



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

NOTICE OF MEETING

The One Hundred and Forty Seventh Annual General Meeting of Members of the abovementioned Company will be held at the Company's Offices, Lots 1,2,3 & 4, Avenue of the Republic, Georgetown, on Thursday, July 25, 2013, 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 December 31, 2012 and the Report of the Auditors thereon.
2. Declaration of the profits available for distribution amongst Members.
3. Election of Directors.
4. Election of Auditors.
5. To fix the remuneration of the Directors.
6. To fix the remuneration of the Auditors.
7. Any other business which may properly be brought before the meeting.

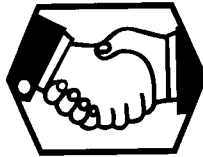
BY ORDER OF THE BOARD
Shaheed Essack
Company Secretary/ Finance Controller

1, 2, 3 & 4 Avenue of the Republic
Georgetown, Guyana
June 28, 2013

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 Office of the Company not less than 24 hours before the time appointed for holding the meeting.



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HEAD OFFICE

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

DIRECTORS

J.G. CARPENTER, B.Sc. - Chairman

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

C.R. QUINTIN

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

P.A. CHAN-A-SUE, A.A., 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.,
F.C.I.I., A.C.I.B – Chartered Insurer

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



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MANAGEMENT:

- Chief Executive Officer - Keith Evelyn, B.A.(Hons) Sheff. Hallam,
B.Sc.UMIST., M.B.A.Liv., F.C.I.I.,
A.C.I.B. Chartered Insurer
- Manager - Howard Cox, A.C.I.I. Chartered Insurer
- Assistant Manager - Mary Nagasar
- Company Secretary/
Finance Controller - Shaheed Essack, M.A.A.T., A.C.I.S., M.C.M.I.
- Accountant - Compton Ramnaraine, M.A.A.T., A.I.C.B.
A.C.C.A.affiliate.
- Assistant Accountant - Ronald Stanley, A.C.C.A.
- Human Resource Manager/ - Zaida Joaquin, Dip.P.M., F. L. M. I.,A.C.S.,
A.I.R.C., A.I.A.A., A.R.A.
- Sales Manager - Colin Welcome
- Manager - Berbice Operations - Tajpaul Adjodhea, F.L.M.I.
- Internal Auditor/Motor Manager
/Business Development Manager
(Broker) - Omadatt Singh, B.Sc.(Hons.), M.B.A., F.C.C.A.,
C.G.A., C.P.C.U.
- Project/Business Development
Manager - Vivek Joshi, B.Sc., M.Sc.,(Dist.) UWI., PMP

AUDITORS:

TSD LAL and Company
Chartered Accountants

ATTORNEYS-AT-LAW:

Cameron & Shepherd
Hughes, Fields & Stoby

BANKERS:

Republic Bank (Guyana) Ltd.
Guyana Bank for Trade & Industry Ltd.
Bank of Nova Scotia.
Citizens Bank (Guyana) Inc.
Demerara Bank Ltd.
Lloyds TSB Offshore Private Banking
RBC Dominion Securities, Canada.



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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	Lot 11 Section 'A' D'Edward Village, West Bank Berbice
	4) Rosehall	45'A' Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 5 Section 'C' Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Upper floor, Citizens Bank Building Parika, East Bank Essequibo
BARTICA:		34 First Avenue, Bartica. Essequibo.
MON REPOS:		30 Tract "A" Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Mall, 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.



THE
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REVIEW OF THE REPORT AND ACCOUNTS
FOR THE YEAR ENDED 2012-12-31
BY THE CHAIRMAN - MR. JOHN G. CARPENTER B.Sc.

Welcome

Ladies and Gentlemen, It gives me great pleasure to welcome you to our Company's 147th Annual General Meeting and to review the performance of the Company and Group for the year ended 31st December, 2012. I am pleased to report that both the Company and Group recorded positive growth for the period under review.

Economic Review

The world economy growth was slower at 3.2 percent compared with 3.9 percent in the previous year due to the escalation of the Euro crisis during the year. The adverse trade and financial spillovers from the Euro contracted advanced economies' growth by 0.3 percent to 1.3 percent. Emerging economies' growth was lower than expected at 5.3 percent due to a slowdown in domestic demand.

The local economy continued to experience positive economic growth. Real economic growth was 4.8 percent following the 5.4 percent recorded in 2011. The economy continues to benefit from high commodity prices and is being driven primarily by the agriculture, mining and quarrying, manufacturing and service sectors. There were minor contractions in the sugar, forestry, diamond and public sector construction sub-sectors.

The Guyanese dollar depreciated marginally by 0.37% to \$204.50 against the United States dollar at the end of December 2012. The inflation rate increased by 3.5 percent mainly on account of rising food prices according to the Bank of Guyana.

Future Outlook

In 2013, the economy is projected to grow by 5.3 percent while the inflation rate is forecasted at 4.3 percent. The Guyana economy is expected to remain stable as the Government continues to stimulate growth and employment through the development of the Country's infrastructure and large-scale diversification of the economy, along with the expected discovery of oil deposits, improved information and communication technology and increased tourism. Real economic growth is projected at 5.3 percent and inflation is expected to be contained in the low single digit region.

Our principle of good corporate governance as well as the efficient functioning of the various committees established by the Board of Directors will ensure the Company's long term growth and development. Our Group is well positioned to effectively take advantage of market opportunities.

Insurance Sector

The total resources of the domestic insurance companies (life and non-life segments) increased by 21.2 percent or G\$6,385m. The Life component, which accounted for 64.1 percent of the industry's resources, increased by 24.9 percent, while the Non-life component grew by 15.2 percent.

Banking Sector

Commercial banks' interest rates shifted downwards over the review period. The weighted average lending rate decreased by 60 basis points to 11.08 percent while the small savings rate fell by 30 basis points to 1.69 percent. The weighted average time deposit rate also declined by 22 basis points to reach 1.49 percent. The 91-day treasury bill rate, which is the benchmark rate declined by 90 basis points to 1.45 percent.



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Trust Companies

The resources of the trust companies, which include Hand in Hand Trust Corporation Inc and Trust Company Guyana Limited, increased by 8.4 percent (or \$644.0m) compared to the 2.5 percent (or \$184.0m) growth recorded at end 2011. Deposits, which represented 71.1 percent of the total liabilities of trust companies, increased by 2.2 percent as a result of a 19.9 percent or (\$428.0m) increase in individual customer deposits. Other liabilities increased by 28.7 percent on account of a \$396m increase in loans.

Total deposits at the Hand in Hand Trust Corporation Inc remained stable at \$5.8B at the end of December 2012. Total Assets grew from \$6.7m by 2.9 percent to \$6.9m at the end of the period under review.

Pension Schemes

The consolidated resources of the pension schemes increased by 11.9 percent to reach \$26.7B at the end of December 2012. Hand in Hand Trust Corporation Inc continues to be the country's leading administrator of pension funds.

Group Results

The Group results reflect the combined performance of four of the five Hand in Hand companies, namely our Fire Company, Trust Company, Investment Company and GCIS Inc.

The Group recorded a 4.4 percent increase in Net Premiums, a 5.5 percent increase in the Total Income and a surplus of \$78.2m for the period under review. Total assets managed by the Group increased to \$10.8B from \$9.9B in 2011.

Insurance Business – Hand in Hand Mutual Fire Insurance Co. Ltd.

Our insurance operations recorded a 3.5 percent increase in Net premiums, a 4.2 percent increase in the total income and a surplus of \$111.4m for the period under review as against a deficit of \$58.0m in the previous period due to favorable claims experience for the period under review.

The Insurance Act

Our company is encouraged by the continuing improvement in the regulatory environment. The Commissioner of Insurance under the supervision of the Bank of Guyana and with assistance of the World Bank is in the process of drafting new insurance legislation to repeal the Insurance Act 1998 and the Insurance (Supplementary Provisions) Act 2009. The legislation will provide for the regulation of insurance in Guyana, the promotion of competition in the insurance industry and the protection of customers.

Fire Insurance

Our company continued the rationalizing of its exposures throughout the entire portfolio during the year under review, charging the appropriate rates and avoiding unwelcome exposures. Our marketing efforts resulted in the issue of 1,621 new Fire Policies with a total Sum Insured of \$22.6B, yielding \$76.6m in Annual Premium. Business in force at the end of the financial period showed Sums Insured of \$135.8B with an Annualized Premium Income of \$502.2m. This represents an increase of 5.3 percent with respect to the Sums Insured and an increase of 2.5 percent in Annualized Premium Income.



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BY THE CHAIRMAN - MR. JOHN G. CARPENTER B.Sc.

Premium Income

Premiums from all sources for the period were \$1,396.2m.

Motor

Our Motor Department, now in its twentieth year of operation remains a leading player in the industry by virtue of the very efficient underwriting and claims service provided. The Company also continues to expand its Accident and Marine portfolios.

Claims

Claims Paid and Provided for after recoveries was \$384.2 m over the period. The Hand in Hand was happy to meet the needs of its customers who made claims. We see claims handling as our raison d'être and we will continue to provide superior claims service to our many customers who may have had the misfortune of a loss.

Investments

The Company continues to utilize all available opportunities for short-term investment while supporting local industry by the purchase of shares, bonds and other investments. Investments increased from \$1,324.4m to \$1,449.8m over the review period and yielded a return of 2.1 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 over \$23.9m by way of taxation to the general revenue of the country.

Staff

The retention of our key human resources is one of our critical success factors.

Emphasis was placed on the development and training of both indoor and outdoor staff.

Our staff relations continue to be excellent. We were able to maintain our speedy, courteous and efficient service.

The Insurance Sales Force again experienced a challenging year, yet it maintained its position among the most productive Sales Forces in the industry. We congratulate the Sales Representatives on their performance and exhort them to even greater efforts in the current financial year.

Mr. Matthew Kissoon emerged as Top Producer for the period under review. We wish to offer him our sincerest gratitude and heartiest congratulations.



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Hand in Hand Trust Corporation Inc

Our Trust Corporation recorded a profit of \$20.2m for the period under review and its total assets moved from \$6.7B to \$6.9B.

Several initiatives were continually pursued to strengthen the operations of the Hand in Hand Trust Corporation Inc and ensure full compliance with the Financial Institutions Act 1995. The Trust Corporation's Capital Adequacy ratio as at end of the review period fell slightly to 27.5 percent from 31.0 percent at the end of the previous period, well above the (Basel 1) recommended 8 percent. The average Capital Adequacy ratio of the banking sector at the end of December 2012 remained at 21.0 percent, the same as at December 2011.

GCIS Inc

Our subsidiary, GCIS Inc recorded an after tax profit of \$14.9m against \$11.8m during the period under review. GCIS' net assets increased by 6.8 percent from \$517.5m to \$552.6m.

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 will commence operations in the year 2013.

Conclusion

The Hand in Hand Mutual Fire Insurance Co. Ltd which proudly completed its 147th year at the close of the period under review and the Hand in Hand Group as a whole, remain, despite the challenges, in a healthy and growing financial state, maintaining the resources that are capable of sustaining our competitive advantage over the long term.

Many new challenges lie ahead: slow pace of recovery from the global recession, globalisation, the CSME (The Caricom Single Market and Economy), the consequent vulnerability of relatively small Guyanese companies; new technologies and new markets. To meet these challenges, our Group has developed strategies which lay out a roadmap for resource development and growth over the short, medium and long term. We will remain a dynamic organization and we are confident that implementation of our strategic plans will equip us with the necessary human, financial and technological resources that will allow us to utilise opportunities toward ensuring our continued success.

I would like to record my sincere gratitude to my fellow Directors for their guidance and support during the past year. I give my heartfelt thanks to Management and Staff both indoor and outdoor for their dedication and commitment, and finally to our Policyholders our profound gratitude for their continued confidence in our Company. Our Board is fully committed to maintaining our position of leadership in the industry and of providing quality service to our customers.

Thank you.
John G. Carpenter
Chairman



THE
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REPORT OF THE DIRECTORS

The Directors have pleasure in submitting for the information of Members and Policyholders their Annual Report and Audited Financial Statements for the year ended December 31, 2012.

1. Principal Activities

The Company provides a comprehensive range of services among which is Property, Motor, Marine, Bond and Accident insurances.

2. Operational Results

The Company's funds increased by \$111.4m for the year ended December 31, 2012 as compared with an decrease in funds of \$58.0m for the year ended December 31, 2011.

3. Fire Business

During the year the Company issued 1,621 Fire policies insuring \$22.6B yielding annual premiums of \$76.0m. At the close of the year, there were 12,164 policies in force insuring \$135.8B with annualised premiums of \$502.0m. At the close of the previous year, there were 11,764 policies in force insuring \$129.0B with annualised premiums of \$491.0m. A statement of fire policies issued and expired during the year is shown on page 11 of this report.

4. Motor Business

During the period 5,558 policies were issued insuring 5,784 vehicles with annualised premiums of \$241.0 m. Previous year figures were 4,430 policies insuring 4,579 vehicles with annualised premiums of \$149.5m.

5. Investments

Investments at the end of the year stood at \$1,449.8m as against \$1,324.4m the previous year. Certificates for securities held by the Company and those lodged with the Company's Bankers as collateral for overdraft and loan facilities have been examined by our Auditors. The Company invested in 58,382 \$500 shares of the Rupununi Development Company Ltd for the sum of \$29.9m during the financial year.

6. Triennial Cash Profit

The Directors recommend a Cash Profit return of 15% in respect of those policies entitled to earn profit for the triennial period ended December 31, 2012, after deduction of the reserve for the unexpired period. This will result in a cash payout of \$3.7m. For year ended December 31, 2011, a 15% Cash Profit was declared which resulted in a payout of \$4.6m.

7. Employee Relations

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



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REPORT OF THE DIRECTORS

8. Directorate

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

Messrs.: W.A. Lee
 C.R. Quintin
 I.A. Mc Donald

9. Corporate Governance

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

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

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

The committees established by the Board and their Chairpersons are:

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

10. Auditors

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

By Order of the Board
Shaheed Essack
Company Secretary/Finance Controller



POLICIES ISSUED AND EXPIRED

	No. of Policies	Sum Insured (G\$M)	Annual Premiums (G\$M)
In force as at 2011-12-31	11,764	129,022	490
Issued during the year	<u>1,621</u>	<u>22,586</u>	<u>76</u>
	13,385	151,609	566
Expired during the year	<u>1,221</u>	<u>15,758</u>	<u>64</u>
In force as at 2012-12-31	<u>12,164</u>	<u>135,850</u>	<u>502</u>



THE
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**INDEPENDENT AUDITORS' 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 2012**

Report on the Financial Statements

We have audited the accompanying financial statements of The Hand In Hand Mutual Fire Insurance Company Limited and Subsidiaries, which comprise the statement of financial position as at 31 December 2012 and the statement of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 14 to 84.

Directors'/Management's Responsibility for the Financial Statements

The Directors/Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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Auditor's Responsibility-cont'd

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements give a true and fair view, in all material respects of the financial position of The Hand In Hand Mutual Fire Insurance Company Limited and Subsidiaries as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

The financial statements complied with the requirements of the Companies Act 1991, Insurance Act 1998 and Financial Institutions Act 1995.

TSD LAL & CO.
CHARTERED ACCOUNTANTS
(An Independent Correspondent Firm of Deloitte Touche Tohmatsu)

June 28, 2013.

77 Brickdam,
Stabroek, Georgetown,
Guyana.



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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Company		Group	
		2012 G\$	2011 G\$	2012 G\$	2011 G\$
Revenue					
Premiums	3	1,396,179,885	1,274,710,696	1,605,110,735	1,468,241,886
Reinsurance premiums	3	258,656,082	176,115,398	269,444,518	189,271,276
		1,137,523,803	1,098,595,298	1,335,666,217	1,278,970,610
Investment income					
"Held to maturity"	4	-	-	106,492,546	137,213,014
"Available for sale"	4	25,544,090	22,051,559	40,768,244	40,582,213
"Loans and receivables"	4	3,507,674	11,082,029	249,317,761	169,796,297
Other income	5	27,539,939	16,897,909	108,461,899	105,347,714
Management fees	6	17,500,000	12,000,000	-	-
Unclaimed triennial cash profit and others		831,355	432,430	831,355	432,430
Gain on exchange		-	6,965,917	2,913,080	10,624,285
Gain on disposal of investments					
"Available for sale"		10,865,935	6,179,004	21,503,999	25,034,797
Gain on disposal of fixed assets		-	-	-	119,000
		1,223,312,796	1,174,204,146	1,865,955,101	1,768,120,360
Deduct:					
Expenditure					
Commissions and allowances	7	174,617,548	164,853,806	178,275,778	168,767,377
Management expenses	8	545,764,949	415,760,100	920,826,611	813,492,659
Claims (net)	9	384,222,800	645,002,366	461,093,366	715,769,098
Interest	10	-	-	196,186,532	231,661,810
Surrenders	11	-	-	2,807,897	4,975,225
Triennial cash profit	12	4,632,209	5,293,535	4,632,209	5,293,535
Property tax		-	-	6,290,132	4,393,705
Taxation	15	2,664,833	1,288,104	17,594,118	18,599,445
		1,111,902,339	1,232,197,911	1,787,706,643	1,962,952,854
Surplus/ (deficit) of revenue over expenditure		111,410,457	(57,993,765)	78,248,458	(194,832,494)
Other comprehensive income					
Written back on disposal of investment		(8,991,083)	(8,200,710)	(20,125,205)	(13,434,334)
Fair value adjustment on investments		112,878,597	(6,978,133)	144,532,785	8,495,238
Other comprehensive income, net of tax		103,887,514	(15,178,843)	124,407,580	(4,939,096)
Total comprehensive income for the year		<u>215,297,971</u>	<u>(73,172,608)</u>	<u>202,656,038</u>	<u>(199,771,590)</u>
Surplus/(deficit) of revenue over expenditure attributable to:					
Owners of the Company		111,410,457	(57,993,765)	96,055,989	(122,065,541)
Non-controlling interests		-	-	(17,807,531)	(72,766,953)
		111,410,457	(57,993,765)	78,248,458	(194,832,494)
Total comprehensive income attributable to:					
Owners of the Company		215,297,971	(73,172,608)	213,921,320	(129,113,148)
Non-controlling interests		-	-	(11,265,282)	(70,658,442)
		<u>215,297,971</u>	<u>(73,172,608)</u>	<u>202,656,038</u>	<u>(199,771,590)</u>

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



THE
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

Company	Premium capital G\$	Capital reserve G\$	Investment reserve G\$	General reserve G\$	Capital redemption reserve G\$	Reserve for unexpired risk G\$	Triennial profit G\$	Non controlling interest G\$	Total G\$
Balance as at 31 December 2010	4,978,754	1,085,660,305	175,351,759	544,012,948	1,508,452	609,664,061	5,293,555	-	2,426,469,814
Total income and expense recognised directly in equity									
Written back on disposal of investment	-	-	(8,200,710)	-	-	-	-	-	(8,200,710)
Fair value adjustment on investments	-	-	(6,978,133)	-	-	-	-	-	(6,978,133)
Net income recognised directly in equity									
Surplus/(deficit) of revenue over expenditure	(67,242)	-	(15,178,843)	(100,769,957)	-	43,504,760	(661,326)	-	(57,993,765)
Total recognised income and expenses									
Balance as at 31 December 2011	4,911,512	1,085,660,305	160,172,916	443,242,991	1,508,452	653,168,821	4,632,209	-	2,353,297,206
Total income and expense recognised directly in equity									
Written back on disposal of investment	-	-	(8,991,083)	-	-	-	-	-	(8,991,083)
Fair value adjustment on investments	-	-	(12,878,597)	-	-	-	-	-	(12,878,597)
Net income recognised directly in equity									
Surplus/(deficit) of revenue over expenditure	(552,161)	-	103,887,514	29,667,372	-	83,194,341	(899,095)	-	111,410,457
Total recognised income and expenses									
Balance as at 31 December 2012	4,359,351	1,085,660,305	264,060,430	472,910,363	1,508,452	736,363,162	3,733,114	-	2,568,595,177

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



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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

Group	Premium capital GS	Capital reserve GS	Investment reserve GS	General reserve GS	Capital redemption reserve GS	Reserve for unexpired risk GS	Tricennial profit GS	Non controlling interest GS	Total GS
Balance as at 31 December 2010	4,978,754	1,242,142,363	217,114,604	244,896,071	1,508,452	625,212,596	5,293,535	423,286,982	2,764,433,357
Total income and expense recognised directly in equity									
Written back on disposal of investments	-	-	(10,695,511)	-	-	-	-	(2,738,823)	(13,434,334)
Fair value adjustment on investments	-	-	3,647,904	-	-	-	-	4,847,334	8,495,238
Net income recognised directly in equity									
Surplus/(deficit) of revenue over expenditure	(67,242)	-	(7,047,607)	(160,132,271)	-	38,795,298	(661,326)	2,108,511	(4,939,096)
Total recognised income and expenses									
Shares issued by Hand In Hand Investment Inc	(67,242)	-	(7,047,607)	(160,132,271)	-	38,795,298	(661,326)	(70,658,442)	(199,771,590)
Dividend paid	-	-	-	-	-	-	-	42,610	42,610
	-	-	-	-	-	-	-	(1,018,978)	(1,018,978)
Balance as at 31 December 2011	4,911,512	1,242,142,363	210,066,997	84,763,800	1,508,452	664,007,894	4,632,209	351,652,172	2,563,685,399
Total income and expense recognised directly in equity									
Written back on disposal of investments	-	-	(14,298,575)	-	-	-	-	(5,826,630)	(20,125,205)
Fair value adjustment on investments	-	-	132,163,906	-	-	-	-	12,368,879	144,532,785
Net income recognised directly in equity									
Surplus/(deficit) of revenue over expenditure	(552,161)	-	117,865,331	14,914,898	-	82,592,347	(899,095)	6,542,249	124,407,580
Total recognised income and expenses									
Transfer on disposal of assets	-	(48,857,741)	-	48,857,741	-	-	-	(11,265,282)	202,656,038
Transfer to statutory reserve	-	-	-	(11,951,308)	-	-	-	(13,120,291)	(25,071,599)
Dividend paid	-	-	-	-	-	-	-	(591,858)	(591,858)
Balance as at 31 December 2012	4,359,351	1,193,284,622	327,932,328	136,585,131	1,508,452	746,600,241	3,733,114	326,674,741	2,740,677,980

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 2012

		<u>Company and Group</u>	
	<u>Note</u>	<u>2012</u> G\$	<u>2011</u> G\$
Earned premiums		725,077,303	679,325,238
Investment income			
"Available for sale"		25,544,090	22,051,559
"Loans and receivables"		3,507,674	11,082,029
Other income		27,539,939	16,712,602
Management fees		17,500,000	12,000,000
Gain on exchange		-	6,965,917
Gain on disposal of investments		<u>10,865,935</u>	<u>6,179,004</u>
		<u>810,034,941</u>	<u>754,316,349</u>
Deduct:			
Management expenses		520,172,913	389,662,784
Claims (net)		174,244,348	484,073,308
Reinsurance premiums		227,954,794	146,692,046
Taxation		<u>2,947,730</u>	<u>1,300,596</u>
		<u>925,319,785</u>	<u>1,021,728,734</u>
Transfer - policies entitled to profit 2012/2014	13	<u>(115,284,844)</u>	<u>(267,412,385)</u>

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 2012.

"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 2012

		Company and Group	
	Note	2012 G\$	2011 G\$
Premiums received 2010 - 2012		23,047,675	28,397,287
Balance of unexpired risks reserve at 31 December 2009		4,978,343	5,676,716
Premiums on surrendered profit policies		<u>887,584</u>	<u>1,116,131</u>
		<u>28,913,602</u>	<u>35,190,134</u>
Deduct:			
Unexpired risks reserve at 31 December 2012		4,026,175	4,308,741
Transfer - Profit and Loss (Annual) Account	14	148,636,065	181,468,047
Triennial profit - 15%		<u>3,733,114</u>	<u>4,632,209</u>
		<u>156,395,354</u>	<u>190,408,997</u>
Transfer from general reserve		<u>(127,481,752)</u>	<u>(155,218,863)</u>

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 2012.

"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 2012

	Notes	Company		Group	
		31.12.2012 G\$	31.12.2011 G\$	31.12.2012 G\$	31.12.2011 G\$
ASSETS					
Non current assets					
Goodwill	40	-	-	157,582,464	157,582,464
Fixed assets	16	1,970,766,707	1,310,643,840	1,938,242,377	1,880,740,135
Other assets					
Investments					
"Held to maturity"	17	-	-	1,798,871,211	1,613,244,761
"Available for sale"	17	666,486,248	417,710,967	1,347,834,567	1,263,165,299
"Loans and receivables"	17	89,399,060	62,768,037	2,929,509,475	1,911,504,877
Investment in subsidiaries	19	693,873,333	843,873,333	-	-
Properties on hand	20	1,900,000	1,900,000	11,044,851	16,120,898
Statutory deposits	21	215,725,128	189,777,457	986,164,298	921,419,442
Deferred tax assets	15	9,402	-	1,411,661	1,233,799
		<u>3,638,159,878</u>	<u>2,826,673,634</u>	<u>9,170,660,904</u>	<u>7,765,011,675</u>
Current assets					
Receivables and prepayments	22	311,309,953	633,046,582	368,312,941	402,041,746
Interest accrued	23	5,665,186	5,101,661	137,640,989	182,141,943
Stock of stationery		4,798,682	5,918,931	6,329,645	7,458,074
Tax recoverable		30,855,781	24,528,260	48,651,732	39,205,079
Cash on deposits	24	132,504,101	81,209,983	770,184,907	1,333,252,957
Cash at banks and on hand	25	129,590,723	79,128,779	280,868,132	199,048,154
		<u>614,724,426</u>	<u>828,934,196</u>	<u>1,611,988,346</u>	<u>2,163,147,953</u>
TOTAL ASSETS		<u>4,252,884,304</u>	<u>3,655,607,830</u>	<u>10,782,649,250</u>	<u>9,928,159,628</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Premium capital	26	4,359,351	4,911,512	4,359,351	4,911,512
Capital reserve	16	1,085,660,305	1,085,660,305	1,193,284,622	1,242,142,363
Investment reserve	27	264,060,430	160,172,916	327,932,328	210,066,997
General reserve	28	472,910,363	443,242,991	136,585,131	84,763,800
Capital redemption reserve	29	1,508,452	1,508,452	1,508,452	1,508,452
Reserve for unexpired risks	30	736,363,162	653,168,821	746,600,241	664,007,894
Triennial profit	31	3,733,114	4,632,209	3,733,114	4,632,209
		<u>2,568,595,177</u>	<u>2,353,297,206</u>	<u>2,414,003,239</u>	<u>2,212,033,227</u>
Non controlling interest	32	-	-	326,674,741	351,652,172
		<u>2,568,595,177</u>	<u>2,353,297,206</u>	<u>2,740,677,980</u>	<u>2,563,685,399</u>
Non current liabilities					
Medium term borrowings	33	750,454,338	426,454,338	750,454,338	426,454,338
Reserve fund	34	-	-	139,935,035	114,863,436
Customers' deposits	35	-	-	1,003,071,533	2,843,026,235
Deferred tax liabilities	15	-	355,589	8,269,003	9,012,206
		<u>750,454,338</u>	<u>426,809,927</u>	<u>1,901,729,909</u>	<u>3,393,356,215</u>
Other liabilities					
Customers' deposits	35	-	-	4,860,852,914	2,865,430,257
Claims admitted or intimated but not paid	36	678,160,775	725,530,239	716,876,356	751,825,419
Payables and accrued expenses	37	228,924,060	107,558,527	531,089,363	302,515,967
Taxes payable		-	-	4,672,774	8,934,440
Bank overdraft	38	26,749,954	42,411,931	26,749,954	42,411,931
		<u>933,834,789</u>	<u>875,500,697</u>	<u>6,140,241,361</u>	<u>3,971,118,014</u>
TOTAL EQUITY AND LIABILITIES		<u>4,252,884,304</u>	<u>3,655,607,830</u>	<u>10,782,649,250</u>	<u>9,928,159,628</u>

"These financial statements were approved by the Board of Directors on 28 June 2013....."

On behalf of the Board:

..... P.A Chan-A-Sue Director

..... K. Evelyn Director

..... S.Essack Company Secretary/Finance Controller

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



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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	Company		Group	
		2012 G\$	2011 G\$	2012 G\$	2011 G\$
Operating activities					
Net cash provided by/(used in) operating activities	(a)	435,564,025	(173,388,473)	(62,881,428)	(539,917,589)
Investing activities					
Purchase of fixed assets		(688,084,834)	(45,825,180)	(91,598,776)	(50,149,512)
Proceeds from disposal of fixed assets		-	-	-	119,000
Proceeds from redemption of securities		209,032,303	27,005,342	1,237,069,876	536,321,457
(Increase)/decrease in investment in Subsidiary Properties on hand		150,000,000	(150,035,000)	-	-
Purchase of securities		(343,054,135)	(58,075,475)	(1,602,657,310)	(875,338,713)
Redemption of treasury bills		-	-	-	30,720,000
Mortgages (advances)/repayments		(26,631,023)	6,974,042	(782,176,025)	(395,752,338)
Medium term borrowings		324,000,000	108,500,000	324,000,000	108,500,000
Interest and dividend received		29,051,764	33,133,588	396,578,551	347,591,524
Other income		27,539,939	16,897,909	108,461,899	105,347,714
Net cash used in investing activities		(318,145,986)	(61,424,774)	(402,112,809)	(175,434,967)
Financing activities					
Non controlling interest's dividend		-	-	(591,858)	(1,018,978)
Non controlling interest's share purchase		-	-	-	42,610
Net cash used in financing activities		-	-	(591,858)	(976,368)
Net increase/(decrease) in cash and cash equivalents		117,418,039	(234,813,247)	(465,586,095)	(716,328,924)
Cash and cash equivalents at beginning of period		117,926,831	352,740,078	1,489,889,180	2,206,218,104
Cash and cash equivalents at end of period		235,344,870	117,926,831	1,024,303,085	1,489,889,180
Comprising:					
Cash on deposit		132,504,101	81,209,983	770,184,907	1,333,252,957
Cash on hand and at bank		129,590,723	79,128,779	280,868,132	199,048,154
Bank overdraft		(26,749,954)	(42,411,931)	(26,749,954)	(42,411,931)
		235,344,870	117,926,831	1,024,303,085	1,489,889,180

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



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

NOTE TO STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Company		Group	
	2012 G\$	2011 G\$	2012 G\$	2011 G\$
(a) Surplus/(deficit) of revenue over expenditure before taxation	114,075,290	(56,705,661)	95,842,576	(176,233,049)
Adjustments for:				
Depreciation	27,942,438	23,302,724	33,912,710	44,668,218
Provision for losses	-	-	2,241,793	4,725,355
Redemption of Securities -gain	(10,865,935)	(6,179,004)	(21,503,999)	(24,649,175)
Increase in mandatory deposits with				
- Bank of Guyana	-	-	(33,700,000)	(12,899,813)
- Commissioner of Insurance	(25,947,671)	(21,992,857)	(31,044,856)	(21,992,857)
Investment income	(29,051,764)	(33,133,588)	(396,578,551)	(347,591,524)
Other income	(27,539,939)	(16,897,909)	(108,461,899)	(105,347,714)
Disposal of fixed assets - loss	19,529	337,057	183,824	617,918
Operating surplus/(deficit) before working capital changes	48,631,948	(111,269,238)	(459,108,402)	(638,702,641)
Increase/ (decrease) in customers' deposits	-	-	155,467,955	(92,452,920)
(Increase)/decrease in receivables and prepayments	321,173,105	(476,908,845)	78,229,759	(185,617,162)
(Increase)/decrease in stock of stationery	1,120,249	(996,095)	1,128,429	(1,129,342)
Increase in current liabilities	73,996,069	428,320,361	193,624,333	406,101,793
Cash generated from/(used in) operations	444,921,371	(160,853,817)	(30,657,926)	(511,800,272)
Taxes paid/adjusted	(9,357,346)	(12,534,656)	(32,223,502)	(28,117,317)
Net cash provided by/(used in) operating activities	435,564,025	(173,388,473)	(62,881,428)	(539,917,589)

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



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

NOTES ON THE ACCOUNTS

1. Incorporation and activities

Hand In Hand Mutual Fire Insurance Company Limited

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

The Company provides a range of Insurance services.

GCIS Incorporated

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

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

Hand In Hand Trust Corporation Incorporated

In May 1971, the Guyana National Cooperative Bank established a department to carry out various trust services. The department was incorporated as GNCB Trust Company Limited on 28 December, 1971, a wholly owned subsidiary of Guyana National Co-operative 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 the 20 November 2002 with the Hand in Hand Mutual Fire Insurance Company Limited acquiring 65% of the authorized and issued share capital.



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

NOTES ON THE ACCOUNTS

1. **Incorporation and activities – cont'd**

Hand In Hand Trust Corporation Incorporated – cont'd

On 25th 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\$ 500m. These are as follows:

Names	Number of shares
- National Industrial & Commercial Investment Limited	50,000
- Hand in Hand Mutual Fire Insurance Company Limited	1,450,000
- Hand in Hand Mutual Life Assurance Company Limited	750,000
- GCIS Incorporated	500,000
- Others	<u>2,250,000</u>
	<u>5,000,000</u>

The revised shareholdings are as follows:

Shareholdings	Number of shares	Percentage of Holdings
- National Industrial & Commercial Investment Limited	300,000	4%
- Hand in Hand Mutual Fire Insurance Company Limited	3,075,000	41%
- Hand in Hand Mutual Life Assurance Company Limited	1,125,000	15%
- GCIS Incorporated	750,000	10%
- Others	<u>2,250,000</u>	<u>30%</u>
	<u>7,500,000</u>	<u>100%</u>



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

NOTES ON THE ACCOUNTS

1. **Incorporation and activities – cont'd**

Hand In Hand Investments Incorporated

The Company was incorporated in Guyana on September, 2009 and commenced operations in the year 2013.

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\$ 0.1m. These are as follows:

Names	Number of shares
- 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
	<hr/>
	100,000
	<hr/> <hr/>

Employees

During the year the number of employees in the group was 205 (2011 – 204).



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

NOTES ON THE ACCOUNTS

2 New and revised standards and interpretations

Effective for the current year end

	Effective for annual periods beginning on or after
New and Amended Standards	
IFRS 1 Removal of Fixed Dates for First-time Adopters	1 July 2011
IFRS 1 Severe Hyperinflation	1 July 2011
IFRS 7 Enhanced Derecognition Disclosure Requirements	1 July 2011
IAS 12 Amendments to IAS 12 – Income Taxes	1 January 2012

Available for early adoption for the current year end

New and Amended Standards

IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 9 Additions for Financial Liability Accounting	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IAS 27(2011) Separate Financial Statements	1 January 2013
IAS 28(2011) Investments in Associates and Joint Ventures	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 1(2011) Amendments to IAS 1 – Presentation of Other Comprehensive Income	1 July 2012
IAS 19 Amendments to IAS 19 – Employee Benefits	1 January 2013
IFRS 7 Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2013
IAS 32 Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2014



THE
HAND-IN-HAND
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AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

2 New and revised standards and interpretations – cont'd

**Effective for annual
periods beginning
on or after**

Available for early adoption for the current year end – cont'd

New and amended standards – cont'd

IFRS 1 First-time Adoption of International Financial Reporting Standards (Government loans)	1 January 2013
IFRS 1 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 1 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 16 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 32 Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 34 Amendments as part of improvements to IFRSs 2011	1 January 2013
IFRS 10 Consolidated Financial Statements (Transitional arrangements)	1 January 2013
IFRS 11 Joint Arrangements (Transitional arrangements)	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities (Transitional arrangements)	1 January 2013
IFRS 10 Consolidated Financial Statements (Exemptions)	1 January 2014
IFRS 12 Disclosure of Interests in Other Entities (Exemptions)	1 January 2014
IAS 27 Separate Financial Statements (Exemptions)	1 January 2014

New interpretation

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
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The Group 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.

IFRS 9

IFRS 9 was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in November 2010 and the revised date for adoption is now 1 January 2015. This standard specifies how an entity should classify and measure its financial assets.



THE
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MUTUAL FIRE INSURANCE COMPANY LIMITED
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NOTES ON THE ACCOUNTS

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

IFRS 9 – cont'd

The application of IFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

When adopted, the standard will be applied retrospectively in accordance with IAS 8.

IFRS 10, 11, 12, IAS 27(2011), IAS 28(2011)

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued.

Key requirements of these Standards are described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under IFRS 10, there is only one basis for consolidation, and that is control. In addition, IFRS 10 includes a new definition of control.

IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. The standard sets out three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

The application of these standards together with the amendments, may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.



THE
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NOTES ON THE ACCOUNTS

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

IFRS 13

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

When adopted, the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

IAS 1

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

IAS 19

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach'. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The application of the amendments to IAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.



THE
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NOTES ON THE ACCOUNTS

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

IAS 32

Amends the disclosure requirements in IFRS 7 Financial Instruments, to require information about all recognised financial instruments that are set off.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments as part of Annual improvements to IFRSs

IFRS 1 — Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets

IAS 1 — Clarification of the requirements for comparative information

IAS 16 — Classification of servicing equipment

IAS 32 — Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes

IAS 34 — Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments.

The directors do not anticipate that the amendments will have a significant effect on the Group's consolidated financial statements.

IFRIC 20

The directors anticipate that IFRIC 20 will have no effect on the Group's financial statements as the Group does not engage in such activities.



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NOTES ON THE ACCOUNTS

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, property and equipment and conform with International Financial Reporting Standards.

(b) Investments

Investments are recognized in the financial statements to comply with International Financial Reporting Standards (IFRS).

The Company and Group's investments have been classified as "Held to maturity", "Available for sale" and "Loans and receivables". Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities were acquired. The classification is reviewed annually.

Income on variable return securities is dealt with on a cash basis, while income on fixed return securities is recognised as it is earned.

"Held to maturity" investments are carried at amortised cost. Any gain or loss on these investments is recognized in the statement of comprehensive income when the assets are de-recognised or impaired.

"Available for sale" investments are initially recognized at cost and adjusted to fair value at subsequent periods.



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NOTES ON THE ACCOUNTS

2.1. Summary of significant accounting policies – cont'd

(b) Investments –cont'd

Gains or losses on “available for sale financial assets” are recognised through Investment reserves until the asset is sold or otherwise disposed, at which time previously recognised gains or losses are transferred to income for that period.

Investment in subsidiaries is stated at cost in the books of the Company.

“Loans and receivables” are stated net of unearned interest and provision for losses. Specific provisions are established on individual loans to recognize anticipated losses, and doubtful debts are written off when the possibility of further recovery seems remote. Loans and receivables are classified as non-accrual whenever there is reasonable doubt regarding the collectibility of principal or interest and principal is ninety days past due.

(c) 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.

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.



THE
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NOTES ON THE ACCOUNTS

2.1. Summary of significant accounting policies – cont'd

(c) Loan provisioning –cont'd

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:

<u>Classification</u>	<u>Level of Provision</u>
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.

Renegotiated Loans

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 terms of the loan be renegotiated to remedy the specific difficulties faced by the borrower.



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2.1. Summary of significant accounting policies – cont'd

(d) Fixed assets 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 statement of financial position date.

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

Depreciation on revalued land and buildings is charged to the statement of 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 fixed assets 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.

	Hand in Hand Mutual Fire Ins Co. Ltd.	GCIS Inc.	Hand in Hand Trust Corporation
	%	%	%
Building (i)	-	3	2.5 – 16.6
Office equipment and machinery	2 – 25	10	5 – 20
Motor vehicles	20	25	25
Computers	50	50	20

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



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2.1. Summary of significant accounting policies – cont'd

(d) Fixed assets and depreciation- cont'd

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 fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of comprehensive income.

(e) Pension plan

The plan was established on January 1, 1971 and is 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 \$20,600,491 (2011 - \$17,539,370).

The last actuarial valuation was done as at 31 December 2010 and revealed a surplus of G\$281.9M. The companies estimate that there would be insignificant (if any) net benefit obligations after taking into account the value of the plan assets. While the current service cost is a fair reflection of the cost to the companies, because of the nature of the companies' businesses i.e. underwriting risks, management will ensure the necessary actuarial valuation is done and effect any adjustment to the books when advised by the actuaries.

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.



NOTES ON THE ACCOUNTS

2.1. Summary of significant accounting policies – cont'd

(e) Pension plan-cont'd

During 2012 the corporation's contribution to the Plan was \$3,737,975 (2011 - \$3,322,520). The fund balance was \$57.1M as at 31 December 2012 (31 December 2011 – \$47.1M).

(f) Reserve for unexpired risks

The Company'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.

(g) Consolidation

The consolidated financial statements comprise the financial statements of Hand in Hand Mutual Fire Insurance Company Limited (the company) and its controlled subsidiaries, after the elimination of all material inter-company transactions. Control is achieved where the parent company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities. Subsidiaries are consolidated from the date the parent company obtains control until such time as control ceases.

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 Hand in Hand Mutual Fire Insurance Company Limited owns 66.7%, 41% and 35% at 31 December, 2012 respectively of the issued share capitals. The group owns 57.4% 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.



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NOTES ON THE ACCOUNTS

2.1. Summary of significant accounting policies – cont'd

(g) Consolidation-cont'd

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.

(h) 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.

(i) 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.

(j) Financial instruments

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

Trade receivables

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

Trade payables

Trade payables are recognised at amortized cost.

Bank borrowings

Interest bearing bank loans and overdrafts are recognized at amortized cost.



NOTES ON THE ACCOUNTS

2.1. Summary of significant accounting policies – cont'd

(j) Financial instruments-cont'd

De-recognition

Financial assets are derecognized when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognized when they are extinguished, i.e. when obligation is discharged, cancelled or expired.

(k) 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.

(l) Goodwill

Goodwill is tested annually for impairment.

(m) 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 (3) months or less.



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2.1. Summary of significant accounting policies – cont'd

(n) 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 statement of 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 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 statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

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

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

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



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NOTES ON THE ACCOUNTS

2.1. Summary of significant accounting policies – cont'd

(n) Taxation- cont'd

Deferred Tax –cont'd

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

(o) Properties on hand

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

(p) 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 comprehensive income for the period.

(q) 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.



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2.1. Summary of significant accounting policies – cont'd

(q) Reinsurance- cont'd

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

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

(r) Insurance contract – 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.

(s) 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 comprehensive income and are shown gross of commission.



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2.1. Summary of significant accounting policies – cont'd

(s) Insurance contract GCIS Inc - cont'd

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.

(t) 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 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.

(u) 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.

(v) Capital Reserve

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

(w) General Reserve

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



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NOTES ON THE ACCOUNTS

2.1. Summary of significant accounting policies – cont'd

(x) 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.

(y) 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.

(z) 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.

(aa) 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.

(ab) Investment reserve

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



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2.1. Summary of significant accounting policies – cont'd

(ac) 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).

(ad) Provisions

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

De-recognition of provisions

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

(ae) 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.

(af) Borrowing costs

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



NOTES ON THE ACCOUNTS

2.2 Critical accounting judgments and key sources of estimation uncertainty

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

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

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) Trade and other receivables
On a regular basis, management reviews trade and other receivables to assess impairment. Based on the information available as to the likely impairment in cash flows, decisions are taken in determining appropriate provisions to be made for impairment.
- (ii) Useful lives of fixed assets
Management reviews the estimated useful lives of fixed assets 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) Transfer to Life Assurance Fund
The transfer to the Life Assurance Fund was computed by the actuaries based on data provided by management. The computation of the transfer assumes that the data is not materially misstated.



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	Company		Group	
	2012 G\$	2011 G\$	2012 G\$	2011 G\$
6 Management fees				
GCIS Inc.	17,500,000	12,000,000	-	-
7 Commissions and allowances				
Fire	110,318,742	103,826,223	109,644,789	102,819,256
Marine	3,648,981	1,662,673	3,648,981	1,662,673
Accidents and liabilities	21,406,630	23,580,480	21,406,630	23,580,480
Auto	39,243,195	35,784,430	43,575,378	40,704,968
	<u>174,617,548</u>	<u>164,853,806</u>	<u>178,275,778</u>	<u>168,767,377</u>
8 Management expenses				
Operating expenses	198,182,163	140,195,357	283,601,672	215,612,209
Provision for losses (a)	-	-	3,933,620	8,268,844
Employment cost	307,396,511	240,803,795	511,758,809	438,321,639
Depreciation	27,942,438	23,302,724	33,912,710	44,668,218
Directors' emoluments (b)	9,274,896	8,833,224	18,982,783	16,891,958
Investments written off (c)	-	-	63,162,776	84,862,171
Auditors' remuneration	2,968,941	2,625,000	5,474,241	4,867,620
	<u>545,764,949</u>	<u>415,760,100</u>	<u>920,826,611</u>	<u>813,492,659</u>
(a) Provision for losses				
(Increase)/ decrease in loan loss provision	-	-	(9,901,237)	3,226,857
Reversal of diminution in value of properties on hand	-	-	1,441,102	1,079,300
Bad debt recoveries	-	-	4,526,515	(12,575,001)
	<u>-</u>	<u>-</u>	<u>(3,933,620)</u>	<u>(8,268,844)</u>
(b) Directors' emoluments				
J.G. Carpenter - (Chairman - HIHF)	2,318,496	2,208,084	3,046,141	2,901,084
P.A. Chan-Sue - (Chairman - HIH Trust and Vice-Chairman - GCIS Inc)	1,391,280	1,325,028	3,161,053	3,060,156
C.R. Quintin - (Chairman - GCIS Inc and Vice-Chairman - HIH Trust)	1,391,280	1,325,028	3,118,238	3,009,048
W.A. Lee - (Vice Chairman - HIHF)	1,391,280	1,325,028	1,391,280	1,325,028
I.A. Mc Donald	1,391,280	1,325,028	2,216,424	2,150,172
T.A. Parris	1,391,280	1,325,028	2,944,069	2,843,172
E. Welch	-	-	727,645	693,000
M. Solomon (resigned June 2011)	-	-	-	288,750
O.Gossai (wef July 2011)	-	-	727,645	346,500
K.Evelyn	-	-	-	-
H.Nelson	-	-	-	-
T.Cadogan	-	-	825,144	137,524
T.Jonas	-	-	825,144	137,524
	<u>9,274,896</u>	<u>8,833,224</u>	<u>18,982,783</u>	<u>16,891,958</u>
(c) Investment written off				
Smith Barney and other investments	-	-	63,162,776	84,862,171

The investments held in Smith Barney have declined significantly in fair value as at December 31, 2012, as a result an amount of \$63,162,776 was written off.



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	2012			2011		
	Gross G\$	Reinsurance G\$	Net G\$	Gross G\$	Reinsurance G\$	Net G\$
9 Claims						
Company						
Fire	112,708,843	(1,650,917)	114,359,760	306,236,104	98,517,095	207,719,009
Marine	5,965,258	-	5,965,258	(1,733,970)	-	(1,733,970)
Accident and liabilities	61,573,173	7,653,843	53,919,330	298,498,240	20,409,971	278,088,269
Auto	223,025,252	13,046,800	209,978,452	187,845,502	26,916,444	160,929,058
	<u>403,272,526</u>	<u>19,049,726</u>	<u>384,222,800</u>	<u>790,845,876</u>	<u>145,843,510</u>	<u>645,002,366</u>
Claims paid in financial year						
Fire	187,082,759	17,905,680	169,177,079	120,532,198	9,960,498	110,571,700
Marine	2,297,758	-	2,297,758	2,700,000	-	2,700,000
Accident and liabilities	36,390,679	-	36,390,679	22,633,050	-	22,633,050
Auto	224,870,794	36,282,347	188,588,447	177,019,043	5,610,472	171,408,571
	<u>450,641,990</u>	<u>54,188,027</u>	<u>396,453,963</u>	<u>322,884,291</u>	<u>15,570,970</u>	<u>307,313,321</u>
Group						
Fire	113,029,343	(1,650,917)	114,680,260	301,263,459	93,108,179	208,155,280
Marine	5,965,258	-	5,965,258	(1,733,970)	-	(1,733,970)
Accident and liabilities	60,130,173	7,653,843	52,476,330	298,498,240	20,409,971	278,088,269
Auto	301,275,554	14,903,300	286,372,254	258,763,837	29,272,064	229,491,773
Life	2,267,845	668,581	1,599,264	1,767,746	-	1,767,746
	<u>482,668,173</u>	<u>21,574,807</u>	<u>461,093,366</u>	<u>858,559,312</u>	<u>142,790,214</u>	<u>715,769,098</u>
Claims paid in financial year						
Fire	187,687,257	18,016,229	169,671,028	121,250,555	10,171,033	111,079,522
Marine	2,297,758	-	2,297,758	2,700,000	-	2,700,000
Accident and liabilities	36,390,679	-	36,390,679	22,633,050	-	22,633,050
Auto	291,385,334	40,588,847	250,796,487	249,048,718	12,022,492	237,026,226
Life	1,959,517	211,341	1,748,176	1,759,546	-	1,759,546
	<u>519,720,545</u>	<u>58,816,417</u>	<u>460,904,128</u>	<u>397,391,869</u>	<u>22,193,525</u>	<u>375,198,344</u>



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	Group	
	<u>2012</u>	<u>2011</u>
	G\$	G\$
10 Interest		
Interest expenses	<u>196,186,532</u>	<u>231,661,810</u>

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

	Group	
	<u>2012</u>	<u>2011</u>
	G\$	G\$
11 Surrenders		
Surrenders	<u>2,807,897</u>	<u>4,975,225</u>

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

	Company & Group	
	<u>2012</u>	<u>2011</u>
	G\$	G\$
12 Triennial cash profit		
Triennial cash profit - 15%	<u>4,632,209</u>	<u>5,293,535</u>

13 Policies entitled to profits 2012/2014		
Policies entitled to profits 2011	-	(118,294,884)
Policies entitled to profits 2012	(31,351,797)	(101,234,095)
Policies entitled to profits 2013	(69,053,800)	(47,883,406)
Policies entitled to profits 2014	<u>(14,879,247)</u>	<u>-</u>
	<u>(115,284,844)</u>	<u>(267,412,385)</u>

14 Transfer - profit and loss (Annual) account on policies entitled to profit		
At 31 December 2009	-	25,080,887
At 31 December 2010	16,050,173	38,092,276
At 31 December 2011	101,234,095	118,294,884
At 31 December 2012	<u>31,351,797</u>	<u>-</u>
	<u>148,636,065</u>	<u>181,468,047</u>



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15 Taxation

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

Life insurance business is taxed at 30%; Fire insurance business at 40% and Trust business at 30% on varying bases.

	Company		Group	
	2012 G\$	2011 G\$	2012 G\$	2011 G\$
Reconciliation of tax expenses and accounting profit/(loss)				
Accounting profit/(loss)	114,075,290	(56,705,661)	95,842,576	(176,233,049)
Corporation tax @ 40%/30%	45,630,116	(22,682,264)	38,337,030	(70,493,220)
Add:				
Property tax	-	-	2,516,053	1,757,482
Tax effect of expenses not deductible in determining taxable profit	11,176,975	9,321,090	65,294,109	83,839,539
	<u>56,807,091</u>	<u>(13,361,174)</u>	<u>106,147,192</u>	<u>15,103,801</u>
Deduct:				
Income exempt from corporation tax	(10,763,462)	(8,233,521)	(71,240,182)	(52,851,641)
	<u>46,043,629</u>	<u>(21,594,695)</u>	<u>34,907,010</u>	<u>(37,747,840)</u>
Adjustments and effect of varying tax rates	<u>(46,043,629)</u>	<u>21,594,695</u>	<u>(46,055,636)</u>	<u>52,211,566</u>
Corporation tax	-	-	11,148,626	14,463,726
Taxes deducted at source from income on deposits	856,637	121,247	4,752,162	(2,057,721)
Capital gains tax at 20%	2,173,187	1,235,801	2,258,671	1,235,801
Deferred tax	<u>(364,991)</u>	<u>(68,944)</u>	<u>(565,341)</u>	<u>4,957,639</u>
	<u>2,664,833</u>	<u>1,288,104</u>	<u>17,594,118</u>	<u>18,599,445</u>
Taxation - current	3,029,824	1,357,048	18,159,459	13,641,806
- deferred	<u>(364,991)</u>	<u>(68,944)</u>	<u>(565,341)</u>	<u>4,957,639</u>
	<u>2,664,833</u>	<u>1,288,104</u>	<u>17,594,118</u>	<u>18,599,445</u>

Deferred tax balances

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

	Company		Group	
	Fixed assets G\$	Fixed assets G\$	Investment reserve G\$	Total G\$
Deferred tax assets				
At 31 December, 2010	-	7,765,433	-	7,765,433
Deferred tax expenses for the year	-	<u>(6,531,634)</u>	-	<u>(6,531,634)</u>
At 31 December, 2011	-	1,233,799	-	1,233,799
Deferred tax expenses for the year	-	<u>177,862</u>	-	<u>177,862</u>
At 31 December, 2012	-	<u>1,411,661</u>	-	<u>1,411,661</u>
Deferred tax liabilities				
At 31 December, 2010	424,533	8,564,810	2,021,391	10,586,201
Deferred tax expenses for the year	<u>(68,944)</u>	<u>(1,573,995)</u>	-	<u>(1,573,995)</u>
At 31 December, 2011	355,589	6,990,815	2,021,391	9,012,206
Deferred tax expenses for the year	<u>(364,991)</u>	<u>(743,203)</u>	-	<u>(743,203)</u>
At 31 December, 2012	<u>(9,402)</u>	<u>6,247,612</u>	<u>2,021,391</u>	<u>8,269,003</u>



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16 (a) Fixed assets

COMPANY

	Freehold land and buildings G\$	Furniture, equipment and machinery G\$	Motor vehicles G\$	Total G\$
Cost/valuation				
At 1 January 2012	1,186,934,168	267,464,797	28,018,746	1,482,417,711
Additions	640,291,813	16,576,215	31,216,806	688,084,834
Disposals	-	(41,780)	-	(41,780)
At 31 December 2012	<u>1,827,225,981</u>	<u>283,999,232</u>	<u>59,235,552</u>	<u>2,170,460,765</u>
Comprising:				
Cost	741,565,676	283,999,232	59,235,552	1,084,800,460
Valuation	<u>1,085,660,305</u>	<u>-</u>	<u>-</u>	<u>1,085,660,305</u>
Depreciation	<u>1,827,225,981</u>	<u>283,999,232</u>	<u>59,235,552</u>	<u>2,170,460,765</u>
At 1 January 2012	-	160,672,014	11,101,857	171,773,871
Charged for the year	-	18,796,666	9,145,772	27,942,438
Written back on disposals	-	(22,251)	-	(22,251)
At 31 December 2012	<u>-</u>	<u>179,446,429</u>	<u>20,247,629</u>	<u>199,694,058</u>
Net book values:				
At 31 December 2012	<u><u>1,827,225,981</u></u>	<u><u>104,552,803</u></u>	<u><u>38,987,923</u></u>	<u><u>1,970,766,707</u></u>
At 31 December 2011	<u><u>1,186,934,168</u></u>	<u><u>106,792,783</u></u>	<u><u>16,916,889</u></u>	<u><u>1,310,643,840</u></u>

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.

If no revaluation of land and buildings were done, the net book value would have been approximately G\$741,565,676 (2012) G\$101,273,863 (2011)

In 2012, land and building were purchased from Hand in Hand Trust Corporation Inc., a subsidiary at a value of G\$600,000,000. The Net Book Value in the books of Hand in Hand Trust Corporation Inc. was G\$349,847,282.



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16 (b) Fixed assets

GROUP

	Freehold land and <u>buildings</u> G\$	Furniture, equipment and <u>machinery</u> G\$	Motor <u>vehicles</u> G\$	<u>Total</u> G\$
Cost/valuation				
At 1 January 2012	1,829,975,479	361,145,439	49,999,837	2,241,120,755
Additions	40,291,813	20,090,157	31,216,806	91,598,776
Disposals	-	(4,842,253)	-	(4,842,253)
	<u>1,870,267,292</u>	<u>376,393,343</u>	<u>81,216,643</u>	<u>2,327,877,278</u>
At 31 December 2012				
Comprising:				
Cost	608,829,952	376,393,343	81,216,643	1,066,439,938
Valuation	<u>1,193,284,622</u>	<u>-</u>	<u>-</u>	<u>1,193,284,622</u>
Depreciation	<u>1,802,114,574</u>	<u>376,393,343</u>	<u>81,216,643</u>	<u>2,259,724,560</u>
At 1 January 2012	91,247,430	235,716,419	33,416,771	360,380,620
Charged for the year	1,456,398	23,065,516	9,390,796	33,912,710
Written back on disposals	-	(4,658,429)	-	(4,658,429)
	<u>92,703,828</u>	<u>254,123,506</u>	<u>42,807,567</u>	<u>389,634,901</u>
At 31 December 2012				
Net book values:				
At 31 December 2012	<u>1,777,563,464</u>	<u>122,269,837</u>	<u>38,409,076</u>	<u>1,938,242,377</u>
At 31 December 2011	<u>1,738,728,049</u>	<u>125,429,020</u>	<u>16,583,066</u>	<u>1,880,740,135</u>

(b) 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 Capital Reserve.

The Hand in Hand Trust Corporation Inc's freehold properties were revalued on 28 July 2006 by an independent professional valuer Mr. Hugo Curtis, FRICS - Chartered Valuation Surveyor. The surplus arising on revaluation using the depreciated cost replacement method was credited to capital reserves.

If no revaluation of land and buildings were done, the net book value of the fixed assets would have been approximately \$741,565,676 (2012) \$158,728,448 (2011)



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17 Investments

	Company			
	31.12.2012		31.12.2011	
	<u>Fair value</u> G\$	<u>Cost</u> G\$	<u>Fair value</u> G\$	<u>Cost</u> G\$
"Available for sale"				
Shares, other stocks and bonds				
Guyana	309,942,656	90,243,589	157,165,821	60,365,594
Canada	73,396,785	24,684,283	62,694,772	24,684,283
United States	67,284,746	42,277,902	82,396,814	65,982,012
United Kingdom	215,862,061	195,956,116	115,453,560	106,506,162
	<u>666,486,248</u>	<u>353,161,890</u>	<u>417,710,967</u>	<u>257,538,051</u>
"Loans and receivables"				
Mortgages	<u>89,399,060</u>	<u>62,768,037</u>	<u>62,768,037</u>	<u>62,768,037</u>
Total investments	<u>755,885,308</u>	<u>415,929,927</u>	<u>480,479,004</u>	<u>320,306,088</u>

	Group			
	31.12.2012		31.12.2011	
	<u>Fair value</u> G\$	<u>Cost</u> G\$	<u>Fair value</u> G\$	<u>Cost</u> G\$
"Held to Maturity"				
Bonds & Debentures				
Guyana - Others (a)	260,000,000	260,000,000	260,000,000	260,000,000
Caribbean - Government (b)	950,703,980	950,703,980	813,219,600	813,219,600
Caribbean - Others (c)	588,167,231	588,167,231	540,025,161	540,025,161
	<u>1,798,871,211</u>	<u>1,798,871,211</u>	<u>1,613,244,761</u>	<u>1,613,244,761</u>
"Available for sale"				
Government				
United Kingdom	3,445,313	3,414,162	12,142,495	13,733,712
Shares, other stocks and bonds				
Guyana	410,403,369	213,747,526	253,424,495	95,612,896
Canada	113,125,500	100,508,848	62,694,772	24,684,283
United States	217,735,633	182,519,817	779,350,922	834,344,439
Caribbean - Others	333,178,560	328,180,501	-	-
United Kingdom	269,946,192	248,118,488	155,552,615	145,058,777
	<u>1,347,834,567</u>	<u>1,076,489,342</u>	<u>1,263,165,299</u>	<u>1,113,434,107</u>
"Loans and receivables"				
Mortgages (d)	2,955,844,097	2,955,844,097	1,935,424,475	1,935,424,475
Less: Provision for doubtful mortgages	<u>26,334,622</u>	<u>26,334,622</u>	<u>23,919,598</u>	<u>23,919,598</u>
	<u>2,929,509,475</u>	<u>2,929,509,475</u>	<u>1,911,504,877</u>	<u>1,911,504,877</u>
Total investments	<u>6,076,215,253</u>	<u>5,804,870,028</u>	<u>4,787,914,937</u>	<u>4,638,183,745</u>



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17 Investments- cont'd

Investment securities

	<u>Year of</u> <u>Maturity</u>	<u>Rate of</u> <u>Interest</u>	<u>Security</u>	<u>31.12.2012</u> G\$	<u>31.12.2011</u> G\$
Held to Maturity					
<u>(a) Guyana - Others</u>					
Courts (Guyana) Inc	2013	8.00	Secured	110,000,000	110,000,000
Berbice Bridge Inc. - Tranche 1	2018	9.00	Secured	50,000,000	50,000,000
Berbice Bridge Inc. - Tranche 2	2018	10.00	Secured	100,000,000	100,000,000
				<u>260,000,000</u>	<u>260,000,000</u>
<u>(b) Caribbean- Government</u>					
St. Vincent & Grenadines	2018	8.50	Secured	33,660,000	39,780,000
Gov't of Belize	2029	4.25	Secured	142,801,734	142,801,734
Barbados Port Inc.	2020	6.25	Secured	88,774,533	100,543,085
Turks and Caicos	2014	6.65	Secured	46,014,234	46,014,234
T&T Housing Bond	2025	7.00	Secured	61,120,000	61,120,000
Gov't of Trinidad & Tobago	2012	7.80	Secured	-	19,200,000
Gov't of Trinidad & Tobago	2014	8.00	Secured	136,960,000	136,960,000
Gov't of Trinidad & Tobago	2017	8.25	Secured	49,536,000	49,536,000
St. Kitts and Nevis Bond	2020	8.25	Secured	-	36,572,954
Barbados National Oil Company	2012	5.25	Secured	10,245,345	48,112,842
Gov't of St. Lucia Bond	2012	6.25	Secured	51,000,000	51,000,000
Gov't of St. Lucia Treasury Notes	2015	6.80	Secured	81,578,751	81,578,751
Gov't of St. Kitts New Discount Bonds	2032	6.00	Secured	12,571,850	-
Gov't of St Kitts New Par Bonds	2057	1.50	Secured	8,761,533	-
Gov't of T&T Bond	2021	-	Secured	182,752,000	-
Gov't of T&T Bond	2021	-	Secured	44,928,000	-
				<u>950,703,980</u>	<u>813,219,600</u>



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17 Investments- cont'd

Investment securities- cont'd

	<u>Year of</u> <u>Maturity</u>	<u>Rate of</u> <u>Interest</u>	<u>Security</u>	<u>31.12.2012</u> G\$	<u>31.12.2011</u> G\$
(c) Caribbean- Others					
Apua Fixed Rate Bond (note 46)	2009	11.50	Secured	12,902,330	16,127,913
Neal & Massey	2015	6.25	Secured	59,520,000	59,520,000
RBTT Financial Snr Notes Ltd	2015	6.60	Secured	103,795,200	103,795,200
Man Investment	2018	8.00	Secured	81,722,400	81,722,400
Man Investment	2019	8.00	Secured	111,059,640	111,059,640
Geonet Fixed Rate	2013	9.90	Secured	20,230,000	23,800,008
Scotia Leasing	2014	8.35	Secured	-	32,000,000
Agostini	2013	9.25	Secured	96,000,000	96,000,000
Neal & Massey Holdings	2017	5.35	Secured	16,000,000	16,000,000
TSTT Bonds	2017	4.50	Secured	44,000,000	-
TCL Leasing Ltd	2018	10.95	Secured	42,937,661	-
				<u>588,167,231</u>	<u>540,025,161</u>

(d) Mortgages

	<u>Company</u>		<u>Group</u>	
	<u>31.12.2012</u> G\$	<u>31.12.2011</u> G\$	<u>31.12.2012</u> G\$	<u>31.12.2011</u> G\$
(a) Accrual loan and advances	89,399,060	62,768,037	1,998,190,601	1,216,362,633
Non accruals loan and advances	-	-	969,338,939	723,940,748
	<u>89,399,060</u>	<u>62,768,037</u>	<u>2,967,529,540</u>	<u>1,940,303,381</u>
Provision for doubtful accounts (i)	-	-	<u>38,020,065</u>	<u>28,798,504</u>
	<u>89,399,060</u>	<u>62,768,037</u>	<u>2,929,509,475</u>	<u>1,911,504,877</u>
(b) Provision for doubtful accounts				
At beginning	-	5,807,943	28,798,504	38,039,790
Reversal of provision	-	(5,807,943)	(28,798,504)	(38,039,790)
Provision for the year	-	-	<u>38,020,065</u>	<u>28,798,504</u>
	-	<u>(5,807,943)</u>	<u>9,221,561</u>	<u>(9,241,286)</u>
At end	-	-	<u>38,020,065</u>	<u>28,798,504</u>
(i) Individually assessed provision	-	-	<u>38,020,065</u>	<u>28,798,504</u>



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18 **Fair value of financial instruments**

The following table details the carrying costs of financial assets and liabilities and their fair values

Company	31.12.2012		31.12.2011	
	Carrying Value G\$	Fair Value G\$	Carrying Value G\$	Fair Value G\$
Financial assets				
Investments				
Available for sale	666,486,248	666,486,248	417,710,967	417,710,967
Loans and receivables	89,399,060	89,399,060	62,768,037	62,768,037
Statutory Deposits	215,725,128	215,725,128	189,777,457	189,777,457
Accrued and unpaid interest	5,665,186	5,665,186	5,101,661	5,101,661
Receivable and prepayments	311,309,953	311,309,953	633,046,582	633,046,582
Taxes recoverable	30,855,781	30,855,781	24,528,260	24,528,260
Cash on deposits	132,504,101	132,504,101	81,209,983	81,209,983
Cash at banks and on hand	129,590,723	129,590,723	79,128,779	79,128,779
	<u>1,581,536,180</u>	<u>1,581,536,180</u>	<u>1,493,271,726</u>	<u>1,493,271,726</u>
Financial liabilities				
Medium term borrowings	750,454,338	750,454,338	426,454,338	426,454,338
Claims admitted and intimated but not paid	678,160,775	674,918,973	725,530,239	725,530,239
Payables and accruals	228,924,060	232,165,862	107,558,527	107,558,527
Bank overdraft	26,749,954	26,749,954	42,411,931	42,411,931
	<u>1,684,289,127</u>	<u>1,684,289,127</u>	<u>1,301,955,035</u>	<u>1,301,955,035</u>
Group				
	31.12.2012		31.12.2011	
	Carrying Value G\$	Fair Value G\$	Carrying Value G\$	Fair Value G\$
Financial assets				
Investments				
Held to Maturity	1,798,871,211	1,798,871,211	1,613,244,761	1,613,244,761
Available for sale	1,347,834,567	1,347,834,567	1,263,165,299	1,263,165,299
Loans and receivables	2,929,509,475	2,929,509,475	1,911,504,877	1,911,504,877
Statutory Deposits	986,164,298	986,164,298	921,419,442	921,419,442
Accrued and unpaid interest	137,640,989	137,640,989	182,141,943	182,141,943
Receivable and prepayments	368,312,941	368,312,941	402,041,746	402,041,746
Taxes recoverable	48,651,732	48,651,732	39,205,079	39,205,079
Cash on deposit	770,184,907	770,184,907	1,333,252,957	1,333,252,957
Cash at banks and on hand	280,868,132	280,868,132	199,048,154	199,048,154
	<u>8,668,038,252</u>	<u>8,668,038,252</u>	<u>7,865,024,258</u>	<u>7,865,024,258</u>
Financial liabilities				
Customers' deposits	5,863,924,447	5,863,924,447	5,708,456,492	5,708,456,492
Medium term borrowings	750,454,338	750,454,338	426,454,338	426,454,338
Claims admitted and intimated but not paid	716,876,356	716,876,356	751,825,419	751,825,419
Payable and accruals	531,089,363	531,089,363	302,515,967	302,515,967
Taxes payable	4,672,774	4,672,774	8,934,440	8,934,440
Bank overdraft	26,749,954	26,749,954	42,411,931	42,411,931
	<u>7,893,767,232</u>	<u>7,893,767,232</u>	<u>7,240,598,587</u>	<u>7,240,598,587</u>



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18 Fair value of financial instruments-cont'd

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

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

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

Loans and receivables and debtors are net of specific provision for impairment. The fair value of loans and receivables and debtors is based on expected realisation of outstanding balances taking into account the company's history with respect to delinquencies.

(ii) **" Investments"**

For available for sale financial assets, the fair values were determined with reference to quoted market prices and level 2 fair value measurement.

Fair value for held to maturity investment was obtained using level 2 fair value measurements.

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

Financial instruments where the carrying amounts are equal to fair value. Due to their short term maturity, the carrying value of certain financial instruments approximates their fair values. These include cash and cash equivalents, statutory deposits, debtors and prepayments, medium term borrowings, claims, creditors and accruals and bank overdraft.



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18 Fair value of financial instruments - cont'd

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 2 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).

Company

	31.12.2012		
	<u>Level 1</u> G\$	<u>Level 2</u> G\$	<u>Total</u> G\$
Available for sale	619,211,248	47,275,000	666,486,248
	<u>619,211,248</u>	<u>47,275,000</u>	<u>666,486,248</u>

	31.12.2011		
	<u>Level 1</u> G\$	<u>Level 2</u> G\$	<u>Total</u> G\$
Available for sale	370,379,417	47,331,550	417,710,967
	<u>370,379,417</u>	<u>47,331,550</u>	<u>417,710,967</u>

Group

	31.12.2012		
	<u>Level 1</u> G\$	<u>Level 2</u> G\$	<u>Total</u> G\$
Held to maturity	1,538,871,211	260,000,000	1,798,871,211
Available for sale	1,296,301,925	51,532,642	1,347,834,567
	<u>2,835,173,136</u>	<u>311,532,642</u>	<u>3,146,705,778</u>

	31.12.2011		
	<u>Level 1</u> G\$	<u>Level 2</u> G\$	<u>Total</u> G\$
Held to maturity	1,353,244,761	260,000,000	1,613,244,761
Available for sale	1,099,119,637	164,045,662	1,263,165,299
	<u>2,452,364,398</u>	<u>424,045,662</u>	<u>2,876,410,060</u>



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19 Investment in Subsidiaries

	Company		Group	
	31.12.2012 G\$	31.12.2011 G\$	31.12.2012 G\$	31.12.2011 G\$
(a) GCIS Inc.	215,000,000	215,000,000	-	-
(b) HIH Trust Corporation Inc	478,838,333	478,838,333	-	-
(c) HIH Investment Inc.	35,000	35,000	-	-
(d) HIH Trust Corporation Inc	-	150,000,000	-	-
	<u>693,873,333</u>	<u>843,873,333</u>	<u>-</u>	<u>-</u>

- (a) On November 18, 1998 the company acquired 66.7% of the issued share capital of GCIS Inc.
 (b) The HIH Trust Corporation Inc was privatised on November 20, 2002.
 Shareholdings are as follows:

Hand in Hand Mutual Fire Insurance Company Limited	65%
GCIS Inc.	10%
Hand in Hand Mutual Life Assurance Company Limited	75%
	15%
	<u>90%</u>

On September 22, 2009, 5,000,000 shares were issued and fully paid up for amount of

Name	Number of shares
- National Industrial & Commercial Investment Limited	50,000
- Hand in Hand Mutual Fire Insurance Company Limited	1,450,000
- Hand in Hand Mutual Life Assurance Company Limited	750,000
- GCIS Incorporated	500,000
- Others	2,250,000
	<u>5,000,000</u>

The revised shareholdings are as follows:

Shareholdings	Number of shares	Percentage of Holdings
- National Industrial & Commercial Investment Limited	300,000	4%
- Hand in Hand Mutual Fire Insurance Company Limited	3,075,000	41%
- Hand in Hand Mutual Life Assurance Company Limited	1,125,000	15%
- GCIS Incorporated	750,000	10%
- Others	2,250,000	30%
	<u>7,500,000</u>	<u>100%</u>

- (c) The HIH Investments Inc was incorporated in September 2009.

On October 31, 2011, 100,000 shares were issued and fully paid up for

Shareholdings	Number of shares	Percentage of Holdings
- Hand in Hand Mutual Fire Insurance Company Limited	35,000	35%
- Hand in Hand Mutual Life Assurance Company Limited	30,000	30%
- GCIS Incorporated	30,000	30%
- Hand In Hand Trust Corporation Incorporated	5,000	5%
	<u>100,000</u>	<u>100%</u>

- (d) Preference Shares

	-	150,000,000
--	---	-------------

75,000,000 6% Non participating perpetual non cumulative Preference Shares
 75,000,000 6% Redeemable cumulative Preference Shares



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20 Properties on hand

	Company		Group	
	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>31.12.2012</u>	<u>31.12.2011</u>
	G\$	G\$	G\$	G\$
Cost				
Opening balance	1,900,000	1,900,000	33,664,922	54,656,177
Additions	-	-	94,250	783,638
Disposals (i)	-	-	(7,764,842)	(14,866,750)
Closing balance	<u>1,900,000</u>	<u>1,900,000</u>	<u>25,994,330</u>	<u>40,573,065</u>
Provision for diminution in value				
Opening balance	-	-	17,544,024	25,952,167
Amounts written off	-	-	(2,594,545)	(1,500,000)
Closing balance	<u>-</u>	<u>-</u>	<u>14,949,479</u>	<u>24,452,167</u>
Fair value	<u>1,900,000</u>	<u>1,900,000</u>	<u>11,044,851</u>	<u>16,120,898</u>

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

(i) Gain on sale of properties

	Company		Group	
	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>31.12.2012</u>	<u>31.12.2011</u>
	G\$	G\$	G\$	G\$
Cost	-	-	7,764,842	14,866,750
Sale proceeds	-	-	(8,575,000)	(18,410,239)
Gain on sale of properties	<u>-</u>	<u>-</u>	<u>810,158</u>	<u>3,543,489</u>



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21 Statutory deposits

	Company		Group	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Deposit at Bank of Guyana	-	-	719,117,903	685,417,903
Republic Bank Guyana Ltd	66,812,419	-	66,812,419	-
Citizens Bank Inc.	148,912,709	189,777,457	200,233,976	236,001,539
	<u>215,725,128</u>	<u>189,777,457</u>	<u>986,164,298</u>	<u>921,419,442</u>

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

22 Receivables and prepayments

	Company		Group	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	G\$	G\$	G\$	G\$
Reinsurance recoveries (a)	117,256,607	152,394,908	117,256,607	152,394,908
Deposit on Building (b)	-	300,000,000	-	-
Prepayments	5,090,534	24,030,635	10,477,740	28,911,330
Other receivables	194,206,788	164,116,099	261,083,347	233,109,474
	<u>316,553,929</u>	<u>640,541,642</u>	<u>388,817,694</u>	<u>414,415,712</u>
Less: Provision for impairment				
Individually assessed	<u>5,243,976</u>	<u>7,495,060</u>	<u>20,504,753</u>	<u>12,373,966</u>
	<u>311,309,953</u>	<u>633,046,582</u>	<u>368,312,941</u>	<u>402,041,746</u>

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

	Company		Group	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	G\$	G\$	G\$	G\$
Reinsurance recoveries				
Fire	74,000,000	93,556,597	74,000,000	93,556,597
Accident and liabilities	41,898,420	34,244,577	41,898,420	34,244,577
Auto	1,358,187	24,593,734	1,358,187	24,593,734
	<u>117,256,607</u>	<u>152,394,908</u>	<u>117,256,607</u>	<u>152,394,908</u>

(b) This represents 50% deposit on purchase of the Hand in Hand Trust Corporation Inc's land and building by the Hand in Hand Mutual Fire Insurance Company Limited. This transaction was completed during the year.



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	Company		Group	
	31.12.2012 G\$	31.12.2011 G\$	31.12.2012 G\$	31.12.2011 G\$
23 Interest accrued				
Bonds	-	-	113,034,505	122,414,099
Deposits at banks	5,665,186	5,101,661	8,699,956	46,028,805
Loans on policies	-	-	135,223	166,707
Loans	-	-	15,771,305	13,532,332
	<u>5,665,186</u>	<u>5,101,661</u>	<u>137,640,989</u>	<u>182,141,943</u>
24 Cash on deposits				
Non statutory deposits:				
Term deposits	-	-	91,637,736	778,024,243
Other deposits	132,504,101	81,209,983	678,547,171	555,228,714
	<u>132,504,101</u>	<u>81,209,983</u>	<u>770,184,907</u>	<u>1,333,252,957</u>
25 Cash at banks and on hand				
Cash at banks	128,862,868	78,861,311	266,356,736	190,651,514
Cash on hand	727,855	267,468	14,511,396	8,396,640
	<u>129,590,723</u>	<u>79,128,779</u>	<u>280,868,132</u>	<u>199,048,154</u>
26 Premium capital			Company and Group	
			31.12.2012 G\$	31.12.2011 G\$
Policies entitled to profit 2014			-	4,911,512
Policies entitled to profit 2015			4,359,351	-
			<u>4,359,351</u>	<u>4,911,512</u>



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27 Investment reserve	Company		Group	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	G\$	G\$	G\$	G\$
At beginning	160,172,916	175,351,759	210,066,997	217,114,604
Written back on disposal of investments	(8,991,083)	(8,200,710)	(14,298,575)	(10,695,511)
Movement in fair value of investments	112,878,597	(6,978,133)	132,163,906	3,647,904
At end	<u>264,060,430</u>	<u>160,172,916</u>	<u>327,932,328</u>	<u>210,066,997</u>

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

28 General reserve	Company		Group	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	G\$	G\$	G\$	G\$
At beginning	443,242,991	544,012,948	84,763,800	244,896,071
Surplus / (deficit) of revenue over expenditure	29,667,372	(100,769,957)	14,914,898	(160,132,271)
Transfer on disposal of assets	-	-	48,857,741	-
Transfer to statutory reserve	-	-	(11,951,308)	-
At end	<u>472,910,363</u>	<u>443,242,991</u>	<u>136,585,131</u>	<u>84,763,800</u>

29 Capital redemption reserve	Company and Group	
	31.12.2012	31.12.2011
	G\$	G\$
Ordinary scrip redeemed	600,000	600,000
Preference scrip redeemed	908,452	908,452
	<u>1,508,452</u>	<u>1,508,452</u>

30 Reserve for unexpired risk	Company		Group	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	G\$	G\$	G\$	G\$
Balance at beginning	653,168,821	609,664,061	664,007,894	625,212,596
Net increase in reserves	83,194,341	43,504,760	82,592,347	38,795,298
Balance at end	<u>736,363,162</u>	<u>653,168,821</u>	<u>746,600,241</u>	<u>664,007,894</u>

31 Triennial profit	Company and Group	
	31.12.2012	31.12.2011
	G\$	G\$
Triennial cash profit	<u>3,733,114</u>	<u>4,632,209</u>

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



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32 Non -controlling interest

	Group	
	<u>31.12.2012</u>	<u>31.12.2011</u>
	G\$	G\$
At beginning	351,652,172	423,286,982
Share of surplus/(deficit)	(17,807,531)	(72,766,953)
Written back on disposal of investments	(5,826,630)	42,610
Movement in fair value of investments	12,368,879	2,108,511
Transfer to statutory reserve	(13,120,291)	-
Dividend paid	(591,858)	(1,018,978)
	<u>326,674,741</u>	<u>351,652,172</u>
At end	<u>326,674,741</u>	<u>351,652,172</u>

33 Medium term borrowings

	Company & Group	
	<u>31.12.2012</u>	<u>31.12.2011</u>
	G\$	G\$
Hand in Hand Mutual Life Assurance Company Ltd	<u>750,454,338</u>	<u>426,454,338</u>

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

34 Reserve fund

	Group	
	<u>31.12.2012</u>	<u>31.12.2011</u>
	G\$	G\$
At beginning and end.	<u>139,935,035</u>	<u>114,863,436</u>

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.



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35 Customers' deposits

	Group	
	<u>31.12.2012</u> G\$	<u>31.12.2011</u> G\$
Fixed	5,259,122,181	5,093,322,904
Savings	<u>604,802,266</u>	<u>615,133,588</u>
	<u>5,863,924,447</u>	<u>5,708,456,492</u>
Customers' deposits - by maturity		
Fixed - within one year	4,256,050,648	2,250,296,669
Savings - on demand	<u>604,802,266</u>	<u>615,133,588</u>
	<u>4,860,852,914</u>	<u>2,865,430,257</u>
Fixed - over one year	<u>1,003,071,533</u>	<u>2,843,026,235</u>
	<u>5,863,924,447</u>	<u>5,708,456,492</u>

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

The average interest rates are as follows:

Fixed	-	1.8% - 2.3%
Savings	-	3.5%

36 Claims admitted or intimated but not paid

	Company		Group	
	<u>31.12.2012</u> G\$	<u>31.12.2011</u> G\$	<u>31.12.2012</u> G\$	<u>31.12.2011</u> G\$
Fire	185,928,031	260,301,947	185,928,031	260,475,396
Marine	3,667,500	-	3,667,500	-
Accident and liabilities	417,710,009	392,527,515	418,367,009	394,627,515
Auto	70,855,235	72,700,777	107,815,595	95,475,375
Life	-	-	<u>1,098,221</u>	<u>1,247,133</u>
	<u>678,160,775</u>	<u>725,530,239</u>	<u>716,876,356</u>	<u>751,825,419</u>

37 Payables and accrued expenses

Other payables (i)	199,210,081	106,097,987	424,093,354	191,714,565
Accruals	<u>29,713,979</u>	<u>1,460,540</u>	<u>106,996,009</u>	<u>110,801,402</u>
	<u>228,924,060</u>	<u>107,558,527</u>	<u>531,089,363</u>	<u>302,515,967</u>

(i) During the year the company suffered a financial loss due to an alleged fraud perpetrated by two employees of the company. A provision of G\$14,655,405 is included in other payables.

38 Bank overdraft

	Company & Group	
	<u>31.12.2012</u> G\$	<u>31.12.2011</u> G\$
Bank of Nova Scotia (unsecured)	<u>26,749,954</u>	<u>42,411,931</u>
Interest Rate	<u>13.5%</u>	<u>13.5%</u>



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

	Company		
	<u>31.12.2012</u>		
	Available for sale	Loans and	Other
	G\$	receivables	Assets/Liabilities
		G\$	at amortized cost
			G\$
			Total
			G\$
Assets			
Investments			
"Available for Sale"	666,486,248	-	666,486,248
"Loans and receivables"	-	89,399,060	89,399,060
Statutory deposits	-	-	215,725,128
Receivables and prepayments	-	311,309,953	311,309,953
Interest accrued	-	5,665,186	5,665,186
Taxes recoverable	-	30,855,781	30,855,781
Cash on deposits	-	-	132,504,101
Cash on hand and at bank	-	-	129,590,723
TOTAL ASSETS	<u>666,486,248</u>	<u>437,229,980</u>	<u>1,581,536,180</u>
Liabilities			
Medium term borrowings	-	-	750,454,338
Claims admitted or intimated but not paid	-	-	678,160,775
Payables and accrued expenses	-	-	228,924,060
Bank overdraft (unsecured)	-	-	26,749,954
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,684,289,127</u>



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

	Company			
	31.12.2011			
	Available for sale G\$	Loans and receivables G\$	Other Assets/Liabilities at amortized cost G\$	Total G\$
Assets				
Investments				
"Available for Sale"	417,710,967	-	-	417,710,967
"Loans and receivables"	-	62,768,037	-	62,768,037
Statutory deposits	-	-	189,777,457	189,777,457
Receivables and prepayments	-	633,046,582	-	633,046,582
Interest accrued	-	5,101,661	-	5,101,661
Taxes recoverable	-	24,528,260	-	24,528,260
Cash on deposits	-	-	81,209,983	81,209,983
Cash on hand and at bank	-	-	79,128,779	79,128,779
TOTAL ASSETS	417,710,967	725,444,540	350,116,219	1,493,271,726
Liabilities				
Medium term borrowings	-	-	426,454,338	426,454,338
Claims admitted or intimated but not paid	-	-	725,530,239	725,530,239
Payables and accrued expenses	-	-	107,558,527	107,558,527
Bank overdraft (unsecured)	-	-	42,411,931	42,411,931
TOTAL LIABILITIES	-	-	1,301,955,035	1,301,955,035



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

	Group		31.12.2012		
	Available for sale	Held to Maturity	Loans and receivables	Other Assets/Liabilities at amortized cost	Total
	G\$	G\$	G\$	G\$	G\$
Assets					
Investments					
"Available for Sale"	1,347,834,567	-	-	-	1,347,834,567
"Held to maturity"	-	1,798,871,211	-	-	1,798,871,211
"Loans and receivables"	-	-	2,929,509,475	-	2,929,509,475
Statutory deposits	-	-	-	986,164,298	986,164,298
Receivables and prepayments	-	-	368,312,941	-	368,312,941
Interest accrued	-	-	137,640,989	-	137,640,989
Taxes recoverable	-	-	48,651,732	-	48,651,732
Cash on deposits	-	-	-	770,184,907	770,184,907
Cash on hand and at bank	-	-	-	280,868,132	280,868,132
TOTAL ASSETS	1,347,834,567	1,798,871,211	3,484,115,137	2,037,217,337	8,668,038,252
Liabilities					
Medium term borrowings	-	-	-	750,454,338	750,454,338
Customers Deposit	-	-	-	5,863,924,447	5,863,924,447
Claims admitted or intimated but not paid	-	-	-	716,876,356	716,876,356
Payables and accrued expenses	-	-	-	531,089,363	531,089,363
Taxes payable	-	-	-	4,672,774	4,672,774
Bank overdraft (unsecured)	-	-	-	26,749,954	26,749,954
TOTAL LIABILITIES	-	-	-	7,893,767,232	7,893,767,232



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

	Group			
	Available for sale	Held to Maturity	Loans and receivables	Other Assets/Liabilities at amortized cost
	G\$	G\$	G\$	G\$
Assets				
Investments				
"Available for Sale"	1,263,165,299	-	-	-
"Held to maturity"	-	1,613,244,761	-	-
"Loans and receivables"	-	-	1,911,504,877	-
Statutory deposits	-	-	-	921,419,442
Receivables and prepayments	-	-	402,041,746	-
Interest accrued	-	-	182,141,943	-
Taxes recoverable	-	-	39,205,079	-
Cash on deposits	-	-	-	1,333,252,957
Cash on hand and at bank	-	-	-	199,048,154
TOTAL ASSETS	1,263,165,299	1,613,244,761	2,534,893,645	2,453,720,553
				7,865,024,258
Liabilities				
Medium term borrowings	-	-	-	426,454,338
Customers Deposit	-	-	-	5,708,456,492
Claims admitted or intimated but not paid	-	-	-	751,825,419
Payables and accrued expenses	-	-	-	302,515,967
Taxes payable	-	-	-	8,934,440
Bank overdraft (unsecured)	-	-	-	42,411,931
TOTAL LIABILITIES	-	-	-	7,240,598,587



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40 Goodwill

In accordance with IFRS 3 - Business combinations, goodwill for impairment at December 31, 2012 was calculated using the value in use method.

	Group	
	<u>31.12.2012</u>	<u>31.12.2011</u>
	G\$	G\$
Balance at beginning and at end	<u>157,582,464</u>	<u>157,582,464</u>
Goodwill at cost	161,623,040	161,623,040
Accumulated impairment/ amortisation	<u>4,040,576</u>	<u>4,040,576</u>
	<u>157,582,464</u>	<u>157,582,464</u>

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 November 20, 2002.

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

	<u>Hand in Hand Trust Corporation Inc</u>
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.



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41 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	
	<u>31.12.2012</u>	<u>31.12.2011</u>	<u>31.12.2012</u>	<u>31.12.2011</u>
	G\$	G\$	G\$	G\$
Management fees charged to GCIS Inc.	<u>12,000,000</u>	<u>12,000,000</u>	<u>-</u>	<u>-</u>

(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 Hand in Hand Mutual Fire Insurance Company Limited were utilised by the Hand in Hand Mutual Life Assurance Company Limited.

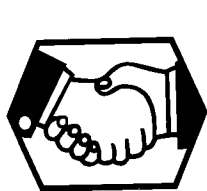
Fees charged	<u>54,937,707</u>	<u>48,168,548</u>	<u>54,937,707</u>	<u>48,168,548</u>
Interest on loan from Hand in Hand Mutual Life Assurance Company Limited.	<u>37,449,352</u>	<u>18,009,618</u>	<u>37,449,352</u>	<u>18,009,618</u>
Loans granted during the year by the Hand in Hand Mutual Life Assurance Company Limited.	<u>750,454,338</u>	<u>426,454,338</u>	<u>750,454,338</u>	<u>426,454,338</u>

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 - 30 (2011 - 30)	<u>82,239,961</u>	<u>69,204,410</u>	<u>181,915,435</u>	<u>161,879,687</u>
(b) Long term employee benefit Managers - Benefits from the contribution of pension scheme are similar to the benefits of all employees.				
Directors' emoluments - 13 (2011 - 13)	<u>9,274,896</u>	<u>8,833,224</u>	<u>18,982,783</u>	<u>16,891,958</u>
(ii) Mortgages: Staff /Director - (3) 4.5% - 6% (2011-(10) 4.5%- 6%)	<u>89,056,790</u>	<u>62,425,767</u>	<u>235,522,548</u>	<u>16,891,958</u>
(iii) Loans and advances Staff /Director - (89) (2011-(105)	<u>98,086,530</u>	<u>84,630,609</u>	<u>108,694,356</u>	<u>92,286,472</u>
Rate of interest	<u>6 - 8%</u>	<u>6 - 8%</u>	<u>6 - 8%</u>	<u>6 - 8%</u>



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42 (a) Segmented information

Company	31.12.2012				
	Fire G\$	Marine G\$	Accident and liabilities G\$	Motor G\$	Total G\$
Revenue					
Premium	574,980,338	24,147,643	182,133,877	614,918,027	1,396,179,885
Reinsurance premiums	140,139,339	8,062,941	79,752,514	30,701,288	258,656,082
Premium (net)	434,840,999	16,084,702	102,381,363	584,216,739	1,137,523,803
Investment income					
"Available for sale"	20,074,961	742,570	4,726,559	-	25,544,090
"Loans and receivables"	2,756,662	101,968	649,044	-	3,507,674
Other income	21,643,488	800,589	5,095,862	-	27,539,939
Management fees	13,753,154	508,727	3,238,119	-	17,500,000
Unclaimed TCP and others	629,297	23,278	148,165	30,615	831,355
Gain on disposal of investments	8,539,479	315,874	2,010,582	-	10,865,935
"Available for sale"	502,238,039	18,577,709	118,249,694	584,247,354	1,223,312,796
Deduct: Expenditure					
Commissions and allowances	106,389,965	3,935,348	25,049,040	39,243,195	174,617,548
Management expenses	302,411,086	11,186,140	71,201,334	160,966,389	545,764,949
Claims (net)	114,359,760	5,965,258	53,919,330	209,978,452	384,222,800
Triennial cash profit	4,632,209	-	-	-	4,632,209
Taxation	2,582,739	-	-	82,094	2,664,833
	530,375,759	21,086,746	150,169,704	410,270,130	1,111,902,339
Surplus/(deficit) of revenue over expenditure	(28,137,719)	(2,509,038)	(31,920,010)	173,977,224	111,410,457
ASSETS	3,972,562,457	40,126,950	-	240,194,897	4,252,884,304
LIABILITIES	1,583,227,182	15,992,194	-	85,069,751	1,684,289,127



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42 (b) Segmented information

Company	31.12.2011				
	Fire G\$	Marine G\$	Accident and liabilities G\$	Motor G\$	Total G\$
Revenue					
Premium	581,974,580	14,719,060	146,313,675	531,703,381	1,274,710,696
Reinsurance premiums	112,803,286	3,352,702	30,536,058	29,423,352	176,115,398
Premium (net)	469,171,294	11,366,358	115,777,617	502,280,029	1,098,595,298
Investment income					
"Available for sale"	18,646,438	420,325	2,984,796	-	22,051,559
"Loans and receivables"	9,370,783	211,234	1,500,012	-	11,082,029
Other income	14,131,903	318,559	2,262,140	185,307	16,897,909
Management fees	10,147,004	228,732	1,624,264	-	12,000,000
Unclaimed TCP and others	365,656	8,242	58,532	-	432,430
Gain on disposal of investments					
"Available for sale"	5,224,865	117,778	836,361	-	6,179,004
Gain on exchange	5,890,266	132,777	942,874	-	6,965,917
	532,948,208	12,804,006	125,986,596	502,465,336	1,174,204,146
Deduct: Expenditure					
Commissions and allowances	109,138,958	2,460,190	17,470,228	35,784,430	164,853,806
Management expenses	220,353,533	4,967,168	35,272,707	155,166,692	415,760,100
Claims (net)	207,719,009	(1,733,970)	278,088,269	160,929,058	645,002,366
Triennial cash profit	5,293,535	-	-	-	5,293,535
Taxation	1,231,652	-	-	56,452	1,288,104
	543,736,687	5,693,388	330,831,204	351,936,632	1,232,197,911
	(10,788,478)	7,110,617	(204,844,608)	150,528,704	(57,993,765)
Surplus/(deficit) of revenue over expenditure					
ASSETS	3,367,112,916	69,425,009	34,712,504	184,357,401	3,655,607,830
LIABILITIES	1,151,507,410	23,742,421	11,871,210	115,189,583	1,302,310,624



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42 (c) Segmented information

Group	31.12.2012							
	Fire GS	Maine GS	Accident and liabilities GS	Motor GS	Life GS	Trust GS	Taxation GS	Total GS
Revenue								
Premium	591,094,937	24,147,643	182,133,877	806,461,634	1,272,644	-	-	1,605,110,735
Reinsurance premiums	140,251,677	8,062,941	79,752,514	40,675,472	701,914	-	-	269,444,518
Net premiums	450,843,260	16,084,702	102,381,363	765,786,162	570,730	-	-	1,335,666,217
Investment income								
"Held to maturity"	-	-	-	-	-	106,492,546	-	106,492,546
"Available for sale"	16,163,890	742,570	4,726,559	2,450,936	1,201,885	15,482,404	-	40,768,244
"Loans and receivables"	2,756,662	101,968	649,044	-	127,113	245,682,974	-	249,317,761
Other income	22,862,304	800,589	5,095,862	5,828,848	364,868	73,509,428	-	108,461,899
Unclaimed TCP and others	629,297	23,278	148,165	30,615	-	-	-	831,355
Gain on disposal of investments								
"Available for sale"	19,763,056	315,874	2,010,582	337,966	-	(923,479)	-	21,503,999
Gain on Exchange	24,010	-	-	-	-	2,889,070	-	2,913,080
Deduct: expenditure	513,042,479	18,068,981	115,011,575	774,434,527	2,264,596	443,132,943	-	1,865,955,101
Commissions and allowance	105,716,012	3,935,348	25,049,040	43,575,378	-	-	-	178,275,778
Management expenses	289,717,744	11,186,140	71,201,334	249,436,159	2,184,213	297,101,021	-	920,826,611
Interest	-	-	-	-	-	196,186,532	-	196,186,532
Claims (net)	114,680,260	5,965,258	52,476,330	286,372,254	1,599,264	-	-	461,093,366
Surrenders	-	-	-	-	2,807,897	-	-	2,807,897
Triennial cash profit	4,632,209	-	-	-	-	-	-	4,632,209
Property tax	890,543	-	-	-	-	-	-	890,543
Taxation	-	-	-	-	-	5,399,589	-	5,399,589
Surplus(deficit) of revenue over expenditure before non-controlling interest	515,636,768	21,086,746	148,726,704	579,383,791	6,591,374	498,687,142	17,594,118	1,787,706,643
Less: Non-controlling interest	(2,594,289)	(3,017,765)	(33,715,129)	195,050,736	(4,326,778)	(55,554,199)	(17,594,118)	78,248,458
Surplus(deficit) of revenue over expenditure after non-controlling interest	1,726,069	-	261,354	3,801,925	(815,400)	(22,781,479)	-	(17,807,531)
ASSETS	3,847,081,164	37,664,312	4,853,675	671,119,407	66,105,488	6,155,825,204	-	10,782,649,250
LIABILITIES	1,599,289,241	15,992,198	657,000	151,379,466	18,142,450	6,256,510,915	-	8,041,971,270



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42 (d) Segmented information

Group	31.12.2011							Total G\$
	Fire G\$	Marine G\$	Accident and liabilities G\$	Motor G\$	Life G\$	Trust G\$	Taxation G\$	
Revenue								
Premium	587,321,198	14,719,060	146,313,675	717,351,838	2,536,115	-	-	1,468,241,886
Reinsurance premiums	113,952,236	3,352,702	30,536,058	40,630,953	799,327	-	-	189,271,276
Net premiums	473,368,962	11,366,358	115,777,617	676,720,885	1,736,788	-	-	1,278,970,610
Investment income								
"Held to maturity"	21,505	-	-	76,687	98,192	137,016,630	-	137,213,014
"Available for sale"	17,273,027	420,325	2,984,796	2,376,493	1,051,497	16,476,075	-	40,582,213
"Loans and receivables"	9,531,610	211,234	1,500,012	-	-	158,553,441	-	169,796,297
Other income	15,413,167	318,559	2,262,140	5,824,179	805,502	80,724,167	-	105,347,714
Unclaimed TCP and others	365,656	8,242	58,532	-	-	432,430	-	432,430
Gain on exchange	5,890,266	132,777	942,874	-	-	3,658,368	-	10,624,285
Gain on disposal of assets	-	-	-	-	-	119,000	-	119,000
Gain on disposal of investments	5,224,865	117,778	836,361	-	-	18,855,793	-	25,034,797
Deduct: expenditure	527,089,057	12,575,274	124,362,332	684,998,244	3,691,979	415,403,474	-	1,768,120,360
Commissions and allowance	102,819,256	1,662,673	23,580,480	40,704,968	-	-	-	168,767,377
Management expenses	207,768,842	4,967,168	35,272,707	239,388,295	3,455,252	322,640,395	-	813,492,659
Interest	-	-	-	-	-	231,661,810	-	231,661,810
Claims (net)	208,155,280	(1,733,970)	278,088,269	229,491,773	1,767,746	-	-	715,769,098
Surrenders	-	-	-	-	4,975,225	-	-	4,975,225
Tricennial cash profit	5,293,535	-	-	-	-	-	-	5,293,535
Property tax	793,705	-	-	-	-	3,600,000	-	4,393,705
Taxation	-	-	-	-	-	-	18,599,445	18,599,445
Surplus/(deficit) of revenue over expenditure before non-controlling interest	524,830,618	4,895,871	336,941,456	509,585,036	10,198,223	557,902,205	-	1,962,952,854
Less: Non controlling interest	2,258,439	7,679,403	(212,579,124)	175,413,208	(6,506,244)	(142,498,731)	(18,599,445)	(194,832,494)
Surplus/(deficit) of revenue over expenditure after non-controlling interest	(541,893)	-	-	(5,489,234)	2,133,870	(68,869,696)	-	(72,766,953)
ASSETS	2,800,332	7,679,403	(212,579,124)	180,902,442	(8,640,114)	(73,629,035)	(18,599,445)	(122,065,541)
LIABILITIES	2,811,911,230	55,825,559	32,307,011	520,439,038	55,485,121	6,452,191,669	-	9,928,159,628
	1,169,866,657	23,924,434	14,062,217	180,475,904	16,609,546	5,959,535,471	-	7,364,474,229



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43 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 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 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:



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43 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

	Average interest rate %	Maturing 31.12.2012				Total G\$
		Within 1 year G\$	1 to 5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
Company Assets						
Investments						
"Available for sale"		-	-	-	666,486,248	666,486,248
"Loans and receivables"	4.61	3,844,575	20,406,676	65,147,809	-	89,399,060
Statutory deposits	2.45	-	-	215,725,128	-	215,725,128
Receivables and prepayments	6.00	-	50,304,942	-	261,005,011	311,309,953
Interest accrued		-	-	-	5,665,186	5,665,186
Taxes recoverable		-	-	-	30,855,781	30,855,781
Cash on deposits	4.42	132,504,101	-	-	-	132,504,101
Cash at banks and on hand		-	-	-	129,590,723	129,590,723
		<u>136,348,676</u>	<u>70,711,618</u>	<u>280,872,937</u>	<u>1,093,602,949</u>	<u>1,581,536,180</u>
Liabilities						
Medium term borrowings	8.00	-	750,454,338	-	-	750,454,338
Claims intimated but not paid		-	-	-	678,160,775	678,160,775
Payables and accrued expenses		-	-	-	228,924,060	228,924,060
Bank overdraft (unsecured)	13.50	26,749,954	-	-	-	26,749,954
		<u>26,749,954</u>	<u>750,454,338</u>	<u>-</u>	<u>907,084,835</u>	<u>1,684,289,127</u>
Interest sensitivity gap		<u>109,598,722</u>	<u>(679,742,720)</u>	<u>280,872,937</u>		

	Average interest rate %	Maturing 31.12.2011				Total G\$
		Within 1 year G\$	1 to 5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
Company Assets						
Investments						
"Available for sale"		-	-	-	417,710,967	417,710,967
"Loans and receivables"	16.02	4,428,237	27,195,429	31,144,371	-	62,768,037
Statutory deposits	3.25	-	-	189,777,457	-	189,777,457
Receivables and prepayments	6.00	-	51,365,265	-	581,681,317	633,046,582
Interest accrued		-	-	-	5,101,661	5,101,661
Taxes recoverable		-	-	-	24,528,260	24,528,260
Cash on deposits	4.42	81,209,983	-	-	-	81,209,983
Cash at banks and on hand		-	-	-	79,128,779	79,128,779
		<u>85,638,220</u>	<u>78,560,694</u>	<u>220,921,828</u>	<u>1,108,150,984</u>	<u>1,493,271,726</u>
Liabilities						
Medium term borrowings	8.00	-	426,454,338	-	-	426,454,338
Claims intimated but not paid		-	-	-	725,530,239	725,530,239
Payables and accrued expenses		-	-	-	107,558,527	107,558,527
Bank overdraft (unsecured)	13.50	42,411,931	-	-	-	42,411,931
		<u>42,411,931</u>	<u>426,454,338</u>	<u>-</u>	<u>833,088,766</u>	<u>1,301,955,035</u>
Interest sensitivity gap		<u>43,226,289</u>	<u>(347,893,644)</u>	<u>220,921,828</u>		



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43 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

Group	Average interest rate	Maturing				Total
		Within 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
		31.12.2012	31.12.2012	31.12.2012	31.12.2012	31.12.2012
		G\$	G\$	G\$	G\$	G\$
Assets						
Investments						
"Held to Maturity"	7.28	326,802,203	643,445,482	828,623,526	-	1,798,871,211
"Available for sale"	2.20	-	-	261,644,495	1,086,190,072	1,347,834,567
"Loans and receivables"	4.61-8.49	701,290,539	928,127,218	1,300,091,718	-	2,929,509,475
Statutory deposits	2.45	-	51,321,267	215,725,128	719,117,903	986,164,298
Receivables and prepayments	-	-	50,304,942	-	318,007,999	368,312,941
Interest accrued	-	35,882,636	24,007,813	69,101,807	8,648,733	137,640,989
Taxes recoverable	-	-	-	-	48,651,732	48,651,732
Cash on deposits	2.75 - 5.64	770,184,907	-	-	-	770,184,907
Cash at banks and on hand	-	141,085,860	-	-	139,782,272	280,868,132
		<u>1,975,246,145</u>	<u>1,697,206,722</u>	<u>2,675,186,674</u>	<u>2,320,398,711</u>	<u>8,668,038,252</u>
Liabilities						
Medium term borrowings	8.00	-	750,454,338	-	-	750,454,338
Customers Deposit - Savings	3.5	604,802,266	-	-	-	604,802,266
Customers Deposit - Fixed deposit	1.8 - 2.25	4,256,050,648	1,003,071,533	-	-	5,259,122,181
Claims intimated but not paid	-	-	-	-	716,876,356	716,876,356
Payables and accrued expenses	-	-	-	-	531,089,363	531,089,363
Taxes payable	-	-	-	-	4,672,774	4,672,774
Bank overdraft (unsecured)	13.50	26,749,954	-	-	-	26,749,954
		<u>26,749,954</u>	<u>1,753,525,871</u>	<u>-</u>	<u>1,252,638,493</u>	<u>7,893,767,232</u>
Interest sensitivity gap		<u>1,948,496,191</u>	<u>(56,319,149)</u>	<u>2,675,186,674</u>		

Group	Average interest rate	Maturing				Total
		Within 1 year	1 to 5 years	Over 5 years	Non-interest bearing	
		31.12.2011	31.12.2011	31.12.2011	31.12.2011	31.12.2011
		G\$	G\$	G\$	G\$	G\$
Assets						
Investments						
"Held to Maturity"	8.47	115,440,755	708,668,193	789,135,813	-	1,613,244,761
"Available for sale"	2.20	-	-	236,290,562	1,026,874,737	1,263,165,299
"Loans and receivables"	16.02	803,310,777	812,062,240	296,131,860	-	1,911,504,877
Statutory deposits	3.25	-	46,224,082	189,777,457	685,417,903	921,419,442
Receivables and prepayments	6.00	-	51,365,265	-	350,676,481	402,041,746
Interest accrued	-	-	-	-	182,141,943	182,141,943
Taxes recoverable	-	-	-	-	39,205,079	39,205,079
Cash on deposits	3.00 - 5.60	796,500,828	176,026,009	360,726,120	-	1,333,252,957
Cash at banks and on hand	-	-	-	-	199,048,154	199,048,154
		<u>1,715,252,360</u>	<u>1,794,345,789</u>	<u>1,872,061,812</u>	<u>2,483,364,297</u>	<u>7,865,024,258</u>
Liabilities						
Medium term borrowings	8.00	-	426,454,338	-	-	426,454,338
Customers Deposit - Savings	3.5	615,133,588	-	-	-	615,133,588
Customers Deposit - Fixed deposit	2.0 - 3.3	2,250,296,669	2,842,629,284	396,951	-	5,093,322,904
Claims intimated but not paid	-	-	-	-	751,825,419	751,825,419
Payables and accrued expenses	-	-	-	-	302,515,967	302,515,967
Taxes payable	-	-	-	-	8,934,440	8,934,440
Bank overdraft (unsecured)	13.50	42,411,931	-	-	-	42,411,931
		<u>42,411,931</u>	<u>3,269,083,622</u>	<u>-</u>	<u>1,063,275,826</u>	<u>7,240,598,587</u>
Interest sensitivity gap		<u>1,672,840,429</u>	<u>(1,474,737,833)</u>	<u>1,872,061,812</u>		



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43 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	31.12.2012			
	£	US\$	Can\$	G\$ equivalent
Assets	740,448	544,909	414,407	403,534,346
	31.12.2011			
	£	US\$	Can\$	G\$ equivalent
Assets	224,170	28,894	6,508	73,084,036
Group	31.12.2012			
	£	US\$	Can\$	G\$ equivalent
Assets	937,738	12,339,676	414,407	2,867,867,355
	31.12.2011			
	£	US\$	Can\$	G\$ equivalent
Assets	408,083	14,186,592	6,508	3,015,508,957

Foreign currency sensitivity analysis:

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

The sensitivity analysis 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 strengthened 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 revenue account and the balances would be negative.

	Company			Group		
	31.12.2012			31.12.2012		
	£	US\$	Can\$	£	US\$	Can\$
Profit/(loss)	G\$M impact	G\$M impact	G\$M impact	G\$M impact	G\$M impact	G\$M impact
	6.6	3.3	2.3	8.1	63.5	2.3
	Company			Group		
	31.12.2011			31.12.2011		
	£	US\$	Can\$	£	US\$	Can\$
Profit/(loss)	G\$M impact	G\$M impact	G\$M impact	G\$M impact	G\$M impact	G\$M impact
	2.0	0.2	-	3.6	86.8	-



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43 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Interest sensitivity analysis

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

The sensitivity 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	
		<u>31.12.2012</u>	<u>31.12.2011</u>	<u>31.12.2012</u>	<u>31.12.2011</u>
		G\$000	G\$000	G\$000	G\$000
Cash and cash equivalent					
Local currency	+/-50	1,342	1,015	1,815	3,013
Foreign currency	+/-50	37	340	6,440	4,602
Overdrafts					
Local currency	+/-50	134	212	134	212

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.



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43 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.

	31.12.2012					
	On Demand	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$	G\$	G\$
Company						
Assets						
Investments						
"Available for sale"	666,486,248	-	-	-	-	666,486,248
"Loans and receivables"	342,270	860,884	2,641,421	20,406,676	65,147,809	89,399,060
Statutory deposits	-	-	-	-	215,725,128	215,725,128
Receivables and prepayments	102,330,398	6,983,268	121,051,335	80,944,952	-	311,309,953
Interest accrued	5,665,186	-	-	-	-	5,665,186
Taxes recoverable	-	-	30,855,781	-	-	30,855,781
Cash on deposits	132,504,101	-	-	-	-	132,504,101
Cash at banks and on hand	129,590,723	-	-	-	-	129,590,723
	<u>1,036,918,926</u>	<u>7,844,152</u>	<u>154,548,537</u>	<u>101,351,628</u>	<u>280,872,937</u>	<u>1,581,536,180</u>
Liabilities						
Medium term borrowings	-	-	-	750,454,338	-	750,454,338
Claims intimated but not paid	678,160,775	-	-	-	-	678,160,775
Payables and accrued expenses	135,287,902	48,175,011	32,621,915	12,839,232	-	228,924,060
Bank overdraft (unsecured)	26,749,954	-	-	-	-	26,749,954
	<u>840,198,631</u>	<u>48,175,011</u>	<u>32,621,915</u>	<u>763,293,570</u>	<u>-</u>	<u>1,684,289,127</u>
Net assets/(liabilities)	<u>196,720,295</u>	<u>(40,330,859)</u>	<u>121,926,622</u>	<u>(661,941,942)</u>	<u>280,872,937</u>	<u>(102,752,947)</u>
	31.12.2011					
	On Demand	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$	G\$	G\$
Company						
Assets						
Investments						
"Available for sale"	-	-	-	-	417,710,967	417,710,967
"Loans and receivables"	342,270	1,003,550	3,082,417	27,195,429	31,144,371	62,768,037
Statutory deposits	-	-	-	-	189,777,457	189,777,457
Receivables and prepayments	126,552,387	68,892,043	326,314,767	111,287,385	-	633,046,582
Interest accrued	5,101,661	-	-	-	-	5,101,661
Taxes recoverable	-	-	24,528,260	-	-	24,528,260
Cash on deposits	81,209,983	-	-	-	-	81,209,983
Cash at banks and on hand	79,128,779	-	-	-	-	79,128,779
	<u>292,335,080</u>	<u>69,895,593</u>	<u>353,925,444</u>	<u>138,482,814</u>	<u>638,632,795</u>	<u>1,493,271,726</u>
Liabilities						
Medium term borrowings	-	-	-	426,454,338	-	426,454,338
Claims intimated but not paid	725,530,239	-	-	-	-	725,530,239
Payables and accrued expenses	93,116,012	2,167,813	12,274,702	-	-	107,558,527
Bank overdraft (unsecured)	42,411,931	-	-	-	-	42,411,931
	<u>861,058,182</u>	<u>2,167,813</u>	<u>12,274,702</u>	<u>426,454,338</u>	<u>-</u>	<u>1,301,955,035</u>
Net assets/(liabilities)	<u>(568,723,102)</u>	<u>67,727,780</u>	<u>341,650,742</u>	<u>(287,971,524)</u>	<u>638,632,795</u>	<u>191,316,691</u>



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43 Financial Risk Management - cont'd

(b) Liquidity risk - cont'd

31.12.2012

	<u>On Demand</u>	<u>1 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	G\$	G\$	G\$	G\$	G\$	G\$
Group						
Assets						
Investments						
"Held to Maturity"	12,902,330	51,000,000	262,899,873	643,445,482	828,623,526	1,798,871,211
"Available for sale"	1,086,190,072	-	-	-	261,644,495	1,347,834,567
"Loans and receivables"	253,004,193	43,209,533	405,076,813	928,127,218	1,300,091,718	2,929,509,475
Statutory deposits	-	-	-	-	986,164,298	986,164,298
Receivables and prepayments	101,616,392	6,983,268	178,768,329	80,944,952	-	368,312,941
Interest accrued	11,426,885	14,807,387	18,297,097	24,007,813	69,101,807	137,640,989
Taxes recoverable	-	-	48,651,732	-	-	48,651,732
Cash on deposits	678,547,171	-	91,637,736	-	-	770,184,907
Cash at banks and on hand	280,868,132	-	-	-	-	280,868,132
	<u>2,424,555,175</u>	<u>116,000,188</u>	<u>1,005,331,580</u>	<u>1,676,525,465</u>	<u>3,445,625,844</u>	<u>8,668,038,252</u>
Liabilities						
Medium term borrowings	-	-	-	750,454,338	-	750,454,338
Customers Deposit - Savings	604,802,266	-	-	-	-	604,802,266
Customers Deposit - Fixed deposits	-	1,572,150,718	2,683,899,930	1,003,071,533	-	5,259,122,181
Claims intimated but not paid	716,876,356	-	-	-	-	716,876,356
Taxes payable	-	-	4,672,774	-	-	4,672,774
Payables and accrued expenses	124,102,176	48,175,011	345,972,944	12,839,232	-	531,089,363
Bank overdraft(unsecured)	26,749,954	-	-	-	-	26,749,954
	<u>1,472,530,752</u>	<u>1,620,325,729</u>	<u>3,034,545,648</u>	<u>1,766,365,103</u>	<u>-</u>	<u>7,893,767,232</u>
Net assets/ (liabilities)	<u>952,024,423</u>	<u>(1,504,325,541)</u>	<u>(2,029,214,068)</u>	<u>(89,839,638)</u>	<u>3,445,625,844</u>	<u>774,271,020</u>

31.12.2011

	<u>On Demand</u>	<u>1 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	G\$	G\$	G\$	G\$	G\$	G\$
Group						
Assets						
Investments						
"Held to Maturity"	-	-	118,312,842	579,668,193	915,263,726	1,613,244,761
"Available for sale"	-	-	-	949,213,670	313,951,629	1,263,165,299
"Loans and receivables"	104,455,311	44,917,526	653,937,940	812,062,240	296,131,860	1,911,504,877
Statutory deposits	-	-	-	-	921,419,442	921,419,442
Receivables and prepayments	126,552,387	68,892,043	95,939,383	110,657,933	-	402,041,746
Interest accrued	50,622,108	33,562,589	7,437,696	17,594,693	72,924,857	182,141,943
Taxes recoverable	-	-	27,187,413	12,017,666	-	39,205,079
Cash on deposits	555,228,714	181,276,059	59,996,055	176,026,009	360,726,120	1,333,252,957
Cash at banks and on hand	199,048,154	-	-	-	-	199,048,154
	<u>1,035,906,674</u>	<u>328,648,217</u>	<u>962,811,329</u>	<u>2,657,240,404</u>	<u>2,880,417,634</u>	<u>7,865,024,258</u>
Liabilities						
Medium term borrowings	-	-	-	426,454,338	-	426,454,338
Customers Deposit - Savings	615,133,588	-	-	-	-	615,133,588
Customers Deposit - Fixed deposits	-	372,342,978	1,877,953,691	2,842,629,284	396,951	5,093,322,904
Claims intimated but not paid	751,825,419	-	-	-	-	751,825,419
Taxes payable	-	-	8,934,440	-	-	8,934,440
Payables and accrued expenses	146,197,089	2,167,813	154,151,065	-	-	302,515,967
Bank overdraft(unsecured)	42,411,931	-	-	-	-	42,411,931
	<u>1,555,568,027</u>	<u>374,510,791</u>	<u>2,041,039,196</u>	<u>3,269,083,622</u>	<u>396,951</u>	<u>7,240,598,587</u>
Net assets/ (liabilities)	<u>(519,661,353)</u>	<u>(45,862,574)</u>	<u>(1,078,227,867)</u>	<u>(611,843,218)</u>	<u>2,880,020,683</u>	<u>624,425,671</u>



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43 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	G\$	G\$	G\$	G\$
Investments				
Held to maturity	-	-	1,798,871,211	1,613,244,761
Available for sale	666,486,248	417,710,967	1,347,834,567	1,263,165,299
Loans and receivables	89,399,060	62,768,037	2,929,509,475	1,911,504,877
Statutory deposits	215,725,128	189,777,457	986,164,298	921,419,442
Receivables (net of prepayments)	306,219,419	609,015,947	357,835,201	373,130,416
Interest accrued	5,665,186	5,101,661	137,640,989	182,141,943
Taxes recoverable	30,855,781	24,528,260	48,651,732	39,205,079
Cash on hand and at bank	132,504,101	81,209,983	770,184,907	1,333,252,957
Cash on deposits	129,590,723	79,128,779	280,868,132	199,048,154
Total Credit Risk	1,576,445,646	1,469,241,091	8,657,560,512	7,836,112,928

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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	G\$	G\$	G\$	G\$
Loans and receivables - (i)	89,399,060	62,768,037	2,929,509,475	1,911,504,877
Accrued interest - Note 23 - (ii)	5,665,186	5,101,661	137,640,989	182,141,943
Receivables (excluding prepayments and deposit on property) - Note 22 - (iii)	306,219,419	309,015,947	357,835,201	373,130,416
	<u>401,283,665</u>	<u>376,885,645</u>	<u>3,424,985,665</u>	<u>2,466,777,236</u>
Provision for receivables	5,243,976	7,495,060	20,504,753	12,373,966
Provision for impairment on mortgages	-	-	26,334,622	23,919,598
Total provision for impairment	5,243,976	7,495,060	46,839,375	36,293,564

(i) The above balances are classified as follows:

	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Pass	357,633,398	332,887,070	1,099,049,777	629,706,930
Special Mention (Past due 30 - 89 days)	21,858,230	24,976,598	336,623,868	84,372,870
Sub-Standard (Past due 90 - 179 days)	11,551,217	12,885,096	54,858,536	30,070,374
Doubtful (Past due over - 180 days but less than 1 year)	9,898,550	1,202,959	28,544,519	652,781,643
Loss	342,270	4,933,922	1,905,908,965	1,069,845,419
	<u>401,283,665</u>	<u>376,885,645</u>	<u>3,424,985,665</u>	<u>2,466,777,236</u>
Included above are non-performing mortgages of:	-	-	126,750,094	96,730,328

(ii) As detailed in note 23, accrued Interest represents amounts due or accrued 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 and loans to staff and sales representatives on which interest is earned. It also includes amounts owing to the Company and Group by other organisations.



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44 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 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

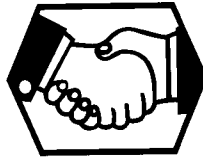
The Company and GCIS Inc's profitability is sensitive to the flow of monies (1) inwards from policyholders; and (2) outwards to policyholders. If policyholders are unable to pay their premiums, the inflow of cash will be constrained. If claims are above anticipated averages, there will be a strain on 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 occassions 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. Similarly, there are times when the provision is insufficient to cover the losses estimated. These too are adjusted at the earlier of claims payment or overall claims revision.



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45 Pending litigations

At the end of the year, there were one(1) minor legal matter outstanding against the Company. No provision has been made as Directors' consider that such proceedings are without merit.

46 APUA Investments

Management has made a further 10% write off on this investment during the financial year.

47 Capital commitment

	Company		Group	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	G\$	G\$	G\$	G\$
As authorised by the Directors	-	300,000,000	-	300,000,000

This is in respect of the balance due on the purchase of the Hand in Hand Trust Corporation Inc's land and building by the Hand in Hand Mutual Fire Insurance Company Limited.

48 Reclassification

During the current period, certain balances in the prior year were reclassified to conform with the 2012 presentation.

The effect of this reclassification is shown below:

	Group
	2011
	G\$
<u>Statement of comprehensive income</u>	
Taxation decreased by	<u>4,393,705</u>
Property tax increased by	<u>4,393,705</u>
<u>Statement of financial position</u>	
Taxes payable decreased by	<u>4,393,705</u>
Payables and accrued expenses increased by	<u>4,393,705</u>

The reclassification is due to property tax now being treated as an expense.

49 Subsequent event

In 2013, the budget announced a change in property tax effective year of assessment 2014. The valuation date has been changed from 1 January 1991 to 1 January 2011. There were also changes to the bands.

The impact of this change cannot be quantified at this stage.