HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

(Incorporated 23 June, 1966)

54th

ANNUAL REPORT AND ACCOUNTS

For the Year Ended 31 December, 2019

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTICE OF MEETING

54th Annual General Meeting

Notice is hereby given that the Fifty Fourth 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, 3 September, 2020 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, 2019 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

Compton Ramnaraine

Compton Ramnaraine
Company Secretary/Finance Controller (ag)

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

5 August, 2020

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.

Covid-19 safety protocols are in force.

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:

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

MANAGEMENT:

Chief Executive Officer	-	Keith Evelyn, B.A. (Hons) Sheff.Hallam., B.Sc.UMIST., M.B.A. Liv., A.C.I.B., F.C.I.I., M.C.I.B.S., Chartered Insurer, Chartered Banker
Manager	-	Omadatt Singh, B.Sc.(Hons.), M.B.A., F.C.C.A., C.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	-	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.
Chief Risk Officer/ Investment Analyst	-	Kin Sue, B.Sc., M.Sc., C.I.S.I.
Chief Internal Auditor/ Business Analyst	-	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, A.A., 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.

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AUDITORS:	TSD LAL and Company, Chartered Accountants
ATTORNEYS-AT-LAW:	Cameron & Shepherd Hughes, Fields & Stoby
MEDICAL ADVISOR:	Dr. Janice Imhoff
CONSULTING ACTUARIES:	Apex Consulting Limited
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
	Hand-in-Hand Trust Corporation Inc.
	Guyana Americas Merchant Bank Inc.
	JMMB Investments Trinidad & Tobago

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

BRANCH OFFICES:

BERBICE:	1) New Amsterdam	Lots 15 & 16 B 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	Lot 45 'A’ Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 4 Section ‘C’, Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Lot 1996 Parika Highway, East Bank Essequibo.
BARTICA:		Lot 45 First 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.
ENMORE:		Enmore Mall, Block # 4, Apartment # 5, Enmore Public Road, East Coast Demerara.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019 BY THE CHAIRMAN – MR. JOHN G. CARPENTER A.A., BSc.

Welcome

Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 54th Annual General Meeting, to review the performance of the Company for the year ended 31 December, 2019.

Economic Condition

Global economies grew by 2.9 percent in 2019, which is its weakest growth since the 2008 financial crisis. This reflects the geopolitical tensions mainly between United States and China, weaker industrial output from some key emerging markets and developing economies arising from country-specific factors, tighter financial conditions and higher resources import bills.

In Latin America and the Caribbean, economic activity remained flat with a growth rate of 0.6 percent in 2019. The economic slowdown mirrored the relatively sluggish global economy. The regional slowdown was partly due to a drought in Belize, Haiti, and Jamaica, as well as social unrest in Haiti.

The Guyana economy grew by 4.7 percent at the end of 2019. This growth was attributed to the higher output of gold and rice, as well as increased activities in the construction and service sectors. However, there was a decrease in output for the other sectors such as sugar, forestry, fishing and bauxite. The inflation rate increased by 2.1 percentage points with the major driver continuing to be rising food prices.

The value of the Guyana dollar relative to the United States dollar remained stable during the review at G$208.50=US$1.00.

Performance Review

I am pleased to report that Hand-in-Hand Mutual Life Assurance Company Limited recorded a Net Increase in Funds before Actuarial Adjustment of $79.4 million compared to $560.4 million the previous year. This decrease is the correction from the gains on a one-off sale of Republic Bank shares in 2018.

Actuarial adjustments to the Statement of Total Comprehensive Income reflected increases in Gross Reserves of $48.0 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 $1.4 billion, due to the upward movement of the market value of investments.

New Business

The performance of the Individual Life and Annuities Portfolios marginally decreased in New Policies by 0.6 percent from the previous year. A total of 176 new policies were issued in 2019, which provided an Annualized Premium Income from Individual Life and Annuities of $10.7 million. There were no new annuities in 2019.

MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019 BY THE CHAIRMAN – MR. JOHN G. CARPENTER A.A., BSc.

New Business - Cont'd

Group New Business, decreased to $112.3 million from the previous year of $120.0 million. Group Business generally takes a longer time to materialize and Hand-in-Hand Mutual Life Assurance Company Limited remains a major player in Group Business in Guyana.

The Ordinary Life, Group Life, Group Medical and Deposit Administration Funds continued to expand and reached $5.9 billion at the end of 2019, up from $5.5 billion in 2018.

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 $231.2 million in 2019, against $225.1 million in the previous year. The cost of claims arising from death under Individual Life policies, after reinsurance recoveries decreased from $9.7 million to $4.9 million. Moreover, claim payments, after Reinsurance recoveries, for Group Life increased from $25.3 million to $30.6 million, while Group Health claims increased from $160.1 million to 173.6 million.

Payments and provisions to the extent of $21.9 million were also made in respect of policies, which reached full maturity, and policies which during the year became eligible for part payments in accordance with the terms of the policies.

Actuarial Valuation

An Actuarial Valuation was completed for the year ended 31 December, 2019 and revealed a surplus of $3.9 billion, or Liability Coverage of 1.7 times. The next Actuarial Valuation is due on 31 December, 2020.

Insurance Companies in Guyana

The total domestic insurance sector's resources increased by 13.2 percent or $9.6 billion, which represented 25.8 percent of the total assets of the Non-Banking Financial Institutions (NBFIs).

The Life component, which accounted for 71 percent of the industry's resources, increased by 17.9 percent, while The Non-Life component also expanded by 3.1 percent.

Total Insurance Premiums also increased by 9.1 percent or $1.4 billion, of this, Life premium increased by 7.6 percent.

Insurance Regulation

The new Insurance Act 2016 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.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2019 BY THE CHAIRMAN – MR. JOHN G. CARPENTER A.A., BSc.

Insurance Regulation - Cont'd

A more robust corporate governance structure, including Enterprise Risk Management (ERM) and Own Risk and Solvency Assessment framework is being put in place, as required by the new guidelines.

IFRS17, with an effective date of 2023, 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 is currently seeking the appropriate software package to comply with all Insurance and other regulations.

Future Outlook

Global growth in 2020 is projected to contract sharply by 3.0 percent. This decline is mostly due to the COVID-19 pandemic that has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast.

The Guyana economy is expected to have a positive growth despite the high level of uncertainty stemming from the COVID-19 pandemic. This growth is to be derived from the rapid development of the Oil and Gas sector and increasing production of oil, which began in early 2020. The extractive industry will drive the medium and long-term growth in Guyana as unprecedented revenue will become available to fund fiscal spending to improve infrastructure and increase private consumption and investment.

With the economic challenges that we are facing, Hand-in-Hand Mutual Life Assurance Company Limited remains committed to the future development of the insurance sector and Guyana as a whole. While the new Oil and Gas industry offers both opportunities and challenges, we are confident that the company will implement the appropriate strategies to minimize risk and provide comprehensive insurance products. We will continue to invest resources to develop and improve the overall experience we provide to our stakeholders.

Appreciation

It is my pleasure to thank most sincerely, our policyholders for their continued confidence and loyalty to the organization over the past 54 years. Gratitude is also extended to my fellow Directors, Management, the Sales Force and the indoor Staff Members of our Head Office and Branches, for their confidence and support, and for playing their parts in achieving these results.

Thank you,

JOHN G. CARPENTER A.A., BSc.
CHAIRMAN

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting for the information of Members and Policyholders the Fifty Fourth Annual Report and Audited Financial Statements for the year ended 31 December, 2019.

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 $79.4 million as compared to $560.4 million for the previous year.

3. **Life Business**
   Gross premiums received for Ordinary Life Business for the year was $130.0 million as compared with $135.9 million for the previous year.

4. **Annuities**
   Annuities received for the year was $7.8 million as compared with $32.2 million for the previous year.

5. **Group Business**
   Gross premiums received in respect of Group Business amounted to $580.4 million as compared with $545.4 million for the previous year.

6. **Ordinary Life Fund**
   Ordinary Life Fund now stands at $958.7 million, the comparative for the year ended 31 December, 2018 being $957.9 million.

7. **Annuity Fund**
   Annuity Fund now stands at $783.5 million, the comparative for the year ended 31 December, 2018 being $794.3 million.

8. **Group Life Fund/Single Premium Mortgage Protection**
   Group Life Fund/Single Premium Mortgage Protection now stands at $1.1 billion, the comparative for the year ended 31 December, 2018 being $1.0 billion.

9. **Deposit Administration Fund**
   Deposit Administration Fund now stands at $2.9 billion, the comparative for the year ended 31 December, 2018 being $2.5 billion.

10. **Actuarial Valuation**
    An Actuarial Valuation was completed for the year ended 31 December, 2019 which revealed a surplus of $3.9 billion or liability coverage of 1.7 times. The next Actuarial valuation is due on 31 December, 2020.

11. **Claims**
    Total death claims (both Ordinary Life and Group Life) paid and provided for during the year amounted to $69.9 million of which $34.5 million is recoverable from our re-insurer resulting in a net cost to the Company of $35.4 million. Policies matured during the year were $21.9 million while medical claims amounted to $173.6 million.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

12. Investments

At December 31, 2019 the total amount invested is $6.6 billion. Included are Investments in Government, Municipal and other Securities which stood at $5.8 billion, Mortgages amounted to $80.9 million, Loan to Berbice Bridge $50.0 million, Loans on policies $47.2 million, Participation in Loans $190.4 million and Loans to Fire Company $422.0 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: I.A. McDonald
P.A. Chan-A-Sue
C.R. Quintin

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

Compton Ramnaraine

Compton Ramnaraine
Company Secretary/Finance Controller (ag)

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 2019

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, 2019, 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 14 to 58.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hand-in-Hand Mutual Life Assurance Company Limited as at 31 December, 2019, 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 2019 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 Directors/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 2019

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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends 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. 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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
HAND-IN-HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

– 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 but did not fully comply with the Insurance Act 1998 Part XVI, as explained in note 38.

The Insurance Act 2016 came into effect in 2018. As explained in Note 37, the company did not fully comply with the requirements of the Act.

TSD Lal & Co.

TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: 5 August, 2020

77 Brickdam,
Stabroek, Georgetown
Guyana.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	2018
		G$	G$
Revenue			
Premiums	5	718,239,698	713,392,104
Reinsurance premiums	5	102,678,951	91,089,813
Net premiums		615,560,747	622,302,291
Investment income			
"Available for Sale"	6	28,877,558	48,635,972
"Loans and Receivables"	6	4,143,020	81,331,279
"Other Income"	6	42,323,994	3,117,690
		75,344,572	133,084,941
(Loss)/gain on exchange		(2,732,655)	2,239,049
(Loss)/gain on disposal of investments		(5,992,051)	377,433,300
Unclaimed ordinary cheques written off		795,125	393,839
		(7,929,581)	380,066,188
		682,975,738	1,135,453,420
Deduct:			
Expenditure			
Management expenses	7	236,273,450	224,444,445
Commissions	8	63,675,233	64,659,513
Claims (net of reinsurance recoveries)	9	231,162,573	225,052,509
Surrenders	10	49,541,903	36,257,488
Annuities	11	20,659,332	22,002,886
Taxation	12	2,238,088	2,681,046
		603,550,579	575,097,887
Net increase in funds for the year before actuarial adjustment		79,425,159	560,355,533
Actuarial adjustment to:			
Policyholders' liabilities	23	50,904,260	162,265,361
Contingency reserve	25	-	23,000,000
Reinsurance assets	18	(2,852,266)	(28,726,160)
		48,051,994	156,539,201
Net increase in funds for the year		31,373,165	403,816,332
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation difference		-	10,757,277
Fair value adjustment on investments	21	1,410,881,308	1,217,909,394
Other comprehensive income		1,410,881,308	1,228,666,671
Total comprehensive income for the year		1,442,254,473	1,632,483,003

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

MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY AND FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Issued share capital G$	Other reserve G$	General reserve G$	Total G$
Balance at 1 January 2018	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
Changes in equity 2019				
Total comprehensive income for the year	-	1,410,881,308	31,373,165	1,442,254,473
Balance at 31 December 2019	275,000	4,053,625,821	(117,814,793)	3,936,086,028

"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 2019

	Notes	2019	2018
		G$	G$
ASSETS			
Non current assets			
Property & equipment	13(a)	276,147,627	1,077,488,193
Investment property	13(b)	800,000,000	-
Other assets			
Investments			
"Held to Maturity"	14(a)	10,000,000	10,000,000
"Available for Sale"	14(b)	5,764,135,743	4,158,034,042
"Loans and Receivables"	14(c)	579,657,506	756,749,763
Reinsurance assets	18	247,190,507	239,720,714
		7,677,131,383	6,241,992,712
Current assets			
Short Term Loan	14(c)	210,785,074	295,118,002
Interest accrued	16	20,729,604	20,664,074
Receivables and prepayments	17	605,333,575	647,853,082
Stocks of stationery		326,564	546,221
Tax recoverable		9,636,438	9,636,438
Cash on hand and at banks	19	1,407,593,803	840,720,546
		2,254,405,058	1,814,538,363
TOTAL ASSETS		9,931,536,441	8,056,531,075
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	20	275,000	275,000
Other reserve	21	4,053,625,821	2,642,744,513
General reserve	22	(117,814,793)	(149,187,958)
		3,936,086,028	2,493,831,555
Non - Current Liabilities			
Policyholders' liabilities	23	2,809,666,414	2,758,762,154
Deposit administration fund	24	2,862,219,325	2,492,310,259
Contingency reserves	25	200,000,000	200,000,000
		5,871,885,739	5,451,072,413
Current liabilities			
Claims admitted or intimated but not paid	26	14,769,691	16,605,388
Tax payable		2,847,840	3,629,738
Payables and accrued expenses	27	95,301,968	91,391,981
Bank overdraft (unsecured)	28	10,645,175	-
		123,564,674	111,627,107
TOTAL EQUITY AND LIABILITIES		9,931,536,441	8,056,531,075

These Financial Statements were approved by the Board of Directors on ……5 August 2020……

On behalf of the Board:

……………………………………..Director

……………………………………..Director

Compton Ramnarain ……………………………………..Company Secretary/Finance Controller (ag)

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

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	G$	G$
Operating activities		
Increase in funds and reserves for the year before taxation	33,611,253	406,497,378
Adjustments for:		
Depreciation	2,485,712	2,697,650
Redemption of securities - loss/(gain)	5,992,051	(377,433,300)
Decrease in mandatory deposit with - Bank Of Guyana	-	18,750,000
Disposal of property & equipment - loss	100,312	196,418
Investment income	(75,344,572)	(133,084,941)
Decrease in funds for the year before working capital changes	(33,155,244)	(82,376,795)
Increase in interest accrued	(65,530)	(8,089,976)
Increase/(decrease) in receivables and prepayments	42,519,507	(552,193,970)
Increase in reinsurance assets	(7,469,793)	(21,028,160)
Decrease/(increase) in stocks of stationery	219,657	(159,871)
Decrease in claims admitted or intimated but not paid	(1,835,697)	(3,910,676)
Increase/(decrease) in payables and accrued expenses	3,909,987	(8,080,091)
Increase in policyholders' liabilities	50,904,260	162,265,361
Increase in deposit administration fund	369,909,066	280,992,634
Increase in contingency reserve	-	23,000,000
Cash generated/(used in) from operations	424,936,213	(209,581,544)
Taxes paid	(3,019,986)	(3,985,821)
Net cash provided by/(used in) operating activities	421,916,227	(213,567,365)
Investing activities		
Purchase of property & equipment	(1,245,458)	(801,670,643)
Transfer of property	800,000,000	-
Aquisition of investment property	(800,000,000)	-
Proceeds from redemption of securities	-	995,490,942
Purchase of securities	(201,212,444)	(601,713,065)
Short term loan	84,332,928	99,198,345
Loans and Receivables	177,092,257	785,737,089
Dividends and interest received	75,344,572	133,084,941
Net cash provided by investing activities	134,311,855	610,127,609
Net increase in cash and cash equivalents	556,228,082	396,560,244
Cash and cash equivalents at beginning of period	840,720,546	444,160,302
Cash and cash equivalents at end of period	1,396,948,628	840,720,546
Cash and cash equivalents comprised of:		
Cash at banks	1,407,593,803	840,720,546
Bank overdraft (unsecured)	(10,645,175)	-
	1,396,948,628	840,720,546

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

NOTES ON THE ACCOUNTS

1 Incorporation and activities

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

Employees

During the year the number of employees was 28 (2018 – 29).

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 16 Leases	1 January 2019
Amendments to IFRS 9, 'Financial instruments' Prepayment features with negative compensation	1 January 2019
Amendments to IAS 28, 'Investments in associates' Long term interests in associates and joint ventures	1 January 2019
Amendments to IAS 19, 'Employee benefits' Plan amendment, curtailment or settlement	1 January 2019
Annual improvements 2015-2017	1 January 2019
New and revised interpretations	
IFRIC 23, 'Uncertainty over income tax	1 January 2019

IFRS 16 Leases

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease(off balance sheet).IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets, however, this exemption can only be applied by lessees.

IFRS 16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17.

NOTES ON THE ACCOUNTS

2 New and amended standards and interpretations – cont'd

Amendments to IFRS 9, 'Financial instruments' – Prepayment features with negative compensation

The IASB issued a narrow-scope amendment to IFRS 9 to enable companies to measure at amortized cost some prepayable financial assets with negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL).

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. However, to qualify for amortized cost measurement, the negative compensation must be reasonable compensation for early termination of the contract.

In addition, to qualify for amortised cost measurement, the asset must be held within a 'held to collect' business model.

Amendments to IAS 28, 'Investments in associates' – Long term interests in associates and joint ventures

The IASB issued a narrow scope amendment to IAS 28 that clarified that these long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9. This includes the impairment requirements in IFRS 9.

Amendments to IAS 19, 'Employee benefits' – Plan amendment, curtailment or settlement

This amendment requires an entity:

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

NOTES ON THE ACCOUNTS

2 New and amended standards and interpretations – cont'd

Annual improvements 2015-2017

Standard/Interpretation	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 in 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. Previously, it was unclear whether the income tax consequences of dividends should be recognized in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.
IAS 23, 'Borrowing costs'	The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

IFRIC 23 - Uncertainty over Income Tax

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.

None of the foregoing had an impact on the financial statements.

NOTES ON THE ACCOUNTS

2 New and amended standards and interpretations – cont'd

Pronouncements effective in future periods available for early adoption

New and Amended Standards	Effective for annual periods beginning on or after
Amendments to IFRS 3, 'Business combinations' - Definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8 - Definition of material	1 January 2020
Amendments to the Conceptual framework	1 January 2020
IFRS 17, 'Insurance contracts'	1 January 2021

The Company has not opted for early adoption.

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

Amendments to IAS 1 and IAS 8 – Definition of material

The amendment to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies', changes in accounting estimates and errors', and other consequential amendments to other IFRSs:

i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
ii) Clarify the explanation of the definition of material; and
iii) Incorporate some of the guidance in IAS 1 about immaterial information.

The amendments clarify the definition of material and make IFRSs more consistent, but are not expected to have a significant impact on the preparation of financial statements.

Amendments to the Conceptual framework

The IASB has revised its Conceptual Framework. This will not result in any immediate changes to IFRS however the revised framework will be used in future standard setting decisions. It is therefore helpful for stakeholders to understand the concepts in the framework and the potential ways in which they may impact future guidance. Preparers might also use the framework to develop accounting policy where an issue is not addressed by an IFRS.

NOTES ON THE ACCOUNTS

2 New and amended standards and interpretations - cont'd

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

IFRS 17, 'Insurance contracts'

On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

On transition to IFRS 17, an entity applies IFRS 17 retrospectively to groups of insurance contracts, unless it is impracticable. In this case, the entity is permitted to choose between a modified retrospective approach and the fair value approach.

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.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies – cont'd

(b) Segregated funds – cont'd

Deposit administration fund

(i) Group pension fund

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

(ii) Contingency reserve

This reserve represents a provision approximately seven percent (7%) of the value of the deposit administration fund.

(c) Revenue recognition

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

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

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

(d) Reinsurance

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

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

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

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

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies – cont'd

(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.

(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 Reassures.

(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.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies – cont'd

(j) Taxation

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

(k) Property, plant, equipment and depreciation

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

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

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

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

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

(l) Investment properties

Investment properties, principally office building are held for long term rental income.

After initial recognition, investment properties are measured at fair value. A valuation will be done at the end of each financial year. The last valuation was done on 2018-11-28.

No revaluation was done for the financial year. Based on the Directors' opinion the net book value of investment property approximated the stated value in the financial statements.

Any changes in fair value are presented in Statement of Profit or Loss as part of other income.

(m) 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.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies – cont'd

(m) Investments – cont'd

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.

(n) 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.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies – cont'd

(n) Financial instruments – cont'd

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.

(o) 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.

(p) Insurance contracts

The company issues contracts that transfer insurance risk.

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

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

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

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies – cont'd

(q) 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, plant and equipment

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

(iii) Other financial assets

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

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.

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

5 Premiums

	2019			2018		
	Gross G$	Reinsurance G$	Net G$	Gross G$	Reinsurance G$	Net G$
Ordinary Life	130,037,513	21,454,391	108,583,122	135,869,519	20,857,256	115,012,263
Annuities	7,818,508	-	7,818,508	32,167,169	-	32,167,169
Group Life	293,647,123	81,224,560	212,422,563	285,078,069	70,232,557	214,845,512
Group Health	286,736,554	-	286,736,554	260,277,347	-	260,277,347
	718,239,698	102,678,951	615,560,747	713,392,104	91,089,813	622,302,291

6 Investment income

	2019 G$	2018 G$
" Available for sale"		
Shares and stocks	28,877,558	48,635,972
" Loans and receivable"		
Policy loans	9,080,244	12,012,508
The Hand-in-Hand Mutual Fire Insurance Company Limited	2,904,165	57,818,565
Participation in Loans at Hand-in-Hand Trust Corporation Inc.	(7,841,389)	11,500,206
	4,143,020	81,331,279
" Other Income"		
Cash on deposits	9,784,775	3,117,430
Rental (i)	30,000,000	-
Miscellaneous	2,539,219	260
	42,323,994	3,117,690
	75,344,572	133,084,941

Summary of investment income received

	2019 G$	2018 G$
Cash on deposits	9,784,775	3,117,430
Shares and stocks	28,877,558	48,635,972
Policy loans	9,080,244	12,012,508
The Hand-in-Hand Mutual Fire Insurance Company Limited	2,904,165	57,818,565
Participation in Loans at Hand-in-Hand Trust Corporation Inc.	(7,841,389)	11,500,206
Rental	30,000,000	-
Miscellaneous	2,539,219	260
	75,344,572	133,084,941

(i) Leases as lessor

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contain an initial non-cancellable period of one year, with annual rent as listed below. Subsequent renewals are negotiated with the lessee and historically the average renewal period is one year. No contingent rent is charged.

The Company leases its investment Property.
(i). Future minimum lease payments

At 31 December, the future minimum lease payments under non-cancellable leases were receivable as follows:

	2019 G$	2018 G$
Less than one year	30,000,000	-
Between two and four years	90,000,000	-
Five years	30,000,000	-

(ii). Amounts recognised in profit or loss
During 2019, investment property rentals of G$30,000,000 (2018- G$0) were included in revenue.

NOTES ON THE ACCOUNTS

	2019	2018
	G$	G$
7 Management expenses		
Actuarial fees	6,598,693	6,266,300
Auditor's remuneration	5,827,851	4,310,724
Directors' emoluments (Note a)	6,211,284	5,915,484
Depreciation	2,485,712	2,697,650
Employment cost	137,933,987	121,582,797
Pension contributions	8,317,230	6,214,965
Operating expenses	68,898,693	77,456,525
	236,273,450	224,444,445

(a) Directors emoluments:

	2019	2018
Chairman: J. G. Carpenter	1,505,664	1,433,964
Non Executive Directors:		
W. A. Lee	941,124	896,304
P. A. Chan-A-Sue	941,124	896,304
I. A. Mc Donald	941,124	896,304
T. A. Parris	941,124	896,304
C. R. Quintin	941,124	896,304
	6,211,284	5,915,484

No emoluments were paid to Executive Directors in 2019 (2018- $0).

	2019	2018
8 Commissions		
Ordinary Life	13,441,974	15,370,054
Group Life	35,438,549	34,414,185
Group Health	14,794,710	14,875,274
	63,675,233	64,659,513

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

9 Claims

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Ordinary Life						
Death	8,223,000	3,365,352	4,857,648	11,846,213	2,180,282	9,665,931
Maturities	21,932,742	-	21,932,742	27,023,256	-	27,023,256
Other claims	187,796	-	187,796	2,945,113	-	2,945,113
	30,343,538	3,365,352	26,978,186	41,814,582	2,180,282	39,634,300
Group Life	61,718,204	31,151,033	30,567,171	41,264,567	15,989,451	25,275,116
Group Health	173,617,216	-	173,617,216	160,143,093	-	160,143,093
	265,678,958	34,516,385	231,162,573	243,222,242	18,169,733	225,052,509

Claims paid in financial year

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Ordinary Life						
Death	8,000,922	3,365,352	4,635,570	9,893,409	3,005,282	6,888,127
Maturities	23,896,871	-	23,896,871	20,359,001	-	20,359,001
Other claims	187,796	-	187,796	2,945,113	-	2,945,113
	32,085,589	3,365,352	28,720,237	33,197,523	3,005,282	30,192,241
Group Life	61,129,355	26,533,506	34,595,849	46,061,215	22,863,451	23,197,764
Group Health	173,617,216	-	173,617,216	160,143,093	-	160,143,093
	266,832,160	29,898,858	236,933,302	239,401,831	25,868,733	213,533,098

10 Surrenders

	2019	2018
	G$	G$
Annuities	4,343,207	4,005,915
Ordinary Life	45,198,696	32,251,573
	49,541,903	36,257,488

11 Annuities

Ordinary Life	20,659,332	22,002,886

12 Taxation

Taxes deducted at source from investments of statutory fund	2,238,088	2,681,046

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

NOTES ON THE ACCOUNTS

13 (a) Property & equipment

	Freehold Land and buildings G$	Office Furniture and Equipment G$	Computer Equipment G$	Motor Vehicle G$	Total G$
Cost					
At 1 January 2018	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
Additions	-	424,150	821,308	-	1,245,458
Transfer	(800,000,000)	-	-	-	(800,000,000)
Disposals	-	(163,195)	-	-	(163,195)
At 31 December 2019	263,616,670	13,807,101	23,660,419	10,572,000	311,656,190
Accumulated Depreciation					
At 1 January 2018	-	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
Charge for the year	-	722,053	548,425	1,215,234	2,485,712
Written back on disposals	-	(62,883)	-	-	(62,883)
At 31 December 2019	-	7,143,336	22,654,162	5,711,065	35,508,563
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 2019	263,616,670	6,663,765	1,006,257	4,860,935	276,147,627

Additions to Freehold land and buildings- during the year 2018 property valued at $800,000,000 was transferred to the Company from The Hand-in-Hand Mutual Fire Insurance Company Limited. This was done to facilitate the repayment of the inter-company loan between the two companies. See note 30 (vii) for more details.

(b) Investment property

	2019 G$	2018 G$
Fair value		
At 1 January 2019	-	-
Additions	800,000,000	-
At 31 December 2019	800,000,000	-

14 Investments

	2019 G$	2018 G$
(a) Held to Maturity		
Local Bonds	10,000,000	10,000,000
(b) Available for sale		
United States Securities	111,514,484	58,512,425
United States Stocks	145,950,000	71,106,840
Trinidad & Tobago Securities	46,179,580	42,349,678
Local Securities	5,460,491,679	3,986,065,099
	5,764,135,743	4,158,034,042

NOTES ON THE ACCOUNTS

14 Investments- cont'd

(c) Loans and Receivables

	2019 G$	2018 G$
(i) Mortgages on properties		
At 1 January	87,750,650	93,493,441
Drawdown/repayments- net	(6,003,255)	(5,742,791)
	81,747,395	87,750,650
Less: Provision for impairment (a)	817,473	877,506
At 31 December	**80,929,922**	**86,873,144**
(a) Provision for impairment individually assessed		
At 1 January	877,506	934,934
Movement during the year	(60,033)	(57,428)
At 31 December	817,473	877,506
(ii) Loans on policies	**47,197,199**	**69,440,036**
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
Guyana National Industrial Company Inc.	-	1,211,560
	-	**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	512,324,338	1,312,324,338
Additions	340,200,000	-
Repayment	(430,569,286)	(800,000,000)
At 31 December	**421,955,052**	**512,324,338**
Current	96,154,345	90,569,286
Long term	325,800,707	421,755,052
	421,955,052	**512,324,338**
(v) Berbice Bridge Loan (b)		
At 1 January	150,000,000	150,000,000
Repayment	(100,000,000)	-
At 31 December	**50,000,000**	**150,000,000**
Current	50,000,000	100,000,000
Long term	-	50,000,000
	50,000,000	**150,000,000**
(vi) Participation in Loans - Hand-in-Hand Trust Corporation Inc. (c)		
At 1 January	231,793,907	307,460,042
Repayment	(41,433,500)	(75,666,135)
Balance at 31 December	**190,360,407**	**231,793,907**
Current	64,630,729	104,548,716
Long term	125,729,678	127,245,191
	190,360,407	**231,793,907**
Total loans & receivables as at 31 December	**790,442,580**	**1,051,867,765**
Comprised of:		
Short Term Loan	210,785,074	295,118,002
Loans and Receivables	579,657,506	756,749,763
	790,442,580	**1,051,867,765**

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 $421,955,052 per annum. Security held on this loan is an agreement between both Hand-in-Hand Mutual Life Assurance Company Ltd. and Hand-in-Hand Mutual Fire Insurance Company Ltd.

Repayment of $800,000,000 was made during the year 2018 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.

There was a delay in capital repayment for the year 2018 of $50,000,000, which was received in the year 2019.

(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.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

15 Fair Value estimation - cont'd

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

	IFRS 13 Level	2019 Carrying Value	2019 Fair Value	IFRS 13 Level	2018 Carrying Value	2018 Fair Value
		G$	G$		G$	G$
Assets						
Property and equipment	2	276,147,627	276,147,627	2	1,077,488,193	1,077,488,193
Investment property	2	800,000,000	800,000,000	2	-	-
Investments:						
Held to maturity	2	10,000,000	10,000,000	2	10,000,000	10,000,000
Loans and receivables	2	579,657,506	579,657,506	2	756,749,763	756,749,763
Reinsurance assets	2	247,190,507	247,190,507	2	239,720,714	239,720,714
Short term loan	2	210,785,074	210,785,074	2	295,118,002	295,118,002
Interest accrued	2	20,729,604	20,729,604	2	20,664,074	20,664,074
Receivables and prepayments	2	605,333,575	605,333,575	2	647,853,082	647,853,082
Tax recoverable	2	9,636,438	9,636,438	2	9,636,438	9,636,438
Cash on hand and at banks	1	1,407,593,803	1,407,593,803	1	840,720,546	840,720,546
		4,167,074,134	4,167,074,134		3,897,950,812	3,897,950,812
Liabilities						
Policyholders' liabilities	3	2,809,666,414	2,809,666,414	3	2,758,762,154	2,758,762,154
Deposit administration fund	2	2,862,219,325	2,862,219,325	2	2,492,310,259	2,492,310,259
Contingency reserves	3	200,000,000	200,000,000	3	200,000,000	200,000,000
Claims admitted and intimated but not paid	2	14,769,691	14,769,691	2	16,605,388	16,605,388
Tax payable	2	2,847,840	2,847,840	2	3,629,738	3,629,738
Payables and accrued expenses	2	95,301,968	95,301,968	2	91,391,981	91,391,981
Bank overdraft (unsecured)	1	10,645,175	10,645,175	1	-	-
		5,995,450,413	5,995,450,413		5,562,699,520	5,562,699,520

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

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

"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.

"Investment property"
Investment property are carried at fair value. Management's judgement was used to determine that fair value approximates the carrying value.

"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.

NOTES ON THE ACCOUNTS

15 Fair value estimation - cont'd

Fair values

The following assets are carried at fair values.

	IFRS 13	2019		IFRS 13	2018	
	Level	Carrying Value	Fair Value	Level	Carrying Value	Fair Value
		G$	G$		G$	G$
Financial assets						
Investments:						
Available for sale (a)	2	5,460,491,679	5,460,491,679	2	3,986,065,099	3,986,065,099
Available for sale (b)	2	303,644,064	303,644,064	2	171,968,943	171,968,943
		5,764,135,743	5,764,135,743		4,158,034,042	4,158,034,042

"Available for sale"

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

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

16 Interest accrued

	2019	2018
	G$	G$
Mortgages	196,255	329,330
Deposits at banks	6,482,083	525,680
Interest on Courts Bond	403,288	403,288
Investment Income	13,647,978	12,211,137
Interest on Participation in Loans (Hand-in-Hand Trust Corporation Inc.)	-	7,194,639
	20,729,604	20,664,074

17 Receivables and prepayments

Other receivable	77,645,207	113,341,478
GCIS Inc. Current Account	-	6,982,351
Hand-in-Hand Investment USA Inc.	523,785,847	522,996,732
Sundry receivables	3,902,521	4,532,521
	605,333,575	647,853,082

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

18 Reinsurance assets	Ordinary life fund G$	Group life fund G$	Single premium mortgage protection G$	Total G$
Balance as at 1 January 2018	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
Actuarial increase/(decrease)	(3,859,698)	307,582	6,404,382	2,852,266
Claims recoverable	-	4,617,527	-	4,617,527
Balance as at 31 December 2019	167,929,781	6,547,738	72,712,988	247,190,507

19 Cash on hand and at banks	2019 G$	2018 G$
Non statutory deposits:		
Deposits - others	1,087,272,526	286,547,153
Current accounts	320,301,277	554,153,393
Cash on hand	20,000	20,000
	1,407,593,803	840,720,546

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

20 Share capital

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

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

NOTES ON THE ACCOUNTS

21 Other reserve

	2019	2018
	G$	G$
At 1 January	2,642,744,513	1,424,835,119
Fair value adjustment on investments	1,410,881,308	1,217,909,394
At 31 December	4,053,625,821	2,642,744,513

22 General reserve

	2019	2018
	G$	G$
At 1 January	(149,187,958)	(563,761,567)
Net increase in fund for the year	31,373,165	403,816,332
Currency translation difference	-	10,757,277
At 31 December	(117,814,793)	(149,187,958)

23 Policyholders' liabilities

Gross liabilities	Ordinary life fund	Annuity fund	Group life fund	Single premium mortgage protection	Group health fund	Total
	G$	G$	G$	G$	G$	G$
Balance as at 1 January 2018	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
Actuarial increase/(decrease)	822,741	(10,794,466)	1,023,477	50,449,428	9,403,080	50,904,260
Balance as at 31 December 2019	958,699,304	783,465,866	7,503,582	1,050,594,582	9,403,080	2,809,666,414

NOTES ON THE ACCOUNTS

24 Deposit administration fund

	2019 G$	2018 G$
At 1 January	2,492,310,259	2,211,317,625
Contributions received plus interest	461,769,301	421,219,792
Refund of contributions	(62,724,532)	(109,935,899)
Charges, claims and benefits	(29,135,703)	(30,291,259)
At 31 December	2,862,219,325	2,492,310,259

25 Contingency reserves

25 Contingency reserves	200,000,000	200,000,000

A Contingency reserve representing approximately 7% of the value of the Deposit Administration Fund was appropriated to the Statutory Fund, in keeping with draft legislation in Guyana.

26 Claims admitted or intimated but not paid

	2019 G$	2018 G$
Ordinary life	7,256,008	7,860,550
Group life	7,513,683	8,744,838
	14,769,691	16,605,388

27 Payables and accrued expenses

Other payables	47,175,563	43,298,908
Accruals	48,126,405	48,093,073
	95,301,968	91,391,981

28 Bank overdraft (unsecured)

Bank of Nova Scotia	10,645,175	-

NOTES ON THE ACCOUNTS

29 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.

30 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.

		2019 G$	2018 G$
(i)	Loans to The Hand-in-Hand Mutual Fire Insurance Company Limited. Interest is charged at a rate of 6% per annum.	421,955,052	512,324,338
	Interest received during the year on loans granted to The Hand-in-Hand Mutual Fire Insurance Company Limited.	33,386,690	98,686,947
(ii)	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.	190,360,407	231,793,907
	Interest received from loan participation with Hand-in-Hand Trust Corporation Inc.	408,611	19,750,206
(iii)	An Individual Annuity was purchased by Hand-in-Hand Trust Corporation Inc. on 2017-12-29 under Contract No: DA 2017/0006. Interest paid at a rate of 2.75% Yearly. The Maturity date for this annuity is 2022-12-29.	300,000,000	300,000,000
	Interest paid to Hand-in-Hand Trust Corporation Inc.	8,250,000	8,250,000
(iv)	Fixed Deposits at Hand-in-Hand Trust Corporation Inc. Interest received at a rate of 2% on total of $61,000,000 maturity date 2020-06-01; 1.50% on total of $300,000,000 maturity date 2020-01-17 and 2.75% on total of $200,000,000 maturity date 2020-10-30.	561,976,000	61,000,000
	Interest received from Fixed Deposits at Hand-in-Hand Trust Corporation Inc.	976,000	-
(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.	523,785,847	522,996,732
(vii)	Purchase of property from The Hand-in-Hand Mutual Fire Insurance Company Ltd. During the year 2018 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 outstanding for passing. However, the agreement of sale was finalized between the two companies on 28 December, 2019.	-	800,000,000

NOTES ON THE ACCOUNTS

30 Related party transactions - cont'd

Related companies- cont'd

(viii) Insurance

	2019 G$	2018 G$
(a) Insurance coverage	473,449,530	45,000,000
(b) Premiums for the year	1,893,797	180,000

(ix) Fees paid

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

Fees charged	93,226,600	103,126,011

(x) Sale of Republic Bank Shares

During 2018 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

(xii) Income from investment property rented to Hand-in-Hand Trust Corporation Inc.	30,000,000	-
(xiii) 29,300 Ordinary shares in Rupununi Development Company Limited	21,975,000	21,975,000

Key management personnel

(i) Compensation

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

	2019 G$	2018 G$
Short term employee benefits - Managers - 13 (2018-13)	28,733,330	30,964,022

Long term benefit is derived from the Pension Scheme.

Directors' emoluments - 6 (2018-6)	6,211,284	5,915,484

(ii) Mortgages

Interest paid for the year	2,865,385	3,031,790
Balance outstanding	69,819,054	74,142,171

The above balance refers to 3 (2018-3) 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

	2019 G$	2018 G$
Interest paid for the year	1,142,044	2,054,380
Balance outstanding	13,399,174	26,657,574

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

NOTES ON THE ACCOUNTS

31 Analysis of financial assets and liabilities by measurement basis.

2019

	Held to maturity G$	Available for sale G$	Loans and receivable G$	Other Assets/Liabilities at amortized cost G$	Total G$
Assets					
Investments	10,000,000	5,764,135,743	579,657,506	-	6,353,793,249
Reinsurance assets	-	-	247,190,507	-	247,190,507
Short term loan	-	-	210,785,074	-	210,785,074
Interest accrued	-	-	20,729,604	-	20,729,604
Receivables and prepayments	-	-	605,333,575	-	605,333,575
Tax recoverable	-	-	9,636,438	-	9,636,438
Cash on hand and at banks	-	-	-	1,407,593,803	1,407,593,803
	10,000,000	5,764,135,743	1,673,332,704	1,407,593,803	8,855,062,250
Liabilities					
	-	-	-		
Policyholders' liabilities	-	-	-	2,809,666,414	2,809,666,414
Deposit Administration Fund	-	-	-	2,862,219,325	2,862,219,325
Contingency Reserve	-	-	-	200,000,000	200,000,000
Claims admitted or intimated but not paid	-	-	-	14,769,691	14,769,691
Tax payable	-	-	-	2,847,840	2,847,840
Payables and accrued expenses	-	-	-	95,301,968	95,301,968
Bank overdraft (unsecured)	-	-	-	10,645,175	10,645,175
	-	-	-	5,995,450,413	5,995,450,413

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 FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Company's management monitors and manages the financial risk relating to the operation of the Company through internal risk reports which analyze 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 minimize 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 minimize 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$288,206,787 (2018- G$207,901,702).

(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.

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

32 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 2019	Impact on profit for year 2018
Cash and cash equivalents		G$M	G$M
Local Currency	+/-50	4.78	0.90
Foreign Currencies	+/-50	0.65	0.54

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 2019-12-31 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	-	5,764,135,743	5,774,135,743
Mortgages on properties	3.5-10	6,228,838	34,729,512	39,971,572	-	80,929,922
Loans on policies	15	-	47,197,199	-	-	47,197,199
Loan to The Hand-in-Hand Mutual Fire Insurance Co. Ltd.	6	96,154,345	325,800,707	-	-	421,955,052
Berbice Bridge loan	7.50	50,000,000	-	-	-	50,000,000
Participation in Loans- Hand-in-Hand Trust Corp. Inc.	7.5-12	64,630,729	125,729,678	-	-	190,360,407
Reinsurance assets	-	-	-	-	247,190,507	247,190,507
Interest accrued	1.1-10	20,729,604	-	-	-	20,729,604
Receivables & prepayments	6-8	68,476,513	6,394,948	1,334,374	529,127,740	605,333,575
Tax recoverable	-	-	-	-	9,636,438	9,636,438
Cash on hand and at banks	0.15-3	1,087,272,526	-	-	320,321,277	1,407,593,803
		1,393,492,555	549,852,044	41,305,946	6,870,411,705	8,855,062,250
Liabilities						
Policyholders' Liabilities	-	-	-	-	2,809,666,414	2,809,666,414
Deposit administration fund	-	-	-	-	2,862,219,325	2,862,219,325
Contingency reserves	-	-	-	-	200,000,000	200,000,000
Claims admitted or intimated but not paid	-	-	-	-	14,769,691	14,769,691
Tax payable	-	-	-	-	2,847,840	2,847,840
Payables and accrued interest	-	-	-	-	95,301,968	95,301,968
Bank overdraft (unsecured)	-	-	-	-	10,645,175	10,645,175
		-	-	-	5,995,450,413	5,995,450,413
Interest sensitivity gap		1,393,492,555	549,852,044	41,305,946		

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

32 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	Interest Rate %	Maturing 2018-12-31 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	-	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 The Hand-in-Hand Mutual Fire Insurance Co.	6-8	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- Hand-in-Hand Trust Corp. Inc.	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
Tax payable					3,629,738	3,629,738
Payables & accrued interest	-	-	-	-	91,391,981	91,391,981
		-	-	-	5,562,699,520	5,562,699,520
Interest sensitivity gap		710,087,096	724,820,781	52,973,044		

NOTES ON THE ACCOUNTS

32 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 is mainly exposed to are United States Dollar, Pound Sterling and the Trinidad and Tobago Dollar.

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

	2019			2018			
	US$	T.T$	Total G$	£	US$	T.T$	Total G$
Assets	908,857,932	49,179,924	958,037,856	251,615	850,212,003	45,350,023	895,813,641

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.

	2019		2018		
	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)	27.27	1.48	0.01	25.51	1.36

NOTES ON THE ACCOUNTS

32 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.

	2019 G$	2018 G$
Investments		
"Held to maturity"	10,000,000	10,000,000
"Available for sale"	5,764,135,743	4,158,034,042
"Loans & receivables" (i)	579,657,506	756,749,763
Reinsurance assets (ii)	247,190,507	239,720,714
Short term loans	210,785,074	295,118,002
Accrued interest (iii)	20,729,604	20,664,074
Receivables & prepayments (iv)	605,333,575	647,853,082
Taxes recoverable	9,636,438	9,636,438
Cash on hand and at banks	1,407,593,803	840,720,546
	8,855,062,250	6,978,496,661
Provision for impairment	817,473	877,507

(i) Loans and receivables include the sum of $47,197,199 (2018- $69,440,036) 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:.

	2019 G$	2018 G$
Current	542,819,121	590,738,667
Past due but not impaired	62,514,454	57,114,415
	605,333,575	647,853,082
<u>Ageing of past due but not impaired</u>		
31- 60 days	25,241,656	21,613,514
61- 90 days	3,867,771	-
91- 120 days	-	132,258
over 120 days	33,405,027	35,368,643
Total	62,514,454	57,114,415

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.

NOTES ON THE ACCOUNTS

32 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.

	2019				
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Total
	G$	G$	G$	G$	G$
Liabilities					
Policyholders' liabilities	-	-	-	2,809,666,414	2,809,666,414
Deposit administration fund	-	-	-	2,862,219,325	2,862,219,325
Contingency reserve	-	-	-	200,000,000	200,000,000
Claims admitted or intimated but not paid	14,769,691	-	-	-	14,769,691
Tax payable	-	-	2,847,840	-	2,847,840
Payables and accrued interest	71,019,918	614,565	357,059	23,310,426	95,301,968
Bank overdraft (unsecured)	10,645,175	-	-	-	10,645,175
	96,434,784	614,565	3,204,899	5,895,196,165	5,995,450,413

	2018				
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Total
	G$	G$	G$	G$	G$
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

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

33 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.

	2019				
	Ordinary Life Fund	Annuity Fund	Group Life Fund	Group Health Fund	Total
Revenue	G$	G$	G$	G$	G$
Premiums	130,037,513	7,818,508	293,647,123	286,736,554	718,239,698
Reinsurance premiums	21,454,391	-	81,224,560	-	102,678,951
	108,583,122	7,818,508	212,422,563	286,736,554	615,560,747
Investment income	15,744,200	13,054,911	16,545,461	-	45,344,572
Other Income	30,000,000	-	-	-	30,000,000
Loss on exchange	(494,748)	(29,747)	(1,117,226)	(1,090,934)	(2,732,655)
Loss on disposal of investments	(1,084,863)	(65,227)	(2,449,807)	(2,392,154)	(5,992,051)
Unclaimed Ordinary cheque written off	143,958	8,655	325,081	317,431	795,125
	152,891,669	20,787,100	225,726,072	283,570,897	682,975,738
Deduct: Expenditure					
Management expenses	42,777,379	2,571,991	96,598,697	94,325,383	236,273,450
Commissions	20,472,651	-	28,407,872	14,794,710	63,675,233
Claims	26,978,186	-	30,567,171	173,617,216	231,162,573
Surrenders	45,198,696	4,343,207	-	-	49,541,903
Annuities	-	20,659,332	-	-	20,659,332
	135,426,912	27,574,530	155,573,740	282,737,309	601,312,491
Surplus of revenue over expenditure before actuarial adjustments	17,464,757	(6,787,430)	70,152,332	833,588	81,663,247
Actuarial adjustments to:					
- Policyholders' liabilities	51,272,169	(10,794,466)	1,023,477	9,403,080	50,904,260
- Reinsurance Assets	(2,544,684)		(307,582)	-	(2,852,266)
	(31,262,728)	4,007,036	69,436,437	(8,569,492)	33,611,253
Unallocated adjustments/expenses:	Taxation				2,238,088
	Contigency reserve				-
	Currency translation difference				-
	Fair value adjustment on investments				1,410,881,308
Total Comprehensive income for the year					1,442,254,473
Statement of Financial Position					
Segmented assets	2,330,255,510	1,895,320,728	2,612,155,990	31,584,888	6,869,317,116
Unallocated assets					3,062,219,325
Total assets					9,931,536,441
Segmented liabilities	1,021,703,329	804,713,840	1,094,307,982	9,658,097	2,930,383,248
Unallocated liabilities					3,065,067,165
Total liabilities					5,995,450,413

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

33 Segment reporting - cont'd

	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	71,884,285	17,018,636	150,825,830	137,704,549	377,433,300
Unclaimed Ordinary cheque written off	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: Expenditure					
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	(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 income 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

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

33 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	
	2019	2018
	G$	G$
Local - Guyana	674,854,349	1,109,518,353
Overseas	8,121,389	25,935,067
	682,975,738	1,135,453,420

The following is an analysis of the carrying amount of segment assets, and additions to property 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	
	2019	2018	2019	2018
	G$	G$	G$	G$
Assets				
Guyana	8,973,498,585	7,160,717,434	1,812,781,151	1,656,986,165
Trinidad & Tobago	49,179,924	45,350,023	3,829,901	4,327,303
United Kingdom	-	251,615	(251,615)	(155,960,192)
United States	908,857,932	850,212,003	58,645,929	577,465,965
	9,931,536,441	8,056,531,075	1,875,005,366	2,082,819,241
Liabilities - Guyana	5,995,450,413	5,562,699,520		

34 ACTUARIAL VALUATION

An actuarial valuation of the Company was done as at 31 December 2019. This revealed a surplus of G$3,936,086,028 (2018 - G$2,493,831,555).

NOTES ON THE ACCOUNTS

35 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

35 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 behaviors.

(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, 2018 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 2015 - 2019. A margin for adverse deviation assumes a 20% fluctuation in the lapse rate for all years.

NOTES ON THE ACCOUNTS

35 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 $13,464 per annum for 2019, thereafter, inflation on expenses has been applied at a rate of 1.0% 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 $2,606 for 2019. 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 the risk profiles of the business and its small size.

(vii) Sensitivity Analysis

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

Sensitivity	2019 G$	2018 G$
2% Increase in Mortality	20.6/10.3 million	20.1/10.0 million
5% Increase in Expenses	27.1 million	26.9 million
10% Change in Lapse Rates	27.4/19.8 million	27.0/19.3 million
100 Basis Points Decrease in Valuation Interest Rate	327.8/300.1 million	331.5/304.0 million

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

36 Assets held under Trust

Assets

	2019 G$	2018 G$
Land & Building	1,063,616,670	1,063,616,670
Mortgages	11,928,341	13,608,478
Short term loan - Berbice Bridge Company Limited	50,000,000	150,000,000
	1,125,545,011	1,227,225,148
Ordinary Shares-		
Guyana-		
Demerara Tobacco Company Limited	53,443,650	52,347,370
Demerara Distillers Limited	219,514,160	205,794,525
Carribbean Containers Inc.	5,216,025	3,755,538
Guyana Bank for Trade and Industry Limited	156,646,000	149,632,000
Banks DIH Limited	468,876,114	463,087,520
Republic Bank (Guyana) Limited	3,344,876,625	2,140,721,040
Citizens Bank (Guyana) Inc.	553,946,776	553,946,776
Hand-in-Hand Investment Inc.	30,000	30,000
Rupununi Development Company Limited	21,975,000	21,975,000
	4,824,524,350	3,591,289,769
Bond & Debentures of Companies Incorporated in Guyana-		
Courts Bond	10,000,000	10,000,000
Loan granted to The Hand-in-Hand Mutual Fire Insurance Company Limited - secured	421,955,052	512,324,338
Participation of Loan to The Hand-in-Hand Trust Corporation Inc.	190,360,407	231,793,907
Fixed Deposit at Republic Bank (Guyana) Limited	65,402,488	64,883,421
Fixed Deposit at Hand-in-Hand Trust Corporation Inc.	61,976,000	61,000,000
Fixed Deposit at Guyana Bank for Trade & Industry Limited	30,627,168	30,360,000
Fixed Deposit at Citizens Bank (Guyana) Inc.	18,750,000	18,750,000
	789,071,115	919,111,666
TOTAL	6,749,140,476	5,747,626,583

37 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 percent of the statutory fund requirement of the insurer."

Management is currently in the process of resolving this issue.

NOTES ON THE ACCOUNTS

37 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

38 Insurance Act 1998

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

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 30). The current balance of G$523,785,847 (2018 G$522,996,732) (refer to note 17) 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.

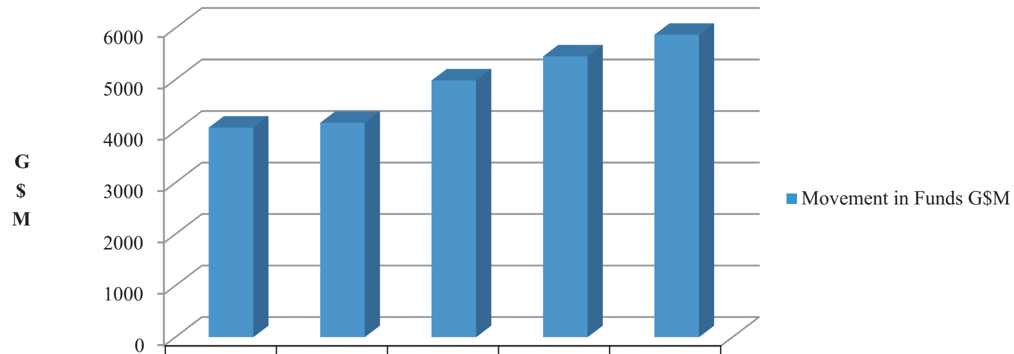
40 Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on 5 August 2020.

HAND-IN-HAND

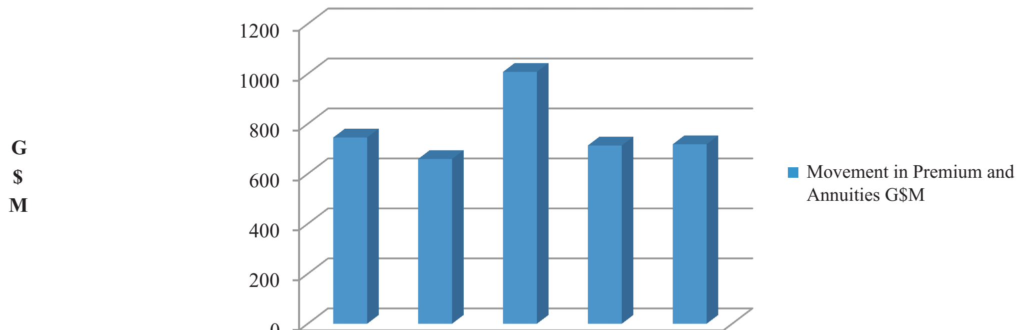
MUTUAL LIFE ASSURANCE COMPANY LIMITED

Movement in Funds



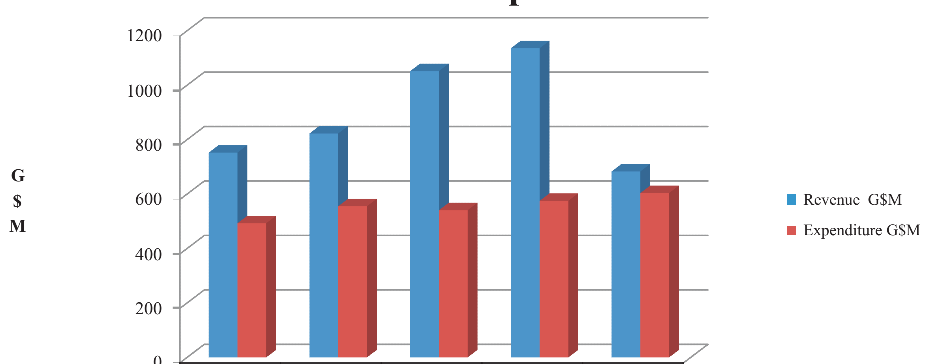
	2015	2016	2017	2018	2019
Movement in Funds G$M	4070.1	4162.5	4984.8	5451.1	5871.9

Movement in Premium and Annuities G$M



	2015	2016	2017	2018	2019
Movement in Premium and Annuities G$M	745.3	659.4	1007.9	713.4	718.2

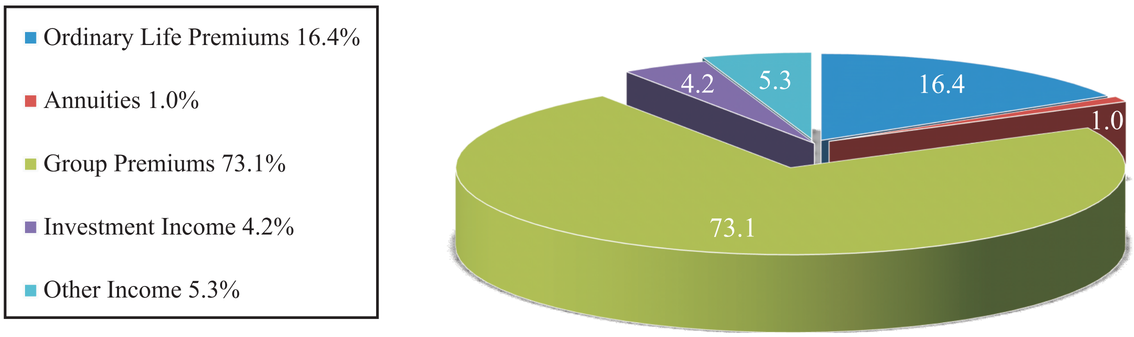
Revenue vs Expenditure



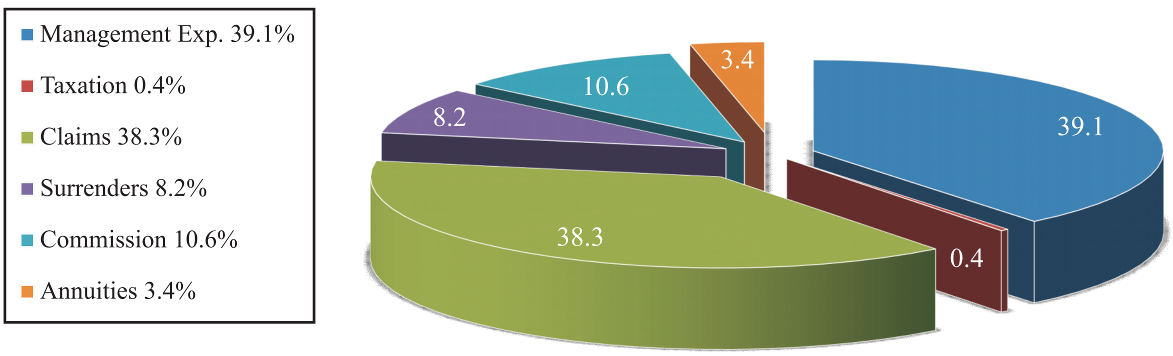
	2015	2016	2017	2018	2019
Revenue G$M	752.2	822.4	1051.5	1135.5	682.9
Expenditure G$M	492.76	555.2	540.7	575.1	603.6

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

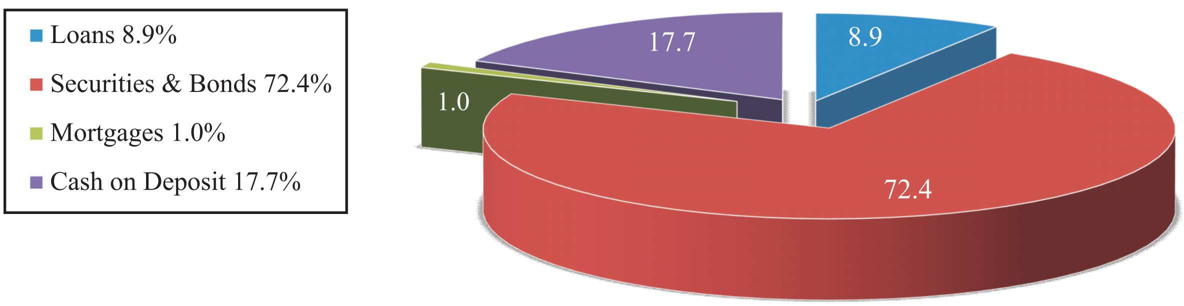
Source of Revenue



2019 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