

2021 Annual Report

DEMERARA
MUTUAL 

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ANNUAL REPORT 2021

Our Vision

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

Our Mission

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

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Offices

HEAD OFFICE

61 & 62 Avenue of the Republic
and Robb Street
Georgetown, Guyana
TEL: (592) 225 8991-3
Fax: (592) 225 8994-5
corporate@demeraramutual.com

CLARKE'S AGENCY

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

LOT 2, ZESKENDEREN CENTRAL MAHAICONY,

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

MC PHERSON'S AGENCY

63 Avenue of the Republic & Robb Street
Georgetown, Guyana
TEL: (592) 225-8991 - 3, Ext 255
J_mcperson@demeraramutual.com

LINDEN OFFICE

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

BERBICE SALES OFFICE

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

GRENADA

GRENADA BRANCH OFFICE

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

ROBERTS SALES OFFICE

Demerara Mutual Office
Granby Street
St George's., Grenada
TEL: (473) 440 2520
w_roberts@demeraramutual.com

ST.LUCIA

ST. LUCIA'S BRANCH OFFICE

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

KIRTON'S SALES OFFICE

37 Chisel Street
Castries, St. Lucia
Tel: (758) 453.6626/28
Fax: (758) 451.7729
s_charleskirton@demeraramutual.com



Offices

ST. VINCENT

ST. VINCENT BRANCH OFFICE/SALES OFFICE

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

GORDON'S SALES UNIT

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

PHILLIPS' SALES OFFICE

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



Offices

HEAD OFFICE:

DEMERARA FIRE & GENERAL INSURANCE COMPANY LIMITED

91 & 92 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, SECTION A

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

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Notice of Date of Annual General Meeting

NOTICE IS HEREBY GIVEN pursuant to Regulation 35 of the Society's Regulations that the 130th Annual General Meeting of members of Demerara Mutual Life Assurance Society Ltd will be held Virtually via Zoom Meeting Portal from its premises 63 Robb Street, Georgetown, Guyana, on Friday, 26th August 2022 at 2.30 p.m.

If any member desires to bring any matter before the meeting, he/she should, no later than fourteen (14) days before the 26th August 2022 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 2021 would be available at our Administrative Offices in Guyana, Grenada, St Lucia and St Vincent.

By order of the Board

A handwritten signature in black ink, appearing to read 'James K. Morgan', with a long horizontal line extending to the right.

JAMES K. MORGAN
Company Secretary

Demerara Mutual Life Assurance Society Ltd.
61 - 62 Avenue of the Republic & Robb Street, Georgetown, Guyana
5th August 2022

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN pursuant to Regulation 35 of the Society's Regulations that the 130th Annual General Meeting of members of Demerara Mutual Life Assurance Society Ltd will be held Virtually via Zoom Meeting Portal from its premises 63 Robb Street, Georgetown, Guyana, on Friday, 26th August 2022 at 2.30 p.m.

AGENDA

1. To hold meeting virtually.
2. To receive and consider the Reports of the Directors, the Accounts for the year ended 31st December, 2021 and the report of the Auditors thereon.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To elect Auditors and fix their remuneration.
6. To approve an appropriation for donations to charity and for educational purposes.
7. To declare Bonus for the Triennium ended 31st December 2021.

By order of the Board



JAMES K. MORGAN

Company Secretary

Demerara Mutual Life Assurance Society Ltd.

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

19th August 2022

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Corporate Information

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

REGISTERED OFFICES:

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
Actuarial 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



The DM Family

Chairman's Report



Ronald Burch-Smith
Chairman

Fellow Policyholders, I welcome and thank you for your attendance at this the 130th Annual General Meeting of Demerara Mutual Life. We should all be very happy that the risk of the COVID 19 infection is subsiding and there are now few infections in most countries. In Guyana and the territories where we operate, the restrictions under the Covid 19 Guidelines in have now been removed so that some normalcy to life and business could be restored and for which we are most pleased. We also endorse the appeal for all notwithstanding the removal of the restrictive guidelines, to continue taking special care to observe the safety protocols since we are not completely out of the woods as yet. It is for this reason and out of an abundance

of caution we have decided to maintain our virtual annual Meeting for another year. We are optimistic of a returning from next year to full normalcy and meeting in the traditional way to once again have the opportunity to interact and socialize with you, our valued policyholders.

The year 2021 saw the adverse worldwide economic challenges persisting though to a lesser extent, of due to the Covid 19 pandemic. Your Board of Directors and Management were however resilient in its aggressive approaches in taking full advantage of the virtual social media platform to continuing doing business and providing to you our policyholders the services you needed. Sadly, however, we are now

Chairman's Report

confronted with another worldwide dilemma, the war in Europe which is having devastating effects on the global financial market and the supply chain resulting in increased prices of oil and goods and services. We assure of our resolve to taking the necessary steps to ensure that your insurance needs would in no way be compromised by these developments.

ECONOMIC REVIEW

The global economy experienced a positive rebound from the 2020 contraction due to the Covid Pandemic. The world economic outlook projected the 2021 Global growth rate to be 5.9%

Guyana's economy experienced a significant growth with an estimated growth of 19.9% for 2021 and inflation of 5.7%. This growth was primarily due to the oil sector which contributed 14.2%. In the Eastern Caribbean territories where we also operate, namely, Grenada, St Lucia and St Vincent the estimated average growth rate was 3%.

FINANCIAL PERFORMANCE

Total revenue for 2021 was \$2.2B compared to \$2.1B in 2019 which was a 4% increase. The contributions by territory were Guyana - \$964M (44%), Grenada - \$665M (30%), St Lucia - \$337M (15%) and St Vincent - \$240M (11%). The net result for 2021 was a surplus of \$508M compared to \$261M in 2020.

Investment income was \$710M, a 20% increase compared to the \$590M achieved in 2021. The Society's investment strategies

are being reviewed on an ongoing basis given the investment climate that exist, in order to achieve at all times the best possible yield from its investments.

Management expenses totaled \$785 M, a 22% increase when compared to the 2020 figure of \$642M. We are continuing in our efforts for greater control of expenses and higher revenue yield to achieve lower expense ratios

Claims paid & Surrenders totaled \$674M, a 29% decrease when compared to the \$945M claims paid in 2020. We continue to sustain our objective for the prompt settlement of claims.

REGULATIONS

The Society's internal policies and controls are under constant review to ensure that they are aligned with regulatory requirements in the jurisdictions where we operate. We also remain committed to enhancing our corporate governance and risk management frameworks to ensure effective strategic oversight and management of risks which are inherent to our operations. Our focus in 2021 was on ensuring compliance with current regulations relating to Anti-Money Laundering and Countering the Financing of Terrorism to make certain that our insurance products were not used as vehicles for money laundering purposes.

Chairman's Report

INFORMATION TECHNOLOGY

The upgrade our IT infrastructure continued in 2021. The key areas of priority were information security, core network and hardware upgrades. The need to address information security was of concern and we have begun implementing necessary measures to further protect our clients' data and modernizing our security controls.

MARKETING

The Society's individual life sales performance totalled \$1.4B representing a 7% increase over the previous year achievement of \$1.3B. This improvement in the individual sales was as a result of improved performance in all territories. The best performing territories for individual life sales were Grenada and Guyana. The best performing sales office was the Clarke's Agency, with an achievement of 171% of its annual sales quota.

The Society's Group premiums from all product lines totaled \$239M, a decrease of 28% compared to the 2020 performance of \$333M. This decline was primarily due to the purchase of individual annuities for a block of group pension policyholders. The contribution of group pension in 2021 totalled \$649M compared to \$ 668M in 2020, a 3% decrease. The total value of pensions under management by the Society as at 31st December 2021 was \$ 5.9B.

The Society has been strengthening its training programmes for its sales personnel and supporting staff to improve on the gains made in 2021. We assure of new and improved product lines to enhance our competitiveness in 2022 and beyond.

CORPORATE GOVERNANCE

The Society's compliance with the current regulatory requirements in all the territories where we operate remained a priority for the Society and its Board of Directors to ensure transparency and accountability. We have been working closely with our Regulators to confirm that all of our policies and procedures are in conformity with current insurance regulations and that the interests of our policyholders were in no way safeguarded.

FIRE COMPANY SUBSIDIARY

The Demerara Fire & General Insurance Company Ltd, the sole subsidiary of the Life Company, generated a total revenue of \$123M which was a 5% decrease when compared to the 2020 revenue of \$129M.

The profit after tax was \$7.7M which when compared to the \$32.4M in 2020 was a 76% decrease. This was due primarily to higher claims paid in 2021. Claims paid totaled \$36M. This was a 71% increase when compared to the \$21M paid in 2020. We are proud of sustaining our reputation as the number one Company for the prompt settlement of claims.

Chairman's Report

FUTURE OUTLOOK

The future outlook for Guyana remained promising especially given the lucrative results in the Oil and Gas Sector resulting in Guyana's significant economic development. These changes and entry of new players in the Guyana market have increased significantly the competitiveness of the insurance market in Guyana and Demerara Mutual has been responding to the new opportunities for accelerated growth and increased market share and profitability.

CONCLUSION

To our Policyholders, I convey my deepest gratitude for choosing the Demerara Life Group of Companies as your Insurance Company to satisfy all of your insurance needs.

I would like to thank my fellow Directors for their untiring support. The Society has been benefiting immensely from your skills and expertise given the need for greater innovation to remain competitiveness. I say thank to you for this and look forward to your continued support to ensure the Society's continued growth.

To the Management, staff and members of the Sales Force I say thank you for the efforts and hard work which combined effort have helped in no small measure to ensuring the Society's prominence and a force to reckon with in all of the territories where we operate.

Thank You.

Ronald Burch-Smith

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Melissa De Santos
Chief Executive Officer

The adverse economic and social impact of the Covid 19 Pandemic continued in year 2021. The Society, however, took such necessary steps to first and foremost ensure the safety of our staff to mitigate the risk for infection and loss of lives. All the mandatory guidelines and protocols were rigidly observed and this resulted in few being infected with the virus.

With the invaluable support of my Board of Directors, the committed Management team and all staff members, the Society remained focused to ensure stability of the Society and its subsidiary, Demerara Fire. The Management Team has been most resilient in its efforts to ensure that the insurance services due to our policyholders were provided and that their insurance coverage for their financial

Chief Executive Officer's Report

security was sustained. Some of the measures implemented such as waivers of some fees, discounts and extension for payment of premiums successfully ensured the stability of our portfolio.

While our financial targets for 2021 were not attained we were pleased that our objective to ensure a safe work environment for staff and policyholders' safety was achieved. The use of social media and other technology platforms were maximized to keep in touch with you, our valued policyholders for the maintaining of existing insurance coverage and we are most pleased with the positive response.

Our Management team and staff members worked beyond their call of duty to ensure that policyholders were provided with needed insurance services. Policy retention was difficult in some cases due to the adverse economic realities and which resulted in some surrenders. Extended grace periods, however, helped to mitigate terminations.

MARKETING

The Society's Individual Life sales performance in 2021 totaled \$1.4B, a 7% increase over the previous year's achievement of \$1.3B. We expect this upward trend to

Chief Executive Officer's Report

continue as we see the economies return to some normalcy after being hit by Covid 19 in 2020. The best performing Branch was the Clarke's Branch which achieved 116% of its annual sales quota, followed by the Grenada Sales Office with an achievement of 109% of quota. Managers and Sales Representatives at all our Sales Offices must be commended for their increased activities and the recruiting of new Sales Agents. Group premiums decreased by 28% compared to the previous year. Total premium income for 2021 was \$239M, compared to \$333M in 2020. Group pension contributions totaled \$649M compared to \$668M in 2020. The total value of pensions managed by the Society totaled \$5.9B.

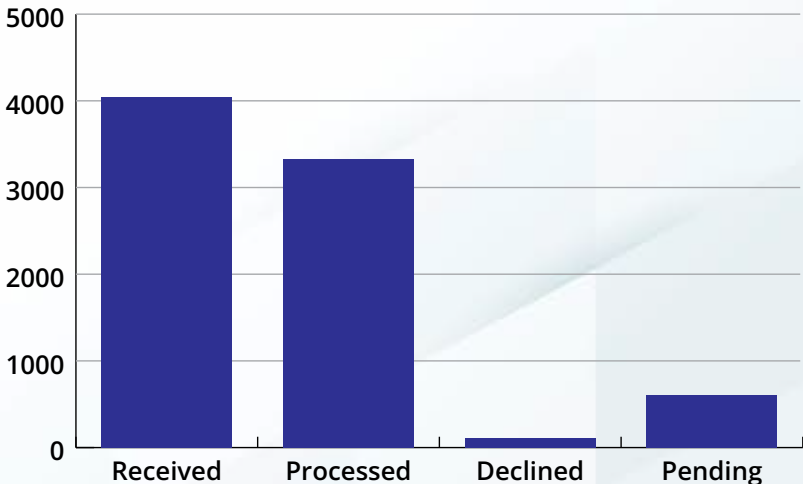
With greater emphasis on recruitment we are confident our sales teams will be able to gain entrance into new markets. The use of technological advancements, bundling of products and the introduction of some of our repackaged products are approaches being adopted for greater success and increase in our market share.

INSURANCE OPERATIONS

The loss of jobs due to the Covid 19 restrictions contributed to the increase in requests which were mainly for loans and withdrawals. These requests increased when compared to 2020.

Graph of transactions processed in 2021:

2021 Requests

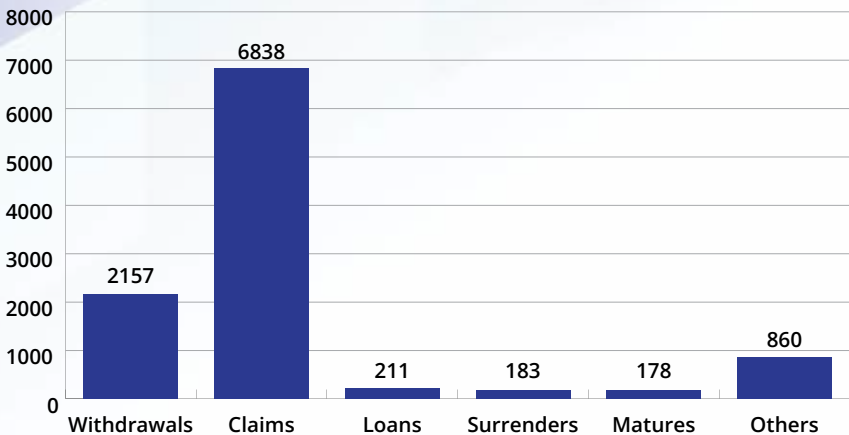


Chief Executive Officer's Report

Our Health Portfolio continued to perform credibly. In the year under review Health premiums received amounted to \$92.7M of and of which \$57M were paid in claims. Our conservation teams continued to work

Annuities purchased totaling \$177M. Factors contributing to the decrease in income for 2021 were due to severe unemployment in the EC territories as a result of COVID-19 as well as the decrease in our Group Creditor line of

Transaction 2021



closely with our Sales Representatives and policyholders to ensure that premium payments are made in a timely manner to avoid lapses and to convince our policyholders that it was in their best interest to keep their policies in force rather than surrender to fulfill temporary needs. Surrenders processed totalled 211 which was a 25% decrease over the previous year figure of 248.

Group Life and Group Creditors premium income for the year totaled \$166.2M a decrease of 39% over the previous year of \$272M It should be noted that in the year 2020 \$339.M premium income included

business due to the reduction in requests for loans and mortgages at financial institutions. .

Group Pension premium income amounted to \$732M, a 2.3% decrease over 2020 income of \$749M. This was mainly due to reduction in employment as well as separation from jobs. Pension refunds accounted for \$78.8M and Retirement Benefits G\$227.1M

Group Health premium income totaled G\$95.6M representing 11.3% increase over the previous year's premium of G\$85.9M

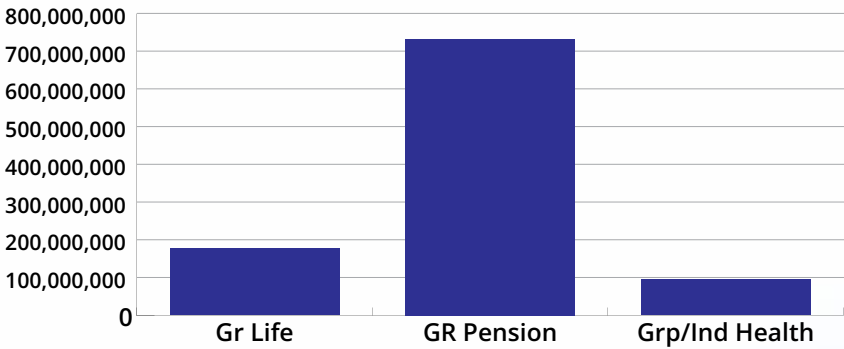
The **Call Centre Unit** continued to be very active in our conservation efforts. Customers

Chief Executive Officer's Report

were encouraged to use the online services to request loans, withdrawals and also policy changes.

Total Expenses: This amounted to \$1.59M compared to \$1.7M for the previous years, a 6% increase

Group Income - Society



FINANCIAL PERFORMANCE

The Company's financial performance for 2021 was better than that for 2020, and this was due to more prudent management, control of expenses and greater efforts by members of the Sales Team in each of the territories where we operate despite the Covid 19 challenges.

Revenue: Total revenue was \$2.2B compared to \$2.1B in the previous year, a 4% increase.

Premium: Premium income was \$1.49B compared to \$1.53B in the previous year, a 3% decrease.

Investment: Investment income was \$710M compared to \$590M in 2020, a 20% increase.

Management Expenses: Management expenses totaled \$785M compared to \$642M for the previous year, a 22% decrease.

Claims: Claims paid totalled \$674 M, a decrease of 29% when compared to the previous year's figure of \$945 M.

Surplus: Surplus for the year was \$508M compared to \$262M for the previous year which was a 94% increase.

Valuation: The 2021 Valuation informs of a policy liability of \$13,280,495,539: for the Society's long term insurance business.

Chief Executive Officer's Report

HUMAN RESOURCES

The impact of the Covid-19 corona virus transformed the workplace and the world over.

We, in the circumstances, were forced to adapt to the necessary changes and advance our technological capabilities, including re-skilling of our workforce and the transformation of corporate learning to maintain efficiency.

Our employees well-being and safety were of crucial importance to us. We supported our human resources by facilitating paid sick days, reducing working hours with no reduction in their remuneration while adhering to the Covid- 19 health and safety guidelines; masking, vaccination and social distancing.

Employees were willing to be flexible, adapting to the new ways of work, complying with necessary changes to safety measures and, willing to learn while providing the requisite services to our clients and policyholders throughout the pandemic which was indeed most commendable.

INFORMATION SYSTEMS

Work on our core hardware and network infrastructure at Head Office continued in 2021. These upgrades have been targeted at improving efficiency, connectivity and security, minimizing network issues and ensuring maximum uptime for our systems. Information security was a main concern as more international companies inquire about our services. We have been addressing potential

vulnerabilities in our hardware and software systems and will continue to do so as we develop rigid plans for periodic penetration tests and vulnerability assessments.

REGULATORY/COMPLIANCE MATTERS

The Society continues to fulfill its regulatory obligations in the jurisdictions we operate. Adherence to Anti-Money Laundering Regulations in all of the locations is an integral part of our compliance program.

We continue to review and update our procedures and processes to facilitate the enforcement of internal compliance, which continues to evolve as the regulatory and business environment changes.

Enhancing our corporate governance and risk management frameworks will also assure our policyholders of our efforts to ensure appropriate controls are implemented for the management of risks and operational oversight.

DEMERARA FIRE & GENERAL

Despite the continued Covid, The Demerara Fire & General Insurance Company Limited remained steadfast in our efforts to ensure that our valued clients enjoy uninterrupted insurance coverage.

We boosted our current products and adapted new techniques to meet the demands of competition as well as the changing needs of our clientele, whilst simultaneously maintaining our integrity and efficiency.

Chief Executive Officer's Report

The implementation of new technological hardware and software has served to enhance the delivery of our sterling customer service as we maintain the number one position for prompt and fair claim settlement.

REVENUE

Total Net Revenue for the year was \$123 M compared to \$129M in 2020 which was a 5% decrease. The gross premium income revenue was \$92 M compared to \$101 M in 2020.

PROFIT

Total after tax profit was \$7.7M compared to \$32.4 M in 2020. This was a 76% decrease.

EXPENSES

Expense for 2021 totaled \$112 M compared to \$81.7M in 2020.

CONCLUSION

I would like to thank the members of my Management Team, all members of staff both office and field in all the territories where we operate, namely, Guyana, Grenada, St Lucia and St Vincent for their dedication, commitment and going the extra mile for the fulfillment of the Society's objectives and goals are most commendable.

Thanks also to the Chairman and Board of Directors for their advice and support which assisted greatly to enhance production, increase premiums and investment income to sustain profitability.

To the policyholders, special thanks for making The Demerara Mutual and its subsidiary, Demerara Fire & General your insurance provider. You are a family to us and we assure of our commitment to continue providing you with quality services and coverages which satisfy fully your insurance needs.

Melissa De Santos (Ms)

CHIEF EXECUTIVE OFFICER

Management Team



Melissa De Santos
Chief Executive Officer



Kezia Mc Donald-Eleazer
Finance Controller



James Morgan
Company Secretary



Sharmela Ramsammy
Manager
Sales and Marketing



Orlene Charles
Manager
Life Insurance Operations



Sean Seaton
Chief Risk
and Compliance Officer

Management Team



Asha Ojha
Manager
Fire and General



Raymond Govinda
Sales Coordinator



Mark Critchlow
Manager
Mortgage



Rayann Shury-Clarke
Manager
Business Development



Nadira Surujpaul
Internal Auditor(ag)



Timothy Indarsingh
Manager
Information Technology



Denise Lambert
Manager
Human Resources
& Corporate Services



Bernadette Giddings
Manager
Corporate Care



THE KEY TO SUCCESS IS
ASSEMBLING A STRONG AND
STABLE MANAGEMENT TEAM

Board of Directors



Ronald Burch-Smith
LL.B, MSc



Dr. Leslie Chin
C.C.H., B.Sc., PhD



Dr. Mahendra Carpen
M.B.B.A., D.M., F.A.C.P



Clifford Reis
C.C.H



Dr Arron Fraser
F.C.C.A, M.B.A, PhD



Maurice Solomon
F.C.C.A.



Deenawati Panday
L.L.B.



Carlton Joao
M.B.A.

Director's Report

Directors' Report

The Directors have the pleasure to submit to you their report for the financial year ended 31st December 2021.

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 2021 is as follows:

	2021	2020
	\$	\$
Revenue	2,205,275,041:	2,123,321,425:
Net Profit/loss after taxation	508,834,551	261,907,764:
Total Comprehensive income	10,698,259,456:	1,309,239,166:
Total Assets	40,135,346,259:	30,269,807,384:
Total Liabilities	13,733,988,817:	14,566,709,398:

DIRECTORATE

The Directors who retire by rotation are Mr Maurice Solomon, Mr Carlton Joao and Dr Mahendra Carpen. These Directors are eligible and offer themselves for election.

DIRECTORS' EMOLUMENTS

The emoluments paid to the Society's Directors for the year 2021 were as follows:

	2021	2020
	\$	\$
Mr. Ronald Burch Smith	2,522,833	2,473,368:
Mr. Clifford B. Reis, C.C.H.	1,576,752:	1,545,828:
Dr. Leslie Chin, CCH	1,576,752:	1,545,828:
Mr. Maurice Solomon	1,576,752:	1,545,828:
Ms. Deenawati Panday	1,576,752:	1,545,828:
Dr. Aaron Fraser	1,576,752:	1,545,828:
Dr. Mahendra Carpen	1,576,752:	1,545,828:
Mr. Carlton Joao	1,576,752:	257,636:
	13,560,097:	12,005,972:

Director's Report

DIRECTORS' INTEREST

The Society's Directors are required to be members of the Society by having a participating life assurance policy with the Society. This requirement was met by all Directors. The sums assured of their respective life assurance policies are:

	Sums Assured
Mr. Ronald Burch Smith	500,000:
Mr. Clifford B. Reis,	100,000:
Dr. Leslie Chin,	100,000:
Mr. Maurice Solomon	100,000:
Ms Deenawati Panday	500,000:
Dr Arron Fraser	500,000:
Dr Mahendra Carpen	1,000,000:
Mr Carlton Joao	1,000,000:

SERVICE CONTRACTS

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

CAPITAL EXPENDITURE

The capital investment for the year 2021 was \$9.3M.

AUDITORS

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

VALUATION

The Society's policy liabilities for the long-term insurance business of the Society as at 31st December 2021 were valued as \$13,280,495,539.

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 9.6% of the shareholding of that Company.



By order of the Board.
JAMES K. MORGAN
Company Secretary

Corporate Governance

THE BOARD OF DIRECTORS

The current members of the Society's Board of Directors are Mr. Ronald Burch-Smith (Chairman) Mr. Clifford B. Reis, C.C.H., Dr. Leslie Chin, C.C.H., Mr. Maurice Solomon, Ms Deenawati Panday, Dr. Arron Fraser, Dr. Mahendra Carpen and Mr Carlton Joao.

The Board of Directors of the Society provides oversight for the effective management of the Society's operations. It also oversees it's the risk management functions to ensure the effective governance of the Society. It is responsible for ensuring that the Company is being managed in keeping with the insurance regulations in all the territories where it operates. It also reviews the performance of the Society's operational activities on a regular basis and takes the necessary decisions for the Society's improved performance and efficiency.

INVESTMENT/ FINANCE/MARKETING COMMITTEE

This Committee comprises Mr. Maurice Solomon (Chairman), Mr. Clifford B. Reis, Ms. Deenawati Panday, Dr. Leslie Chin and Dr. M Carpen.

The functions of this Committee include reviewing the:

- a. Monthly and yearly financial statements of the Society and advising the Board of its recommendations for the improved financial performance of the Society.
- b. Annual Budgets for projected the income and expenses together with capital budgets to ensure the Society's growth and development.
- c. Monthly Financials of the Society compared to budget and makes recommendation on actions to be taken for improved financial performance.

Investment Responsibilities

Examine periodically the investment policy of the Society to ensure its maximum returns from investments.

Marketing Responsibilities

Reviews of the sales performance of the Society and functioning of the respective sales agencies to ensure that the levels of production were consistent with budget projections.

Addresses the various Marketing issues of the Society to ensure that it is customer focused, its rates were competitive in a highly competitive environment, its products were meeting customer

Corporate Governance

expectations and that its service were of a superior quality.

BUILDING COMMITTEE

The Building Committee comprises of Mr Carlton Joao (Chairman), Mr Clifford Reis, Drs Mahendra Carpen and Arron Fraser.

This Committee has responsibility for major building projects and ensuring that the Society's properties were well maintained.

AUDIT COMMITTEE

The Audit Committee comprises of Dr. Arron Fraser (Chairman), Mr. Maurice Solomon and Mr. Clifford B. Reis.

The responsibilities of this Committee include:

Reviewing the Company's audit plans (internal and external) to ensure that they were appropriate, risk-based and address all the relevant activities of the Society.

Ensuring that the work of the internal and external auditors were well coordinated and efficiently executed.

HUMAN RESOURCE/DEATH CLAIMS COMMITTEE

This Committee comprises Directors, Ms Deenawati Panday (Chairperson), (Chairman), Mr Maurice Solomon, Dr Mahendra Carpen, Dr Arron Fraser and Mr Carlton Joao.

The responsibilities of this Committee include:

Review of the Society's Human Resource structure to ensure adequacy to achieve the Society's objectives.

Ensures that policies and guidelines conform with local laws, regulations and policies and also to international standards pertaining to equal employment opportunities and working conditions.

Death Claims responsibilities.

Reviews claims presented by Management for approval and submits recommendation to the Board for decision.

Corporate Governance

RISK COMMITTEE

The members of this Committee comprise Dr Arron Fraser, Chairman, Dr Leslie Chin, Mr. Clifford B Reis and Mr. Maurice Solomon. This Committee:

- a. Gives guidance on activities of the Society and the approaches to be taken by the Society regarding risk activities.
- b. Has responsibility for overseeing the Risk Appetite Framework of the Society to ensure that the various risk areas were within the risk limitations.
- c. Considers the risk profile with regard to the corporate strategy and make recommendations for necessary policy changes given any risk exposures that needed to be mitigated.



By Order of the Board.
James K. Morgan
Company Secretary

I'm with Dem

2021 Sales **Awardees**

The following agents are the 2021 Top Producers for the Society and are recognised for their sterling performance



CHARLES CLARKE
CHAIRMAN'S DIAMOND AWARD
TOP PRODUCER 2021
- LIFE & FIRE & MOTOR
CENTURION CLUB



DERWIN MC KENZIE
FIFTY PLUS CLUB



HARESH RAMSAMOOJ
FIFTY PLUS CLUB



JOEL MC PHERSON
CHAIRMAN'S DIAMOND
FIFTY PLUS CLUB



MARIA RODRIGES
CHAIRMAN'S BRONZE
FIFTY PLUS CLUB



MICHAEL BLAIR
CHAIRMAN'S DIAMOND
CENTURION CLUB



RICHARD SEATON
CHAIRMAN'S BRONZE
EIGHTY PLUS CLUB

2021 Sales Awardees



LYDIA BUBB-FRAME

CHAIRMAN'S SILVER
FIFTY PLUS CLUB



NATHALIE GIBBS

CHAIRMAN'S GOLD
FIFTY PLUS CLUB



RENNISHA CALLICA

CHAIRMAN'S DIAMOND
FIFTY PLUS CLUB



SHORNA JAMES - ST. JOHN

CHAIRMAN'S SILVER
FIFTY PLUS CLUB



WILCOX ROBERTS

CHAIRMAN'S DIAMOND
EIGHTY PLUS CLUB



SABINA CHARLES-KIRTON

CHAIRMAN'S DIAMOND

Financial Statements

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 2021

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 consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated 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 33 to 81.

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 2021, 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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION IN THE ANNUAL REPORT

Management is responsible, for the other information. The other information comprises all the information included in the Group's 2021 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

Financial Statements

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. At the time of the audit report the other information was not available.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Group's internal controls,

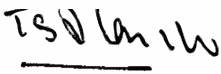
Financial Statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern,
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991. The Insurance Act 2016 came into effect in 2018. As explained in Note 31, the Society has five (5) years to be fully compliant.



TSD LAL & CO.

Chartered Accountants

Date: July 21, 2022

77 Brickdam, Stabroek, Georgetown

DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	COMPANY		GROUP	
		2021	2020	2021	2020
		G\$	G\$	G\$	G\$
Premiums	5	1,494,321,582	1,532,659,899	1,593,736,255	1,639,452,678
Investment & other income	6	710,953,459	590,661,526	734,652,804	613,189,515
Total revenue		2,205,275,041	2,123,321,425	2,328,389,059	2,252,642,193
Expenses					
Claims	7	281,153,430	553,577,835	316,685,640	574,279,410
Surrenders	8	392,805,026	391,438,321	392,805,026	391,438,321
Commissions	9	97,820,674	82,403,435	113,747,888	96,161,108
Donations		1,823,583	1,264,756	1,823,583	1,264,756
Management expenses	10	785,679,037	641,500,700	846,372,219	688,783,997
Taxation	11	34,192,884	32,299,329	37,434,800	47,514,142
Total expenses		1,593,474,634	1,702,484,376	1,708,869,156	1,799,441,734
Profit before movement in actuarial liabilities		611,800,407	420,837,049	619,519,903	453,200,459
Change in actuarial liabilities	23a	102,965,856	158,929,285	102,965,856	158,929,285
Profit for the year		508,834,551	261,907,764	516,554,047	294,271,174
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property		-	230,671,993	-	237,859,192
Remeasurement of defined benefit pension plan	34	1,907,477,439	85,567,625	1,907,477,439	85,567,625
Items that may be reclassified subsequently to profit or loss					
Adjustment to fair value of investments	21	8,294,531,459	719,657,315	8,328,409,846	720,161,732
Currency translation differences		(12,583,993)	11,434,469	(12,583,993)	11,434,469
Others		-	-	159,742,598	-
Other comprehensive income for the year		10,189,424,905	1,047,331,402	10,383,045,890	1,055,023,018
Total comprehensive income for the year		10,698,259,456	1,309,239,166	10,899,599,937	1,349,294,192

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

DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED AND SUBSIDIARY
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Guarantee Capital	Retained earnings	Revaluation reserve	Investment reserve	Exchange difference reserve	Total
	G\$	G\$	G\$	G\$	G\$	G\$
Balance at 31 December 2019	100,000	878,594,046	885,654,570	13,712,486,897	(1,082,976,693)	14,393,858,820
Total comprehensive income for the year	-	347,475,389	231,338,170	723,600,347	6,825,260	1,309,239,166
Balance at 31 December 2020	100,000	1,226,069,435	1,116,992,740	14,436,087,244	(1,076,151,433)	15,703,097,986
Total comprehensive income for the year	-	2,416,311,990	(23,096,454)	8,263,125,716	41,918,204	10,698,259,456
Balance at 31 December 2021	100,000	3,642,381,425	1,093,896,286	22,699,212,960	(1,034,233,229)	26,401,357,442
GROUP						
Balance at 31 December 2019	100,000	1,041,721,708	928,113,544	13,888,345,066	(1,082,976,693)	14,775,303,625
Total comprehensive income for the year	-	379,612,046	238,752,122	724,104,764	6,825,260	1,349,294,192
Balance at 31 December 2020	100,000	1,421,333,754	1,166,865,666	14,612,449,830	(1,076,151,433)	16,124,597,817
Total comprehensive income for the year	-	2,424,031,486	(3,514,503)	8,437,164,750	41,918,204	10,899,599,937
Balance at 31 December 2021	100,000	3,845,365,240	1,163,351,163	23,049,614,580	(1,034,233,229)	27,024,197,754

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

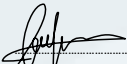
DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	COMPANY		GROUP	
		2021 G\$	2020 G\$	2021 G\$	2020 G\$
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,910,778,286	1,981,073,649	2,014,269,030	2,082,687,976
Commercial building	13	608,000,000	608,000,000	608,000,000	608,000,000
Intangible assets	22	17,655,460	35,951,070	35,189,367	63,868,455
Investment in subsidiary company		111,863,250	111,863,250	-	-
Other financial assets					
Held to maturity	15(a)	1,652,575,116	1,498,960,363	1,652,575,116	1,498,960,363
Available for sale	15(c)	23,117,236,021	14,862,392,297	23,549,604,790	15,238,297,087
Loans & receivables	15(b)	742,014,580	638,354,772	742,014,580	638,354,772
Retirement benefit asset	34	4,448,002,681	2,465,842,322	4,448,002,681	2,465,842,322
		<u>32,608,125,394</u>	<u>22,202,437,723</u>	<u>33,049,655,564</u>	<u>22,596,010,975</u>
Current assets					
Inventories		4,324,337	4,223,305	5,008,522	4,678,163
Trade and other receivables	18	142,914,082	141,540,508	195,910,486	226,855,273
Accrued interest	19	46,572,399	47,656,589	46,721,899	47,801,137
Tax recoverable		1,481,991	47,536,871	17,725,931	57,650,319
Cash on deposits	20	3,826,708,690	3,874,725,861	4,037,061,517	4,075,512,584
Cash at bank and on hand		3,505,219,366	3,951,686,527	3,577,884,207	3,981,053,650
		<u>7,527,220,865</u>	<u>8,067,369,661</u>	<u>7,880,312,562</u>	<u>8,393,551,126</u>
Total assets		<u>40,135,346,259</u>	<u>30,269,807,384</u>	<u>40,929,968,126</u>	<u>30,989,562,101</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Guarantee capital		100,000	100,000	100,000	100,000
Retained earnings		3,642,381,425	1,226,069,435	3,845,365,240	1,421,333,754
Exchange difference reserve		(1,034,233,229)	(1,076,151,433)	(1,034,233,229)	(1,076,151,433)
Revaluation reserve		1,093,896,286	1,116,992,740	1,163,351,163	1,166,865,666
Investment reserve	21	22,699,212,960	14,436,087,244	23,049,614,580	14,612,449,830
		<u>26,401,357,442</u>	<u>15,703,097,986</u>	<u>27,024,197,754</u>	<u>16,124,597,817</u>
Non-current liabilities					
Actuarial liabilities					
Actuarial liabilities	23	7,389,277,626	7,468,302,370	7,389,277,626	7,468,302,370
Deposit administration fund	24	5,891,217,883	6,440,814,593	5,891,217,883	6,440,814,593
Deferred tax liability		-	-	-	137,157,006
		<u>13,280,495,509</u>	<u>13,909,116,963</u>	<u>13,280,495,509</u>	<u>14,046,273,969</u>
Current liabilities					
Insurance contract liabilities					
Unpaid claims	25(a)	91,398,911	71,905,609	174,076,842	146,936,646
Trade and other payables	26	201,830,313	389,080,387	264,274,883	466,796,491
		<u>160,264,084</u>	<u>196,606,439</u>	<u>186,923,138</u>	<u>204,957,178</u>
		<u>453,493,308</u>	<u>657,592,435</u>	<u>625,274,863</u>	<u>818,690,315</u>
Total equity and liabilities		<u>40,135,346,259</u>	<u>30,269,807,384</u>	<u>40,929,968,126</u>	<u>30,989,562,101</u>

These financial statements were
approved on July 21, 2022


..... Director
Mr. M Solomon


..... Director
Dr. Mahendra Carpen

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

DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED AND SUBSIDIARY
**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	COMPANY		GROUP	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Cash flow from operating activities				
Profit before taxation	645,993,291	453,136,378	656,954,703	500,714,601
Depreciation	35,965,254	17,491,377	40,329,318	21,008,993
Amortization	17,655,452	17,975,531	22,038,930	17,975,531
Investment income	(710,953,459)	(590,661,526)	(734,652,804)	(613,189,515)
Net cash (outflow) before changes in operating assets	(11,339,462)	(102,058,240)	(15,329,853)	(73,490,390)
Decrease in deposits	48,017,171	52,373,865	38,451,067	11,737,400
(Increase) / decrease in receivables, prepayments & intangible assets	(834,448)	32,305,101	37,254,586	(36,030,175)
Decrease in accrued interest	1,084,190	1,313,594	1,079,238	1,303,350
Increase in retirement obligation	(74,682,920)	(64,174,875)	(74,682,920)	(64,174,875)
(Decrease) / increase in unpaid claims	(187,250,074)	133,465,972	(202,521,608)	171,444,926
(Decrease) / increase in insurance & actuarial liabilities	(162,497,298)	53,632,866	(154,850,404)	57,501,350
(Decrease) / increase in deposit admin fund	(549,596,710)	288,450,464	(549,596,710)	288,450,464
Decrease in trade and other payables	(36,342,355)	(50,400,516)	(18,034,040)	(44,784,219)
Cash generated from / (used in) operations	(973,441,906)	344,908,231	(938,230,644)	311,957,831
Taxes paid	11,861,996	(35,085,503)	2,489,588	(51,150,245)
Net cash generated from / (used in) operating activities	(961,579,910)	309,822,728	(935,741,056)	260,807,586
Investing activities				
Dividend, rent and interest received	664,426,891	569,521,363	687,871,568	592,002,341
Proceeds from sale/redemption of securities	673,758,435	172,476,495	673,758,435	172,476,495
Other income	46,526,567	11,040,162	46,781,235	11,087,174
Purchase of securities	(787,685,451)	(272,004,300)	(787,685,451)	(272,004,300)
Mortgage	(37,011,807)	(5,485)	(37,011,807)	(5,485)
Policy loans	(66,648,002)	(20,403,482)	(66,648,002)	(20,403,482)
Purchase of property, plant & equipment	34,330,109	(24,448,114)	28,086,776	(24,591,117)
Disposal of property, plant & equipment	-	-	2,852	-
Net cash provided by investing activities	527,696,742	436,176,639	545,155,606	458,561,626

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	COMPANY		GROUP	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Financing activities				
Loan repayment	-	(40,717,286)	-	(40,717,286)
Net cash used in financing activities	-	(40,717,286)	-	(40,717,286)
Net increase / (decrease) in cash and cash equivalents	(433,883,168)	705,282,081	(390,585,450)	678,651,926
Effect of exchange rates	(12,583,993)	11,434,469	(12,583,993)	11,434,469
Net (decrease) / increase in cash and cash equivalents	(446,467,161)	716,716,550	(403,169,443)	690,086,395
Cash and cash equivalents at the beginning of period	3,951,686,527	3,234,969,977	3,981,053,650	3,290,967,255
Cash and cash equivalents at the end of period	3,505,219,366	3,951,686,527	3,577,884,207	3,981,053,650
Represented by:				
Cash at bank and on hand	3,505,219,366	3,951,686,527	3,577,884,207	3,981,053,650

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

NOTES ON THE ACCOUNTS

1 Incorporation and activities

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

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

The company's registered office is located at 61-62 Avenue of the Republic, Georgetown, Guyana.

No. of employees

The average number of employees of the Group was 99 (2020 - 99)

2 New and amended standards and interpretations

Amendments effective for the current year end	Effective for annual periods beginning on or after
New and Amended Standards	

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021
Amendments to IFRS 16 Leases:	
Covid-19-Related rent concessions beyond 30 June 2021	1 April 2021

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform - Phase 2 introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

NOTES ON THE ACCOUNTS

Amendments to IFRS 16 Leases: Covid-19-Related rent concessions beyond 30 June 2021

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

None of the foregoing had an impact on the financial statements.

Pronouncements effective in future periods available for early adoption

Effective for annual
periods beginning
on or after

New and Amended Standards

Annual Improvements 2018-2020	1 January 2022
Narrow scope amendments to IFRS 3, IAS 16 and IAS 37	1 January 2022
IFRS 17 Insurance contracts	1 January 2023
Amendments to IFRS 4 (Deferral of effective date of IFRS 9)	Immediately available
Amendments to IAS 1: Presentation of financial statements on classification of liabilities	1 January 2023
Narrow scope amendments to IAS 1, IAS 8 and IFRS Practice statement 2	1 January 2023
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The Company and Group has not opted for early adoption.

The standards and amendments that are expected to have a material impact on the Company and Group's accounting policies when adopted are explained below.

Annual Improvements 2018-2020

Makes amendments to the following standards:

IFRS 1 - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

NOTES ON THE ACCOUNTS

2 New and amended standards and interpretations cont'd

Pronouncements effective in future periods available for early adoption Cont'd

Annual Improvements 2018-2020 Cont'd

IFRS 9 - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Narrow scope amendments to IFRS 3, IAS 16 and IAS 37

IFRS 3: The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

IAS 16: The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

IAS 37: The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

IFRS 17 Insurance contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all

NOTES ON THE ACCOUNTS

insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to IFRS 4 (Deferral of effective date of IFRS 9)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1: Presentation of financial statements on classification of liabilities

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The effective date of the amendments was deferred to 1 January 2023.

Narrow scope amendments to IAS 1 and IFRS Practice statement 2

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 8

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

NOTES ON THE ACCOUNTS

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, investment property 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””

“Available for sale” investments are initially recognised at cost and adjusted to fair value (market value) at subsequent periods. Gains or losses on revaluations are recognised 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.

“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.

“Loans and Receivables comprise loans, mortgage and bonds. These are stated at amortised cost.

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

(d) 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 the revaluation of such

NOTES ON THE ACCOUNTS

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 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.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

(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

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

(i) Consolidation

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

Where necessary, adjustments are made to the financial statements of the subsidiary Demerara Fire and General Insurance Company Limited to bring its accounting policies in the line with the company.

Investment in subsidiary is carried at historical cost.

(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.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

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 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 in force 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

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

(m) Insurance contracts (continued)

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 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 discretionary participation feature

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 Group. 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 Group but are not legally separated from the Group's general operations. The assets and liabilities of these

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

(m) Insurance contracts (continued)

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.

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.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

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 Group 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 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 Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have

NOTES ON THE ACCOUNTS

3 Summary of significant accounting Policies cont'd

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 Group 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.

u) Actuarial liability

Actuarial valuations are done at the end of each financial year using the Policy Premium Method as described in Note 33. Changes in the value of these liabilities are recognised through the statement of comprehensive income.

NOTES ON THE ACCOUNTS

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group'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 Group's "held to maturity" assets in the light of its capital maintenance and liquidity requirements and have confirmed the Group'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.

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.

NOTES ON THE ACCOUNTS

5 PREMIUMS	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
Company						
Life, Health and Annuities Premiums	1,622,906,561	(128,584,979)	1,494,321,582	1,699,431,158	(166,771,259)	1,532,659,899
Group						
Life	1,527,270,608	(128,584,979)	1,398,685,629	1,613,522,566	(166,771,259)	1,446,751,307
Liability	10,880,205	(7,780,972)	3,099,233	7,296,528	(6,166,060)	1,130,468
Health	95,635,953	-	95,635,953	85,908,592	-	85,908,592
Fire	123,048,315	(72,397,108)	50,651,207	126,446,821	(69,743,893)	56,702,928
Motor	49,238,120	(3,573,887)	45,664,233	50,480,035	(1,520,652)	48,959,383
	<u>1,806,073,201</u>	<u>(212,336,946)</u>	<u>1,593,736,255</u>	<u>1,883,654,542</u>	<u>(244,201,864)</u>	<u>1,639,452,678</u>
	Company			Group		
	2021	2020		2021	2020	
	G\$	G\$		G\$	G\$	
6 INVESTMENT & OTHER INCOME						
Interest, dividends and rent	664,426,892	569,521,364		687,871,569	592,002,343	
Other income	46,526,567	21,140,162		46,781,235	21,187,172	
	<u>710,953,459</u>	<u>590,661,526</u>		<u>734,652,804</u>	<u>613,189,515</u>	
Held to maturity						
Bonds & debentures	53,841,224	60,833,439		53,841,224	60,833,439	
Available for sale						
Shares & stocks	290,689,437	245,705,806		298,783,549	253,189,689	
Loans and receivables						
Policy loans	128,610,261	95,253,898		128,610,261	95,253,898	
Mortgage	2,147,103	-		2,147,103	-	
Other financial assets						
Deposits	90,405,777	90,215,104		92,788,680	92,448,463	
Treasury bills	3,324,636	2,581,984		3,324,636	2,581,984	
Other Income	<u>141,935,021</u>	<u>96,071,295</u>		<u>155,157,351</u>	<u>108,882,042</u>	
	<u>710,953,459</u>	<u>590,661,526</u>		<u>734,652,804</u>	<u>613,189,515</u>	
Other Income						
Rent	88,941,299	68,742,486		101,908,961	81,506,223	
Others	52,993,722	27,328,809		53,248,390	27,375,819	
	<u>141,935,021</u>	<u>96,071,295</u>		<u>155,157,351</u>	<u>108,882,042</u>	

NOTES ON THE ACCOUNTS

	COMPANY		GROUP	
	2021	2020	2021	2020
	€S	€S	€S	€S
7 CLAIMS (net)				
Motor	-	-	26,380,038	12,049,500
Fire	-	-	9,152,172	8,652,075
Death	171,040,849	319,102,447	171,040,849	319,102,447
Maturity	7,235,486	95,511,168	7,235,486	95,511,168
Annuities paid	54,624,338	99,854,623	54,624,338	99,854,623
T.D. claims	280,009	899,830	280,009	899,830
Health claims	47,815,933	38,115,449	47,815,933	38,115,449
Other Claims	156,815	94,318	156,815	94,318
	281,153,430	553,577,835	316,685,640	574,279,410
8 SURRENDERS				
Cash value surrenders	166,917,146	195,849,166	166,917,146	195,849,166
Investment benefit withdrawals	225,887,880	195,396,016	225,887,880	195,396,016
Annuities	-	193,139	-	193,139
	392,805,026	391,438,321	392,805,026	391,438,321
9 COMMISSIONS				
Life and annuities	97,820,674	82,403,435	97,820,674	82,403,435
Fire	-	-	12,451,703	10,610,803
Motor	-	-	2,852,254	2,995,362
Liability	-	-	623,257	151,508
	97,820,674	82,403,435	113,747,888	96,161,108

NOTES ON THE ACCOUNTS

	COMPANY		GROUP	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
10 MANAGEMENT EXPENSES	785,679,037	641,500,700	846,372,219	688,783,997
This includes:				
Employment cost (a)	282,241,517	258,006,407	307,707,359	280,121,505
Repairs and maintenance	12,004,144	11,834,470	18,486,748	14,627,862
Software license & admin fee	38,166,119	28,846,919	38,166,119	28,846,919
Internet service charge	6,615,202	8,949,937	7,329,058	9,816,702
Utilities	28,635,550	31,399,518	29,884,666	32,669,149
Sales expense	61,249,064	38,883,193	61,249,064	38,883,193
Professional service	30,619,406	28,959,827	30,619,406	28,959,827
Interest & bank charges	8,447,963	8,276,370	8,635,739	8,565,043
Legal fees	1,302,175	228,000	3,439,661	4,220,897
Facilities	56,888,494	52,436,449	57,109,620	52,663,585
Auditors remuneration	11,807,629	11,098,344	13,761,895	12,643,981
Directors' emoluments (b)	13,560,097	12,005,972	15,644,269	13,860,108
Depreciation	35,965,254	17,491,377	40,329,318	21,008,993
	282,241,517	258,006,407	307,707,359	280,121,505
(a) Employment Cost				
Salaries and wages	188,925,850	186,156,921	208,519,218	202,636,321
Other staff costs	93,315,667	71,849,486	99,188,141	77,485,184
	282,241,517	258,006,407	307,707,359	280,121,505
(b) Directors' emoluments				
Chairman- Mr. Ronald Burch Smith	2,522,833	2,473,368	2,985,973	2,927,424
Directors:				
Mr. Clifford B. Reis, CCH	1,576,752	1,545,828	1,808,328	1,772,868
Dr. Leslie Chin	1,576,752	1,545,828	1,808,328	1,772,868
Mr. Maurice Solomon	1,576,752	1,545,828	1,808,328	1,772,868
Ms. Deenwattie Panday	1,576,752	1,545,828	1,808,328	1,772,868
Dr. Aaron Fraser	1,576,752	1,545,828	1,808,328	1,772,868
Dr. Mahendra Carpen	1,576,752	1,545,828	1,808,328	1,772,868
Mr. Carlton Joao	1,576,752	257,636	1,808,328	295,476
	13,560,097	12,005,972	15,644,269	13,860,108
11 TAXATION				
Corporation tax & W/tax (varying rates)	15,314,419	13,742,097	18,556,335	24,303,261
Premium Tax	18,878,465	18,557,232	18,878,465	18,557,232
Deferred Tax	-	-	-	4,653,649
	34,192,884	32,299,329	37,434,800	47,514,142

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 ON THE ACCOUNTS

12 PROPERTY, PLANT AND EQUIPMENT

COMPANY

	Land	Buildings	Furniture, fittings, equipment and motor vehicles	Total
	G\$	G\$	G\$	G\$
Cost/valuation				
At 1 January 2020	771,575,009	975,205,141	359,522,908	2,106,303,058
Exchange differences	549,186	921,929	94,638	1,565,753
Additions	-	-	23,016,334	23,016,334
Revaluation	135,333,941	95,338,052	-	230,671,993
Depreciation transfer	-	(58,541,674)	-	(58,541,674)
At 31 December 2020	907,458,136	1,012,923,448	382,633,881	2,303,015,465
Exchange differences	(17,074,404)	(26,179,353)	(2,665,432)	(45,919,189)
Additions	-	-	9,353,986	9,353,986
At 31 December 2021	<u>890,383,732</u>	<u>986,744,095</u>	<u>389,322,435</u>	<u>2,266,450,262</u>
Comprising:				
Cost	247,003,559	536,227,981	389,322,435	1,172,553,975
Valuation	643,380,173	450,516,114	-	1,093,896,287
	<u>890,383,732</u>	<u>986,744,095</u>	<u>389,322,435</u>	<u>2,266,450,262</u>
Depreciation				
At 1 January 2020	-	58,486,388	304,371,752	362,858,140
Exchange differences	-	55,286	78,687	133,973
Charge for the year	-	-	17,491,377	17,491,377
Write back on revaluation	-	(58,541,674)	-	(58,541,674)
At 31 December 2020	-	-	321,941,816	321,941,816
Exchange differences	-	-	(2,235,094)	(2,235,094)
Charge for the year	-	19,734,882	16,230,372	35,965,254
At 31 December 2021	-	<u>19,734,882</u>	<u>335,937,094</u>	<u>355,671,976</u>
Net book values:				
At 31 December 2021	<u>890,383,732</u>	<u>967,009,213</u>	<u>53,385,341</u>	<u>1,910,778,286</u>
At 31 December 2020	<u>907,458,136</u>	<u>1,012,923,448</u>	<u>60,692,064</u>	<u>1,981,073,649</u>

For details of revaluation of land and building see note 16(a).

NOTES ON THE ACCOUNTS

12 PROPERTY, PLANT AND EQUIPMENT CONT'D

GROUP

	Land	Buildings	Furniture, fittings, equipment and motor vehicles	Total
	G\$	G\$	G\$	G\$
Cost/valuation				
At 1 January 2020	821,575,009	1,011,905,142	379,442,275	2,212,922,426
Exchange differences	549,186	921,929	94,638	1,565,753
Additions	-	-	23,159,337	23,159,337
Revaluation	143,333,941	96,801,219	-	240,135,160
Depreciation transfer	-	(60,804,842)	-	(60,804,842)
At 31 December 2020	965,458,136	1,048,823,448	402,696,250	2,416,977,834
Exchange differences	(17,074,404)	(26,179,353)	(2,665,432)	(45,919,189)
Additions	-	4,800,000	10,797,319	15,597,319
Disposals	-	-	(96,029)	(96,029)
At 31 December 2021	<u>948,383,732</u>	<u>1,027,444,095</u>	<u>410,732,108</u>	<u>2,386,559,935</u>
Comprising:				
Cost	264,003,559	547,190,349	410,732,108	1,221,926,016
Valuation	684,380,173	480,253,746	-	1,164,633,919
	<u>948,383,732</u>	<u>1,027,444,095</u>	<u>410,732,108</u>	<u>2,386,559,935</u>
Depreciation				
At 1 January 2020	-	60,749,556	313,202,178	373,951,734
Exchange differences	-	55,286	78,687	133,973
Write back on revaluation	-	(60,804,842)	-	(60,804,842)
Charge for the year	-	-	21,008,993	21,008,993
At 31 December 2020	-	-	334,289,858	334,289,858
Exchange differences	-	-	(2,235,094)	(2,235,094)
Write back on disposal	-	-	(93,177)	(93,177)
Charge for the year	-	20,548,882	19,780,436	40,329,318
At 31 December 2021	-	<u>20,548,882</u>	<u>351,742,023</u>	<u>372,290,905</u>
Net book values:				
At 31 December 2021	<u>948,383,732</u>	<u>1,006,895,213</u>	<u>58,990,085</u>	<u>2,014,269,030</u>
At 31 December 2020	<u>965,458,136</u>	<u>1,048,823,448</u>	<u>68,406,392</u>	<u>2,082,687,976</u>

For details of revaluation of land and building see note 16(a).

NOTES ON THE ACCOUNTS

		Company and Group			
		2021	2020		
		G\$	G\$		
13	COMMERCIAL BUILDING				
	At 1 January and 31 December	608,000,000	608,000,000		
	The building is recognized at its current market value using the fair value model. The valuation was done by Patterson Associates on September 28, 2020.				
14	MORTGAGES				
		Company and Group			
		2021	2020		
		G\$	G\$		
	Guyana	39,478,185	2,318,894		
	Eastern Caribbean territories	4,667,728	4,815,213		
		44,145,913	7,134,107		
15	INVESTMENTS				
		Company		Group	
		2021	2020	2021	2020
		G\$	G\$	G\$	G\$
(a) "Held to Maturity"					
Bonds					
	Commonwealth Caribbean Government	1,650,570,474	1,496,932,917	1,650,570,474	1,496,932,917
	Other Commonwealth Government - United Kingdom	2,004,642	2,027,446	2,004,642	2,027,446
		1,652,575,116	1,498,960,363	1,652,575,116	1,498,960,363
(b) "Loans & Receivables"					
	Policy loans (note 17)	697,868,667	631,220,665	697,868,667	631,220,665
	Mortgage (note 14)	44,145,913	7,134,107	44,145,913	7,134,107
		742,014,580	638,354,772	742,014,580	638,354,772
(c) "Available for Sale"					
	Guyana - equity	21,595,504,307	13,691,972,765	22,027,873,076	14,067,877,555
	- equity	46,105	46,105	46,105	46,105
	Grenada - equity	1,018,187,089	647,004,287	1,018,187,089	647,004,287
	Trinidad - equity (i)	503,498,520	523,369,140	503,498,520	523,369,140
		23,117,236,021	14,862,392,297	23,549,604,790	15,238,297,087

NOTES ON THE ACCOUNTS

(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. 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.

16 FAIR VALUE ESTIMATION

Fair value measurement recognised in the statement of financial position

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The sections that follow provide an analysis of the fair values of the Group's and Company's assets and liabilities based on the following hierarchy contained in IFRS 13:

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 provides analysis of the fair value measurement hierarchy of the Company and Group assets and liabilities:

	COMPANY		
	2021		
	Level 2	Level 3	Total
	G\$	G\$	G\$
Assets carried at fair value			
Available for sale investments	22,613,737,501	503,498,520	23,117,236,021
Commercial building	608,000,000	-	608,000,000
Property, plant and equipment (a)	1,857,392,945	53,385,341	1,910,778,286
	2020		
	Level 2	Level 3	Total
	G\$	G\$	G\$
Available for sale investments	14,339,023,157	523,369,140	14,862,392,297
Commercial building	608,000,000	-	608,000,000
Property, plant and equipment (a)	1,920,381,584	60,692,064	1,981,073,648

NOTES ON THE ACCOUNTS

Assets carried at fair value	GROUP		
	2021		
	Level 2	Level 3	Total
	G\$	G\$	G\$
Available for sale investments	23,046,106,270	503,498,520	23,549,604,790
Commercial building	608,000,000	-	608,000,000
Property, plant and equipment (a)	1,955,278,946	58,990,085	2,014,269,030
	2020		
	Level 2	Level 3	Total
	G\$	G\$	G\$
Available for sale investments	14,714,927,947	523,369,140	15,238,297,087
Commercial building	608,000,000	-	608,000,000
Property, plant and equipment (a)	2,014,281,584	68,406,392	2,082,687,976

- (a) On September 28, 2020, the Society's Land and Buildings including the Commercial Building in Guyana were professionally revalued by Patterson Associates. The revaluation surplus of G\$414,844,300 is being held in the revaluation reserve.

On September 2, 2020 the Society's Land and Buildings in Grenada were professionally revalued by the firm TVA Consultants Ltd. The revaluation surplus of G\$538,458,030 is being held in revaluation reserve.

On October 12, 2020 the Society's Land and Building in St Lucia were professionally revalued by a certified valuation surveyor (Celsus Baptiste). The revaluation surplus of G\$100,380,864 is being held in revaluation reserve.

On October 22, 2020 the Society's Land and Building in St Vincent were professionally revalued by the firm Horizon Real Estate Ltd. The revaluation surplus of G\$115,231,686 is being held in revaluation reserve.

The valuations for property are 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\$1,632,741,477 (2020 - G\$1,689,709,607)

NOTES ON THE ACCOUNTS

16 FAIR VALUE ESTIMATION CONT'D

Assets and liabilities not carried at fair value

The following tables details the values of assets and liabilities that are not carried at fair value; their fair values are estimated to approximate their carrying values:

Company	2021			2020		
	IFRS	Carrying	Fair	IFRS	Carrying	Fair
	13 Level	Value	Value	13 Level	Value	Value
	G\$	G\$		G\$	G\$	
Assets						
Investments						
Held to Maturity	2	1,652,575,116	1,652,575,116	2	1,498,960,363	1,498,960,363
Loans and Receivables	2	742,014,580	742,014,580	2	638,354,772	638,354,772
Trade and other receivables	2	142,914,082	142,914,082	2	141,540,508	141,540,508
Deposits	2	3,826,708,690	3,826,708,690	2	3,874,725,861	3,874,725,861
Accrued Interest	2	46,572,399	46,572,399	2	47,656,589	47,656,589
Tax recoverable	2	1,481,991	1,481,991	2	47,536,871	47,536,871
Cash on Hand and at Bank	1	3,505,219,366	3,505,219,366	1	3,951,686,527	3,951,686,527
		<u>9,917,486,224</u>	<u>9,917,486,224</u>		<u>10,200,461,491</u>	<u>10,200,461,491</u>
Liabilities						
Unpaid Claims	2	201,830,313	201,830,313	2	389,080,387	389,080,387
Actuarial liabilities	2	7,389,277,626	7,389,277,626	2	7,468,302,370	7,468,302,370
Deposit administration fund	2	5,891,217,883	5,891,217,883	2	6,440,814,593	6,440,814,593
Trade and other payables	2	251,662,995	251,662,995	2	268,512,048	268,512,048
		<u>13,733,988,817</u>	<u>13,733,988,817</u>		<u>14,566,709,398</u>	<u>14,566,709,398</u>

NOTES ON THE ACCOUNTS

Group	2021		2020			
	Carrying Value	Fair Value	Carrying Value	Fair Value		
	G\$		G\$			
Assets						
Investments						
Held to Maturity	2	1,652,575,116	1,652,575,116	2	1,498,960,363	1,498,960,363
Loans and Receivables	2	742,014,580	742,014,580	2	638,354,772	638,354,772
Trade and other receivables	2	195,910,486	195,910,486	2	226,855,273	226,855,273
Deposits	2	4,037,061,517	4,037,061,517	2	4,075,512,584	4,075,512,584
Accrued Interest	2	46,721,899	46,721,899	2	47,801,137	47,801,137
Tax recoverable	2	17,725,931	17,725,931	2	57,650,319	57,650,319
Cash on Hand and at Bank	1	3,577,884,207	3,577,884,207	1	3,981,053,650	3,981,053,650
		<u>10,269,893,736</u>	<u>10,269,893,736</u>		<u>10,526,188,098</u>	<u>10,526,188,098</u>
Liabilities						
Unpaid Claims	2	264,274,883	264,274,883	2	466,796,491	466,796,491
Actuarial liabilities	2	7,389,277,626	7,389,277,626	2	7,468,302,370	7,468,302,370
Deposit administration fund	2	5,891,217,883	5,891,217,883	2	6,440,814,593	6,440,814,593
Trade and other payables	2	360,999,980	360,999,980	2	351,893,824	351,893,824
		<u>13,905,770,372</u>	<u>13,905,770,372</u>		<u>14,727,807,278</u>	<u>14,727,807,278</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.

“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.

“Actuarial Liabilities”

These values are determined each year by an Actuary using the policy premium method.

NOTES ON THE ACCOUNTS

17 POLICY LOANS

	Company and Group	
	2021	2020
	G\$	G\$
Guyana	45,500,152	38,830,633
Eastern Caribbean Territories	752,416,091	695,304,495
	797,916,243	734,135,128
Policy Loans Provision (i)	100,047,576	102,914,463
	697,868,667	631,220,665
(i) Loans Provision		
Opening Balance	102,914,463	102,807,844
Exchange rate differences	(2,866,887)	106,619
Closing Balance	100,047,576	102,914,463

18 TRADE AND OTHER RECEIVABLES	Company		Group	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Prepayments	3,929,112	3,871,669	3,929,112	3,871,669
Loans and advances	16,093,934	17,155,842	16,093,934	17,155,842
Other receivables	160,677,109	152,727,471	213,673,513	238,042,236
Provision for bad debt (i)	(37,786,073)	(32,214,474)	(37,786,073)	(32,214,474)
	142,914,082	141,540,508	195,910,486	226,855,273
(i) Provision for impairment (individually assessed)				
Balance as at 1 January	32,214,474	32,179,025	32,214,474	32,179,025
Adjustments during the year	5,571,599	35,449	5,571,599	35,449
Balance as at 31 December	37,786,073	32,214,474	37,786,073	32,214,474
19 ACCRUED INTEREST	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Grenada	13,503,824	14,814,266	13,503,824	14,814,266
Guyana	18,342,196	17,607,093	18,491,696	17,751,641
Saint Lucia	10,310,684	10,844,954	10,310,684	10,844,954
St. Vincent	4,415,695	4,390,276	4,415,695	4,390,276
	46,572,399	47,656,589	46,721,899	47,801,137

NOTES ON THE ACCOUNTS

20 CASH ON DEPOSIT

	<u>Company</u>	<u>Company</u>	<u>Group</u>	<u>Group</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	G\$	G\$	G\$	G\$
Guyana	2,136,806,607	1,906,925,036	2,347,159,434	2,107,711,759
Grenada	858,978,835	884,437,788	858,978,835	884,437,788
St Lucia	702,970,196	698,070,400	702,970,196	698,070,400
London	-	235,142,067	-	235,142,067
St Vincent	127,953,052	150,150,570	127,953,052	150,150,570
	<u>3,826,708,690</u>	<u>3,874,725,861</u>	<u>4,037,061,517</u>	<u>4,075,512,584</u>

These are short term deposits with varying rates ranging from 0.01% to 5.00%
(2020 - 0.01% to 5.00%)

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NOTES ON THE ACCOUNTS

21 INVESTMENT RESERVE

This represents fair value gains on the revaluation of investments

	Company		Group	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
At 1 January	14,436,087,244	13,712,486,897	14,612,449,830	13,888,345,066
Transfer	-	-	140,160,647	-
Fair value adjustment	8,294,531,459	719,657,315	8,328,409,846	720,161,732
Exchange difference	(31,405,743)	3,943,032	(31,405,743)	3,943,032
At 31 December	22,699,212,960	14,436,087,244	23,049,614,580	14,612,449,830

22 INTANGIBLE ASSET

	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
At 1 January	89,877,667	89,818,148	117,795,052	103,018,148
Exchange difference	(1,600,393)	59,519	(1,600,393)	59,519
Additions	-	-	-	14,717,385
Other	-	-	(6,000,000)	-
At 31 December	88,277,274	89,877,667	110,194,659	117,795,052
Amortisation				
At 1 January	53,926,597	35,927,258	53,926,597	35,927,258
Exchange difference	(960,235)	23,808	(960,235)	23,808
Amortisation for the year	17,655,452	17,975,531	22,038,930	17,975,531
At 31 December	70,621,814	53,926,597	75,005,292	53,926,597
Net Book Value	17,655,460	35,951,070	35,189,367	63,868,455

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

23 ACTUARIAL LIABILITIES

	Company and Group	
	2021	2020
	G\$	G\$
Balance at beginning	7,468,302,370	7,302,672,490
Changes in actuarial liabilities	102,965,856	158,929,285
Exchange rate differences	(181,990,600)	6,700,595
	7,389,277,626	7,468,302,370

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

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

NOTES ON THE ACCOUNTS

24 DEPOSIT ADMINISTRATION FUND	Company and Group	
	2021	2020
	G\$	G\$
Balance at beginning	6,440,814,593	6,152,364,129
Contributions received plus interest	(192,709,558)	828,389,952
Refund of contributions, claims & benefits	(338,834,332)	(540,762,552)
Effect of Exchange Rate	(18,052,820)	823,064
	5,891,217,883	6,440,814,593

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 cash on deposit.

25(a) CLAIMS UNPAID	Company		Group	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Claims unpaid	201,830,313	389,080,387	264,274,883	466,796,491

25(b) DEVELOPMENT CLAIM TABLES

Development of claims tables provide a measure of the Group's ability to estimate the ultimate value of claims for its general insurance subsidiary. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each reporting year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position.

Reporting Year	2015	2016	2017	2018	2019	2020	2021	Total
Gross estimate of cumulative claims cost								
At the end year of claim	52,274,208	6,065,000	5,634,907	5,324,800	7,916,320	47,702,574	31,096,980	156,014,789
One year later	44,665,468	6,065,000	5,634,907	3,740,090	5,635,280	44,587,147	-	-
Two years later	42,834,436	5,399,265	4,891,057	3,440,090	-	-	-	-
Three years later	42,834,436	5,399,265	2,691,057	3,145,090	-	-	-	-
Four years later	42,834,436	5,224,265	-	-	-	-	-	-
Five years later	41,543,386	-	-	-	-	-	-	-
Current estimate of cumulative claims cost								
	41,543,386	5,224,265	2,691,057	3,145,090	5,635,280	44,587,147	31,096,980	133,923,205
Cumulative payments	(16,799,856)	(3,724,265)	(2,691,057)	(3,145,090)	(2,160,280)	(42,958,087)	-	(71,478,635)
Outstanding claims recognised in the statement of financial position								
	24,743,530	1,500,000	-	-	3,475,000	1,629,060	31,096,980	62,444,570

NOTES ON THE ACCOUNTS

26 TRADE AND OTHER PAYABLES

	COMPANY		GROUP	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Trade and other payables	21,803,554	133,290,880	48,462,608	141,641,620
Accruals	5,265,684	4,858,760	5,265,684	4,858,760
Claim option deposits	349,508	376,513	349,508	376,512
Premiums paid in advance	132,845,338	58,080,286	132,845,338	58,080,286
	160,264,084	196,606,439	186,923,138	204,957,178

27 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	
2021	2020
G\$	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	18,486,748	14,627,862
Coverage	861,519,302	861,519,302
Premiums	3,216,988	6,122,687

Key management personnel

The Society's 6 (2020 - 5) 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.

	6,960,752	6,865,555
Directors Emoluments 8 (2020 - 8)	15,644,269	13,860,108
Balance due to / (from) Subsidiary	384,949	(5,576,836)

NOTES ON THE ACCOUNTS

	GROUP	
	2021	2020
	G\$	G\$
27 Related party transactions cont'd		
b. Transactions with companies which have one common Director with Demerara Mutual Life Assurance Society Limited.		
- Investments in Banks DIH Limited Shares 81,575,035 (2020 - 81,575,035)	11,420,504,900	6,526,002,800
- Deposits held at Citizens' Bank Limited. Interest earned at the prevailing commercial rates.	1,833,840,800	1,789,102,546
- Investments in Citizens Bank Guyana Limited shares 1,000,000 (2020 - 1,000,000)	146,000,000	146,000,000
- Insurance Coverage to Company with common directors		
Coverage	14,838,988,045	13,740,589,121
Premiums	41,532,087	46,352,262
c. 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 ON THE ACCOUNTS

28 SEGMENTAL INFORMATION

Line of Business	Life G\$	Health G\$	Fire, General & Liability G\$	Total 2021 G\$	Total 2020 G\$
Revenue					
Premiums	1,398,685,629	95,635,953	99,414,673	1,593,736,255	1,639,452,678
Investment and other Income	710,953,459	-	23,699,345	734,652,804	613,189,515
Net Policy income	2,109,639,088	95,635,953	123,114,018	2,328,389,059	2,252,642,193
Benefits and expenses					
Claims	233,337,497	47,815,933	35,532,210	316,685,640	574,279,410
Surrenders	392,805,026	-	-	392,805,026	391,438,321
Commissions	95,965,061	1,855,613	15,927,214	113,747,888	96,161,108
Donations	1,823,583	-	-	1,823,583	1,264,756
Management expenses	782,674,277	3,004,760	60,693,182	846,372,219	688,783,997
Taxation	34,192,884	-	3,241,916	37,434,800	47,514,142
	1,540,798,328	52,676,306	115,394,522	1,708,869,156	1,799,441,734
Surplus of revenue over expenditure	568,840,760	42,959,647	7,719,496	619,519,903	453,200,459
Change in policy liabilities	101,374,385	1,591,471	-	102,965,856	158,929,285
Net Surplus after taxation	467,466,375	41,368,176	7,719,496	516,554,047	294,271,174
Assets	40,080,160,401	55,185,858	794,621,867	40,929,968,126	30,989,562,101
Liabilities	13,722,589,817	11,399,000	171,781,555	13,905,770,372	14,864,964,284
<u>Geographical</u>					
<u>Revenue</u>					
Guyana				625,509,055	680,639,636
Out of Guyana				968,227,200	958,813,041
				1,593,736,255	1,639,452,677
<u>Assets</u>					
Guyana				33,305,523,762	23,530,342,451
Out of Guyana				7,624,444,364	7,459,219,650
<u>Liabilities</u>					
Guyana				7,593,857,228	8,343,614,444
Out of Guyana				6,311,913,145	6,521,349,840

NOTES ON THE ACCOUNTS

29 PENDING LITIGATION

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

30 INSURANCE ACT 2016

The Insurance Act 2016 came into effect during April 2018. The Society has five (5) years to be fully compliant with the changes of the new Act.

31 Analysis of Financial assets and liabilities by measurement basis

Company	2021					
	Held to maturity	Loans and receivable	Available for sale	Other assets and liabilities at amortised cost	Total	2020
	G\$	G\$	G\$	G\$	G\$	G\$
Assets						
Cash resources	-	-	-	7,331,928,056	7,331,928,056	7,826,412,388
Investments	-	-	23,117,236,021	-	23,117,236,021	14,862,392,297
Bonds	1,652,575,116	-	-	-	1,652,575,116	1,498,960,363
Policy loans	-	697,868,667	-	-	697,868,667	631,220,665
Mortgages	-	44,145,913	-	-	44,145,913	7,134,107
Trade and other receivables	-	142,914,082	-	-	142,914,082	141,540,508
Accrued Interest	-	46,572,399	-	-	46,572,399	47,656,589
Tax Recoverable	-	-	-	1,481,991	1,481,991	47,536,871
	1,652,575,116	931,501,061	23,117,236,021	7,333,410,047	33,034,722,245	
2020	1,498,960,363	827,551,869	14,862,392,297	7,873,949,259		25,062,853,788
Liabilities						
Deposit Administration Fund	-	-	-	5,891,217,883	5,891,217,883	6,440,814,593
Claims	-	-	-	201,830,313	201,830,313	389,080,387
Trade and other payables	-	-	-	21,803,554	21,803,554	133,290,880
Others	-	-	-	229,859,442	229,859,442	135,221,167
	-	-	-	6,344,711,192	6,344,711,192	
2020	-	-	-	7,098,407,027		7,098,407,027

NOTES ON THE ACCOUNTS

31 Analysis of Financial assets and liabilities by measurement basis

Group

	2021					2020
	Held to maturity	Loans and receivable	Available for sale	Other assets and liabilities at amortised	Total	
				cost		
G\$	G\$	G\$	G\$	G\$	G\$	
Assets						
Cash resources	-	-	-	7,614,945,724	7,614,945,724	8,056,566,234
Investments	-	-	23,549,604,790	-	23,549,604,790	15,238,297,087
Bonds	1,652,575,116	-	-	-	1,652,575,116	1,498,960,363
Policy loans	-	697,868,667	-	-	697,868,667	631,220,665
Mortgages	-	44,145,913	-	-	44,145,913	7,134,107
Trade and other receivables	-	195,910,486	-	-	195,910,486	226,855,273
Accrued Interest	-	46,721,899	-	-	46,721,899	47,801,137
Tax Recoverable	-	-	-	17,725,931	17,725,931	57,650,319
	<u>1,652,575,116</u>	<u>984,646,965</u>	<u>23,549,604,790</u>	<u>7,632,671,655</u>	<u>33,819,498,526</u>	
2020	<u>1,498,960,363</u>	<u>913,011,182</u>	<u>15,238,297,087</u>	<u>8,114,216,553</u>		<u>25,764,485,185</u>
Liabilities						
Deposit Administration Fund	-	-	-	5,891,217,883	5,891,217,883	6,440,814,593
Claims	-	-	-	264,274,883	264,274,883	466,796,491
Trade and other payables	-	-	-	48,462,608	48,462,608	141,641,620
Others	-	-	-	312,537,373	312,537,373	347,409,211
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,516,492,747</u>	<u>6,516,492,747</u>	
2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,396,661,915</u>		<u>7,396,661,915</u>

NOTES ON THE ACCOUNTS

32 FINANCIAL RISK MANAGEMENT

Financial risk management objectives

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

(a) Market risk

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

The group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the group'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 group 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:

	2021				
	£	ECS	TTS	B'dos\$	Total G\$ equivalent
Assets	560,496	92,889,387	16,419,679	44,625	7,781,586,857
Liabilities	-	(8,583,633)	(457,269)	-	(671,440,360)
	<u>560,496</u>	<u>84,305,754</u>	<u>15,962,410</u>	<u>44,625</u>	<u>7,110,146,498</u>

	2020				
	£	ECS	TTS	B'dos\$	Total G\$ equivalent
Assets	1,379,321	84,723,387	16,419,679	44,625	7,618,149,743
Liabilities	-	(9,162,629)	(457,269)	-	(738,512,448)
	<u>1,379,321</u>	<u>75,560,758</u>	<u>15,962,410</u>	<u>44,625</u>	<u>6,879,637,295</u>

NOTES ON THE ACCOUNTS

Foreign Currency Sensitivity Analysis

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

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

	£ Sterling impact	EC dollar impact	TT dollar impact	B'dos dollar impact
	G\$ M	G\$ M	G\$ M	G\$ M
2021	3.98	161.42	12.24	0.12
2020	9.90	149.25	12.72	0.12

NOTES ON THE ACCOUNTS

32 FINANCIAL RISK MANAGEMENT CONT'D

(a) Market risk cont'd

(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 Group's profit would have been as illustrated on the following table:

	Impact on profit for year	
	2021	2020
Cash and cash equivalents	G\$000	G\$000
Local Currency	14,606	16,777
Foreign Currencies	2,920	2,982

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.

ASSETS	Interest Rate Range	Company					Total G\$
		Maturing 2021			Non interest bearing	Total	
		Within 1 year	1 to 5 years	Over 5 years			
G\$	G\$	G\$	G\$	G\$			
Cash resources	1.7	3,826,708,690	-	-	3,505,219,366	7,331,928,056	
Investments	8.6	-	1,373,037,705	279,537,411	23,117,236,021	24,769,811,137	
Policy loans	12.5	-	697,868,667	-	-	697,868,667	
Mortgages	7.5	-	-	44,145,913	-	44,145,913	
Loans and advances	12.0	16,093,934	-	-	-	16,093,934	
Others		-	-	-	174,874,538	174,874,538	
		3,842,802,624	2,070,906,372	323,683,324	26,797,329,925	33,034,722,245	

NOTES ON THE ACCOUNTS

LIABILITIES

Actuarial liabilities	-	-	-	7,389,277,626	7,389,277,626
Deposit administration fund	-	-	-	5,891,217,883	5,891,217,883
Claims	-	-	-	201,830,313	201,830,313
Trade and other payables	-	-	-	21,803,554	21,803,554
Others	-	-	-	229,859,442	229,859,442
	-	-	-	13,733,988,818	13,733,988,818

Interest sensitivity gap	<u>3,842,802,624</u>	<u>2,070,906,372</u>	<u>323,683,324</u>
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Company

		Maturing 2020				Total
		Within	Over		Non interest	
		1 year	1 to 5 years	5 years	bearing	
ASSETS		G\$	G\$	G\$	G\$	G\$
Cash resources	1.7	3,874,725,861	-	-	3,951,686,527	7,826,412,388
Investments	8.6	-	1,238,735,239	260,225,124	14,862,392,297	16,361,352,660
Policy loans	12.5	-	631,220,665	-	-	631,220,665
Mortgages	7.5	-	-	7,134,107	-	7,134,107
Loans and advances	12.0	17,155,842	-	-	-	17,155,842
Others		-	-	-	219,578,126	219,578,126
		3,891,881,703	1,869,955,904	267,359,231	19,033,656,950	25,062,853,788

LIABILITIES

Actuarial liabilities	-	-	-	7,468,302,370	7,468,302,370
Deposit administration fund	-	-	-	6,440,814,593	6,440,814,593
Claims	-	-	-	389,080,387	389,080,387
Trade and other payables	-	-	-	133,290,880	133,290,880
Others	-	-	-	135,221,167	135,221,167
	-	-	-	14,566,709,397	14,566,709,397

Interest sensitivity gap	<u>3,891,881,703</u>	<u>1,869,955,904</u>	<u>267,359,231</u>
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NOTES ON THE ACCOUNTS

32 FINANCIAL RISK MANAGEMENT CONT'D

(iv) Interest rate risk cont'd

Interest Rate Range	Group					
	Maturing 2021					
	Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total	
	G\$	G\$	G\$	G\$	G\$	
ASSETS						
Cash resources	2.54	4,037,061,517	-	-	3,577,884,207	7,614,945,724
Investments	5.70	-	1,373,037,705	279,537,411	23,549,604,790	25,202,179,906
Policy loans	12.50	-	697,868,667	-	-	697,868,667
Mortgages	7.50	-	-	44,145,913	-	44,145,913
Loans and advances	12.00	16,093,934	-	-	-	16,093,934
Others		-	-	-	244,264,382	244,264,382
		<u>4,053,155,451</u>	<u>2,070,906,372</u>	<u>323,683,324</u>	<u>27,371,753,379</u>	<u>33,819,498,526</u>
LIABILITIES						
Actuarial liabilities		-	-	-	7,389,277,626	7,389,277,626
Deposit administration fund		-	-	-	5,891,217,883	5,891,217,883
Claims		-	-	-	264,274,883	264,274,883
Trade and other payables		-	-	-	48,462,608	48,462,608
Others		-	-	-	312,537,373	312,537,373
		-	-	-	<u>13,905,770,373</u>	<u>13,905,770,373</u>
Interest sensitivity gap		<u>4,053,155,451</u>	<u>2,070,906,372</u>	<u>323,683,324</u>		
Group						
Maturing 2020						
	Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total	
	G\$	G\$	G\$	G\$	G\$	
ASSETS						
Cash resources	2.54	4,075,512,584	-	-	3,981,053,650	8,056,566,234
Investments	5.70	-	1,238,735,239	260,225,124	15,238,297,087	16,737,257,450
Policy loans	12.50	-	631,220,665	-	-	631,220,665
Mortgages	7.50	-	-	7,134,107	-	7,134,107
Loans and advances	12.00	17,155,842	-	-	-	17,155,842
Others		-	-	-	315,150,887	315,150,887
		<u>4,092,668,426</u>	<u>1,869,955,904</u>	<u>267,359,231</u>	<u>19,534,501,624</u>	<u>25,764,485,185</u>
LIABILITIES						
Actuarial liabilities		-	-	-	7,468,302,370	7,468,302,370
Deposit administration fund		-	-	-	6,440,814,593	6,440,814,593
Claims		-	-	-	466,796,491	466,796,491
Trade and other payables		-	-	-	141,641,620	141,641,620
Others		-	-	-	347,409,211	347,409,211
		-	-	-	<u>14,864,964,285</u>	<u>14,864,964,285</u>
Interest sensitivity gap		<u>4,092,668,426</u>	<u>1,869,955,904</u>	<u>267,359,231</u>		

NOTES ON THE ACCOUNTS

32 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 2021

	Company			Total
	1 to 12	1 to 5	Over	
	months	years	5 years	
	G\$	G\$	G\$	G\$
Liabilities				
Actuarial liabilities	154,783,801	245,412,173	6,989,081,652	7,389,277,626
Deposit administration fund	5,891,217,883	-	-	5,891,217,883
Trade and other payables	-	21,803,554	-	21,803,554
Unpaid Claims	201,830,313	-	-	201,830,313
Others	229,859,442	-	-	229,859,442
	6,477,691,439	267,215,727	6,989,081,652	13,733,988,818

At 31 December 2020

	Company			Total
	1 to 12	1 to 5	Over	
	months	years	5 years	
	G\$	G\$	G\$	G\$
Liabilities				
Actuarial liabilities	171,217,588	243,597,409	7,053,487,373	7,468,302,370
Deposit administration fund	6,440,814,593	-	-	6,440,814,593
Trade and other payables	-	133,290,880	-	133,290,880
Unpaid Claims	389,080,387	-	-	389,080,387
Others	135,221,167	-	-	135,221,167
	7,136,333,735	376,888,289	7,053,487,373	14,566,709,397
	926,812,621	16,355,459,912	(6,786,128,142)	10,496,144,391

NOTES ON THE ACCOUNTS

32 FINANCIAL RISK MANAGEMENT CONT'D

(b) Liquidity risk - cont'd

At 31 December 2021

	Group			Total
	1 to 12	1 to 5	Over	
	months	years	5 years	
	G\$	G\$	G\$	G\$
Liabilities				
Actuarial liabilities	154,783,801	245,412,173	6,989,081,652	7,389,277,626
Deposit administration fund	5,891,217,883	-	-	5,891,217,883
Trade and other payables	-	48,462,608	-	48,462,608
Unpaid Claims	264,274,883	-	-	264,274,883
Others	312,537,373	-	-	312,537,373
	6,622,813,940	293,874,781	6,989,081,652	13,905,770,373
	1,252,490,101	25,326,636,381	(6,665,398,328)	19,913,728,153

At 31 December 2020

	Group			Total
	1 to 12	1 to 5	Over	
	months	years	5 years	
	G\$	G\$	G\$	G\$
Liabilities				
Actuarial liabilities	171,217,588	243,597,409	7,053,487,373	7,468,302,370
Deposit administration fund	6,440,814,593	-	-	6,440,814,593
Trade and other payables	-	141,641,620	-	141,641,620
Unpaid Claims	466,796,491	-	-	466,796,491
Others	210,252,205	137,157,006	-	347,409,211
	7,289,080,877	522,396,035	7,053,487,373	14,864,964,285

NOTES ON THE ACCOUNTS

32 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	
	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Investments				
Held to Maturity(i)	1,652,575,116	1,498,960,363	1,652,575,116	1,498,960,363
Available for sale(i)	23,117,236,021	14,862,392,297	23,549,604,790	15,238,297,087
Cash on Hand & in Bank(ii)	3,505,219,366	3,951,686,527	3,577,884,207	3,981,053,650
Cash on Deposits(ii)	3,826,708,690	3,874,725,861	4,037,061,517	4,075,512,584
Loans Receivables(v)	742,014,580	638,354,772	742,014,580	638,354,772
Trade and other receivables (iii)	142,914,082	141,540,508	189,570,821	222,753,020
Accrued Interest(iv)	46,572,399	47,656,589	46,721,899	47,801,137
Premium Receivable(vi)	-	-	6,339,665	4,102,253
Tax Recoverable	1,481,991	47,536,871	17,725,931	57,650,319
	33,034,722,245	25,062,853,788	33,819,498,526	25,764,485,185

(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 group.

(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.

The above balance are classified as follows:

	2021	2020	2021	2020
	G\$	G\$	G\$	G\$
Current	142,914,082	141,343,463	189,570,821	222,555,975
Past due over 179 days	-	197,045	-	197,045
	142,914,082	141,540,508	189,570,821	222,753,020

NOTES ON THE ACCOUNTS

33 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. Guyana cedes liabilities over G\$400,000 for some policies while other policies are ceded for liabilities above G\$2,000,000. In the EC territories, the amount ceded are liabilities over EC\$100,000. 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 2021	Total benefits insured (G\$ millions)			
	Before reinsurance		After reinsurance	
0M - 3M	13,866	10.6%	12,421	15.2%
3M - 5M	25,388	19.5%	22,144	27.2%
5M - 10M	37,448	28.7%	28,471	34.9%
Over 10M	53,817	41.2%	18,510	22.7%
Total	<u>130,519</u>	<u>100.0%</u>	<u>81,546</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.

33 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.

NOTES ON THE ACCOUNTS

(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.

(iii) Lapse

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.

33 INSURANCE RISK MANAGEMENT CONT'D

Reserves for future policyholders' benefits 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.

NOTES ON THE ACCOUNTS

34 Defined Benefit Asset Company and Group

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

	Company and Group	
	2021	2020
	G\$	G\$
Present value of obligation	(911,788,890)	(1,143,106,067)
Fair value of plan assets	5,359,791,571	3,608,948,389
Net defined benefit asset	4,448,002,681	2,465,842,322

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

	Company and Group	
	2021	2020
Opening defined benefit obligation	1,143,106,067	1,093,052,820
Current service cost	23,070,048	27,989,553
Interest cost	45,724,243	43,722,113
Benefits paid	(51,585,858)	(32,335,296)
Actuarial (loss) / gain	(248,525,610)	10,676,877
Closing defined benefit obligation	911,788,890	1,143,106,067

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

Opening fair value of plan assets	3,608,948,393	3,408,921,325
Expected return on plan assets	143,477,211	135,886,541
Contributions paid	7,549,605	8,819,717
Benefits paid	(51,585,858)	(32,335,296)
Actuarial gain	1,651,402,220	87,656,102
Closing fair value of plan assets	5,359,791,571	3,608,948,389

NOTES ON THE ACCOUNTS

34 Defined Benefit Asset Company and Group cont'd

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

	Company and Group	
	2021	2020
	G\$	G\$
Current service cost	23,070,048	27,989,553
Net interest on defined benefit obligation	(97,752,968)	(92,164,428)
	<u>(74,682,920)</u>	<u>(64,174,875)</u>

Reconciliation of amount recognised in the Statement of Financial Position

	Company and Group	
	2021	2020
Opening Balance	2,465,842,322	2,316,099,822
Net pension cost	67,133,315	55,355,158
Re-measurement recognised in Other Comprehensive Income	1,907,477,439	85,567,625
Contributions paid	7,549,605	8,819,717
	<u>4,448,002,681</u>	<u>2,465,842,322</u>

Experience History	2021	2020	2019	2018
Defined benefit obligation	(911,788,890)	(1,143,106,067)	(1,093,052,820)	(968,076,317)
Fair Value of plan assets	5,359,791,571	3,608,948,389	3,409,152,642	2,822,916,082
Surplus	<u>4,448,002,681</u>	<u>2,465,842,322</u>	<u>2,316,099,822</u>	<u>1,854,839,765</u>

Summary of main assumptions

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

NOTES ON THE ACCOUNTS

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