2018				2017			
	£	US$	T.T$	Total G$	£	US$	T.T$	Total G$
Assets	968	3,154,543	1,568,507	700,323,607	572,179	818,548	1,500,156	354,216,187

Foreign currency sensitivity analysis:

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

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

	2018			2017		
	£ Sterling impact G$ M	US dollar impact G$ M	T.T dollar impact G$ M	£ Sterling impact G$ M	US dollar impact G$ M	T.T dollar impact G$ M
Profit/(loss)	0.01	19.73	1.27	4.29	5.12	1.21

NOTES ON THE ACCOUNTS

33 Financial risk management - cont'd

(b) Credit risk

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

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

Cash and cash equivalents are held by commercial banks. These Banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due. The risk is therefore considered very low.

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

	2018 G$	2017 G$
Investments		
"Held to maturity"	10,000,000	10,000,000
"Available for sale"	4,158,034,042	2,945,711,948
"Loans & receivables" (i)	756,749,763	1,542,486,852
Reinsurance assets (ii)	239,720,714	218,692,554
Statutory deposit	-	18,750,000
Short term loans	295,118,002	394,316,347
Accrued interest (iii)	20,664,074	12,574,098
Receivables & prepayments (iv)	647,853,082	95,659,112
Taxes recoverable	9,636,438	9,709,130
Cash on hand and at banks	840,700,546	446,713,825
	6,978,476,661	5,694,613,866
Provision for impairment	877,507	934,934

(i) Loans and receivables include the sum of $69,440,036 (2017- $73,023,972) for loans on policies. These are fully secured against the cash values of the individual policies. Ongoing evaluation is performed on the financial condition of these receivables on a regular basis. This amount also include a loan that is granted to The Hand in Hand Mutual Fire Insurance Company Limited on which interest is earned.

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

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

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

The above receivables and prepayments are classified as follows:

	2018 G$	2017 G$
Current	590,738,667	75,940,926
Past due but not impaired	57,114,415	19,718,186
	647,853,082	95,659,112
Ageing of past due but not impaired		
31- 60 days	21,613,514	4,791,047
61- 90 days	-	-
91- 120 days	132,258	824,808
over 120 days	35,368,643	14,102,331
Total	57,114,415	19,718,186

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

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

33 Financial risk management - cont'd

(c) Liquidity risk

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

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

	2018					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
Assets	G$	G$	G$	G$	G$	G$
Held to Maturity	-	-	-	10,000,000	-	10,000,000
Available for sale	4,158,034,042	-	-	-	-	4,158,034,042
Mortgages on properties	319,823	1,446,343	4,456,075	32,116,686	48,534,217	86,873,144
Loans on policies	-	-	-	69,440,036	-	69,440,036
Share purchase plans	-	-	-	-	1,436,340	1,436,340
Loan to The Hand-in-Hand Mutual Fire Insurance Co. Ltd	-	-	90,569,286	421,755,052	-	512,324,338
Loan to Berbice Bridge Company Limited	-	-	100,000,000	50,000,000	-	150,000,000
Participation in Loans at Hand-in-Hand Trust Corporation Inc.	-	-	104,548,716	127,245,191	-	231,793,907
Reinsurance assets	239,720,714	-	-	-	-	239,720,714
Interest accrued	20,664,074	-	-	-	-	20,664,074
Receivables and prepayments	-	-	-	647,853,082	-	647,853,082
Tax recoverable	-	-	-	-	9,636,438	9,636,438
Cash on deposits	286,547,153	-	-	-	-	286,547,153
Cash on hand & at banks	554,173,393	-	-	-	-	554,173,393
	5,259,459,199	1,446,343	299,574,077	1,358,410,047	59,606,995	6,978,496,661
Liabilities						
Policyholders' liabilities	-	-	-	2,758,762,154	-	2,758,762,154
Deposit administration fund	-	-	-	2,492,310,259	-	2,492,310,259
Contingency reserve	-	-	-	200,000,000	-	200,000,000
Claims admitted or intimated but not paid	16,605,388	-	-	-	-	16,605,388
Tax payable	-	-	3,629,738	-	-	3,629,738
Payables and accrued interest	62,020,436	1,977,939	441,493	26,952,113	-	91,391,981
	78,625,824	1,977,939	4,071,231	5,478,024,526	-	5,562,699,520
Net current assets/(liabilites)	5,180,833,375	(531,596)	295,502,846	(4,119,614,479)	59,606,995	1,415,797,141

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

33 Financial risk management - cont'd

(c) Liquidity risk

	2017					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G$	G$	G$	G$	G$	G$
Assets						
Held to Maturity	-	-	-	10,000,000	-	10,000,000
Available for sale	2,945,711,948	-	-	-	-	2,945,711,948
Mortgages on properties	175,891	1,354,073	4,170,473	31,565,004	55,293,066	92,558,507
Loans on policies	-	-	-	73,023,972	-	73,023,972
Share purchase plans	-	-	-	-	1,436,340	1,436,340
Loan to The Hand in Hand Mutual Fire Insurance Co. Ltd	-	-	262,464,868	1,049,859,470	-	1,312,324,338
Loan to Berbice Bridge Company Limited	-	-	50,000,000	100,000,000	-	150,000,000
Participation in Loans at Hand in Hand Trust Corporation Inc.			81,851,479	225,608,563		307,460,042
Reinsurance assets	218,692,554	-	-	-	-	218,692,554
Statutory deposits	-	-	-	18,750,000	-	18,750,000
Interest accrued	12,574,098	-	-	-	-	12,574,098
Receivables and prepayments	-	-	-	95,659,112	-	95,659,112
Tax recoverable	-	-	-	-	9,709,130	9,709,130
Cash on deposits	225,291,862	-	-	-	-	225,291,862
Cash on hand & at banks	221,421,963	-	-	-	-	221,421,963
	3,623,868,316	1,354,073	398,486,820	1,604,466,121	66,438,536	5,694,613,866
Liabilities						
Policyholders' liabilities	-	-	-	2,596,496,793	-	2,596,496,793
Deposit Administration Fund	-	-	-	2,211,317,625	-	2,211,317,625
Contingency reserve	-	-	-	177,000,000	-	177,000,000
Claims admitted or intimated but not paid	20,516,064	-	-	-	-	20,516,064
Tax payable	-	-	5,007,205	-	-	5,007,205
Payables and accrued interest	72,851,599	3,494,527	885,974	22,239,972	-	99,472,072
Bank overdraft (unsecured)	2,553,523	-	-	-	-	2,553,523
	95,921,186	3,494,527	5,893,179	5,007,054,390	-	5,112,363,282
Net current assets/(liabilites)	3,527,947,130	(2,140,454)	392,593,641	(3,402,588,269)	66,438,536	582,250,584

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Segment reporting

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

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

	2018				
	Ordinary Life Fund	Annuity Fund	Group Life Fund	Group Health Fund	Total
Revenue	G$	G$	G$	G$	G$
Premiums	135,869,519	32,167,169	285,078,069	260,277,347	713,392,104
Reinsurance premiums	20,857,256	-	70,232,557	-	91,089,813
	115,012,263	32,167,169	214,845,512	260,277,347	622,302,291
Investment income	46,199,332	38,772,637	48,112,972	-	133,084,941
Gain on exchange	426,439	100,960	894,745	816,905	2,239,049
Gain on disposal of investments	71,884,284	17,018,636	150,825,830	137,704,549	377,433,300
Unclaimed Ordinary cheques w/o	75,009	17,758	157,382	143,690	393,839
	233,597,328	88,077,160	414,836,441	398,942,491	1,135,453,420
Deduct: Expenditures					
Management expenses	42,746,701	10,120,300	89,690,072	81,887,372	224,444,445
Commissions	15,370,054	-	34,414,185	14,875,274	64,659,513
Claims	39,634,300	-	25,275,116	160,143,093	225,052,509
Surrenders	32,251,573	4,005,915	-	-	36,257,488
Annuities	-	22,002,886	-	-	22,002,886
	130,002,628	36,129,101	149,379,373	256,905,739	572,416,841
Surplus of revenue over expenditure before actuarial adjustments	103,594,700	51,948,059	265,457,068	142,036,752	563,036,579
Actuarial adjustments to:					
- Policyholders' liabilities	56,524,257	37,803,389	67,937,715	-	162,265,361
- Reinsurance Assets	(19,866,115)	-	(8,860,045)	-	(28,726,160)
	66,936,558	14,144,670	206,379,398	142,036,752	429,497,378
Unallocated adjustments/expenses:	Taxation				2,681,046
	Contigency reserve				23,000,000
	Currency translation difference				10,757,277
	Fair value adjustment on investments				1,217,909,394
Total Comprehensive loss for the year					1,632,483,003
Statement of Financial Position					
Segmented assets	1,964,910,601	1,653,265,316	1,746,044,899	-	5,364,220,816
Unallocated assets					2,692,310,259
Total assets					8,056,531,075
Segmented liabilities	1,013,117,659	813,671,080	1,039,970,784	-	2,866,759,523
Unallocated liabilities					2,695,939,997
Total liabilities					5,562,699,520

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

34 Segment reporting - cont'd

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

NOTES ON THE ACCOUNTS

34 Segment reporting - cont'd

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

GEOGRAPHICAL	Revenue	
	2018 G$	2017 G$
Local - Guyana	1,109,518,353	1,034,033,567
Overseas	25,935,067	17,442,221
	1,135,453,420	1,051,475,788

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

	Carrying amount of segment assets & liabilities		Additions/disposals/revaluations to assets	
	2018 G$	2017 G$	2018 G$	2017 G$
Assets				
Guyana	7,257,893,965	5,600,907,800	1,656,986,165	1,199,226,857
Trinidad & Tobago	45,437,681	41,110,378	4,327,303	(7,020,038)
United Kingdom	227,983	156,188,175	(155,960,192)	34,302,341
United States	752,971,446	175,505,481	577,465,965	65,376,152
	8,056,531,075	5,973,711,834	2,082,819,241	1,291,885,312
Liabilities - Guyana	5,562,699,520	5,112,363,282		

35 ACTUARIAL VALUATION

An actuarial valuation of the Company was done as at 31 December 2018. This revealed a surplus of G$2,493,831,555 (2017 - G$861,348,552).

NOTES ON THE ACCOUNTS

36 Insurance Risk

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

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

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

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

(a) Frequency and severity of claims

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

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

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

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

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

NOTES ON THE ACCOUNTS

36 Insurance Risk - cont'd

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

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

(c) Guaranteed annuity options

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

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

(i) Mortality

An assumption was made which reflected the Actuary's knowledge of mortality experience in the Caribbean. The mortality assumption used for all policies was 120% of the CIA 86-92 Male Aggregate Table (240% for Special Whole Life) plus a margin for adverse deviation equal to 15 per thousand (7.5% per thousand for the participating business), divided by life expectancy. In addition, an allowance for AIDS was added to the mortality rates in accordance with CIA guilelines tables: AIDS 92 Cn 1a-1f. The Mortality assumption for rated policies used the rating applied by the reinsurer. A margin is added for adverse deviation.

(ii) Investment yields

It is impossible to predict long-term interest rates in the Guyanese environment since the longest government security is 12 months. The valuation as at 31 December , 2017 used an interest assumption of 2.5% per annum, after tax and after a Margin for Adverse Deviation of 0.85% per annum.

For the current valuation, this assumption has been maintained.

(iii) Persistency

The assumed lapse rates were derived using the company's experience for the period 2013 - 2018. A margin for adverse deviation assumes a 20% fluctuation in the lapse rate for all years.

NOTES ON THE ACCOUNTS

36 Insurance Risk - cont'd

(c) Guaranteed annuity options- cont'd

(iv) Expenses

Expenses are based on best estimates of Company experience. Administration expenses per policy for traditional life business increased to $13,622 per annum for 2018, thereafter, inflation on expenses has been applied at a rate of 1.5% per annum. A margin for Adverse Deviation of 10% per annum on non-participating business and 5% per annum on participating business was maintained. Premium paying policies were given equal weights. Paid up policies have been assigned one-eighth of the expense of premium paying policies. For the single mortgage protection policies expenses was determined as $2,943 for 2018. Inflating at the same rate as outlined above with a Margin for Adverse Deviation of 10% per annum.

(v) Ongoing review

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

(vi) Margins for adverse deviation assumptions

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

(vii) Sensitivity Analysis

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

	2018	2017
Sensitivity	G$000	G$000
2% Increase in Mortality	20.1/10.0 million	17.8/8.6 million
5% Increase in Expenses	26.9 million	26.3 million
10% Change in Lapse Rates	27.0/19.3 million	24.8/17.5 million
100 Basis Points Decrease in Valuation Interest Rate	331.5/304.0 million	307.8/283.6 million

NOTES ON THE ACCOUNTS

37 Assets held under Trust

Assets

	2018 G$	2017 G$
Statutory Deposit at Citizens Bank (Guyana) Inc.	-	18,750,000
Land & Building	1,063,616,670	262,553,258
Mortgages	13,608,478	16,078,409
Short term loan - Berbice Bridge Company Ltd.	150,000,000	218,000,000
	1,227,225,148	515,381,667
Ordinary Shares-		
Guyana-		
Demerara Tobacco Co. Ltd.	52,347,370	54,138,000
Demerara Distillers Ltd.	205,794,525	64,079,639
Carribbean Containers Inc.	3,755,538	3,755,538
Guyana Bank for Trade and Industry Ltd.	149,632,000	104,041,000
Hand-in-Hand Trust Corporation Inc.	-	157,367,329
Banks DIH Ltd.	463,087,520	177,709,836
Republic Bank (Guyana) Ltd.	2,140,721,040	1,172,372,238
Citizens Bank (Guyana) Inc.	553,946,776	546,358,464
Hand In Hand Investment Inc.	30,000	30,000
Rupununi Development Company Ltd.	21,975,000	21,975,000
	3,591,289,769	2,301,827,044
Bond & Debentures of Companies Incorporated in Guyana-		
Courts Bond	10,000,000	-
Loan granted to The Hand-in-Hand Mutual Fire Insurance Company Limited - secured	512,324,338	1,277,993,310
Participation of Loan to The Hand-in-Hand Trust Corporation Inc.	231,793,907	-
Fixed Deposit at Republic Bank (Guyana) Limited	64,883,421	63,852,058
Fixed Deposit at Hand-in-Hand Trust Corporation Inc.	61,000,000	-
Fixed Deposit at Guyana Bank for Trade & Industry Ltd.	30,360,000	30,000,000
Fixed Deposit at Citizens Bank (Guyana) Inc.	18,750,000	-
	919,111,666	1,371,845,368
TOTAL	5,747,626,583	4,189,054,079

38 INSURANCE ACT 2016

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

NOTES ON THE ACCOUNTS

38 INSURANCE ACT 2016- cont'd

Statutory fund requirements- cont'd

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.

"(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 property 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 encumbrances, 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

39 Hand-in-Hand Investment USA Inc.

During 2018 the Company was informed by Lloyds Bank International Limited Private Banking to have its portfolio transferred or liquidated.

The portfolio comprised of equity instruments, bonds and cash deposits and was accounted for under investments and cash at banks.

In 2018, the Directors resolved that Hand-in-Hand Mutual Life Assurance Company Limited will liquidate its investment portfolio at Lloyds Bank International Limited Private Banking and transfer the proceeds from that liquidation to Hand-in-Hand Investment USA Inc.

The amount liquidated on behalf of Hand-in-Hand Mutual Life Assurance Company Limited by Lloyds Bank International Limited Private Banking was USD 933,852.40.

The directors decided to utilize the balances from Lloyds Bank International Limited Private Banking owing to The Hand-in-Hand Mutual Fire Insurance Company Limited and GCIS Inc. to purchase a subtantial amount of the equity holdings in Republic Bank (Guyana) Limited from Hand-in-Hand Mutual Life Assurance Company Limited (refer to note 31(x)). The current balance of G$522,996,732 (refer to note 18) is accounted for under receivables. There are no repayment terms on this balance between the Hand-in-Hand Mutual Life Assurance Company Limited and the Hand-in-Hand Investments USA Inc.

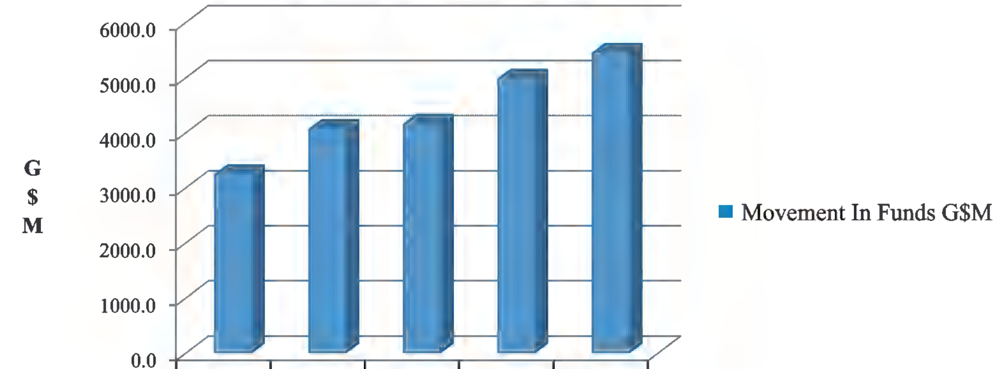
Hand-in-Hand Investment USA Inc. was incorporated in the state of Florida, USA on 1 January, 2018 and is a subsidiary of The Hand-in-Hand Mutual Fire Insurance Company Ltd. The primary purpose of this company is to manage investments held on behalf of the Hand-in-Hand Group. Certain key management and directors of the Hand-in-Hand Mutual Life Assurance Company Limited are directors of the Hand-in-Hand Investments USA Inc.

40 Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 25 April 2019

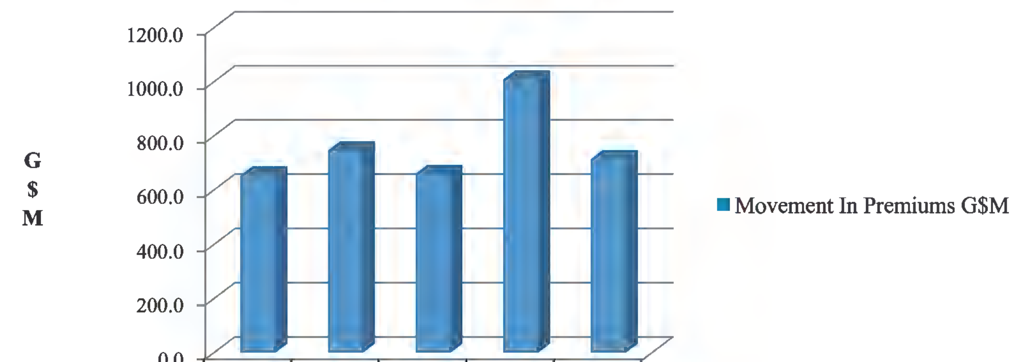
HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

Movement In Funds



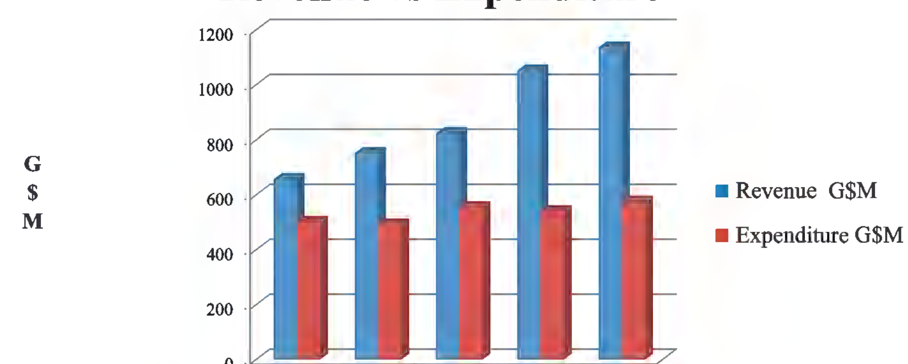
	2014	2015	2016	2017	2018
Movement In Funds G$M	3245.7	4070.1	4162.5	4984.8	5451.1

Movement In Premiums and Annuities



	2014	2015	2016	2017	2018
Movement In Premiums G$M	653.1	745.3	659.4	1007.9	713.4

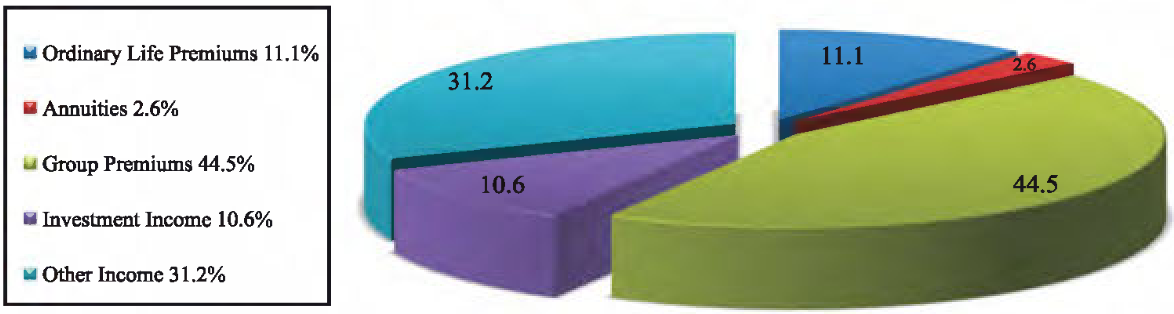
Revenue vs Expenditure



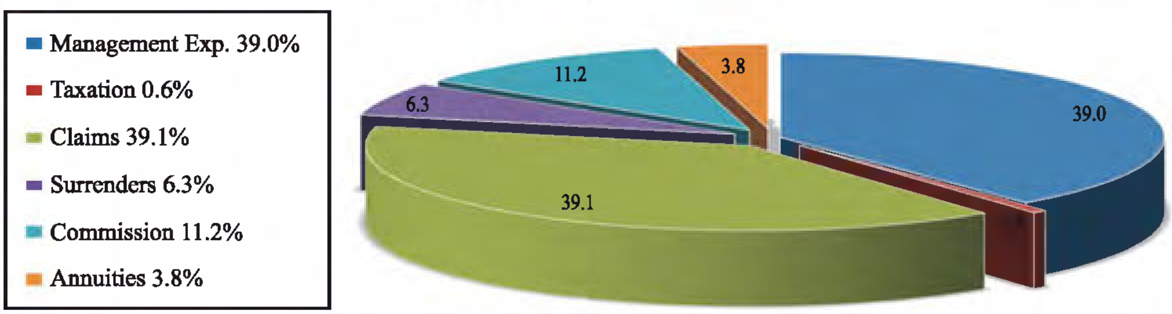
	2014	2015	2016	2017	2018
Revenue G$M	656.2	752.2	822.4	1051.5	1135.5
Expenditure G$M	502.1	492.8	555.2	540.7	575.1

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

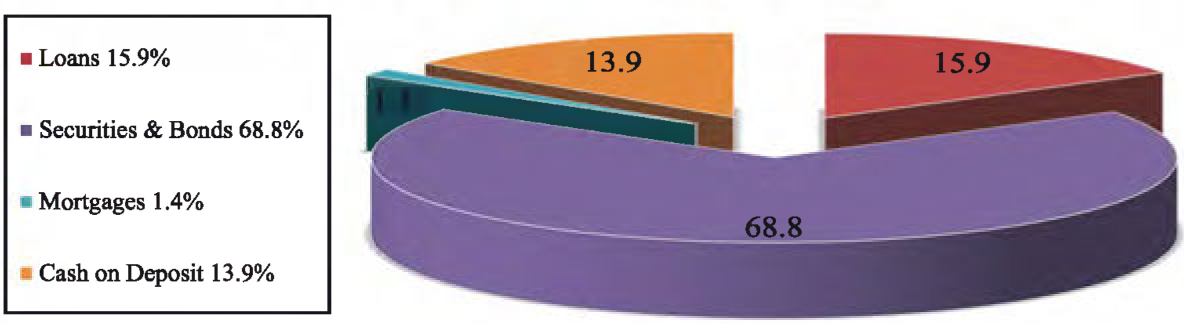
Source Of Revenue



2018 Expenditure



Distribution Of Investment



HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

PLANS OF INSURANCE OFFERED:

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

RIDERS - may be attached to most plans

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