



THE

HAND-IN-HAND

MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES

(Incorporated 1865)



151st

ANNUAL REPORT AND ACCOUNTS

For the year ended 31st December, 2016



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

NOTICE OF MEETING

The One Hundred and Fifty First 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, 18 May, 2017, at 10:00 a.m for the following purposes:-

AGENDA

1. To receive the Report of the Directors and the Accounts for the year ended 31 December, 2016 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

24 April, 2017

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.,
Dip.M., F.C.I.M - Vice Chairman

C.R. QUINTIN

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

P.A. CHAN-A-SUE, C.C.H., 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



THE
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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, Dip. BMA., G.D.M
Motor Manager	-	Omadatt Singh, B.Sc. (Hons.), M.B.A., F.C.C.A., C.P.A. - C.G.A., C.P.C.U.
Assistant Motor Manager (ag)	-	Chuwatie Harduwar-Ramsaroop, F.L.M.I, A.C.S, A.R.A
Company Secretary/ Finance Controller	-	Shaheed Essack, M.A.A.T., A.C.I.S., M.C.M.I.
Chief Accountant	-	Compton Ramnaraine, M.A.A.T., A.I.C.B., A.C.C.A.affiliate.
Accountant/Investment Analyst	-	Kin Sue, B.Sc., M.Sc., C.I.S.I.
Internal Auditor	-	Ronald Stanley, F.C.C.A., C.P.C.U.
Legal and Compliance Officer	-	Paul Braam, LLB., L.E.C.
Human Resource Manager	-	Zaida Joaquin, Dip.P.M., F. L. M. I., A.C.S., A.I.R.C., A.I.A.A., A.R.A.
Sales Manager	-	Shanomae Baptiste, B.A., P.G.Dip.
Business Development Officer	-	Savita Singh, B.Sc.
Manager - Berbice Operations	-	Tajpaul Adjodhea, F.L.M.I.

AUDITORS:

TSD LAL and Company, Chartered Accountants

ATTORNEYS-AT-LAW:

Cameron & Shepherd
Hughes, Fields & Stoby

BANKERS:

Republic Bank (Guyana) Limited
Guyana Bank for Trade & Industry Limited
Bank of Nova Scotia
Bank of Baroda
Citizens Bank (Guyana) Inc.
Demerara Bank Limited
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	Plot 'A' Northern Public Road, D' Edward Village, West Bank Berbice.
	4) Rosehall	45 'A' Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 5 Section 'C' Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Lot 1995 Parika Highway, East Bank Essequibo.
BARTICA:		Top Floor, WK Shopping Mall, 1 st Avenue, Bartica.
MON REPOS:		30 Tract "A" Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Building Lot "M" Great Diamond East Bank Demerara.
ESSEQUIBO:		Doobay's Complex, Lot 18 Cotton field, Essequibo Coast.
SOESDYKE:		Shawnee Service Station Block 'X' Soesdyke, East Bank Demerara.
GEORGETOWN:		Lot 212 Barr Street, Kitty Village, Greater Georgetown.



**REVIEW OF THE REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016
BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.**

WELCOME

Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 151st Annual General Meeting, to review the performance of the Company for the year ended 31 December, 2016.

Economic Review

The world economy grew by 3.1 percent in 2016, which was largely driven by the growth of emerging economies. The sluggish growth-rate of advanced economies was hindered by the U.K's decision to leave the European Union (Brexit) and weaker-than-expected growth in the United States. Inflation remains stabilized in most of the world economies due to continually depressed commodity prices.

In 2016, Guyana's economy grew by 3.3 percent on account of downsizing of foreign direct investments, difficulty in accessing new markets at favourable prices for rice and sugar, and lack of confidence by the private sector. Nevertheless, growth was lifted by gold production, which is at an all-time high of 690,000 ounces.

The balance of payments continued to improve due to a surplus in the current account, despite a capital account deficit. This surplus was mainly due to a 25.1 percent increase in export earnings, while imports declined by 2.9 percent, which in turn reduced the merchandise trade deficit. The exchange rate between the Guyana dollar and the United States dollar remained stable at US\$1.00 = GY\$206.50 for the year 2016, as a result of the surplus in the Overall Balance of Payments.

Insurance Industry

The total domestic insurance sector's resources increased by 1.2 percent to \$49.2 billion. The Life component resources increased by 1.1 percent to \$31.3 billion. This represented 63.6 percent of the total industry's resources. Furthermore, the Non-Life component also grew by 1.5 percent to \$17.9 billion.

As expected, total insurance premiums also increased by \$31.0 million to \$13.1 billion, of which, 34.0 percent is apportioned to local Life premiums.

Banking Sector

The local commercial banking sector continued to remain stable at the end of 2016. In spite the high level of non-performing loans, the banks managed to record lower, but healthy, profits than the previous year. They maintained an average capital adequacy ratio of 19.5 percent, which was significantly above the benchmark of 8.0 percent.

The commercial banks' interest rates remained relatively unchanged, with a weighted average deposit rate of 1.3 percent and a weighted average lending rate of 10.4 percent. However, the 91-day Treasury bill rate, which is the benchmark rate, decreased to 1.7 percent from 1.9 percent.



**REVIEW OF THE REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016
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Trust Companies

The two trust companies in Guyana, Hand in Hand Trust Corporation and Trust Company Guyana Ltd. increased their combined resources by 10.6 percent or \$1.1 billion. In addition, Deposits, which represented 72.6 percent of total liabilities, also increased by 14.4 percent to \$8.2 billion. Individual Deposits substantially grew by 20.1 percent, or \$913.0 million, by the end of 2016. However foreign liabilities, mainly deposits have contracted by 30.6 percent.

Pension Schemes

The consolidated resources of the pension schemes increased by 4.5 percent to \$33.8 billion compared to \$32.4 billion in 2015, this was mainly due to a 5.3 percent increase in pension funds. This reflects continued growth within the private pension industry. The pension schemes' share represented 16.4 percent of total NBFIs' resources, and Hand in Hand Trust Corporation Inc. continued to be the country's leading administrator of pension funds.

Insurance Regulation

The new Insurance Act requires The Hand in Hand Mutual Fire Insurance Company Limited to have a Statutory Reserve equivalent to \$400.0 million. The Company is required to comply within 5 years after the passing of the Act.

IFRS17 (previously referred to as IFRS4 Phase II) is expected to be issued in early 2017 with an effective date of 2021. The Hand in Hand Mutual Fire Insurance Company Limited will seek to implement early adoption where possible, and comply with all Insurance and other regulations for the budgeted period and beyond.

Group Results

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

The Group maintained a Total Revenue of \$2.2 billion. However, total expenditure increased by 9.4 percent to \$2.1 billion as compared to the previous year and overall, the Group produced a Comprehensive Income Surplus of \$101.7 million. This resulted from the recent spate of fire claims in 2016 and the reversal of the Amaila Falls Hydro project road performance bond provision in 2015, which created the large variance between the periods.

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

The company maintained its performance in 2016, compared to the previous year. The Total Revenue from our insurance operations stood at \$1.3 billion, which decreased by 3.3 percent from 2015. Total Expenditure increased by 12.7 percent to \$1.2 billion, as a result of the increase in Claims.

Premium Income from all sources within the Fire Insurance Company for the period was \$1.5 billion.



**REVIEW OF THE REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016
BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.**

The company underwrote 1,079 New Fire Policies with Total Sums Insured of \$16.8 billion, which was a 21.5 percent decrease from 2015. Aggressive pricing strategies from new entrants affected our market share. Due to excess underwriting capacity, which continues to drive insurance premium rates further down, Hand in Hand Fire's New Business Annualised Premium was down by 4.2 percent to \$68.0 million. Business in Force at the end of 2016 stood at \$161.3 billion with an Annualised Premium Income of \$563.8 million. This represented 1.3 percent and 1.0 percent increases with respect to the Sums Insured and Annualized Premiums, respectively. The Company will continue to expand its Accident and Marine portfolios.

Motor Insurance

The Motor Division of the company remains a leading player in the industry by virtue of the very efficient underwriting and claims service provided. During the period of 2016, we issued a total of 4,825 policies, generating an Annualized Premium of \$159.7 million. This represented 13.3 percent and 18.4 percent decreases with respect to New Policies and Annualized Premiums respectively.

Claims

The Company was happy to meet its Claim obligations, paying and reserving a total of \$406.5 million. We see claims handling as our raison d'être and we will continue to provide superior claims service to our customers who may have experienced an unfortunate loss.

Investments

The Company continues to utilize all available opportunities for short-term and long-term investments while hedging against systematic and unsystematic risks. Investments increased from \$1.9 billion to \$2.1 billion and yielded a return of 3.6 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 15.0 percent. Your cheques will be in the mail tomorrow.

Taxation

The Group contributed \$5.7 million by way of taxation to the general revenue of the country.

Hand in Hand Trust Corporation Inc.

The Trust Corporation recorded an After-Tax profit of \$14.4 million as compared to a loss of \$48.6 million in 2015. This favourable result stems from an increase in Interest Income from Loans and Advances. Despite the economic downturn, the company has managed to increase its customers' Deposits and Loans and Advances portfolio by 13.2 percent and 10.0 percent respectively. Total Assets also increased from \$8.2 billion to \$9.2 billion.



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The Trust Corporation was happy to report a healthy Capital Adequacy Ratio of Tier I 18.9 percent and Tier II 19.2 percent for the period ended 2016, which is above the benchmark average of 8.0 percent. The company will continue to pursue measures to ensure that the Capital Adequacy Ratio remains at an acceptable level and in compliance with the Financial Institutions Act.

GCIS Inc.

GCIS Inc. recorded a surplus after taxation of \$8.4 million against \$12.5 million in 2015, which represents a decrease of 32.7 percent. This is attributed mainly to a decline in New Business as a result of a smaller market share amongst the ten key players, and the new tax regime on importation of vehicles. GCIS continues to be a key player in the Motor Insurance Industry and complements the Hand in Hand Group with excellent service.

Hand in Hand Investment Inc.

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

Future outlook

According to the IMF, World growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017, on account of buoyant financial markets and a long-awaited cyclical recovery in manufacturing and trade. Advanced economies would be largely driving global growth, with the U.S being revised upwards, reflecting the assumed fiscal policy easing, such as reducing Corporation Tax to 15 percent. However, there are slightly downward revisions to growth forecasts for emerging market and developing economies, especially in Latin America and the Middle East, reflecting a continued decline in trade and low commodity prices.

Guyana's economic growth is expected to continue at a rate of 3.8 percent at the end of 2017. This growth is expected to be driven by the increase in prices and the production level of gold, which is slated to surpass 700,000 ounces in 2017. However, foreign exchange may be under pressure as exports of two key foreign currency earners, rice and sugar continue to decline, coupled with capital flight as investors loses confidence in the economy.

In 2017, the housing sector should see a significant improvement as the government is preparing to inject over \$6.0 billion into government housing projects. This ought to have a positive impact on the insurance sector as there will be new opportunities for fire, contents and collateral-related life insurance. In addition to the housing sector, Guyana is poised to secure loans for the development of agriculture and infrastructure sectors, which should give the economy a much needed boost.

As Guyana begins to transit into an oil and gas economy, with over 2 billion (confirmed) barrels of highly commercial oil reserves, opening up new industries and opportunities in the country. It ought to reduce our dependence on high cost fuel from other countries, and as a result, will make manufacturing in Guyana more competitive and attractive to foreign investors.



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REVIEW OF THE REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2016
BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

In spite of the challenges anticipated in 2017, the Hand In Hand Group will continue with its forward momentum to achieve its long-term objectives and development. We rely on the professionalism of our dedicated staff and the guidance from the Board of Directors, to implement our strategies and take full advantages of any market opportunities, while hedging against domestic and international risks, to ensure solvency and the protection and growth of our assets.

Appreciation

As we complete another successful year, it is my pleasure to thank most sincerely, our policyholders and all those who supported us during the past year, and indeed over the past 151 years, as we serve the public. I also extend our sincerest gratitude to my fellow Directors, Management and Staff for their tremendous commitment and strong work ethic during these challenging times.

Thank you,

JOHN G. CARPENTER B.Sc.
CHAIRMAN



THE
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MUTUAL FIRE INSURANCE COMPANY LIMITED
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REPORT OF THE DIRECTORS

The Directors have pleasure in submitting for the information of Members and Policyholders their Annual Report and Audited Financial Statements for the year ended 31 December, 2016.

1. **Principal Activities**

The Hand in Hand Mutual Fire Insurance Company Limited 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 \$39.2 million for the year ended 31 December, 2016 as compared with an increase in funds of \$218.7 million for the year ended 31 December, 2015.

3. **Fire Business**

During the year the Company issued 1,079 fire policies insuring \$16.8 billion yielding annual premiums of \$68.0 million. At the close of the year, there were 13,986 policies in force insuring \$161.3 billion with annualised premiums of \$563.8 million. At the close of the previous year, there were 13,886 policies in force insuring \$159.3 billion with annualised premiums of \$558.0 million. A statement of fire policies issued and expired during the year is shown on page 12 of this report.

4. **Motor Business**

During the period 4,825 policies were issued insuring 5,211 vehicles with annualised premiums of \$159.7 million. Previous year figures were 5,567 policies insuring 6,038 vehicles with annualised premiums of \$195.7 million.

5. **Investments**

Investments at the end of the year stood at \$2.1 billion as against \$1.9 billion the previous year. Certificates for securities held by the Company and those lodged with the company's bankers as collateral for overdraft and loan facilities have been examined by our auditors. The Company invested in \$4.4 million shares in the local companies during the year.

6. **Triennial Cash Profit**

The Directors recommend a Cash Profit return of 15% in respect of those policies entitled to earn profit for the triennial period ended 31 December, 2016, after deduction of reserve for the unexpired period. This will result in a cash payout of \$3.4 million. For year ended 31 December, 2015, a 15% Cash Profit was declared which resulted in a payout of \$3.0 million.

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. McDonald

9. **Corporate Governance**

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

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

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

The committees established by the Board and their Chairpersons are:

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

10. **Auditors**

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

By Order of the Board

Shaheed Essack
Company Secretary/Finance Controller



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POLICIES ISSUED AND EXPIRED

	No. of Policies	Sum Insured (G\$M)	Annual Premiums (G\$M)
In force as at 2015-12-31	13,886	159,289	558
Issued during the year	<u>1,079</u>	<u>16,840</u>	<u>68</u>
	14,965	176,129	626
Expired during the year	<u>979</u>	<u>14,803</u>	<u>62</u>
In force as at 2016-12-31	<u>13,986</u>	<u>161,326</u>	<u>564</u>



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED
AND SUBSIDIARIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

Opinion

We have audited the financial statements of The Hand In Hand Mutual Fire Insurance Company Limited and subsidiaries, which comprise the statement of financial position as at 31 December, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 17 to 86.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Hand In Hand Mutual Fire Insurance Company Limited and subsidiaries as at 31 December, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Going Concern

The Group's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Management has not identified a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Group's ability to continue as a going concern.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED
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ON THE FINANCIAL STATEMENTS
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Other Information in the Annual Report

Management is responsible for the other information. The other information comprises all the information included in the 2016 annual report other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the Company and its Subsidiaries' financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Company and Subsidiaries financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

Auditor's responsibilities for the audit of the financial statements

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



**INDEPENDENT AUDITOR'S REPORT
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ON THE FINANCIAL STATEMENTS
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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:-

- Identify and assess the risks of material misstatement of the Group's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group's financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group's financial statements, including the disclosures, and whether the Group's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED
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ON THE FINANCIAL STATEMENTS
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also reasonably provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonable be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

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

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Rameshwar Lal FCCA.



TSD LAL & CO
CHARTERED ACCOUNTANTS

Date: 28 April 2017

77 Brickdam,
Stabroek, Georgetown
Guyana



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Company		Group	
		2016 G\$	2015 G\$	2016 G\$	2015 G\$
Revenue					
Premiums	3	1,460,080,327	1,477,546,463	1,673,030,189	1,721,006,184
Reinsurance premiums	3	314,970,224	291,484,345	331,475,068	313,947,893
		<u>1,145,110,103</u>	<u>1,186,062,118</u>	<u>1,341,555,121</u>	<u>1,407,058,291</u>
Investment income					
"Held to maturity"	4	-	-	61,129,062	54,330,742
"Available for sale"	4	31,082,542	34,687,819	58,506,816	56,801,800
"Loans and receivables"	4	1,510,196	6,432,563	637,156,031	477,799,611
Other income	5	41,463,150	33,083,972	125,136,067	139,064,558
Management fees	6	17,500,000	18,000,000	-	-
Unclaimed triennial cash profit and others		7,259,540	3,128,951	7,259,540	3,128,951
Gain on exchange		3,534,872	-	7,663,119	3,936,277
Gain on disposal of investments					
"Available for sale"		656,880	12,551,775	1,001,289	15,878,301
Gain on disposal of fixed assets		2,399,981	-	2,399,981	-
		<u>1,250,517,264</u>	<u>1,293,947,198</u>	<u>2,241,807,026</u>	<u>2,157,998,531</u>
Deduct:					
Expenditure					
Commissions and allowances	7	179,483,204	180,880,745	185,249,188	187,527,409
Management expenses	8	627,363,599	680,813,568	1,222,546,131	1,254,777,937
Claims (net)	9	406,463,865	81,794,707	493,247,261	186,659,016
Interest	10	-	-	251,759,646	196,538,453
Surrenders	11	-	-	414,047	1,429,337
Triennial cash profit	12	2,990,844	3,138,247	2,990,844	3,138,247
Property tax		10,009,824	10,824,101	19,748,614	19,842,054
Taxation	15(a)	(15,042,878)	117,753,569	(10,922,542)	127,811,463
		<u>1,211,268,458</u>	<u>1,075,204,937</u>	<u>2,165,033,189</u>	<u>1,977,723,916</u>
Surplus of revenue over expenditure before actuarial adjustment		39,248,806	218,742,261	76,773,837	180,274,615
Actuarial adjustment to Policyholders' Liabilities	36	-	-	16,221,952	-
Surplus of revenue over expenditure after actuarial adjustment		<u>39,248,806</u>	<u>218,742,261</u>	<u>92,995,789</u>	<u>180,274,615</u>
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Written back on disposal of investment	15(b)	(1,243,395)	(13,718,218)	(1,243,395)	(13,718,218)
Fair value adjustment on investments	15(b)	18,807,997	(44,808,148)	9,996,776	(63,989,175)
Other comprehensive income, net of tax		<u>17,564,602</u>	<u>(58,526,366)</u>	<u>8,753,381</u>	<u>(77,707,393)</u>
Total comprehensive income for the year		<u>56,813,408</u>	<u>160,215,895</u>	<u>101,749,170</u>	<u>102,567,222</u>
Surplus of revenue over expenditure attributable to:					
Owners of the Company		39,248,806	218,742,261	78,487,101	198,780,281
Non-controlling interests		-	-	14,508,688	(18,505,666)
		<u>39,248,806</u>	<u>218,742,261</u>	<u>92,995,789</u>	<u>180,274,615</u>
Total comprehensive income attributable to:					
Owners of the Company		56,813,408	160,215,895	90,230,085	128,302,062
Non-controlling interests		-	-	11,519,085	(25,734,840)
		<u>56,813,408</u>	<u>160,215,895</u>	<u>101,749,170</u>	<u>102,567,222</u>

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



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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

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\$	Total G\$
Balance as at 1 January 2015	3,545,418	651,396,183	417,951,176	769,898,506	1,508,452	747,638,653	3,138,247	2,595,076,635
Changes in equity 2015								
Total Comprehensive Income for the year	92,584,491	-	(58,526,366)	121,884,436	-	4,420,737	(147,403)	160,215,895
Balance as at 31 December 2015	96,129,909	651,396,183	359,424,810	891,782,942	1,508,452	752,059,390	2,990,844	2,755,292,530
Changes in equity 2016								
Total Comprehensive Income for the year	(92,001,742)	-	17,564,602	141,031,364	-	(10,202,213)	421,397	56,813,408
Balance as at 31 December 2016	4,128,167	651,396,183	376,989,412	1,032,814,306	1,508,452	741,857,177	3,412,241	2,812,105,938

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



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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

Group	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 1 January 2015	3,545,418	718,084,427	518,278,311	477,353,350	1,508,452	758,185,661	3,138,247	378,180,746	2,858,274,612
Changes in equity for 2015									
Total Comprehensive Income for the year	92,584,491	-	(70,478,218)	104,032,801	-	2,310,391	(147,403)	(25,734,840)	102,567,222
Adjustment to Non-controlling Interest as a result of : Shares in the Hand in Hand Trust Corporation Inc. bought by The Hand in Hand Mutual Fire Ins. Co. Ltd	-	-	-	(151,047,906)	-	-	-	151,047,906	-
Shares in the Hand in Hand Trust Corporation Inc. bought by The Hand in Hand Mutual Fire Ins. Co. Ltd	-	-	-	-	-	-	-	(255,000,000)	(255,000,000)
Dividend paid	-	-	-	-	-	-	-	(1,183,716)	(1,183,716)
Balance as at 31 December, 2015	96,129,909	718,084,427	447,800,093	430,338,245	1,508,452	760,496,052	2,990,844	247,310,096	2,704,658,118
Changes in equity for 2016									
Total Comprehensive Income for the year	(92,001,742)	-	11,742,983	181,467,431	-	(11,399,985)	421,397	11,519,086	101,749,170
Transfer to Statutory Reserve	-	-	-	(1,746,598)	-	-	-	(482,949)	(2,229,547)
Balance as at 31 December 2016	4,128,167	718,084,427	459,543,076	610,059,078	1,508,452	749,096,067	3,412,241	258,346,233	2,804,177,741

"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 2016**

		<u>Company and Group</u>	
	<u>Notes</u>	<u>2016</u> G\$	<u>2015</u> G\$
Earned premiums		843,540,386	810,637,146
Investment income			
"Available for sale"	4	31,082,542	34,687,819
"Loans and receivables"	4	1,510,196	6,432,563
Other income		41,463,150	33,083,972
Management fees		17,500,000	18,000,000
Gain on exchange		3,534,872	-
Gain on disposal of investments		656,880	12,551,775
Gain on disposal of Fixed Assets		1,659,010	-
		<u>940,947,036</u>	<u>915,393,275</u>
 Deduct:			
Management expenses		538,842,187	569,208,523
Claims (net)		259,164,628	(134,466,548)
Reinsurance premiums		277,785,906	252,495,776
Taxation		10,826,618	52,323,464
		<u>1,086,619,339</u>	<u>739,561,215</u>
Transfer - policies entitled to profit 2016/2018	13	<u>(145,672,303)</u>	<u>175,832,060</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 2016.

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



**PROFIT AND LOSS (TRIENNIAL) ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Company and Group	
<u>Note</u>	<u>2016</u> G\$	<u>2015</u> G\$
Premiums received 2013 - 2016	22,547,694	18,326,035
Balance of unexpired risks reserve at 31 December 2013	3,611,808	4,026,175
Premiums on surrendered profit policies	567,395	419,324
	26,726,897	22,771,534
Deduct:		
Unexpired risks reserve at 31 December 2016	3,865,162	3,257,864
Transfer - profit and loss (annual) account 14	32,436,188	(65,775,510)
Triennial profit - 15%	3,412,241	2,990,844
	39,713,591	(59,526,802)
Transfer from general reserve	(12,986,694)	82,298,336

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 2016.

"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 2016

	Notes	Company		Group	
		31.12.2016 G\$	31.12.2015 G\$	31.12.2016 G\$	31.12.2015 G\$
ASSETS					
Non current assets					
Goodwill	41	-	-	157,582,464	157,582,464
Plant, Property and Equipment	16	2,039,796,845	2,009,685,048	2,011,056,650	1,984,114,923
Other assets					
Investments					
"Held to maturity"	17	-	-	773,868,999	816,794,236
"Available for sale"	17	918,939,957	897,158,696	1,699,155,815	1,692,686,288
"Loans and receivables"	17	188,700,537	3,225,618	5,844,540,498	5,147,102,567
Investment in subsidiaries	19	948,873,333	948,873,333	-	-
Properties on hand	20	1,900,000	1,900,000	13,905,618	13,698,834
Statutory deposits	21	243,576,901	242,781,430	1,289,554,317	1,166,168,682
Deferred tax assets	15(a)	43,936,799	27,871,814	45,797,941	29,458,219
		<u>4,385,724,372</u>	<u>4,131,495,939</u>	<u>11,835,462,302</u>	<u>11,007,606,213</u>
Current assets					
Receivables and prepayments	22	834,079,456	558,512,313	885,696,488	624,886,374
Interest accrued	23	5,648,311	5,399,608	44,005,391	36,776,766
Stock of stationery		4,960,856	4,176,568	6,261,697	5,502,697
Tax recoverable		72,071,750	65,787,781	83,692,031	74,130,795
Cash on deposits	24	90,620,377	210,359,781	1,086,458,093	806,453,949
Cash at banks and on hand	25	80,533,944	79,086,398	152,500,272	162,274,900
		<u>1,087,914,694</u>	<u>923,322,449</u>	<u>2,258,613,972</u>	<u>1,710,025,490</u>
TOTAL ASSETS		<u>5,473,639,066</u>	<u>5,054,818,388</u>	<u>14,094,076,274</u>	<u>12,717,631,703</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Premium capital	26	4,128,167	96,129,909	4,128,167	96,129,909
Capital reserve	18	651,396,183	651,396,183	718,084,427	718,084,427
Investment reserve	27	376,989,412	359,424,810	459,543,076	447,800,093
General reserve	28	1,032,814,306	891,782,942	610,059,078	430,338,245
Capital redemption reserve	29	1,508,452	1,508,452	1,508,452	1,508,452
Reserve for unexpired risks	30	741,857,177	752,059,390	749,096,067	760,496,052
Triennial profit	31	3,412,241	2,990,844	3,412,241	2,990,844
		<u>2,812,105,938</u>	<u>2,755,292,530</u>	<u>2,545,831,508</u>	<u>2,457,348,022</u>
Non controlling interest	32	-	-	258,346,233	247,310,096
		<u>2,812,105,938</u>	<u>2,755,292,530</u>	<u>2,804,177,741</u>	<u>2,704,658,118</u>
Non current liabilities					
Medium term borrowings	33	942,324,338	1,009,454,338	942,324,338	1,009,454,338
Reserve fund	34	-	-	160,024,968	157,795,421
Customers' deposits	35	-	-	1,156,992,932	548,783,249
Deferred tax liabilities	15(a)	434,264,122	434,264,122	502,305,487	502,566,612
Policyholders' liabilities	36	-	-	9,640,000	25,861,952
		<u>1,376,588,460</u>	<u>1,443,718,460</u>	<u>2,771,287,725</u>	<u>2,244,461,572</u>
Other liabilities					
Customers' deposits	35	-	-	7,027,329,173	6,684,137,159
Claims admitted or intimated but not paid	37	856,025,742	509,481,250	888,651,705	557,965,292
Payables and accrued expenses	38	255,991,668	252,457,701	418,773,495	420,140,559
Taxes payable		29,342,131	66,240,187	40,271,308	78,640,743
Bank overdraft	39	143,585,127	27,628,260	143,585,127	27,628,260
		<u>1,284,944,668</u>	<u>855,807,398</u>	<u>8,518,610,808</u>	<u>7,768,512,013</u>
TOTAL EQUITY AND LIABILITIES		<u>5,473,639,066</u>	<u>5,054,818,388</u>	<u>14,094,076,274</u>	<u>12,717,631,703</u>

"These financial statements were approved by the Board of Directors on 28 April 2017....."

On behalf of the Board:

..... Director

..... Director

..... Company Secretary/Finance Controller

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



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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Company		Group	
		2016 G\$	2015 G\$	2016 G\$	2015 G\$
Operating activities					
Net cash provided by/(used in) operating activities	(a)	4,004,578	(140,310,728)	290,407,409	251,500,469
Investing activities					
Purchase of fixed assets		(61,420,596)	(53,234,483)	(68,284,439)	(57,220,849)
Proceeds from disposal of fixed assets		5,276,103	1,695,000	5,276,103	1,695,000
Proceeds from redemption of securities		185,110,180	129,588,418	379,696,992	473,231,707
Properties on hand		-	-	(206,784)	(2,198,848)
Investment in Subsidiary (HIH Trust)		-	(255,000,000)	-	-
Purchase of securities		(188,669,959)	(135,785,883)	(333,486,612)	(321,563,877)
Loans and receivables (advances)/repayments		(185,474,919)	156,408,215	(933,928,005)	(1,241,525,701)
Medium term borrowings		(67,130,000)	274,000,000	(67,130,000)	274,000,000
Interest and dividend received		32,592,738	41,120,382	756,791,909	588,932,153
Other income		41,463,150	33,083,972	125,136,067	139,064,558
Net cash provided by/(used) in investing activities		(238,253,303)	191,875,621	(136,134,769)	(145,585,857)
Financing activities					
Non controlling interest's dividend		-	-	-	(1,183,716)
Repurchasing of HIH Trust shares		-	-	-	(255,000,000)
Net cash used in financing activities		-	-	-	(256,183,716)
Net increase/(decrease) in cash and cash equivalents		(234,248,725)	51,564,893	154,272,640	(150,269,104)
Cash and cash equivalents at beginning of period		261,817,919	210,253,026	941,100,598	1,091,369,702
Cash and cash equivalents at end of period		27,569,194	261,817,919	1,095,373,238	941,100,598
Comprising:					
Cash on deposits		90,620,377	210,359,781	1,086,458,093	806,453,949
Cash at banks and on hand		80,533,944	79,086,398	152,500,272	162,274,909
Bank overdraft		(143,585,127)	(27,628,260)	(143,585,127)	(27,628,260)
		27,569,194	261,817,919	1,095,373,238	941,100,598

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



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

NOTE TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Company		Group	
	2016 G\$	2015 G\$	2016 G\$	2015 G\$
(a) Surplus of revenue over expenditure before taxation	24,205,928	336,495,830	82,073,247	308,086,078
Adjustments for:				
Depreciation	28,134,017	24,994,984	38,165,374	34,950,170
Provision for loan losses	-	-	236,490,074	195,784,237
Redemption of Securities - gain	(656,880)	(12,551,775)	(1,001,289)	(15,878,301)
Increase in mandatory deposits with				
- Bank of Guyana	-	-	(121,200,000)	(110,600,000)
- Commissioner of Insurance	(795,471)	7,823,163	(2,185,635)	6,463,887
Investment income	(32,592,738)	(41,120,382)	(756,791,909)	(588,932,153)
Other income	(41,463,150)	(33,083,972)	(125,136,067)	(139,064,558)
(Gain)/Loss from Disposal of fixed assets	(2,101,321)	2,120,706	(2,098,765)	3,061,912
Operating surplus/(deficit) before working capital changes	(25,269,615)	284,678,553	(651,684,970)	(306,128,728)
Increase in customers' deposits	-	-	951,401,697	913,236,089
Increase in receivables, prepayments and interest accrued	(275,815,846)	(139,717,803)	(268,038,739)	(135,231,937)
Increase in stock of stationery	(784,288)	(509,501)	(759,000)	(830,790)
Increase/(decrease) in current liabilities	350,078,459	(250,396,875)	329,319,349	(175,699,441)
Decrease in Policyholders' Liabilities	-	-	(16,221,952)	-
Cash generated from/(used in) operations	48,208,710	(105,945,626)	344,016,385	295,345,193
Taxes paid/adjusted	(44,204,132)	(34,365,102)	(53,608,976)	(43,844,724)
Net cash provided by/(used in) operating activities	<u>4,004,578</u>	<u>(140,310,728)</u>	<u>290,407,409</u>	<u>251,500,469</u>

"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

The Hand In Hand Mutual Fire Insurance Company Limited

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

The Company provides a range of Insurance services.

GCIS Incorporated

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

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

Hand In Hand Trust Corporation Incorporated

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

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

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

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

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



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

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

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

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

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

The revised shareholdings are as follows:

Shareholdings	Number of shares	Percentage of Holdings
National Industrial & Commercial Investment Limited	250,000	3%
The Hand in Hand Mutual Fire Insurance Company Limited	5,375,000	72%
Hand in Hand Mutual Life Assurance Company Limited	1,125,000	15%
GCIS Incorporated	<u>750,000</u>	10%
	<u>7,500,000</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 in September, 2009 and has not commenced operations to date.

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

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

Names	Number of shares
The Hand in Hand Mutual Fire Insurance Company Limited	35,000
Hand in Hand Mutual Life Assurance Company Limited	30,000
GCIS Incorporated	30,000
Hand In Hand Trust Corporation Inc.	<u>5,000</u>
	<u>100,000</u>

Employees

During the year the number of employees in the group was 230 (2015 – 231).



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

NOTES ON THE ACCOUNTS

- 2 New and amended standards and interpretations

Amendments effective for the current year end

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

New and Amended Standards

IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 11 Joint Arrangements	1 January 2016
IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation And Amortisation	1 January 2016
IAS 16 & IAS 41 Agriculture: Bearer Plants	1 January 2016
IAS 27 Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28 Sale or Contribution of Assets Between Investor and Associate or Joint Venture	1 January 2016
Disclosure Initiative Amendments to IAS 1	1 January 2016
Annual Improvements 2012-2014 Cycle	1 July 2016

Pronouncements effective in future periods for early adoption

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

New and Amended Standards

IAS 12 Income taxes	1 January 2017
IFRS 7 Financial Instruments Disclosure	1 January 2017
IFRS 2 Share based Payment: Classification and Measurement of share based transactions	1 January 2018
IFRS 4 Insurance contracts: Applying IFRS 9 “Financial Instrument” with IFRS 4 “Insurance Contracts”	1 January 2018
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 9 Additions for Financial Liability Accounting	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
IFRS 16 Leases	1 January 2019

The Company and subsidiaries has not opted for early adoption.
The standards and amendments that are expected to have an impact on the Company's and subsidiary's accounting policies when adopted are explained below.



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

NOTES ON THE ACCOUNTS

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

IAS 12 - Income Taxes

The amendments to IAS 12 - Income Taxes are to be applied retrospectively and are effective from 1 January 2017 with earlier application permitted. The amendments were issued to clarify recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value in the financial statements but at cost for tax purposes can give rise to deductible temporary differences.

The amendments also clarify that:

- The carrying amount of an asset does not limit the estimation of probably future profits; and that;
- when comparing deductible temporary differences with future taxable profits, the future taxable profits excludes tax deductions resulting from the reversal of those deductible temporary differences;

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

IFRS 4 - Insurance contracts

The amendment to IFRS 4 provides two options for entities that issue insurance contracts within the scope of IFRS 4:

- (a) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets;
- (b) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4;

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

NOTES ON THE ACCOUNTS

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

IFRS 9 - Financial instrument

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Early adoption must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may apply early without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.
The standard contains specific transitional provisions for:
 - i) Classification and measurement of financial assets;
 - ii) Impairment of financial assets; and
 - iii) Hedge accounting.

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

IFRS 15: Revenue From Contracts With Customers

This standard provides a single, principle based five-step model to be applied to all contracts with customers as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

New and revised interpretation

Available for early adoption

IFRIC 22 Foreign Currency Transactions
and Advance Consideration

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

1 January 2018

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, plant, 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 profit or loss and other 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.

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

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



NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(b) Investments – cont'd

“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 impairments are written off when the possibility of further recovery seems remote.

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

(c) 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.

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.



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NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(c) Loan provisioning – cont'd

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.

(d) Plant, property and equipment and depreciation

Freehold land and buildings held for use in the supply of services or for administrative purposes are stated in the statement of financial position at their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

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

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

NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

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

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

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

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

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

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

(e) Pension plan

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

At 31 December, 2014 this plan was wound up and replaced by a Defined Contribution Plan beginning 1 January, 2015.



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NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(e) Pension plan – cont'd

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 \$23,656,810.

A defined contribution plan was established for Directors in 2015. It is administered by The Hand in Hand Mutual Fire Insurance Company Limited and is non-contributory.

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

During 2016 the corporation's contribution to the Plan was \$5,629,525 (2015 - \$5,627,625). The fund balance was \$95,155,708 as at 31 December 2016 (31 December 2015 – \$90,747,073).

(f) Reserve for unexpired risks

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

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



NOTES ON THE ACCOUNTS

2.1 Summary of significant accounting policies – cont'd

(g) Consolidation

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

The financial statements incorporate the financial statements of GCIS Incorporated, Hand In Hand Trust Corporation Inc and Hand In Hand Investments Inc in which The Hand in Hand Mutual Fire Insurance Company Limited owns 66.7%, 72% and 35% at 31 December, 2016 respectively of the issued share capitals. The group owns 58.9% of the issued share capital of the Hand In Hand Investment Inc.

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

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

(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.



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2.1 Summary of significant accounting policies – cont'd

(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 and group's statement of financial position when the company and group becomes a party to the contractual provisions of the instruments.

Receivables

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

Payables

Payables are recognised at amortized cost.

Bank borrowings

Interest bearing bank overdrafts are recognized at amortized cost.

De-recognition

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

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

(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.



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2.1 Summary of significant accounting policies – cont'd

(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 months or less.

(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 the statement of profit or loss and other comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company and group's liability for current tax is calculated using tax rates that have been enacted in Guyana at the end of the reporting period.

Deferred Tax

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

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



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2.1 Summary of significant accounting policies – cont'd

(n) Taxation- cont'd

Deferred Tax – cont'd

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

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

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

(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 profit or loss and other comprehensive income for the period.



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2.1 Summary of significant accounting policies – cont'd

(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.

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

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

(r) Insurance contract – The Hand In Hand Mutual Fire Insurance Company Ltd.

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

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

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

Liability adequacy test

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



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2.1 Summary of significant accounting policies – cont'd

(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 profit or loss and other comprehensive income and are shown gross of commission.

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

(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 profit or loss and other comprehensive income net of reinsurance recoveries. Claims that are reported but not paid are provided for in the accounts. The amount provided is based upon the estimated liabilities and limited to the coverage granted under the policy. Where the claim is subject to reinsurance, an amount is provided as recoverable from the reinsurer. A claim must be made immediately and then put in writing within 14 days according to the insurance contract.

(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 reserve.



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2.1 Summary of significant accounting policies – cont'd

(w) General reserve

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

(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 for equity shares. 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 the Company and Group incurs in connection with the borrowing of funds – IAS 23 – Borrowing costs. Borrowing costs were expensed during the period.

NOTES ON THE ACCOUNTS

2.2 Critical accounting judgments and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

(i) Receivables and prepayments

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

(ii) Useful lives of plant, property and equipment

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

(iii) Other financial assets

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

(iv) 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	
	2016 G\$	2015 G\$	2016 G\$	2015 G\$
6 Management fees				
GCIS Inc.	12,000,000	12,000,000	-	-
Hand in Hand Trust Corporation Inc.	5,500,000	6,000,000	-	-
	<u>17,500,000</u>	<u>18,000,000</u>	<u>-</u>	<u>-</u>
7 Commissions and allowances				
Fire	108,053,481	103,519,951	110,258,126	105,020,298
Marine	3,403,087	3,305,937	3,403,087	3,305,937
Accident and liabilities	31,713,637	35,369,419	31,713,637	35,369,419
Auto	36,312,999	38,685,438	39,874,338	43,831,755
	<u>179,483,204</u>	<u>180,880,745</u>	<u>185,249,188</u>	<u>187,527,409</u>
8 Management expenses				
Operating expenses	236,399,815	248,993,628	300,373,409	326,516,027
Provision for losses (a)	-	-	236,490,074	195,784,237
Employment cost	347,295,845	390,779,102	617,933,910	638,533,148
Depreciation	28,134,017	24,994,984	38,165,374	34,950,170
Directors' emoluments (b)	11,273,724	10,736,868	18,467,655	17,568,915
Investments written off (c)	-	-	4,072,545	33,349,488
Auditor's remuneration	4,260,198	5,308,986	7,043,164	8,075,952
	<u>627,363,599</u>	<u>680,813,568</u>	<u>1,222,546,131</u>	<u>1,254,777,937</u>
(a) Provision for losses				
Increase in loan loss provision	-	-	(253,571,184)	(204,068,679)
Bad debt recoveries	-	-	17,081,110	8,284,442
	<u>-</u>	<u>-</u>	<u>(236,490,074)</u>	<u>(195,784,237)</u>
(b) Directors' emoluments				
J.G. Carpenter - (Chairman - HIHF)	2,818,164	2,683,968	3,199,210	3,022,898
P.A. Chan-Sue - (Chairman - HIH Trust and Vice-Chairman GCIS Inc)	1,691,112	1,610,580	3,114,286	2,991,638
C.R. Quintin - (Chairman - GCIS Inc and Vice-Chairman - HIH Trust)	1,691,112	1,610,580	3,018,155	2,885,423
W.A. Lee - (Vice Chairman - HIHF)	1,691,112	1,610,580	1,691,112	1,610,580
I.A. Mc Donald	1,691,112	1,610,580	2,516,256	2,435,724
T.A. Parris	1,691,112	1,610,580	2,897,302	2,774,654
O.Gossai (Resigned July 31, 2015)	-	-	-	197,710
K. Evelyn	-	-	-	-
K. Cholmondeley	-	-	381,046	-
Troy Cadogan	-	-	825,144	825,144
Timothy Jonas	-	-	825,144	825,144
	<u>11,273,724</u>	<u>10,736,868</u>	<u>18,467,655</u>	<u>17,568,915</u>
(c) Investment written off				
RBC Dominion and other investments	-	-	4,072,545	33,349,488

Investments held in RBC Dominion have declined significantly in fair values, as a result an amount of \$4,072,545 and \$33,349,488 (2015) respectively, were written off.



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	2016			2015		
	Gross G\$	Reinsurance G\$	Net G\$	Gross G\$	Reinsurance G\$	Net G\$
9 Claims						
Company						
Fire	545,466,773	297,390,453	248,076,320	187,991,299	16,558,597	171,432,702
Marine	3,939,579	-	3,939,579	3,154,988	-	3,154,988
Accident and liabilities	7,148,729	-	7,148,729	(314,204,238)	(5,150,000)	(309,054,238)
Auto	155,459,235	8,159,998	147,299,237	219,968,885	3,707,630	216,261,255
	<u>712,014,316</u>	<u>305,550,451</u>	<u>406,463,865</u>	<u>96,910,934</u>	<u>15,116,227</u>	<u>81,794,707</u>
Claims paid in financial year						
Fire	181,989,731	24,843,953	157,145,778	199,557,048	16,558,597	182,998,451
Marine	839,579	-	839,579	5,200,929	-	5,200,929
Accident and liabilities	8,111,774	-	8,111,774	12,253,363	-	12,253,363
Auto	174,528,740	8,159,998	166,368,742	186,307,055	3,707,630	182,599,425
	<u>365,469,824</u>	<u>33,003,951</u>	<u>332,465,873</u>	<u>403,318,395</u>	<u>20,266,227</u>	<u>383,052,168</u>
Group						
Fire	559,698,686	306,301,275	253,397,411	192,482,500	16,558,597	175,923,903
Marine	3,939,579	-	3,939,579	3,154,988	-	3,154,988
Accident and liabilities	7,148,729	-	7,148,729	(314,204,238)	(5,150,000)	(309,054,238)
Auto	239,107,420	10,461,757	228,645,663	318,497,652	3,707,630	314,790,022
Life	159,911	44,032	115,879	1,844,341	-	1,844,341
	<u>810,054,325</u>	<u>316,807,064</u>	<u>493,247,261</u>	<u>201,775,243</u>	<u>15,116,227</u>	<u>186,659,016</u>
Claims paid in financial year						
Fire	186,371,644	27,196,919	159,174,725	213,449,641	26,621,069	186,828,572
Marine	839,579	-	839,579	5,200,929	-	5,200,929
Accident and liabilities	8,111,774	-	8,111,774	12,253,363	-	12,253,363
Auto	277,497,145	10,775,757	266,721,388	277,820,322	6,118,630	271,701,692
Life	326,581	66,699	259,882	1,830,668	-	1,830,668
	<u>473,146,723</u>	<u>38,039,375</u>	<u>435,107,348</u>	<u>510,554,923</u>	<u>32,739,699</u>	<u>477,815,224</u>



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MUTUAL FIRE INSURANCE COMPANY LIMITED
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NOTES ON THE ACCOUNTS

	Group	
	<u>2016</u>	<u>2015</u>
	G\$	G\$
10 Interest		
Interest expenses	<u>251,759,646</u>	<u>196,538,453</u>

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

	Group	
	<u>2016</u>	<u>2015</u>
	G\$	G\$
11 Surrenders		
Surrenders	<u>414,047</u>	<u>1,429,337</u>

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

	Company & Group	
	<u>2016</u>	<u>2015</u>
	G\$	G\$
12 Triennial cash profit		
Triennial cash profit - 15%	<u>2,990,844</u>	<u>3,138,247</u>

13 Policies entitled to profits 2015/2018		
Policies entitled to profits 2015	-	99,305,467
Policies entitled to profits 2016	(73,453,573)	59,842,594
Policies entitled to profits 2017	(43,547,790)	16,683,999
Policies entitled to profits 2018	<u>(28,670,940)</u>	<u>-</u>
	<u>(145,672,303)</u>	<u>175,832,060</u>

14 Transfer - profit and loss (annual) account on policies entitled to profit		
At 31 December 2013	-	8,303,005
At 31 December 2014	18,825,209	25,226,952
At 31 December 2015	(59,842,594)	(99,305,467)
At 31 December 2016	<u>73,453,573</u>	<u>-</u>
	<u>32,436,188</u>	<u>(65,775,510)</u>



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15(a) Taxation

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

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

	Company		Group	
	2016 G\$	2015 G\$	2016 G\$	2015 G\$
Reconciliation of tax expenses and accounting profit				
Accounting profit/(loss)	24,205,928	336,495,830	65,851,295	308,086,078
Corporation tax @ 40%/30%	9,682,371	134,598,332	20,497,897	132,159,199
Add:				
Tax effect of expenses not deductible in determining taxable profit	11,253,607	9,997,993	12,702,941	11,645,357
	20,935,978	144,596,325	33,200,838	143,804,556
Deduct:				
Income exempt from corporation tax	(15,423,610)	(12,505,460)	(40,125,620)	(38,427,351)
	5,512,368	132,090,865	(6,924,782)	105,377,205
Adjustments and effect of varying tax rates	(5,512,368)	(74,725,187)	9,964,813	(39,620,101)
Corporation tax	-	57,365,678	3,040,031	65,757,104
Taxes deducted at source from income on deposits	740,246	741,840	2,287,532	2,323,512
Capital gains tax at 20%	281,861	2,522,601	350,743	3,187,906
Deferred tax	(16,064,985)	57,123,450	(16,600,848)	56,542,941
	(15,042,878)	117,753,569	(10,922,542)	127,811,463
Taxation - current	1,022,107	60,630,119	5,678,306	71,268,522
- deferred	(16,064,985)	57,123,450	(16,600,848)	56,542,941
	(15,042,878)	117,753,569	(10,922,542)	127,811,463



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15(a) Taxation - cont'd

Deferred tax

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

Movement in temporary differences

	Company		
	<u>Fixed assets</u> G\$	<u>Unused tax losses carried forward</u> G\$	<u>Total</u> G\$
<u>Deferred assets</u>			
At 1 January 2015	474,368	84,520,896	84,995,264
Movement during the year:-			-
Statement of profit or loss and other comprehensive income	<u>(79,269)</u>	<u>(57,044,181)</u>	<u>(57,123,450)</u>
At 31 December 2015	395,099	27,476,715	27,871,814
Movement during the year:-			
Statement of profit or loss and other comprehensive income	<u>39,667</u>	<u>16,025,318</u>	<u>16,064,985</u>
At 31 December 2016	<u>434,766</u>	<u>43,502,033</u>	<u>43,936,799</u>

	Company	
	<u>Revaluation of Land and Building</u> G\$	<u>Total</u> G\$
<u>Deferred liabilities</u>		
At 1 January 2015 and 31 December 2016	<u>434,264,122</u>	<u>434,264,122</u>



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15(a) Taxation - cont'd

Deferred tax

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

Movement in temporary differences

	<u>Group</u>		
	<u>Fixed assets</u> G\$	<u>Unused tax losses carried forward</u> G\$	<u>Total</u> G\$
<u>Deferred assets</u>			
At 1 January 2015	1,795,987	84,520,896	86,316,883
Movement during the year:-			
Statement of profit or loss and other comprehensive income	<u>185,517</u>	<u>(57,044,181)</u>	<u>(56,858,664)</u>
At 31 December 2015	1,981,504	27,476,715	29,458,219
Movement during the year:-			
Statement of profit or loss and other comprehensive income	<u>314,404</u>	<u>16,025,318</u>	<u>16,339,722</u>
At 31 December 2016	<u>2,295,908</u>	<u>43,502,033</u>	<u>45,797,941</u>
		<u>Group</u>	
	<u>Revaluation of Land and Building</u> G\$	<u>Fixed assets</u> G\$	<u>Total</u> G\$
<u>Deferred liabilities</u>			
At 1 January 2015	495,649,419	7,232,916	502,882,335
Movement during the year:-			
Statement of profit or loss and other comprehensive income	<u>-</u>	<u>(315,723)</u>	<u>(315,723)</u>
At 31 December 2015	495,649,419	6,917,193	502,566,612
Movement during the year:-			
Statement of profit or loss and other comprehensive income	<u>-</u>	<u>(261,125)</u>	<u>(261,125)</u>
At 31 December 2016	<u>495,649,419</u>	<u>6,656,068</u>	<u>502,305,487</u>



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

	Company					
	2016			2015		
	Before-tax amount G\$	Tax (expense)/ benefit G\$	Net-of-tax amount G\$	Before-tax amount G\$	Tax (expense)/ benefit G\$	Net-of-tax amount G\$
Written back on disposal of investment	(1,243,395)	-	(1,243,395)	(13,718,218)	-	(13,718,218)
Fair value adjustment on investments	18,807,997	-	18,807,997	(44,808,148)	-	(44,808,148)
	<u>17,564,602</u>	<u>-</u>	<u>17,564,602</u>	<u>(58,526,366)</u>	<u>-</u>	<u>(58,526,366)</u>

	Group					
	2016			2015		
	Before-tax amount G\$	Tax (expense)/ benefit G\$	Net-of-tax amount G\$	Before-tax amount G\$	Tax (expense)/ benefit G\$	Net-of-tax amount G\$
Written back on disposal of investment	(1,243,395)	-	(1,243,395)	(13,718,218)	-	(13,718,218)
Fair value adjustment on investments	9,996,776	-	9,996,776	(63,989,175)	-	(63,989,175)
	<u>8,753,381</u>	<u>-</u>	<u>8,753,381</u>	<u>(77,707,393)</u>	<u>-</u>	<u>(77,707,393)</u>



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16 (a) Plant, Property and Equipment

COMPANY

	Freehold land and <u>buildings</u> G\$	Furniture, equipment and <u>machinery</u> G\$	Motor <u>vehicles</u> G\$	2016 <u>Total</u> G\$	2015 <u>Total</u> G\$
Cost/valuation					
At 1 January	1,862,228,994	336,909,054	72,863,906	2,272,001,954	2,229,146,779
Additions	14,877,290	31,419,232	15,124,074	61,420,596	53,234,483
Disposals	-	(23,645,713)	(7,647,000)	(31,292,713)	(10,379,308)
At 31 December	<u>1,877,106,284</u>	<u>344,682,573</u>	<u>80,340,980</u>	<u>2,302,129,837</u>	<u>2,272,001,954</u>
Comprising:					
Cost	791,445,979	344,682,573	80,340,980	1,216,469,532	1,186,341,649
Valuation	<u>1,085,660,305</u>	-	-	<u>1,085,660,305</u>	<u>1,085,660,305</u>
	<u>1,877,106,284</u>	<u>344,682,573</u>	<u>80,340,980</u>	<u>2,302,129,837</u>	<u>2,272,001,954</u>
Depreciation					
At 1 January	-	225,762,341	36,554,565	262,316,906	243,885,525
Charge for the year	-	20,430,344	7,703,673	28,134,017	24,994,984
Written back on disposals	-	(21,832,386)	(6,285,545)	(28,117,931)	(6,563,603)
At 31 December	-	<u>224,360,299</u>	<u>37,972,693</u>	<u>262,332,992</u>	<u>262,316,906</u>
Net book values:					
At 31 December 2016	<u>1,877,106,284</u>	<u>120,322,274</u>	<u>42,368,287</u>	<u>2,039,796,845</u>	
At 31 December 2015	<u>1,862,228,994</u>	<u>111,146,713</u>	<u>36,309,341</u>		<u>2,009,685,048</u>



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16 (b) Plant, Property and Equipment

GROUP

	Freehold land and <u>buildings</u> G\$	Furniture, equipment and <u>machinery</u> G\$	Motor <u>vehicles</u> G\$	2016 <u>Total</u> G\$	2015 <u>Total</u> G\$
Cost/valuation					
At 1 January	1,837,117,587	436,623,772	108,873,368	2,382,614,727	2,338,195,506
Additions	14,877,290	38,283,075	15,124,074	68,284,439	57,220,849
Disposals	-	(24,287,352)	(19,409,091)	(43,696,443)	(12,801,628)
At 31 December	<u>1,851,994,877</u>	<u>450,619,495</u>	<u>104,588,351</u>	<u>2,407,202,723</u>	<u>2,382,614,727</u>
Comprising:					
Cost	566,021,837	450,619,495	104,588,351	1,121,229,683	1,096,641,687
Valuation	<u>1,285,973,040</u>	-	-	<u>1,285,973,040</u>	<u>1,285,973,040</u>
	<u>1,851,994,877</u>	<u>450,619,495</u>	<u>104,588,351</u>	<u>2,407,202,723</u>	<u>2,382,614,727</u>
Depreciation					
At 1 January	28,663,356	307,883,184	61,953,264	398,499,804	371,594,351
Charge for the year	1,289,339	24,905,285	11,970,750	38,165,374	34,950,170
Written back on disposals	-	(22,471,469)	(18,047,636)	(40,519,105)	(8,044,717)
At 31 December	<u>29,952,695</u>	<u>310,317,000</u>	<u>55,876,378</u>	<u>396,146,073</u>	<u>398,499,804</u>
Net book values:					
At 31 December	<u>1,822,042,182</u>	<u>140,302,495</u>	<u>48,711,973</u>	<u>2,011,056,650</u>	
At 31 December, 2015	<u>1,808,454,231</u>	<u>128,740,588</u>	<u>46,920,104</u>		<u>1,984,114,923</u>

If no revaluation of land and buildings were done, the net book value of the fixed assets would have been approximately \$803,470,789 (2015 - \$788,593,499).

(c) Refer to Note 18 for fair value disclosures.



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17 Investments

	Company			
	31.12.2016		31.12.2015	
	<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	504,310,709	234,425,032	478,329,086	229,970,380
Canada	77,275,257	24,684,283	67,880,080	24,684,283
United States	175,068,312	109,210,345	152,815,234	84,370,150
United Kingdom	162,285,679	173,630,885	198,134,296	198,709,070
	<u>918,939,957</u>	<u>541,950,545</u>	<u>897,158,696</u>	<u>537,733,883</u>
"Loans and receivables"				
Mortgages (d)	174,000,537	174,000,537	3,225,618	3,225,618
MCG Investment	14,700,000	14,700,000	-	-
	<u>188,700,537</u>	<u>188,700,537</u>	<u>3,225,618</u>	<u>3,225,618</u>
Total investments	<u>1,107,640,494</u>	<u>730,651,082</u>	<u>900,384,314</u>	<u>540,959,501</u>

	Group			
	31.12.2016		31.12.2015	
	<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)	294,677,600	294,677,600	305,479,600	305,479,600
Caribbean - Government (b)	419,191,399	419,191,399	451,314,636	451,314,636
Caribbean - Others (c)	60,000,000	60,000,000	60,000,000	60,000,000
	<u>773,868,999</u>	<u>773,868,999</u>	<u>816,794,236</u>	<u>816,794,236</u>
"Available for sale"				
Government:-				
United Kingdom	1,155,302	1,402,847	6,385,943	6,540,814
Shares, other stocks and bonds				
Guyana	626,338,416	357,928,969	606,268,580	353,474,317
Canada	107,110,099	52,010,516	95,206,313	66,188,703
United States	220,990,189	148,452,969	193,836,228	130,210,642
Caribbean - Others	521,927,519	534,720,127	535,229,055	545,677,504
United Kingdom	221,634,290	236,161,629	255,760,169	256,244,037
	<u>1,699,155,815</u>	<u>1,330,677,057</u>	<u>1,692,686,288</u>	<u>1,358,336,017</u>
"Loans and receivables"				
Mortgages (d)	6,207,806,029	6,207,806,029	5,326,930,540	5,326,930,540
MCG Investment	14,700,000	14,700,000	-	-
	<u>6,222,506,029</u>	<u>6,222,506,029</u>	<u>5,326,930,540</u>	<u>5,326,930,540</u>
Less: Provision for impaired mortgages	<u>377,965,531</u>	<u>377,965,531</u>	<u>179,827,973</u>	<u>179,827,973</u>
	<u>5,844,540,498</u>	<u>5,844,540,498</u>	<u>5,147,102,567</u>	<u>5,147,102,567</u>
Total investments	<u>8,317,565,312</u>	<u>7,949,086,554</u>	<u>7,656,583,091</u>	<u>7,322,232,820</u>



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17 Investments - cont'd

Investment securities

	<u>Year of Maturity</u>	<u>Rate of Interest</u>	<u>Security</u>	<u>31.12.2016</u> G\$	<u>31.12.2015</u> G\$
Held to Maturity					
<u>(a) Guyana - Others</u>					
Courts (Guyana) Inc	2017	8.00	Secured	170,000,000	170,000,000
Berbice Bridge Inc. - Tranche 1	2018	9.00	Secured	24,677,600	35,479,600
Berbice Bridge Inc. - Tranche 2	2022	10.00	Secured	100,000,000	100,000,000
				<u>294,677,600</u>	<u>305,479,600</u>
<u>(b) Caribbean- Government</u>					
St. Vincent & Grenadines	2018	8.50	Secured	9,180,000	15,300,000
Gov't of Belize	2031	5.00	Secured	155,647,104	155,647,104
T&T Housing Bond	2025	7.00	Secured	61,120,000	61,120,000
Gov't of Trinidad & Tobago	2017	8.25	Secured	49,536,000	49,536,000
Gov't of St. Kitts New Discount Bonds	2032	6.00	Secured	8,514,762	9,205,999
Gov't of St Kitts New Par Bonds	2057	1.50	Secured	8,761,533	8,761,533
Gov't of T&T Bond	2021	-	Secured	101,472,000	121,792,000
Gov't of T&T Bond	2021	-	Secured	24,960,000	29,952,000
				<u>419,191,399</u>	<u>451,314,636</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>31.12.2016</u> G\$	<u>31.12.2015</u> G\$
(c) Caribbean- Others					
Neal & Massey Holdings	2017	5.35	Secured	16,000,000	16,000,000
TSTT Bonds	2017	4.50	Secured	44,000,000	44,000,000
				<u>60,000,000</u>	<u>60,000,000</u>

(d) Mortgages

	Company		Group	
	<u>31.12.2016</u> G\$	<u>31.12.2015</u> G\$	<u>31.12.2016</u> G\$	<u>31.12.2015</u> G\$
(a) Accrual loan and advances	188,700,537	3,225,618	4,614,906,339	3,732,457,649
Non accruals loan and advances	-	-	1,607,599,690	1,594,472,891
	<u>188,700,537</u>	<u>3,225,618</u>	<u>6,222,506,029</u>	<u>5,326,930,540</u>
Provision for impairment (i)	-	-	377,965,531	179,827,973
	<u>188,700,537</u>	<u>3,225,618</u>	<u>5,844,540,498</u>	<u>5,147,102,567</u>
(b) Provision for impairment				
At beginning	-	-	179,827,973	83,982,691
Reversal of provision	-	-	(206,611,097)	(281,288,100)
Provision for the year	-	-	404,748,655	377,133,382
	<u>-</u>	<u>-</u>	<u>198,137,558</u>	<u>95,845,282</u>
At end	<u>-</u>	<u>-</u>	<u>377,965,531</u>	<u>179,827,973</u>
(i) Individually assessed provision	<u>-</u>	<u>-</u>	<u>377,965,531</u>	<u>179,827,973</u>



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18 Fair value determination

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

Company	IFRS 13 Level	31.12.2016		IFRS 13 Level	31.12.2015	
		Carrying Value G\$	Fair Value G\$		Carrying Value G\$	Fair Value G\$
Assets						
Investments						
Loans and receivables	2	188,700,537	188,700,537	2	3,225,618	3,225,618
Statutory deposits	2	243,576,901	243,576,901	2	242,781,430	242,781,430
Investment in subsidiaries	2	948,873,333	948,873,333	2	948,873,333	948,873,333
Accrued interest	2	5,648,311	5,648,311	2	5,399,608	5,399,608
Receivable and prepayments	2	834,079,456	834,079,456	2	558,512,313	558,512,313
Taxes recoverable	2	72,071,750	72,071,750	2	65,787,781	65,787,781
Cash on deposits	1	90,620,377	90,620,377	1	210,359,781	210,359,781
Cash at banks and on hand	1	80,533,944	80,533,944	1	79,086,398	79,086,398
		<u>2,464,104,609</u>	<u>2,464,104,609</u>		<u>2,114,026,262</u>	<u>2,114,026,262</u>
Liabilities						
Medium term borrowings	2	942,324,338	942,324,338	2	1,009,454,338	1,009,454,338
Claims admitted and intimated but not paid	2	856,025,742	856,025,742	2	509,481,250	509,481,250
Payables and accrued expenses	2	255,991,668	255,991,668	2	252,457,701	252,457,701
Taxes payable	2	29,342,131	29,342,131	2	66,240,187	66,240,187
Bank overdraft	1	143,585,127	143,585,127	1	27,628,260	27,628,260
		<u>2,227,269,006</u>	<u>2,227,269,006</u>		<u>1,865,261,736</u>	<u>1,865,261,736</u>
Group						
Assets						
Goodwill	2	157,582,464	157,582,464	2	157,582,464	157,582,464
Investments						
Held to maturity	2	773,868,999	773,868,999	2	816,794,236	816,794,236
Loans and receivables	2	5,844,540,498	5,844,540,498	2	5,147,102,567	5,147,102,567
Statutory deposits	2	1,289,554,317	1,289,554,317	2	1,166,168,682	1,166,168,682
Accrued interest	2	44,005,391	44,005,391	2	36,776,766	36,776,766
Receivable and prepayments	2	885,696,488	885,696,488	2	624,886,374	624,886,374
Taxes recoverable	2	83,692,031	83,692,031	2	74,130,795	74,130,795
Cash on deposits	1	1,086,458,093	1,086,458,093	1	806,453,949	806,453,949
Cash at banks and on hand	1	152,500,272	152,500,272	1	162,274,909	162,274,909
		<u>10,317,898,553</u>	<u>10,317,898,553</u>		<u>8,992,170,742</u>	<u>8,992,170,742</u>
Liabilities						
Customers' deposits	2	8,184,322,105	8,184,322,105	2	7,232,920,408	7,232,920,408
Medium term borrowings	2	942,324,338	942,324,338	2	1,009,454,338	1,009,454,338
Reserve fund	2	160,024,968	160,024,968	2	157,795,421	157,795,421
Policyholders' liabilities	2	9,640,000	9,640,000	2	25,861,952	25,861,952
Claims admitted and intimated but not paid	2	888,651,705	888,651,705	2	557,965,292	557,965,292
Payables and accrued expenses	2	418,773,495	418,773,495	2	420,140,559	420,140,559
Taxes payable	2	40,271,308	40,271,308	2	78,640,743	78,640,743
Bank overdraft	1	143,585,127	143,585,127	1	27,628,260	27,628,260
		<u>10,787,593,046</u>	<u>10,787,593,046</u>		<u>9,510,406,973</u>	<u>9,510,406,973</u>



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18 Fair value determination - cont'd

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

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

(i) "Loans and receivables"

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

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

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

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

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

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

Fair value measurements recognised in the statement of financial position

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

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

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

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



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18 Fair value determination - cont'd

Assets carried at fair value

Company	31.12.2016 (IFRS 13)			Total G\$
	Level 1 G\$	Level 2 G\$	Level 3 G\$	
Available for sale financial assets	410,293,332	458,358,875	50,287,750	918,939,957
	31.12.2015 (IFRS 13)			Total G\$
	Level 1 G\$	Level 2 G\$	Level 3 G\$	
Available for sale financial assets	394,859,039	452,011,907	50,287,750	897,158,696
Group	31.12.2016 (IFRS 13)			Total G\$
	Level 1 G\$	Level 2 G\$	Level 3 G\$	
Available for sale financial assets	1,067,326,181	580,694,555	51,135,079	1,699,155,815
	31.12.2015 (IFRS 13)			Total G\$
	Level 1 G\$	Level 2 G\$	Level 3 G\$	
Available for sale financial assets	1,056,061,194	585,490,015	51,135,079	1,692,686,288

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

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

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

	Company		Group	
	31.12.2016 G\$	31.12.2015 G\$	31.12.2016 G\$	31.12.2015 G\$
Plant, Property and Equipment	2,039,796,845	2,009,685,048	2,011,056,650	1,984,114,923
Properties on hand	1,900,000	1,900,000	13,905,618	13,698,834

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

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

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



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19 Investment in subsidiaries

	Company		Group	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	G\$	G\$	G\$	G\$
GCIS Inc.	215,000,000	215,000,000	-	-
HIH Trust Corporation Inc.	733,838,333	733,838,333	-	-
HIH Investment Inc.	35,000	35,000	-	-
	<u>948,873,333</u>	<u>948,873,333</u>	<u>-</u>	<u>-</u>

20 Properties on hand

Cost

Opening and closing balance	<u>1,900,000</u>	<u>1,900,000</u>	<u>46,776,290</u>	<u>36,013,650</u>
Provision for diminution in value	<u>-</u>	<u>-</u>	<u>32,870,672</u>	<u>22,314,816</u>
Fair value	<u>1,900,000</u>	<u>1,900,000</u>	<u>13,905,618</u>	<u>13,698,834</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.

21 Statutory deposits

	Company		Group	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Deposit at Bank of Guyana	-	-	986,417,903	865,217,903
Republic Bank Guyana Ltd	83,392,975	82,727,451	83,392,975	82,727,451
Citizens Bank Inc.	148,912,709	148,912,709	208,472,222	207,082,058
Guyana Bank For Trade & Industry Ltd	<u>11,271,217</u>	<u>11,141,270</u>	<u>11,271,217</u>	<u>11,141,270</u>
	<u>243,576,901</u>	<u>242,781,430</u>	<u>1,289,554,317</u>	<u>1,166,168,682</u>

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



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22 Receivables and prepayments

	Company		Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$	G\$	G\$
Reinsurance recoveries (a)	388,044,920	115,498,420	388,044,920	115,498,420
Prepayments	9,706,384	11,582,284	13,906,026	15,637,986
Other receivables	<u>442,576,220</u>	<u>438,063,077</u>	<u>489,993,610</u>	<u>500,381,436</u>
	840,327,524	565,143,781	891,944,556	631,517,842
Less: Provision for impairment (Individually assessed)	<u>6,248,068</u>	<u>6,631,468</u>	<u>6,248,068</u>	<u>6,631,468</u>
	<u><u>834,079,456</u></u>	<u><u>558,512,313</u></u>	<u><u>885,696,488</u></u>	<u><u>624,886,374</u></u>

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

	Company		Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$	G\$	G\$
Reinsurance recoveries				
Fire	346,546,500	74,000,000	346,546,500	74,000,000
Accident and liabilities	38,498,420	38,498,420	38,498,420	38,498,420
Auto	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
	<u><u>388,044,920</u></u>	<u><u>115,498,420</u></u>	<u><u>388,044,920</u></u>	<u><u>115,498,420</u></u>

23 Interest accrued

	Company		Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$	G\$	G\$
Bonds	-	-	34,855,418	28,402,787
Deposits at banks	5,648,311	5,399,608	9,136,625	8,348,979
Loans on policies	<u>-</u>	<u>-</u>	<u>13,348</u>	<u>25,000</u>
	<u><u>5,648,311</u></u>	<u><u>5,399,608</u></u>	<u><u>44,005,391</u></u>	<u><u>36,776,766</u></u>



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	Company		Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$	G\$	G\$
24 Cash on deposits				
Non statutory deposits:				
Term deposits	-	-	932,922,600	544,884,962
Other deposits	<u>90,620,377</u>	<u>210,359,781</u>	<u>153,535,493</u>	<u>261,568,987</u>
	<u>90,620,377</u>	<u>210,359,781</u>	<u>1,086,458,093</u>	<u>806,453,949</u>
25 Cash at banks and on hand				
Cash at banks	54,270,118	77,468,792	107,362,147	144,690,566
Cash on hand	<u>26,263,826</u>	<u>1,617,606</u>	<u>45,138,125</u>	<u>17,584,343</u>
	<u>80,533,944</u>	<u>79,086,398</u>	<u>152,500,272</u>	<u>162,274,909</u>
26 Premium capital			<u>Company and Group</u>	
			<u>31.12.2016</u>	<u>31.12.2015</u>
			G\$	G\$
Policies entitled to profit 2016			-	66,880,976
Policies entitled to profit 2017			-	25,752,001
Policies entitled to profit 2018			-	3,496,932
Policies entitled to profit 2019			<u>4,128,167</u>	<u>-</u>
			<u>4,128,167</u>	<u>96,129,909</u>



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27 Investment reserve	<u>Company</u>		<u>Group</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$	G\$	G\$
At beginning	359,424,810	417,951,176	447,800,093	518,278,311
Fair value adjustments	<u>17,564,602</u>	<u>(58,526,366)</u>	<u>11,742,983</u>	<u>(70,478,218)</u>
At end	<u>376,989,412</u>	<u>359,424,810</u>	<u>459,543,076</u>	<u>447,800,093</u>

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

28 General reserve	<u>Company</u>		<u>Group</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$	G\$	G\$
At beginning	891,782,942	769,898,506	430,338,245	477,353,350
Total Comprehensive Income for the year	141,031,364	121,884,436	181,467,431	104,032,801
Transfer to statutory reserve	-	-	(1,746,598)	-
Adjustment to Non-controlling interest as a result of shares in the Hand in Hand Trust Corporation Inc. bought by The Hand in Hand Mutual Fire Insurance Company Limited	-	-	-	(151,047,906)
At end	<u>1,032,814,306</u>	<u>891,782,942</u>	<u>610,059,078</u>	<u>430,338,245</u>

29 Capital redemption reserve	<u>Company and Group</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$
Ordinary scrip redeemed	600,000	600,000
Preference scrip redeemed	<u>908,452</u>	<u>908,452</u>
	<u>1,508,452</u>	<u>1,508,452</u>

30 Reserve for unexpired risk	<u>Company</u>		<u>Group</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$	G\$	G\$
Balance at beginning	752,059,390	747,638,653	760,496,052	758,185,661
Net increase/(decrease) in reserves	<u>(10,202,213)</u>	<u>4,420,737</u>	<u>(11,399,985)</u>	<u>2,310,391</u>
Balance at end	<u>741,857,177</u>	<u>752,059,390</u>	<u>749,096,067</u>	<u>760,496,052</u>

31 Triennial profit	<u>Company and Group</u>	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$
Triennial cash profit	<u>3,412,241</u>	<u>2,990,844</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>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$
At beginning	247,310,096	378,180,746
Total Comprehensive Income for the year	11,519,086	(25,734,840)
Adjustment to Non-controlling interest as a result of shares in the Hand in Hand Trust Corporation Inc. bought by The Hand in Hand Mutual Fire Insurance Co. Ltd	-	151,047,906
Adjustment to Non-controlling interest as a result of shares in the Hand in Hand Trust Corporation Inc. bought by The Hand in Hand Mutual Fire Insurance Co. Ltd	-	(255,000,000)
Transfer to statutory reserve	(482,949)	-
Dividend paid	-	(1,183,716)
At end	<u>258,346,233</u>	<u>247,310,096</u>

33 Medium term borrowings

	Company & Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$
Hand In Hand Mutual Life Assurance Company Limited	<u>942,324,338</u>	<u>1,009,454,338</u>

Loan from related parties at a rate of interest of 6% and 8% per annum.

This is secured by unallocated portion of property situated at 1-4 Avenue of the Republic, Lacytown, Georgetown.

34 Reserve fund

	Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$
At beginning	157,795,421	157,795,421
Transfer from Retained Earnings	2,229,547	-
At end	<u>160,024,968</u>	<u>157,795,421</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>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$
Fixed	7,077,200,304	6,119,048,035
Savings	<u>1,107,121,801</u>	<u>1,113,872,373</u>
	<u>8,184,322,105</u>	<u>7,232,920,408</u>
Customers' deposits - by maturity		
Fixed - within one year	5,920,207,372	5,570,264,786
Savings - on demand	<u>1,107,121,801</u>	<u>1,113,872,373</u>
	<u>7,027,329,173</u>	<u>6,684,137,159</u>
Fixed - over one year	<u>1,156,992,932</u>	<u>548,783,249</u>
	<u>8,184,322,105</u>	<u>7,232,920,408</u>

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

The average interest rates are as follows:

Fixed	-	1.35% - 5.0%
Savings	-	2.5%

36 Policyholders' liabilities

	Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$
At 1 January 2015	25,861,952	25,861,952
Actuarial decrease	<u>(16,221,952)</u>	<u>-</u>
At 31 December 2016	<u>9,640,000</u>	<u>25,861,952</u>

Policyholders' liabilities are Actuarially valued every three (3) years. Increases in the actuarial liabilities are recognised through the statement of profit or loss and other comprehensive income. The valuation done as at 31 December 2016 showed that the aggregate amount of the life insurance policy liabilities in relation to its long term insurance business was G\$9,640,000.

37 Claims admitted or intimated but not paid

	Company		Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$	G\$	G\$
Fire	586,331,895	222,854,853	590,931,895	224,162,709
Marine	9,458,881	6,358,881	9,458,881	6,358,881
Accident and liabilities	134,970,703	135,933,748	134,970,703	135,933,748
Auto	125,264,263	144,333,768	152,334,043	190,409,768
Life	<u>-</u>	<u>-</u>	<u>956,183</u>	<u>1,100,186</u>
	<u>856,025,742</u>	<u>509,481,250</u>	<u>888,651,705</u>	<u>557,965,292</u>

38 Payables and accrued expenses

Other payables	245,418,737	210,813,525	399,821,774	370,263,968
Accruals	<u>10,572,931</u>	<u>41,644,176</u>	<u>18,951,721</u>	<u>49,876,591</u>
	<u>255,991,668</u>	<u>252,457,701</u>	<u>418,773,495</u>	<u>420,140,559</u>



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39 Bank overdraft

	Company & Group	
	<u>31.12.2016</u>	<u>31.12.2015</u>
	G\$	G\$
Republic Bank (Guyana) Limited	134,522,575	1,696,397
Bank of Nova Scotia (unsecured)	<u>9,062,552</u>	<u>25,931,863</u>
	<u>143,585,127</u>	<u>27,628,260</u>
Interest Rate	<u>11.0%</u>	<u>13.5%</u>

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

	Company			
	<u>31.12.2016</u>			
	<u>Available for Sale</u>	<u>Loans and</u>	<u>Other financial</u>	<u>Total</u>
	G\$	receivables	assets/liabilities	G\$
	G\$	G\$	at amortized cost	G\$
Assets				
Investments				
"Available for Sale"	918,939,957	-	-	918,939,957
"Loans and receivables"	-	188,700,537	-	188,700,537
Statutory deposits	-	-	243,576,901	243,576,901
Receivables and prepayments	-	834,079,456	-	834,079,456
Interest accrued	-	5,648,311	-	5,648,311
Taxes recoverable	-	72,071,750	-	72,071,750
Cash on deposits	-	-	90,620,377	90,620,377
Cash at banks and on hand	-	-	80,533,944	80,533,944
TOTAL ASSETS	<u>918,939,957</u>	<u>1,100,500,054</u>	<u>414,731,222</u>	<u>2,434,171,233</u>
Liabilities				
Medium term borrowings	-	-	942,324,338	942,324,338
Claims admitted or intimated but not paid	-	-	856,025,742	856,025,742
Payables and accrued expenses	-	-	255,991,668	255,991,668
Taxes payable	-	-	29,342,131	29,342,131
Bank overdraft	-	-	143,585,127	143,585,127
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>2,227,269,006</u>	<u>2,227,269,006</u>



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

	Company			
	31.12.2015			
	<u>Available for sale</u>	<u>Loans and</u> <u>receivables</u>	<u>Other financial</u> <u>assets/liabilities</u> <u>at amortized cost</u>	<u>Total</u>
	G\$	G\$	G\$	G\$
Assets				
Investments				
"Available for Sale"	897,158,696	-	-	897,158,696
"Loans and receivables"	-	3,225,618	-	3,225,618
Statutory deposits	-	-	242,781,430	242,781,430
Receivables and prepayments	-	558,512,313	-	558,512,313
Interest accrued	-	5,399,608	-	5,399,608
Taxes recoverable	-	65,787,781	-	65,787,781
Cash on deposits	-	-	210,359,781	210,359,781
Cash at banks and on hand	-	-	79,086,398	79,086,398
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>897,158,696</u>	<u>632,925,320</u>	<u>532,227,609</u>	<u>2,062,311,625</u>
Liabilities				
Medium term borrowings	-	-	1,009,454,338	1,009,454,338
Claims admitted or intimated but not paid	-	-	509,481,250	509,481,250
Payables and accrued expenses	-	-	252,457,701	252,457,701
Taxes payable	-	-	66,240,187	66,240,187
Bank overdraft	-	-	27,628,260	27,628,260
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>1,865,261,736</u>	<u>1,865,261,736</u>



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

	Group				
	31.12.2016				
	<u>Available for sale</u>	<u>Held to Maturity</u>	<u>Loans and receivables</u>	<u>Other Assets/Liabilities at amortized cost</u>	<u>Total</u>
	G\$	G\$	G\$	G\$	G\$
Assets					
Investments					
"Available for Sale"	1,699,155,815	-	-	-	1,699,155,815
"Held to maturity"	-	773,868,999	-	-	773,868,999
"Loans and receivables"	-	-	5,844,540,498	-	5,844,540,498
Statutory deposits	-	-	-	1,289,554,317	1,289,554,317
Receivables and prepayments	-	-	885,696,488	-	885,696,488
Interest accrued	-	-	44,005,391	-	44,005,391
Taxes recoverable	-	-	83,692,031	-	83,692,031
Cash on deposits	-	-	-	1,086,458,093	1,086,458,093
Cash at banks and on hand	-	-	-	152,500,272	152,500,272
TOTAL ASSETS	<u>1,699,155,815</u>	<u>773,868,999</u>	<u>6,857,934,408</u>	<u>2,528,512,682</u>	<u>11,859,471,904</u>
Liabilities					
Medium term borrowings	-	-	-	942,324,338	942,324,338
Reserve fund	-	-	-	160,024,968	160,024,968
Customers Deposit	-	-	-	8,184,322,105	8,184,322,105
Policyholders' liabilities	-	-	-	9,640,000	9,640,000
Claims admitted or intimated but not paid	-	-	-	888,651,705	888,651,705
Payables and accrued expenses	-	-	-	418,773,495	418,773,495
Taxes payable	-	-	-	40,271,308	40,271,308
Bank overdraft	-	-	-	143,585,127	143,585,127
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,787,593,046</u>	<u>10,787,593,046</u>



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

	Group				
	31.12.2015				
	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"	1,692,686,288	-	-	-	1,692,686,288
"Held to maturity"	-	816,794,236	-	-	816,794,236
"Loans and receivables"	-	-	5,147,102,567	-	5,147,102,567
Statutory deposits	-	-	-	1,166,168,682	1,166,168,682
Receivables and prepayments	-	-	624,886,374	-	624,886,374
Interest accrued	-	-	36,776,766	-	36,776,766
Taxes recoverable	-	-	74,130,795	-	74,130,795
Cash on deposits	-	-	-	806,453,949	806,453,949
Cash at banks and on hand	-	-	-	162,274,909	162,274,909
	<u>1,692,686,288</u>	<u>816,794,236</u>	<u>5,882,896,502</u>	<u>2,134,897,540</u>	<u>10,527,274,566</u>
TOTAL ASSETS	<u>1,692,686,288</u>	<u>816,794,236</u>	<u>5,882,896,502</u>	<u>2,134,897,540</u>	<u>10,527,274,566</u>
Liabilities					
Medium term borrowings	-	-	-	1,009,454,338	1,009,454,338
Reserve fund	-	-	-	157,795,421	157,795,421
Customers Deposit	-	-	-	7,232,920,408	7,232,920,408
Policyholders' liabilities	-	-	-	25,861,952	25,861,952
Claims admitted or intimated but not paid	-	-	-	557,965,292	557,965,292
Payables and accrued expenses	-	-	-	420,140,559	420,140,559
Taxes payable	-	-	-	78,640,743	78,640,743
Bank overdraft	-	-	-	27,628,260	27,628,260
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,510,406,973</u>	<u>9,510,406,973</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,510,406,973</u>	<u>9,510,406,973</u>



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41 Goodwill

In accordance with IFRS 3 - Business combinations, goodwill for impairment at 31 December, 2016 was calculated using the value in use method.

	Group	
	<u>31.12.2016</u>	<u>31.12.2015</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 20 November, 2002.

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

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

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



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42 Related party transactions

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

Listed below are transactions and balances with related parties.

(i) **Subsidiary companies**

	Company		Group	
	31.12.2016 G\$	31.12.2015 G\$	31.12.2016 G\$	31.12.2015 G\$
Management fees charged to: Hand In Hand Trust Corporation Inc. GCIS Inc.	5,500,000 12,000,000 17,500,000	6,000,000 12,000,000 18,000,000	- - -	- - -

(ii) **Other disclosure**

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

Fees charged	77,262,301	73,969,848	77,262,301	73,969,848
Interest on loan from the Hand in Hand Mutual Life Assurance Company Limited.	74,318,129	61,786,265	74,318,129	61,786,265
Loans granted during the year by the Hand in Hand Mutual Life Assurance Company Limited.	942,324,338	1,009,454,338	942,324,338	1,009,454,338

Key management personnel

(i) **Compensation**

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

(a) Short term employee benefit - Managers - 36 (2015 - 26)	69,660,431	64,595,222	127,501,378	109,829,462
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(b) **Long term employee benefit**

Managers - Benefits from the contribution of pension scheme are similar to the benefits of all employees.

Directors' emoluments - 10 (2015 - 10)	11,273,724	10,736,868	18,467,655	17,568,915
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(ii) **Mortgages:**

Staff/Director - (13) 4% - 5% (2015-(12) 4.5%)	173,658,267	2,883,348	361,446,897	188,943,184
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(iii) **Loans and advances**

Staff/Director - (112) (2015-(82))	269,880,875	309,710,821	290,100,072	336,351,748
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Rate of interest	6 - 8%	6 - 8%	5 - 10%	5 - 10%
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(iv) The following is a transaction of common interest with the General Manager of Hand in Hand Trust Corporation.

USA Global Export Company Limited			88,000,000	21,218,243
Rate of interest			10% p.a	10% p.a



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43 (a) Business Information

Company

	31.12.2016				
	<u>Fire</u> G\$	<u>Marine</u> G\$	<u>Accident and liabilities</u> G\$	<u>Motor</u> G\$	<u>Total</u> G\$
Revenue					
Premium	662,410,296	20,862,263	194,417,058	582,390,710	1,460,080,327
Reinsurance premiums	203,095,236	3,884,852	70,805,818	37,184,318	314,970,224
Premium (net)	459,315,060	16,977,411	123,611,240	545,206,392	1,145,110,103
Investment income					
"Available for sale"	23,798,285	879,643	6,404,614	-	31,082,542
"Loans and receivables"	1,156,279	42,739	311,179	-	1,510,196
Other income	31,746,177	1,173,417	8,543,557	-	41,463,150
Management fees	13,398,840	495,254	3,605,907	-	17,500,000
Unclaimed TCP and others	5,092,590	188,235	1,370,522	608,194	7,259,540
Gain on exchange	2,706,468	100,038	728,367	-	3,534,872
Gain on disposal of fixed asset	1,270,218	46,950	341,842	740,971	2,399,981
Gain on disposal of investments					
"Available for sale"	502,939	18,590	135,351	-	656,880
	<u>538,986,854</u>	<u>19,922,276</u>	<u>145,052,577</u>	<u>546,555,557</u>	<u>1,250,517,264</u>
Deduct:					
Expenditure					
Commissions and allowances	108,053,480	3,403,087	31,713,637	36,312,999	179,483,204
Management expenses	302,945,451	11,197,607	81,528,924	231,691,617	627,363,599
Claims (net)	248,076,320	3,939,579	7,148,729	147,299,237	406,463,865
Triennial cash profit	2,990,844	-	-	-	2,990,844
Property Tax	10,009,824	-	-	-	10,009,824
Taxation	(15,248,191)	-	-	205,313	(15,042,878)
	<u>656,827,728</u>	<u>18,540,273</u>	<u>120,391,291</u>	<u>415,509,166</u>	<u>1,211,268,458</u>
Surplus/(deficit) of revenue over expenditure	<u>(117,840,875)</u>	<u>1,382,003</u>	<u>24,661,287</u>	<u>131,046,391</u>	<u>39,248,806</u>
	<u>Fire</u> G\$	<u>Marine</u> G\$	<u>Accident & liabilities</u> G\$	<u>Motor</u> G\$	<u>Total</u> G\$
ASSETS	<u>3,776,543,005</u>	<u>143,653,314</u>	<u>1,210,279,167</u>	<u>343,163,580</u>	<u>5,473,639,066</u>
LIABILITIES	<u>1,908,148,501</u>	<u>59,738,551</u>	<u>558,576,921</u>	<u>135,069,155</u>	<u>2,661,533,128</u>



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43 (b) Business Information

Company

	31.12.2015				
	<u>Fire</u> G\$	<u>Marine</u> G\$	<u>Accident and liabilities</u> G\$	<u>Motor</u> G\$	<u>Total</u> G\$
Revenue					
Premium	614,061,214	19,610,208	209,804,858	634,070,183	1,477,546,463
Reinsurance premiums	163,041,607	19,848,684	69,605,485	38,988,569	291,484,345
Premium (net)	451,019,607	(238,476)	140,199,373	595,081,614	1,186,062,118
Investment income					
"Available for sale"	26,472,762	(13,997)	8,229,054	-	34,687,819
"Loans and receivables"	4,909,150	(2,596)	1,526,009	-	6,432,563
Other income	25,248,752	(13,350)	7,848,570	-	33,083,972
Management fees	13,737,091	(7,263)	4,270,173	-	18,000,000
Unclaimed TCP and others	792,468	(419)	246,339	2,090,563	3,128,951
Gain on Exchange	-	-	-	-	-
Gain on disposal of investments					
"Available for sale"	9,579,160	(5,065)	2,977,680	-	12,551,775
	<u>531,758,990</u>	<u>(281,167)</u>	<u>165,297,197</u>	<u>597,172,177</u>	<u>1,293,947,198</u>
Deduct:					
Expenditure					
Commissions and allowances	103,519,951	3,305,937	35,369,419	38,685,438	180,880,745
Management expenses	325,837,682	(172,286)	101,286,591	253,861,581	680,813,568
Claims (net)	171,432,702	3,154,988	(309,054,238)	216,261,255	81,794,707
Triennial cash profit	3,138,247	-	-	-	3,138,247
Property Tax	10,824,101	-	-	-	10,824,101
Taxation	98,622,813	-	-	19,130,756	117,753,569
	<u>713,375,495</u>	<u>6,288,639</u>	<u>(172,398,227)</u>	<u>527,939,030</u>	<u>1,075,204,937</u>
Surplus/(deficit) of revenue over expenditure	<u>(181,616,505)</u>	<u>(6,569,806)</u>	<u>337,695,425</u>	<u>69,233,147</u>	<u>218,742,261</u>
	<u>Fire</u> G\$	<u>Marine</u> G\$	<u>Accident & liabilities</u> G\$	<u>Motor</u> G\$	<u>Total</u> G\$
ASSETS	<u>3,623,853,564</u>	<u>118,429,659</u>	<u>957,306,408</u>	<u>355,228,757</u>	<u>5,054,818,388</u>
LIABILITIES	<u>1,580,390,392</u>	<u>50,723,938</u>	<u>494,551,293</u>	<u>173,860,235</u>	<u>2,299,525,858</u>



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43 (c) Segmented information

Group	31.12.2016									
	Fire G\$	Marine G\$	Accident and liabilities G\$	Motor G\$	Life G\$	Trust G\$	Hand in Hand Investments Inc. G\$	Taxation G\$	Total G\$	
Revenue										
Premium	699,951,444	20,862,263	189,876,064	762,136,234	204,184	-	-	-	1,673,030,189	
Reinsurance premiums	208,460,938	3,884,852	70,805,818	49,182,379	(858,919)	-	-	-	331,475,068	
Net premiums	491,490,506	16,977,411	119,070,246	712,953,855	1,063,103	-	-	-	1,341,555,121	
Investment income										
"Held to maturity"	-	-	-	-	-	61,129,062	-	-	61,129,062	
"Available for sale"	24,464,378	879,643	6,404,614	2,384,264	2,298,108	22,075,809	-	-	58,506,816	
"Loans and receivables"	1,156,279	42,739	311,178	-	10,088	635,635,747	-	-	637,156,031	
Other income	33,259,702	1,173,417	8,543,556	6,491,463	468,640	75,199,289	-	-	125,136,067	
Unclaimed TCP and others	5,092,590	188,235	1,370,521	608,194	-	-	-	-	7,259,540	
Gain on disposal of investments										
"Available for sale"	578,146	18,590	135,351	269,202	-	-	-	-	1,001,289	
Gain on exchange	2,706,468	100,038	728,366	-	-	4,128,247	-	-	7,663,119	
Gain on disposal of assets	1,270,218	46,950	341,842	740,971	-	-	-	-	2,399,981	
	560,018,287	19,427,023	136,905,674	723,447,949	3,839,939	798,168,154	-	-	2,241,807,026	
Deduct: expenditure										
Commissions and allowance	110,258,125	3,403,087	31,713,638	39,874,338	-	-	-	-	185,249,188	
Management expenses	314,665,376	11,197,607	81,528,924	312,906,761	2,173,372	500,074,091	-	-	1,222,546,131	
Interest	-	-	-	-	-	251,759,646	-	-	251,759,646	
Claims (net)	253,397,411	3,939,579	7,148,729	228,645,663	115,879	-	-	-	493,247,261	
Surrenders	-	-	-	-	414,047	-	-	-	414,047	
Triennial cash profit	2,990,844	-	-	-	-	-	-	-	2,990,844	
Property tax	-	-	-	-	-	-	-	-	19,748,614	
Taxation	-	-	-	-	-	-	-	-	(10,922,542)	
	681,311,756	18,540,273	120,391,291	581,426,762	2,703,298	751,833,737	-	-	2,165,033,189	
Surplus/(deficit) of revenue over expenditure before actuarial adjustment and non-controlling interest	(121,293,469)	886,750	16,514,383	142,021,187	1,136,641	46,334,417	-	(8,826,072)	76,773,837	
Actuarial Adjustment	-	-	-	-	16,221,952	-	-	-	16,221,952	
Less: Non controlling interest	651,471	-	-	2,137,362	5,406,431	6,313,424	-	-	14,508,688	
Surplus/(deficit) of revenue over expenditure after non-controlling interest	(121,944,940)	886,750	16,514,383	139,883,825	11,952,162	40,020,993	-	(8,826,072)	78,487,101	
ASSETS	3,070,909,795	112,278,699	945,948,042	766,538,162	93,776,343	9,104,134,173	491,060	-	14,094,076,274	
LIABILITIES	1,906,744,757	58,606,440	549,038,887	247,182,386	26,763,702	8,501,534,361	28,000	-	11,289,898,533	



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43 (d) Segmented information

Group	31.12.2015									
	Fire G\$	Marine G\$	Accident and liabilities G\$	Motor G\$	Life G\$	Trust G\$	Hand in Hand Investments Inc. G\$	Taxation G\$	Total G\$	
Revenue										
Premium	654,144,185	19,610,208	205,263,864	841,429,316	558,611	-	-	-	1,721,006,184	
Reinsurance premiums	171,206,777	19,848,684	69,605,485	53,286,947	-	-	-	-	313,947,893	
Net premiums	482,937,408	(238,476)	135,658,379	788,142,369	558,611	-	-	-	1,407,058,291	
Investment income										
"Held to maturity"	-	-	-	-	-	54,330,742	-	-	54,330,742	
"Available for sale"	24,789,569	(13,997)	8,229,054	2,575,955	1,470,005	19,751,214	-	-	56,801,800	
"Loans and receivables"	4,909,150	(2,596)	1,526,009	-	25,071	471,341,977	-	-	477,799,611	
Other income	26,541,575	(13,350)	7,848,570	6,409,216	468,237	97,810,310	-	-	139,064,558	
Unclaimed TCP and others	792,468	(419)	246,339	2,090,563	-	-	-	-	3,128,951	
Gain on disposal of investments										
"Available for sale"	10,279,075	(5,065)	2,977,680	2,626,611	-	-	-	-	15,878,301	
Gain on Exchange	115,046	-	-	-	-	3,821,231	-	-	3,936,277	
Gain on Disposal of assets	-	-	-	-	-	-	-	-	-	
Deduct: expenditure	550,364,291	(273,903)	156,486,031	801,844,714	2,521,924	647,055,474	-	-	2,157,998,531	
Commissions and allowance	105,020,298	3,305,937	35,369,419	43,831,755	-	-	-	-	187,527,409	
Management expenses	336,385,903	(172,286)	101,286,591	332,635,152	2,698,557	481,944,020	-	-	1,254,777,937	
Interest	-	-	-	-	-	196,538,453	-	-	196,538,453	
Claims (net)	175,923,903	3,154,988	(309,054,238)	314,790,022	1,844,341	-	-	-	186,659,016	
Surrenders	-	-	-	-	1,429,337	-	-	-	1,429,337	
Triennial cash profit	3,138,247	-	-	-	-	-	-	-	3,138,247	
Taxation	-	-	-	-	-	6,579,911	-	141,073,606	147,653,517	
Surplus/(deficit) of revenue over expenditure before non-controlling interest	620,468,350	6,288,639	(172,398,227)	691,256,929	5,972,235	685,062,384	-	141,073,606	1,977,723,916	
Less: Non controlling interest	1,595,100	-	500,526	2,051,786	-	(22,653,078)	-	-	(18,505,666)	
Surplus/(deficit) of revenue over expenditure after non-controlling interest	(71,699,159)	(6,562,542)	328,383,732	108,535,999	(3,450,311)	(15,353,832)	-	(141,073,606)	198,780,281	
ASSETS	3,079,104,962	96,979,524	783,917,815	773,326,525	91,714,855	7,892,141,572	446,450	-	12,717,631,703	
LIABILITIES	1,560,772,692	49,322,137	483,220,070	302,866,735	44,430,223	7,572,311,048	50,680	-	10,012,973,585	



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44 Financial risk management

Financial risk management objectives

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

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

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

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

(a) Market risk

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

(i) Price risk

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

(ii) Interest rate risk

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



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44 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

	Interest rate %	Maturing 31.12.2016				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"	-	-	-	-	918,939,957	918,939,957
"Loans and receivables"	4.00-18.50	9,618,471	64,185,918	114,896,148	-	188,700,537
Statutory deposits	1.00-3.25	-	-	243,576,901	-	243,576,901
Receivables and prepayments	6.00	-	192,592,505	-	641,486,951	834,079,456
Interest accrued	-	-	-	-	5,648,311	5,648,311
Taxes recoverable	-	-	-	-	72,071,750	72,071,750
Cash on deposits	0.12-10.13	90,620,377	-	-	-	90,620,377
Cash at banks and on hand	-	-	-	-	80,533,944	80,533,944
		<u>100,238,848</u>	<u>256,778,423</u>	<u>358,473,049</u>	<u>1,718,680,913</u>	<u>2,434,171,233</u>
Liabilities						
Medium term borrowings	6.00-8.00	-	942,324,338	-	-	942,324,338
Claims admitted or intimated but not paid	-	-	-	-	856,025,742	856,025,742
Payables and accrued expenses	-	-	-	-	255,991,668	255,991,668
Taxes payable	-	-	-	-	29,342,131	29,342,131
Bank overdraft	11.00-13.50	143,585,127	-	-	-	143,585,127
		<u>143,585,127</u>	<u>942,324,338</u>	<u>-</u>	<u>1,141,359,541</u>	<u>2,227,269,006</u>
Interest sensitivity gap		<u>(43,346,279)</u>	<u>(685,545,915)</u>	<u>358,473,049</u>		

	Average rate %	Maturing 31.12.2015				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"	-	-	-	-	897,158,696	897,158,696
"Loans and receivables"	4.50-18.50	1,067,350	2,158,268	-	-	3,225,618
Statutory deposits	1.00-3.25	-	-	242,781,430	-	242,781,430
Receivables and prepayments	6.00	-	215,308,131	14,700,000	328,504,182	558,512,313
Interest accrued	-	-	-	-	5,399,608	5,399,608
Taxes recoverable	-	-	-	-	65,787,781	65,787,781
Cash on deposits	0.15 - 3.00	210,359,781	-	-	-	210,359,781
Cash at banks and on hand	-	-	-	-	79,086,398	79,086,398
		<u>211,427,131</u>	<u>217,466,399</u>	<u>257,481,430</u>	<u>1,375,936,665</u>	<u>2,062,311,625</u>
Liabilities						
Medium term borrowings	6.00 - 8.00	-	1,009,454,338	-	-	1,009,454,338
Claims admitted or intimated but not paid	-	-	-	-	509,481,250	509,481,250
Payables and accrued expenses	-	-	-	-	252,457,701	252,457,701
Taxes payable	-	-	-	-	66,240,187	66,240,187
Bank overdraft	13.50	27,628,260	-	-	-	27,628,260
		<u>27,628,260</u>	<u>1,009,454,338</u>	<u>-</u>	<u>828,179,138</u>	<u>1,865,261,736</u>
Interest sensitivity gap		<u>183,798,871</u>	<u>(791,987,939)</u>	<u>257,481,430</u>		



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44 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

Group	Interest rate %	Maturing				Total
		31.12.2016				
		Within 1 year G\$	1 to 5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
Assets						
Investments						
"Held to Maturity"	2.20-10.00	269,507,194	301,865,864	202,495,941	-	773,868,999
"Available for sale"	-	-	-	286,185,958	1,412,969,857	1,699,155,815
"Loans and receivables"	4.00-18.50	532,976,824	1,193,265,260	4,118,298,414	-	5,844,540,498
Statutory deposits	1.00-3.25	-	59,559,513	243,576,901	986,417,903	1,289,554,317
Receivables and prepayments	6.00	-	192,592,505	-	693,103,983	885,696,488
Interest accrued	-	35,190,824	-	-	8,814,567	44,005,391
Taxes recoverable	-	-	-	-	83,692,031	83,692,031
Cash on deposits	0.12-10.13	153,535,493	932,922,600	-	-	1,086,458,093
Cash at banks and on hand	-	57,980,045	1,140,406	-	93,379,821	152,500,272
		<u>1,049,190,380</u>	<u>2,681,346,148</u>	<u>4,850,557,214</u>	<u>3,278,378,162</u>	<u>11,859,471,904</u>
Liabilities						
Medium term borrowings	6.00-8.00	-	942,324,338	-	-	942,324,338
Reserve fund	-	-	-	-	160,024,968	160,024,968
Customers Deposit - Savings	2.00	1,107,121,801	-	-	-	1,107,121,801
Customers Deposit - Fixed deposit	1.35-5.00	5,920,207,372	1,156,559,571	433,361	-	7,077,200,304
Policyholders liabilities	-	-	-	-	9,640,000	9,640,000
Claims admitted or intimated but not paid	-	-	-	-	888,651,705	888,651,705
Payables and accrued expenses	-	-	-	-	418,773,495	418,773,495
Taxes payable	-	-	-	-	40,271,308	40,271,308
Bank overdraft	11.00-13.50	143,585,127	-	-	-	143,585,127
		<u>7,170,914,300</u>	<u>2,098,883,909</u>	<u>433,361</u>	<u>1,517,361,476</u>	<u>10,787,593,046</u>
Interest sensitivity gap		<u>(6,121,723,920)</u>	<u>582,462,239</u>	<u>4,850,123,853</u>		

Group	Interest rate %	Maturing				Total
		31.12.2015				
		Within 1 year G\$	1 to 5 years G\$	Over 5 years G\$	Non-interest bearing G\$	
Assets						
Investments						
"Held to Maturity"	2.20-18.50	83,381,492	311,665,753	270,002,991	151,744,000	816,794,236
"Available for sale"	-	-	-	295,605,648	1,397,080,640	1,692,686,288
"Loans and receivables"	4.50-18.50	924,715,915	1,673,072,675	2,549,313,977	-	5,147,102,567
Statutory deposits	1.00-3.25	-	58,169,349	242,781,430	865,217,903	1,166,168,682
Receivables and prepayments	6.00	-	215,308,131	14,700,000	394,878,243	624,886,374
Interest accrued	-	16,182,464	12,220,323	-	8,373,979	36,776,766
Taxes recoverable	-	-	-	-	74,130,795	74,130,795
Cash on deposits	0.15 - 3.00	536,793,824	269,660,125	-	-	806,453,949
Cash at banks and on hand	-	62,045,620	2,176,017	-	98,053,272	162,274,909
		<u>1,623,119,315</u>	<u>2,542,272,373</u>	<u>3,372,404,046</u>	<u>2,989,478,832</u>	<u>10,527,274,566</u>
Liabilities						
Medium term borrowings	6.00 - 8.00	-	1,009,454,338	-	-	1,009,454,338
Reserve fund	-	-	-	-	157,795,421	157,795,421
Customers Deposit - Savings	2.50	1,113,872,373	-	-	-	1,113,872,373
Customers Deposit - Fixed deposit	1.35-1.92	5,570,264,786	548,289,480	493,769	-	6,119,048,035
Policyholders liabilities	-	-	-	-	25,861,952	25,861,952
Claims admitted or intimated but not paid	-	-	-	-	557,965,292	557,965,292
Payables and accrued expenses	-	-	-	-	420,140,559	420,140,559
Taxes payable	-	-	-	-	78,640,743	78,640,743
Bank overdraft	13.50	27,628,260	-	-	-	27,628,260
		<u>6,711,765,419</u>	<u>1,557,743,818</u>	<u>493,769</u>	<u>1,240,403,967</u>	<u>9,510,406,973</u>
Interest sensitivity gap		<u>(5,088,646,104)</u>	<u>984,528,555</u>	<u>3,371,910,277</u>		



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44 Financial risk management - cont'd

(a) Market risk - cont'd

(iii) Foreign currency risk

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

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

Company	31.12.2016			G\$ equivalent
	£	US\$	Can\$	
Assets	<u>690,577</u>	<u>908,590</u>	<u>515,168</u>	<u>422,187,542</u>
	31.12.2015			G\$ equivalent
	£	US\$	Can\$	
Assets	<u>683,222</u>	<u>1,371,331</u>	<u>437,936</u>	<u>541,651,831</u>
Group	31.12.2016			G\$ equivalent
	£	US\$	Can\$	
Assets	<u>953,117</u>	<u>8,554,060</u>	<u>515,168</u>	<u>2,048,046,886</u>
	31.12.2015			G\$ equivalent
	£	US\$	Can\$	
Assets	<u>907,196</u>	<u>9,006,858</u>	<u>437,936</u>	<u>2,168,299,156</u>

Foreign currency sensitivity analysis:

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

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. A positive number below indicates an increase in reserves if the currency were 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 Statement of Profit or Loss and Other Comprehensive Income and the balances would be negative.

	Company			Group		
	31.12.2016			31.12.2016		
	£	US\$	Can\$	£	US\$	Can\$
	G\$M	G\$M	G\$M	G\$M	G\$M	G\$M
	impact	impact	impact	impact	impact	impact
Profit/(loss)	<u>4.9</u>	<u>5.5</u>	<u>2.3</u>	<u>6.7</u>	<u>51.6</u>	<u>2.3</u>
	Company			Group		
	31.12.2015			31.12.2015		
	£	US\$	Can\$	£	US\$	Can\$
	G\$M	G\$M	G\$M	G\$M	G\$M	G\$M
	impact	impact	impact	impact	impact	impact
Profit/(loss)	<u>5.9</u>	<u>8.3</u>	<u>2.0</u>	<u>7.9</u>	<u>54.3</u>	<u>2.0</u>



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44 Financial risk management - cont'd

(a) Market risk - cont'd

(iv) Interest sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate at the end of 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>31.12.2016</u>	<u>31.12.2015</u>	<u>31.12.2016</u>	<u>31.12.2015</u>
		G\$000	G\$000	G\$000	G\$000
Cash and cash equivalent					
Local currency	+/-50	1,298	1,258	5,320	2,359
Foreign currency	+/-50	144	700	1,351	2,904
Overdrafts					
Local currency	+/-50	718	138	718	138

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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44 Financial Risk Management - cont'd

(b) Liquidity risk

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

	Maturing					Total
	31.12. 2016					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	
	G\$	G\$	G\$	G\$	G\$	G\$
Company						
Assets						
Investments						
"Available for sale"	918,939,957	-	-	-	-	918,939,957
"Loans and receivables"	342,270	2,284,087	6,992,114	64,185,918	114,896,148	188,700,537
Statutory deposits	-	-	-	-	243,576,901	243,576,901
Receivables and prepayments	775,053,245	31,563,675	-	27,462,536	-	834,079,456
Interest accrued	5,648,311	-	-	-	-	5,648,311
Taxes recoverable	-	-	72,071,750	-	-	72,071,750
Cash on deposits	90,620,377	-	-	-	-	90,620,377
Cash at banks and on hand	80,533,944	-	-	-	-	80,533,944
	<u>1,871,138,104</u>	<u>33,847,762</u>	<u>79,063,864</u>	<u>91,648,454</u>	<u>358,473,049</u>	<u>2,434,171,233</u>
Liabilities						
Medium term borrowings	-	-	-	942,324,338	-	942,324,338
Claims admitted or intimated but not paid	856,025,742	-	-	-	-	856,025,742
Payables and accrued expenses	16,764,422	6,778,212	121,621,819	60,811,092	50,016,123	255,991,668
Taxes payable	-	-	29,342,131	-	-	29,342,131
Bank overdraft	143,585,127	-	-	-	-	143,585,127
	<u>1,016,375,291</u>	<u>6,778,212</u>	<u>150,963,950</u>	<u>1,003,135,430</u>	<u>50,016,123</u>	<u>2,227,269,006</u>
Net assets/(liabilities)	<u>854,762,813</u>	<u>27,069,550</u>	<u>(71,900,086)</u>	<u>(911,486,976)</u>	<u>308,456,926</u>	<u>206,902,227</u>

	Maturing					Total
	31.12. 2015					
	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	
	G\$	G\$	G\$	G\$	G\$	G\$
Company						
Assets						
Investments						
"Available for sale"	897,158,696	-	-	-	-	897,158,696
"Loans and receivables"	342,270	178,228	546,852	2,158,268	-	3,225,618
Statutory deposits	-	-	-	-	242,781,430	242,781,430
Receivables and prepayments	515,229,840	11,306,667	11,408,829	5,866,977	14,700,000	558,512,313
Interest accrued	5,399,608	-	-	-	-	5,399,608
Taxes recoverable	-	-	65,787,781	-	-	65,787,781
Cash on deposits	210,359,781	-	-	-	-	210,359,781
Cash at banks and on hand	79,086,398	-	-	-	-	79,086,398
	<u>1,707,576,593</u>	<u>11,484,895</u>	<u>77,743,462</u>	<u>8,025,245</u>	<u>257,481,430</u>	<u>2,062,311,625</u>
Liabilities						
Medium term borrowings	-	-	-	1,009,454,338	-	1,009,454,338
Claims admitted or intimated but not paid	509,481,250	-	-	-	-	509,481,250
Payables and accrued expenses	121,343,386	6,435,656	38,982	124,639,677	-	252,457,701
Taxes payable	-	-	66,240,187	-	-	66,240,187
Bank overdraft	27,628,260	-	-	-	-	27,628,260
	<u>658,452,896</u>	<u>6,435,656</u>	<u>66,279,169</u>	<u>1,134,094,015</u>	<u>-</u>	<u>1,865,261,736</u>
Net assets/(liabilities)	<u>1,049,123,697</u>	<u>5,049,239</u>	<u>11,464,293</u>	<u>(1,126,068,770)</u>	<u>257,481,430</u>	<u>197,049,889</u>



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44 Financial Risk Management - cont'd

(b) Liquidity risk - cont'd

	Maturing					Total
	31.12.2016					
Group	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	
Assets	G\$	G\$	G\$	G\$	G\$	G\$
Investments						
"Held to Maturity"	-	5,878,031	263,629,169	301,865,864	202,495,935	773,868,999
"Available for sale"	918,939,957	-	-	-	780,215,858	1,699,155,815
"Loans and receivables"	28,879,118	40,754,007	463,343,699	1,193,265,260	4,118,298,414	5,844,540,498
Statutory deposits	132,854,616	41,165,621	732,985,448	79,412,218	303,136,414	1,289,554,317
Receivables and prepayments	800,803,841	32,277,997	25,152,114	27,462,536	-	885,696,488
Interest accrued	8,814,567	35,121,464	69,360	-	-	44,005,391
Taxes recoverable	-	-	83,692,031	-	-	83,692,031
Cash on deposits	153,535,493	96,508,928	694,094,562	142,319,110	-	1,086,458,093
Cash at banks and on hand	112,104,420	39,255,446	1,140,406	-	-	152,500,272
	<u>2,155,932,012</u>	<u>290,961,494</u>	<u>2,264,106,789</u>	<u>1,744,324,988</u>	<u>5,404,146,621</u>	<u>11,859,471,904</u>
Liabilities						
Medium term borrowings	-	-	-	942,324,338	-	942,324,338
Reserve fund	-	-	-	-	160,024,968	160,024,968
Customers Deposit - Savings	1,107,121,801	-	-	-	-	1,107,121,801
Customers Deposit - Fixed deposits	-	343,046,840	6,108,212,065	625,941,399	-	7,077,200,304
Policyholders' liabilities	9,640,000	-	-	-	-	9,640,000
Claims admitted or intimated but not paid	888,651,705	-	-	-	-	888,651,705
Taxes payable	-	-	40,271,308	-	-	40,271,308
Payables and accrued expenses	73,641,357	6,863,733	277,457,313	10,794,969	50,016,123	418,773,495
Bank overdraft	143,585,127	-	-	-	-	143,585,127
	<u>2,222,639,990</u>	<u>349,910,573</u>	<u>6,425,940,686</u>	<u>1,579,060,706</u>	<u>210,041,091</u>	<u>10,787,593,046</u>
Net assets/ (liabilities)	<u>(66,707,978)</u>	<u>(58,949,079)</u>	<u>(4,161,833,897)</u>	<u>165,264,282</u>	<u>5,194,105,530</u>	<u>1,071,878,858</u>

	Maturing					Total
	31.12.2015					
Group	On Demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	
Assets	G\$	G\$	G\$	G\$	G\$	G\$
Investments						
"Held to Maturity"	-	65,583,257	43,110,235	412,817,753	295,282,991	816,794,236
"Available for sale"	897,158,696	-	-	-	795,527,592	1,692,686,288
"Loans and receivables"	10,368,332	1,005,106	913,342,477	1,673,072,675	2,549,313,977	5,147,102,567
Statutory deposits	133,664,685	19,025,735	649,406,040	63,062,192	301,010,030	1,166,168,682
Receivables and prepayments	515,242,450	11,306,667	69,981,145	13,656,112	14,700,000	624,886,374
Interest accrued	8,373,979	16,066,864	115,600	12,220,323	-	36,776,766
Taxes recoverable	-	-	74,130,795	-	-	74,130,795
Cash on deposits	261,568,987	-	273,048,820	271,836,142	-	806,453,949
Cash at banks and on hand	113,970,009	46,128,883	2,176,017	-	-	162,274,909
	<u>1,940,347,138</u>	<u>159,116,512</u>	<u>2,025,311,129</u>	<u>2,446,665,197</u>	<u>3,955,834,590</u>	<u>10,527,274,566</u>
Liabilities						
Medium term borrowings	-	-	-	1,009,454,338	-	1,009,454,338
Reserve fund	-	-	-	-	157,795,421	157,795,421
Customers Deposit - Savings	1,113,872,373	-	-	-	-	1,113,872,373
Customers Deposit - Fixed deposits	-	158,547,788	5,411,716,998	548,289,480	493,769	6,119,048,035
Policyholders' liabilities	25,861,952	-	-	-	-	25,861,952
Claims admitted or intimated but not paid	557,965,292	-	-	-	-	557,965,292
Taxes payable	-	-	78,640,743	-	-	78,640,743
Payables and accrued expenses	172,940,884	6,435,656	180,889,206	59,874,813	-	420,140,559
Bank overdraft	27,628,260	-	-	-	-	27,628,260
	<u>1,898,268,761</u>	<u>164,983,444</u>	<u>5,671,246,947</u>	<u>1,617,618,631</u>	<u>158,289,190</u>	<u>9,510,406,973</u>
Net assets/ (liabilities)	<u>42,078,377</u>	<u>(5,866,932)</u>	<u>(3,645,935,818)</u>	<u>829,046,566</u>	<u>3,797,545,400</u>	<u>1,016,867,593</u>



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44 Financial Risk Management - cont'd

(c) CREDIT RISK

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

The table below shows the maximum exposure to credit risk:

	Maximum Exposure			
	Company		Group	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	G\$	G\$	G\$	G\$
Investments				
Held to maturity	-	-	773,868,999	816,794,236
Available for sale	918,939,957	897,158,696	1,699,155,815	1,692,686,288
Loans and receivables	188,700,537	3,225,618	5,844,540,498	5,147,102,567
Statutory deposits	243,576,901	242,781,430	1,289,554,317	1,166,168,682
Receivables (net of prepayments)	824,373,072	546,930,029	871,790,462	609,248,388
Interest accrued	5,648,311	5,399,608	44,005,391	36,776,766
Tax recoverable	72,071,750	65,787,781	83,692,031	74,130,795
Cash at banks and on hand	80,533,944	79,086,398	152,500,272	162,274,909
Cash on deposits	90,620,377	210,359,781	1,086,458,093	806,453,949
Total Credit risk	2,424,464,849	2,050,729,341	11,845,565,878	10,511,636,580

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	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	G\$	G\$	G\$	G\$
Loans and receivables - (i)	188,700,537	3,225,618	5,844,540,498	5,147,102,567
Interest accrued - Note 23	5,648,311	5,399,608	44,005,391	36,776,766
Receivables (excluding prepayments) - Note 22	824,373,072	546,930,029	871,790,462	609,248,388
	<u>1,018,721,920</u>	<u>555,555,255</u>	<u>6,760,336,351</u>	<u>5,793,127,721</u>
Provision for receivables	6,248,068	6,631,468	6,248,068	6,631,468
Provision for impairment on mortgages	-	-	377,965,531	179,827,973
Total provision for impairment	6,248,068	6,631,468	384,213,599	186,459,441

(i) The above balances are classified as follows:

Pass	788,340,224	509,047,164	4,361,777,846	4,422,804,212
Special Mention (Past due 30 - 89 days)	31,990,524	11,484,895	1,035,634,880	677,951,588
Sub-Standard (Past due 90 - 179 days)	15,497,528	7,165,613	1,157,994,981	520,914,140
Doubtful (Past due over - 180 days but less than 1 year)	1,270,605	4,790,068	23,305,605	83,613,379
Loss	181,623,039	23,067,515	181,623,039	87,844,402
	<u>1,018,721,920</u>	<u>555,555,255</u>	<u>6,760,336,351</u>	<u>5,793,127,721</u>
Included above are non-performing mortgages of:	-	-	1,542,497,797	660,788,063

(ii) As detailed in note 23, Interest accrued 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, 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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NOTES ON THE ACCOUNTS

45 INSURANCE RISK

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

Risk management objectives and policies

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

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

Terms and conditions of insurance contracts

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

Sensitivity analysis

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

Concentration of insurance risks

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

Claims development

Claims are provided for and kept as a liability until they are settled or have expired. At the time of loss, a provision is made based on best estimates. There is some amount of uncertainty surrounding the timing of payments and the exact amount to be paid for most claims. There are occasions where the provision is in excess of the incurred loss. This is adjusted at the time of claim settlement or at the point of revision of provisions, whichever is earlier. 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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NOTES ON THE ACCOUNTS

46 Pending litigations

As at 31 December, 2016, there was no legal matter outstanding against the Group.

47 APUA Investments

On 21 March, 2016, the Trustee indicated that the court proceedings have concluded and the period for appeal has expired and as such preparations have begun to make payments to the bondholders.

The Trustee have completed and identified all outstanding expenses related to the court proceedings and other related expenses so as to determine the amount available for distribution. On 22 August, 2016, the Trustee have issued instruction to listed paying agents (RBC Merchant Bank Ltd.) to make available disbursements totalling EC\$363,126.15 to the Bondholders. To date we have received full disbursements.

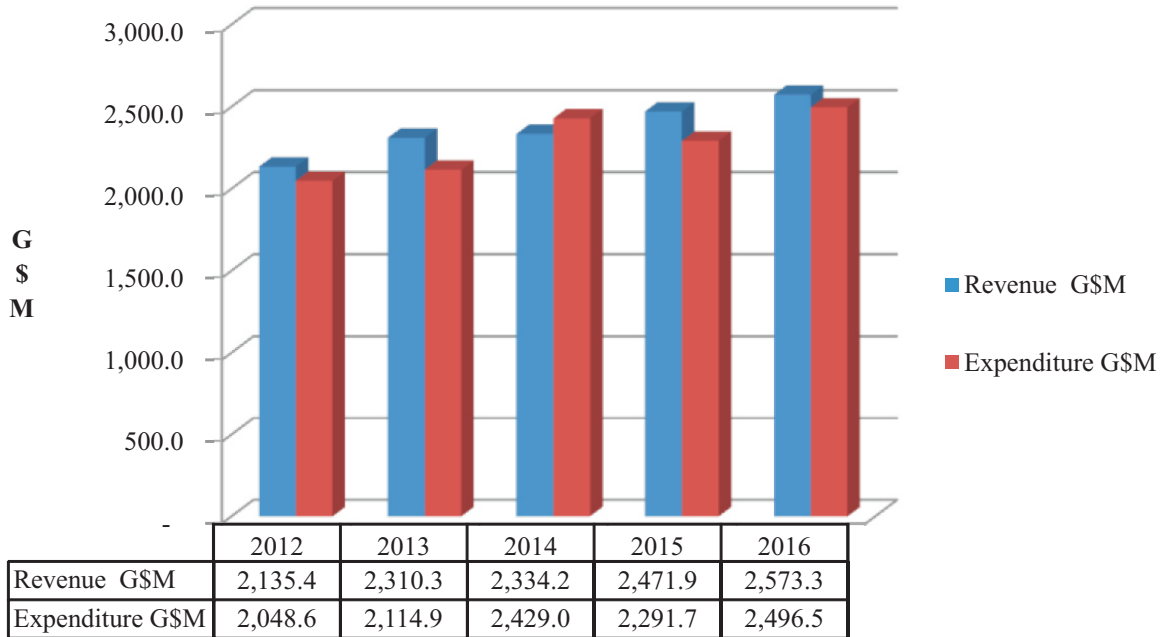
48 Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 28 April, 2017.

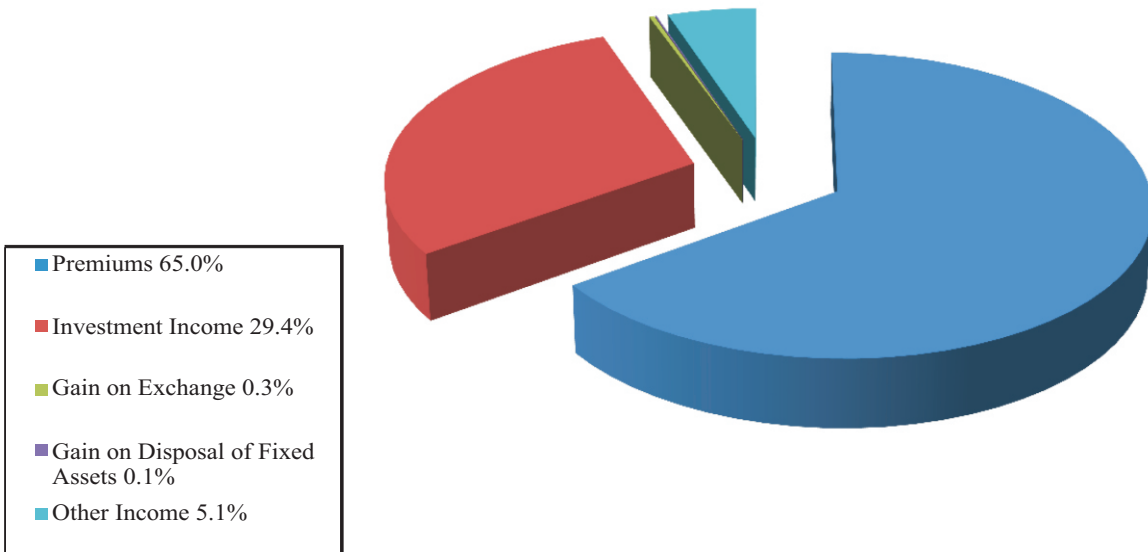


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Revenue VS Expenditure



Sources of Revenue - Group





**THE
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GLOSSARY

MUTUAL FIRE INSURANCE COMPANY

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

TRIENNIAL CASH PROFIT

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

STATEMENT OF COMPREHENSIVE INCOME

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

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

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

PROFIT AND LOSS (ANNUAL) ACCOUNT

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

PROFIT AND LOSS (TRIENNIAL) ACCOUNT

At the beginning of each financial period, a separate Triennial Premium Account is opened in which premiums received in respect of profits sharing policies issued or renewed during that period and not accounted for in any current triennial account are credited during the next three years. This account shows transaction for the triennium ended 31 December, 2016.

CONSOLIDATION

The Consolidated Financial Statements incorporate the Financial Statements of GCIS Incorporated, Hand In Hand Trust Corporation Inc and Hand In Hand Investments Inc in which The Hand in Hand Mutual Fire Insurance Company Limited owns 66.7%, 72% and 35% at 31 December, 2016 respectively of the Issued Share Capitals.