

**122 YEARS
OF TRUST
IN INSURANCE**



DM OFFICES:

Head Office

61 & 62 Avenue of the Republic &
Robb Street
Georgetown, Guyana
TEL: (592) 225 8991-3
Fax: (592) 225 8995
demlife@demeraramutual.net

Clarke's Branch

63 Robb Street
Georgetown, Guyana
TEL: (592) 227 6803, 04, 07, 21
Ext 24, (592) 225 3844
c_clarke@demeraramutual.net

Clarke's Branch

Lot 2, Block H, Plantation Park
Mahaicony,
East Coast Demerara, Guyana
TEL: (592) 221 2276/2061
c_clarke@demeraramutual.net

Mc Pherson's Unit

63 Robb St
Georgetown, Guyana
TEL: (592) 225 8991 -3 Ext 255
J_mcperson@demeraramutual.net

Linden Office

97/98 Republic Avenue
McKenzie, Linden, Guyana
TEL: (592) 444 4687/6087
linden@demeraramutual.net

Berbice Sales Office

Lot 4 Wapping Lane
New Amsterdam,
Berbice, Guyana
TEL: (592) 333 3243
FAX: (592) 333 4724
berbice@demeraramutual.net

GRENADA

Grenada Branch Office

Granby Street
St. George's, Grenada
TEL: (473) 440 2520/3208
FAX: (473) 440 4178
grenada@demeraramutual.net

Otway's Sales Office

Excel Plaza, Grand Anse
St. George's, Grenada
TEL: (473) 440 1575
FAX: (473) 439 9351
Otway_agency@demeraramutual.net

Mc Meo's Sales Office

Excel Plaza, Grand Anse,
St George's Grenada
TEL: (473) 440 0190; 435 0033
FAX: (473) 439 9764
d_mcmeo@demeraramutual.net

ST. LUCIA

St. Lucia's Branch Office

37 Chisel Street
Castries, St. Lucia
TEL: (758) 452 3979/6199
FAX: (758) 451 7729
st.lucia@demeraramutual.net

Alexander's Unit

37 Chisel Street
Castries, St. Lucia
TEL: (758) 453 6626/28
FAX: (758) 451 7729
alexander@demeraramutual.net

Dantes Unit

37 Chisel Street
Castries, St. Lucia
TEL: (758) 453 6034/452 6199
FAX: (758) 451 7729
dantes@demeraramutual.net

ST. VINCENT

St. Vincent Branch Office / Richards' Sales Office

65 Grenville Street
Kingstown, St. Vincent
TEL: (784) 457 1897
FAX: (784) 456 2686
st.vincent@demeraramutual.net

Graham's Sales Office

2nd Floor St Vincent Teacher's Credit
Union Building
Paul's Avenue
Kingstown, St Vincent
TEL: (784) 457 5434
h_graham@demeraramutual.net



DEM FIRE OFFICES:

Head Office:

Demerara Fire & General Insurance
Company Limited
61 & 62 Avenue of the Republic,
Lacytown, Georgetown, Guyana
TEL: (592) 225 8991-3
FAX: (592) 225 8995
dfg@demeraramutual.net

Branch Offices:

Lot 4 Wapping Lane
New Amsterdam, Berbice, Guyana
TEL: (592) 333 3243
berbice@demeraramutual.net

Lot 2 Plantation Park
Mahaicony
East Coast Demerara, Guyana
TEL: (592) 221 2276, (592) 221 2061
97/98 Republic Avenue
Mackenzie, Linden, Guyana
TEL: (592) 444 4687, (592) 444 6087
linden@demeraramutual.net



122 YEARS OF TRUST IN INSURANCE

For 122 years, Demerara Mutual Life Assurance Society Limited has been providing insurance to Caribbean families. This is a lot of generations kept safe and protected from the financial vicissitudes that life can throw at us.

Demerara Mutual's philosophy has always been to manage our members' premiums and deposits with prudence and with the lowest possible risk. We are at your side for the long run, for your entire life, and for the life span of your children and grandchildren whom you want to see safe and secure.

This is why Caribbean people have put their trust in us, and why in recent years of financial turbulence in the insurance sector, Demerara Mutual was able to re-instate trust in insurance among the public.

CONTENTS

Notice of Date of Annual General Meeting	2	Corporate Information	21
Notice of Annual General Meeting	3	2013 Sales Awardees	22
Requirements for Attending the Annual General Meeting	5	Independent Auditors' Report	23
Chairman's Address	6	Statement of Profit or Loss and other Comprehensive Income	25
Our Board of Directors	10	Statement of Changes in Equity	26
Directors' Report	12	Statement of Financial Position	27
Chief Executive Officer's Report	14	Statement of Cash Flows	29
Our Management Team	18	Notes on the Accounts	29
Corporate Governance	19		

NOTICE OF DATE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN pursuant to Regulation 35 of the Society's Regulations that the 122nd Annual General Meeting of members will be held on the tarmac of Demerara Mutual Life Assurance Society Ltd., 61/62 Avenue of the Republic & Robb Street, Georgetown, Guyana, on Thursday, 2nd October, 2014 at 4.30 p.m.

If any member desires to bring any matter before the meeting, he/she should, no later than fourteen (14) days before the 2nd October, 2014 deliver to the Society's Home Office, a statement in writing in the form of a motion setting forth specifically, such matter.

Whenever any member wishes to vote by proxy at any General Meeting, he/she shall, not less than twenty-four (24) hours before the time at which the Meeting is to take place, deliver or cause to be delivered at the Society's Home Office, a document signed by him/her, in the form (which can be obtained from the Company Secretary) appointing some other member of the Society as his/her proxy.

The Agenda for this meeting will be set out in the Notice to be published in the local Newspapers at least seven (7) days before the date of this Meeting.

Copies of the Financial Statements and the Reports of the Directors and Auditors for 2013 would be available at our Administrative Offices in Guyana, Grenada, St Lucia and St Vincent.

By order of the Board



JAMES K. MORGAN

Company Secretary

Demerara Mutual Life Assurance Society Ltd.

61 - 62 Avenue of the Republic & Robb Street, Georgetown, Guyana

5th September, 2014

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 122nd Annual General Meeting of Members will be held on the tarmac of the Demerara Mutual Life Assurance Society Ltd, 61/62 Avenue of the Republic & Robb Street, Georgetown, Guyana on Thursday, 2nd October, 2014 at 4.30 p.m.

Agenda

1. To receive and consider the Reports of the Directors, the Accounts for the year ended 31st December, 2013 and the report of the Auditors thereon.
2. To elect Directors.
3. To fix the remuneration of the Directors.
4. To elect Auditors and fix their remuneration.
5. To approve an appropriation for donations to charity and for educational purposes.

By order of the Board



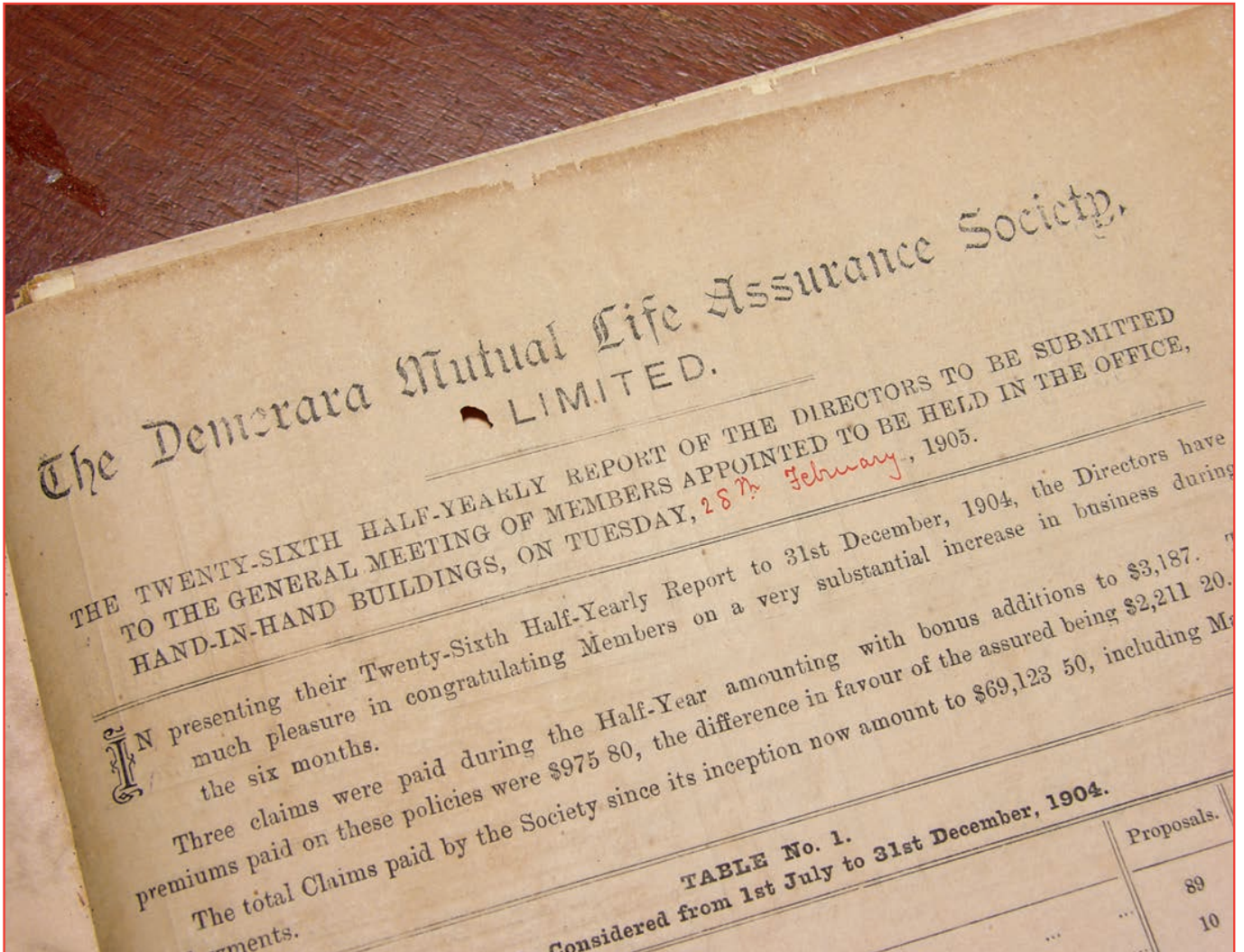
JAMES K. MORGAN

Company Secretary

Demerara Mutual Life Assurance Society Ltd.

61 - 62 Avenue of the Republic and Robb Street, Georgetown, Guyana

19th September, 2014



CONTINUITY FOR 122 YEARS

For more than a century, Demerara Mutual has been stable, providing protection to its members without disruption.

Our Company today stands in continuity in a direct line with those who administered and benefited from the society generations ago.

We maintain security for Caribbean families in an unbroken history of service and prudent management.

REQUIREMENTS FOR ATTENDING THE ANNUAL GENERAL MEETING

Members are asked to observe the following requirements for attendance and voting at the 122nd Annual General Meeting.

Agenda

In keeping with Regulation 37 (2), no business other than that specified in the Notice shall be considered at the Meeting.

Proxies

Whenever any member wishes to vote by proxy at any General Meeting, he/she shall, not less than twenty four (24) hours before the time at which the meeting is to take place, deliver or cause to be delivered at the office of the Society, a document signed by him/her, in the form (which can be obtained from the Company Secretary) appointing some other member of the Society as his/her proxy.

Proof of Identity

Members are reminded that the Society may require a member, proxy or duly authorised representative, to provide satisfactory proof of his/her identity before being admitted to this Annual General Meeting.

Persons Entitled to Notice to Attend Meeting

Only Participating Policyholders of the Society are entitled to receive a notice to attend this General Meeting.

Attendance

Only participating policyholders of their appointed proxy are entitled to attend this meeting.

Invitation Card

Please bring your Invitation Card in order to gain entry to this meeting.



CHAIRMAN'S ADDRESS

RICHARD B. FIELDS SC, LL.M.

Fellow Policyholders, Directors, Members of the Society's Management and Staff, Special Invitees, Ladies and Gentlemen, I welcome you to this the 122nd Annual General Meeting of Demerara Mutual. I am pleased to be able to report to you on the achievements of your Society and its financial results for the year 2013. Despite the modest pace at which the global economy has grown, we are proud of the level of success achieved by the Society for the year ended 31st December 2013. The details of these results you can find in the printed Annual Report that was circulated. This outcome attests to the strength of Demerara Mutual Life which has now completed 122 years of unbroken service to the community of which we are an important part, an achievement of which we should all be justifiably proud.

The global economies have grown at a modest rate of about 2.9% despite continued difficulties. In the territories where we operate we continued to experience economic and other challenges resulting in higher unemployment and inflation rates. We have however used these challenges as motivation for achieving higher levels of performance and success.

We need to thank our Management and Staff on their efforts on behalf of the Society which has resulted in a measure of financial growth and profitability. We expect that as time goes by our further efforts to improve our performance in all departments of our undertaking as insurers will, doubtless, cause you, the policyholders to remain proud of Demerara Mutual Life as your insurance provider and will make you confident that it has the capacity to take care of all of your insurance needs now and in the future.

MESSAGE FROM OUR CHAIRMAN (CONTINUED)

REVENUE & RESULTS

The Society's revenue was G\$1.77B. This represents a 17% increase over the preceding year's revenue of G\$1.47B. We continue to pay your claims promptly since, honouring valid claims of our policyholders in a timely manner, is an important aspect of our business profile. Claims paid in 2013 totaled \$298M. This when compared to the preceding year's figure of \$360M, represented a 17% reduction.

The Society's after tax position however resulted in a deficit of (\$343M) and our auditors explained that as follows-

"The Society's after tax result, however, was in a deficit of G\$343M. The main contributing factor for this deficit was that changes in actuarial liabilities are now accounted for in the Statement of Profit or Loss Account and other Comprehensive Income. The company has also treated Actuarial Liabilities (as determined by the Independent Actuaries) as liabilities instead of reserves as previously accounted for. This was done to correctly disclose the Actuarial Liabilities and to comply with IAS 1, IAS 8, IFRS 4, and IAS 19 (revised).

As a result of these changes, a pension liability increase of G412M had to be charged to the Profit or Loss Account resulting in the aforementioned deficit."

MARKETING

These financial results for 2013 would not have been achieved without the collective efforts of our dedicated Marketing Team. We welcome the new Marketing Manager, Mr Clarence Perry Jnr., to the Management team.

I am pleased to announce that in Guyana we are the number one Life Insurance Company in premium income. In each of the other territories we hold the number two position. Our Annual Premium of \$ 252.9M was a 26% increase over the \$200.3M figure for the preceding year. Our recruiting activity has accelerated, especially in Grenada and St Vincent where our sales force grew by 31%.

Increased training and utilization of technology has been a main reason for this growth that has resulted in a well-motivated sales team committed to the achievement of higher production standards and targets for their respective agencies and their individual growth and development.

Our new business policy sales of 2,480 lives showed a 42% increase over the 2012 figure of 1,744.

I extend hearty congratulations to all members of the Sales Team for their sturdy contribution to the 2013 performance. Also, I single out, once again, Branch Manager, Mr Charles Clarke, for his being the lead performer, for yet another year, with 117 lives. He was closely followed by Mrs Sabina Charles-Kirton of St Lucia with 113 lives and Mr Richard Seaton with 112 lives.

CORPORATE GOVERNANCE

Your Board and Management are dedicated to the principles of good Corporate Governance thus ensuring that your rights as our policyholders as well as the integrity of Demerara Mutual Life are not in any way compromised. While the continued enactment of new regulations, close monitoring

MESSAGE FROM OUR CHAIRMAN (CONTINUED)

by Regulators and numerous requirements now to be complied with, remain a challenge, we stand committed to ensuring that the Society at all times remains compliant and in good standing in all the territories where we operate.

The Board has several Committees namely: Audit/ Finance, Marketing, Human Resource/ Personnel, Building and Pension that meet regularly to give attention to full disclosure and compliance issues and adherence to the rules and principles of good Corporate Governance on which depend the protection of policyholder's rights and privileges. Your Board stands committed to fulfilling its fiduciary responsibilities.

MANAGEMENT

I would like to express our sincere thanks to Mr. Keith N. A. Cholmondeley and his Management team, for their continued commitment to ensuring the Society's growth and profitability. Their performance of their duties is responsible for the Society being able to maintain its prominence in all the territories where we operate.

The team of Managers of Demerara Life must be commended for ensuring that the service provided to policyholders is not being compromised in any way.

We feel sure that they are alive to the need to be able to quickly respond to changes in the present insurance environment which is highly competitive, technologically advanced and ever changing.

AWARD

I am certain that you will be pleased to learn that Demerara Mutual Life has received worldwide recognition for the creative design of its 2012 Annual Report. Our 2012 Annual Report was submitted at the "2014 Summit Creative Awards Competition" by the publisher, Paria Publishing Company Ltd of Trinidad and Tobago making them the winners of the BRONZE AWARD for creative design. There were more than 5000 entrants from 24 countries. We congratulate all the staff at Demerara Mutual Life that made this possible.

NEW DIRECTORS

I take this opportunity to welcome the three newly appointed Directors of the Society who are sitting next to me before you. On 4th February 2014, your Board appointed Dr. Karen Gordon-Boyle, Medical Doctor; Miss Deenawati Panday, Attorney-at-Law and Mr. Louis Holder, Consultant, as Directors due to the reduced number in the Directorate as a result of the resignations of Mr. H. K. George and Mrs. Jean Renwick, former Directors. We are confident that the Society would benefit immensely from the wealth of knowledge and experiences which these Directors bring with them.

POLICYHOLDER/COMMUNITY RELATIONSHIP

At this meeting we will once again seek your approval of funds for Bursaries for a five (5) year period for our children who excelled at the Secondary Schools Entrance Examination (SSEE) and

MESSAGE FROM OUR CHAIRMAN (CONTINUED)

for donations to needy institutions. You have demonstrated by these approvals over the many years your support for Demerara Life to maintain its social standing as a good corporate citizen in all the territories where we operate.

We commit to maintaining our obligation to give some financial assistance to institutions that offer assistance to the elderly and for the academic future for our children.

SUBSIDIARY

The growth of our subsidiary, the Demerara Fire & General Insurance Company Ltd. has continued despite industry challenges. The financial results reflect an after tax profit of \$18.8M compared to the previous year negative result of (\$7.2M). The Total Revenue was \$79.5M which is a 22% increase over the previous year comparative figure of \$65.2M

The “Vintage” vehicle exhibition, the first of its kind in Guyana has been a contributing factor to this growth. Having regard to the overwhelming response, this will now be an annual event to enhance the awareness of DemFire, your subsidiary company which offers protection to remove your worries and “stand the bounce” in the event of a vehicle accident.

We assure that our rates are competitive, flexible and affordable and would give you the needed coverage and a service that is superior especially, regarding the prompt payment of claims. We encourage you and your family to get on board with DemFire and to regard it with the same pride, trust and confidence that you do with the Demerara Mutual Brand so that not only Demlife but also Demfire can be household names for generations to come.

CONCLUSION

Finally, I would like to express my appreciation to you the policyholders for the confidence you have placed in Demerara Mutual to take care of your insurance needs. I assure you that your Board, Management and staff are committed to ensuring that your many financial needs are satisfied through the diverse insurance products which we offer.

To the Management and staff, I say thanks for your efforts which resulted in Demerara Mutual Life maintaining its prominent position within the Insurance Industry. Good as we have done we can do better still, so I exhort you in the coming year to make that extra effort which will reward you by the satisfaction you would achieve from reaching greater heights.

To my fellow Directors, I say many thanks; it has been great working with every one of you for the good of our Society. I look forward to your continued support, guidance and contributions to the good governance and wellbeing of the Society.

Let me also say thanks to you for permitting me to serve as your Chairman for yet another year. This is now my 26th year as Chairman of the Society and I am truly touched by your support.

Richard B. Fields S.C., LL.M.

Chairman

OUR BOARD OF DIRECTORS



Mr. Richard B. Fields, S.C.
Chairman



Dr Leslie Chin, A.A.
Director



Ms. Deenawati Panday
Director



Mr. Paul E. Fredericks, C.C.H.
Director



Mr. Maurice Solomon
Director



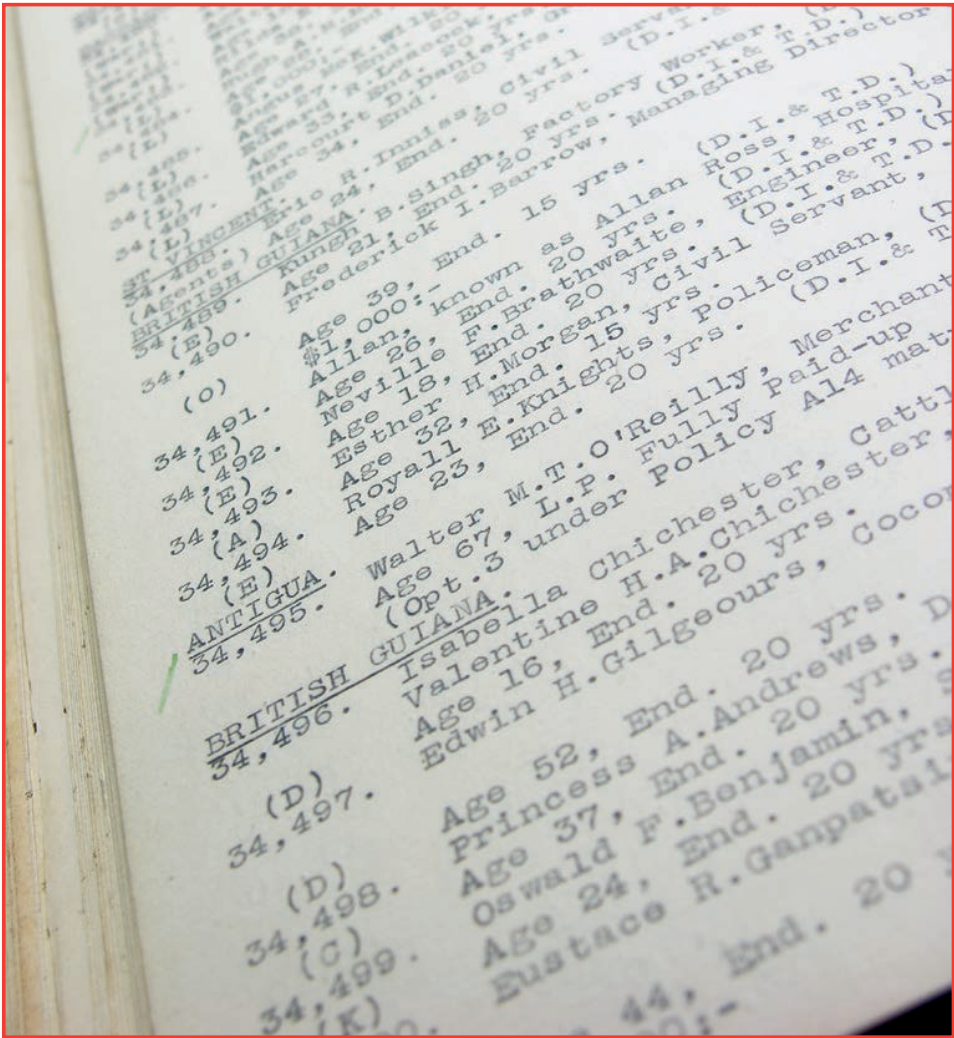
Mr. Clifford B. Reis, C.C.H.
Director



Mr. Louis Holder
Director



Dr Karen Gordon-Boyle
Director



REGIONAL PROTECTION FOR 122 YEARS

We have the Caribbean at heart, operating in many different territories.

Today, these include Guyana, Grenada, St. Lucia and St. Vincent and the Grenadines. And who knows where the future might take us again!

Because at Demerara Mutual, we know that people in the Caribbean need the security for their families that translates into progress.

DIRECTORS' REPORT

The Directors are pleased to submit to you their report for the financial year ended 31st December 2013:

FINANCIAL RESULTS

A summary of the financial results for the year ended 31st December 2013 is as follows:

	2013	2012
Revenue	1,766,676,062	1,473,661,570
Surplus/Deficit	(343,348,637)	(63,296,392)
Comprehensive Income after Tax	1,476,338,729	1,116,146,874
Total Assets	13,524,459,212	11,028,726,291
Total Liabilities	10,358,296,399	9,338,902,208

DIRECTORS' EMOLUMENTS

The emoluments paid to Directors' of the Society for the year 2013 were as follows:

Mr. Richard B. Fields, SC	1,922,592:
Mr. Clifford B. Reis, C.C.H.	1,201,596:
Mr. Hugh K. George	202,289:
Dr. Leslie Chin, AA	1,201,596:
Mr. Paul E. Fredericks, C.C.H.	1,201,596:
Mrs. Jean Renwick	901,197:
Mr. Maurice Solomon	1,201,596:

DIRECTORATE

We also take this opportunity to inform that at Board Meeting of 4th February 2014 your Directors appointed the following persons as Directors of the Society to fill vacancies that existed:

1. Mr. Louis Holder
2. Miss Deenawatie Panday
3. Mrs. Karen Gordon-Boyle.

The Directors who retire by rotation at this General Meeting are Mr R B Fields, SC, and Dr L Chin and Mr. P. E. Fredericks. These Directors are eligible and offer themselves for election.

DIRECTORS' INTEREST

The current Directors are all members of the Society in keeping with the Society's Ordinance which provides that Directors are required to have a with profit policy of life assurance with the Society. The Sum Assured of their respective policies are as follows:

DIRECTORS' REPORT (CONTINUED)

	Sum Assured
Mr. Richard B. Fields, S.C.	125,000:
Mr. Clifford B. Reis, C.C.H.	100,000:
Dr. Leslie Chin, A.A.	100,000:
Mr. Paul E. Fredericks, C.C.H.	10,000:
Mr. Maurice Solomon	100,000:
Miss Deenawatie Panday	500,000:
Dr. Karen Gordon-Boyle	1,000,000:
Mr. Louis Holder	100,000:

DIRECTORS' SERVICE CONTRACTS

Society's Directors have no interest in any of the Service Contracts executed by the Society.

PRINCIPAL ACTIVITIES

The principal activities of the Society are the sale of long term Life Assurance and Pension Schemes.

CAPITAL EXPENDITURE

The sum of \$108.9M was the capital spending for the year 2013.

AUDITORS

The retiring Auditors, TSD LAL & CO have expressed the willingness to be appointed the Society's Auditors for the ensuing year.

ACTUARIAL VALUATION

The Last Valuation Report done by the Actuary was for the year ended 31st December 2013. This report showed a surplus of \$3,166,162,850.

SUBSTANTIAL SHAREHOLDING

The Society is a substantial shareholder of Banks DIH Ltd. The total share investment which the Society and its subsidiary, the Demerara Fire & General Insurance Company, have in Banks DIH Ltd is 81.57M shares. This represents 8.2% of the shareholding of that company.

By order of the Board.



JAMES K. MORGAN

Company Secretary



CHIEF EXECUTIVE OFFICER'S REPORT

KEITH N.A. CHOLMONDELEY

INTRODUCTION

Management is pleased to provide this performance review which highlights Demerara Mutual's accomplishments for the year 2013. It is hoped that this Section will enhance your understanding of the operations of the Company and give you, the Policyholders, an account of Management's stewardship for the year under review.

Demerara Mutual continues to distinguish itself as a leading insurance provider with quality insurance products that meet the insurance needs of its customers and policyholders. We remain committed to ensuring continuity of the solid security and protection which you, the policyholders have been enjoying since 1891. Our goodwill in all the overseas territories has been overwhelming and we are confident of sustained growth and development.

The financial performance of the company for the year 2013, is a testimony of the Company's financial strength, notwithstanding the economic hardships and regulatory framework in light of the financial crisis of 2008/2009.

Over the years Demerara Mutual has evolved from being the first local company to provide Life Insurance coverage to the first to offer Universal Life Coverage and a policy to cover funeral expenses – Rest in Peace (R.I.P Policy). This same innovation and attention to the ever-changing needs of Society has set us apart as an Insurance Company who responds to the ever changing needs of the communities in which we operate. We have stood the test of the times and will continue to do so for future generations. Our Caribbean Operations have maintained their position in the industry inspite of their depressed economies due greatly to the decline in the Tourism sector.

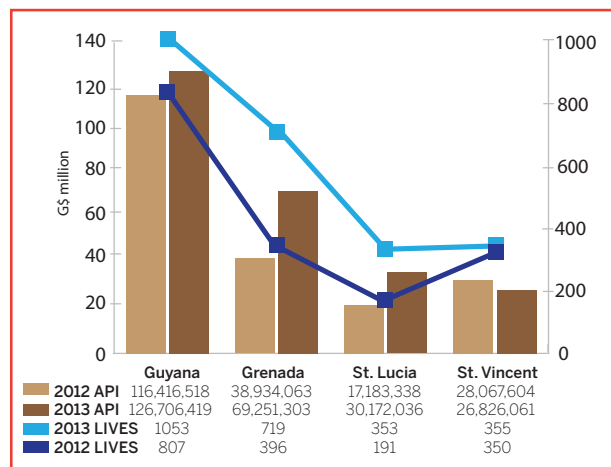
CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Software development is key to providing the systems, which manage our operations, and we are constantly upgrading these systems to ensure continued quality service to you, our policyholders. We expect much greater use of e-commerce in our portfolio to provide with even faster and more effective service to you in the coming months and year.

Compliance has become a significant area in the industry and manages the relationship between ourselves and all of the Regulators in all of the Territories in which we operate. It is important to note that in all of the Territories in which we operate the Laws with respect to the Insurance Industry are being reviewed and we expect that in 2015 there will be a different regulatory framework. In addition, an important area of focus is the management of the Anti-Money Laundering area and combating the Financing of Terrorism (AML/CFT).

MARKETING PERFORMANCE

Production Comparison - 2012/2013



TOP PERFORMERS FOR 2013

A total of 2,480 new policies were issued in 2013, surpassing the previous year's performance by a remarkable 42%. Sales representatives who contributed to this excellent performance were: Charles Clarke with 117 policies, Sabina Charles-Kirton with 115 policies, Richard Seaton with 112 policies and Tanja Browne with 101 policies. Emerging stars included: Shorna James from Grenada with 74 policies and Melissa Agustine from St. Lucia with 57 policies.

The Society continued to focus on the strengthening of its financial position, increasing revenue and reducing cost and to maintain an efficiently run operation.

CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

DEMERARA FIRE AND GENERAL INSURANCE COMPANY

Despite fierce industry competition and new competitors into the market, 2013 proved to be a good year for DEMFIRE. The company realized premium income of \$113,436,624, which represented an increase of 4% over the premium income for 2012. Management is committed to ensuring that this subsidiary continues to make a positive contribution to the Society's overall financial position.

RECOGNITION

Demerara Mutual is committed to the complex task of linking the solid traditions of its past with the stimulating and achievable projections of DM's future development. Today we stand proud of another landmark, this time for CREATIVITY in the dissemination of information to you our policyholders and potential clients. We are most pleased to announce that the design of our 2012 Annual Report by Paria Publishing of Trinidad and Tobago has gotten worldwide recognition. At the 2014 Summit Creative Awards Competition the design of our 2012 Annual Report was rated a Winner of the "Bronze Summit International Design". This competition had over 5000 entrants from 24 countries around the world.

APPRECIATION

I would like to express my deepest gratitude to the Members of the Management Team for their untiring efforts and support of the necessary changes for the Society to respond to the need of its customers, maintaining a cutting edge and enhance its profitability. To the other office staff members and members of the field force both in Guyana and the overseas territories I say thanks for your dedication and loyalty. To the Chairman and the Board of Directors, I say thanks for the confidence placed in management of the operations of Demerara Mutual to sustain growth and market penetration.

2014 Focus



IN CONCLUSION

The Society's 122 years of existence has ended with Demerara Life Group of Companies being well placed in all the territories in which we operate. We remain committed to providing you, our customers and clients, with a variety of solutions to satisfy your growing financial needs. We also resolve to pursue such new strategies for greater market penetration

Keith N. A. Cholmondeley

Chief Executive Officer

Forward 3300:-		110	38
<u>Mortgages:</u>			
Miss R. Yearwood	5 ¹¹ / ₃₀ Union	400:- @ 7%	12 99
Henricha M. Lord	5 ¹¹ / ₃₀ " "	300:- " "	9 57
Elouise Foxcroft	5 ¹¹ / ₃₀ " "	375:- " "	11 96
A. E. Baker	5 ¹¹ / ₃₀ " "	250:- " "	7 68
Est. M. L. Chapman dead	5 ¹¹ / ₃₀ " "	750:- " "	22 60
J. R. deSouza	5 ¹¹ / ₃₀ " "	650:- " "	19 59
M. R. A. Thompson	5 ¹¹ / ₃₀ " "	750:- " "	22 46
Amyes S. deSouza	5 " "	1000:- " "	29 17
Chas. H. G. Davis	5 " "	2000:- @ 6%	50 -
Jessie C. Simson	5 " "	600:- " 7%	17 50
Leonard M. Roach, Jr	5 ¹¹ / ₃₀ " "	450:- " "	14 09
Eugene Edwards	4 ²⁵ / ₃₀ " "	325:- " "	9 35
M. A. Mitchell	4 ²³ / ₃₀ " "	400:- " "	11 04
Mary L. Hendricks	4 ¹⁶ / ₃₀ " "	800:- " "	21 15
A. F. dos Santos	4 ¹⁷ / ₃₀ " "	2233:- " "	56 01
Julia A. Gomes	4 ³ / ₃₀ " "	1000:- " "	23 72
Wm. Peets	3 ²³ / ₃₀ " "	" "	" "
Aunt P. Jones	3 ¹¹ / ₃₀ " "	" "	" "
M. Forshaw & Others	3 ³ / ₃₀ " "	" 20	" "
C. S. C. Nurse & Mrs	2 ²¹ / ₃₀ " "	" "	" "
Silvestre dos Santos	2 ¹⁷ / ₃₀ " "	" "	" "
Alfred A. Thome	2 ¹¹ / ₃₀ " "	" "	" "
Jose A. Fernandes	2 ¹⁷ / ₃₀ " "	000:- " 7%	8 40
Concordia Delmoncke	2 ¹⁷ / ₃₀ " "	5000:- " 6%	60 -
Maria P. Vieira	2 " "	1000:- " "	10

WEALTH AND SECURITY FOR 122 YEARS

Demerara Mutual's minute books of yesteryear contain many, many names—names of our ancestors who established a better life for us, their children and grandchildren.

They did so by taking out insurance policies with Demerara Mutual, or by using them as collateral for mortgages for their own homes.

OUR MANAGEMENT TEAM



Keith NA Cholmondeley, BA
Chief Executive Officer



Melissa De Santos, LLB,LLM,MSC
Legal Officer



Stephen Patterson, MBA,FCCA,PMP
Compliance & Planning Officer



James K Morgan, FLMI, ACS
Company Secretary



Berkley Wickham, FGAPE
Manager, Corporate Services



Clarence W W Perry, BSc
Marketing Manager



Kezia Mc Donald, FCCA, CAT
Finance Controller (Ag)

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

The Society's Board of Directors comprises:

Mr. Richard B. Fields, S.C. (Chairman)

Mr. Clifford B. Reis, C.C.H.

Mr. Paul E. Fredericks, C.C.H.

Dr. Leslie Chin, A.A.

Mr. Maurice Solomon

Mr. Louis Holder

Miss Deenawatie Panday

Dr. Karen Gordon-Boyle

The Board of Directors is responsible for policy decisions of the Company and assessing the functioning and results of the Company's operations to ensure compliance with the principles of good Corporate Governance. Board Meetings are scheduled to be held monthly and at which meetings reports on the various areas of operation of the Society are considered relevant decisions taken. The Board also gives approvals to matters outside the purview of Management and makes policy decisions.

The Board is committed to the principles of ensuring accountability, integrity, transparency and full disclosures. It has sub committees namely, Audit /Finance Committee, Building Committee, Personnel/Human Resource Committee, Marketing Committee and Pension Committee that consider indebt matters for their respective areas and make recommendations to the Board for consideration and decision.

AUDIT / FINANCE COMMITTEE

The Audit/Finance Committee comprises of:

Mr. Maurice Solomon (Chairman)

Mr. Clifford B. Reis, C.C.H

Dr. Leslie Chin, AA

This Committee reviews the Audited Annual Accounts of the Society to ensure compliance with all the required standards before submitting to members at the Annual General Meeting, for consideration and adoption.

It also has responsibility for the review of annual budget presentations from Management, the Society's monthly financial statements, Management Letters from the External Auditors, reports from the Internal Auditor, compliance and regulatory matters, investments and capital expenditures and makes recommendations to the Board on these matters.

CORPORATE GOVERNANCE (CONTINUED)

BUILDING COMMITTEE

The Building Committee comprises of:

Dr. Leslie Chin (Chairman)

Mr. Paul E. Fredericks, C.C.H.

This Committee has responsibility for making recommendations to the Board on real estate investments. It also considers proposals from Management on major building projects to be undertaken and submits for the Boards consideration, its recommendations on such projects.

MARKETING COMMITTEE

The Marketing Committee comprises of:

Mr. Paul E. Fredericks, C.C.H. (Chairman)

Mr. Maurice Solomon

This Committee reviews reports on the performance of the Marketing Department and makes recommendations on marketing strategies to be adopted for increased sales performance and market share in the various territories where the Society operates.

PERSONNEL / HUMAN RESOURCE COMMITTEE

The Personnel/Human Resource Committee comprises of:

Mr. Clifford B. Reis, C.C.H. (Chairman)

Dr. Leslie Chin, AA.

This Committee addresses the conditions of employment for staff members. It reviews Collective Labour Agreements and proposals from Labour Unions on revised conditions of employment and makes recommendations to the Board on changes in staff benefits.

PENSION COMMITTEE

This Committee comprises of:

Mr. Clifford B. Reis, C.C.H (Chairman)

Mrs. Joanne Christian (Staff Representative)

The Pension Committee considers for approval the audited accounts of the Society's Pension Scheme for staff members. It also makes recommendations to the Board on pension benefits to be paid to former staff members.

By Order of the Board



JAMES K. MORGAN

Company Secretary

CORPORATE INFORMATION

Demerara Mutual Life Assurance Society Limited
Incorporated by Ordinance 19 of 1891

REGISTERED OFFICE:

61 & 62 Avenue of the Republic & Robb Street
Georgetown, Guyana
Tel. (592) 225-8991-3
Fax (592) 225-8995
Email: demlife@demeraramutual.net

REASSURERS:

Swiss Re Life & Health Canada
150 King St West, Suite 1000
Toronto, Ontario M5H 1J9, Canada

AUDITORS:

TSD LAL & CO.
CHARTERED ACCOUNTANTS
(An Independent Correspondent Firm
of Deloitte Touche Tohmatsu)
77 Brickdam, Stabroek
Georgetown, Guyana

ACTUARY:

Edward Kuo Consulting Actuary
Prescience Insurance Consultants & Actuaries, Inc
357 Bay Street, Suite 701
Toronto, Ontario M5H 2T7, Canada

ATTORNEYS-AT-LAW

Messrs Cameron & Shepherd
2 Avenue of the Republic
Georgetown, Guyana.

BANKERS:

Bank of Nova Scotia

104 Carmichael Street
North Cummingsburg
Georgetown, Guyana

Guyana Bank for Trade & Industry Limited

47-48 Water Street
Georgetown, Guyana

Republic Bank (Guyana) Limited

38-40 Water Street
Georgetown, Guyana

Citizens Bank Guyana Inc.

201 Camp Street
Georgetown, Guyana

2013 SALES AWARDEES

The following persons are the 2013 Top Producers for the Society and are being recognised for their sterling performance:

CHAIRMAN'S DIAMOND AWARD	TERRITORIES	LIVES	A.P.I.
CHARLES CLARKE	GUYANA	117	G\$ 8,973,761.00
SABINA CHARLES-KIRTON	ST. LUCIA	113	EC\$ 132,485.64
TANJA BROWNE	ST. LUCIA	99	EC\$ 96,333.76
CHAIRMAN'S SILVER AWARD			
RICHARD SEATON	GUYANA	112	G\$ 3,660,418.00
SHORNA JAMES	GRENADA	74	EC\$ 63,226.32
CHAIRMAN'S BRONZE AWARD			
PULASHWARI JAIKARAN	GUYANA	71	G\$2,747,256.00
HARESH RAMSAMOOJ	GUYANA	69	G\$3,106,166.00
MELISSA AUGUSTIN	ST. LUCIA	57	EC\$ 48,213.60
ROOKIE OF THE YEAR AWARD			
SHORNA JAMES	GRENADA	74	EC\$ 63,226.32
CENTURION CLUB			
CHARLES CLARKE	GUYANA	117	
RICHARD SEATON	GUYANA	112	
SABINA CHARLES-KIRTON	ST LUCIA	113	
EIGHTY PLUS CLUB			
TANJA BROWNE	ST. LUCIA	99	
FIFTY PLUS CLUB			
SHORNA JAMES	GRENADA	74	
PULASHWARI JAIKARAN	GUYANA	71	
HARESH RAMSAMOOJ	GUYANA	69	
MELISSA AUGUSTIN	ST. LUCIA	57	
MICHAEL BLAIR	GUYANA	52	
TOP PRODUCERS FOR THE VARIOUS LINES OF BUSINESS			
SABINA CHARLES-KIRTON	LIFE	113	EC\$132,485.64
CHARLES CLARKE	MOTOR	59	G\$1,436,903.00
RONALD LEGALL	FIRE	12	G\$492,554.00

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED AND SUBSIDIARY

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Demerara Mutual Life Assurance Society Limited and Subsidiary which comprise the statement of financial position as at 31 December 2013 and 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 a summary of significant accounting policies and other explanatory notes as set out on pages 25 to 72.

DIRECTORS'/MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

BASIS FOR QUALIFIED OPINION

Loans on policies is stated in the financial statements at \$639,900,778. We could not verify totally the accuracy of this amount as charge ups were not done on a systematic basis. The Society is currently implementing a new software to address this issue as the software in use in 2013 did not generate information for automatic charge ups. Due to the fact that the software in use in 2013 did not generate automatic charge ups this has resulted in our inability to determine if lapsed, terminated, surrendered or matured policies were correctly dealt with and whether interest on loans on policies was accurately computed. Any adjustment to the loans on policies can have a consequential effect on the deficit of revenue over expenditure for the year.

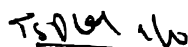
QUALIFIED OPINION

In our opinion, except for the matter stated in the basis for qualified opinion paragraph, the financial statements give a true and fair view, in all material respects of the financial position of Demerara Mutual Life Assurance Society Limited and Subsidiary as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Insurance Act 1998 came into effect in 2002. As explained in Note 31, the Company did not fully comply with the requirements of the Act.



TSD LAL & CO.

CHARTERED ACCOUNTANTS

Date: 26th August, 2014

77 Brickdam, Stabroek, Georgetown

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	COMPANY		GROUP	
		2013	2012	2013	2012
		G\$	Restated G\$	G\$	Restated G\$
Revenue					
Premiums	5	1,175,873,714	994,105,127	1,233,859,678	1,042,722,960
Investment & other income	6	590,802,348	479,556,443	612,305,040	496,143,185
Total revenue		<u>1,766,676,062</u>	<u>1,473,661,570</u>	<u>1,846,164,717</u>	<u>1,538,866,144</u>
Expenses					
Claims	7	298,295,718	360,782,376	305,109,342	381,471,631
Surrenders	8	350,854,890	381,577,649	350,854,890	381,577,649
Change in actuarial liabilities	24 (a)	412,521,725	(55,474,535)	412,521,725	(55,474,535)
Commissions	9	108,479,960	82,836,470	117,618,185	91,359,063
Donations		10,200,266	6,232,555	10,200,266	6,232,555
Management expenses	10	910,888,884	741,556,827	946,419,284	792,076,823
Taxation	11	18,783,256	19,446,621	27,969,371	12,137,658
Total expenses		<u>2,110,024,698</u>	<u>1,536,957,962</u>	<u>2,170,693,062</u>	<u>1,609,380,844</u>
Deficit of revenue over expenditure		<u>(343,348,637)</u>	<u>(63,296,392)</u>	<u>(324,528,346)</u>	<u>(70,514,700)</u>
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of properties		(33,138,022)	-	(13,912,369)	-
Remeasurement of defined benefit pension plan		608,521,178	-	608,521,178	-
Items that may be reclassified subsequently to profit or loss					
Adjustment to fair value of investments		1,246,528,681	1,173,194,093	1,318,657,326	1,191,555,320
Currency translation differences		<u>(2,224,470)</u>	<u>6,249,173</u>	<u>(2,224,470)</u>	<u>6,249,174</u>
Other comprehensive income for the year		<u>1,819,687,366</u>	<u>1,179,443,266</u>	<u>1,911,041,664</u>	<u>1,197,804,494</u>
Total comprehensive income		<u>1,476,338,729</u>	<u>1,116,146,874</u>	<u>1,586,513,318</u>	<u>1,127,289,794</u>

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

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2013

	Guarantee Capital G\$	Life Assurance Fund G\$	Group Pension Fund G\$	Retained Earnings G\$	Revaluation reserve G\$	Investment Reserve G\$	Total G\$
COMPANY							
Balance at 1 January 2012 (as previously reported)	100,000	3,523,264,478	1,711,418,343	-	814,292,744	2,664,339,336	8,713,414,901
Adjustments (Note 36)	-	(3,523,264,478)	(1,711,418,343)	(2,905,054,870)	-	-	(8,139,737,691)
Balance at 1 January 2012 (restated)	100,000	-	-	(2,905,054,870)	814,292,744	2,664,339,336	573,677,210
Changes in equity 2012							
Total comprehensive income for the year (restated)	-	-	-	(59,163,891)	2,116,672	1,173,194,093	1,116,146,874
Balance at 31 December 2012 (restated)	100,000	-	-	(2,964,218,761)	816,409,416	3,837,533,429	1,689,824,084
Changes in equity 2013							
Total comprehensive income for the year	-	-	-	255,756,898	(25,946,849)	1,246,528,680	1,476,338,729
Balance at 31 December 2013	100,000	-	-	(2,708,461,863)	790,462,567	5,084,062,109	3,166,162,813
GROUP							
Balance at 1 January 2012 (as previously reported)	100,000	3,523,264,478	1,711,418,343	(3,174,556)	841,683,084	2,680,841,675	8,754,133,024
Adjustments (Note 36)	-	(3,523,264,478)	(1,711,418,343)	(2,905,054,870)	-	-	(8,139,737,691)
Balance at 1 January 2012 (restated)	100,000	-	-	(2,908,229,426)	841,683,084	2,680,841,675	614,395,333
Changes in equity 2012							
Total comprehensive income for the year (restated)	-	-	-	(66,382,198)	2,290,823	1,191,555,320	1,127,289,794
Balance at 31 December 2012 (restated)	100,000	-	-	(2,974,611,624)	843,973,907	3,872,222,844	1,741,685,127
Changes in equity 2013							
Total comprehensive income for the year	-	-	-	274,577,189	(12,209,164)	1,318,657,326	1,586,513,318
Balance at 31 December 2013	100,000	-	-	(2,700,034,435)	831,764,744	5,196,368,137	3,328,198,446

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

STATEMENT OF FINANCIAL POSITION


AS AT 31 DECEMBER 2013

	Notes	2013 G\$	COMPANY 2012 Restated G\$	2011 Restated G\$	2013 G\$	GROUP 2012 Restated G\$	2011 Restated G\$
ASSETS							
Non-current assets							
Property, plant and equipment	12	1,775,868,558	1,744,475,812	1,544,148,273	1,863,730,116	1,815,061,001	1,614,535,343
Commercial building	13	592,900,000	464,800,000	464,800,000	592,900,000	464,800,000	464,800,000
Deferred tax asset	14	-	-	-	33,052,396	37,645,454	29,891,098
Intangible assets	23	131,587,029	-	-	131,587,029	-	-
Investment in subsidiary company		111,863,250	111,863,250	111,863,250	-	-	-
Other financial assets							
Held to maturity	16(a)	906,695,686	865,836,878	819,644,757	906,695,686	865,836,878	819,644,757
Available for sale	16(c)	5,565,158,051	4,317,310,691	3,143,472,740	5,834,301,914	4,457,093,533	3,252,943,789
Loans and receivables	16(b)	680,241,702	766,319,428	729,458,633	680,241,702	766,319,428	729,458,633
Retirement benefit asset	35	607,398,266	-	-	607,398,266	-	-
		<u>10,371,712,542</u>	<u>8,270,606,058</u>	<u>6,813,387,653</u>	<u>10,649,907,109</u>	<u>8,406,756,293</u>	<u>6,911,273,621</u>
Current assets							
Inventories		6,323,571	7,178,205	5,704,465	6,661,053	7,559,533	6,372,882
Trade and other receivables	19	154,812,238	338,052,592	324,005,144	172,492,978	317,597,511	311,579,219
Accrued interest	20	52,185,617	46,846,028	52,255,084	52,263,775	46,922,879	52,333,271
Tax recoverable		40,358,344	35,554,600	34,723,432	45,073,098	40,269,354	36,872,742
Cash on deposits	21	1,848,009,110	1,468,946,418	1,513,729,336	1,896,326,851	1,515,776,273	1,559,057,804
Cash at bank and on hand		1,051,057,790	861,542,389	707,388,994	1,059,438,950	861,622,568	709,981,506
		<u>3,152,746,670</u>	<u>2,758,120,232</u>	<u>2,637,806,456</u>	<u>3,232,256,705</u>	<u>2,789,748,118</u>	<u>2,676,197,425</u>
Total assets		<u>13,524,459,212</u>	<u>11,028,726,291</u>	<u>9,451,194,109</u>	<u>13,882,163,814</u>	<u>11,196,504,411</u>	<u>9,587,471,046</u>
EQUITY AND LIABILITIES							
Capital and reserves							
Guarantee capital		100,000	100,000	100,000	100,000	100,000	100,000
Retained earnings	36	(2,708,461,863)	(2,964,218,761)	(2,905,054,870)	(2,700,034,435)	(2,974,611,624)	(2,908,229,426)
Revaluation reserve	12(b)	790,462,567	816,409,416	814,292,744	831,764,744	843,973,907	841,683,084
Investment reserve	22	5,084,062,109	3,837,533,429	2,664,339,336	5,196,368,137	3,872,222,844	2,680,841,675
		<u>3,166,162,813</u>	<u>1,689,824,084</u>	<u>573,677,210</u>	<u>3,328,198,446</u>	<u>1,741,685,127</u>	<u>614,395,333</u>
Non current liabilities							
Actuarial liabilities	24(a)	6,830,670,083	6,385,825,102	6,422,299,482	6,830,670,083	6,385,825,102	6,422,299,482
Deposit administrative fund	24(b)	2,297,558,834	1,963,874,813	1,717,438,209	2,297,558,834	1,963,874,813	1,717,438,209
Interest bearing borrowings	26	203,080,388	36,772,097	49,267,566	203,080,388	36,772,097	49,267,566
Deferred tax liability		-	-	-	92,444,727	35,212,352	23,261,786
		<u>9,331,309,305</u>	<u>8,386,472,012</u>	<u>8,189,005,257</u>	<u>9,423,754,032</u>	<u>8,421,684,364</u>	<u>8,212,267,043</u>
Current liabilities							
Insurance contract liabilities		221,404,949	180,272,676	169,610,145	290,682,606	244,224,987	239,012,494
Unpaid claims (net of reinsurance recoveries)	25	224,635,242	263,362,871	220,936,991	245,889,951	276,012,248	220,169,465
Trade and other payables	27	494,896,330	481,169,209	264,355,724	507,588,207	485,272,246	268,017,928
Current portion of interest-bearing borrowings	26	86,050,572	27,625,440	33,608,784	86,050,572	27,625,440	33,608,784
		<u>1,026,987,094</u>	<u>952,430,196</u>	<u>688,511,643</u>	<u>1,130,211,337</u>	<u>1,033,134,921</u>	<u>760,808,670</u>
Total equity and liabilities		<u>13,524,459,212</u>	<u>11,028,726,291</u>	<u>9,451,194,109</u>	<u>13,882,163,814</u>	<u>11,196,504,411</u>	<u>9,587,471,046</u>

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

These financial statements were approved by the Board of Directors on 26th August, 2014.

On behalf of the Board:

.....  Director

.....  Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	COMPANY		GROUP	
	2013	2012	2013	2012
	G\$	Restated G\$	G\$	Restated G\$
Cash flow from operating activities				
Deficit before taxation	(324,565,381)	(43,849,771)	(296,558,975)	(58,377,041)
Depreciation	54,065,025	41,743,712	55,829,846	43,123,123
Amortisation	32,896,757	-	32,896,757	-
Change in actuarial liabilities	412,521,725	(55,474,535)	412,521,725	(55,474,535)
Investment income	(590,802,348)	(479,556,443)	(612,305,040)	(496,143,185)
Net cash outflow before changes in operating assets	(415,884,221)	(537,137,037)	(407,615,686)	(566,871,638)
(Increase)/decrease in deposits	(379,062,692)	44,782,918	(380,550,578)	43,281,531
(Increase)/decrease in debtors prepayments & intangible assets	19,611,202	(15,521,188)	(18,480,774)	(7,204,943)
(Increase)/decrease in accrued interest	(5,339,589)	5,409,057	(5,340,896)	5,410,393
(Increase)/decrease in retirement obligation	1,122,912	(11,093,472)	1,122,912	(11,093,472)
Increase/(decrease) in unpaid claims	(38,727,629)	42,425,880	(30,122,297)	55,842,783
Increase in Insurance & actuarial liabilities	73,455,529	29,662,686	78,780,875	24,212,648
Increase in deposit administrative fund	333,684,021	246,436,604	333,684,021	246,436,604
Increase in trade and other payables	13,727,122	216,813,485	22,315,962	217,254,318
Cash generated from/(used in) operations	(397,413,346)	32,872,405	(406,206,462)	18,361,696
Taxes paid	(23,587,000)	(20,277,789)	(28,180,057)	(23,288,626)
Net provided by/(cash used) in operating activities	(421,000,346)	12,594,615	(434,386,519)	(4,926,931)
Investing activities				
Dividend, rent and interest received	402,460,993	445,972,834	409,223,464	451,561,504
Proceeds from sale/redemption of securities and fixed assets	164,768,480	154,475,949	164,768,480	154,475,949
Other income	188,341,355	6,214,015	203,081,576	17,212,087
Purchase of securities	(206,945,968)	(173,942,334)	(206,945,968)	(173,942,334)
Mortgages	4,520,665	5,751,821	4,520,665	5,751,821
Policy loans	81,557,061	(42,612,616)	81,557,061	(42,612,616)
Revaluation of investment building	(128,100,000)	-	(128,100,000)	-
Purchase of furniture and equipment	(50,163,457)	(46,003,840)	(50,193,617)	(47,581,370)
Disposal of furniture and equipment	2,183,074	7,495,779	2,397,698	7,495,779
Additions to land and buildings	(70,615,412)	(203,563,189)	(70,615,412)	(203,563,189)
Net cash provided by investing activities	388,006,792	153,788,419	409,693,948	168,797,631
Financing activities				
Loan drawdown	276,200,000	-	276,200,000	-
Loan repayment	(51,466,577)	(18,478,813)	(51,466,577)	(18,478,813)
Net cash provided by/(used in) financing activities	224,733,423	(18,478,813)	224,733,423	(18,478,813)
Net increase in cash and cash equivalents	191,739,869	147,904,222	200,040,852	145,391,888
Effect of exchange rates	(2,224,470)	6,249,173	(2,224,470)	6,249,173
Net increase in cash and cash equivalents	189,515,399	154,153,395	197,816,382	151,641,061
Cash and cash equivalents at the beginning of period	861,542,389	707,388,994	861,622,568	709,981,506
Cash and cash equivalents at end of period	1,051,057,790	861,542,389	1,059,438,950	861,622,568
Represented by:				
Cash at bank and on hand	1,051,057,790	861,542,389	1,059,438,950	861,622,568

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

NOTES ON THE ACCOUNTS

1 INCORPORATION AND ACTIVITIES

Demerara Mutual Life Assurance Society Limited was incorporated by Ordinance 19 of 1891 and its major activity is the issuance of life assurance.

The wholly owned subsidiary, Demerara Fire and General Insurance Company Limited's major activities are Fire, Motor and General insurance. It was incorporated under the Companies Act Chapter 89:01 in the Co-operative Republic of Guyana on 27 November 1992 and continued under the Companies Act 1991 on April 29, 1997. It commenced operations on July 1, 1993.

No. of employees:

The average number of employees of the Group was 122 (2012 - 113).

2 ADOPTION OF THE NEW AND REVISED STANDARDS AND INTERPRETATIONS RELEVANT TO THE COMPANY

Effective for the current year

New and Amended Standards

		Effective for annual periods beginning on or after
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 12	Disclosure of Interest in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19	Employee Benefits	1 January 2013
IAS 27(2011)	Separate Financial Statements	1 January 2013
IFRS 10	Consolidated Financial Statements (Transitional arrangements)	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities: Transition arrangements	1 January 2013
IAS 1(2011)	Amendments to IAS 1 - Presentation of Other Comprehensive Income	1 July 2012

Amendments to IAS 1 and IAS 19 have had a significant effect on the current year financial statements.

Available for early adoption for the current year end

IFRS 9	Financial Instruments: Classification and Measurement	1 January 2015
IFRS10, IFRS12	Investment Entities	
IAS 27		1 January 2014
IAS 36	Recoverable Amount Disclosure for Non-Financial Assets (Amendments to IAS36)	1 January 2014

NOTES ON THE ACCOUNTS (CONTINUED)

2 ADOPTION OF THE NEW AND REVISED STANDARDS AND INTERPRETATIONS RELEVANT TO THE COMPANY (CONTINUED)

Improvements to International Financial Reporting Standards relevant to the Company

IAS 40	Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property
IFRS 3	Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
IFRS 8	Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.
IAS 16, IAS 38	Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.
IAS 24	Clarify how payments to entities providing management services are to be disclosed.

IFRS 9

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

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

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

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

In May 2011, a package of Five Standards on consolidation, joint arrangements, associates and disclosures was issued. Key requirements of the standards relevant to the Company are described below.

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

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

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

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

NOTES ON THE ACCOUNTS (CONTINUED)

2 ADOPTION OF THE NEW AND REVISED STANDARDS AND INTERPRETATIONS RELEVANT TO THE COMPANY (CONTINUED)

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

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

IAS 1

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories.

The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

IAS 19

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

Amendments as part of Annual improvements to IFRSs

IFRS 1	Permit the repeated application of IFRS 1, borrowing costs on certain qualifying assets
IAS 1	Clarification of the requirements for comparative information
IAS 16	Classification of servicing equipment
IAS 32	Clarify that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes
IAS 34	Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments

The Directors do not anticipate that the amendments will have a significant effect on the Company's financial statements.

Apart from the foregoing, none of the above new standards, interpretations and amendments to standards is expected to have a significant impact on the accounting policies of the Company when adopted except IAS 19 revised as already disclosed.

NOTES ON THE ACCOUNTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention as modified for the revaluation of fixed assets and investments and the accounting policies conform with International Financial Reporting Standards.

(b) Recognition of income and expenditure

These statements are prepared on the accrual basis.

(c) Investment and other income

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

"Loans and receivables" comprise loans, mortgage and bonds. These are stated at amortised cost.

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

(d) Fixed assets and depreciation

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

Depreciation of fixed assets is calculated at the rates specified below which are estimated to reduce these assets to their residual values at the end of their useful lives.

Furniture, fixtures and equipment	Reducing balance at 20% per annum.
Motor vehicles	Straight line at 25% per annum.
Computer equipment	Straight line at 50% per annum
Building	2% per annum

No depreciation is provided on land.

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than an estimated recoverable amounts, and is written down immediately to its recoverable amount.

The gain or loss arising on disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

NOTES ON THE ACCOUNTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currency translation

Transactions in currencies other than Guyana Dollars are recorded at the rate of exchange prevailing on the dates of the transactions. At each reporting date monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value is determined. Resulting gains and losses arising from the translation of foreign currencies are taken directly to equity, except for monetary items which are included in net surplus or deficit for the period.

(f) Pension funding

The fair value of the plans' assets and the present value of the obligations are actuarially calculated at each year and disclosed on the statement of financial position.

The movements in assets and liabilities of the pension scheme are recognised through the statement of profit or loss and other comprehensive income.

(g) Charge-ups

Charge-ups are done as required by automatic premium loan provision in the policy contract. This provision authorises the insurer to use the cash surrender value to pay any premiums still due at the end of the grace period. The policy is maintained in force while there is a cash surrender value on the policy. When there is insufficient cash surrender value to pay premiums, the policy becomes inactive and is written off.

(h) Deferred tax asset

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

(i) Consolidation

The consolidated accounts incorporate the accounts of Demerara Mutual Life Assurance Society Limited and its wholly owned subsidiary Demerara Fire and General Insurance Company Limited.

Where necessary adjustments are made to the financial statements of the subsidiary to bring its accounting policies in line with the Company.

NOTES ON THE ACCOUNTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Intangible assets

Intangible assets are amortised over a period of five years

(k) Commercial building

This is an investment property, which is held to earn rentals and/or capital appreciation and is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

(l) Inventory

Stocks are valued at lower of cost and net realisable value using average cost method

(m) Insurance contracts

(i) Short term insurance contracts

These contracts are property, motor, group life and health insurance

Property insurance contracts provide coverage to the policy holders property damage or loss of property. These contracts are issued for both Commercial property and homeowners' property. Motor insurance provides coverage for damage, theft and personal accident.

Group Life Insurance contracts protect the Group's members from the consequences of events that would affect the ability of the insured or dependant to maintain the current level of income

Health Insurance contracts covers risk for medical expenses. Benefits are paid on occurrence of the specified insured event either fixed or linked to the extent of the economic loss suffered by policyholders.

Premiums on the contracts are recognised as revenue proportionally over the period of coverage. The portion of premiums received for inforce contracts that relate to unexpired risk at the consolidated statement of financial position date is reported as unearned premium liability.

Premiums are shown before the deduction of commissions.

Claims and Loss adjustment expenses are recognised in the statement of comprehensive income as incurred based on estimated liability for compensation owed to policyholders. They arise from events that have occurred up to the date of the financial statements even if they have not been reported to the Group. Liabilities for unpaid claims are estimated based on techniques such as input of assessment of individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

NOTES ON THE ACCOUNTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Insurance Contracts (continued)

(ii) Long term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example death or survival) over a long duration. Premiums are shown before deduction of commissions. Policy benefits are recognised as an expense when incurred.

A liability for policy benefits that are expected to be incurred in the future is established on acceptance of the insured risk. The liability is actuarially determined using the Policy Premium Method as described in Note 34. An actuarial valuation is done annually. Changes in the policyholders' liability are recorded as an expense in the consolidated income statement. Group annuity contracts are determined using accumulated fund values.

Interest sensitive contracts

For these contracts, premiums are recorded as premium income and there is no unbundling of the premium receipt between the insurance and the investment components. The liability is determined as the sum of the liability for the insured risk and the accumulated cash value. The liability is actuarially determined using the Policy Premium Method as described in Note 34.

(iii) Long term insurance contracts with fixed and guaranteed terms and with DPF

In addition to insuring events associated with human life (for example death or survival) over a long duration these contracts contain discretionary benefits that entitles the holder to a bonus when declared by the Company. Premiums are shown before deduction of commissions. Policy benefits are recognised as an expense when incurred.

A liability for both guaranteed and discretionary benefits that are expected to be incurred in the future is established on acceptance of the insured risk. The liability is actuarially determined as described in Note 34. Changes in the policyholders' liability are recorded as expense in the consolidated income statement.

(iv) Deposit Administration

Contracts Deposit Administration Fund represents liabilities under contracts issued by the Society to pension schemes for the provision of pension benefits to their employees. The assets backing these liabilities are managed by the Company but are not legally separated from the Company's general operations. The assets and liabilities of these funds are included on the financial statements. The returns on these funds are guaranteed by the Group by stated interest rates which are revised annually. Liabilities under deposit administration contracts are carried at amortised cost. The Company earns administration fees for the management of these funds and incurs interest expense on these funds. Management fees and interest expense are recorded in the income statement. Contributions are recorded directly as liabilities. Withdrawals are deducted directly from the liability.

NOTES ON THE ACCOUNTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial instruments carried on the statement of financial position include investments securities, loans, receivables, payables, accruals, borrowings and cash resources. The recognition methods adopted for the instruments are disclosed in the individual policy statement.

i) Trade receivables

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

ii) Bank borrowings

Interest bearing bank loans and overdrafts are recognised at amortised cost.

iii) Trade payables

Trade payables are recognised at amortised cost.

iv) Cash and cash equivalents

Cash and short term funds are held for the purpose of meeting short term cash commitments rather than investment or other purposes. These are readily convertible to a known amount of cash, with maturity dates of three (3) months or less.

v) Derecognition

Financial assets are derecognised when the right to receive cash flows from the asset has expired. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation is discharged cancelled or expired.

o) Reinsurance

The Group has reinsurance coverage in place for insurance risk that it underwrites. Relevant amounts are reimbursed to the Company for claims paid in accordance with the terms of the reinsurance agreement.

Reinsurance premiums paid reflects amounts due to reinsurers for the financial year net of commissions earned by the Company for ceding business to them. Unexpired reinsurance premium net of the corresponding commission is an estimated amount of reinsurance premium relating to the future accounting period. This is shown under current assets.

NOTES ON THE ACCOUNTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Claims

Claims are made against the Group in respect of the losses incurred by various classes of insurance policies. Claims are recognised when reported to the Group, whether or not settled at the date of the financial statements.

Claims are reflected in the statement of comprehensive income net of reinsurance recoveries. The liability for claims reported and unpaid at the date of the financial statements is disclosed net of amounts recoverable from reinsurers.

q) Commissions

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 commissions.

r) Taxation

Income tax expense represents the sum of the tax payable using varying bases for Guyana and the Caribbean Offices. For Guyana, corporation tax is based on its investment income from the statutory fund with expenses restricted to 12% of investment income.

s) Liability adequacy test

The Company and Group, 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 recognised until they are discharged or cancelled, or have expired.

(t) Impairment of tangible assets

At the end of the financial 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

NOTES ON THE ACCOUNTS (CONTINUED)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Actuarial liability

Actuarial valuations are done at the end of each financial year using the Policy Premium Method as described in Note 34. Changes in the value of these liabilities are recognised through the statement of comprehensive income.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make 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 assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 key 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.

Available for sale financial assets

In classifying investment securities as available for sale, the Company and Group has determined that these securities do not meet the criteria for loans and receivables, held for maturity investments or financial assets at fair value through profit or loss and are valued at fair value.

Held to maturity financial assets

The Directors have reviewed the Company's "held to maturity" assets in the light of its capital maintenance and liquidity requirements and have confirmed the Company's positive intention and ability to hold these assets to maturity.

Useful lives of property, plant and equipment

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

NOTES ON THE ACCOUNTS (CONTINUED)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Actuarial liability

This liability was computed by the actuaries based on data provided by management. The computation of the balance assumes that the data is not materially misstated.

Debtors and other receivables

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

Ultimate liability arising from claims made under insurance contract

The ultimate liability arising from claims made under insurance contracts is likely to be different from initial estimates. Both the timing of settlement and the ultimate liability are subject to uncertainty.

5 PREMIUMS

	2013			2012		
	Gross G\$	Reinsurance G\$	Net G\$	Gross G\$	Reinsurance G\$	Net G\$
COMPANY						
Life, Health and Annuities premiums	1,295,463,284	(119,589,571)	1,175,873,714	1,152,791,903	(158,686,776)	994,105,127
GROUP						
Life	1,053,354,349	(119,589,571)	933,764,779	957,041,793	(158,686,776)	919,424,699
Annuities	173,750,685	-	173,750,685	316,624,717	-	-
Health	68,358,250	-	68,358,250	74,680,429	-	74,680,429
Fire	73,124,410	(47,592,952)	25,531,458	79,141,455	(61,283,928)	17,857,527
Motor	32,828,005	(373,500)	32,454,505	30,760,305	-	30,760,305
	1,401,415,699	(167,556,023)	1,233,859,678	1,458,248,699	(219,970,704)	1,042,722,960

NOTES ON THE ACCOUNTS (CONTINUED)

6 INVESTMENT & OTHER INCOME

	COMPANY		GROUP	
	2013 G\$	2012 G\$	2013 G\$	2012 G\$
Interest, dividends and rent	402,460,993	473,342,428	419,414,476	489,804,681
Other income	188,341,355	6,214,015	192,890,564	6,338,504
	<u>590,802,348</u>	<u>479,556,443</u>	<u>612,305,040</u>	<u>496,143,185</u>
Held to maturity				
Bonds & debentures	64,234,336	59,655,625	64,234,336	59,655,625
Available for sale				
Shares & stocks	181,089,036	163,505,213	186,994,273	168,185,746
Loans and receivables				
Policy loans	42,082,638	103,700,464	42,082,638	103,700,464
Mortgages	2,938,706	4,910,549	2,938,706	4,910,549
Other financial assets				
Deposits	45,620,443	42,892,118	46,477,677	43,800,255
Treasury bills	4,221,636	8,020,362	4,221,636	8,020,362
Other income	<u>250,615,554</u>	<u>96,872,114</u>	<u>265,355,775</u>	<u>107,870,186</u>
	<u>590,802,348</u>	<u>479,556,443</u>	<u>612,305,040</u>	<u>496,143,185</u>
Other income				
Rent	60,200,890	59,888,410	70,391,902	70,761,993
Profit sharing income	55,735,879	-	55,735,879	-
Commercial building revaluation	128,100,000	-	128,100,000	-
Sale of shares	-	27,556,155	-	27,556,155
Others	6,578,785	9,427,549	11,127,994	9,552,038
	<u>250,615,554</u>	<u>96,872,114</u>	<u>265,355,775</u>	<u>107,870,186</u>

NOTES ON THE ACCOUNTS (CONTINUED)**7 CLAIMS (NET)**

	COMPANY		GROUP	
	2013 G\$	2012 G\$	2013 G\$	2012 G\$
Motor	-	-	690,616	10,436,492
Fire	-	-	6,123,008	10,252,763
Death	113,738,832	172,606,825	113,738,832	172,606,825
Maturity	102,180,809	122,703,127	102,180,809	122,703,127
Annuities paid	41,563,549	22,322,903	41,563,549	22,322,903
T.D. claims	4,328,874	1,798,774	4,328,874	1,798,774
Health claims	35,730,917	40,506,844	35,730,917	40,506,844
Other claims	752,738	843,903	752,738	843,903
	<u>298,295,718</u>	<u>360,782,376</u>	<u>305,109,342</u>	<u>381,471,631</u>

8 SURRENDERS

Life policies	<u>350,854,890</u>	<u>381,577,649</u>	<u>350,854,890</u>	<u>381,577,649</u>
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Included in surrenders is the value of loans on policies written off during the year of \$119,349,785 (2012-\$128,086,342)

9 COMMISSION

Life and annuities	108,479,960	82,836,470	108,479,960	82,836,470
Fire	-	-	7,248,420	7,088,515
Motor	-	-	1,889,805	1,434,078
	<u>108,479,960</u>	<u>82,836,470</u>	<u>117,618,185</u>	<u>91,359,063</u>

NOTES ON THE ACCOUNTS (CONTINUED)

10 MANAGEMENT EXPENSES

	COMPANY		GROUP	
	2013 G\$	2012 G\$	2013 G\$	2012 G\$
Management expenses	910,888,884	741,556,827	946,419,284	792,076,823
This includes:				
Employment cost (a)	275,973,363	280,884,673	295,118,707	301,666,791
Repairs & maintenance	94,694,192	44,948,849	96,514,454	47,861,522
Utilities	60,930,400	49,336,480	62,244,763	50,782,009
Sales expenses	65,167,502	52,041,812	65,167,502	52,041,812
Finance and professional services & legal fees	68,249,471	42,220,612	70,982,098	43,423,395
Facilities	61,526,092	55,618,088	62,883,531	56,905,940
Auditors' remuneration	3,854,066	2,160,000	4,799,188	2,843,412
Directors' emoluments (b)	7,832,462	8,301,972	8,735,562	8,829,972
Provision for bad debt	-	-	-	15,468,552
Depreciation	54,065,025	41,743,712	55,829,846	62,525,830
(a) Employment cost				
Salaries and wages	196,539,898	202,709,721	210,383,582	218,393,299
Other staff costs	79,433,465	78,174,952	84,735,125	83,273,492
	275,973,363	280,884,673	295,118,707	301,666,791
(b) Directors' emoluments				
Chairman: Richard B. Fields S.C	1,922,592	1,747,812	2,186,592	1,879,812
Directors:				
Clifford B. Reis, CCH	1,201,596	1,092,360	1,333,596	1,158,360
Hugh K. George	202,289	1,092,360	214,389	1,158,360
Leslie Chin, AA	1,201,596	1,092,360	1,333,596	1,158,360
Paul Fredericks, CCH	1,201,596	1,092,360	1,333,596	1,158,360
Jean Renwick	901,197	1,092,360	1,000,197	1,158,360
Maurice Solomon	1,201,596	1,092,360	1,333,596	1,158,360
	7,832,462	8,301,972	8,735,562	8,829,972

NOTES ON THE ACCOUNTS (CONTINUED)

11 TAXATION

	COMPANY		GROUP	
	2013 G\$	2012 G\$	2013 G\$	2012 G\$
Corporation tax & W/tax (varying rates)	4,116,197	6,776,866	8,709,254	6,776,866
Property tax	2,758,195	52,136	2,758,195	497,529
Premium tax	11,908,864	12,617,619	11,908,864	12,617,619
Deferred tax	-	-	4,593,058	(7,754,356)
	<u>18,783,256</u>	<u>19,446,621</u>	<u>27,969,371</u>	<u>12,137,658</u>

Tax provisions are made in accordance with the relevant legislation in the various territories. The bases used to compute the provisions for the Life Company and Fire Company are different. Also, the various islands use bases that are different from those used in Guyana.

12 FIXED ASSETS

	Land and buildings G\$	Furniture, fittings equipment and motor vehicles G\$	Total G\$
COMPANY			
Cost/valuation			
At 1 January 2013	1,667,698,844	319,284,713	1,986,983,557
Currency adjustments	8,045,553	828,996	8,874,550
Additions	59,123,675	49,750,923	108,874,598
Disposals	-	(34,010,937)	(34,010,937)
Revaluations	(72,161,617)	-	(72,161,617)
At 31 December 2013	<u>1,662,706,455</u>	<u>335,853,696</u>	<u>1,998,560,150</u>
Comprising:			
Cost	872,243,888	335,853,696	1,208,097,585
Valuation	<u>790,462,567</u>	<u>-</u>	<u>790,462,567</u>
	<u>1,662,706,455</u>	<u>335,853,696</u>	<u>1,998,560,150</u>
Depreciation			
At 1 January 2013	42,469,778	200,037,967	242,507,746
Currency adjustments	(3,446,183)	416,462	(3,029,721)
Write back on disposal	-	(31,827,863)	(31,827,863)
Depreciation transfer	(39,023,595)	-	(39,023,595)
Charge for the year	<u>18,217,302</u>	<u>35,847,723</u>	<u>54,065,025</u>
At 31 December 2013	<u>18,217,302</u>	<u>204,474,290</u>	<u>222,691,592</u>
Net book values:			
At 31 December 2013	<u>1,644,489,152</u>	<u>131,379,406</u>	<u>1,775,868,558</u>
At 31 December 2012	<u>1,625,229,066</u>	<u>119,246,746</u>	<u>1,744,475,812</u>

NOTES ON THE ACCOUNTS (CONTINUED)

12 FIXED ASSETS (CONTINUED)

GROUP	Land and buildings G\$	Furniture, fittings equipment and motor vehicles G\$	Total G\$
Cost/valuation			
At 1 January 2013	1,735,805,455	331,000,491	2,066,805,946
Currency adjustments	8,045,553	828,996	8,874,550
Additions	59,123,675	49,781,083	108,904,758
Disposals	-	(34,795,257)	(34,795,257)
Revaluations	(55,568,228)	-	(55,568,228)
At 31 December 2013	<u>1,747,406,455</u>	<u>346,815,314</u>	<u>2,094,221,768</u>
Comprising:			
Cost	915,641,711	346,815,314	1,262,457,026
Valuation	831,764,744	-	831,764,744
	<u>1,747,406,455</u>	<u>346,815,314</u>	<u>2,094,221,768</u>
Depreciation			
At 1 January 2013	45,102,041	206,642,904	251,744,946
Currency adjustments	(3,446,183)	416,462	(3,029,721)
Write back on disposal	-	(32,397,559)	(32,397,559)
Depreciation transfer	(41,655,859)	-	(41,655,859)
Charge for the year	18,941,302	36,888,544	55,829,846
At 31 December 2013	<u>18,941,301</u>	<u>211,550,352</u>	<u>230,491,653</u>
Net book values:			
At 31 December 2013	<u>1,728,465,153</u>	<u>135,264,962</u>	<u>1,863,730,116</u>
At 31 December 2012	<u>1,690,703,414</u>	<u>124,357,587</u>	<u>1,815,061,001</u>

- (b) The Company's land and buildings were revalued as at August 2013 by independent valuers. If no revaluation of the land and buildings was done, the net book value of land and buildings would have been approximately G\$916,763,776 (2012 - G\$649,792,711).

NOTES ON THE ACCOUNTS (CONTINUED)**13 COMMERCIAL BUILDING**

	COMPANY AND GROUP	
	2013 G\$	2012 G\$
At 1 January	464,800,000	464,800,000
Changes in value	128,100,000	-
At 31 December	592,900,000	464,800,000

The value of the building is recognised at its current market value

14 DEFERRED TAX ASSETS

	GROUP	
	2013 G\$	2012 G\$
Deferred Tax Assets are attributable to tax losses recoverable in future years as follows:		
At 1 January	37,645,454	29,891,098
Movement for the period	(4,593,058)	7,754,356
At 31 December	33,052,396	37,645,454

15 MORTGAGES

	COMPANY AND GROUP	
	2013 G\$	2012 G\$
Guyana	12,139,928	14,282,481
Eastern Caribbean territories	28,200,996	30,579,108
	40,340,924	44,861,589

NOTES ON THE ACCOUNTS (CONTINUED)

16 INVESTMENTS

	COMPANY		GROUP	
	2013 Fair value G\$	2012 Fair value G\$	2013 Fair value G\$	2012 Fair value G\$
(a) Held to maturity				
Bonds				
Commonwealth Caribbean				
Government	904,269,769	863,480,220	904,269,769	863,480,220
Other Commonwealth Government - United Kingdom	2,425,918	2,356,658	2,425,918	2,356,658
	<u>1,417,256,586</u>	<u>865,836,878</u>	<u>1,417,256,586</u>	<u>865,836,878</u>
(b) Loans and receivables				
Policy loans (Note 18)	639,900,778	721,457,839	639,900,778	721,457,839
Mortgages (Note 15)	40,340,924	44,861,589	40,340,924	44,861,589
	<u>680,241,702</u>	<u>766,319,428</u>	<u>680,241,702</u>	<u>766,319,428</u>
(c) Available for sale				
Guyana - equity	4,769,567,127	3,985,294,688	5,038,710,989	4,125,077,530
- equity	13,782,106	13,452,542	13,782,106	13,452,542
Barbados - equity	17,805,474	17,694,450	17,805,474	17,694,450
Grenada - equity	253,442,445	245,149,011	253,442,445	245,149,011
Trinidad (i)	510,560,900	55,720,000	510,560,900	55,720,000
	<u>5,565,158,051</u>	<u>4,317,310,691</u>	<u>5,834,301,913</u>	<u>4,457,093,533</u>

- (i) The Society held 7,000,000 ordinary shares in Mega Life Insurance Company of Trinidad and Tobago. This resulted from a combination of the portfolio of Demerara Life Assurance Company of Trinidad and Tobago and GTM Life Insurance Company of Trinidad and Tobago Limited. A court decision was finalised in 2010 regarding the formation of Mega Life Insurance which resulted in the reversal of the merger and the Company's previous Holding in Demerara Mutual Life of Trinidad and Tobago of 40% was reinstated. With this court decision, the Society has to decide on whether it would sell or retain its ownership in Demerara Life Assurance Company of Trinidad and Tobago. In the interim this amount would be shown as classified as a held for sale investment in accordance with IAS 28 rather than an Associate Company until a decision is made.

NOTES ON THE ACCOUNTS (CONTINUED)

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

	2013		2012	
	Carrying value G\$	Fair value G\$	Carrying value G\$	Fair value G\$
COMPANY				
Financial assets				
Investments				
Held to maturity	906,695,686	906,695,686	865,836,878	865,836,878
Loans and receivables	680,241,702	680,241,702	766,319,428	766,319,428
Available for sale	5,565,158,051	5,565,158,051	4,317,310,691	4,317,310,691
Debtors	154,812,238	154,812,238	338,052,592	338,052,592
Deposits	1,848,009,110	1,848,009,110	1,468,946,418	1,468,946,418
Accrued interest	52,185,617	52,185,617	46,846,028	46,846,028
Tax recoverable	40,358,344	40,358,344	35,554,600	35,554,600
Cash on hand and at bank	1,051,057,790	1,051,057,790	861,542,389	861,542,389
	<u>10,298,518,538</u>	<u>10,298,518,538</u>	<u>8,700,409,024</u>	<u>8,700,409,024</u>
Liabilities				
Unpaid claims (net of reinsurance recoveries)	224,635,242	224,635,242	263,362,871	263,362,871
Trade and other payables	716,301,280	716,301,280	661,441,885	661,441,885
Current portion of interest- bearing borrowings	86,050,572	86,050,572	27,625,440	27,625,440
Interest bearing borrowings due after one year	203,080,388	203,080,388	36,772,097	36,772,097
	<u>1,230,067,482</u>	<u>1,230,067,482</u>	<u>989,202,293</u>	<u>989,202,293</u>
GROUP				
Financial assets				
Investments				
Held to maturity	906,695,686	906,695,686	865,836,878	865,836,878
Loans and receivables	680,241,702	680,241,702	766,319,428	766,319,428
Available for sale	5,834,301,914	5,834,301,914	4,457,093,533	4,457,093,533
Debtors	172,492,978	172,492,978	317,597,511	317,597,511
Deposits	1,896,326,851	1,896,326,851	1,515,776,273	1,515,776,273
Accrued interest	52,263,775	52,263,775	46,922,879	46,922,879
Tax recoverable	45,073,098	45,073,098	40,269,354	40,269,354
Cash on hand and at bank	1,059,438,950	1,059,438,950	861,622,568	861,622,568

NOTES ON THE ACCOUNTS (CONTINUED)

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	2013		2012	
	Carrying value G\$	Fair value G\$	Carrying value G\$	Fair value G\$
GROUP (CONTINUED)				
	10,646,834,954	10,646,834,954	8,871,438,423	8,871,438,423
Liabilities				
Unpaid claims (net of reinsurance recoveries)	245,889,951	245,889,951	276,012,248	276,012,248
Trade and other payables	798,270,814	798,270,814	729,497,233	729,497,233
Current portion of interest-bearing borrowings	86,050,572	86,050,572	27,625,440	27,625,440
Interest bearing borrowings due after one year	203,080,388	203,080,388	36,772,097	36,772,097
	<u>1,333,291,725</u>	<u>1,333,291,725</u>	<u>1,069,907,018</u>	<u>1,069,907,018</u>

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

Held to maturity

The carrying values of these investments were determined using the level 2 fair value measurement.

Loans and receivables

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

Available for sale

The carrying values of these investments were valued using quoted market prices. Quoted market prices are obtained from independent market valuers using level 1 fair value measurements as follows:

- Guyana Association of Securities Companies & Intermediaries Inc.
- London Stock Exchange

For unquoted available for sale investments level 2 fair value measurement was used to determine carrying values.

Financial instruments where the carrying amounts are equal to fair value

The carrying amounts of certain financial instruments are assumed to approximate their value due to their short-term nature. These include cash resources and other financial liabilities and assets.

Interest-bearing borrowings due after one year are fixed by contract and they are not likely to be changed.

The fair value is equal to cost.

NOTES ON THE ACCOUNTS (CONTINUED)

17 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Valuation techniques and assumptions applied for the purposes of measuring fair value (continued)

The following table provides an analysis of financial instruments that were measured subsequent to initial recognition at fair value, grouped into Levels 2 to 3 based on the degree to which the fair value is observable.

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).

	2013			2012		
	Level 2 G\$	Level 3 G\$	Total G\$	Level 2 G\$	Level 3 G\$	Total G\$
COMPANY						
Available for sale	5,054,597,151	510,560,900	5,565,158,051	4,261,590,691	55,720,000	4,317,310,691
Held to maturity	-	906,695,686	906,695,686	-	865,836,878	865,836,878
	<u>5,054,597,151</u>	<u>1,417,256,586</u>	<u>6,471,853,737</u>	<u>4,261,590,691</u>	<u>921,556,878</u>	<u>5,183,147,569</u>
GROUP						
Available for sale	5,323,741,013	510,560,900	5,834,301,913	4,401,373,533	55,527,500	4,457,030,533
Held to maturity	-	906,695,686	906,695,686	-	865,836,878	865,836,878
	<u>5,323,741,013</u>	<u>1,417,256,586</u>	<u>6,740,997,599</u>	<u>4,401,373,533</u>	<u>921,556,878</u>	<u>5,322,930,411</u>

18 POLICY LOANS

	COMPANY AND GROUP	
	2013 G\$	2012 G\$
Guyana	43,762,367	38,943,909
Eastern Caribbean Territories	613,649,202	699,924,422
	<u>657,411,569</u>	<u>738,868,330</u>
Policy loans provision	17,510,791	17,410,491
	<u>639,900,778</u>	<u>721,457,839</u>

NOTES ON THE ACCOUNTS (CONTINUED)

19 DEBTORS AND PREPAYMENTS

	COMPANY		GROUP	
	2013 G\$	2012 G\$	2013 G\$	2012 G\$
Prepayments	7,653,096	166,831,319	7,653,096	166,831,319
Loans and advances	53,288,341	54,144,721	53,288,341	54,144,721
Other debtors	113,741,674	136,892,122	202,890,966	187,905,593
Provision for bad debt	(19,870,873)	(19,815,570)	(91,339,425)	(91,284,122)
	<u>154,812,238</u>	<u>338,052,592</u>	<u>172,492,978</u>	<u>317,597,511</u>

20 ACCRUED INTEREST

Grenada	19,209,334	25,263,497	19,209,334	25,263,497
Guyana	502,891	492,073	581,049	568,924
Saint Lucia	29,465,217	17,822,605	29,465,217	17,822,605
St. Vincent	3,008,174	3,267,852	3,008,174	3,267,852
	<u>52,185,617</u>	<u>46,846,028</u>	<u>52,263,775</u>	<u>46,922,879</u>

21 CASH ON DEPOSIT

Guyana	52,017,258	50,999,298	100,334,999	97,829,153
Grenada	801,490,810	742,750,428	801,490,810	742,750,428
St. Lucia	573,270,804	267,161,976	573,270,804	267,161,976
London	278,317,681	269,696,748	278,317,681	269,696,748
St. Vincent	142,912,557	138,337,968	142,912,557	138,337,968
	<u>1,848,009,110</u>	<u>1,468,946,418</u>	<u>1,896,326,851</u>	<u>1,515,776,273</u>

These are short term deposits with varying rates ranging from 0.25% to 6%.

NOTES ON THE ACCOUNTS (CONTINUED)**22 INVESTMENT RESERVES**

	COMPANY		GROUP	
	2013 G\$	2012 G\$	2013 G\$	2012 G\$
At 1 January	3,837,533,429	2,664,339,336	3,872,222,844	2,680,841,675
Adjustments	1,246,528,681	1,173,194,093	1,324,145,294	1,191,381,169
At 31 December	5,084,062,109	3,837,533,429	5,196,368,137	3,872,222,844

23 INTANGIBLE ASSETS**SOFTWARE**

At 1 January	-	-	-	-
Additions	164,483,786	-	164,483,786	-
Charges for the year	(32,896,757)	-	(32,896,757)	-
At 31 December	131,587,029	-	131,587,029	-

Represents cost of Accounting and Policy Administration Software. The amortisation period is five (5) years.

24(A) ACTUARIAL LIABILITIES

	COMPANY AND GROUP	
	2013 G\$	2012 G\$
Balance at beginning	6,385,825,102	6,422,299,482
Changes in actuarial liabilities	412,521,725	(55,474,535)
Effect of exchange rate	32,323,256	19,000,155
	6,830,670,083	6,385,825,102

An actuarial valuation is done for the Society annually by an independent actuary.

The results are reflected under non current liabilities in the statement of financial position and is accounted for in accordance with the Society's accounting policy.

NOTES ON THE ACCOUNTS (CONTINUED)

24(B) DEPOSIT ADMINISTRATIVE FUND

COMPANY AND GROUP	
2013	2012
G\$	G\$
2,297,558,834	1,963,874,813

Deposit administration contracts are issued by the Society to pension schemes for the deposit of pension plan assets with the Society. These assets are included in investments, cash at bank and on deposits.

25 CLAIMS UNPAID

	COMPANY		GROUP	
	2013	2012	2013	2012
	G\$	G\$	G\$	G\$
Claims unpaid	263,110,877	301,702,658	300,636,682	347,936,486
Reinsurance recoveries	(38,475,635)	(38,339,787)	(54,746,731)	(71,924,238)
	224,635,242	263,362,871	245,889,951	276,012,248

26 INTEREST BEARING BORROWINGS

	Citizens Bank	GBTI Loan	Company and Group	
	G\$	G\$	2013	2012
	G\$	G\$	G\$	G\$
At 1 January	64,397,537	-	64,397,537	82,876,350
Drawn down	-	276,200,000	276,200,000	-
Repayments during the year	(29,169,382)	(22,297,195)	(51,466,577)	(18,478,813)
At 31 December	35,228,155	253,902,805	289,130,960	64,397,537
Repayment due within one year	27,625,440	58,425,132	86,050,572	27,625,440
Repayment due within two to five years	7,602,715	195,477,673	203,080,388	36,772,097
	35,228,155	253,902,805	289,130,960	64,397,537

Citizens Bank Loan

This loan was obtained from Citizens Bank and is repayable over a five year period with a monthly installment of G\$1,455,656 at an interest rate of 8 percent per annum. This loan was refinanced in 2009 and is repayable at a rate of 8% for 5 years with a monthly instalment of G\$2,800,732. It is secured on the US Dollar Savings Account of US\$575,000.

NOTES ON THE ACCOUNTS (CONTINUED)**26 INTEREST BEARING BORROWINGS (CONTINUED)****GBTI Loan**

This loan was obtained from Guyana Bank for Trade & Industry Ltd and is repayable over a seven year period with a monthly instalment of G\$4,868,761 at an interest rate of 12% per annum. The loan is secured by shares invested by the Society.

27 TRADE & OTHER PAYABLES

	COMPANY		GROUP	
	2013 G\$	2012 G\$	2013 G\$	2012 G\$
Current liabilities				
Creditors	461,908,311	458,619,808	473,263,788	462,084,845
Accruals	11,156,054	13,575,859	12,492,454	14,213,859
Claim option deposits	372,034	396,529	372,034	396,529
Premiums paid in advance	21,459,931	8,577,013	21,459,931	8,577,013
	<u>494,896,330</u>	<u>481,169,209</u>	<u>507,588,207</u>	<u>485,272,246</u>

28 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. Directors, key management personnel and entities where such directors and key management personnel have control or significant influence are considered related parties.

- a. The Company shares a common Chairman and Board of Directors with Demerara Fire and General Insurance Company Limited. Some of the Company's staff and facilities were utilised by Demerara Fire and General Insurance Company Limited during the year.

NOTES ON THE ACCOUNTS (CONTINUED)

28 RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP	
	2013 G\$	2012 G\$
b. Fees charged	4,016,031	4,371,891
<p>The Society's fixed assets are insured by the Demerara Fire and General Insurance Company Limited.</p>		
Coverage	745,236,062	745,236,062
Premiums	3,440,106	3,440,106
<p>During the period, the subsidiary paid interest of \$952,570 on advances taken by the parent to settle claims on behalf of it.</p>		
c. Transactions with companies which have one common Director with Demerara Mutual Life Assurance Society Limited.		
- Investments in Banks DIH Limited Shares 81,575,035 - 8.2% (2012 - 81,575,035 - 8.2%)	1,631,500,700	1,378,618,092
- Deposits held at Citizens Bank Limited Interest earned at the prevailing commercial rates.	59,466,304	58,312,890
- Investments in Citizens Bank Guyana Limited shares 1,000,000 (2012 - 1,000,000)	325,000,000	70,000,000
- Insurance coverage to company with common directors		
Coverage	9,971,212,622	9,727,507,644
Premiums	231,219,222	36,001,512
d. Director's emoluments (see Note 10(b))	8,735,562	8,829,972
e. The Society has agreed to indemnify its Directors against any liability which may arise from the performance of their duties, provided that they act honestly and in good faith to the best interest of the Company.		
f. The Subsidiary rents a section of its building to a Director at G\$180,000 per annum (2012 - G\$180,000)		

NOTES ON THE ACCOUNTS (CONTINUED)

29 BUSINESS INFORMATION

	Life G\$	Annuities G\$	Health G\$	Fire & General G\$	Total G\$	2012 Restated G\$
Revenue						
Premiums	933,764,779	173,750,685	68,358,250	57,985,963	1,233,859,677	1,042,722,959
Investment and other income	590,802,348	-	-	21,502,692	612,305,040	496,143,185
Net policy income	1,524,567,128	173,750,685	68,358,250	79,488,655	1,846,164,717	1,538,866,144
Benefits and expenses						
Claims	221,001,252	41,563,549	35,730,917	6,813,624	305,109,342	381,471,631
Surrenders	350,854,890	-	-	-	350,854,890	381,577,649
Change in actuarial liabilities	412,043,282	-	478,443	-	412,521,725	(55,474,535)
Commissions	100,485,347	6,082,718	1,911,895	9,138,225	117,618,185	91,359,063
Donations	10,200,266	-	-	-	10,200,266	6,232,555
Management expenses	881,161,645	10,311,165	19,416,074	35,530,400	946,419,284	792,076,823
Taxation	18,783,256	-	-	9,186,115	27,969,371	12,137,658
	1,994,529,937	57,957,432	57,537,329	60,668,364	2,170,693,063	1,609,380,844
Surplus/(deficit) of revenue over expenditure	(469,962,810)	115,793,253	10,820,920	18,820,291	(324,528,346)	(70,514,700)

30 PENDING LITIGATIONS

At the end of the year there were certain pending litigations, the outcome of which cannot be quantified at this stage.

31 INSURANCE ACT 1998

The Insurance Act 1998 came into effect during December 2002. The Company is still putting systems in place to enable full compliance with the Act.

Part XVI of the Act relates to pension plans, their registration, management and all other stipulations.

The Company has not fully complied with this section for all the plans it manages. The Company is currently rectifying this.

NOTES ON THE ACCOUNTS (CONTINUED)

32 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

COMPANY	2013					
	Held to maturity G\$	Loans and receivable G\$	Available for sale G\$	Other assets and liabilities at amortised cost G\$	Total G\$	2012 G\$
Assets						
Cash resources	-	-	-	2,899,066,900	2,899,066,900	2,330,488,807
Investments	-	-	5,565,158,051	-	5,565,158,051	4,317,310,691
Bonds	1,417,256,586	-	-	-	1,417,256,586	865,836,878
Policy loans	-	639,900,778	-	-	639,900,778	721,457,839
Mortgages	-	40,340,924	-	-	40,340,924	44,861,589
Debtors	-	154,812,238	-	-	154,812,238	338,052,592
Accrued interest	-	52,185,617	-	-	52,185,617	46,846,028
Tax recoverable	-	-	-	40,358,344	40,358,344	35,554,600
	<u>1,417,256,586</u>	<u>887,239,557</u>	<u>5,565,158,051</u>	<u>2,939,425,244</u>	<u>10,809,079,438</u>	
2012	<u>865,836,878</u>	<u>1,151,218,048</u>	<u>4,317,310,691</u>	<u>2,366,043,407</u>		<u>8,700,409,024</u>
Liabilities						
Claims	-	-	-	224,635,242	224,635,242	263,362,871
Creditors	-	-	-	461,908,311	461,908,311	458,619,808
Others	-	-	-	543,523,929	543,523,929	267,219,614
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,230,067,482</u>	<u>1,230,067,482</u>	
2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>989,202,293</u>		<u>989,202,293</u>

NOTES ON THE ACCOUNTS (CONTINUED)

32 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS
(CONTINUED)

GROUP	2013					2012 G\$
	Held to maturity G\$	Loans and receivable G\$	Available for sale G\$	Other assets and liabilities at amortised cost G\$	Total G\$	
Assets						
Cash resources	-	-	-	2,955,765,801	2,955,765,801	2,377,398,841
Investments	-	-	5,834,301,914	-	5,834,301,914	4,457,093,533
Bonds	1,417,256,586	-	-	-	1,417,256,586	865,836,878
Policy loans	-	639,900,778	-	-	639,900,778	721,457,839
Mortgages	-	40,340,924	-	-	40,340,924	44,861,589
Debtors	-	172,492,978	-	-	172,492,978	317,597,511
Accrued interest	-	52,263,775	-	-	52,263,775	46,922,879
Tax recoverable	-	-	-	45,073,098	45,073,098	40,269,354
	<u>1,417,256,586</u>	<u>904,998,455</u>	<u>5,834,301,914</u>	<u>3,000,838,899</u>	<u>11,157,395,854</u>	
2012	<u>865,836,878</u>	<u>1,130,839,818</u>	<u>4,457,093,533</u>	<u>2,417,668,195</u>		<u>8,871,438,424</u>
Liabilities						
Claims	-	-	-	245,889,951	245,889,951	276,012,248
Creditors	-	-	-	473,263,788	473,263,788	462,084,845
Others	-	-	-	614,137,986	614,137,986	331,809,925
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,333,291,725</u>	<u>1,333,291,725</u>	
2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,069,907,018</u>		<u>1,069,907,018</u>

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT

Financial risk management objectives

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

(a) Market risk

The 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. The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Company 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's exposure to market risks or the manner in which it manages these risks.

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to 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 these risk. The Company does not actively trade in equity investments.

(ii) Foreign currency risk

The Group is exposed to foreign currency risk due to fluctuations in exchange rates on balances that are denominated in foreign currencies. The equivalent Guyana Dollar Value of Assets and Liabilities in Pound Sterling, Eastern Caribbean Dollars, Barbados and Trinidad & Tobago dollars are shown below:

	2013				
	£	EC\$	TT\$	B'dos\$	Total G\$ equivalent
Assets	1,370,504	64,162,992	15,525,410	208,287	5,866,491,428
Liabilities	-	918,922	-	(4,622)	69,391,187
	<u>1,370,504</u>	<u>65,081,914</u>	<u>15,525,410</u>	<u>203,665</u>	<u>5,935,882,615</u>
	2012				
	£	EC\$	TT\$	B'dos\$	Total G\$ equivalent
Assets	1,368,482	41,315,447	1,290,410	204,777	3,640,568,393
Liabilities	-	2,556,157	-	(4,622)	192,671,761
	<u>1,368,482</u>	<u>43,871,604</u>	<u>1,290,410</u>	<u>200,155</u>	<u>3,833,240,154</u>

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 2.5% increase or decrease in the Guyana dollar against the relevant currencies.

The sensitivity analysis shows the impact of all assets and liabilities that are held in foreign currencies per the preceding table. A positive number below indicates an increase in reserves if the currency were to strengthen 2.5% against the Guyana dollar. If the currencies were to weaken 2.5% against the the Guyana dollar, there would be an equal and opposite impact on the reserves and the balances would be negative.

	£ Sterling impact G\$ M	EC dollar impact G\$ M	TT dollar impact G\$ M	B'dos dollar impact G\$ M
2013	<u>11.77</u>	<u>123.70</u>	<u>12.40</u>	<u>0.52</u>
2012	<u>11.42</u>	<u>82.87</u>	<u>1.03</u>	<u>0.51</u>

(iii) Interest rate sensitivity analysis

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

	Increase/decrease in basis points	Impact on profit for year 2013 G\$000	2012 G\$000
Cash and cash equivalents			
Local currency	+/-50	4.802	3.415
Foreign currencies	+/-50	452	892

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 risks, market risks, political and disaster risks can affect the value of the assets and liabilities.

(iv) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's exposure to interest rate risk is continuously monitored to reduce as far as practical adverse interest rate risk.

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iv) Interest rate risk (continued)

COMPANY

		1 year G\$	Within 1 to 5 years G\$	Over 5 years G\$	Non interest bearing G\$	Total G\$
Maturing 2013						
Assets						
Cash resources	2.54	1,848,009,110	-	-	1,051,057,790	2,899,066,901
Investments	5.7	-	1,258,685,463	158,571,123	5,565,158,051	6,982,414,638
Policy loans	12.5	-	639,900,778	-	-	639,900,778
Mortgages	7.5	-	24,889,896	15,451,028	-	40,340,924
Loans and advances	12	53,288,341	-	-	-	53,288,341
Others		-	-	-	194,067,857	194,067,857
		<u>1,901,297,451</u>	<u>1,923,476,138</u>	<u>174,022,151</u>	<u>6,810,283,698</u>	<u>10,809,079,438</u>
Liabilities						
Claims		-	-	-	224,635,242	224,635,242
Creditors		-	-	-	461,908,311	461,908,311
Others	6	86,050,572	203,080,389	-	254,392,968	543,523,929
		<u>86,050,572</u>	<u>203,080,389</u>	<u>-</u>	<u>940,936,522</u>	<u>1,230,067,482</u>
Interest sensitivity gap		<u>1,815,246,879</u>	<u>1,720,395,749</u>	<u>174,022,151</u>		
Maturing 2012						
Assets						
Cash resources	2.54	1,468,946,418	-	-	861,542,389	2,330,488,808
Investments	5.7	-	707,265,755	158,571,123	4,317,310,691	5,183,147,569
Policy loans	12.5	-	721,457,839	-	-	721,457,839
Mortgages	7.5	-	29,410,561	15,451,028	-	44,861,589
Loans and advances	12	54,144,721	-	-	-	54,144,721
Others		-	-	-	366,308,498	366,308,498
		<u>1,523,091,139</u>	<u>1,458,134,156</u>	<u>174,022,151</u>	<u>5,545,161,578</u>	<u>8,700,409,024</u>
Liabilities						
Claims		-	-	-	263,362,871	263,362,871
Creditors		-	-	-	458,619,808	458,619,808
Others	6	27,625,440	36,772,097	-	202,822,077	267,219,614
		<u>27,625,440</u>	<u>36,772,097</u>	<u>-</u>	<u>924,804,755</u>	<u>989,202,293</u>
Interest sensitivity gap		<u>1,495,465,699</u>	<u>1,421,362,059</u>	<u>174,022,151</u>		

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(iv) Interest rate risk (continued)

GROUP

		1 year G\$	Within 1 to 5 years G\$	Over 5 years G\$	Non interest bearing G\$	Total G\$
Maturing 2013						
Assets						
Cash resources	2.54	1,896,326,851	-	-	1,059,438,950	2,955,765,801
Investments	5.7	-	1,258,685,463	158,571,123	5,834,301,913	7,251,558,499
Policy loans	12.5	-	639,900,778	-	-	639,900,778
Mortgages	7.5	-	24,889,896	15,451,028	-	40,340,924
Loans and advances	12	53,288,341	-	-	-	53,288,341
Others		-	-	-	216,541,510	216,541,510
		<u>1,949,615,192</u>	<u>1,923,476,137</u>	<u>174,022,151</u>	<u>7,110,282,373</u>	<u>11,157,395,853</u>
Liabilities						
Claims		-	-	-	245,889,951	245,889,951
Creditors		-	-	-	473,263,788	473,263,788
Others	6	86,050,572	203,080,389	-	254,392,968	543,523,929
		<u>86,050,572</u>	<u>203,080,388</u>	<u>-</u>	<u>1,044,160,765</u>	<u>1,333,291,725</u>
Interest sensitivity gap		<u>1,863,564,620</u>	<u>1,720,395,749</u>	<u>174,022,151</u>		
Maturing 2012						
Assets						
Cash resources	4.99	1,515,776,273	-	-	861,622,568	2,377,398,841
Investments	5.31	-	707,265,755	158,571,123	4,457,093,533	5,322,930,412
Policy loans	12.5	-	721,457,839	-	-	721,457,839
Mortgages	7.5	-	29,410,561	15,451,028	-	44,861,589
Loans and advances	12	54,144,721	-	-	-	54,144,721
Others		-	-	-	350,645,023	350,645,023
		<u>1,569,920,994</u>	<u>1,458,134,156</u>	<u>174,022,151</u>	<u>5,669,361,124</u>	<u>8,871,438,424</u>
Liabilities						
Claims		-	-	-	276,012,248	276,012,248
Creditors		-	-	-	462,084,845	462,084,845
Others	6	27,625,440	36,772,097	-	267,412,388	331,809,925
		<u>27,625,440</u>	<u>36,772,097</u>	<u>-</u>	<u>1,005,509,481</u>	<u>1,069,907,018</u>
Interest sensitivity gap		<u>1,542,295,554</u>	<u>1,421,362,059</u>	<u>174,022,151</u>		

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

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

COMPANY

At 31 December 2013

	1 to 12 months G\$	1 to 5 years G\$	Over 5 years G\$	Total G\$
Assets				
Debtors	154,812,238	-	-	154,812,238
Accrued Interest	52,185,617	-	-	52,185,617
Tax recoverable	40,358,344	-	-	40,358,344
Deposits	1,848,009,110	-	-	1,848,009,110
Policy loans	-	639,900,778	-	639,900,778
Mortgages	-	24,889,896	15,451,028	40,340,924
Bonds	-	1,258,685,463	158,571,123	1,417,256,586
Securities	-	5,565,158,051	-	5,565,158,051
Cash at bank	1,051,057,790	-	-	1,051,057,790
	<u>3,146,423,099</u>	<u>7,488,634,188</u>	<u>174,022,151</u>	<u>10,809,079,438</u>
Liabilities				
Creditors	103,257,465	358,650,846	-	461,908,311
Unpaid claims	224,635,242	-	-	224,635,242
Others	340,443,541	203,080,388	-	543,523,929
	<u>668,336,248</u>	<u>561,731,234</u>	<u>-</u>	<u>1,230,067,482</u>
Net assets	<u>2,478,086,851</u>	<u>6,926,902,954</u>	<u>174,022,151</u>	<u>9,579,011,956</u>

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

COMPANY

At 31 December 2012

	1 to 12 months G\$	1 to 5 years G\$	Over 5 years G\$	Total G\$
Assets				
Debtors	338,052,592	-	-	338,052,592
Accrued Interest	46,846,028	-	-	46,846,028
Tax recoverable	35,554,600	-	-	35,554,600
Deposits	1,468,946,418	-	-	1,468,946,418
Policy loans	-	721,457,839	-	721,457,839
Mortgages	-	29,410,561	15,451,028	44,861,589
Bonds	-	707,265,755	158,571,123	865,836,878
Securities	-	4,317,310,691	-	4,317,310,691
Cash at bank	861,542,389	-	-	861,542,389
	<u>2,750,942,027</u>	<u>5,775,444,846</u>	<u>174,022,151</u>	<u>8,700,409,024</u>
Liabilities				
Creditors	119,656,160	338,963,648	-	458,619,808
Unpaid claims	263,362,871	-	-	263,362,871
Others	230,447,517	36,772,097	-	267,219,614
	<u>613,466,548</u>	<u>375,735,745</u>	<u>-</u>	<u>989,202,293</u>
Net assets	<u>2,137,475,479</u>	<u>5,399,709,101</u>	<u>174,022,151</u>	<u>7,711,206,731</u>

The above does not include policyholders' liabilities. Policyholders' liabilities as actuarially valued at December 31, 2013 was \$9,128,228,916 (2012 - \$8,349,699,925).

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

GROUP

At 31 December 2013

	1 to 12 months G\$	1 to 5 years G\$	Over 5 years G\$	Total G\$
Assets				
Debtors	172,492,978	-	-	172,492,978
Accrued Interest	52,263,775	-	-	52,263,775
Tax recoverable	45,073,098	-	-	45,073,098
Deposits	1,896,326,851	-	-	1,896,326,851
Policy loans	-	639,900,778	-	639,900,778
Mortgages	-	24,889,896	15,451,028	40,340,924
Bonds	-	748,124,563	158,571,123	906,695,686
Securities	-	5,834,301,914	-	5,834,301,914
Cash at bank	1,059,438,950	-	-	1,059,438,950
	<u>3,225,595,652</u>	<u>7,247,217,152</u>	<u>174,022,150</u>	<u>10,646,834,954</u>
Liabilities				
Creditors	114,612,942	358,650,846	-	473,263,788
Unpaid claims	245,889,951	-	-	245,889,951
Others	411,057,598	203,080,388	-	614,137,986
	<u>771,560,491</u>	<u>561,731,234</u>	<u>-</u>	<u>1,333,291,725</u>
Net assets	<u>2,454,035,160</u>	<u>6,685,485,918</u>	<u>174,022,150</u>	<u>9,313,543,229</u>

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

GROUP

At 31 December 2012

	1 to 12 months G\$	1 to 5 years G\$	Over 5 years G\$	Total G\$
Assets				
Debtors	317,597,511	-	-	317,597,511
Accrued interest	46,922,879	-	-	46,922,879
Tax recoverable	40,269,354	-	-	40,269,354
Deposits	1,515,776,273	-	-	1,515,776,273
Policy loans	-	721,457,839	-	721,457,839
Mortgages	-	29,410,561	15,451,028	44,861,589
Bonds	-	707,265,755	158,571,123	865,836,878
Securities	-	4,457,093,533	-	4,457,093,533
Cash at bank	861,622,568	-	-	861,622,568
	<u>2,782,188,585</u>	<u>5,915,227,688</u>	<u>174,022,151</u>	<u>8,871,438,424</u>
Liabilities				
Creditors	123,121,197	338,963,648	-	462,084,845
Unpaid claims	276,012,248	-	-	276,012,248
Others	295,037,828	36,772,097	-	331,809,925
	<u>694,171,273</u>	<u>375,735,745</u>	<u>-</u>	<u>1,069,907,018</u>
Net assets	<u>2,088,017,312</u>	<u>5,539,491,943</u>	<u>174,022,151</u>	<u>7,801,531,406</u>

The above do not include policyholders' liabilities. Policyholders' liabilities as actuarially valued at December 31, 2013 was \$9,128,228,916 (2012 - \$8,349,699,925).

NOTES ON THE ACCOUNTS (CONTINUED)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Concentration of risk

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

	COMPANY		GROUP	
	2013 G\$	2012 G\$	2013 G\$	2012 G\$
At 31 December				
Investments				
Held to maturity	1,417,256,586	865,836,878	1,417,256,586	865,836,878
Available for sale	5,565,158,051	4,317,310,691	5,834,301,913	4,457,093,533
Cash on hand & in bank	1,051,057,790	861,542,389	1,059,438,950	861,622,568
Cash on deposits	1,848,009,110	1,468,946,418	1,896,326,851	1,515,776,273
Tax recoverable	40,358,344	35,554,600	45,073,098	40,269,354
Loans receivable (Note 16b)	680,241,702	766,319,428	680,241,702	766,319,428
Debtors (Note 19)	154,812,238	338,052,592	171,372,884	316,477,417
Accrued interest (Note 20)	52,185,617	46,846,028	52,263,775	46,922,879
Premium receivable	-	-	1,120,094	1,120,094
	<u>10,298,518,538</u>	<u>8,700,409,024</u>	<u>10,646,834,953</u>	<u>8,871,438,424</u>

- (i) Included in loans and receivables are policy loans which are fully secured against the cash value of the individual policies.
- (ii) Accrued interest represents amounts due or accrued on the various investments of the Company. These amounts would either be received in the next financial year, or would materialise on maturity of the investment(s) in accordance with the terms and conditions.
- (iii) Included in debtors are number of advances and loans to staff and sales representatives on which interest is earned.
- (iv) Premium receivable represents amounts due but not received at the date of the statement of financial position. These amounts would be collected in the next financial year.
- (v) Cash and cash equivalent include balances held in commercial banks. These banks have been assessed by the Society as being credit worthy with very strong capacity to meet obligations as they fall due.
- (vi) The investments as reflected are assets for which the likelihood of default are considered minimal by the Directors. The debtors balance is classified as follows:

	2013 G\$	2012 G\$	2013 G\$	2012 G\$
Current	<u>154,812,238</u>	<u>338,052,592</u>	<u>171,372,884</u>	<u>316,477,417</u>

NOTES ON THE ACCOUNTS (CONTINUED)

34 INSURANCE RISK MANAGEMENT

The principal risk that the Company faces under its insurance contract is that the actual claims and benefit payments exceed the carrying amount of its assets at any one time. This can occur if there is for some reason widespread deaths either due to epidemics or other social problems within the territories where the Company operates. It is, however, prudent of the Company to ensure that its risks are properly managed. Risk management policies are discussed below.

Firstly there is the Company's underwriting principles that seek to ensure that all risks selected are insurable. The fact that the Company operates in four different territories helps to guard against concentration of risks in one location. The Company's risk is also mitigated through its reinsurance treaties which currently allow the Company to cede all liabilities over G\$400,000 in Guyana, for certain policies it is G\$1,000,000 and EC\$100,000 in the EC territories. This risk is also managed by the careful adjudication of all claims and avoids the payment of fraudulent claims.

The Company's risk management would also include the management of its investments as returns on these are pivotal in the covering its liabilities. The tri-annual valuations and of recent annual valuations allows for constant monitoring of its assets in relation to the liabilities.

Concentration of insurance risk could have material effect on benefits to be paid. The table below presents the concentration of insured benefits across four bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts.

	Total benefits insured (G\$ millions)			
	Before reinsurance		After reinsurance	
Benefits assured per life assured at the end of 2012				
0M - 3M	7,051	14.0%	6,320	15.6%
3M - 5M	14,008	27.9%	13,133	32.3%
5M - 10M	17,158	34.2%	15,490	38.1%
Over 10M	12,005	23.9%	5,679	14.0%
Total	50,222	100.0%	40,622	100.0%

The majority of insured risk is concentrated in the lower band. Reinsurance further reduces the total amount of risk in all bands.

NOTES ON THE ACCOUNTS (CONTINUED)

34 INSURANCE RISK MANAGEMENT (CONTINUED)

Reserves for future policyholders' benefits

The Canadian Policy Premium Method is used for the determination of reserves for future policyholder benefits of long-term insurance contracts (actuarial liabilities). The reserves for future policyholders' benefits are determined by actuarial valuation yearly and represents an estimate of the amount required, together with future premiums and investment income, to provide for future benefits and expenses payable on insurance and annuity contracts. The reserves are calculated using assumptions for future policy lapse rates, mortality, expenses, inflation and interest and exchange rates. The assumptions also include provisions for adverse deviation to recognise uncertainty in establishing the assumptions and to allow for possible deterioration in experience. The process of determining the provision necessarily involves risks that the actual results will deviate from the assumptions made.

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

(i) Mortality

The mortality assumptions were based on 1986-92 Canadian Institute of Actuaries select and ultimate mortality tables. An investigation into the Society's mortality experience was performed, and the mortality tables were adjusted to reflect the Society's experience and territorial difference. Provisions for AIDS extra mortality, additional margin was provided for uncertainty based on US experience were added to the expected mortality assumptions. For payout annuity policies, the mortality assumptions are based on 1983 Society of Actuaries' Individual Annuitant Mortality tables. Mortality improvement was assumed for future years. An additional margin was provided for uncertainty in setting the expected assumptions.

(ii) Interest rate

Valuation interest rate assumptions were based on the Society's investment portfolio rate of return during the year of valuation. Additional allowances were made for investment income tax investment expenses, asset default and asset/liability mismatch to reflect the Society's investment performance and expected future returns.

(iii) Lapse

For individual life insurance policies, an investigation into the Society's lapse experience was performed, and the lapse assumption was made based on the Society's experience. An additional margin was provided for uncertainty in setting the expected assumptions. No lapse assumption was made for the valuation of individual annuity business.

(iv) Expense and inflation

Projected commission payments were assumed in accordance with the Society's commission schedule. Policy maintenance expense assumptions were made based on the Society's operating experience during the year of valuation. An additional margin was provided for uncertainty in setting the expected assumptions.

NOTES ON THE ACCOUNTS (CONTINUED)

34 INSURANCE RISK MANAGEMENT (CONTINUED)

Reserves for future policyholders' benefits (continued)

(iv) Expense and Inflation (continued)

Future expected rate of inflation was assumed based on actual rate of inflation in the countries where the Society operated during the year of valuation. Premium tax rate of 3% in St. Lucia and 5% in St. Vincent/ There is no premium tax in Guyana, Grenada. The allowance for investment income tax was made as a deduction from the interest rate whenever applicable. It was assumed that the tax legislation and rates would continue in the future.

(v) Reinsurance

Future reinsurance cash flows were projected according to the reinsurance treaties in force, including reinsurance premiums, reinsurance allowances and reinsurance recoveries. The principal reinsurance treaties are with Swiss Re Life & Health Canada.

(vi) Exchange rate

The cash flow projection and reserve calculation of each individual policy were performed based on its original currency. The valuation results were consolidated among different countries using the exchange rates as at the valuation date provided by the Society.

NOTES ON THE ACCOUNTS (CONTINUED)

35 DEFINED BENEFIT ASSET

A valuation was done by an independent actuary using the Projected Unit Credit Method as required by IAS 19 -Employee Benefits(Revised).Retrospective application was impractical from 2012 and before due to the unavailability of information. The information used was based on the valuation as of 2012.

(a) The amount recognised in the Statement of Financial Position is as follows:

	COMPANY AND GROUP
	2013
	G\$
Present value of obligation	556,572,274
Fair value of plan assets	(1,163,970,540)
Unrecognised gain	-
Net defined benefit asset	<u>(607,398,266)</u>

(b) Changes in present value of defined benefit obligation are as follows:

	COMPANY AND GROUP
	2013
	G\$
Opening defined benefit obligation	454,536,084
Current service cost	20,067,492
Interest cost	213,326,546
Benefits paid	(35,872,350)
Actuarial gain	<u>(95,485,498)</u>
Closing defined benefit obligation	<u>556,572,274</u>

(c) Changes in present value of defined benefit obligation are as follows:

	COMPANY AND GROUP
	2013
	G\$
Opening fair value of plan assets	553,455,189
Expected return on plan assets	341,253,306
Contributions paid	46,890,608
Benefits paid	(35,872,350)
Actuarial gain	<u>258,243,787</u>
Closing fair value of plan assets	<u>1,163,970,540</u>

NOTES ON THE ACCOUNTS (CONTINUED)**35 DEFINED BENEFIT ASSET (CONTINUED)**

(d) Amount recognised in the Statement of Comprehensive Income is as follows:

	COMPANY AND GROUP
	2013
	G\$
Current service cost	20,067,492
Net interest on defined benefit obligation	<u>(7,913,528)</u>
	<u>12,153,964</u>

Reconciliation of amount recognised in the
Statement of Financial Position

	COMPANY AND GROUP
	2013
	G\$
Unrecognised gain charged to Retained Earnings	-
Net pension cost	12,153,964
Re-measurement recognised in Other Comprehensive Income	608,521,178
Contributions paid	<u>11,031,052</u>
	<u>607,398,266</u>
Summary of main assumptions	
Discount rate	7%
Salary increases	6.5%
Return on plan assets	10%

NOTES ON THE ACCOUNTS (CONTINUED)

36 RESTATEMENTS

The Company has changed its accounting policy to record the value of Actuarial Liabilities in its financial statements as a Liability and any change in the value of Actuarial Liability will be recorded in the Comprehensive Income Account. The change in accounting policy has been applied retrospectively. The effect of the change to the statement of changes in equity, income and expenditure and statement of financial position for the year ended December 31, 2012 has been summarised in the following tables. The Company also changed its accounting policy for the accounting of the Defined Benefit Pension Plan as shown in Note 35.

Statement of Financial Position	COMPANY AND GROUP		
	Previously Stated Value G\$	Prior Year Adjustment G\$	Restated Value G\$
Balance 1 January, 2012			
Capital and reserves			
Retained earnings	-	(2,905,054,870)	(2,905,054,870)
Life Assurance Fund	3,523,264,478	(3,523,264,478)	-
Group Pension Fund	1,711,418,343	(1,711,418,343)	-
	<u>5,234,682,821</u>	<u>(8,139,737,691)</u>	<u>(2,905,054,870)</u>
Non-current liabilities			
Deposit administrative fund	-	1,717,438,209	1,717,438,209
Actuarial liabilities	-	6,422,299,482	6,422,299,482
Balance 31 December, 2012			
Capital and reserves			
Retained earnings	-	(2,964,218,761)	(2,964,218,761)
Life Assurance Fund	3,410,283,773	(3,410,283,773)	-
Group Pension Fund	1,975,197,381	(1,975,197,381)	-
	<u>5,385,481,154</u>	<u>(8,349,699,915)</u>	<u>(2,964,218,761)</u>
Non-current liabilities			
Deposit administrative fund	1,963,874,813	1,963,874,813	
Actuarial liabilities	-	6,385,825,102	6,385,825,102
Statement of Comprehensive Income - 2012			
Surplus (deficit) over revenue	<u>124,267,208</u>	<u>(187,563,600)</u>	<u>(63,296,392)</u>

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OUR VISION:

To develop, promote and sustain a customer-focused organisation.

OUR MISSION:

To surpass our customers' expectations by providing superior service through the integration of people and technology.



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