THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES

(Incorporated 1865)

154th

ANNUAL REPORT AND ACCOUNTS

For the year ended 31st December, 2019

THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

NOTICE OF MEETING

The One Hundred and Fifty Fourth Annual General Meeting of Members of the above mentioned Company will be held at the Company's Offices, Lots 1, 2, 3 & 4, Avenue of the Republic, Georgetown, on Thursday, 17 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. Declaration of the profits available for distribution amongst Members.

3. Election of Directors.

4. Election of Auditors.

5. To fix the remuneration of the Directors.

6. To fix the remuneration of the Auditors.

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

BY ORDER OF THE BOARD

Compton Ramnaraine

Compton Ramnaraine
Company Secretary/ Finance Controller (ag)

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

26 August 2020

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

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

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

Covid-19 safety protocols are in force.

THE HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES

HEAD OFFICE

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

DIRECTORS

J.G. Carpenter, A.A., B.Sc.	- Chairman
W.A. Lee, A.A., B.Sc., B.S.P., E.M.S.C.P., B.Soc.Sc., Dip.M., F.C.I.M	- Vice Chairman
C.R. Quintin	
I.A. McDonald, A.A., M.A. (Hons) Cantab., F.R.S.L., Hon D.LITT. UWI	
P.A. Chan-A-Sue, C.C.H., F.C.A.	
T.A. Parris, B.A. (Econs.), M.A. (Econs. & Ed.)	
K. Evelyn, B.A.(Hons) Sheff.Hallam., B.Sc.UMIST., M.B.A. Liv., A.C.I.B., F.C.I.I., M.C.I.B.S., Chartered Insurer, Chartered Banker	
H. Cox, A.C.I.I., Chartered Insurer	

MANAGEMENT:

Chief Executive Officer	-	Keith Evelyn, B.A.(Hons) Sheff. Hallam, B.Sc.UMIST., M.B.A.Liv., A.C.I.B., F.C.I.I., M.C.I.B.S. - Chartered Insurer, Chartered Banker
Manager	-	Howard Cox, A.C.I.I. - Chartered Insurer
Assistant Manager	-	Mary Nagasar, Dip. BMA., G.D.M., M.B.A.
Motor Manager	-	Omadatt Singh, B.Sc. (Hons.), M.B.A., F.C.C.A., C.P.A. - C.G.A., C.P.C.U.
Assistant Motor Manager (ag)	-	Chuwatie Harduwar-Ramsaroop, F.L.M.I., A.C.S., A.R.A.
Company Secretary/ Finance Controller	-	Shaheed Essack, M.A.A.T., A.C.I.S., M.C.M.I.
Chief Accountant	-	Compton Ramnaraine, M.A.A.T., A.I.C.B., A.C.C.A.
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.

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

AUDITORS:	TSD LAL and Company, Chartered Accountants
ATTORNEYS-AT-LAW:	Cameron & Shepherd Hughes, Fields & Stoby
BANKERS:	Republic Bank (Guyana) Limited
	Guyana Bank for Trade & Industry Limited
	Bank of Nova Scotia
	Bank of Baroda
	Citizens Bank (Guyana) Inc.
	Demerara Bank Limited
	Hand-in-Hand Trust Corporation Inc.
	RBC Dominion Securities, Canada

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

BRANCH OFFICES:

BERBICE:	1) New Amsterdam	Lots 15 & 16B New Street, New Amsterdam, Berbice
	2) Corriverton	Lot 101 Ramjohn Square, No. 78 Village (Springlands) Corriverton, Berbice.
	3) D'Edward Village	Plot 'A' Northern Public Road, D' Edward Village, West Bank Berbice.
	4) Rosehall	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:		30 Tract “A” Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Building Lot “M” Great Diamond East Bank Demerara.
ESSEQUIBO:		Doobay's Complex, Lot 18 Cotton field, Essequibo Coast.
SOESDYKE:		Shawnee Service Station Block 'X' Soesdyke, East Bank Demerara.
GEORGETOWN:		Lot 212 Barr Street, Kitty Village, Greater Georgetown.
ENMORE:		Enmore Mall, Block # 4, Apartment # 5, Enmore Public Road, East Coast Demerara.

THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019
BY THE CHAIRMAN OF THE BOARD OF DIRECTORS
– MR. JOHN G. CARPENTER A.A., BSc.

Welcome

Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 154th Annual General Meeting. Please allow me to review the performance of the Company for the year ended 31 December 2019.

Economic Review

The global economy in 2019 showed signs of instability due to geopolitical tensions between major economies. As a result it only managed to record a growth of 2.9 percent, compared to 3.6 percent in 2018. The growth rate of the advanced economies declined from 2.2 percent to 1.7 percent while that of emerging and developing economies declined from 4.5 percent to 3.7 percent.

Economic activity in Latin America and the Caribbean stagnated in 2019, registering a growth rate of 0.6 percent. This growth had been held back by low global growth and commodity prices, elevated economic policy uncertainty, low investment and a weaker business climate.

In 2019, The Guyana economy grew by 4.7 percent. The country maintained steady growth and this is expected to continue in the medium term. This growth was attributed to improved performances of rice, gold, as well as the construction and service sectors, which were boosted by the emerging Oil and Gas sector. In contrast, the output of sugar, fishing, forestry and bauxite declined as a result of poor weather and road conditions, as well as lower demand. The Urban Inflation Rate remained stable at 2.1 percent despite moderate increases in the prices of food and fuel.

Insurance Companies in Guyana 2019

The total domestic insurance sector's resources increased by 13.2 percent or $9.56 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. Off this, Life premium increased by 7.6 percent.

Banking Sector

The local commercial banking sector continued to remain stable by the end of 2018. In spite of the higher level of non-performing loans among some banks, the banks managed to record healthy profits. The weighted-average time deposit rate of the banks declined by 13 basis points to 0.98 percent while the weighted-average lending rate fell by 84 basis points to 9.18 percent.

Commercial banks' average Capital Adequacy Ratio decreased marginally to 30.7 percent; this being well above the prudential benchmark of 8.0 percent.

THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019
BY THE CHAIRMAN OF THE BOARD OF DIRECTORS
– MR. JOHN G. CARPENTER A.A., BSc.

Trust Companies

The two trust companies in Guyana, Hand-in-Hand Trust Corporation Inc. and Trust Company Guyana Ltd increased their combined resources by 8.5 percent or $964 million. In addition, Deposits, which represented 67.7 percent of total liabilities, also expanded by 3.5 percent or $278 million. This expansion resulted from a 7.5 percent or G$411 million increase in deposits of individual customers.

Insurance Regulation

The new Insurance Act 2016 which took effect in 2018, required Hand-in-Hand Fire to have a minimum surplus of assets equivalent to $400 million. The Company is required to be compliant within 5 years from 22 November 2018. A more robust corporate governance structure, including Enterprise Risk Management (ERM) and Own Risk and Solvency Assessment framework is being put in place, as required by the new guidelines.

Group Results

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

The Group recorded a Total Revenue of $2.9 billion which represent a 3.1 percent increase from the previous year. This is mainly due to the appreciation of local securities. We have managed to reduce Total Expenditure by 4.6 percent to 2.0 billion as compared to 2018. This Group achieved a Comprehensive Income Surplus of $968.1 million in 2019.

Hand-in-Hand Mutual Fire Insurance Co. Ltd.

The Company had a relatively stable performance for the period under review. The Total Revenue from Hand-in-Hand Fire operations and investments decreased by 7.5 percent to $1.5 billion from the previous year. Total Expenditure decreased by 12.0 percent to 1.1 billion, giving us a surplus of revenue of $404.3 million.

Premium Income from all sources within the Fire Insurance Company for the period decreased by 4.2 percent to $1.3 Billion as compared to 2018 reflecting more conservative underwriting during the year.

The Company underwrote 913 New Fire Policies. Total Sums Insured of the new policies was $10.1 billion, which was a 7.3 percent decrease from the previous year. Hand-in-Hand Fire's New Business Annualised Premium declined by 30.4 percent to $31.8 million. This is indicative of aggressive pricing strategies from the insurance companies fueled by excess underwriting capacity, which continued to drive insurance premium rates down. Nevertheless, Business in Force at the end of 2019 stood at $185.9 billion with an Annualised Premium Income of $574.4 million. This represented a 5.8 percent and 5.5 percent increase with respect to the Sums Insured and Annualized Premiums, respectively. The Company will continue to expand its Accident, Bonds and Marine portfolios to cater for the new Oil and Gas Industry.

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

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019
BY THE CHAIRMAN OF THE BOARD OF DIRECTORS
– MR. JOHN G. CARPENTER A.A., BSc.

Motor Insurance
The Motor Insurance Division of the company remains a leading player in the industry by virtue of the very efficient underwriting and claims service provided. During period of 2019, we issued a total of 4,251 new policies, generating an Annualized Premium of $114.2 million. This, however, represented 9.2 percent and 11.4 percent decreases with respect to New Policies and Annualized Premiums respectively. This further demonstrates the negative effects of excess underwriting capacity.

Claims
The Company was happy to meet its Claim obligations, paying and reserving a total of $227.3 million. We see claims handling as part of our mission statement and we will continue to provide superior claims service to our customers who may have experienced an unfortunate loss.

Investments
The Company continues to utilize all available opportunities for short-term and long-term investments while hedging against systematic and unsystematic risks. Investments increased from $2.2 billion to $2.6 billion and yielded a return of 2.9 percent on average investments.

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

Taxation
The Group contributed $104.8 million by way of taxation to the general revenue of the country.

Hand-in-Hand Trust Corporation Inc.
Total Equity of the Hand-in-Hand Trust increased by $407.3 million to $1.8 billion, due to an increase of fair value of securities and Net Profit earned for the year of $161.3 million.

Total Assets increased from $9.6 billion to $10.4 billion. This was attributed to the increases in, fair value of securities, mortgages and loans by $468.7 million.

The Trust Corporation was happy to report a Tier I Capital Adequacy Ratio of 26.2% percent and Tier II, 21.22 percent for the period ended 2019, which was above the benchmark average of 8.0 percent.

GCIS Inc.
GCIS Inc. recorded a surplus of 11.7 million in 2019, against a profit of $1.2 million in 2018. This was mainly due to an increase in net premium of 7.9 percent. GCIS continues to be a key player in the Motor Insurance Industry and complements the Hand-in-Hand Group with excellent service.

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

THE
HAND-IN-HAND
MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019
BY THE CHAIRMAN OF THE BOARD OF DIRECTORS
– MR. JOHN G. CARPENTER A.A., BSc.

Staff and customer Service.
Our customer service continues to be our number one priority. Our staff remains committed to providing on a consistent basis a high quality of services to our customers and members of the public. The company continues to place emphasis on providing training both internally and externally.

The company is saddened by the loss of its Company Secretary/Finance Controller; Mr. Shaheed Essack, who passed away on 12 February 2020 bringing to an end over thirty-four years of excellent service. His contribution was invaluable. The Board extends its condolences to relatives and friends.

Future Outlook
The global economy is expected to contract by 3.0 percent in 2020. This is the result of the COVID-19 pandemic that is inflicting high and rising human costs while having a severe negative impact on economic activities worldwide.

Guyana is expected to experience unprecedented growth in 2020, despite the COVID-19 pandemic as oil production continued to ramp up from the first oil in December 2019. There will be unprecedented revenue to fund fiscal spending to improve infrastructure and increase private consumption and investment despite the country's challenging business environment.

With the economic social challenges Guyana faces, Hand in Hand will continue modernize its operations and have the right skills and experience to position itself to capture all opportunities relating to the lucrative Oil and Gas Industry, while expanding our current lines of business.

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

To our policyholders, I wish to express my gratitude for their loyalty and support during the past year, and indeed over the past 154 years.

Thank you,

J.G. Carpenter

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

THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

REPORT OF THE DIRECTORS

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

1. Principal Activities

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

2. Operational Results

The Company's funds increased by $404.3 million for the year ended 31 December 2019 as compared with an increase in funds of $378.0 million for the year ended 31 December 2018.

3. Fire Business

During the year the Company issued 913 fire policies insuring $10.1 billion yielding annual premiums of $31.8 million. At the close of the year, there were 14,300 policies in force insuring $175.8 billion with annualised premiums of $582.7 million. At the close of the previous year, there were 14,300 policies in force insuring $175.8 billion with annualised premiums of $582.7 million. A statement of fire policies issued and expired during the year is shown on page 12 of this report.

4. Motor Business

During the period 4,251 policies were issued insuring 4,573 vehicles with annualised premiums of $114.2 million. Previous year figures were 4,680 policies insuring 5,010 vehicles with annualised premiums of $128.9 million.

5. Investments

Investments at the end of the year stood at $2.3 billion as against $2.3 billion the previous year. Certificates for securities held by the Company and those lodged with the company's bankers as collateral for overdraft and loan facilities have been examined by our auditors.

6. Triennial Cash Profit

The Directors recommend a Cash Profit return of 15% in respect of those policies entitled to earn profit for the triennial period ended 31 December 2019, after deduction of reserve for the unexpired period. This will result in a cash payout of $2.2 million. For year ended 31 December 2018, a 15% Cash Profit was declared which resulted in a payout of $2.4 million.

7. Employee Relations

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

REPORT OF THE DIRECTORS

8. Directorate

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

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

9. Corporate Governance

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

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

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

The committees established by the Board and their Chairpersons are:

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

10. Auditors

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

By Order of the Board

Compton Ramnaraine

Compton Ramnaraine
Company Secretary/Finance Controller (ag)

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

POLICIES ISSUED AND EXPIRED

	No. of Policies	Sum Insured (G$M)	Annual Premiums (G$M)
In force as at 2018-12-31	14,300	175,843	583
Issued during the year	913	10,116	31
	15,213	185,959	614
Expired during the year	749	11,616	40
In force as at 2019-12-31	14,464	174,343	574

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

Opinion

We have audited the financial statements of Hand-in-Hand Mutual Fire Insurance Company Limited and subsidiaries, 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 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 16 to 91.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hand-in - Hand Mutual Fire Insurance Company Limited and subsidiaries as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Other information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Group'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 based on the work we have performed, we conclude that if there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

Responsibilities of Those Charged with Governance for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

The Insurance Act 2016 came into effect in 2018. As explained in note 48, the Company did not fully comply with the requirements of the Act.

TSD Lal & Co.

TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: 10 September 2020

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

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

		Company		Group	
	Notes	2019	2018	2019	2018
		G$	G$	G$	G$
Revenue					
Premiums	3	1,278,921,117	1,334,781,796	1,470,186,186	1,527,817,983
Less : Reinsurance premiums	3	272,042,752	254,964,804	286,942,185	272,544,505
Increase in unexpired risks	3	(20,701,879)	(25,590,226)	(20,372,656)	(15,455,037)
		1,027,580,244	1,105,407,218	1,203,616,657	1,270,728,515
Investment income					
"Held to Collect"	4	-	-	65,436,892	71,108,925
"Held for Trading"	4	37,942,168	31,588,144	74,490,790	63,290,267
"Loans and receivables"	4	23,500,637	25,013,808	693,089,448	575,645,562
Other income	5	356,460,357	203,155,783	902,112,892	402,498,365
Management fees	6	18,000,000	18,000,000	-	-
Unclaimed triennial cash profit and others		3,488,057	1,073,079	3,488,057	1,073,079
Gain on exchange		-	6,662,431	-	7,340,347
Gain on disposal of investments					
"Held for Trading"		-	5,013,607	-	22,205,635
Gain on disposal of fixed assets	15 (b)	-	190,041,649	-	440,194,367
		1,466,971,463	1,585,955,719	2,942,234,736	2,854,085,062
Deduct:					
Expenditure					
Commissions and allowances	7	142,928,860	159,332,750	146,620,505	167,128,684
Management expenses	8	658,218,629	782,228,089	1,247,071,078	1,369,579,218
Claims (net)	9	227,327,701	202,398,936	289,026,868	268,573,522
Interest	10	-	-	184,235,085	183,905,092
Triennial cash profit	11	2,361,883	2,476,578	2,361,883	2,476,578
Property tax		14,300,376	11,605,421	30,366,163	24,508,429
Taxation	14(a)	17,550,603	49,951,075	74,451,839	53,625,380
		1,062,688,052	1,207,992,849	1,974,133,421	2,069,796,903
Surplus of revenue over expenditure before actuarial adjustment		404,283,411	377,962,870	968,101,315	784,288,159
Actuarial adjustment to Policyholders' Liabilities	36	-	-	-	9,349,624
Total comprehensive income for the year		404,283,411	377,962,870	968,101,315	793,637,783
Surplus of revenue over expenditure attributable to:					
Owners of the Company		404,283,411	377,962,870	831,501,111	690,416,149
Non-controlling interests		-	-	136,600,204	103,221,634
		404,283,411	377,962,870	968,101,315	793,637,783
Total comprehensive income attributable to:					
Owners of the Company		404,283,411	377,962,870	831,501,111	690,416,149
Non-controlling interests		-	-	136,600,204	103,221,634
		404,283,411	377,962,870	968,101,315	793,637,783

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

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

Company	Premium capital G$	Capital reserve G$	General reserve G$	Capital redemption reserve G$	Triennial profit G$	Total G$
Balance as at 1 January 2018	29,660,123	651,396,183	1,565,223,836	1,508,452	2,476,578	2,250,265,172
Changes in equity 2018						
Total Comprehensive Income for the year	64,928,674	-	313,148,891	-	(114,695)	377,962,870
Balance as at 31 December 2018	94,588,797	651,396,183	1,878,372,727	1,508,452	2,361,883	2,628,228,042
Changes in equity 2019						
Total Comprehensive Income for the year	(57,765,814)	-	462,176,159	-	(126,934)	404,283,411
Balance as at 31 December 2019	36,822,983	651,396,183	2,340,548,886	1,508,452	2,234,949	3,032,511,453

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

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

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

Group	Premium capital G$	Capital reserve G$	Risk reserve G$	Reserve fund G$	General reserve G$	Capital redemption reserve G$	Triennial profit G$	Non controlling interest G$	Total G$
Balance as at 01 January 2018	29,660,123	718,084,427	215,784,245	194,779,819	1,384,784,151	1,508,452	2,476,578	359,695,494	2,906,773,289
Changes in equity 2018									
Total Comprehensive Income for the year	64,928,674	-	-	-	625,602,170	-	(114,695)	103,221,634	793,637,783
Transfer to Statutory Reserve	-	-	-	7,514,483	(5,886,748)	-	-	(1,627,735)	-
Transfer (from)/ to Risk Reserve	-	-	(93,486,213)	-	93,584,501	-	-	27,177	125,465
Balance as at 31 December 2018	94,588,797	718,084,427	122,298,032	202,294,302	2,098,084,074	1,508,452	2,361,883	461,316,570	3,700,536,537
Changes in equity 2019									
Total Comprehensive Income for the year	(57,765,814)	-	6,764,565	-	882,629,293	-	(126,934)	136,600,205	968,101,315
Revaluation of land and building	-	64,760,612	-	-	-	-	-	32,350,544	97,111,156
Transfer (from)/ to Risk Reserve	-	-	(31,228,819)	-	31,228,819	-	-	-	-
Transfer to Statutory Reserve	-	-	-	61,101,246	(47,865,928)	-	-	(13,235,318)	-
Balance as at 31 December 2019	36,822,983	782,845,039	97,833,778	263,395,548	2,964,076,258	1,508,452	2,234,949	617,032,001	4,765,749,008

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

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

PROFIT AND LOSS (ANNUAL) ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

		Company	
	Notes	2019 G$	2018 G$
Earned premiums		788,891,035	822,342,437
Investment income			
"Held for Trading"	4	37,942,168	31,588,144
"Loans and receivables"	4	23,500,637	25,013,808
Other income	5	13,440,773	25,781,637
Management fees		18,000,000	18,000,000
Gain on exchange		-	6,662,431
Gain on disposal of investments		-	5,013,607
Gain on disposal of Fixed Assets		-	190,041,649
		881,774,613	1,124,443,713
Deduct:			
Management expenses		517,076,314	642,063,568
Claims (net)		128,280,605	79,623,083
Reinsurance premiums		238,147,747	222,654,828
Taxation		23,221,457	56,450,416
		906,726,123	1,000,791,895
Transfer - policies entitled to profit 2019/2021	13	(24,951,510)	123,651,818

This account, made up in accordance with Section 83 of the Company's Ordinance of Incorporation No. 9 of 1938 (together with the accompanying Profit and Loss (Triennial) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire policies entitled to profit in 2019.

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

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

PROFIT AND LOSS (TRIENNIAL) ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

		Company and Group	
	Note	2019 G$	2018 G$
Premiums received 2016 - 2019		13,210,146	14,849,750
Balance of unexpired risks reserve at 31 December 2019		3,865,162	3,257,864
Premiums on surrendered profit policies		410,758	184,053
		17,486,066	18,291,667
Deduct:			
Balance of unexpired risks reserve at 31 December 2019		2,176,330	2,558,519
Transfer - profit and loss (Annual) account	14	29,105,985	29,683,168
Triennial profit - 15%		2,234,949	2,361,883
		33,517,264	34,603,570
Transfer from general reserve		(16,031,198)	(16,311,903)

This account, made up in accordance with Section 78 of the Company's Ordinance of Incorporation No. 9 of 1938 (together with Profit and Loss (Annual) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire Policies entitled to profit in 2019.

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

THE HAND-IN-HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		Company		Group	
	Notes	31.12.2019	31.12.2018	31.12.2019	31.12.2018
		G$	G$	G$	G$
ASSETS					
Non current assets					
Goodwill	41	-	-	157,582,464	157,582,464
Plant, Property and Equipment	15	1,501,021,392	1,440,771,223	1,988,932,866	1,671,312,606
Other assets					
Investments					
"Held to Collect"	16	-	-	1,217,817,369	1,436,984,301
"Held for Trading"	16	1,611,871,348	1,268,851,764	3,261,498,504	2,420,607,293
"Loans and receivables"	16	9,632,023	9,427,445	6,447,161,790	6,004,807,929
Investment in subsidiaries	18	948,873,333	948,873,333	-	-
Properties on hand	19	1,900,000	1,900,000	51,550,041	54,326,860
Statutory deposits	20	-	-	1,028,305,154	1,062,256,825
Deferred tax assets	14(a)	19,495,094	28,071,594	20,887,911	29,246,690
		4,092,793,190	3,697,895,359	14,173,736,099	12,837,124,968
Current assets					
Receivables and prepayments	21	789,608,305	797,408,104	849,974,692	845,196,293
Interest accrued	22	8,933,478	6,876,078	32,722,906	37,673,714
Stock of stationery		3,914,688	6,079,249	5,523,995	7,233,314
Tax recoverable		130,274,502	133,160,286	144,524,411	147,410,195
Cash on deposits	23	320,716,924	344,746,422	782,650,643	615,378,162
Cash at banks and on hand	24	179,372,171	129,648,131	301,123,532	182,628,948
		1,432,820,068	1,417,918,270	2,116,520,179	1,835,520,626
TOTAL ASSETS		5,525,613,258	5,115,813,629	16,290,256,278	14,672,645,594
EQUITY AND LIABILITIES					
Capital and reserves					
Premium capital	25	36,822,983	94,588,797	36,822,983	94,588,797
Capital reserve	26	651,396,183	651,396,183	782,845,039	718,084,427
Risk reserve	29	-	-	97,833,778	122,298,032
Reserve fund	34	-	-	263,395,548	202,294,302
General reserve	27	2,340,548,886	1,878,372,727	2,964,076,258	2,098,084,074
Capital redemption reserve	28	1,508,452	1,508,452	1,508,452	1,508,452
Triennial profit	31	2,234,949	2,361,883	2,234,949	2,361,883
		3,032,511,453	2,628,228,042	4,148,717,007	3,239,219,967
Non controlling interest	32	-	-	617,032,001	461,316,570
		3,032,511,453	2,628,228,042	4,765,749,008	3,700,536,537
Non current liabilities					
Provision for unexpired risks	30	649,741,674	670,443,553	725,379,061	745,751,717
Medium term borrowings	33	325,800,707	421,755,052	325,800,707	421,755,052
Customers' deposits	35	-	-	598,239,351	523,552,760
Deferred tax liabilities	14(a)	434,264,122	434,264,122	566,841,642	501,955,810
Policyholders' liabilities	36	-	-	940,326	290,376
Lease Liability	40	29,991,194	-	110,181,553	-
		1,439,797,697	1,526,462,727	2,327,382,640	2,193,305,715
Other liabilities					
Short term borrowings	33	96,154,345	90,569,286	96,154,345	90,569,286
Customers' deposits	35	-	-	7,852,488,475	7,622,400,622
Claims admitted or intimated but not paid	37	544,117,486	494,252,454	569,508,298	526,386,498
Payables and accrued expenses	38	163,264,076	255,255,582	334,041,920	409,893,756
Lease Liability	40	8,887,291	-	32,650,101	-
Taxes payable		97,004,371	98,933,375	168,404,952	107,441,017
Bank overdraft	39	143,876,539	22,112,163	143,876,539	22,112,163
		1,053,304,108	961,122,860	9,197,124,630	8,778,803,342
TOTAL EQUITY AND LIABILITIES		5,525,613,258	5,115,813,629	16,290,256,278	14,672,645,594

"These financial statements were approved by the Board of Directors on 10 September 2020

On behalf of the Board:

.... Director

.... Director

Compton Kannardane .... Company Secretary/Finance Controller (ag)

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Company		Group	
		2019	2018	2019	2018
		G$	G$	G$	G$
Operating activities					
Net cash used in operating activities	(a)	(8,018,997)	(16,763,059)	(262,900,108)	(858,776,638)
Investing activities					
Purchase of fixed assets		(63,565,551)	(35,246,055)	(63,832,577)	(41,662,331)
Right of use assets		(44,974,986)	-	(171,345,900)	-
Proceeds from disposal of fixed assets		-	800,000,000	-	800,000,000
Proceeds from redemption of securities		-	407,454,014	365,378,604	704,144,350
Properties on hand		-	-	2,776,819	(39,992,513)
Purchase of securities		-	(440,761,281)	(272,463,985)	(1,090,520,165)
Loans and receivables (advances)/repayments		(204,578)	194,595,195	(468,973,239)	(296,134,455)
Medium term borrowings		(90,369,286)	(800,000,000)	(90,369,286)	(800,000,000)
Interest and dividend received		61,442,805	56,601,952	833,017,130	710,044,754
Other income		13,440,773	25,781,637	160,164,331	402,498,365
Net cash provided by in investing activities		(124,230,823)	208,425,462	294,351,897	348,378,005
Financing activities:					
Lease interest expense		(2,698,499)	-	(10,280,754)	-
Increase in Lease liability		38,878,485	-	142,831,654	-
Net cash provided by in investing activities		36,179,986	-	132,550,900	-
Net increase/(decrease) in cash and cash equivalents		(96,069,834)	191,662,403	164,002,689	(510,398,633)
Cash and cash equivalents at beginning of period		452,282,390	260,619,987	775,894,947	1,286,293,580
Cash and cash equivalents at end of period		356,212,556	452,282,390	939,897,636	775,894,947
Comprising:					
Cash on deposits		320,716,924	344,746,422	782,650,643	615,378,162
Cash at banks and on hand		179,372,171	129,648,131	301,123,532	182,628,948
Bank overdraft		(143,876,539)	(22,112,163)	(143,876,539)	(22,112,163)
		356,212,556	452,282,390	939,897,636	775,894,947

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

THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

NOTE TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Company		Group	
	2019	2018	2019	2018
	G$	G$	G$	G$
(a) Surplus of revenue over expenditure before taxation	421,834,014	427,913,945	1,042,553,154	847,263,163
Adjustments for:				
Depreciation	31,934,619	26,214,211	37,750,024	38,646,690
Depreciation- right of use asset	8,994,997	-	34,269,180	-
Lease expense	2,698,499	-	10,280,754	-
Provision for unexpired risks	(20,701,879)	(25,590,226)	20,372,656	15,455,037
Provision for loan losses	-	-	26,619,378	102,933,965
Fair value through Profit and Loss a/c	(343,019,584)	(177,374,146)	(741,948,561)	-
Redemption of Securities - gain	-	(5,013,607)	-	(22,205,635)
Increase in mandatory deposits with				
- Bank of Guyana	-	-	(28,492,621)	15,605,370
- Commissioner of Insurance	-	244,375,148	62,444,292	242,913,704
Investment income	(61,442,805)	(56,601,952)	(833,017,130)	(710,044,754)
Other income	(13,440,773)	(25,781,637)	(160,164,331)	(402,498,365)
(Gain)/Loss from Disposal of fixed assets	7,360,752	(190,041,649)	7,390,939	(440,033,402)
Operating surplus/(deficit) before working capital changes	34,217,840	218,100,087	(521,942,266)	(311,964,227)
Increase/(decrease) in customers' deposits	-	-	304,774,444	(258,175,390)
(Increase)/decrease in receivables, prepayments and interest accrued	5,742,399	(113,162,486)	172,409	(116,130,268)
Increase/(decrease) in stock of stationery	2,164,561	(647,827)	1,709,319	(622,347)
Decrease in current liabilities	(42,126,474)	(48,473,531)	(32,730,036)	(41,242,475)
Increase/(decrease) in Policyholders' Liabilities	-	-	649,950	(9,349,624)
Cash generated from/(used in) operations	(1,674)	55,816,243	(247,366,180)	(737,484,331)
Taxes paid/adjusted	(8,017,323)	(72,579,302)	(15,533,928)	(121,292,307)
Net cash used in operating activities	(8,018,997)	(16,763,059)	(262,900,108)	(858,776,638)

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

NOTES ON THE ACCOUNTS

1. Incorporation and activities

The Hand-In-Hand Mutual Fire Insurance Company Limited

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

The Company provides a range of Insurance services.

GCIS Incorporated

Guyana Co-operative Insurance Service was established in Guyana by virtue of Order No. 57 of 1976 made under the Co-operative Financial Institutions Act 1976 (No. 8 of 1976). Effective 16 October 1997 pursuant to Ministerial Order No. 32 of 1997 made under the Financial Institutions Act No. 20 of 1996, the GCIS was registered as a Public Company, limited by shares under the new name GCIS Incorporated. On the 18 November 1998, The Hand-in-Hand Mutual Fire Insurance Company Limited acquired 66.7% of shares in GCIS Incorporated.

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

During the year, the number of employees in the company was 20 (2018-20).

Hand-In-Hand Trust Corporation Incorporated

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

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

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

The GNCB Trust Corporation Inc. was privatized on 20 November 2002 with The Hand-in-Hand Mutual Fire Insurance Company Limited acquiring 90% of the authorized and issued share capital. On March 14 2003, 15% of the shares were sold to Hand-In-Hand Mutual Life Assurance Company Limited and 10% were sold to Guyana Cooperative Insurance Services Inc

NOTES ON THE ACCOUNTS

1. Incorporation and activities – cont'd

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

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

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

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

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

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

The revised shareholdings are as follows:

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

NOTES ON THE ACCOUNTS

1. Incorporation and activities – cont'd

Hand-In-Hand Investments Incorporated

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

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

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

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

Employees

During the year the number of employees in the group was 262 (2018 – 258).

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
Annual improvements 2015-2017	1 January 2019
New and revised interpretations	
IFRIC 23, 'Uncertainty over income tax	1 January 2019

NOTES ON THE ACCOUNTS

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

IFRS 16 Leases

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's Financial Statements is described below.

The Group has the date of initial application of IFRS 16 is 1 January 2019.

The Group has applied IFRS 16 using the modified retrospective approach which:

- Does not require restatement of comparative periods and requires the recognition of a lease liability being equal to the remaining lease payments discounted at the incremental borrowing rate at the date of initial application and a corresponding right of use asset. There was no impact on retained earnings at the date of initial application.

- Does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

Impact on Lessee Accounting

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

Additional information as it relates to the lease term and payments is further discussed in Note 40.

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 amortised 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 upaid amounts of principal and interest. However, to qualify for amortised 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 recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised 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.

NOTES ON THE ACCOUNTS

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

Pronouncements effective in future periods available for early adoption

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

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.

2.1 Summary of significant accounting policies

(a) Accounting convention

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

(b) Financial Instruments

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

Financial instruments carried on the statement of financial position include investment securities, receivables, payables, fixed deposits and cash resources. The recognition method adopted is disclosed in the individual policy statements.

Investments

The Group has classified their investments on the following bases:

Held to collect

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies - cont'd

Held for trading

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

Investments in subsidiary

Investments in subsidiary are stated at cost.

Loans and receivables

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

Accounts receivable and prepayments
Accounts receivables and prepayments are measured at amortized cost.

Accounts payables and accruals
Accounts payables and accruals are measured at amortized cost.

(c) Renegotiated Loans

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

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

(d) Loan provisioning

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

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

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd.

(e) Loan provisioning – cont'd

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

Collateral

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

Classification

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

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

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

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

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

(f) The Risk Reserve

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

NOTES ON THE ACCOUNTS

2.1 **Summary of significant accounting policies – cont'd.**

(f) The Risk Reserve – cont'd

The Group have adopted the requirements of IFRS 9 and makes specific provisions on loans and advances. The provisions booked as at 31 December 2019 amounted to $89.9m compared with the provision of $246m as required under Bank of Guyana Supervision Guideline No. 5.

The Risk Reserve as at 31 December 2019 was $97.8M. The reduction of $31.2M is shown as a transfer from Risk Reserve to Retained Earnings.

(g) Plant, property and equipment and depreciation

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

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

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

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

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

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

NOTES ON THE ACCOUNTS

2.1 **Summary of significant accounting policies – cont'd**

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

	The Hand-in-Hand Mutual Fire Ins Co. Ltd.	GCIS Inc.	Hand-in-Hand Trust Corporation Inc.
	%	%	%
Building (i)	–	3	–
Office equipment and Machinery	2 – 25	10	5 – 20
Motor vehicles	20	25	25
Computers	50	50	20
Right of use asset (ii)	6	–	6

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

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

(ii) Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(ii) Leases – cont'd

lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- The amount expected to be payable by the lessee under residual value guarantees;

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(ii) Leases – cont'd

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented under Property, Plant and Equipment in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(h) Pension plan

A plan was established on 1 January, 1971 and administered under a Trust Deed executed on that date amended later by supplemental deeds. It is a Defined Benefit Plan and covers the employees of The Hand-in-Hand Mutual Fire Insurance Company Limited and GCIS Inc. The main objective and purpose of the plan is to establish a fund for the provision of pension and other benefits for the employees of the Companies as shall become entitled thereto in accordance with the rules. All employees are eligible to join the plan provided they have completed one year of continuous service with the group and have attained the age of 18 years and are under the age of 50 if males or 45 if females. During the year, the companies' contribution to the pension plan was $15,866,056 (2018- $21,190,413). A provision for directors' benefits was established in 2015. It is administered by The Hand-in-Hand Mutual Fire Insurance Company Limited and is non-contributory.

The Company is presently embarking on the winding up of this Pension plan and establishing a Defined Contribution Scheme for staff.

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

During 2019 the corporation's contribution to the Plan was $6,640,892 (2018 - $5,847,831). The fund balance was $131,935,651 as at 31 December 2019 (31 December 2018 – $126,755,638).

(i) Provision for unexpired risks

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

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(j) Consolidation

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

The financial statements incorporate the financial statements of GCIS Incorporated, Hand-In-Hand Trust Corporation Inc and Hand-In-Hand Investments Inc in which The Hand-in-Hand Mutual Fire Insurance Company Limited owns 66.7%, 72% and 35% at 31 December 2019 respectively of the issued share capitals. The group owns 58.9% of the issued share capital of the Hand-in-Hand Investment Inc.

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

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

(k) Management fees and expenses

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

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

(l) Commissions and allowances

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(m) Revenue recognition

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

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

(n) Goodwill

Goodwill is tested annually for impairment.

(o) Cash and cash equivalents

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

(p) Taxation

Income Tax

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

Deferred Tax

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(q) Taxation- cont'd

Deferred Tax – cont'd

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

(r) Properties on hand

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

(s) Foreign Currencies

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

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(t) Reinsurance

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

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

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

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

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

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

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

Liability adequacy test

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(v) Insurance contract – GCIS Inc.

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

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

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

(w) Claims

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

(x) Premium Capital

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

(y) Capital Reserve

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

(z) General Reserve

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(aa) Capital Redemption Reserve

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

(ab) Triennial Profit

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

(ac) Reserve fund

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

(ad) Business information

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

(ae) Impairment of tangible assets

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

(af) Provisions

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

De-recognition of provisions

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

(ag) Dividends

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

(ah) Borrowing costs

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

2.2 Critical accounting judgments and key sources of estimation uncertainty

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

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

NOTES ON THE ACCOUNTS

2.2 Critical accounting judgments and key sources of estimation uncertainty- cont'd

Key sources of estimation uncertainty

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

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

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

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

(iv) Impairment of financial assets/determination of expected credit losses
Management makes judgement on recognition of every financial asset of the expected credit losses. Expected credit losses are estimates of any potential default in payments of contractual cash flows taking into account the entirety of the contract life. These losses are reassessed if the credit risk on the instrument changes. Credit risk is determined based on past and forward-looking information. If the retrieval of forward-looking information causes undue cost or effort past information is used to determine credit risk. There exists significant measurement uncertainty in determining this amount as it is based on management's judgement.

(v) Impairment assessment of right-of-use asset
The Management has estimated that the entirety of the right of use asset will be recoverable. The carrying amount of right-of-use asset in respect of the property is G$171,345,900 at 31 December 2019 (2018 G$0).

NOTES ON THE ACCOUNTS

	2019			
	Gross	Reinsurance	Increase in Unexpired Risks	Net
	G$	G$	G$	G$
3 Premiums				
Company				
Fire	623,101,292	175,614,377	(3,126,990)	450,613,905
Marine	9,809,135	4,397,518	(2,829,448)	8,241,065
Accident and liabilities	159,736,136	58,135,852	(1,999,701)	103,599,985
Auto	486,274,554	33,895,005	(12,745,740)	465,125,289
	1,278,921,117	272,042,752	(20,701,879)	1,027,580,244
Group				
Fire	814,366,361	190,513,810	(2,797,767)	626,650,318
Marine	9,809,135	4,397,518	(2,829,448)	8,241,065
Accident and liabilities	159,736,136	58,135,852	(1,999,701)	103,599,985
Auto	486,274,554	33,895,005	(12,745,740)	465,125,289
Life	-	-	-	-
	1,470,186,186	286,942,185	(20,372,656)	1,203,616,657

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

	Company		Group	
	2019	2018	2019	2018
	G$	G$	G$	G$
4 Investment income				
"Held to Collect"				
Bonds & debentures	-	-	65,436,892	71,108,925
"Held for Trading"				
Shares and stocks	37,942,168	31,588,144	74,490,790	63,290,267
"Loans and receivables"				
Mortgages & loans	23,500,637	25,013,808	693,089,448	575,645,562
Total	61,442,805	56,601,952	833,017,130	710,044,754
Investment income from:				
Quoted investments	34,688,842	29,201,644	52,392,772	49,198,167
Unquoted investments	26,753,963	27,400,308	780,624,358	660,846,587
	61,442,805	56,601,952	833,017,130	710,044,754
5 Other income				
Cash on deposit	6,015,161	6,110,034	10,837,890	10,973,916
Changes in fair value on equity securities	343,019,584	177,374,146	741,948,561	282,472,082
Miscellaneous	7,425,612	19,671,603	149,326,441	109,052,367
	356,460,357	203,155,783	902,112,892	402,498,365

NOTES ON THE ACCOUNTS

	Company		Group	
	2019	2018	2019	2018
	G$	G$	G$	G$
6 Management fees				
GCIS Inc.	12,000,000	12,000,000	-	-
Hand in Hand Trust Corporation Inc.	6,000,000	6,000,000	-	-
	18,000,000	18,000,000	-	-
7 Commissions and allowances				
Fire	92,949,031	100,430,671	93,373,588	104,186,609
Marine	1,463,522	2,425,340	1,463,522	2,425,340
Accident and liabilities	23,832,617	27,500,874	23,832,617	27,500,874
Auto	24,683,690	28,975,865	27,950,778	33,015,861
	142,928,860	159,332,750	146,620,505	167,128,684
8 Management expenses				
Operating expenses	206,021,647	293,248,526	310,312,202	387,964,978
Provision for losses (a)	-	-	2,566,018	93,152,373
Provision for ECL's (b)	2,590,026	5,551,664	6,269,345	15,485,677
Employment cost	402,357,250	440,763,231	767,102,710	779,752,472
Depreciation	30,935,638	26,214,211	42,713,526	38,646,690
Directors' emoluments (c)	12,429,360	11,837,460	18,417,108	17,825,208
Investments written off (d)	-	-	92,905,590	29,097,901
Auditor's remuneration	3,884,708	4,612,997	6,784,579	7,653,919
	658,218,629	782,228,089	1,247,071,078	1,369,579,218
(a) Provision for losses				
Bad debt written off	-	-	288,700	38,600,651
Bad debt recoveries	-	-	(24,053,360)	(17,690,247)
Loss allowance (ECLs) for the year	-	-	26,330,678	72,241,969
	-	-	2,566,018	93,152,373
(b) Credit impairment losses on other financial assets				
Loss allowance on investments	(204,578)	1,897,533	2,841,964	11,526,643
Loss allowance on other financial assets	2,794,604	3,654,131	3,427,381	3,959,034
	2,590,026	5,551,664	6,269,345	15,485,677
(c) Directors' emoluments				
J.G. Carpenter - (Chairman - HIHF)	3,107,040	2,959,080	3,488,088	3,340,128
P.A. Chan-Sue - (Chairman - HIH Trust and Vice-Chairman - GCIS Inc.)	1,864,464	1,775,676	3,287,640	3,198,852
C.R. Quintin - (Chairman - GCIS Inc. and Vice-Chairman - HIH Trust)	1,864,464	1,775,676	3,191,508	3,102,720
W.A. Lee - (Vice Chairman - HIHF)	1,864,464	1,775,676	1,864,464	1,775,676
I.A. Mc Donald	1,864,464	1,775,676	2,689,608	2,600,820
T.A. Parris	1,864,464	1,775,676	3,070,656	2,981,868
K. Evelyn	-	-	-	-
Troy Cadogan	-	-	825,144	825,144
	12,429,360	11,837,460	18,417,108	17,825,208
(d) Investment written off				
RBC Dominion and other investments	-	-	-	29,097,901
Foreign Currency Loss	-	-	63,074,631	-
Stanford Investment	-	-	29,830,959	-
	-	-	92,905,590	29,097,901

Hand-in-Hand Trust Corporation Inc.'s investments held in RBC Dominion have declined significantly in fair values, as a result an amount of $3,358,323 and $29,097,901 (2018) respectively, were written off. In 2019, a Foreign Currency loss of $63,074,631 and loss from Stanford Investment were also written off.

NOTES ON THE ACCOUNTS

9 Claims

	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Company						
Fire	169,439,255	78,004,352	91,434,903	104,319,668	29,666,885	74,652,783
Marine	428,289	205,435	222,854	6,028,384	-	6,028,384
Accident and liabilities	20,207,770	(16,415,078)	36,622,848	(17,660,038)	(16,601,954)	(1,058,084)
Auto	103,820,858	4,773,762	99,047,096	126,011,549	3,235,696	122,775,853
	293,896,172	66,568,471	227,327,701	218,699,563	16,300,627	202,398,936
Group						
Fire	231,138,422	78,004,352	153,134,070	170,461,511	29,666,885	140,794,626
Marine	428,289	205,435	222,854	6,028,384	-	6,028,384
Accident and liabilities	20,207,770	(16,415,078)	36,622,848	(17,660,038)	(16,601,954)	(1,058,084)
Auto	103,820,858	4,773,762	99,047,096	126,011,549	3,235,696	122,775,853
Life			-	32,743	-	32,743
	355,595,339	66,568,471	289,026,868	284,874,149	16,300,627	268,573,522

NOTES ON THE ACCOUNTS

	Group	
	2019	2018
	G$	G$
10 Interest		
Interest expenses	184,235,085	183,905,092

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

	Company & Group	
	2019	2018
	G$	G$
11 Triennial cash profit		
Triennial cash profit - 15%	2,361,883	2,476,578
12 Policies entitled to profits 2018/2021		
Policies entitled to profits 2018	-	56,708,354
Policies entitled to profits 2019	21,896,849	45,923,437
Policies entitled to profits 2020	1,817,504	21,020,027
Policies entitled to profits 2021	1,237,157	-
	24,951,510	123,651,818
13 Transfer - profit and loss (Annual) account on policies entitled to profit		
At 31 December 2016	-	(35,602,822)
At 31 December 2017	5,079,397	8,577,636
At 31 December 2018	45,923,437	56,708,354
At 31 December 2019	(21,896,849)	-
	29,105,985	29,683,168

NOTES ON THE ACCOUNTS

14(a) Taxation

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

	Company		Group	
	2019	2018	2019	2018
	G$	G$	G$	G$
Reconciliation of tax expenses and accounting profit				
Accounting profit	421,834,014	427,913,945	1,060,553,154	847,263,163
Corporation tax @ 40%/27.5%	168,733,606	171,165,578	305,443,682	119,769,111
Add:				
Tax effect of expenses not deductible in determining taxable profit	16,371,847	10,485,684	17,548,627	10,983,808
	185,105,453	181,651,262	322,992,309	130,752,919
Deduct:				
Income exempt from corporation tax	(15,118,892)	(7,993,339)	(46,232,256)	(33,223,498)
	169,986,561	173,657,923	276,760,053	97,529,421
Adjustments and effect of varying tax rates	(161,856,582)	(168,552,702)	(214,454,942)	(91,971,775)
Corporation tax	8,129,979	5,105,221	62,305,111	5,557,646
Taxes deducted at source from income on deposits	844,124	829,446	3,642,887	3,700,143
Capital gains tax at 20%	-	39,011,051	-	39,414,431
Deferred tax	8,576,500	5,005,357	8,503,841	4,953,160
	17,550,603	49,951,075	74,451,839	53,625,380
Taxation - current	8,974,103	44,945,718	65,388,711	48,672,220
- deferred	8,576,500	5,005,357	9,063,128	4,953,160
	17,550,603	49,951,075	74,451,839	53,625,380

NOTES ON THE ACCOUNTS

14(a) Taxation - cont'd

Deferred tax - cont'd

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

Movement in temporary differences

	Company		
	Fixed Assets G$	Unused tax losses carried forward G$	Total G$
Deferred assets			
At 1 January 2018	416,267	32,660,684	33,076,951
Movement during the year:-			
Statement of profit or loss and other comprehensive income	99,864	(5,105,221)	(5,005,357)
At 31 December 2018	516,131	27,555,463	28,071,594
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(446,521)	(8,129,979)	(8,576,500)
At 31 December 2019	69,610	19,425,484	19,495,094

	Company	
	Revaluation of Land and Building G$	Total G$
Deferred liabilities		
At 1 January 2018	434,264,122	434,264,122
Movement during the year:-		
Statement of profit or loss and other comprehensive income	-	-
At 31 December 2018	434,264,122	434,264,122
Movement during the year:-		
Statement of profit or loss and other comprehensive income	-	-
At 31 December 2019	434,264,122	434,264,122

NOTES ON THE ACCOUNTS

14(a) Taxation - cont'd

Deferred tax - cont'd

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

Movement in temporary differences

	Group		
	Property, plant and equipment G$	Unused tax losses carried forward G$	Total G$
Deferred assets			
At 1 January 2018	2,007,593	32,660,684	34,668,277
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(316,366)	(5,105,221)	(5,421,587)
At 31 December 2018	1,691,227	27,555,463	29,246,690
Movement during the year:-			
Statement of profit or loss and other comprehensive income	(228,800)	(8,129,979)	(8,358,779)
At 31 December 2019	1,462,427	19,425,484	20,887,911

	Group		
	Revaluation of Land and Building G$	Property, plant and equipment G$	Total G$
Deferred liabilities			
At 1 January 2018	495,649,419	6,774,818	502,424,237
Movement during the year:-			
Statement of profit or loss and other comprehensive income	-	(468,427)	(468,427)
At 31 December 2018	495,649,419	6,306,391	501,955,810
Movement during the year:-			
Statement of profit or loss and other comprehensive income	64,740,770	145,062	64,885,832
At 31 December 2019	560,390,189	6,451,453	566,841,642

NOTES ON THE ACCOUNTS

15 (a) Plant, Property and Equipment

COMPANY

	Freehold land and buildings G$	Right-of-use Assets G$	Furniture, equipment and machinery G$	Motor vehicles G$	Total G$
Cost/valuation					
At 1 January 2018	1,879,963,740	-	366,344,913	83,625,396	2,329,934,049
Additions	10,356,420	-	16,558,635	8,331,000	35,246,055
Disposals	(609,500,000)	-	(1,433,871)	-	(610,933,871)
At 31 December 2018	1,280,820,160	-	381,469,677	91,956,396	1,754,246,233
Additions	19,649,340	44,974,986	16,174,454	27,741,757	108,540,537
Disposals (i)	(1,326,600)	-	(468,681)	(30,650,986)	(32,446,267)
At 31 December 2019	1,299,142,900	44,974,986	397,175,450	89,047,167	1,830,340,503
Comprising:					
Cost	213,482,595	-	397,175,450	89,047,167	744,680,198
Valuation	1,085,660,305	-	-	-	1,085,660,305
	1,299,142,900	-	397,175,450	89,047,167	1,785,365,517
Depreciation					
At 1 January 2018	-	-	241,695,727	46,540,592	288,236,319
Charged for the year	-	-	17,875,243	8,338,968	26,214,211
Written back on disposals	-	-	(975,520)	-	(975,520)
At 31 December 2018	-	-	258,595,450	54,879,560	313,475,010
Charge for the year	-	8,994,997	22,581,185	9,353,434	40,929,616
Written back on disposals	-	-	(332,663)	(24,752,852)	(25,085,515)
At 31 December 2019	-	8,994,997	280,843,972	39,480,142	329,319,111
Net book values:					
At 31 December 2018	1,280,820,160	-	122,874,227	37,076,836	1,440,771,223
At 31 December 2019	1,299,142,900	35,979,989	116,331,478	49,567,025	1,501,021,392

NOTES ON THE ACCOUNTS

15 (b) Plant, Property and Equipment

GROUP

	Freehold land and buildings G$	Right-of-use Assets G$	Furniture, equipment and machinery G$	Motor vehicles G$	Total G$
Cost/valuation					
At 1 January 2018	1,854,852,333	-	490,341,992	113,903,298	2,459,097,623
Additions	10,356,420	-	22,974,911	8,331,000	41,662,331
Disposals	(359,347,282)	-	(2,292,126)	-	(361,639,408)
At 31 December 2018	1,505,861,471	-	511,024,777	122,234,298	2,139,120,546
Additions	19,649,340	171,345,900	16,441,480	27,741,757	235,178,477
Revaluation	128,258,689	-	-	-	128,258,689
Disposals (i)	(1,326,600)	-	(635,626)	(30,650,986)	(32,613,212)
At 31 December 2019	1,652,442,900	171,345,900	526,830,631	119,325,069	2,469,944,500
Comprising:					
Cost	238,211,171	-	526,830,631	119,325,069	1,055,712,771
Valuation	1,414,231,729	-	-	-	1,414,231,729
	1,652,442,900	-	526,830,631	119,325,069	2,298,598,600
Accumulated depreciation					
At 1 January 2018	31,203,353	-	330,085,888	69,544,819	430,834,060
Charged for the year	1,213,139	-	26,497,156	10,936,395	38,646,690
Written back on disposals	-	-	(1,672,810)	-	(1,672,810)
At 31 December 2018	32,416,492	-	354,910,234	80,481,214	467,807,940
Charge for the year	1,176,745	34,269,180	25,422,604	11,150,675	72,019,204
Written back on Revaluation	(33,593,237)	-			(33,593,237)
Written back on disposals	-	-	(469,421)	(24,752,852)	(25,222,273)
At 31 December 2019	-	34,269,180	379,863,417	66,879,037	481,011,634
Net book values:					
At 31 December 2018	1,473,444,979	-	156,114,543	41,753,084	1,671,312,606
At 31 December 2019	1,652,442,900	137,076,720	146,967,214	52,446,032	1,988,932,866

(i) During the year 2018 a property valued at $800,000,000 was transferred from the Company to Hand-in-Hand Mutual Life Assurance Company Limited. This was done to facilitate the repayment of the inter-company loan between the two companies. A gain of $190.5 million and $440.2 million was realised on this sale in the Company and Group respectively in year 2018.

NOTES ON THE ACCOUNTS

16 Investments

	Company			
	31.12.2019		31.12.2018	
	Fair value G$	Cost G$	Fair value G$	Cost G$
"Held For Trading"				
Shares, other stocks and bonds				
Guyana	1,364,241,809	530,537,122	1,063,541,812	530,537,122
Canada	91,003,949	24,684,283	82,839,908	24,684,283
United States	156,625,590	42,277,902	122,470,044	42,277,902
	1,611,871,348	597,499,307	1,268,851,764	597,499,307
Loans and receivables'				
Mortgages (d)	342,270	342,270	342,270	342,270
MCG Investment	13,224,697	13,224,697	13,224,697	13,224,697
Provision for impairment ECL's	(3,934,944)	(3,934,944)	(4,139,522)	(4,139,522)
	9,632,023	9,632,023	9,427,445	9,427,445
Total investments	1,621,503,371	607,131,330	1,278,279,209	606,926,752
Impairment on Investments				
Opening balance	4,139,522	4,139,522	-	-
Initial recognition of IFRS 9 ECLs	-	-	2,241,989	2,241,989
ECLs during the year	(204,578)	(204,578)	1,897,533	1,897,533
As at year end	3,934,944	3,934,944	4,139,522	4,139,522

	Group			
	31.12.2019		31.12.2018	
	Fair value G$	Cost G$	Fair value G$	Cost G$
"Held to Collect"				
Bonds & Debentures:-				
Guyana - Others (a)	247,541,700	247,541,700	282,881,550	282,881,550
Caribbean - Government (b)	467,718,377	467,718,377	419,042,301	419,042,301
Caribbean - Others (c)	521,934,588	521,934,588	751,391,204	751,391,204
Less ECL's	(19,377,296)	(19,377,296)	(16,330,754)	(16,330,754)
	1,217,817,369	1,217,817,369	1,436,984,301	1,436,984,301
"Held For Trading"				
Government:-				
United Kingdom	-	-	-	-
Shares, other stocks and bonds				
Guyana	1,817,712,653	730,083,400	1,409,712,161	730,083,400
Canada	117,009,213	50,689,547	107,725,122	49,569,497
United States	213,737,024	99,389,336	168,427,743	88,235,601
Caribbean - Others	1,113,039,614	979,660,274	734,742,267	737,420,784
	3,261,498,504	1,859,822,557	2,420,607,293	1,605,309,282
Loans and receivables'				
Mortgages	6,554,146,896	6,554,146,896	6,085,666,935	6,085,666,935
MCG Investment	13,224,697	13,224,697	13,224,697	13,224,697
Provision for impairment ECLs	(120,209,803)	(120,209,803)	(94,083,703)	(94,083,703)
Motgages net of ECL	6,447,161,790	6,447,161,790	6,004,807,929	6,004,807,929
(d) Less: Provision for impaired mortgages	-	-	-	-
	6,447,161,790	6,447,161,790	6,004,807,929	6,004,807,929
Total investments	10,926,477,663	9,524,801,716	9,862,399,523	9,047,101,512
Impairment on Investments				
Opening balance	94,083,703	94,083,703	-	-
IFRS 9 ECL	-	-	17,939,766	17,939,766
ECLs during the year	26,126,100	26,126,100	76,143,937	76,143,937
As at year end	120,209,803	120,209,803	94,083,703	94,083,703

16 Investments - cont'd

Investment securities

	Year of Maturity	Rate of Interest	Security	31.12.2019 G$	31.12.2018 G$
Held to Collect					
(a) Guyana - Others					
Courts (Guyana) Inc	2019/2020	8.00	Secured	170,000,000	170,000,000
Berbice Bridge Inc. - Tranche 1	2018	9.00	Secured	6,582,500	12,881,550
Berbice Bridge Inc. - Tranche 2	2022	10.00	Secured	70,959,200	100,000,000
				247,541,700	282,881,550
(b) Caribbean- Government					
Gov't of Belize	2031	5.00	Secured	162,513,888	160,224,960
T&T Housing Bond	2025	7.00	Secured	57,300,000	61,120,000
Gov't of St. Kitts New Discount Bonds	2032	6.00	Secured	7,456,418	7,838,116
Gov't of St Kitts New Par Bonds	2057	1.50	Secured	9,148,071	9,019,225
Gov't of T&T Bond	2021	-	Secured	38,040,000	60,864,000
Gov't of T&T Bond	2021	-	Secured	9,360,000	14,976,000
Barbados Port Inc.	2024	8.00	Secured	63,900,000	63,000,000
Gov't of St. Lucia	2019	5.00	Secured	-	42,000,000
TSTT Bridge Bond			Secured	120,000,000	
				467,718,377	419,042,301

NOTES ON THE ACCOUNTS

16 Investments - cont'd

Investment Securities - cont'd

	Year of Maturity	Rate of Interest	Security	31.12.2019	31.12.2018
				G$	G$
(c) Caribbean- Others					
Hand in Hand Life Assurance Co. Ltd.	2022	2.75	Secured	300,000,000	300,000,000
JMMB Repurchase Agreement	2022	2.20	Secured	221,934,588	232,163,364
RBC - OMO 15-79	2022	2.20	Secured	-	219,227,840
				521,934,588	751,391,204

(d) Mortgages

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
(a) Accrual loan and advances	13,566,967	13,566,967	3,964,485,132	3,950,141,478
Non accruals loan and advances	-	-	2,602,886,461	2,148,750,154
	13,566,967	13,566,967	6,567,371,593	6,098,891,632
Expected credit loss (i)	3,934,944	4,139,522	120,209,803	94,083,703.00
	9,632,023	9,427,445	6,447,161,790	6,004,807,929
(i) Expected credit loss				
At beginning	4,139,522	-	94,083,703	-
IFRS 9 ECLs	-	2,241,989	-	19,944,201
ECL's during the year	(204,578)	1,897,533	26,126,100	74,139,502
As at year end	3,934,944	4,139,522	120,209,803	94,083,703

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

NOTES ON THE ACCOUNTS

17 Fair value determination

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

Company	IFRS 13 Level	**31.12.2019** Carrying Value G$	Fair Value G$	IFRS 13 Level	**31.12.2018** Carrying Value G$	Fair Value G$
Assets						
Investments						
"Loans and receivables"	2	9,632,023	9,632,023	2	9,427,445	9,427,445
Statutory deposits	2	-	-	2	-	-
Investment in subsidiaries	2	948,873,333	948,873,333	2	948,873,333	948,873,333
Accrued interest	2	8,933,478	8,933,478	2	6,876,078	6,876,078
Receivable and prepayments	2	789,608,305	789,608,305	2	797,408,104	797,408,104
Taxes recoverable	2	130,274,502	130,274,502	2	133,160,286	133,160,286
Cash on deposits	1	320,716,924	320,716,924	1	344,746,422	344,746,422
Cash at banks and on hand	1	179,372,171	179,372,171	1	129,648,131	129,648,131
		2,387,410,736	2,387,410,736		2,370,139,799	2,370,139,799
Liabilities						
Provision for unexpired risks	3	649,737,737	649,737,737	3	670,443,553	670,443,553
Medium term borrowings	2	325,800,707	325,800,707	2	421,755,052	421,755,052
Lease Liability	2	38,878,485	38,878,485	2	-	-
Short term borrowings	2	96,154,345	96,154,345	2	90,569,286	90,569,286
Claims admitted and intimated but not paid	2	544,117,486	544,117,486	2	494,252,454	494,252,454
Payables and accrued expenses	2	163,264,076	163,264,076	2	255,255,582	255,255,582
Taxes payable	2	97,004,371	97,004,371	2	98,933,375	98,933,375
Bank overdraft	1	143,876,539	143,876,539	1	22,112,163	22,112,163
		2,058,833,746	2,058,833,746		2,053,321,465	2,053,321,465
Group						
Assets						
Goodwill	3	157,582,464	157,582,464	3	157,582,464	157,582,464
Investments						
"Held to Collect"	2	1,217,817,369	1,217,817,369	2	1,436,984,301	1,436,984,301
"Loans and receivables"	3	6,447,161,790	6,447,161,790	3	6,004,807,929	6,004,807,929
Statutory deposits	2	1,028,305,154	1,028,305,154	2	1,062,256,825	1,062,256,825
Accrued interest	2	32,722,906	32,722,906	2	37,673,714	37,673,714
Receivable and prepayments	2	849,974,692	849,974,692	2	845,196,293	845,196,293
Taxes recoverable	2	144,524,411	144,524,411	2	147,410,195	147,410,195
Cash on deposits	1	782,650,643	782,650,643	1	615,378,162	615,378,162
Cash at banks and on hand	1	301,123,532	301,123,532	1	182,628,948	182,628,948
		10,961,862,961	10,961,862,961		10,489,918,831	10,489,918,831
Liabilities						
Provision for unexpired risks	2	725,379,061	725,379,061	2	745,751,717	745,751,717
Medium term borrowings	2	325,800,707	325,800,707	2	421,755,052	421,755,052
Customers' deposits	2	8,450,727,826	8,450,727,826	2	8,145,953,382	8,145,953,382
Policyholders' liabilities	2	940,326	940,326	2	290,376	290,376
Lease Liability	2	142,831,654	142,831,654	2	-	-
Short term borrowings	2	96,154,345	96,154,345	2	90,569,286	90,569,286
Claims admitted and intimated but not paid	2	569,508,298	569,508,298	2	526,386,498	526,386,498
Payables and accrued expenses	2	334,041,920	334,041,920	2	409,893,756	409,893,756
Taxes payable	2	168,404,952	168,404,952	2	107,441,017	107,441,017
Bank overdraft	1	143,876,539	143,876,539	1	22,112,163	22,112,163
		10,957,665,628	10,957,665,628		10,470,153,247	10,470,153,247

NOTES ON THE ACCOUNTS

17 Fair value determination - cont'd

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

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

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

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

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

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

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

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

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

Fair value measurements recognised in the statement of financial position

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

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

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

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

NOTES ON THE ACCOUNTS

17 Fair value determination - cont'd

Assets carried at fair value

Company

	31.12.2019 (IFRS 13) Level 1 G$	Level 2 G$	Level 3 G$	Total G$
Held for Trading financial assets	247,629,538	1,353,966,810	10,275,000	1,611,871,348

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

Group

	31.12.2019 (IFRS 13) Level 1 G$	Level 2 G$	Level 3 G$	Total G$
Held for Trading financial assets	1,443,785,850	1,806,590,325	11,122,329	3,261,498,504

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

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

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

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

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Plant, Property and Equipment	1,501,021,392	1,440,771,223	1,988,932,866	1,671,312,606
Properties on hand	1,900,000	1,900,000	51,550,041	54,326,860

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

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

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

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

NOTES ON THE ACCOUNTS

18 Investment in subsidiaries

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
GCIS Inc.	215,000,000	215,000,000	-	-
HIH Trust Corporation Inc.	733,838,333	733,838,333	-	-
HIH Investment Inc.	35,000	35,000	-	-
	948,873,333	948,873,333	-	-

19 Properties on hand

	Company		Group	
Cost	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Opening and closing balance	1,900,000	1,900,000	76,582,986	90,317,211
Provision for diminution in value	-	-	25,032,945	35,990,351
Fair value	1,900,000	1,900,000	51,550,041	54,326,860

20 Statutory deposits

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Deposit at Bank of Guyana	-	-	1,028,305,154	999,812,533
Citizens Bank Inc.	-	-	-	62,444,292
	-	-	1,028,305,154	1,062,256,825

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

NOTES ON THE ACCOUNTS

21 Receivables and prepayments

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Reinsurance recoveries (a)	183,886,311	143,301,389	183,886,311	143,301,389
Prepayments	5,691,882	3,559,180	10,247,228	8,651,232
Other receivables (b)	612,302,812	660,025,632	668,767,951	702,874,251
	801,881,005	806,886,201	862,901,490	854,826,872
Less: Provision for impairment/ ECLs (Individually assessed)	12,272,700	9,478,097	12,926,798	9,630,579
	789,608,305	797,408,104	849,974,692	845,196,293
Impairment on Investments (IFRS 9)				
Opening balance	9,478,097	-	9,630,579	-
Initial recognition of IFRS 9 ECLs	-	5,823,966	-	5,823,966
ECLs during the year	2,794,603	3,654,131	3,296,219	3,806,613
As at year end	12,272,700	9,478,097	12,926,798	9,630,579

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

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Reinsurance recoveries				
Fire	159,000,000	102,000,000	159,000,000	102,000,000
Accident and liabilities	21,886,311	38,301,389	21,886,311	38,301,389
Auto	3,000,000	3,000,000	3,000,000	3,000,000
	183,886,311	143,301,389	183,886,311	143,301,389

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

Hand-in-Hand Investment USA Inc. was incorporated in the state of Florida, USA on 1 January 2018 and is a subsidiary of The Hand-in-Hand Mutual Fire Insurance Company Ltd. The primary purpose of this company is to manage investments held on behalf of the Hand-in-Hand Group. Certain key management and directors of The Hand-in-Hand Mutual Fire Insurance Company Limited are directors of the Hand-in-Hand Investments USA Inc. As at 31 December 2019, an amount of G$523 million is held in trust on behalf of the Hand in Hand Mutual Life Assurance Company Limited. At the year end, no shares were issued by the Hand-in-Hand Investment USA Inc. and the net assets of the Company was G$28,818,061. This Company was not included in the consolidated financial statements as it was considered immaterial to the group.

NOTES ON THE ACCOUNTS

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
22 Interest accrued				
Bonds	-	-	20,960,474	27,814,886
Deposits at banks	6,842,127	5,409,542	9,671,081	8,392,292
Investment Income	2,091,351	1,466,536	2,091,351	1,466,536
	8,933,478	6,876,078	32,722,906	37,673,714
23 Cash on deposits				
Non statutory deposits:				
Term deposits	245,933,987	245,153,144	575,312,421	426,077,884
Other deposits	74,782,937	99,593,278	207,338,222	189,300,278
	320,716,924	344,746,422	782,650,643	615,378,162
24 Cash at banks and on hand				
Cash at banks	177,862,393	127,912,756	282,608,510	161,936,362
Cash on hand	1,509,778	1,735,375	18,515,022	20,692,586
	179,372,171	129,648,131	301,123,532	182,628,948

	Company and Group	
	31.12.2019	31.12.2018
	G$	G$
25 Premium capital		
Policies entitled to profit 2019	-	64,666,693
Policies entitled to profit 2020	28,949,202	27,274,234
Policies entitled to profit 2021	5,397,313	2,647,870
Policies entitled to profit 2021	2,476,468	
	36,822,983	94,588,797

26 Capital Reserve	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
At beginning	651,396,183	651,396,183	718,084,427	718,084,427
Revaluation of Land and Building	-	-	64,760,612	-
At end	651,396,183	651,396,183	782,845,039	718,084,427

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

NOTES ON THE ACCOUNTS

27 General reserve

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
At beginning	1,878,372,727	1,066,530,549	2,098,084,074	772,771,603
Adoption of fair value through the profit or loss as per IFRS 9	-	493,978,310	-	612,952,272
Initial recognition of IFRS 9 on financial assets	-	(8,065,955)	-	(13,720,656)
Initial application of IFRS 9 on trade receivables	-	12,780,932	-	12,780,932
Total Comprehensive Income for the year	462,176,159	313,148,891	882,629,293	625,602,170
Transfer to risk reserve	-	-	31,228,819	93,584,501
Transfer to statutory reserve	-	-	(47,865,928)	(5,886,748)
At end	2,340,548,886	1,878,372,727	2,964,076,258	2,098,084,074

28 Capital redemption reserve

	Company and Group	
	31.12.2019	31.12.2018
	G$	G$
Ordinary scrip redeemed	600,000	600,000
Preference scrip redeemed	908,452	908,452
	1,508,452	1,508,452

29 Risk Reserve

	Company and Group	
	31.12.2019	31.12.2018
	G$	G$
At beginning	122,298,032	215,784,245
Total Comprehensive Income for the year	6,764,565	-
Transfer To/ From General reserve	(31,228,819)	(93,486,213)
At end	97,833,778	122,298,032

30 Provision for unexpired risks

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Balance at beginning	670,443,553	696,033,779	745,751,717	761,206,754
Movement recorded in income statement	(20,701,879)	(25,590,226)	(20,372,656)	(15,455,037)
Balance at end	649,741,674	670,443,553	725,379,061	745,751,717

NOTES ON THE ACCOUNTS

31 Triennial profit

	Company and Group	
	31.12.2019	31.12.2018
	G$	G$
Triennial cash profit	2,234,949	2,361,883

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

32 Non - controlling interest

	Group	
	31.12.2019	31.12.2018
	G$	G$
At beginning	461,316,570	301,683,233
Total Comprehensive Income for the year	136,600,205	103,221,634
Revaluation of Land and Building	32,350,544	-
Transfer to/from risk reserve	-	27,177
Initial recognition of IFRS 9 on financial assets	-	(1,653,837)
Initial application of IFRS 9 on Loans and Advances	-	59,666,098
Transfer to statutory reserve	(13,235,318)	(1,627,735)
At end	617,032,001	461,316,570

33 Loan from Hand in Hand Mutual Life Assurance Company Limited

	Company & Group	
	31.12.2019	31.12.2018
	G$	G$
At beginning	512,324,338	1,312,324,338
Additions	340,200,000	-
Repayment	(430,569,286)	(800,000,000)
At end	421,955,052	512,324,338
Short term	96,154,345	90,569,286
Medium term	325,800,707	421,755,052
	421,955,052	512,324,338

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

34 Reserve fund

	Group	
	31.12.2019	31.12.2018
	G$	G$
At beginning	202,294,302	194,779,819
Transfer from Retained Earnings	61,101,246	7,514,483
At end	263,395,548	202,294,302

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

NOTES ON THE ACCOUNTS

35 Customers' deposits

	Group	
	31.12.2019	31.12.2018
	G$	G$
Fixed	6,862,180,927	6,668,113,544
Savings	1,588,546,899	1,477,839,838
	8,450,727,826	8,145,953,382
Customers' deposits - by maturity		
Fixed - within one year	6,263,941,576	6,144,560,784
Savings - on demand	1,588,546,899	1,477,839,838
	7,852,488,475	7,622,400,622
Fixed - over one year	598,239,351	523,552,760
	8,450,727,826	8,145,953,382

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

The average interest rates are as follows:
Fixed - 1.35% - 5.0%
Savings - 2.0%

36 Policyholders' liabilities	Group	
	31.12.2019	31.12.2018
	G$	G$
At 1 January	290,376	9,640,000
Actuarial decrease	649,950	(9,349,624)
At 31 December	940,326	290,376

Policyholders' liabilities represents unclaimed payments to Life Policyholders and is held in a Trust Deed with Republic Bank Guyana Limited. The Life Portfolio is fully wound up as at 31 December 2019.

NOTES ON THE ACCOUNTS

37 Claims admitted or intimated but not paid

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Fire	317,376,310	230,219,603	325,562,122	233,367,892
Marine	3,369,368	3,802,361	3,369,368	3,802,361
Accident and liabilities	114,855,834	124,695,224	114,855,834	124,695,224
Auto	108,515,974	135,535,266	125,720,974	164,033,766
Life	-	-	-	487,255
	544,117,486	494,252,454	569,508,298	526,386,498

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
38 Payables and accrued expenses	G$	G$	G$	G$
Other payables	150,539,852	221,398,760	309,293,200	369,207,566
Accruals	12,724,224	33,856,822	24,748,720	40,686,190
	163,264,076	255,255,582	334,041,920	409,893,756

39 Bank overdraft

	Company & Group	
	31.12.2019	31.12.2018
	G$	G$
Republic Bank (Guyana) Limited	137,226,915	-
Bank of Nova Scotia (unsecured)	6,649,624	22,112,163
	143,876,539	22,112,163
Interest Rate	11.0%	11.0%

40 Lease liability

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Initial recognition of Right-of-use assets	44,974,986	-	171,345,900	-
Principal payment	(6,096,501)	-	(28,514,246)	-
As at year end	38,878,485	-	142,831,654	-
Current	8,887,291	-	32,650,101	-
Non Current	29,991,194	-	110,181,553	-
	38,878,485	-	142,831,654	-

NOTES ON THE ACCOUNTS

40 Lease Liability - cont'd

D' Edwards
This lease is for five (5) years and was entered into on 1 January 2019 and has an annual rental of $840,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 January 2019.

Parika
This lease is for five (5) years and was entered into on 1 January 2019 and has an annual rental of $1,500,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 January 2019.

Essequibo
This lease is for five (5) years and was entered into on 1 January 2019 and has an annual rental of $960,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 January 2019.

Rosehall
This lease is for five (5) years and was entered into on 1 January 2019 and has an annual rental of $660,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 January 2019.

Bartica
This lease is for five (5) years and was entered into on 1 September 2019 and has an annual rental of $180,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 September 2019.

Bush Lot
This lease is for five (5) years and was entered into on 1 September 2019 and has an annual rental of $320,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 September 2019.

Mon Repos
This lease is for five (5) years and was entered into on 1 January 2019 and has an annual rental of $2,400,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 January 2019.

Soesdyke
This lease is for five (5) years and was entered into on 1 January 2019 and has an annual rental of $525,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 January 2019.

Diamond
This lease is for five (5) years and was entered into on 1 January 2019 and has an annual rental of $1,260,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 January 2019.

Enmore
This lease is for five (5) years and was entered into on 1 December 2019 and has an annual rental of $150,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 December 2019

Hand-in-Hand Trust Corp. Inc.
This lease is for five (5) years and was entered into on 1 January 2019 and has an annual rental of $30,000,000 payable in advance. This rental is due for revision every year. All terms and conditions are included in the lease agreement dated 1 January 2019.

NOTES ON THE ACCOUNTS

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

	Company 31.12.2019			
	Fair value through PL G$	Financial assets at amortised cost G$	Financial liabilitites at amortised cost G$	Total G$
Assets				
Investments				
"Held for Trading"	1,611,871,348	-	-	1,611,871,348
"Loans and receivables"	-	9,632,023	-	9,632,023
Receivables and prepayments	-	789,608,305	-	789,608,305
Interest accrued	-	8,933,478	-	8,933,478
Taxes recoverable	-	130,274,502	-	130,274,502
Cash on deposits	-	320,716,924	-	320,716,924
Cash at banks and on hand	-	179,372,171	-	179,372,171
TOTAL ASSETS	1,611,871,348	1,438,537,403	-	3,050,408,751
Liabilities				
Provision for unexpired risk	-	-	649,741,674	649,741,674
Medium term borrowings	-	-	325,800,707	325,800,707
Short term borrowings			96,154,345	96,154,345
Claims admitted or intimated but not paid	-	-	544,117,486	544,117,486
Payables and accrued expenses	-	-	163,264,076	163,264,076
Taxes payable	-	-	97,004,371	97,004,371
Lease liability	-	-	38,878,485	38,878,485
Bank overdraft	-	-	143,876,539	143,876,539
TOTAL LIABILITIES	-	-	2,058,837,683	2,058,837,683

NOTES ON THE ACCOUNTS

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

	Company 31.12.2018			
Assets	Fair value through PL G$	Financial assets at amortised cost G$	Financial liabilitites at amortised cost G$	Total G$
Investments				
"Held for Trading"	1,268,851,764	-	-	1,268,851,764
"Loans and receivables"	-	9,427,445	-	9,427,445
Receivables and prepayments	-	797,408,104	-	797,408,104
Interest accrued	-	6,876,078	-	6,876,078
Taxes recoverable	-	133,160,286	-	133,160,286
Cash on deposits	-	344,746,422	-	344,746,422
Cash at banks and on hand	-	129,648,131	-	129,648,131
TOTAL ASSETS	1,268,851,764	1,421,266,466	-	2,690,118,230
Liabilities				
Provision for unexpired risk	-	-	670,443,553	670,443,553
Medium term borrowings	-	-	421,755,052	421,755,052
Short term borrowings	-	-	90,569,286	90,569,286
Claims admitted or intimated but not paid	-	-	494,252,454	494,252,454
Payables and accrued expenses	-	-	255,255,582	255,255,582
Taxes payable	-	-	98,933,375	98,933,375
Bank overdraft	-	-	22,112,163	22,112,163
TOTAL LIABILITIES	-	-	2,053,321,465	2,053,321,465

NOTES ON THE ACCOUNTS

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

	Group 31.12.2019			
	Fair value through PL G$	Financial assets at amortised cost G$	Financial liabilitites at amortised cost G$	Total G$
Assets				
Investments				
"Held to Collect"	-	1,217,817,369	-	1,217,817,369
"Held for Trading"	3,261,498,504	-	-	3,261,498,504
"Loans and receivables"	-	6,447,161,790	-	6,447,161,790
Statutory deposits	-	1,028,305,154		1,028,305,154
Receivables and prepayments	-	849,974,692	-	849,974,692
Interest accrued	-	32,722,906	-	32,722,906
Taxes recoverable	-	144,524,411	-	144,524,411
Cash on deposits	-	782,650,643		782,650,643
Cash at banks and on hand	-	301,123,532		301,123,532
TOTAL ASSETS	3,261,498,504	10,804,280,497	-	14,065,779,001
.				
Liabilities				
Provision for unexpired risks	-	-	725,379,061	725,379,061
Medium term borrowings			325,800,707	325,800,707
Customers Deposit	-	-	8,450,727,826	8,450,727,826
Policyholders' liabilities	-	-	940,326	940,326
Lease liability	-	-	142,831,654	142,831,654
Short term borrowings	-	-	96,154,345	96,154,345
Claims admitted or intimated but not paid	-	-	569,508,298	569,508,298
Payables and accrued expenses	-	-	334,041,920	334,041,920
Taxes payable	-	-	168,404,952	168,404,952
Bank overdraft	-	-	143,876,539	143,876,539
TOTAL LIABILITIES	-	-	10,957,665,628	10,957,665,628

NOTES ON THE ACCOUNTS

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

	Group 31.12.2018			
	Fair value through PL G$	Financial assets at amortised cost G$	Financial liabilitites at amortised cost G$	Total G$
Assets				
Investments				
"Held to Collect"	-	1,436,984,301	-	1,436,984,301
"Held for Trading"	2,420,607,293	-	-	2,420,607,293
"Loans and receivables"	-	6,004,807,929	-	6,004,807,929
Statutory deposits	-	1,062,256,825		1,062,256,825
Receivables and prepayments	-	845,196,293	-	845,196,293
Interest accrued	-	37,673,714	-	37,673,714
Taxes recoverable	-	147,410,195	-	147,410,195
Cash on deposits	-	615,378,162		615,378,162
Cash at banks and on hand	-	182,628,948		182,628,948
TOTAL ASSETS	2,420,607,293	10,332,336,367	-	12,752,943,660
.				
Liabilities				
Provision for unexpired risks	-	-	745,751,717	745,751,717
Medium term borrowings	-	-	421,755,052	421,755,052
Customers Deposit	-	-	8,145,953,382	8,145,953,382
Policyholders' liabilities	-	-	290,376	290,376
Short term borrowings	-	-	90,569,286	90,569,286
Claims admitted or intimated but not paid	-	-	526,386,498	526,386,498
Payables and accrued expenses	-	-	409,893,756	409,893,756
Taxes payable	-	-	107,441,017	107,441,017
Bank overdraft	-	-	22,112,163	22,112,163
TOTAL LIABILITIES	-	-	10,470,153,247	10,470,153,247

NOTES ON THE ACCOUNTS

42 Goodwill

In accordance with IFRS 3 - Business combinations, goodwill for impairment at 31 December, 2019 was calculated using the value in use method.

	Group	
	31.12.2019	31.12.2018
	G$	G$
Balance at beginning and at end	157,582,464	157,582,464
Goodwill at cost	161,623,040	161,623,040
Accumulated impairment/ amortisation	4,040,576	4,040,576
	157,582,464	157,582,464

Impairment testing of goodwill

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

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

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

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

NOTES ON THE ACCOUNTS

43 Related party transactions

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

Listed below are transactions and balances with related parties.

(i) **Subsidiary companies**

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Management fees charged to:				
Hand In Hand Trust Corporation Inc.	6,000,000	6,000,000	-	-
GCIS Inc.	12,000,000	12,000,000	-	-
	18,000,000	18,000,000	-	-

(ii) Other disclosure

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

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Fees charged	100,663,407	103,126,011	100,663,407	103,126,011
Interest on loan from the Hand-in-Hand Mutual Life Assurance Company Limited.	33,386,690	98,685,947	33,386,690	98,685,947
Loans granted during the year by the Hand-in-Hand Mutual Life Assurance Company Limited.	421,955,052	512,324,338	421,955,052	512,324,338

Key management personnel

(i) Compensation The Group' s key management personnel comprises its Directors and Executive managers. The remuneration paid during the year were:				
(a) Short term employee benefit - Managers - 37 (2018 - 37)	81,582,652	79,572,081	222,672,047	147,209,913
(b) Long term employee benefit Managers - Benefits from the contribution of pension scheme are similar to the benefits of all employees.				
Directors' gratuity & medical benefit	32,883,034	34,577,562	32,883,034	34,577,562
Directors' emoluments - 9 (2018 - 9)	12,429,360	11,837,460	18,417,108	17,825,208
(ii) Loans and advances Staff - (107) (2018-(107)	405,157,040	342,772,114	490,992,193	413,130,102
Director - (1) (2018-(1))	3,436,298	8,908,279	3,436,298	8,908,279
Rate of interest	6 - 8%	6 - 8%	5 - 10%	5 - 10%
(iii) The following are transactions of common interest with the Hand-in-Hand Trust Corporation.				
USA Global Export Company Limited			81,311,227	84,796,464
Rate of interest			10% p.a	10% p.a
Stark Inc.			-	46,246,437
Rate of interest			8% p.a	8% p.a
Keith Evelyn Investments			-	61,023,786
Rate of interest			8% p.a	8% p.a

NOTES ON THE ACCOUNTS

44 (a) Business Information

Company

	31.12.2019				
	Fire G$	Marine G$	Accident and liabilities G$	Motor G$	Total G$
Revenue					
Premium	623,101,292	9,809,135	159,736,136	486,274,554	1,278,921,117
Less: Reinsurance premiums	175,614,377	4,397,518	58,135,852	33,895,005	272,042,752
Increase in unexpired risks	(3,126,990)	(2,829,448)	(1,999,701)	(12,745,740)	(20,701,879)
Premium (net)	450,613,905	8,241,065	103,599,985	465,125,289	1,027,580,244
Investment income					
"Held for Trading"	27,917,847	1,013,056	9,011,265	-	37,942,168
"Loans and receivables"	17,291,769	627,467	5,581,401	-	23,500,637
Other income	182,071,481	6,606,834	58,768,656	109,013,386	356,460,357
Management fees	13,244,400	480,600	4,275,000	-	18,000,000
Unclaimed TCP and others	2,036,102	73,884	657,209	720,862	3,488,057
	693,175,504	17,042,906	181,893,516	574,859,537	1,466,971,463
Deduct:					
Expenditure					
Commissions and allowances	87,004,796	3,157,146	28,083,228	24,683,690	142,928,860
Management expenses	293,459,956	10,648,792	94,722,397	259,387,485	658,218,630
Claims (net)	91,434,903	222,854	36,622,848	99,047,096	227,327,701
Triennial cash profit	2,361,883	-	-	-	2,361,883
Property Tax	14,300,376	-	-	-	14,300,376
Taxation	17,497,581	-	-	53,022	17,550,603
	506,059,495	14,028,792	159,428,473	383,171,293	1,062,688,052
Surplus of revenue over expenditure	187,116,009	3,014,114	22,465,043	191,688,244	404,283,411

	Fire G$	Marine G$	Accident & liabilities G$	Motor G$	Total G$
ASSETS	3,570,924,915	129,578,276	1,152,615,747	672,494,320	5,525,613,258
LIABILITIES	1,243,357,135	41,875,033	811,756,313	396,113,324	2,493,101,805

NOTES ON THE ACCOUNTS

44 (b) Business Information

Company

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

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

NOTES ON THE ACCOUNTS

44 (c) Segmented information

Group	Fire G$	Marine G$	Accident and liabilities G$	Motor G$	Life G$	Trust G$	Hand in Hand Investments Inc. G$	Taxation G$	Total G$
	31.12.2019								
Revenue									
Premium	656,827,331	9,809,135	159,736,136	643,813,584	-	-	-	-	1,470,186,186
Less: Reinsurance premiums	179,620,326	4,397,518	58,135,852	44,788,489	-	-	-	-	286,942,185
Increase in unexpired risks	(2,514,553)	(2,829,448)	(1,999,701)	(13,028,954)	-	-	-	-	(20,372,656)
Net premiums	479,721,558	8,241,065	103,599,985	612,054,049	-	-	-	-	1,203,616,657
Investment income									
"Held to Collect"	-	-	-		-	65,436,892	-	-	65,436,892
"Held for Trading"	29,151,810	1,013,056	9,011,265	3,288,711	2,106,290	29,919,658	-	-	74,490,790
"Loans and receivables"	17,291,769	627,467	5,581,401	-	-	669,588,811	-	-	693,089,448
Other income	291,669,027	6,606,834	58,768,656	115,135,402	3,662	429,929,311	-	-	902,112,892
Unclaimed TCP and others	2,036,102	73,884	657,209	720,862			-	-	3,488,057
	819,870,266	16,562,306	177,618,516	731,199,024	2,109,952	1,194,874,672	-	-	2,942,234,736
Deduct: expenditure									
Commissions and allowance	87,429,353	3,157,146	28,083,228	27,950,778	-	-	-	-	146,620,505
Management expenses	255,057,413	10,648,792	94,722,397	347,170,192	-	539,472,284	-	-	1,247,071,078
Interest	-	-	-	-	-	184,235,085	-	-	184,235,085
Claims (net)	118,557,913	222,854	36,622,848	133,623,253	-	-	-	-	289,026,868
Triennial cash profit	2,361,883	-	-	-	-	-	-	-	2,361,883
Property tax	-	-	-	-	-	-	-	30,366,163	30,366,163
Taxation	-	-	-	-	-	-	-	74,451,839	74,451,839
	463,406,562	14,028,792	159,428,473	508,744,223	-	723,707,369	-	104,818,002	1,974,133,421
Surplus/(deficit) of revenue over expenditure before actuarial adjustment and non-controlling interest	356,463,704	2,533,514	18,190,043	222,454,801	2,109,952	471,167,303	-	(104,818,002)	968,101,315
Less: Non controlling interest	28,730,744	-	-	10,168,932	702,112	96,998,416	-	-	136,600,204
Surplus/(deficit) of revenue over expenditure after non-controlling interest	327,732,960	2,533,514	18,190,043	212,285,869	1,407,840	374,168,887	-	(104,818,002)	831,501,111
ASSETS	3,276,673,372	107,674,848	957,781,888	1,492,140,230	-	10,455,833,330	152,610	-	16,290,256,278
LIABILITIES	1,320,803,027	42,116,540	814,028,581	604,988,842	-	8,742,530,280	40,000	-	11,524,507,270

NOTES ON THE ACCOUNTS

44 (d) Segmented information

Group	Fire G$	Marine G$	Accident and liabilities G$	Motor G$	Life G$	Trust G$	Hand in Hand Investments Inc. G$	Taxation G$	Total G$
	31.12.2018								
Revenue									
Premium	679,002,181	15,382,979	170,153,013	663,229,375	50,435	-	-	-	1,527,817,983
Less: Reinsurance premiums	162,936,642	7,601,716	59,057,213	43,144,755	(195,821)	-	-	-	272,544,505
Increase in unexpired risks	4,820,376	(3,003,978)	(2,958,943)	(14,312,492)	-	-	-	-	(15,455,037)
Net premiums	511,245,163	10,785,241	114,054,743	634,397,112	246,256	-	-	-	1,270,728,515
Investment income									
"Held to Collect"	-	-	-		-	71,108,925	-	-	71,108,925
"Held for Trading"	25,923,736	406,847	6,032,176	2,140,048	2,021,405	26,766,055	-	-	63,290,267
"Loans and receivables"	19,914,918	322,171	4,776,719	-	-	550,631,754	-	-	575,645,562
Other income	266,659,687	3,577,951	39,255,062	6,124,681	353,148	86,527,836	-	-	402,498,365
Unclaimed TCP and others	526,260	8,513	126,227	412,079			-	-	1,073,079
Gain on disposal of investments									
"Held for trading "	4,527,639	64,574	957,415	1,480,878	-	15,175,129	-	-	22,205,635
Gain on exchange	5,982,257	85,810	1,272,280	-	-	-	-	-	7,340,347
Gain on disposal of assets	151,302,984	2,447,686	36,290,979	-	-	250,152,718	-	-	440,194,367
	986,082,644	17,698,793	202,765,601	644,554,798	2,620,809	1,000,362,417	-	-	2,854,085,062
Deduct: expenditure									
Commissions and allowance	107,540,481	1,678,962	24,893,380	33,015,861	-	-	-	-	167,128,684
Management expenses	416,080,683	9,109,880	99,947,973	353,618,009	106,077	490,716,596	-	-	1,369,579,218
Interest	-	-	-	-	-	183,905,092	-	-	183,905,092
Claims (net)	81,287,772	6,028,384	(1,058,084)	182,282,707	32,743	-	-	-	268,573,522
Triennial cash profit	2,476,578	-	-	-	-	-	-	-	2,476,578
Property tax	-	-	-	-	-	-	-	24,508,429	24,508,429
Taxation	-	-	-	-	-	-	-	53,625,380	53,625,380
	607,385,514	16,817,226	123,783,269	568,916,577	138,820	674,621,688	-	78,133,809	2,069,796,903
Surplus/(deficit) of revenue over expenditure before actuarial adjustment and non-controlling interest	378,697,130	881,567	78,982,332	75,638,221	2,481,989	325,740,729	-	(78,133,809)	784,288,159
Actuarial Adjustment	-	-	-	-	9,349,624	-	-	-	9,349,624
Less: Non controlling interest	31,223,788	-	-	6,256,696	205,307	65,535,843	-	-	103,221,634
Surplus/(deficit) of revenue over expenditure after non-controlling interest	347,473,342	881,567	78,982,332	69,381,525	11,626,306	260,204,886	-	(78,133,809)	690,416,149
ASSETS	2,754,643,333	87,867,592	823,454,789	1,060,452,484	138,021,104	9,807,640,272	566,020	-	14,672,645,594
LIABILITIES	1,199,805,184	43,191,164	824,461,451	610,801,444	4,272,227	8,289,542,067	35,520	-	10,972,109,057

NOTES ON THE ACCOUNTS

45 Financial risk management

Financial risk management objectives

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

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

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

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

(a) Market risk

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

(i) Price risk

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

(ii) Interest rate risk

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

NOTES ON THE ACCOUNTS

45 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

	Interest rate %	Maturing 31.12.2019 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Company						
Assets						
Investments						
"Held for Trading"		-	-	-	1,611,871,348	1,611,871,348
"Loans and receivables"	4.00-18.50	-	9,632,023	-	-	9,632,023
Receivables and prepayments	6.00	-	408,791,084	-	380,817,221	789,608,305
Interest accrued		-	-	-	8,933,478	8,933,478
Taxes recoverable		-	-	-	130,274,502	130,274,502
Cash on deposits	0.21-11.07	320,716,924	-	-	-	320,716,924
Cash at banks and on hand		-	-	-	179,372,171	179,372,171
		320,716,924	418,423,107	-	2,311,268,720	3,050,408,751
Liabilities						
Provision for unexpired risks		-	-	-	649,741,674	649,741,674
Medium term borrowings	6.00	-	325,800,717	-	-	325,800,717
Lease liability		-	-	-	38,878,485	38,878,485
Short term borrowings	6.00	96,154,345	-	-	-	96,154,345
Claims admitted or intimated but not paid		-	-	-	544,117,486	544,117,486
Payables and accrued expenses		-	-	-	163,264,076	163,264,076
Taxes payable		-	-	-	97,004,371	97,004,371
Bank overdraft	11.00	143,876,539	-	-	-	143,876,539
		240,030,884	325,800,717	-	1,493,006,092	2,058,837,693
Interest sensitivity gap		80,686,040	92,622,390	-		

	Average rate %	Maturing 31.12.2018 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Company						
Assets						
Investments						
"Held for Trading"		-	-	-	1,268,851,764	1,268,851,764
"Loans and receivables"	4.00-18.50	-	9,427,445	-	-	9,427,445
Receivables and prepayments	6.00	-	351,159,331	-	446,248,773	797,408,104
Interest accrued		-	-	-	6,876,078	6,876,078
Taxes recoverable		-	-	-	133,160,286	133,160,286
Cash on deposits	0.21-11.07	344,746,422	-	-	-	344,746,422
Cash at banks and on hand		-	-	-	129,648,131	129,648,131
		344,746,422	360,586,776	-	1,984,785,032	2,690,118,230
Liabilities						
Provision for unexpired risks		-	-	-	670,443,553	670,443,553
Medium term borrowings	6.00		421,755,052			421,755,052
Short term borrowings	6.00	90,569,286		-	-	90,569,286
Claims admitted or intimated but not paid		-	-	-	494,252,454	494,252,454
Payables and accrued expenses		-	-	-	255,255,582	255,255,582
Taxes payable		-	-	-	98,933,375	98,933,375
Bank overdraft	11.00	22,112,163	-	-	-	22,112,163
		112,681,449	421,755,052	-	1,518,884,964	2,053,321,465
Interest sensitivity gap		232,064,973	(61,168,276)	-		

NOTES ON THE ACCOUNTS

45 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

	Interest rate %	Maturing 31.12.2019 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Group						
Assets						
Investments						
"Held to Collect"	1.50-10.00	288,517,088	649,559,200	279,741,081	-	1,217,817,369
"Held for Trading"	-	-	1,196,156,312	557,125,182	1,508,217,010	3,261,498,504
"Loans and receivables"	4.00-18.50	1,734,187,631	2,653,185,546	2,059,788,613	-	6,447,161,790
Statutory deposits	1.00-3.25	956,516,432	71,788,722	-	-	1,028,305,154
Receivables and prepayments	6.00	56,376,326	408,791,084	-	374,560,054	839,727,464
Interest accrued	-	20,960,474	-	-	11,762,432	32,722,906
Taxes recoverable	-	-	-	-	144,524,411	144,524,411
Cash on deposits	0.21-11.07	782,650,643	-	-	-	782,650,643
Cash at banks and on hand	-	16,957,244	81,051,357	-	203,114,931	301,123,532
		3,856,165,838	5,060,532,221	2,896,654,876	2,242,178,838	14,055,531,773
Liabilities						
Provision for unexpired risks		-	-	-	725,379,061	725,379,061
Medium term borrowings	6.00	-	325,800,707	-	-	325,800,707
Customers Deposit - Savings	2.00	1,588,546,899	-	-	-	1,588,546,899
Customers Deposit - Fixed deposit	1.35-5.00	6,263,941,576	598,239,351	-	-	6,862,180,927
Policyholders liabilities	-	-	-	-	940,326	940,326
Lease liability		-	-	-	142,831,654	142,831,654
Short term borrowings	6.00	96,154,345	-	-	-	96,154,345
Claims admitted or intimated but not paid	-	-	-	-	569,508,298	569,508,298
Payables and accrued expenses	-	-	-	-	334,041,920	334,041,920
Taxes payable	-	-	-	-	168,404,952	168,404,952
Bank overdraft	11.00	143,876,539	-	-	-	143,876,539
		8,092,519,359	924,040,058	-	1,941,106,211	10,957,665,628
Interest sensitivity gap		(4,236,353,521)	4,136,492,163	2,896,654,876		

	Interest rate %	Maturing 31.12.2018 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Group						
Assets						
Investments						
"Held to Collect"	1.50-10.00	665,312,495	473,048,676	298,623,130	-	1,436,984,301
"Held for Trading"	-	-	-	1,255,514,867	1,165,092,426	2,420,607,293
"Loans and receivables"	4.00-18.50	1,648,080,806	2,165,544,378	2,191,182,745	-	6,004,807,929
Statutory deposits	1.00-3.25	-	-	62,444,292	999,812,533	1,062,256,825
Receivables and prepayments	6.00	-	351,159,331	-	494,036,962	845,196,293
Interest accrued	-	27,814,886	-	-	9,858,828	37,673,714
Taxes recoverable	-	-	-	-	147,410,195	147,410,195
Cash on deposits	0.21-11.07	615,378,162	-	-	-	615,378,162
Cash at banks and on hand	-	18,909,211	22,131,254	-	141,588,483	182,628,948
		2,975,495,560	3,011,883,639	3,807,765,034	2,957,799,427	12,752,943,660
Liabilities						
Provision for unexpired risks		-	-	-	745,751,717	745,751,717
Medium term borrowings		-	421,755,052	-	-	421,755,052
Customers Deposit - Savings	2.00	1,477,839,838	-	-	-	1,477,839,838
Customers Deposit - Fixed deposit	1.35-5.00	6,144,560,784	523,552,760	-	-	6,668,113,544
Short term borrowings	6.00-8.00	90,569,286	-	-	-	90,569,286
Policyholders liabilities	-	-	-	-	290,376	290,376
Claims admitted or intimated but not paid	-	-	-	-	526,386,498	526,386,498
Payables and accrued expenses	-	-	-	-	409,893,756	409,893,756
Taxes payable	-	-	-	-	107,441,017	107,441,017
Bank overdraft	11.00	22,112,163	-	-	-	22,112,163
		7,735,082,071	945,307,812	-	1,789,763,364	10,470,153,247
Interest sensitivity gap		(4,759,586,511)	2,066,575,827	3,807,765,034		

NOTES ON THE ACCOUNTS

45 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Foreign currency risk

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

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

Company

	31.12.2019			
	£	US$	Can$	G$ equivalent
Assets	-	898,472	627,613	278,335,319

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

Group

	31.12.2019			
	£	US$	Can$	G$ equivalent
Assets	-	8,497,816	627,613	1,874,197,561

	31.12.2018			
	£	US$	Can$	G$ equivalent
Assets	1,641	7,938,269	534,451	1,765,151,636

Foreign currency sensitivity analysis:

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

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

	Company			Group		
	31.12.2019			31.12.2019		
	£ G$M impact	US$ G$M impact	Can$ G$M impact	£ G$M impact	US$ G$M impact	Can$ G$M impact
Profit/(loss)	0.0	5.6	2.7	0.0	53.2	2.7

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

NOTES ON THE ACCOUNTS

45 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Interest sensivity analysis

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

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

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

	Increase/decrease in basis points	**Impact on profit for the year**			
		Company		**Group**	
		31.12.2019	**31.12.2018**	**31.12.2019**	**31.12.2018**
		G$000	**G$000**	**G$000**	**G$000**
Cash and cash equivalents					
Local currency	+/-50	1,313	1,308	3,002	2,216
Foreign currency	+/-50	291	215	911	868
Overdrafts					
Local currency	+/-50	719	111	719	111

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

NOTES ON THE ACCOUNTS

45 Financial Risk Management - cont'd

(b) Liquidity risk

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

	Maturing					
	31.12. 2019					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G$	G$	G$	G$	G$	G$
Company						
Liabilities						
Provision for unexpired risks	649,741,674	-	-	-	-	649,741,674
Medium term borrowings	-	-	-	325,800,707	-	325,800,707
Lease liability	-	-	-	38,878,485		38,878,485
Short term borrowings	-	-	96,154,345		-	96,154,345
Claims admitted or intimated but not paid	544,117,486	-	-	-	-	544,117,486
Payables and accrued expenses	18,483,342	1,424,137	70,473,563	72,883,034	-	163,264,076
Taxes payable	-	-	97,004,371	-	-	97,004,371
Bank overdraft	143,876,539	-	-	-	-	143,876,539
	1,356,219,041	1,424,137	263,632,279	437,562,226	-	2,058,837,683

	Maturing					
	31.12. 2018					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G$	G$	G$	G$	G$	G$
Company						
Liabilities						
Provision for unexpired risks	670,443,553	-	-	-	-	670,443,553
Medium term borrowings	-	-	-	421,755,052	-	421,755,052
Short term borrowings	-	-	90,569,286	-	-	90,569,286
Claims admitted or intimated but not paid	494,252,454	-	-	-	-	494,252,454
Payables and accrued expenses	78,857,895	4,658,593	56,707,060	74,577,562	40,454,472	255,255,582
Taxes payable	-	-	98,933,375	-	-	98,933,375
Bank overdraft	22,112,163	-	-	-	-	22,112,163
	1,265,666,065	4,658,593	246,209,721	496,332,614	40,454,472	2,053,321,465

NOTES ON THE ACCOUNTS

45 Financial Risk Management - cont'd

(b) Liquidity risk - cont'd

	Maturing 31.12.2019					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G$	G$	G$	G$	G$	G$
Group						
Liabilities						
Provision for unexpired risks	725,379,061	-	-	-	-	725,379,061
Medium term borrowings			-	325,800,707		325,800,707
Customers Deposit - Savings	1,588,546,899	-	-	-	-	1,588,546,899
Customers Deposit - Fixed deposits	-	1,141,656,610	5,122,284,966	598,239,351	-	6,862,180,927
Policyholders' liabilities	940,326	-	-	-	-	940,326
Lease liability	-	-	-	142,831,654	-	142,831,654
Short term borrowings	-	-	96,154,345		-	96,154,345
Claims admitted or intimated but not paid	569,508,298	-	-	-	-	569,508,298
Payables and accrued expenses	66,471,761	1,424,137	70,509,083	195,636,939	-	334,041,920
Taxes payable	6,305,202	-	162,099,750	-	-	168,404,952
Bank overdraft	143,876,539	-	-	-	-	143,876,539
	3,101,028,086	1,143,080,747	5,451,048,144	1,262,508,651	-	10,957,665,628

	Maturing 31.12.2018					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G$	G$	G$	G$	G$	G$
Group						
Liabilities						
Provision for unexpired risks	745,751,717	-	-	-	-	745,751,717
Medium term borrowings	-	-	-	421,755,052	-	421,755,052
Customers Deposit - Savings	1,477,839,838	-	-	-	-	1,477,839,838
Customers Deposit - Fixed deposits	-	984,957,680	5,159,603,104	523,552,760	-	6,668,113,544
Policyholders' liabilities	290,376	-	-	-	-	290,376
Short term borrowings	-	-	90,569,286	-	-	90,569,286
Claims admitted or intimated but not paid	526,386,498	-	-	-	-	526,386,498
Payables and accrued expenses	135,043,194	4,658,593	195,614,407	74,577,562	-	409,893,756
Taxes payable	3,790,784	-	103,650,233	-	-	107,441,017
Bank overdraft	22,112,163	-	-	-	-	22,112,163
	2,911,214,570	989,616,273	5,549,437,030	1,019,885,374	-	10,470,153,247

NOTES ON THE ACCOUNTS

45 Financial Risk Management - cont'd

(c) CREDIT RISK

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

The table below shows the maximum exposure to credit risk:

	Maximum Exposure			
	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Investments				
"Held to Collect"	-	-	1,217,817,369	1,436,984,301
"Held for Trading"	1,611,871,348	1,268,851,764	3,261,498,504	2,420,607,293
"Loans and receivables"	9,632,023	9,427,445	6,447,161,790	6,004,807,929
Statutory deposits	-	-	1,028,305,154	1,062,256,825
Receivables (net of prepayments)	783,916,423	793,848,924	839,727,464	836,545,061
Interest accrued	8,933,478	6,876,078	32,722,906	37,673,714
Tax recoverable	130,274,502	133,160,286	144,524,411	147,410,195
Cash at banks	177,862,393	127,912,756	282,608,510	161,936,362
Cash on deposits	320,716,924	344,746,422	782,650,643	615,378,162
Total Credit risk	3,043,207,091	2,684,823,675	14,037,016,751	12,723,599,842

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

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

	Company		Group	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	G$	G$	G$	G$
Loans and receivables - (i)	9,632,023	9,427,445	6,447,161,790	6,004,807,929
Interest accrued - Note 22	8,933,478	6,876,078	32,722,906	37,673,714
Receivables (excluding prepayments) - Note 21	783,916,423	797,988,446	839,727,464	841,397,447
	802,481,924	814,291,969	7,319,612,160	6,883,879,090
Impairment on Investments (IFRS 9)	12,926,798	9,630,579	12,926,798	9,630,579
Total provision for impairment	12,926,798	9,630,579	12,926,798	9,630,579

(i) The above balances are classified as follows:

Pass	744,531,769	738,709,582	5,624,256,286	4,600,115,333
Special Mention (Past due 30 - 89 days)	21,632,931	44,514,169	1,045,711,787	1,291,399,720
Sub-Standard (Past due 90 - 179 days)	10,810,107	5,991,530	10,810,107	296,689,530
Doubtful (Past due over - 180 days but less than 1 year)	20,287,060	10,717,519	244,418,199	190,624,519
Loss	5,220,057	14,359,169	394,415,781	505,049,988
	802,481,924	814,291,969	7,319,612,160	6,883,879,090
Included above are non-performing mortgages of:	-	-	729,601,722	1,051,375,000

(ii) As detailed in note 22, Interest accrued represents amounts due or accured on the various investments of the Company and Group. These amounts would either be received in the new financial year, or would materialise on the maturity of the investment(s) in accordance with their terms and conditions.

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

NOTES ON THE ACCOUNTS

46 INSURANCE RISK

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

Risk management objectives and policies

The Company and GCIS Inc. mitigate its risks by engaging in both facultative placements and excess of loss reinsurance treaties. Reinsurance coverage for perils and other risks excluded from the excess of loss treaty are facultatively reinsured on a yearly renewal basis. The Company also engages in redlining where it reserves the right to offer no coverage in specific geographic areas.

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

Terms and conditions of insurance contracts

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

Sensitivity analysis

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

Concentration of insurance risks

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

Claims development

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

Actuarial Valuation

The actuarial report carried out as at 31 December 2019 revealed that the aggregate amount of the life insurance policy liabilities in relation to its long term insurance business was $940,326.

NOTES ON THE ACCOUNTS

47 APUA Investments

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

The Trust received payments totaling US$ 4,576.47 with an outstanding balance US$ 68,123.82 to be collected from Trustees of APUA.

48 Insurance Act 2016

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

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

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

As stated in part 4 number 32 of the Regulations;

"b) 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;

"c) 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:

"(1) 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.

"(2) 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.

"(3) 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.

NOTES ON THE ACCOUNTS

48 Insurance Act 2016 Cont'd

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

(a) the transaction is at market value if a true market value exists, or if there is no readily available market

(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.

49 Pending litigations

As at 31 December 2019, there are several legal matters outstanding against the Group, the outcome of which cannot be determined at this stage. Also, there are two (2) un-asserted claims against the Company as of 31 December 2019 for the total sum of G$140,000,000.

NOTES ON THE ACCOUNTS

50 Development claims tables

INSURANCE CONTRACTS- COMPANY

Figures in Thousands

	Before 2013	2013	2014	2015	2016	2017	2018	2019	Total
Net estimate of cumulative claims cost									
Zero Year	308,322	727,124	739,273	462,315	601,244	360,440	320,098	363,370	
One year later	306,601	361,379	368,464	404,726	413,027	342,923	267,531	-	
Two year later	303,827	349,291	359,625	357,542	407,942	340,106	-	-	
Three year later	463,499	333,812	354,074	344,629	392,732	-	-	-	
Four year later	277,509	313,362	350,097	333,519	-	-	-	-	
Six year later	213,539	309,515	358,596	-	-	-	-	-	
Six year later	192,669	308,130	-	-	-	-	-	-	
Current estimate of cumulative claims cost	192,669	308,130	358,596	333,519	392,732	340,106	267,531	363,370	2,556,653
Less Cumulative payments	71,908	299,716	351,108	321,927	364,650	275,249	219,760	108,218	2,012,536
Outstanding claims	120,761	8,414	7,488	11,592	28,082	64,857	47,771	255,152	544,117
Outstanding claims 2013 and prior									-
Total net outstanding claims									**544,117**

INSURANCE CONTRACTS- GROUP

Figures in Thousands

	Before 2013	2013	2014	2015	2016	2017	2018	2019	Total
Net estimate of cumulative claims cost									
Zero Year	343,793	810,372	836,259	571,395	690,277	422,316	387,236	437,113	
One year later	341,190	442,582	459,868	518,761	498,921	405,928	333,342	-	
Two year later	339,192	429,239	448,734	471,577	497,388	399,734	-	-	
Three year later	496,414	411,184	442,397	458,094	476,085	-	-	-	
Four year later	309,462	390,626	438,607	445,994	-	-	-	-	
Six year later	240,199	386,779	446,856	-	-	-	-	-	
Six year later	219,329	385,387	-	-	-	-	-	-	
Current estimate of cumulative claims cost	219,329	385,387	446,856	445,994	476,085	399,734	333,342	437,113	3,143,840
Less Cumulative payments	94,583	376,973	439,368	434,402	445,623	330,729	280,624	172,030	2,574,332
Outstanding claims	124,746	8,414	7,488	11,592	30,462	69,005	52,718	265,083	569,508
Outstanding claims 2013 and prior									-
Total net outstanding claims									**569,508**

51 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 10 September 2020

GLOSSARY

MUTUAL FIRE INSURANCE COMPANY

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

TRIENNIAL CASH PROFIT

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

STATEMENT OF COMPREHENSIVE INCOME

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

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

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

PROFIT AND LOSS (ANNUAL) ACCOUNT

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

PROFIT AND LOSS (TRIENNIAL) ACCOUNT

At the beginning of each financial period, a separate Triennial Premium Account is opened in which premiums received in respect of profits sharing policies issued or renewed during that period and not accounted for in any current triennial account are credited during the next three years. This account shows transaction for the triennium ended 31 December 2019.

CONSOLIDATION

The Consolidated Financial Statements incorporate the Financial Statements of GCIS Incorporated, Hand-in-Hand Trust Corporation Inc. and Hand-in-Hand Investments Inc. in which The Hand-in-Hand Mutual Fire Insurance Company Limited owns 66.7%, 72% and 35% at 31 December 2019 respectively of the Issued Share Capitals.