



DEMERARA
MUTUAL



ANNUAL REPORT 2016

www.demeraramutual.com

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

DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED
ANNUAL REPORT 2016

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DM OFFICES:

Head Office

61 & 62 Avenue of the Republic &
Robb Street
Georgetown, Guyana
TEL: (592) 225 8991-3
Fax: (592) 225 8994-95
corporate@demeraramutual.com

Clarke's Branch

61 & 62 Avenue of the Republic &
Robb Street
Georgetown, Guyana
TEL: (592) 227 6803, 04 Ext 314
(592) 225 3844
c_clarke @demeraramutual.com

Clarke's Branch

Lot 2, Zeskenderen Central
Mahaicony,
East Coast Demerara, Guyana
TEL: (592) 221 2276/2061
FAX: (592) 221 2283
mahaicony@demeraramutual.com

Mc Pherson's Unit

63 Avenue of the Republic & Robb
Street
Georgetown, Guyana
TEL: (592) 227 6803, 04 Ext 255
j_mcpherson@demeraramutual.com

Linden Office

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

New Amsterdam Sales Office

Lot 4 Wapping Lane
New Amsterdam,
Berbice, Guyana
TEL: (592) 333 3243, 333 2849
FAX: (592) 333 4724
berbice@demeraramutual.com

Port Mourant Sales Office

Lot 174 Miss Phobe
Port Mourant
Corentyne
Berbice
Tel (592) 336-6900-1

GRENADA

Grenada Branch Office Granby Street

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

ST.LUCIA

St. Lucia Branch Office

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

Alexander's Unit

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

Dantes Unit

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

Kirton's Sales Unit

37 Chisel Street
Castries, St. Lucia
Tel: (758) 453 6626/28
Fax: (758) 451 7729
s_charleskirton@demeraramutual.com

ST. VINCENT

St. Vincent Branch Office

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

DEMERARA FIRE & GENERAL

DEMFIRES 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
corporate@demeraramutual.com

Branch Offices:

Lot 4 Wapping Lane
New Amsterdam, Berbice, Guyana
TEL: (592) 333 3243/2849
FAX: (592) 333 4724
berbice@demeraramutual.com

Lot 2 Zeskenderen
Central Mahaicony,
East Coast Demerara, Guyana
TEL: (592) 221 2276/2061
FAX: (592) 221 2283
mahaicony@demeraramutual.com

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

NOTICE OF DATE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN pursuant to Regulation 35 of the Society's Regulations that the 125th 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 Friday, 28th July 2017 at 4.30 pm.

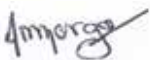
If any member desires to bring any matter before the meeting, he/she should, no later than fourteen (14) days before the 28th July 2017 deliver to the Society's Home Office, a statement in writing in the form of a motion setting forth specifically, such matter.

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 2016 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
7th July 2016

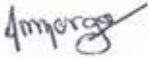
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 125th 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 Friday the 28th July 2017 at 4.30 pm.

AGENDA

1. To receive and consider the Reports of the Directors, the Accounts for the year ended 31st December, 2016 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
21st July 2017

REQUIREMENTS FOR ATTENDING THE ANNUAL GENERAL MEETING

Members are asked to observe the following requirements for attendance and voting at the 125th 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 authorized 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 or their appointed proxy/proxies are entitled to attend this meeting.

Invitation to attend meeting

Please bring the financial report which was mailed to you as this is your invitation to gain entry to this meeting.

CORPORATE INFORMATION

REGISTERED OFFICE:

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

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 Touché Tohmatsu)
77 Brickdam, Stabroek,
Georgetown, Guyana

ACTUARY:

Edward Kuo Consulting Actuary
Actuary Perspective Inc
2 Robert Speek Parkway
Suite 750
Mississauga
Ontario L4Z 1H8, Canada

BANKERS:

**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.

231 -233 Camp Street
Georgetown, Guyana

Bank of Nova Scotia

104 Carmichael Street
North Cummingsburg
Georgetown, Guyana

ATTORNEYS-AT-LAW:

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

CHAIRMAN'S REPORT



Fellow policyholders, Directors, Management and staff, Special Invitees, ladies and gentlemen, I extend to all of you my heartfelt welcome to this the 125th Annual General Meeting of the Demerara Mutual Life Assurance Society Ltd.

The year under review, 2016, marks 125 years of the Demerara Mutual's existence, an achievement which we should all be very proud of today. This is a very significant accomplishment of Demerara Mutual which, I am proud to remind you, is today the longest serving Life Insurance Company in Guyana. We are also an indigenous company and are, therefore, rooted in the soil of this country. We remain a dynamic force to be reckoned with in a very competitive market place and our growth keeps persisting as we intend.

We are proud of our Mission "to surpass our customer's expectations by providing superior service through the integration of people and technology". We reassure you that the insurance products we offer are most suitable to meet your insurance needs and that with Demerara Mutual you are secure.

Global Economy

The global economy continues to experience major changes and two such in 2016 that are worthy of mentioning are 'Brexit' and the transition of political power in the United States of America. The apparent uncertainties of the outcome of these changes are having some negative impact on the European Market and with a concomitant effect on the global economy. Most of the developing economies are projected to experience a growth rate of approximately 4% in 2016. IMF World Economic Outlook is projecting economic growth for 2016 at 3.1% compared with 3.2% for 2015 (Jan 17). Advanced Economies are projected at 1.6% and Emerging Markets/ Developing Countries at 4.1%

In an effort to better serve you our policyholders, a new software system was acquired and is in the process of being implemented. This new system is scheduled to become functional in 2017.

Financial Performance

The financials of Demerara Mutual confirm that it is a strong financial institution with adequate assets to match its liabilities. We remain committed and focused to ensure that we keep above the persisting economic challenges in all the territories where we operate to maintain the Company's increased profitability and financial strength.

The total revenue for the year under review was \$2.15B. This when compared to the \$1.8B for 2015 was a 19% increase. The after tax surplus was \$415M which when compared to the \$712M surplus in 2015 represented a 45% decrease. Investment income was \$757M, a 46% increase over the 2015 figure of \$518M. Management expenses totalled \$799M, a 14% reduction when compared to the \$927M in 2015. Claims in the sum total of \$324M were paid. This was a 45% increase compared to the \$224M in 2015.

The Board takes this opportunity to congratulate the Acting Chief Executive Officer, Mr Geoffrey Brewster and his Management team and also members of the sales and office staff, for their dedication in achieving several of the set objectives resulting in these financial outcomes.

Regulations

A new Insurance Act was approved in 2016. This Act, while assented to, has not yet taken effect. The revised Regulations arising from the new Act are at present being addressed and implementation later this year is anticipated. Also, in the Eastern Caribbean Territories where we operate, their Insurance Acts are in the process of being revised.

We anticipate from these new Statutes and revised requirements are meant to give increased protection to policyholders and will allow insurers to have the financial ability to meet their obligations and pay claims.

While these changes will undoubtedly, be more onerous, we are committed to full compliance with all relevant regulations to ensure transparency and soundness of the Demerara Mutual and its ability to fulfill at all times its financial obligations with due expedition.

New Software System

To better serve you our policyholders, a new software system has been acquired and is in the process of being implemented. This new system

is scheduled to become functional later this year. You would thereafter benefit from real time service from us through the direct accessing of your policy accounts to determine your policy status. You would also have the option of communicating with us electronically, which would enable us to better serve you and better manage your insurance accounts.

Marketing

In 2016, we achieved a premium income of \$1.4B, an 8% increase when compared to the 2015 result of \$1.3B. We commend both the Sales and Office staff for their resilience in ensuring acceptable increases in new sales and that current insurance policies persist.

Our sales personnel both in Guyana and the territories namely Grenada, St Lucia and St Vincent must be commended for their sterling efforts to ensure insurance needs in these countries where we operate are satisfied. This cannot be overlooked given the financial risks that exist and the need to mitigate such risks in the highly competitive insurance environment which exists today.

Mr Charles Clarke has emerged the lead performer for 2016, a position which he has maintained for several years. We extend special kudos to Mr Clarke and his team for this achievement. In second place was Mrs. Lydia Bubb-Frame of Grenada, followed by Mr Michael Blair of the Clarke's Branch in third place.

We continue to assess the market for new opportunities to expand and increase our market penetration in order to bring greater awareness of the Company's presence and the products we offer.

Corporate Governance

The Corporate Governance Policy of the Society provides a framework under which the Board of Directors and management operate. It includes its corporate structure, culture, policies and the manner in which it deals with various policyholders. Our governance policies address the responsibilities, authority and administration of the Board of Directors. It also included the responsibilities of management and define the reporting relationships.

The Society recognizes the importance of these good governance principles and is committed to their adherence. We assure that we do business in a manner that assures transparency, accountability and disclosures.

Fire Company Subsidiary

The 2016 financial results of the Fire Company subsidiary showed total revenue of \$95.7M. This compared to the 2015 result of \$87.6M showed 9% growth. The after-tax profit was \$24.7M, a 63% increase when compared to the previous year. Management expenses totalled \$38.3M, a 3% increase when compared to 2015. Claims paid totalled

\$10.1M a 48% reduction when compared to the previous year.

Conclusion

Finally, I would like to express my sincerest appreciation to you, our valued policyholders and your families for placing your insurance business with Demerara Mutual. I thank you for the loyalty you have demonstrated over the years by making this Company your one stop shop to have your insurance needs satisfied.

To the Acting Chief Executive Officer, Mr Geoffrey Brewster, his management team and staff, special thanks for your dedication and hard work implementing the much needed changes and improving the financial performance of the Society and maintaining its growth and furthering its development.

To the members of the Sales Force I say thanks for believing in the Demerara Mutual and selling the insurance products we offer. You are the vanguard of the organization.

Lastly, to my fellow Directors, it was again my great pleasure working with you another year when we together strove for the continued success of a Society that is dear to us all. I look forward to and am confident of your continued support and co-operation in the future.

Thanks very much.

Richard B Fields, SC, LL M
CHAIRMAN

BOARD OF DIRECTORS



Mr Richard B. Fields, S.C.
Chairman



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



Dr Leslie Chin, C.C.H.
Director



Mr Maurice Solomon
Director



Mr Louis Holder
Director



Dr Karen Gordon-Boyle
Director



Ms Deenawati Panday
Director



Mr Ronald Burch-Smith
Director

MANAGEMENT TEAM



Mr Geoffrey Brewster
Chief Executive Officer (ag)



Ms Melissa De Santos
Legal Officer



Ms Kezia McDonald
Finance Controller



Ms Orlean Charles
Insurance Operations
Manager



Mr Clarence Perry
Marketing Manager



Mr James Morgan
Company Secretary

DIRECTORS' REPORT

Directors' Report

The Directors have the pleasure to submit to you their report for the financial year ended 31st December 2016.

PRINCIPAL ACTIVITIES

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

SUMMARY FINANCIAL RESULTS

A summary of the financial results for the year ended 31st December 2016 is as follows:

	2016	2015
Revenue	2,150,999,009	1,798,803,597
Net surplus after taxation	415,360,245	712,758,822
Total Comprehensive income/(loss)	261,365,189	174,149
Total Assets	15,276,839,134	14,715,371,683
Total Liabilities	12,167,883,087	11,867,780,826

DIRECTORS' EMOLUMENTS

The emoluments paid to the Society's Directors for the year 2016 were as follows:

	<u>2016</u>	<u>2015</u>
Mr. Richard B. Fields, SC	2,114,832	2,114,832
Mr. Clifford B. Reis, C.C.H.	1,321,740	1,321,740
Dr. Leslie Chin, CCH	1,321,740	1,321,740
Mr. Maurice Solomon	1,321,740	1,321,740
Mr Louis Holder	1,321,740	1,321,740
Miss Deenawati Panday	1,321,740	1,321,740
Dr Karen Gordon-Boyle	1,321,740	1,321,740
Mr Ronald Burch-Smith	1,284,019	-

DIRECTORATE

The Directors who retire by rotation are Mr Richard B Fields, Mr Ronald Burch-Smith and Dr Karen Gordon-Boyle. These Directors are eligible

and offer themselves for election.

DIRECTORS' INTEREST

The Society's Directors are required, in keeping with its Ordinance, to be members of the Society by having a participating life assurance policy with the Society. All the Directors meet this requirement. The sums assured of their respective life assurance policies are:

	Sums Assured
Mr. Richard B. Fields, S.C.	125,000:
Mr. Clifford B. Reis, C.C.H.	100,000:
Dr. Leslie Chin, C.C.H.	100,000:
Mr Maurice Solomon	100,000:
Miss Deenawati Panday	500,000:
Dr Karen Gordon-Boyle	100,000:
Mr Ronald Burch-Smith	500,000:
Mr Louis Holder	100,000:

SERVICE CONTRACTS

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

CAPITAL EXPENDITURE

The capital spending for the year 2016 was \$10.9M.

AUDITORS

The retiring Auditors, TSD LAL & CO are eligible for election and expressed their willingness to be the Society's Auditors for the ensuing year.

VALUATION

The Last Valuation Report done by the Actuary was for the year ended 31st December 2016.

The Society's policy liabilities for the long term insurance business as at 31st December 2016 were valued as \$11,438,542,098.

SUBSTANTIAL SHAREHOLDINGS

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

REPORT OF THE CHIEF EXECUTIVE OFFICER (AG) MR GEOFFREY BREWSTER



INTRODUCTION

Policyholders, it is my distinct privilege to report to you on the operations of Demerara Mutual Life for the financial year ended 31st December 2016.

Demerara Mutual is transforming to a customer focus and technology driven insurance company. In the face of these transformations, Demerara Mutual's mission remains the same. We are here to help our customers achieve financial security while leveraging the latest in technology. We know that when we serve you well, we're helping you create a secure future – a future story that is yours to write and is unique to you.

Demerara Mutual's 2016 results speak to how we are creating opportunities in challenging times. This year started with Management vigorously pursuing implementation of several new policies and strategies adopted by the Board of Directors. These changes were necessary for reversal of the stagnant growth that was being experienced and providing you our policyholders with the best possible service given the now advanced technological environment in which we operate. The benefits of these new systems and procedures we commenced experiencing in 2016. These changes are also resulting in significant improvement in the operational efficiency of the Society. This turn around could not have resulted without the co-operation and commitment of both the office staff and agents, at all levels.

In 2016 we experienced higher levels of premium income and lower levels of management expenses as were projected in the 2016 -2018 Strategic Plan and this was due to the hard work of Management and staff who demonstrated the resolve to take the Society to a higher level in a market place that is most competitive. We are very confident

that this new direction of the Company and a well thought out plan for period 2016 -2018, which is under constant review, would result in increased financial strength and greater profitability of the Company in all the territories where we operate notwithstanding the economic and marketing challenges being experienced and an environment that is highly competitive

MARKETING

The new business sales performance for 2016 exceeded the set quota by 3.8%. While the Sales force for Guyana exceeded their target, the performance in the Eastern Caribbean Territories was marginally below target. They fell short of their targets primarily due to the restructuring and rebuilding of the sales agencies in Grenada & St. Vincent. This has been addressed in 2017 when a higher level of productivity is anticipated.

The training of our Sales Representatives was a priority to ensure that they were adequately equipped with the required knowledge and skills to provide you our most valued clients with the best possible insurance guidance regarding your insurance needs and how these could be met and to ensure that you provide for the future financial needs of yourself and family.

The Company's premium income for 2016 increased from \$1.28B in 2015 to \$1.39B in 2016 a 9% increase.

It was a distinct pleasure working very closely in 2016 with our sales personnel, in many cases, on a one to one basis to enhance their skills and increase their knowledge for their improved sales performance.

The efforts of the policy conservation unit must be applauded. Policyholders desiring to surrender or lapse their policies were able to benefit from sound financial guidance and direction resulting in increased policy retention and the avoidance of unnecessary surrender and lapses. We appreciate that you, our Policyholders, despite the economic challenges being faced, agreed to keep your policies in force to ensure that your insurance coverage was in no way compromised.

We do recognize the need for increasing our physical presence in the various territories where we operate. A new Collection Office was opened in Port Mourant, Berbice to better serve our policyholders in the Berbice region. Such expansion would be ongoing as we are confident that this is crucial to improving on our growth, profitability and service.

INSURANCE OPERATIONS

The restructuring work we started in 2015 continued in 2016. Emphasis was placed on conservation and training of staff for greater efficiency of our operations.

Training and Staff Development

Training was conducted for several members of staff during the first and fourth quarters of the year. This resulted in increased knowledge of our products, more efficient use of our resources and enhanced customer service. Continued awareness of the Anti Money Laundering Laws and

Corporate Governance Policy were also reinforced during the year.

Customer Retention

The Conservation Department played a major role in the recapturing and retention of our life and health policies. Their efforts working together with our agents, resulted in greater customer loyalty.

Effective Processes

Restructuring also resulted in a review of our procedures and processes which resulted in increased efficiency across the Society. The turnaround time for policyholders' requests and changes were greatly improved and staff members have begun to operate in a more cost conscious environment.

Group Life:

The Group Life premium income was \$124M compared to \$145M in 2015, a 14% decrease. Claims paid totaled \$9.9M, a 42% reduction when compared to the 2015 figure of \$17M.

Group Pension:

Group Pension premium income was \$581M. This was a 38% reduction when compared to the 2015 figure of \$1.5B.

The deposit administrative fund at the end of 2016 was \$4.6B compared to \$3.1B in 2015.

Reductions in the Group Life and Group Pension business were because of some cancellations. We continue to address to ensure that all group plans sold are profitable.

FINANCIAL PERFORMANCE

The Society in 2016 generated total revenue of \$2.15B despite the many economic challenges experienced in Guyana and the Eastern Caribbean Territories, where we operate. This result was a 19 % increase over the 2015 revenue of \$1.8B. Investment income also had an increase of 46%, that is, from \$518M in 2015 to \$757M in 2016.

The steps taken to greater control expenses resulted in management expenses being reduced to \$799M. This when compared to the \$927M in 2015 was an 11% decrease. Claims paid and which is the very nature of our business was \$324M compared to \$224M in 2015, a 45% increase.

DEMERARA FIRE & GENERAL INSURANCE COMPANY LTD

The Company's subsidiary, generated an after tax profit of \$24.7M. This was 63% over the 2015 surplus of \$15.2M The premium revenue was \$95.7M, a 9% increase over the \$87.6M figure for 2015. The claims paid for 2015 totaled \$10.1M compared to \$19.4M in 2015, a 48% reduction. Management expenses totaled \$38.3M which, when compared to the 2015 expenses of \$37.1M, was a 3% increase.

We are persisting in our efforts to increase our market share for the general insurance business. We have added further benefits to our motor policies, such as, 'roadside services'. We encourage our

policyholders to take advantage of these new benefits to safeguard against being greatly inconvenienced when mishaps are experienced on the unpredictable roads.

We are proud of the quality service we offer and the promptness with which we settle the claims of our policyholders. We encourage you to make DEM LIFE/DEM FIRE your one stop shop company to address your insurance needs.

TECHNOLOGY

Demerara Mutual is laying the foundation for leveraging data and highly scalable cloud platforms to enable us to create new business models and understand risks in ways never before possible. We are excited to leverage innovative technology advancements to empower us with robust solutions to some of our most difficult business challenges.

The Society has acquired a fully integrated Life Administration and Accounting System which would be fully operational in 2017. You would soon be benefitting from an enhanced service which will give you on-line, real-time information on your policies on your desktop or mobile devices. You would soon have the option to communicate with us electronically and which would enable us to better serve you and better manage your insurance accounts. We will keep you informed of our implementation dates.

HUMAN RESOURCE

Human Resources continue to deliver customer-focused tools and solutions to help the organization attract, retain and develop a diverse and high performing workforce and provide support in all matters relating to compensation, benefits, recruitment, training and employee development. Staff surveys were done and which enabled the Human Resource Department to better understand the current work environment, and make changes and develop needed training programs and other solutions to facilitate a high performing workforce for improved performance.

Human Resource development continued to be a priority for the Society. Our staff members are being challenged to improved performance, higher levels of productivity and personal development. The enhancement of the technical and interpersonal skills of staff members is resulting in you the policyholder being provided with better quality service.

REGULATORY MATTERS

Life Insurance is a very highly regulated industry today with very stringent conditions to protect the rights of policyholders and to ensure that their benefits are not in any way placed at risk or compromised.

We have a good working relationship with all of our Regulators and ensure the submission of timely information and reports as required.

This is to inform of the Society's financial and production results to give assurance that the Society was in good standing and has the financial strength to meet its financial obligations.

CONCLUSION

I would like to convey to the Society's Chairman and other members of the Board of Directors my deepest appreciation for their support during the year. I feel honored by the confidence placed in me to manage the day to day operations of the Society and to take such necessary steps to ensure the efficiency and profitability of the Company's operations both in Guyana and in the Eastern Caribbean Territories

Thanks to the members of the Management team, the Sales Team and the Administrative Staff for their commitment to the changes implemented to ensure success of the several new policies and systems that were implemented for improved operational efficiency and profitability.

2016 was about Demerara Mutual serving our customers by holding strong to our values and turning challenges into opportunities. In the midst of this period of change, I am confident that we will continue to seize the opportunities these changes bring and help to secure a future full of promises for us all.

Thank you for the trust you place in us and for being loyal policyholders of Demerara Mutual.

Geoffrey Brewster

Chief Executive Officer (ag)

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

The Society's current Directors are Mr. Richard B. Fields, S.C. (**Chairman**), Mr. Clifford B. Reis, C.C.H., Dr. Leslie Chin, C.C.H., Mr Maurice Solomon, Mr Louis Holder, Miss Deenawati Panday, Dr Karen Gordon-Boyle and Mr Ronald Burch - Smith

The Board of Directors convenes monthly Board Meetings to consider reports from the Society's Management on the performance of the various operational areas of the Company and take such necessary decisions having regard to the recommendations of Management for the improved efficiency and financial performance of the Company. It has responsibility for the approval of the Company's annual financial statements and ensuring that it has adequate resources to meet its policy liabilities. It also approves strategic plans and objectives of the Society and monitors and modifies such procedures, strategies and policies when needs be for the improved performance of the Society.

The Board also embraces the principles of good Corporate Governance to ensure disclosures, fair treatment of policyholders and payment of claims. The Board is committed to the principles of accountability and that the protection of the rights of its policyholders were in no way compromised. The Board established several Board Committees to address matters which required detailed consideration and submit recommendations to the Board for decision.

AUDIT / FINANCE / INVESTMENT COMMITTEE

The Audit/Finance/Investment Committee comprises of Mr. Maurice Solomon (Chairman), Mr. Clifford B. Reis and Mr Louis Holder.

This Committee reviews the financial statements of the Society before they are approved by the Board of Directors and informs the Board of their comments and recommendations regarding these financials. This Committee also addresses those transactions that would have significant impact on the financial position of the Company. It ensures that all Financial and accounting standards and internal control procedures are adhered to. It reviews annual budget presentations and monthly financial statements from Management and gives guidance to the Board on changes that needed to be implemented for the improved performance of the organization. It considers such other reports as, Management Letters from the External Auditors and reports of the Internal Auditor and discusses with the Auditors these reports.

This Committee has responsibility for the examination of the Audited Annual Accounts of the Society to ensure accuracy, transparency and compliance with all the required accounting standards before these financials are considered by the members at the Annual General Meeting, for adoption.

BUILDING COMMITTEE

The Members of the Building Committee are Directors Dr Leslie Chin (Chairman), Mr Louis Holder and Miss Deenawati Panday.

This Committee has responsibility for the Society's real estate investments and their development and making recommendations for their upkeep and maximization of returns.

MARKETING COMMITTEE

The members of the Marketing Committee are Directors Dr Leslie Chin (Chairman), Mr Maurice Solomon and Miss Deenawati Panday.

This Committee reviews the sales performance of the Society and its respective operations and assesses the actual sales performance compared to the budgeted projections and previous year's results.

The Marketing Committee also makes recommendations on new strategies for growth and greater market penetration and also new products needed to meet changing insurance needs.

PERSONNEL / HUMAN RESOURCE COMMITTEE

This Committee is made up of Directors, Mr Clifford B Reis (Chairman), Miss Deenawati Panday and Dr Karen Gordon-Boyle.

This Committee has responsibility for working closely with the Society's Management to address the Company's Human Resource needs so as to ensure the efficient operations of the Society and also, that a good industrial climate is enjoyed. The HR Committee also considers proposals from Management on the revision of staff benefits and makes recommendations to the Board for consideration and decision.

PENSION COMMITTEE

The Members of the Society's Pension Committee are Directors, Mr Clifford B. Reis (Chairman), Dr Karen Gordon-Boyle and staff representative, Miss Devika Gir.

This Committee considers recommendations from the Society's Management on pension benefits to be paid to pensionable employees and advises the Board on pension benefits to be approved.

The Audited annual accounts and the Actuarial Valuation of the Pension Scheme

for staff members of the Society are also reviewed by the Pension Committee for approval.

DEATH CLAIMS COMMITTEE

The Death Claims Committee comprises of Directors, Dr Karen Gordon-Boyle (Chairperson), Miss Deenawati Panday and Mr Maurice Solomon. Death Claims reports submitted by Management are reviewed by this Committee. The Committee once satisfied that all requirements of the Society had been met, would make recommendations to the Board for approval to pay such death claims.

By Order of the Board.

James K. Morgan

Company Secretary

OUR 2016 SALES AWARDEES

The following sales representatives are the 2016 Top Producers for the Society and are being recognised for their sterling performance:

NAMES/AWARDS

TERRITORIES

Chairman's Diamond

Charles Clarke

Guyana

Chairman's Bronze

Michael Blair

Guyana

Haresh Ramsamooj

Guyana

Vanessa Ghanie

Guyana

Joel McPherson

Guyana

Lydia Bubb – Frame

Grenada

Centurion Club

Charles Clarke

Guyana

Eighty Plus Club

Richard Seaton

Guyana

Fifty Plus Club

Avanelle Telford

Guyana

Haresh Ramsamooj

Guyana

Michael Blair

Guyana

Allison Allicock

Guyana

Joel Mc Pherson

Guyana

Beverley Peters

Guyana

Camille Goring

Guyana

Brentnol Mendonca

Guyana

Urland Wilkinson

Guyana

Vanessa Ghanie

Guyana

Lydia Bubb – Frame

Grenada

Top producer -Lines of Business - Life, Fire and Motor

Charles Clarke

Guyana

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
THE DEMERARA MUTUAL LIFE
ASSURANCE SOCIETY LIMITED AND SUBSIDIARY
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of the Demerara Mutual Life Assurance Society Limited And Subsidiary, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 28 to 76.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Demerara Mutual Life Assurance Society Limited And Subsidiary as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

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

Going concern

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

Other Information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Company's 2016 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our

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

Responsibilities of Those Charged with Governance for the Financial Statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal controls,
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls,
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern,
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit. We are also required to provide to those charged with governance a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991 and the Insurance Act 1998.

The engagement partner responsible for the audit resulting in this independent Auditor's report is Mr. Saeed Rahaman FCCA

TSD LAL & CO.
Chartered Accountants

Monday 26th June, 2017

77 Brickdam,
Stabroek,
Georgetown.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 DECEMBER 2016

	Notes	COMPANY		GROUP	
		2016 G\$	2015 G\$	2016 G\$	2015 G\$
Revenue					
Premiums	5	1,393,543,638	1,280,764,655	1,469,154,264	1,349,424,498
Investment & other income	6	757,455,371	518,038,942	777,514,732	536,930,540
Total revenue		<u>2,150,999,009</u>	<u>1,798,803,597</u>	<u>2,246,668,996</u>	<u>1,886,355,038</u>
Expenses					
Claims	7	324,373,868	224,396,770	334,476,834	243,824,303
Surrenders	8	347,418,468	344,989,255	347,418,468	344,989,255
Commissions	9	83,983,779	89,402,400	94,427,413	98,731,194
Donations		973,274	1,250,798	973,274	1,250,798
Management expenses	10	799,409,766	927,012,711	837,705,130	964,132,531
Taxation	11	35,101,717	27,882,806	47,208,963	34,364,765
Total expenses		<u>1,591,260,872</u>	<u>1,614,934,740</u>	<u>1,662,210,082</u>	<u>1,687,292,846</u>
Profit before movement in actuarial liabilities		<u>559,738,137</u>	<u>183,868,857</u>	<u>584,458,914</u>	<u>199,062,192</u>
Change in actuarial liabilities	(24)a	144,377,892	(528,889,965)	144,377,892	(528,889,965)
Profit for the year		<u>415,360,245</u>	<u>712,758,822</u>	<u>440,081,022</u>	<u>727,952,157</u>
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property		73,943,906	-	77,145,304	-
Remeasurement of defined benefit pension plan		(119,974,862)	28,366,670	(119,974,862)	28,366,670
Items that may be reclassified subsequently to profit or loss					
Adjustment to fair value of investments		(38,276,568)	(734,534,122)	(37,299,808)	(727,871,152)
Currency translation differences		(69,687,532)	(6,417,220)	(69,687,532)	(6,417,220)
Others		-	-	199,233	198,897
Other comprehensive income for the year		<u>(153,995,056)</u>	<u>(712,584,673)</u>	<u>(149,617,665)</u>	<u>(705,722,805)</u>
Total comprehensive income		<u>261,365,189</u>	<u>174,149</u>	<u>290,463,357</u>	<u>22,229,352</u>

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

STATEMENT OF CHANGES IN EQUITY 31 DECEMBER 2016

COMPANY	Guarantee Capital G\$	Retained earnings G\$	Revaluation reserve G\$	Investment reserve	Exchange difference reserve	Total G\$
Balance at 1 January 2015 (as previously reported)	100,000	(3,694,288,644)	791,725,358	5,521,121,046	-	2,618,657,760
Adjustments (note 36)	-	1,207,233,205	-	-	(978,474,257)	228,758,948
Balance at 1 January 2015 (restated)	100,000	(2,487,055,439)	791,725,358	5,521,121,046	(978,474,257)	2,847,416,708
Total comprehensive income for the year	-	741,125,492	598,165	(730,769,408)	(10,780,099)	174,149
Balance at 31 December 2015	100,000	(1,745,929,947)	792,323,522	4,790,351,638	(989,254,356)	2,847,590,857
Total comprehensive income for the year	-	295,385,383	73,345,742	(61,480,980)	(45,884,955)	261,365,189
Balance at 31 December 2016	100,000	(1,450,544,564)	865,669,264	4,728,870,658	(1,035,139,311)	3,108,956,047
GROUP						
Balance at 1 January 2015 (as previously reported)	100,000	(3,667,266,950)	832,493,168	5,605,883,065	-	2,771,209,283
Adjustments (note 36)	-	1,207,233,205	-	-	(978,474,257)	228,758,948
Balance at 1 January 2015 (restated)	100,000	(2,460,033,745)	832,493,168	5,605,883,065	(978,474,257)	2,999,968,231
Total comprehensive income for the year	-	756,816,072	299,817	(724,106,438)	(10,780,099)	22,229,352
At 31 December 2015	100,000	(1,703,217,673)	832,792,985	4,881,776,627	(989,254,356)	3,022,197,583
Total comprehensive income for the year	-	320,604,239	76,248,295	(60,504,222)	(45,884,955)	290,463,357
At 31 December 2016	100,000	(1,382,613,434)	909,041,280	4,821,272,405	(1,035,139,311)	3,312,660,940

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

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2016

	Notes	COMPANY			GROUP		
		2016 G\$	2015 G\$ restated	2014 G\$ restated	2016 G\$	2015 G\$ restated	2014 G\$ restated
ASSETS							
Non-current assets							
Property, plant and equipment	12	1,772,823,767	1,715,287,138	1,757,341,892	1,864,142,187	1,803,092,440	1,843,893,030
Commercial building	13	597,900,000	592,900,000	592,900,000	597,900,000	592,900,000	592,900,000
Deferred tax asset	14	-	-	-	19,895,101	25,948,724	29,189,352
Intangible assets	23	32,926,411	65,880,958	98,779,239	32,926,411	65,880,958	98,779,239
Investment in subsidiary company		111,863,250	111,863,250	111,863,250	-	-	-
Other financial assets							
Held to maturity	16(a)	880,646,043	875,562,133	884,201,882	880,646,043	875,562,133	884,201,882
Available for sale	16(c)	5,205,018,030	5,273,636,727	6,004,342,775	5,440,988,091	5,507,978,859	6,227,579,957
Loans & receivables	16(b)	599,848,296	628,883,581	612,420,122	599,848,296	628,883,581	612,420,122
Retirement benefit asset	35	333,186,812	451,452,407	419,672,597	333,186,812	451,452,407	419,672,598
		<u>9,534,212,609</u>	<u>9,715,466,194</u>	<u>10,481,521,757</u>	<u>9,769,532,941</u>	<u>9,951,699,102</u>	<u>10,708,636,180</u>
Current assets							
Inventories		5,284,298	5,514,365	5,843,706	5,598,774	5,917,419	6,136,020
Trade and other receivables	19	64,296,062	59,873,556	143,208,426	93,521,495	87,750,991	193,903,646
Accrued interest	20	46,591,699	45,162,381	45,542,871	46,692,683	45,256,585	45,542,871
Tax recoverable		39,480,078	46,251,781	34,288,886	44,194,832	50,966,535	39,003,640
Cash on deposits	21	3,790,613,046	3,360,446,355	2,008,167,121	3,866,441,743	3,423,269,726	2,059,290,485
Cash at bank and on hand		1,796,361,342	1,482,657,051	1,373,911,153	1,813,242,157	1,494,772,813	1,378,300,185
		<u>5,742,626,525</u>	<u>4,999,905,489</u>	<u>3,610,962,163</u>	<u>5,869,691,684</u>	<u>5,107,934,069</u>	<u>3,722,176,847</u>
Total assets		<u>15,276,839,134</u>	<u>14,715,371,683</u>	<u>14,092,483,920</u>	<u>15,639,224,625</u>	<u>15,059,633,171</u>	<u>14,430,813,027</u>
EQUITY AND LIABILITIES							
Capital and reserves							
Guarantee capital		100,000	100,000	100,000	100,000	100,000	100,000
Retained earnings		(1,450,544,564)	(1,745,929,947)	(2,487,055,439)	(1,382,613,434)	(1,703,217,673)	(2,460,033,745)
Exchange difference reserve		(1,035,139,311)	(989,254,356)	(978,474,257)	(1,035,139,311)	(989,254,356)	(978,474,257)
Revaluation reserve		865,669,264	792,323,522	791,725,358	909,041,280	832,792,985	832,493,168
Investment reserve	22	4,728,870,658	4,790,351,638	5,521,121,046	4,821,272,405	4,881,776,627	5,605,883,065
		<u>3,108,956,047</u>	<u>2,847,590,857</u>	<u>2,847,416,708</u>	<u>3,312,660,940</u>	<u>3,022,197,583</u>	<u>2,999,968,231</u>
Non current liabilities							
Actuarial liabilities	24(a)	6,825,391,297	6,687,189,767	7,209,310,791	6,825,391,297	6,687,189,767	7,209,310,791
Deposit administration fund	24(b)	4,613,150,787	4,091,840,263	2,745,989,432	4,613,150,787	4,091,840,263	2,745,989,432
Interest bearing borrowings	26	246,092,648	324,620,436	190,967,016	246,092,648	324,620,436	190,967,016
Deferred tax liability		-	-	-	79,515,842	77,429,635	73,186,552
		<u>11,684,634,732</u>	<u>11,103,650,466</u>	<u>10,146,267,239</u>	<u>11,764,150,574</u>	<u>11,181,080,101</u>	<u>10,219,453,791</u>


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

STATEMENT OF FINANCIAL POSITION (CONT'D)
31 DECEMBER 2016

	Notes	COMPANY			GROUP		
		2016	2015	2014	2016	2015	2014
		G\$	G\$ restated	G\$ restated	G\$	G\$ restated	G\$ restated
Current liabilities							
Insurance contract liabilities		100,494,964	186,266,785	189,189,017	177,401,138	258,283,248	255,511,096
Unpaid claims (net of reinsurance recoveries)	25	179,425,389	113,865,008	214,199,736	198,781,027	128,323,578	254,226,669
Trade and other payables	27	133,404,002	394,074,567	451,483,532	116,306,946	399,824,661	457,725,552
Current portion of interest-bearing borrowings	26	69,924,000	69,924,000	243,927,688	69,924,000	69,924,000	243,927,688
		483,248,355	764,130,360	1,098,799,973	562,413,111	856,355,487	1,211,391,005
Total equity and liabilities		15,276,839,134	14,715,371,683	14,092,483,920	15,639,224,625	15,059,633,171	14,430,813,027

These financial statements were approved on 26th June, 2017
 On behalf of the Board:


 Director
 M. Solomon


 Director
 L. Holder

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

STATEMENT OF CASH FLOW 31 DECEMBER 2016

	COMPANY		GROUP	
	2016 G\$	2015 G\$	2016 G\$	2015 G\$
Cash flow from operating activities				
Profit before taxation	594,839,854	211,751,663	631,667,877	233,426,957
Depreciation	21,156,858	46,650,237	23,410,269	48,885,918
Amortization	32,954,548	32,898,281	32,954,548	32,898,281
Investment income	<u>(757,455,371)</u>	<u>(518,038,942)</u>	<u>(777,514,732)</u>	<u>(536,930,540)</u>
Net cash outflow before changes in operating assets	(108,504,111)	(226,738,762)	(89,482,038)	(221,719,385)
Increase in deposits	(430,166,691)	(1,352,279,234)	(443,172,017)	(1,363,979,241)
(Increase) / decrease in receivables prepayments & intangible assets	(4,192,439)	83,664,208	(5,451,858)	106,371,254
(Increase) / decrease in accrued interest	(1,429,318)	380,489	(1,436,098)	286,285
(Increase) in retirement obligation	(1,709,267)	(3,413,139)	(1,709,267)	(3,413,139)
Increase / (decrease) in unpaid claims	65,560,380	(100,334,728)	70,457,448	(125,903,091)
Increase / (decrease) in insurance & actuarial liabilities	(91,948,183)	3,846,709	(87,058,471)	9,541,093
Increase in deposit admin fund	521,310,524	1,345,850,832	521,310,524	1,345,850,832
(Decrease) in trade and other payables	<u>(260,670,566)</u>	<u>(57,408,964)</u>	<u>(283,517,716)</u>	<u>(57,900,890)</u>
Cash used in operations	(311,749,671)	(306,432,589)	(320,059,493)	(310,866,282)
Taxes paid	<u>(28,330,014)</u>	<u>(39,845,701)</u>	<u>(34,383,637)</u>	<u>(43,087,032)</u>
Net cash used in operating activities	<u>(340,079,685)</u>	<u>(346,278,290)</u>	<u>(354,443,130)</u>	<u>(353,953,314)</u>
Investing activities				
Dividend, rent and interest received	587,315,002	470,501,386	607,190,144	489,222,996
Proceeds from sale / redemption of securities	385,871,808	89,592,085	385,871,808	89,592,085
Other income	165,140,368	47,537,556	165,324,587	47,707,544
Purchase of securities	(360,613,588)	(84,780,410)	(360,613,588)	(84,780,410)
Mortgages	4,465,538	9,380,088	4,465,538	9,380,088
Policy loans	24,569,747	(25,843,547)	24,569,747	(25,843,547)
Purchase of property, plant & equipment	(9,549,435)	(7,931,172)	(10,480,298)	(11,421,017)
Disposal of property, plant & equipment	4,799,856	3,335,689	4,799,856	3,335,689
Net cash provided by investing activities	<u>801,999,296</u>	<u>501,791,675</u>	<u>821,127,794</u>	<u>517,193,430</u>
Financing activities				

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

STATEMENT OF CASH FLOW (CONT'D)
31 DECEMBER 2016

	COMPANY		GROUP	
	2016 G\$	2015 G\$	2016 G\$	2015 G\$
Loan repayment	(78,527,788)	(40,350,267)	(78,527,788)	(40,350,267)
Net cash used in financing activities	(78,527,788)	(40,350,267)	(78,527,788)	(40,350,267)
Net increase in cash and cash equivalents	383,391,823	115,163,118	388,156,876	122,889,849
Effect of exchange rates	(69,687,532)	(6,417,220)	(69,687,532)	(6,417,220)
Net increase in cash and cash equivalents	313,704,291	108,745,897	318,469,344	116,472,628
Cash and cash equivalents at the beginning of period	1,482,657,051	1,373,911,153	1,494,772,813	1,378,300,185
	<u>1,796,361,342</u>	<u>1,482,657,051</u>	<u>1,813,242,157</u>	<u>1,494,772,813</u>
Represented by:				
Cash at bank and in hand	<u>1,796,361,342</u>	<u>1,482,657,051</u>	<u>1,813,242,157</u>	<u>1,494,772,813</u>

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

NOTES TO 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 105 (2015 - 110)

2 *Adoption of the new and revised standards and interpretations*

Effective for the current year

Effective for annual periods beginning on or after

New and amended standards

IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 11	Joint Arrangements	1 January 2016
IAS 16 & IAS 38	Clarification of Acceptable Methods of Depreciation And Amortization	1 January 2016
IAS 16 & IAS 41	Agriculture: Bearer Plants	1 January 2016
IAS 27	Separate Financial Statements	1 January 2016
IFRS 10 & IAS 28	Sale or Contribution of Assets Between Investor and Associate or Joint Venture	1 January 2016
IFRS 10, IFRS 12 & IAS 28	Applying Consolidation Exceptions	1 January 2016
	Disclosure Initiative Amendments to IAS 1	1 January 2016
	Annual Improvements 2012-2014 Cycle	1 July 2016

Annual Improvements

The annual improvements program of the International Accounting Standards Board deals with

NOTES TO THE ACCOUNTS (CONT'D)

2 *Adoption of the new and revised standards and interpretations-cont'd*

Annual Improvements - cont'd

amendments and clarifications to IFRS.

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRS 7	Financial Instruments Disclosure
IFRS 9	Financial Instruments
IFRS 14	Regulatory deferral accounts
IFRS 15	Revenue from contracts with customers
IFRS 10/IAS 28	Amendments- Sale of contribution of assets
IFRS 11	Amendments- Disclosure initiative
IAS 1	Amendments- Disclosure initiative
IAS 16/IAS 38	Clarification of acceptable methods of depreciation and amortization
IAS 16/ IAS 41	Amendments- Bearer Plants
IAS 27	Amendments-Equity method in separate financial statements
IAS 34	Interim Financial Reporting

Pronouncements effective in future periods

Effective for annual periods beginning on or after

New and Amended Standards

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

The Group has not opted for early adoption

The standards and amendments that are expected to have an impact on the Group's accounting policies when adopted are explained below:

NOTES TO THE ACCOUNTS (CONT'D)

2 *Adoption of the new and revised standards and interpretations-cont'd*

IAS 12: Income taxes

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

The amendments also clarify that:

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

IFRS 4- Insurance contracts

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

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

IFRS 9-Financial instrument

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

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as

NOTES TO THE ACCOUNTS (CONT'D)

2 **Adoption of the new and revised standards and interpretations-cont'd**

IFRS 9-Financial instrument - cont'd

at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and

2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

The standard contains specific transitional provisions for:

- i) classification and measurement of financial assets;
- ii) impairment of financial assets; and
- iii) hedge accounting.

IFRS 15: Revenue from contracts with customers

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

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

IFRS 16: Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

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

NOTES TO THE ACCOUNTS (CONT'D)

2 *Adoption of the new and revised standards and interpretations-cont'd*

New and revised interpretation

Available for early adoption

Effective for annual periods beginning on or after

IFRIC 22 Foreign Currency Transactions¹ and Advance Consideration January 2018

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 property, plant and equipment 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 are recognised in the financial statements to comply with International Accounting Standards. The company's and group's investments have been classified as "available for sale assets", "investments held to maturity" and "loans and receivables"

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

"Available for sale" investments are initially recognized at cost and adjusted to fair value (market value) at subsequent periods. Gains or losses on revaluations are recognized through the statement of comprehensive income until the asset is sold or otherwise disposed, at which time it would be transferred to the statement of profit and loss for that period.

"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

NOTES TO THE ACCOUNTS (CONT'D)

3 Summary of significant accounting Policies - cont'd

(c) Investment and other income

basis whilst income on fixed return securities is recognised as it is earned.

(d) Property, plant and equipment and depreciation

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. The revalued amounts are the fair value at the time of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment. Land and buildings are revalued by independent professional valuer on triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. Any revaluation increase arising from on the revaluation of such land and building is recognized in other comprehensive income and accumulated in revaluation reserve

Equipment fixtures and vehicles are stated at cost less accumulated depreciation and any accumulated impairment losses

Depreciation provided on a reducing balance basis except for buildings which are depreciated on a straight line basis, at rates sufficient to write off the cost or valuation of assets over its estimated useful lives as stated below:

Furniture, fixtures and equipment	20% per annum
Motor vehicles	25% per annum
Computer appliances	50% per annum
Buildings	2% per annum

No depreciation is provided on Land.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

(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 when the fair value was determined. Gains and losses

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies - cont'd*

(e) Foreign currency translation - cont'd

arising on retranslation are included in the statement of profit or loss and other comprehensive income for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised in the statement of changes in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are expressed in Guyana dollars using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the group's exchange difference reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

(f) Pension funding

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

The movement in assets and liabilities of the pension scheme is 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. This 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

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies - cont'd*

(i) Consolidation - cont'd

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 the line with the company.

(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 statement of financial position date.

Gains or losses arising from changes in the fair value of investment property are included in the statement of profit and loss and other comprehensive income for the period in which they arise.

All of the Company's property interests held under operating leases to earn rentals or for capital appreciation purpose are accounted for as investment properties and are measured using the fair value model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits are expected from the disposal.

(l) Inventory

Stocks are valued at lower of cost and net realizable 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

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies - cont'd*

(m) Insurance contracts - cont'd

(i) Short term insurance contracts - cont'd

the consequences of events that would affect the ability of the insured or dependent to maintain the current level of income.

Health Insurance contracts cover 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 enforce 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.

(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 statement of comprehensive income. 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

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies - cont'd*

(m) Insurance contracts - cont'd

Interest sensitive contracts - cont'd

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 through the statement of comprehensive income.

(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.

(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.

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies - cont'd*

(n) Financial instruments - cont'd

i) Trade receivables

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

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 reflect 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.

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

NOTES TO THE ACCOUNTS (CONT'D)

3 Summary of significant accounting Policies - cont'd

p) Claims - cont'd

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 TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies - cont'd*

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 underlying 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 date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements:

i) 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.

ii) 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.

iii) 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 TO THE ACCOUNTS (CONT'D)

4 Critical accounting judgements and key sources of estimation uncertainty - cont'd

iv) 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.

v) Trade receivables and other receivables

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

vi) Ultimate liability arising from claims made under insurance contract

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

5 PREMIUMS

	2016			2015		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
<u>Company</u>						
Life, Health and Annuities Premiums	1,429,350,000	(35,806,362)	1,393,543,638	1,297,870,327	(17,105,673)	1,280,764,655
<u>Group</u>						
Life	1,307,516,317	(35,806,362)	1,271,709,955	1,156,171,641	(17,105,673)	1,139,065,968
Annuities	-	-	-	57,100,929	-	57,100,929
Health	121,833,684	-	121,833,684	84,597,758	-	84,597,758
Fire	85,504,327	(45,363,083)	40,141,244	82,534,329	(47,801,515)	34,732,814
Motor	36,295,406	(826,024)	35,469,382	34,753,053	(826,024)	33,927,029
	<u>1,551,149,733</u>	<u>(81,995,469)</u>	<u>1,469,154,264</u>	<u>1,415,157,709</u>	<u>(65,733,212)</u>	<u>1,349,424,498</u>

NOTES TO THE ACCOUNTS (CONT'D)

6 INVESTMENT & OTHER INCOME

	Company		Group	
	2016	2015	2016	2015
	G\$	G\$	G\$	G\$
Interest, dividends and rent	587,315,002	470,501,386	607,190,144	489,222,996
Other income	170,140,369	47,537,556	170,324,588	47,707,544
	<u>757,455,371</u>	<u>518,038,942</u>	<u>777,514,732</u>	<u>536,930,540</u>
Held to maturity				
Bonds & debentures	83,659,866	62,959,466	83,659,866	62,959,466
Available for sale				
Shares & stocks	262,068,394	193,725,858	269,862,823	128,492,099
Loans and receivables				
Policyloans	64,931,922	33,836,035	64,931,922	42,082,638
Mortgage	1,106,422	1,462,966	1,106,422	2,938,706
Other financial assets				
Deposits	78,205,239	56,743,196	79,504,876	45,620,443
Treasury bills	2,808,180	6,217,557	2,808,180	4,221,636
Other income	<u>264,675,348</u>	<u>163,093,864</u>	<u>275,640,643</u>	<u>250,615,554</u>
	<u>757,455,371</u>	<u>518,038,942</u>	<u>777,514,732</u>	<u>536,930,540</u>
Other Income				
Rent	72,006,703	72,504,879	82,787,779	83,330,955
Profit sharing income	101,219,389	-	101,219,389	-
Commercial bld revaluation	5,000,000	-	5,000,000	-
Sale of shares	21,251,439	-	21,251,439	-
Others	65,197,817	90,588,986	65,382,036	167,284,599
	<u>264,675,348</u>	<u>163,093,864</u>	<u>275,640,643</u>	<u>250,615,554</u>

7 CLAIMS (net)

	COMPANY		GROUP	
	2016	2015	2016	2015
	G\$	G\$	G\$	G\$
Motor	-	-	1,167,767	11,675,702
Fire	-	-	8,935,199	7,751,831
Death	117,821,272	55,230,919	117,821,272	55,230,919
Maturity	150,978,042	73,457,417	150,978,042	73,457,417
Annuities paid	(849,729)	26,343,558	(849,729)	26,343,558
T.D. claims	22,278	3,912,994	22,278	3,912,994
Health claims	55,931,025	65,246,156	55,931,025	65,246,156
Other Claims	470,980	205,726	470,980	205,726
	<u>324,373,868</u>	<u>224,396,770</u>	<u>334,476,834</u>	<u>243,824,303</u>

NOTES TO THE ACCOUNTS (CONT'D)

8 SURRENDERS

	COMPANY		GROUP	
	2016	2015	2016	2015
Cash value surrenders	216,630,016	212,159,109	216,630,016	212,159,109
Investment benefit withdrawals	130,367,197	131,642,502	130,367,197	131,642,502
Annuities	421,255	1,187,645	421,255	1,187,645
	347,418,468	344,989,255	347,418,468	344,989,255

9 COMMISSION

	COMPANY		GROUP	
	2016	2015	2016	2015
Life and annuities	83,983,779	89,402,400	83,983,779	89,402,400
Fire	-	-	8,477,743	7,840,773
Motor	-	-	1,965,891	1,488,021
	83,983,779	89,402,400	94,427,413	98,731,194

NOTES TO THE ACCOUNTS (CONT'D)

10 MANAGEMENT EXPENSES

	COMPANY		GROUP	
	2016	2015	2016	2015
	G\$	G\$	G\$	G\$
	799,409,766	927,012,711	837,705,130	964,132,531
This includes:				
Employment cost (a)	227,583,478	292,539,880	247,849,649	315,009,165
Repairs and maintenance	13,853,028	27,338,097	16,270,482	28,722,240
Software license & admin Fee	80,085,989	52,028,305	80,085,989	52,028,305
Internet service charge	14,250,239	21,517,926	14,250,239	21,517,926
Utilities	41,940,440	48,284,258	43,439,108	49,736,318
Sales expense	31,794,432	33,494,548	31,794,432	33,494,548
Professional service	19,661,993	21,902,902	19,661,993	21,902,902
Internet & bank charges	40,638,483	48,207,241	40,882,872	48,453,611
Legal fees	447,464	515,015	1,951,822	1,795,805
Facilities	44,219,763	58,298,711	45,928,645	61,248,990
Auditors remuneration	4,718,776	2,900,000	5,579,566	3,760,790
Directors' emoluments (b)	11,329,291	10,155,417	13,105,641	11,755,917
Depreciation	21,156,858	46,650,237	21,156,858	46,650,237

(a) Employment Cost

Salaries and wages	171,036,317	227,065,300	173,332,943	243,801,474
Other staff costs	56,547,160	65,474,580	74,516,705	71,207,691
	227,583,478	292,539,880	247,849,649	315,009,165

(b) Chairman-Richard B. Fields S.C

Directors:	2,114,832	2,114,832	2,510,832	2,510,832
Clifford B. Reis, CCH	1,321,740	1,321,740	1,519,740	1,519,740
Dr. Leslie Chin	1,321,740	1,321,740	1,519,740	1,519,740
Maurice Solomon	1,321,740	1,321,740	1,519,740	1,519,740
Dr. Karen Gordon-Boyle	1,321,740	1,321,740	1,519,740	1,519,740
Louis Holder	1,321,740	1,321,740	1,519,740	1,519,740
Deenwattie Panday	1,321,740	1,321,740	1,519,740	1,519,740
Ronald Burch Smith	1,284,019	-	1,476,369	-
Paul Fredericks CCH (deceased)	-	110,145	-	126,645
	11,329,291	10,155,417	13,105,641	11,755,917

11 TAXATION

Corporation tax & W/tax (varying rates)	11,005,005	10,336,024	17,058,628	13,577,355
Premium Tax	24,096,712	17,546,782	24,096,712	17,546,782
Deferred Tax	-	-	6,053,623	3,240,628
	35,101,717	27,882,806	47,208,963	34,364,765

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.

NOTES TO THE ACCOUNTS (CONT'D)

12 PROPERTY, PLANT AND EQUIPMENT

COMPANY

	Land	Buildings	Furniture, fittings, equipment and motor vehicles	Total	2015 Total
	G\$	G\$	G\$	G\$	G\$
Cost/valuation					
At 1 January	753,669,231	919,597,993	363,980,707	2,037,247,931	2,034,269,129
Exchange differences	(587,541)	(855,547)	(129,872)	(1,572,960)	1,572,748
Revaluation	2,017,742	71,926,164	-	73,943,906	-
Additions	-	5,469,406	5,498,440	10,967,846	6,489,009
Disposals	-	-	(41,955,206)	(41,955,206)	(5,082,954)
Depreciation transfer	-	(55,003,144)	-	-	-
At 31 December	<u>755,099,432</u>	<u>941,134,872</u>	<u>327,394,069</u>	<u>2,023,628,373</u>	<u>2,037,247,931</u>
Comprising:					
Cost	246,229,532	639,338,652	327,394,069	1,212,962,253	1,244,924,409
Valuation	508,869,900	301,796,220	-	865,669,264	792,323,522
	<u>755,099,432</u>	<u>941,134,872</u>	<u>327,394,069</u>	<u>2,023,628,373</u>	<u>2,037,247,931</u>
Depreciation					
At 1 January	-	55,054,472	266,906,321	321,960,793	321,960,793
Exchange differences	-	(51,328)	(103,221)	(154,549)	130,585
Write back on disposal	-	-	(37,155,351)	(37,155,351)	(1,747,265)
Write back on revaluation	-	(55,003,144)	-	(55,003,144)	-
Charge for the year	-	-	21,156,858	21,156,858	46,650,237
At 31 December	<u>-</u>	<u>-</u>	<u>250,804,607</u>	<u>250,804,607</u>	<u>321,960,793</u>
Net book values:					
At 31 December 2016	<u>755,099,432</u>	<u>941,134,872</u>	<u>76,589,462</u>	<u>1,772,823,767</u>	
At 31 December 2015	<u>753,669,231</u>	<u>864,543,521</u>	<u>97,074,387</u>		<u>1,715,287,138</u>

NOTES TO THE ACCOUNTS (CONT'D)

12 PROPERTY, PLANT AND EQUIPMENT - CONT'D

GROUP

	<u>Land</u>	<u>Buildings</u>	<u>Furniture, fittings, equipment and motor vehicles</u>	<u>Total</u>	<u>2015 Total</u>
	G\$	G\$	G\$	G\$	G\$
Cost/valuation					
At 1 January	802,169,231	955,797,994	378,705,250	2,136,672,475	2,130,203,828
Revaluation	3,517,742	74,598,163	-	78,115,905	-
Exchange differences	(587,541)	(855,547)	(129,872)	(1,572,960)	1,572,748
Additions	-	5,469,406	6,429,303	11,898,709	9,978,854
Disposals	-	-	(41,955,206)	(41,955,206)	(5,082,954)
Depreciation transfer	-	(57,175,143)	-	(57,175,143)	-
At 31 December	<u>805,099,432</u>	<u>977,834,873</u>	<u>343,049,475</u>	<u>2,125,983,780</u>	<u>2,136,672,475</u>
Comprising:					
Cost	263,229,532	650,676,378	343,049,475	1,256,955,385	1,303,879,489
Valuation	535,269,900	318,768,235	-	854,038,135	832,792,986
	<u>805,099,432</u>	<u>977,834,873</u>	<u>343,049,475</u>	<u>2,125,983,780</u>	<u>2,136,672,475</u>
Depreciation					
At 1 January	-	57,226,472	276,353,563	333,580,035	286,310,798
Exchange differences	-	(51,328)	(103,221)	(154,549)	130,585
Write back on disposal	-	-	(37,155,351)	(37,155,351)	(1,747,265)
Write back on revaluation	-	(57,838,810)	-	(57,838,810)	-
Charge for the year	-	724,834	22,685,435	23,410,269	48,885,918
At 31 December	<u>-</u>	<u>61,167</u>	<u>261,780,426</u>	<u>261,841,594</u>	<u>333,580,035</u>
Net book values:					
At 31 December 2016	<u>805,099,432</u>	<u>977,773,705</u>	<u>81,269,049</u>	<u>1,864,142,187</u>	
At 31 December 2015	<u>802,169,231</u>	<u>898,571,522</u>	<u>102,351,687</u>		<u>1,803,092,440</u>

13 COMMERCIAL BUILDING

	Company and Group	
	2016	2015
	G\$	G\$
At 1 January and 31 December	<u>597,900,000</u>	<u>592,900,000</u>

The building is recognized at its current market value using the fair value model. The valuation was done by Patterson Associates on November 30, 2016.

NOTES TO THE ACCOUNTS (CONT'D)

14 DEFERRED TAX ASSET

DEFERRED TAX ASSET	Group	
	2016	2015
	G\$	G\$
Deferred Tax Assets are attributable to tax losses recoverable in future years as follows:		
At January 1	25,948,724	29,189,352
Movement for the period	(6,053,623)	(3,240,628)
At December 31	19,895,101	25,948,724

15 MORTGAGES

	Company and Group	
	2016	2015
	G\$	G\$
Guyana	6,374,311	10,455,827
Eastern Caribbean territories	6,477,632	6,861,654
	12,851,943	17,317,481

16 INVESTMENTS

	Company		Group	
	2016	2015	2016	2015
	Fair Value G\$	Fair Value G\$	Fair Value G\$	Fair Value G\$
(a) "Held to Maturity"				
Bonds				
Commonwealth Caribbean Government	878,837,036	873,380,989	878,837,036	873,380,989
Other Commonwealth Government - United Kingdom	1,809,007	2,181,144	1,809,007	2,181,144
	880,646,043	875,562,133	880,646,043	875,562,133
(b) "Loans & Receivables"				
Policy loans (note 18)	586,996,353	611,566,100	586,996,353	611,566,100
Mortgage (note 15)	12,851,943	17,317,481	12,851,943	17,317,481
	599,848,296	628,883,581	599,848,296	628,883,581
(c) "Available for Sale"				
Guyana - equity	4,414,930,086	4,465,173,255	4,650,900,147	4,699,515,387
- equity	15,696,025	15,437,866	15,696,025	15,437,866
Barbados - equity	-	23,156,321	-	23,156,321
Grenada - equity	273,520,920	240,588,227	273,520,920	240,588,227
Trinidad - equity (i)	500,871,000	529,281,060	500,871,000	529,281,060
	5,205,018,030	5,273,636,727	5,440,988,091	5,507,978,859

NOTES TO THE ACCOUNTS (CONT'D)

16 INVESTMENTS - CONT'D

(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 Demerara Life Assurance Company of Trinidad and Tobago.

Assurance Company of Trinidad and Tobago. In the interim this amount would continue to be shown as classified as a held for sale investment rather than an Associate Company until a decision is made.

17 FAIR VALUE ESTIMATION

Fair value measurement recognised in the statement of financial position

Level 1: Fair value determination is with reference to quoted prices in active markets for identical assets and liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted market 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 liability that are not based on observable market data (unobservable inputs).

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

Company	2016			2015		
	IFRS 13 Level	Carrying Value G\$	Fair Value G\$	IFRS 13 Level	Carrying Value G\$	Fair Value G\$
Assets						
Property, plant and equipment	2	1,772,823,767	1,772,823,767		1,715,287,138	1,715,287,138
Investments						
Held to Maturity	2	880,646,043	880,646,043	2	875,562,133	875,562,133
Loans and Receivables	2	599,848,296	599,848,296	2	612,420,122	612,420,122
Trade and other receivables	2	64,296,062	64,296,062	2	59,873,556	59,873,556
Deposits	2	3,790,613,046	3,790,613,046	2	3,360,446,355	3,360,446,355
Accrued Interest	2	46,591,699	46,591,699	2	45,162,381	45,162,381
Tax recoverable	2	39,480,078	39,480,078	2	46,251,781	46,251,781
Cash on Hand and at Bank	2	1,796,361,342	1,796,361,342	2	1,482,657,051	1,482,657,051
		<u>8,990,660,332</u>	<u>8,990,660,332</u>		<u>8,197,660,518</u>	<u>8,197,660,518</u>

NOTES TO THE ACCOUNTS (CONT'D)

17 FAIR VALUE ESTIMATION - CONT'D

	IFRS 13 Level	2016		IFRS 13 Level	2015	
		Carrying Value	Fair Value		Carrying Value	Fair Value
		G\$	G\$		G\$	G\$
Liabilities						
Unpaid Claims (net of reinsurance recoveries)	2	179,425,389	179,425,389	2	113,865,008	113,865,008
Trade and other payables	2	233,898,966	233,898,966	2	580,341,352	580,341,352
Current portion of interest-bearing borrowings	2	69,924,000	69,924,000	2	69,924,000	69,924,000
Interest bearing borrowings due after one year	2	<u>246,092,648</u>	<u>246,092,648</u>	2	<u>324,620,436</u>	<u>324,620,436</u>
		<u>729,341,003</u>	<u>729,341,003</u>		<u>1,088,750,797</u>	<u>1,088,750,797</u>

	IFRS 13 Level	2016		IFRS 13 Level	2015	
		Carrying Value	Fair Value		Carrying Value	Fair Value
		G\$	G\$		G\$	G\$
Group						
Assets						
Property, plant and equipment	2	1,864,142,187	1,864,142,187		1,803,092,440	1,803,092,440
Investments						
Held to Maturity	2	880,646,043	880,646,043	2	875,562,133	875,562,133
Loans and Receivables	2	599,848,296	599,848,296	2	612,420,122	612,420,122
Trade and other receivables	2	93,521,495	93,521,495	2	87,750,991	87,750,991
Deposits	2	3,866,441,743	3,866,441,743	2	3,423,269,726	3,423,269,726
Accrued Interest	2	46,692,683	46,692,683	2	45,256,585	45,256,585
Tax recoverable	2	44,194,832	44,194,832	2	50,966,535	50,966,535
Cash on Hand and at Bank	2	<u>1,813,242,157</u>	<u>1,813,242,157</u>	2	<u>1,494,772,813</u>	<u>1,494,772,813</u>
		<u>9,208,729,435</u>	<u>9,208,729,435</u>		<u>8,393,091,346</u>	<u>8,393,091,346</u>

Liabilities						
Unpaid Claims (net of reinsurance recoveries)	2	198,781,027	198,781,027	2	128,323,578	128,323,578
Trade and other payables	2	293,708,084	293,708,084	2	658,107,909	658,107,909
Current portion of interest-bearing borrowings	2	69,924,000	69,924,000	2	69,924,000	69,924,000
Interest bearing borrowings due after one year	2	<u>246,092,648</u>	<u>246,092,648</u>	2	<u>324,620,436</u>	<u>324,620,436</u>
		<u>808,505,759</u>	<u>808,505,759</u>		<u>1,180,975,924</u>	<u>1,180,975,924</u>

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

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

"Loans & 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 values of the policies.

NOTES TO THE ACCOUNTS (CONT'D)

17 FAIR VALUE ESTIMATION - CONT'D

"Financial instruments where the carrying amounts is equal to fair value"

The carrying amounts of certain financial instruments are assumed to approximate to their fair 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.

<u>Assets carried at fair value</u>	<u>Company</u>	<u>Group</u>
	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
Property Plant and Equipment		
Net Book Value	1,864,142,187	1,803,092,440

On November 30, 2016, the Society's Land and Buildings including the Commercial Building in Guyana were professionally revalued by Patterson Associates. The revaluation surplus of G\$ 345,867,675 is being held in the revaluation reserve.

On February 12, 2015 the Society's Land and Buildings in Grenada were professionally revalued by the firm TVA Consultants Ltd. The revaluation surplus of G\$362,358,527 is being held in revaluation reserve.

On December 2, 2016 the Society's Land and Building in St Lucia were professionally revalued by a certified valuation surveyor. The revaluation surplus of G\$69,520,055 is being held in revaluation reserve.

On December 23, 2016 the Society's Land and Building in St Vincent were professionally revalued by the firm Horizon Real Estate. The revaluation surplus of G\$132,299,201 is being held in revaluation reserve.

The valuations for property is classified at Level 2. If no revaluation of the land and buildings was done, the net book value of land and buildings would have been approximately G\$ 1,257,672,798 (2015- G\$1,287,269,477)

Commercial Building

	<u>Company and Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
Net Book Value	597,900,000	592,900,000

Investments

	<u>Company and Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
Available for Sale		
Level 2	4,940,117,091	4,978,697,799
Level 3	500,871,000	529,281,060
	5,440,988,091	5,507,978,859

Deposit Administrative Fund and Actuarial Liabilities

	<u>Company and Group</u>	
	<u>2016</u>	<u>2015</u>
	<u>G\$</u>	<u>G\$</u>
Actuarial Liabilities	6,687,189,767	6,687,189,767
Deposit Administration Fund	4,091,840,263	4,091,840,263

These were valued by the actuary and are classified as level 2.

NOTES TO THE ACCOUNTS (CONT'D)

18 POLICY LOANS

	Company and Group	
	2016	2015
	G\$	G\$
Guyana	56,376,269	55,210,330
Eastern Caribbean Territories	840,939,050	867,017,635
	<u>897,315,320</u>	<u>922,227,965</u>
Policy Loans Provision (i)	<u>310,318,966</u>	<u>310,661,865</u>
	<u>586,996,353</u>	<u>611,566,100</u>
(i) Loans Provision		
Opening Balance	310,661,865	310,318,966
Exchange rate differences	(342,899)	342,899
Closing Balance	<u>310,318,966</u>	<u>310,661,865</u>

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Company		Group	
	2016	2015	2016	2015
	G\$	G\$	G\$	G\$
Prepayments	6,520,842	4,336,323	6,520,842	4,336,323
Loans and advances	31,597,750	33,882,444	31,597,750	33,882,444
Other receivables	70,313,211	49,189,610	171,007,196	148,535,597
Provision for bad debt (i)	<u>(44,135,741)</u>	<u>(27,534,820)</u>	<u>(115,604,293)</u>	<u>(99,003,372)</u>
	<u>64,296,062</u>	<u>59,873,556</u>	<u>93,521,495</u>	<u>87,750,991</u>

(i) Provision for impairment (individually assessed)

Balance as at 1 January	27,534,820	19,893,230	99,003,372	91,361,782
Increase during the year	<u>16,600,921</u>	<u>7,641,590</u>	<u>16,600,921</u>	<u>7,641,590</u>
Balance as at 31 December	<u>44,135,741</u>	<u>27,534,820</u>	<u>115,604,293</u>	<u>99,003,372</u>

20 ACCRUED INTEREST

	2016	2015	2016	2015
	G\$	G\$	G\$	G\$
Grenada	17,472,135	16,195,858	17,472,135	16,195,858
Guyana	14,711,876	9,939,521	14,812,860	10,033,726
Saint Lucia	12,131,863	16,267,788	12,131,863	16,267,788
St. Vincent	<u>2,275,825</u>	<u>2,759,213</u>	<u>2,275,825</u>	<u>2,759,213</u>
	<u>46,591,700</u>	<u>45,162,381</u>	<u>46,692,683</u>	<u>45,256,585</u>

NOTES TO THE ACCOUNTS (CONT'D)

21 CASH ON DEPOSIT

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	G\$	G\$	G\$	G\$
Guyana	1,470,402,603	1,208,732,929	1,546,231,300	1,271,556,300
Grenada	1,224,121,604	1,068,196,678	1,224,121,604	1,068,196,678
St Lucia	627,795,978	610,114,340	627,795,978	610,114,340
London	207,603,780	250,285,671	207,603,780	250,285,671
St Vincent	260,689,080	223,116,737	260,689,080	223,116,737
	<u>3,790,613,046</u>	<u>3,360,446,355</u>	<u>3,866,441,743</u>	<u>3,423,269,726</u>

These are short term deposits with varying rates ranging from 0.01% to 5.00% (2015 - 0.01% to 5.49%)

22 INVESTMENT RESERVE

This represents fair value gains on the revaluation of investments

	<u>Company</u>		<u>Group</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	G\$	G\$	G\$	G\$
At January 1	4,790,351,638	5,521,121,046	4,881,776,627	5,605,883,065
Adjustments	<u>(61,480,980)</u>	<u>(730,769,408)</u>	<u>(60,504,222)</u>	<u>(724,106,438)</u>
At December 31	<u>4,728,870,658</u>	<u>4,790,351,638</u>	<u>4,821,272,405</u>	<u>4,881,776,627</u>

23 INTANGIBLE ASSET

	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
At 1 January and 31 December	32,926,411	65,880,958	32,926,411	65,880,958
Amortization				
Charges for the year	<u>32,954,548</u>	<u>32,898,281</u>	<u>32,954,548</u>	<u>32,898,281</u>
At 31 December	<u>32,954,548</u>	<u>32,898,281</u>	<u>32,954,548</u>	<u>32,898,281</u>

Represents cost of accounting and policy administration software. The amortization period is five (5) years.

24 (a) ACTUARIAL LIABILITIES

	<u>Company and Group</u>	
	<u>2016</u>	<u>2015</u>
	G\$	G\$
Balance at beginning	6,687,189,767	7,209,310,791
Changes in actuarial liabilities	144,377,892	(528,889,965)
Exchange rate differences	<u>(6,176,361)</u>	<u>6,768,941</u>
	<u>6,825,391,297</u>	<u>6,687,189,767</u>

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 TO THE ACCOUNTS (CONT'D)

24 (b) DEPOSIT ADMINISTRATION FUND

	Company and Group	
	2016	2015
	G\$	G\$
Balance at beginning	4,091,840,263	2,745,989,432
Contributions received plus interest	680,325,045	1,735,008,010
Refund of contributions, claims & benefits	(157,924,307)	(390,459,418)
Effect of Exchange Rate	(1,090,215)	1,302,239
	<u>4,613,150,787</u>	<u>4,091,840,263</u>

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

25 CLAIMS UNPAID

	Company		Group	
	2016	2015	2016	2015
	G\$	G\$	G\$	G\$
Claims unpaid	179,425,389	166,421,574	213,416,219	195,687,404
Reinsurance recoveries	-	(52,556,566)	(14,635,192)	(67,363,826)
	<u>179,425,389</u>	<u>113,865,008</u>	<u>198,781,027</u>	<u>128,323,578</u>

26 INTEREST BEARING BORROWINGS

	CITIZENS BANK	GBTI LOAN	Company and Group	
			2016	2015
			G\$	G\$
At 1 January	203,577,419	190,967,017	394,544,436	434,894,703
Repayments during the year	(40,961,637)	(37,566,151)	(78,527,788)	(40,350,267)
At 31 December	<u>162,615,782</u>	<u>153,400,866</u>	<u>316,016,648</u>	<u>394,544,436</u>
Repayment due within one year	36,324,000	33,600,000	69,924,000	69,924,000
Repayment due within two to five years	126,291,782	119,800,866	246,092,648	324,620,436
	<u>162,615,782</u>	<u>153,400,866</u>	<u>316,016,648</u>	<u>394,544,436</u>

Citizens Bank Loan

This loan was obtained from Citizens Bank and is repayable over a five year period with a monthly installment of G\$4,430,393 at an interest rate of 8 percent per annum. The loan is secured by shares in Banks DIH invested by the Society.

GBTI Loan

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

NOTES TO THE ACCOUNTS (CONT'D)

27 TRADE AND OTHER PAYABLES

	COMPANY		GROUP	
	2016 G\$	2015 G\$	2016 G\$	2015 G\$
Current liabilities				
Trade and other payables	126,908,537	378,273,497	109,811,481	384,023,591
Accruals	1,557,053	10,130,812	1,557,053	10,130,812
Claim option deposits	372,320	372,455	372,320	372,455
Premiums paid in advance	4,566,092	5,297,804	4,566,092	5,297,804
	<u>133,404,002</u>	<u>394,074,567</u>	<u>116,306,946</u>	<u>399,824,661</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.

	GROUP	
	2016 G\$	2015 G\$
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 utilized by Demerara Fire and General Insurance Company Limited during the year.		
Fees Charged	<u>16,270,482</u>	<u>28,722,240</u>
Coverage	<u>743,420,758</u>	<u>745,236,062</u>
Premiums	<u>3,428,307</u>	<u>3,440,106</u>
Key management personnel		
b. The Society's 6 (2015 - 6) key management personnel comprises its Executive Managers. The remuneration paid during the year to Executive Managers is included among the cost shared by Demerara Fire & General Insurance Ltd.		
Directors Emoluments 8 (2015 - 8)	<u>5,401,267</u> <u>13,105,641</u>	<u>4,124,644</u> <u>11,755,917</u>

NOTES TO THE ACCOUNTS (CONT'D)

28 RELATED PARTY TRANSACTIONS - CONT'D

	GROUP	
	2016	2015
	G\$	G\$
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% (2015 - 81,575,035 - 8.2%)	<u>1,843,595,791</u>	<u>1,639,658,204</u>
- Deposits held at Citizens' Bank Limited. Interest earned at the prevailing commercial rates.	<u>1,402,622,130</u>	<u>1,216,942,971</u>
- Investments in Citizens Bank Guyana Limited shares 1,000,000 (2015 - 1,000,000)	<u>144,000,000</u>	<u>144,000,000</u>
- Insurance Coverage to Company with common directors		
Coverage	<u>8,440,934,630</u>	<u>7,917,629,510</u>
Premiums	<u>23,107,624</u>	<u>23,928,605</u>
d. 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.		

NOTES TO THE ACCOUNTS (CONT'D)

29 SEGMENTAL INFORMATION

<u>Line of Business</u>	<u>Life</u> G\$	<u>Health</u> G\$	<u>Fire & General</u> G\$	<u>Total 2016</u> G\$	<u>Total 2015</u> G\$
Revenue					
Premiums	1,271,709,955	121,833,684	75,610,262	1,469,154,264	1,349,424,498
Investment and other Income	757,455,371	-	20,059,361	777,514,732	536,930,540
Net Policy income	<u>2,029,165,326</u>	<u>121,833,684</u>	<u>95,669,987</u>	<u>2,246,668,996</u>	<u>1,886,355,038</u>
Benefits and expenses					
Claims	268,442,843	55,931,025	10,102,966	334,476,834	243,824,303
Surrenders	347,418,468	-	-	347,418,468	344,989,255
Commissions	80,624,572	3,359,207	10,443,634	94,427,413	98,731,194
Donations	973,274	-	-	973,274	1,250,798
Management expenses	772,310,977	27,098,789	38,295,364	837,705,130	964,132,531
Taxation	35,101,717	-	12,107,246	47,208,963	34,364,765
	<u>1,504,871,852</u>	<u>86,389,021</u>	<u>70,949,210</u>	<u>1,662,210,082</u>	<u>1,687,292,846</u>
Surplus of revenue over expenditure	<u>524,293,474</u>	<u>35,444,663</u>	<u>24,720,777</u>	<u>584,458,914</u>	<u>199,062,192</u>
Change in policy liabilities	<u>145,237,746</u>	<u>(859,854)</u>	<u>-</u>	<u>144,377,892</u>	<u>(528,889,965)</u>
Net Surplus after taxation	<u>379,055,728</u>	<u>36,304,517</u>	<u>24,720,777</u>	<u>440,081,022</u>	<u>727,952,157</u>
Assets	<u>15,260,114,302</u>	<u>16,724,832</u>	<u>362,385,490</u>	<u>15,639,224,624</u>	<u>15,059,633,173</u>
Liabilities	<u>12,164,194,197</u>	<u>3,688,890</u>	<u>158,680,598</u>	<u>12,326,563,685</u>	<u>12,037,435,589</u>
<u>Geographical</u>					
<u>Revenue</u>					
Guyana				507,239,067	361,615,163
Out of Guyana				961,915,197	987,809,335
				<u>1,469,154,264</u>	<u>1,349,424,498</u>
<u>Assets</u>					
Guyana				<u>9,581,137,523</u>	<u>9,163,317,552</u>
Out of Guyana				<u>6,058,087,101</u>	<u>5,896,315,620</u>
<u>Liabilities</u>					
Guyana				<u>6,047,542,947</u>	<u>5,911,581,785</u>
Out of Guyana				<u>6,279,020,738</u>	<u>6,125,853,804</u>

30 PENDING LITIGATION

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

NOTES TO THE ACCOUNTS (CONT'D)

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 plan it manages. The company is currently rectifying this.

32 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS.

Company	2016					2015
	Held to maturity	Loans and receivable	"Available for sale"	Other assets and liabilities at amortised cost		
				Total		
G\$	G\$	G\$	G\$	G\$	G\$	
Assets						
Cash resources	-	-	-	5,586,974,387	5,586,974,387	4,843,103,406
Investments	-	-	5,205,018,030	-	5,205,018,030	5,273,636,727
Bonds	880,646,043	-	-	-	880,646,043	875,562,133
Policy loans	-	586,996,353	-	-	586,996,353	611,566,100
Mortgages	-	12,851,943	-	-	12,851,943	17,317,481
Trade and other receivables	-	64,296,062	-	-	64,296,062	59,873,556
Accrued Interest	-	46,591,699	-	-	46,591,699	45,162,381
Tax Recoverable	-	-	-	39,480,078	39,480,078	46,251,781
	<u>880,646,043</u>	<u>710,736,057</u>	<u>5,205,018,030</u>	<u>5,626,454,465</u>	<u>12,422,854,595</u>	
2015	<u>875,562,133</u>	<u>733,919,519</u>	<u>5,273,636,727</u>	<u>4,889,355,186</u>		<u>11,772,473,566</u>
Liabilities						
Actuarial Liabilities	-	-	-	6,825,391,297	6,825,391,297	6,687,189,767
Deposit Administration Fund	-	-	-	4,613,150,787	4,613,150,787	4,091,840,263
Claims	-	-	-	179,425,389	179,425,389	113,865,008
Trade and other payables	-	-	-	126,908,537	126,908,537	378,273,497
Others	-	-	-	423,007,077	423,007,077	596,612,292
	-	-	-	<u>12,167,883,087</u>	<u>12,167,883,087</u>	
2015	-	-	-	<u>11,867,780,827</u>		<u>11,867,780,827</u>

NOTES TO THE ACCOUNTS (CONT'D)

32 ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS.

Group

	2016					2015
	Held to maturity	Loans and receivable	"Available for sale"	Other assets and liabilities at amortised cost	Total	
	G\$	G\$	G\$	G\$	G\$	G\$
Assets						
Cash resources	-	-	-	5,679,683,899	5,679,683,899	4,918,042,539
Investments	-	-	5,440,988,091	-	5,440,988,091	5,507,978,859
Bonds	880,646,043	-	-	-	880,646,043	875,562,133
Policy loans	-	586,996,353	-	-	586,996,353	611,566,100
Mortgages	-	12,851,943	-	-	12,851,943	17,317,481
Trade and other receivables	-	93,521,495	-	-	93,521,495	87,750,991
Accrued Interest	-	46,692,683	-	-	46,692,683	45,256,585
Tax Recoverable	-	-	-	44,194,832	44,194,832	50,966,535
	<u>880,646,043</u>	<u>740,062,474</u>	<u>5,440,988,091</u>	<u>5,723,878,731</u>	<u>12,785,575,339</u>	
2015	<u>875,562,133</u>	<u>761,891,158</u>	<u>5,507,978,859</u>	<u>4,969,009,073</u>		<u>12,114,441,224</u>
Liabilities						
Actuarial Liabilities	-	-	-	6,825,391,297	6,825,391,297	6,687,189,767
Deposit Administration Fund	-	-	-	4,613,150,787	4,613,150,787	4,091,840,263
Claims	-	-	-	198,781,027	198,781,027	128,323,578
Trade and other payables	-	-	-	109,811,481	109,811,481	384,023,591
Others	-	-	-	499,913,251	499,913,251	668,628,755
	-	-	-	<u>12,247,047,843</u>	<u>12,247,047,843</u>	
2015	-	-	-	<u>11,960,005,954</u>		<u>11,960,005,954</u>

NOTES TO THE ACCOUNTS (CONT'D)

33 FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The group's management monitors and manages the financial risks relating to the operations of the company 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 minimize 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:

	2016				Total G\$ equivalent
	£	EC\$	TT\$	B'dos\$	
Assets	1,370,720	70,103,176	16,419,679	44,805	6,199,893,899
Liabilities	-	(11,124,295)	(457,269)	-	(861,840,459)
	1,370,720	58,978,882	15,962,410	44,805	5,338,053,441
	2015				Total G\$ equivalent
	£	EC\$	TT\$	B'dos\$	
Assets	1,370,666	63,580,699	16,419,679	269,760	5,832,293,678
Liabilities	-	(13,498,596)	(457,269)	(4,622)	(1,045,291,827)
	1,370,666	77,079,295	15,962,410	265,138	4,787,001,851

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

NOTES TO THE ACCOUNTS (CONT'D)

33 FINANCIAL RISK MANAGEMENT - CONT'D

(a) Market risk cont'd

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 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
2016	<u>8.78</u>	<u>112.38</u>	<u>12.17</u>	<u>0.12</u>
2015	<u>10.59</u>	<u>118.65</u>	<u>12.86</u>	<u>0.68</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	
		2016	2015
<u>Cash and cash equivalents</u>		G\$000	G\$000
Local Currency	+/-50	8,132	6,736
Foreign Currencies	+/-50	849	677

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 TO THE ACCOUNTS (CONT'D)

33 FINANCIAL RISK MANAGEMENT - CONT'D

(iv) Interest rate risk - cont'd

	Interest Rate Range	Company				
		Maturing 2016				
		Within 1 year G\$	1 to 5 years G\$	Over 5 years	Non interest bearing G\$	Total G\$
ASSETS						
Cash resources	1.7	3,790,613,046	-	-	1,796,361,342	5,586,974,387
Investments	8.6	-	633,332,189	247,313,854	5,205,018,030	6,085,664,073
Policy loans	12.5	-	586,996,353	-	-	586,996,353
Mortgages	7.5	-	-	12,851,943	-	12,851,943
Loans and advances	12.0	31,597,750	-	-	-	31,597,750
Others		-	-	-	118,770,088	118,770,088
		3,822,210,796	1,220,328,543	260,165,797	7,120,149,460	12,422,854,595
LIABILITIES						
Actuarial liabilities		-	-	-	6,825,391,297	6,825,391,297
Deposit administration fund		-	-	-	4,613,150,787	4,613,150,787
Claims		-	-	-	179,425,389	179,425,389
Trade and other payables		-	-	-	126,908,537	126,908,537
Others	6.0	69,924,000	246,092,648	-	106,990,429	423,007,077
		69,924,000	246,092,648	-	11,851,866,439	12,167,883,087
Interest sensitivity gap		3,752,286,796	974,235,895	260,165,797		

	Interest Rate Range	Company				
		Maturing 2015				
		Within 1 year G\$	1 to 5 years G\$	Over 5 years	Non interest bearing G\$	Total G\$
ASSETS						
Cash resources	2.5	3,360,446,355	-	-	1,482,657,051	4,843,103,406
Investments	5.7	-	722,102,723	153,459,410	5,273,636,727	6,149,198,862
Policy loans	12.5	-	611,566,100	-	-	611,566,100
Mortgages	7.5	-	-	17,317,481	-	17,317,481
Loans and advances	12.0	33,882,444	-	-	-	33,882,444
Others		-	-	-	117,405,274	117,405,274
		3,394,328,799	1,333,668,824	170,776,891	6,873,699,052	11,772,473,566
LIABILITIES						
Actuarial liabilities		-	-	-	6,687,189,767	6,687,189,767
Deposit administration fund		-	-	-	4,091,840,263	4,091,840,263
Claims		-	-	-	113,865,008	113,865,008
Trade and other payables		-	-	-	378,273,497	378,273,497
Others	6.0	69,924,000	324,620,436	-	202,067,855	596,612,292
		69,924,000	324,620,436	-	11,473,236,390	11,867,780,827
Interest sensitivity gap		3,324,404,799	1,009,048,388	170,776,891		

NOTES TO THE ACCOUNTS (CONT'D)

33 FINANCIAL RISK MANAGEMENT - CONT'D

(iv) Interest rate risk - cont'd

Interest Rate Range	Group					
	Maturing 2016					
	Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total	
	G\$	G\$		G\$	G\$	
ASSETS						
Cash resources	3	3,866,441,743	-	-	1,813,242,157	5,679,683,899
Investments	6	-	633,332,189	247,313,854	5,440,988,091	6,321,634,135
Policy loans	13	-	586,996,353	-	-	586,996,353
Mortgages	8	-	-	12,851,943	-	12,851,943
Loans and advances	12	31,597,750	-	-	-	31,597,750
Others		-	-	-	152,811,259	152,811,259
		3,898,039,493	1,220,328,543	260,165,797	7,407,041,507	12,785,575,339
LIABILITIES						
Actuarial liabilities		-	-	-	6,825,391,297	6,825,391,297
Deposit administration fund		-	-	-	4,613,150,787	4,613,150,787
Claims		-	-	-	198,781,027	198,781,027
Trade and other payables		-	-	-	109,811,481	109,811,481
Others	6	69,924,000	246,092,648	-	183,896,603	499,913,251
		69,924,000	246,092,648	-	11,931,031,195	12,247,047,843
Interest sensitivity gap		<u>3,828,115,493</u>	<u>974,235,895</u>	<u>260,165,797</u>		

Interest Rate Range	Group					
	Maturing 2015					
	Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total	
	G\$	G\$		G\$	G\$	
ASSETS						
Cash resources	5	3,423,269,726	-	-	1,494,772,813	4,918,042,539
Investments	5	-	722,102,723	153,459,410	5,507,978,859	6,383,540,993
Policy loans	13	-	611,566,100	-	-	611,566,100
Mortgages	8	-	-	17,317,481	-	17,317,481
Loans and advances	12	33,882,444	-	-	-	33,882,444
Others		-	-	-	150,091,668	150,091,668
		3,457,152,170	1,333,668,824	170,776,891	7,152,843,340	12,114,441,224
LIABILITIES						
Actuarial liabilities		-	-	-	6,687,189,767	6,687,189,767
Deposit administration fund		-	-	-	4,091,840,263	4,091,840,263
Claims		-	-	-	128,323,578	128,323,578
Trade and other payables		-	-	-	384,023,591	384,023,591
Others	6	69,924,000	324,620,436	-	274,084,318	668,628,755
		69,924,000	324,620,436	-	11,565,461,517	11,960,005,954
Interest sensitivity gap		<u>3,387,228,170</u>	<u>1,009,048,388</u>	<u>170,776,891</u>		

NOTES TO THE ACCOUNTS (CONT'D)

33 FINANCIAL RISK MANAGEMENT - CONT'D

(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.

At 31 December 2016

Assets	Company			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$		G\$	G\$
Trade and other receivables	64,296,062	-	-	64,296,062
Accrued Interest	46,591,699	-	-	46,591,699
Tax recoverable	39,480,078	-	-	39,480,078
Deposits	3,790,613,046	-	-	3,790,613,046
Policy Loans	-	586,996,353	-	586,996,353
Mortgages	-	-	12,851,943	12,851,943
Bonds	-	633,332,189	247,313,854	880,646,043
Securities	-	5,205,018,030	-	5,205,018,030
Cash at bank	1,796,361,342	-	-	1,796,361,342
	5,737,342,227	6,425,346,573	260,165,797	12,422,854,595
Liabilities				
Actuarial liabilities	148,240,568	335,744,750	6,341,405,980	6,825,391,297
Deposit administration fund	4,613,150,787	-	-	4,613,150,787
Trade and other payables	15,140,627	111,767,910	-	126,908,537
Unpaid Claims	179,425,389	-	-	179,425,389
Others	176,914,429	246,092,648	-	423,007,077
	5,132,871,800	693,605,308	6,341,405,980	12,167,883,087
	<u>604,470,427</u>	<u>5,731,741,266</u>	<u>(6,081,240,183)</u>	<u>254,971,508</u>

At 31 December 2015

Assets	Company			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$		G\$	G\$
Trade and other receivables	59,873,556	-	-	59,873,556
Accrued Interest	45,162,381	-	-	45,162,381
Tax recoverable	46,251,781	-	-	46,251,781
Deposits	3,360,446,355	-	-	3,360,446,355
Policy Loans	-	611,566,100	-	611,566,100
Mortgages	-	-	17,317,481	17,317,481
Bonds	-	722,102,723	153,459,410	875,562,133
Securities	-	5,273,636,727	-	5,273,636,727
Cash at bank	1,482,657,051	-	-	1,482,657,051
	4,994,391,125	6,607,305,551	170,776,891	11,772,473,566
Liabilities				
Actuarial liabilities	614,419,801	1,315,123,088	4,757,646,878	6,687,189,767
Deposit administration fund	4,091,840,263	-	-	4,091,840,263
Trade and other payables	265,439,335	112,834,162	-	378,273,497
Unpaid Claims	113,865,008	-	-	113,865,008
Others	271,991,855	324,620,436	-	596,612,292
	5,357,556,262	1,752,577,686	4,757,646,878	11,867,780,827
	<u>(363,165,137)</u>	<u>4,854,727,865</u>	<u>(4,586,869,987)</u>	<u>(95,307,261)</u>

NOTES TO THE ACCOUNTS (CONT'D)

33 FINANCIAL RISK MANAGEMENT - CONT'D

(b) Liquidity risk - cont'd

At 31 December 2016

Assets	Group			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$
Trade and other receivables	93,521,495	-	-	93,521,495
Accrued Interest	46,692,683	-	-	46,692,683
Tax recoverable	44,194,832	-	-	44,194,832
Deposits	3,866,441,743	-	-	3,866,441,743
Policy Loans	-	586,996,353	-	586,996,353
Mortgages	-	-	12,851,943	12,851,943
Bonds	-	633,332,189	247,313,854	880,646,043
Securities	-	5,440,988,091	-	5,440,988,091
Cash at bank	1,813,242,157	-	-	1,813,242,157
	<u>5,864,092,909</u>	<u>6,661,316,634</u>	<u>260,165,796</u>	<u>12,785,575,339</u>
Liabilities				
Actuarial liabilities	148,240,568	335,744,750	6,341,405,980	6,825,391,297
Deposit administration fund	4,613,150,787	-	-	4,613,150,787
Trade and other payables	(1,956,429)	111,767,910	-	109,811,481
Unpaid Claims	198,781,027	-	-	198,781,027
Others	253,820,603	246,092,648	-	499,913,251
	<u>5,212,036,556</u>	<u>693,605,308</u>	<u>6,341,405,980</u>	<u>12,247,047,843</u>
	<u>652,056,353</u>	<u>5,967,711,327</u>	<u>(6,081,240,184)</u>	<u>538,527,496</u>

At 31 December 2015

Assets	Group			
	1to12months	1to5 years	Over 5years	Total
	G\$	G\$	G\$	G\$
Trade and other receivables	87,750,991	-	-	87,750,991
Accrued Interest	45,256,585	-	-	45,256,585
Tax recoverable	50,966,535	-	-	50,966,535
Deposits	3,423,269,726	-	-	3,423,269,726
Policy Loans	-	611,566,100	-	611,566,100
Mortgages	-	-	17,317,481	17,317,481
Bonds	-	722,102,723	153,459,410	875,562,133
Securities	-	5,507,978,859	-	5,507,978,859
Cash at bank	1,494,772,813	-	-	1,494,772,813
	<u>5,102,016,650</u>	<u>6,841,647,683</u>	<u>170,776,890</u>	<u>12,114,441,224</u>
Liabilities				
Actuarial liabilities	614,419,801	1,315,123,088	4,757,646,878	6,687,189,767
Deposit administration fund	4,091,840,263	-	-	4,091,840,263
Trade and other payables	271,189,429	112,834,162	-	384,023,591
Unpaid Claims	128,323,578	-	-	128,323,578
Others	344,008,318	324,620,436	-	668,628,755
	<u>5,449,781,389</u>	<u>1,752,577,686</u>	<u>4,757,646,878</u>	<u>11,960,005,954</u>
	<u>(347,764,739)</u>	<u>5,089,069,997</u>	<u>(4,586,869,988)</u>	<u>154,435,270</u>

NOTES TO THE ACCOUNTS (CONT'D)

33 FINANCIAL RISK MANAGEMENT - CONT'D

(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	
	2016	2015	2016	2015
	G\$	G\$	G\$	G\$
At 31 December 2016				
Investments				
Held to Maturity(i)	880,646,043	875,562,133	880,646,043	875,562,133
Available for sale(i)	5,205,018,030	5,273,636,727	5,440,988,091	5,507,978,859
Cash on Hand & in Bank(ii)	1,412,837,534	1,254,721,840	1,429,695,949	1,266,815,202
Cash on Deposits(ii)	3,790,613,046	3,360,446,355	3,866,441,743	3,423,269,726
Loans Receivables(v)	599,848,296	612,420,122	599,848,296	612,420,122
Trade and other receivables (iii)	64,296,062	59,873,556	91,455,599	86,123,377
Accrued Interest(iv)	46,591,699	45,162,381	46,692,683	45,256,585
Premium Receivable(vi)	-	-	2,065,896	1,627,614
Tax Recoverable	39,480,078	46,251,781	44,194,832	50,966,535
	<u>12,039,330,787</u>	<u>11,528,074,895</u>	<u>12,402,029,131</u>	<u>11,870,020,153</u>

(i) The investments as reflected are assets for which the likelihood of default are considered minimal by the Directors.

(ii) 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.

(iii) Included in trade and other receivables are number of advances and loans to staff and sales representatives on which interest is earned.

(iv) Accrued interest represents amounts due or accrued on the various investments of the company.

(v) Included in loans and receivables are policy loans which are fully secured against the cash value of the individual policies.

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.

(vi) Premium receivable represent amounts due but not received at the date of the statement of financial position. These amounts would be collected in the next financial year.

NOTES TO THE ACCOUNTS (CONT'D)

33 FINANCIAL RISK MANAGEMENT - CONT'D

(c) Credit risk - cont'd

The above balance are classified as follows:

	2016	2015	2016	2015
	G\$	G\$	G\$	G\$
Current	64,100,133	59,708,116	91,259,670	85,957,937
Past due over 179 days	195,929	165,441	195,929	165,441
	<u>64,296,062</u>	<u>59,873,556</u>	<u>91,455,599</u>	<u>86,123,377</u>

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 we operate. 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 adjunction 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 of 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.

Benefits assured per life assured at the end of 2016	Total benefits insured (G\$ millions)			
	Before reinsurance		After reinsurance	
0M - 3M	13,636	16.2%	13,485	21.7%
3M - 5M	20,495	24.4%	20,043	32.2%
5M - 10M	26,527	31.6%	21,894	35.2%
Over 10M	23,384	27.8%	6,820	11.0%
Total	<u>84,042</u>	<u>100.0%</u>	<u>62,243</u>	<u>100.0%</u>

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

NOTES TO THE ACCOUNTS (CONT'D)

34 INSURANCE RISK MANAGEMENT - CONT'D

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 Society's investment performance and expected future returns.

For individual life insurance policies, an investigation into the Society's lapse experience 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.

(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 TO THE ACCOUNTS (CONT'D)

34 INSURANCE RISK MANAGEMENT - CONT'D

(iv) Expense and Inflation cont'd

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 rates were 3% in St Lucia and 5% in St. Vincent. There is no premium tax in Guyana and 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 recovery. 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 was performed based on its original currency. The valuation results were consolidated among different countries using the exchanged rates as at the valuation date provided by the Society.

35 DEFINED BENEFIT ASSET COMPANY AND GROUP

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

	Company and Group	
	2016	2015
Present value of obligation	(895,761,297)	(840,272,182)
Fair value of plan assets	1,228,948,109	1,291,724,589
Net defined benefit asset	<u>333,186,812</u>	<u>451,452,407</u>

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

	Company and Group	
	2016	2015
Opening defined benefit obligation	840,272,182	910,142,868
Current service cost	23,306,503	45,507,143
Interest cost	33,610,887	21,303,454
Benefits paid	(32,116,585)	(91,200,818)
Actuarial gain	30,688,310	<u>(45,480,465)</u>
Closing defined benefit obligation	<u>895,761,297</u>	<u>840,272,182</u>

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

Opening fair value of plan assets	1,291,724,589	1,329,815,465
Expected return on plan assets	51,175,672	64,341,211
Contributions paid	7,450,986	6,882,526
Benefits paid	(32,116,585)	(91,200,818)
Actuarial gain	<u>(89,286,554)</u>	<u>(18,113,795)</u>
Closing fair value of plan assets	<u>1,228,948,109</u>	<u>1,291,724,589</u>

NOTES TO THE ACCOUNTS (CONT'D)

35 DEFINED BENEFIT ASSET COMPANY AND GROUP - CONT'D

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

	Company and Group	
	2016	2015
	G\$	G\$
Current service cost	23,306,503	21,303,454
Net interest on defined benefit obligation	<u>(17,564,784)</u>	<u>(18,834,067)</u>

Reconciliation of amount recognised in the Statement of Financial Position

	Company and Group	
	2016	2015
	G\$	G\$
Opening Balance	451,452,407	419,672,598
Net pension cost	<u>5,741,719</u>	<u>3,469,387</u>

Re-measurement recognised in Other Comprehensive Income	(119,974,862)	28,366,670
Contributions paid	<u>7,450,986</u>	<u>6,882,526</u>
	<u>333,186,812</u>	<u>451,452,407</u>

Summary of main assumptions

Discount rate	4%	4%
Salary increases	3%	3%

NOTES TO THE ACCOUNTS (CONT'D)

36 RESTATEMENTS

The Company has changed its accounting policy to record the foreign currency translation difference of its overseas locations under a separate heading in the statement of changes in equity; previously the movement in currency translation was shown under the heading Retained Earnings. The Company has also made adjustments to the amount shown as loan on policies to update loan interest, loans written off and automatic premium loans previously not accounted for in the financials statements.

These changes has been applied retroactively. The effect of the change to the statement of changes in equity and statement of financial position for the year ended December 31, 2015 has been summarized in the following tables.

<i>Statement of Financial Position</i>	Previously Stated Value	Prior Year Adjustment	Restated Value
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Balance January 1, 2015

Capital and Reserves

Retained Earnings	(3,694,288,644)	1,207,233,205	(2,487,055,439)
Exchange Difference Reserve		- (978,474,257)	(978,474,257)
	<u>(3,694,288,644)</u>	<u>228,758,948</u>	<u>(3,465,529,696)</u>

Non- Current Assets

Loans and Receivables	<u>383,661,174</u>	<u>228,758,948</u>	<u>612,420,122</u>
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Balance December 31 , 2015

Capital and Reserves

Retained Earnings	(2,963,943,251)	1,218,013,304	(1,745,929,947)
Exchange Difference Reserve		- (989,254,356)	(989,254,356)
	<u>(2,963,943,251)</u>	<u>228,758,948</u>	<u>(2,735,184,303)</u>

Non- Current Assets

Loans and Receivables	<u>400,124,633</u>	<u>228,758,948</u>	<u>628,883,581</u>
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