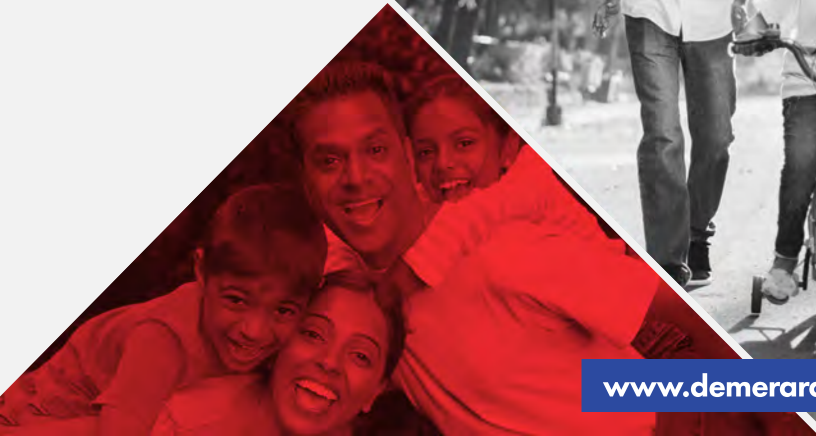
DEMERARA MUTUAL

ANNUAL REPORT 2018

PURCHASE • SECURE • PROTECT

I'm with DEM!



www.demeraramutual.com

DEMERARA MUTUAL

ANNUAL REPORT **2018**

I'm With Dem!

Our Vision:

To develop, promote and sustain a customer-focused organisation

Our Mission:

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

DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED

ANNUAL REPORT 2018

CONTENTS

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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 127th Annual General Meeting of members will be held on the tarmac of Demerara Mutual Life Assurance Society Ltd., 61/62 Avenue of the Republic & Robb Street, Georgetown, Guyana, on Friday 19th July 2019 at 4.30 p.m.

If any member desires to bring any matter before the meeting, he/she should, no later than fourteen (14) days before the 19th July 2019 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 2018 would be available at our Administrative Offices in Guyana, Grenada, St Lucia and St Vincent.

By order of the Board,

JAMES K. MORGAN
Company Secretary
Demerara Mutual Life Assurance Society Ltd.
61 - 62 Avenue of the Republic & Robb Street, Georgetown, Guyana
21st June 2019

Notice of ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 127th Annual General Meeting of Members will be held on the tarmac of the Demerara Mutual Life Assurance Society Ltd, 61/62 Avenue of the Republic & Robb Street, Georgetown, Guyana on Friday 19th July 2019 at 4.30 p.m.

AGENDA

1. To receive and consider the Reports of the Directors, the Accounts for the year ended 31st December 2018 and the report of the Auditors thereon.

2. To elect Directors.

3. To fix the remuneration of the Directors.

4. To elect Auditors and fix their remuneration.

5. To approve an appropriation for donations to charity and for educational purposes.

6. To declare Bonus for the Triennium ended 31st December 2018.

By order of the Board,

JAMES K. MORGAN
Company Secretary
Demerara Mutual Life Assurance Society Ltd.
61 - 62 Avenue of the Republic & Robb Street, Georgetown, Guyana
12th July 2019

Requirements for attending the ANNUAL GENERAL MEETING

Members are asked to observe the following requirements for attendance and voting at the 127th Annual General Meeting.

Agenda

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

Proxies

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

Proof of Identity

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

Persons Entitled to Notice to Attend Meeting

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

Attendance

Only participating policyholders or their appointed proxy/proxies are entitled to attend this meeting.

Invitation to attend meeting

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

DEMERARA MUTUAL

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 Touch é Tohmatsu)
77 Brickdam, Stabroek,
Georgetown, Guyana

ACTUARY:
Edward Kuo Consulting Actuary
Actuarial Perspective Inc
2 Robert Speek Parkway
Suite 750
Mississauga Ontario
L4Z1H8, Canada

BANKERS:
Guyana Bank for Trade & Industry Limited
47-48 Water Street
Georgetown, Guyana

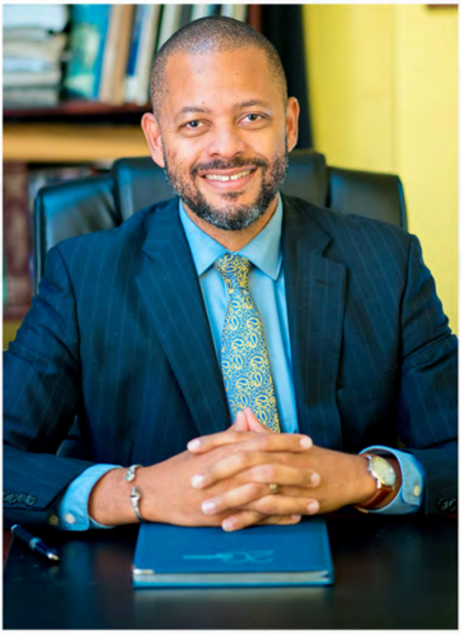
Republic Bank (Guyana) Limited
38-40 Water Street
Georgetown, Guyana

Citizens Bank Guyana Inc.
231 -233 Camp Street
Georgetown, Guyana

Bank of Nova Scotia
104 Carmichael Street
North Cummingsburg
Georgetown, Guyana

ATTORNEYS-AT-LAW:
Messrs Cameron & Shepherd
2 Avenue of the Republic
Georgetown, Guyana

Chairman's Report



Fellow policyholders, I would like to extend a special welcome to you to the 127th Annual General Meeting of the Demerara Mutual Life. The journey of 127 years is quite a distance to have covered and which should make us all proud.

The Society as evidenced from its 2018 financial performance has continued to demonstrate stability and growth despite many challenges. This confirms and I so assure you the policyholders, that the insurance coverage and financial services we offer are adequate to secure your financial future and free you of the stress and worry which we are likely to suffer when not adequately insured.

I reassure you of the competence and expertise of the Directors, Management and staff to provide you with such insurance services which is of the highest standard to make you very proud of your association with Demerara Mutual Life as policyholders.

Global Economy

Changes in the Global Economy continue to impact adversely on the pricing and marketing of insurance products. This has necessitated the review of the products we offer to ensure your affordability and maximum protection and at the same time, the profitability of the Company given the close monitoring by Regulators to ensure industry compliance with changing regulations.

The World Economic Outlook estimates the global growth rate for 2018 to be 3.7% compared to 3.8% in 2017. Guyana's Economic growth rate for 2018 is estimated at 4.5% compared to 2.1% in 2017.

In Grenada, St Lucia and St Vincent where we also operate the growth rate is projected to average 1.5% for 2018 compared to 2% in 2017.

Chairman's Report

Financial Performance

The total revenue was $1.77B compared to $1.73B in 2017 which was a 2% increase. The contributions by territory were Guyana $788M (45%), Grenada $490M (28%), St Lucia $305M (17%) and St Vincent $182M (10%). The net results for 2018 was however a deficit of ($29.5M) compared to a $418.2M surplus in 2017. The reason for this adverse movement as confirmed by our actuary was a change in the valuation assumptions used due to changes in claims and other relevant experiences that resulted in increased policy liabilities for 2018.

Investment income was $473M, a 2% decrease compared to the $479M achieved in 2017. The Company is reviewing its investment strategies given the volatile investment climate that exists to achieve higher investment returns.

Management expenses totaled $820M, a 2% decrease when compared to the 2017 figure of $836M. We are continuing in our efforts to greater control our expenses to achieve lower expense ratios without compromising on our efficiency and the service we offer our clients.

Claims paid totaled $635M, an 11% increase when compared to the $574M claims paid in 2017. We maintain our commitment for prompt payment of claims as this is the nature of the insurance business.

Bonus declaration is made every three years. The last bonus declared was in year 2015 for the period 2013 to 2015. The Actuary for the financial year ended at December 31, 2018 has recommended payment of a reversionary bonus on participating policies at the rate of 1% of sum assured for period from 2016 to 2018.

Regulations

The new regulations and guidelines on the new Insurance Act of 2016 which took effect on the 16th April 2018 have been implemented. The Society is working closely with the Regulators for its compliance with all regulatory requirements some of which I must add, could be deemed extreme and burdensome. The Regulators believe that these are necessary and your Society is complying with them all.

The new legislation which requires establishment of a new Company in one of the territories where it operates, namely, Grenada, St Lucia and St Vincent is yet to be passed and the projected approval is early 2020. The Society nonetheless has commenced taking steps in this regard for early implementation.

Chairman's Report

Information Technology

We are taking steps to maximise on the benefits of the new insurance software system implemented in 2017. We have also gone 'GREEN' and which initiative was launched on the 4th October, 2018.

You, our policyholders, can now access our Website and the policy information portal would enable you to determine the status of your policy and inform of policy requests through this portal. Our clients, agents and various service providers can now receive their billings, notices and various correspondences through our e-Services.

We now accept requests for loans, policy reinstatements, policy changes through our customer portals. Our policy holders are also encouraged to pay their premiums through the various avenues such as Sure Pay, Bill Express and GT&T Mobile Money. We ask that you make full use of these resources.

Marketing

The Society is presently awaiting the Regulator's approval for marketing of our new life insurance products. We believe these new products would better meet your insurance needs and enhance the financial performance of the Company. The delay with this approval has had a negative impact on the achievement of some of our 2018 objectives.

Total life insurance premium income generated in 2018 was $1.292B. This represented an increase of 3.6% compared to the 2017 achievement of $1.254B.The income from new business was $235.8M. This when compared to the $ 225.5M in 2017 was a 4.6 % increase.

These results could have been better had it not been for the challenge of not being able to continue our sale of health and other new insurance products in Guyana, which matters are pending the approval of the regulator. We estimated that our loss of income would have been approximately $34M as a result of the delay with the approval of these products.

Corporate Governance

The Society has been addressing on an ongoing basis, its policies and procedures to ensure that the principles of Good Governance are at all times observed to ensure that the interest of you the policyholders are in no way compromised.

Your Board and Management have been prudent in its efficient management of the Society to sustain its credibility and integrity. Also, transparency, accountability and disclosures are some of the key areas which are given careful attention to ensure that the confidence which our policyholders and Regulators have in Demerara Mutual, are not eroded.

Chairman's Report

New Appointments

Chief Executive Officer

Your Board appointed Ms Melissa De Santos as its new Chief Executive Officer effective 1st October 2018. Ms De Santos joined the Society on 22nd November 2012 as Legal Officer and was subsequently elevated to Manager of the Company's subsidiary, Demerara Fire & General Insurance Company Ltd on the 1st May 2014.

The Board is satisfied with the abilities and qualifications of Ms De Santos and confident that she is capable of taking the Company forward into the future. The Regulators in all the territories where we operate have confirmed that they have no objection to this appointment.

Directors

The Board also appointed Dr Arron Fraser and Dr Mahendra Carpen as Directors of the Society effective the 12th December 2018 and 20th May 2019 respectively. Dr Fraser is a Chartered Accountant and Managing Director of Power Producers and Distributors. Dr Carpen is distinguished Cardiologist attached to the Caribbean Heart Institute, the Georgetown Public Hospital Corporation and other medical institutions.

We are confident that the knowledge, experience and expertise of these new appointees to the Board would serve the Society well for its continued growth and development.

Fire Company Subsidiary

The Demerara Fire & General Insurance Company Ltd, the sole subsidiary of the Life Company, has generated total revenue of $122M. This was a 14% increase when compared to the 2017 revenue of $107M. The profit after tax was $25.7M, a 2% reduction when compared to the $26.2M achieved in 2017. This was due to increased claims paid.

Claims paid totaled $21.9M. This was a 57% increase when compared to the $13.9M

paid in 2017. We are proud of our reputation as being the number one company for the prompt settlement of claims.

Conclusion

In conclusion, I would like to express my sincerest appreciation to you the policyholders for your continued support and keeping your insurance business with Demerara Mutual.

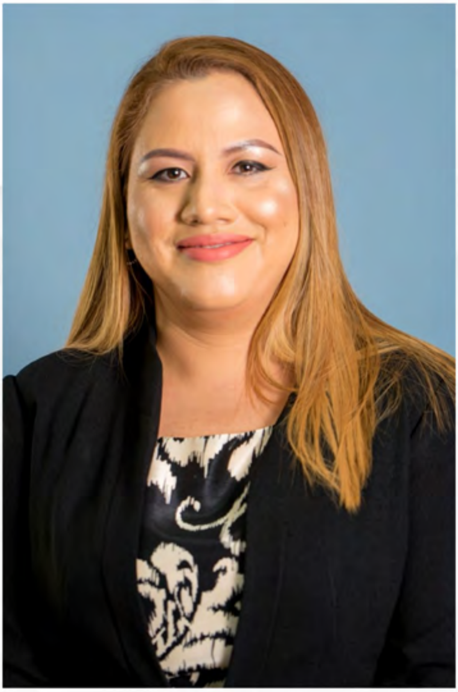
To the Management Team and staff, I thank you all for your continued dedication in the fulfilling of your responsibilities to ensure that our policyholders are at all times kept satisfied with the services we provide. Also, for ensuring the financial sustainability and profitability of the Society.

To the Sales Force, I congratulate you for being out there and with our customers and selling them such insurance products to meet their needs. You are the face of the Demerara Mutual in the public and I congratulate you for your support and commitment.

Finally, to my fellow Directors, my deepest appreciation to you for your invaluable counsel during the year. Your expert advice and wisdom have served the Society well and I am confident of your continued support as Demerara Mutual strives for an even better future.

Thank You,
Ronald Burch-Smith, CHAIRMAN

Chief Executive Officer's Report



INTRODUCTION

Policyholders, this is the first year that I am reporting to you as Chief Executive Officer of the Demerara Mutual Life Assurance Society Ltd since my appointment on1st October 2018. It is indeed an honour and privilege to serve in this capacity. I am grateful for the trust and confidence which the Board of Directors has placed in my abilities in selecting me for this esteemed position and would like to thank them for the assurance placed in me. I commit to a service of the highest integrity, inclusiveness and good stewardship.

2018 was not a year without challenges but despite which, we were resolute in our commitment to greater growth and success. We continued with the implementation of new policies necessary for a more efficient performance of the Society for achievement of improved financial results. We have stayed focused on our vision to 'Develop and Sustain a Customer Focused Organization' and mission to 'Surpass our Customers Expectation by providing Superior Service through the Integration of People and Technology'.

MARKETING

The growth of New Business, development of new products to meet the changing needs of you, the Policyholders and 'Going Green' so that you can have real time service through technology, are areas where our energies were concentrated. While we were not successful in achieving our sales targets for 2018, given the many economic and regulatory challenges which we experienced, our sales team remained resolute in ensuring that your insurance needs are not in any way compromised, and that your insurance coverage is adequate to relieve you of any financial burdens.

Chief Executive Officer's Report

The Demerara Mutual Life sales force continued to demonstrate commitment to improved performances despite operating in a highly competitive and challenging environment. In 2018 the Annual Premium Income (API) surpassed the 2017 achievement by 11%. The sales force in the Eastern Caribbean has been leading the way in ordinary life insurance. The two territories, which stood out in terms of sales achievements were Grenada and St Lucia. Outstanding sales performances in Grenada came from Wilcox Roberts and Natalie Gibbs, and from St Lucia, Sabina Kirton Charles and Samantha Joseph. However, the overall top producer for the second consecutive year was Mr. Charles Clarke of Guyana, with 160 issued life policies.

The Society's Group insurance portfolio also grew with revenue increasing by 17% over our 2017 achievement. The addition of members to existing schemes had a positive impact on the growth of renewal premiums. The Society is however limited in its efforts to expand the group portfolio given the non-approval to date from the Regulator to market medical insurance, a product that is pivotal to facilitate the sales of group life insurance.

INSURANCE OPERATIONS

Going Green

The Society's "Going Green" was launched in 2018 and this was well received by our individual and corporate clients . We have also been promoting the benefits of on-line transactions such as premium payments, policy requests and policyholder's access to their policy information. This new direction has resulted in (a) an increased knowledge of our products, (b) their ability to deal with service issues arising from the new administrative system and (c) their ability to promote our "Going Green" drive that would allow clients to communicate with us electronically

Customer Retention

Our emphasis on conservation has resulted in the recapturing of many of our policyholders who had ceased paying their premiums and the reinstatement of many written-off policies, giving additional premium of $80.2M for 2018.

Group Life

Group Life and Group Creditor premium income totaled $137.8M. Our portfolio size for this segment of business totaled 6,633 members.

Group Pension

Pension contributions received for 2018 amounted to $544M. Our portfolio size for this segment of business totaled 4,634 employees and 23 schemes.

FINANCIAL PERFORMANCE

The sustained financial stability of the Society through greater income generation and controlled expenses continued to be priorities of the Society. The Regulators have also been very active in emphasising our strict adherence to the many new regulations to ensure our solvency and adequate capitalization within defined timeframes.

Chief Executive Officer's Report

Revenue

The 2018 revenue of $1.77B exceeded the previous year achievement of $1.73B by 2%. We could not have achieved our budgeted targets due to the non approval in Guyana of new products which were approved and are being sold in Grenada, St. Lucia and St. Vincent. This matter, we are pursuing with great urgency.

Investment Our total investment income was $473M, a 2% reduction when compared to the $479M for 2017. This reduction is due to the volatile investment climate. Investment reserve however increased from $6.6B in 2017 to $11.8B in 2018, a $5.2B increase. This was due to significant increases in the Fair Value of share prices especially in Guyana.

Total Expenses This amounted to $1.6B which was a 5% increase when compared to the 2017 figure of $1.5B. This was mainly due to more claims paid in 2018. The total claims paid were $635M compared to $573M in 2017, an increase of $62M.

Management Expenses Management expense was $820M, a 2% reduction when compared to the $836M in 2017. We continue in our efforts to control expenses.

Valuation Our Valuation for 2018 gives a policy liability of $12.6B compared to $12.2B in 2017.

HUMAN RESOURCES

The year 2018 saw revision of staff emoluments and other benefits for all staff members. We are satisfied with the staff relations and have continued to give training and conservation priority to ensure that staff members are kept motivated and adequately trained for the efficient operations of the Company. The Society's environment also is one that is conducive for growth and personal development of staff members.

The Human Resources Department continues to fulfill its mandate of training, developing and managing our human resources, thereby providing them with the tools necessary to meet our customers' needs and at the same time maximizing productivity. In keeping with the department's objectives and by extension Demerara Mutual's strategic plan, we continue to carefully select, recruit and train our employees for the development of their knowledge and skills for advancement into more challenging roles. This continues to be the focal point of our Human Resource operations.

Chief Executive Officer's Report

During the past year members of staff, as part of their on-the-job training, added to their competencies with additional credentials through the Life Office Management Association (LOMA). The year also saw us settling benefits for staff in accordance with our Union Agreements. In support of our green initiative we recently introduced a new HR interactive database system which allows staff to contribute and produce documents in a paperless environment.

Our employees are invaluable assets and therefore we endeavour at all times to motivate, inspire and nurture our team in Guyana as well as St Lucia, St Vincent and Grenada.

REGULARATORY MATTERS

We have continued to work closely with our Regulators to meet all of the requirements of the current legislations which we appreciate are designed for the protection of the rights and privileges of policyholders. These contractual obligations to policyholders and their expectations are of utmost importance to the Society and we commit to ensuring their needs are met and honored.

The implementation of the New Insurance Regulations which took effect in April 2018 is gaining momentum. These changes are having major financial implications for the Society, and at times, adversely affecting the achievement of production targets. We assure, however, of our resolve to capitalize on the opportunities in these changes and to comply with all regulatory requirements.

The proposed new draft Insurance Legislation for the Organization of Eastern Caribbean States (OECS) is yet to be approved. Indications are that these new Legislation should be cleared for implementation in late 2020. As mentioned last year, we have commenced taking steps to address the new proposed measures, the most important of which is the formation of a New Company in one of the territories in which we operate to govern the Company's Operations in the territories.

DEMERARA FIRE & GENERAL

We have been pursuing vigorously with our Regulators, license for sale of the Liability and Health Insurance products. We anticipate that the required approval would be forthcoming. This would certainly make the Company a one stop shop so that youw ould have the option of placing all of your insurance business with Demfire and we assure of competitive rates.

We would be placing greater emphasis on the full automation of the general insurance operations, stronger alliances with the Brokers and continued expansion of our sales and distribution efforts to increase our general insurance market share. The Company is also pursuing the offering of additional products in the market, specifically Accident & Liability and Marine & Aviation insurance. Our goal is to become a major force in the general insurance business and to position ourselves for new business opportunities that will emerge in the near future.

Chief Executive Officer's Report

The Company achieved total revenue of $122M which exceeded the $107M in 2017 by 14%. Our 2018 after tax profit of $25.7M was below the $26.2M achieved in 2017 by 2%. This was due to an increase of 57% in claims paid in 2018. Claims paid totaled $21.9M while in 2017 the amount paid was $13.9M. Management expenses totaled $49.2M a 15% increase over the $41.8M spent in 2017. We have always maintained that satisfactory and prompt settlement of your claims is an objective which we must at all times fulfill.

CONCLUSION

I wish to thank the Chairman and the Board of Directors for their support since my appointment as Chief Executive Officer. Their guidance and directions have served me well for the day to day managing of the Company.

To the members of the Management team and all other staff members, both office and field, I express my sincerest appreciation for your efforts and dedication in the execution of your responsibilities and for going beyond the call of duty to ensure the efficient and effective functioning of the company and achievement of its targets.

To you the policyholders both in Guyana and the Eastern Caribbean, I thank you for believing in and being loyal customers to the Demerara Mutual Life, a Company that remains committed to ensuring that your insurance needs are met without any worries or stress.

Melissa De Santos (Ms.)
CHIEF EXECUTIVE OFFICER

MEET OUR **BOARD OF DIRECTORS**

Ronald Burch-Smith, LL.B, M.Sc
Chairman

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

Clifford B Reis, C.C.H.
Director

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

Maurice Solomon, F.C.C.A.
Director

Deenawati Panday, L.L.B.
Director

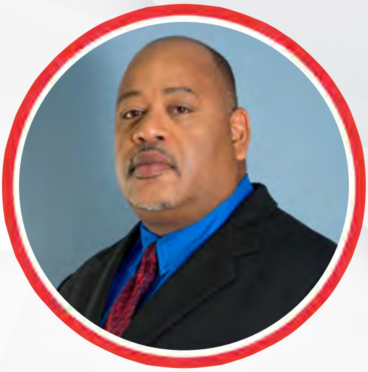
Dr Arron Fraser, PhD
Director

MEET OUR **MANAGEMENT TEAM**

Melissa De Santos
Chief Executive Officer

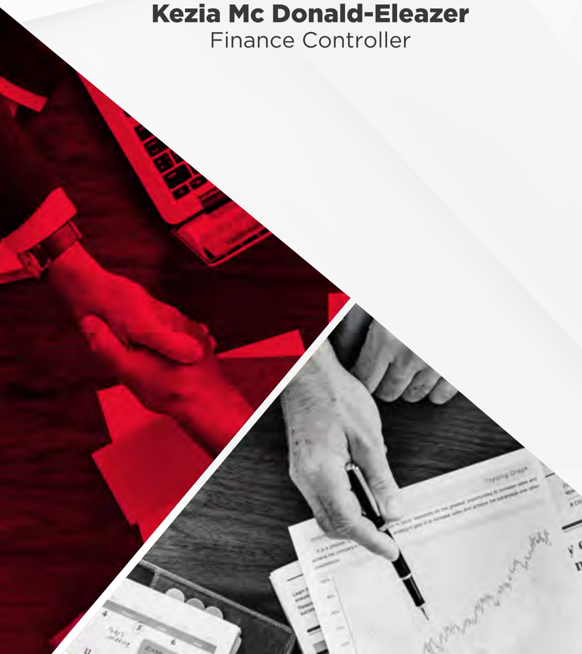
James Morgan
Company Secretary

Kezia Mc Donald-Eleazer
Finance Controller



Clarence Perry
Marketing Manager

Orlean Charles
Insurance Operations Manager



Director's Report

The Directors have the pleasure to submit to you their report for the financial year ended 31st December 2018.

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 31 st December 2018 is as follows:

	2018	**2017**
Revenue	1,765,838,524	1,734,012,411
Net Loss after taxation	(29,450,559)	418,239,684
Total Comprehensive income/(loss)	6,155,871,237	2,781,616,674
Total Assets	25,107,316,777	18,597,028,758
Total Liabilities	13,060,872,820	12,06,456,037

DIRECTORS' EMOLUMENTS
The emoluments paid to the Society's Directors' for the year 2018 were as follows:

	2018	**2017**
Mr Ronald Burch Smith	1,924,450	1,387,836
Mr. Clifford B. Reis, C.C.H.	1,457,229	1,387,836
Dr. Leslie Chin, CCH	1,457,229	1,387,836
Mr. Maurice Solomon	1,457,229	1,387,836
Mr Louis Holder	605,909	1,387,836
Ms Deenawati Panday	1,457,229	1,387,836
Dr Karen-Gordon Boyle	415,400	1,387,836

DIRECTORATE
The Board of Directors appointed Dr Arron Fraser, who is a Chartered Accountant, as a Director of the Society effective the 12th December 2018. The Directors who retire by rotation are Mr. Maurice Solomon, Mr. Ronald Burch-Smith and Dr Arron Fraser. These Directors are eligible and offer themselves for election.

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:**

Director's Report

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

CAPITAL EXPENDITURE
The capital spending for the year 2018 was $12M.

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

VALUATION
The Last Valuation Report done by the Actuary was for the year ended 31st December 2018.

The Society's policy liabilities for the long term insurance business of the Society as at 31 st December 2018 were valued as $12,635,708,092.

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 and Dr. Mahendra Carpen.

The Board of Directors reviews the performance of the various operational areas of the Company on a monthly basis and takes decisions for its improved performance and efficiency. The Board has responsibility for the accuracy of the Company's annual financial statements and ensuring that the company was being managed efficiently and in keeping with the insurance regulations in all the territories where it operates. The Board also ensures that the principles of Good Corporate Governance are observed and that the rights of policyholders are in no way compromised.

AUDIT / FINANCE / INVESTMENT/BUILDING COMMITTEE

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

This committee reviews the monthly and yearly financial statements of the Company and advises the Board of its recommendations for the improved financial performance of the Society.

This Committee ensures that the Society is at all times compliant with current financial and accounting standards. It reviews strategic plans and budget presentations and gives guidance on changes to be implemented for improved financial results. Management Letters from the External Auditors and reports of the Internal Auditor are also considered by this committee.

MARKETING COMMITTEE

The members of the Marketing Committee are Directors Dr. Leslie Chin (Chairman), Mr. Maurice Solomon, Mr. Ronald Burch–Smith and Ms Deenawati Panday.

This Committee has responsibility for review of the sales performance of the Society and functioning of the respective sales agencies to determine their levels of production when compared to budget projections and advise of recommended actions. It also addresses new products needed for greater market penetration for increased market share and meeting customer needs.

PERSONNEL / HUMAN RESOURCE COMMITTEE

This Committee comprises Directors, Mr. Clifford B Reis, Chairman and Ms Deenawati Panday.

This Committee reviews with Management annually the Society's Human Resource needs to ensure that a healthy industrial climate is enjoyed.

Corporate Governance

PENSION TRUSTEES

The Trustees of the Society's Pension Schemes are Mr. G Brewster, Ms. M De Santos, Ms. D Gir, Ms. S Shaw, and Ms. B Giddings.

These Trustees consider and approve pension benefits to be paid to employees of the Society. The Trustees also review the annual accounts and actuarial valuation for the Society's Pension Schemes for staff members.

DEATH CLAIMS COMMITTEE

The Members of the Death Claims Committee are Directors Dr. Mahendra Carpen, Ms Deenawati Panday and Mr. Ronald Burch Smith.

Death claims are reviewed by this Committee and the Board is advised of its recommendations on the payment of claims.

By Order of the Board.

James K. Morgan,
Company Secretary

2018 Sales Awardees

The following agents are the 2018 Top Producers for the Society and are recognised for their sterling performance.

Charles Clarke
Chairman's Diamond Award
Centurion Club
Top Producer 2018 - Life & Fire

Kwesi Elliot
Top Producer 2018 - Motor

Natasha Moseley
Chairman's Bronze Award
Fifty Plus Club

Haresh Ramsamooj
Chairman's Bronze Award
Fifty Plus Club

Camille Goring
Chairman's Bronze Award
Fifty Plus Club

Richard Seaton
Eighty Plus Club

Michael Blair
Fifty Plus Club

DEMERARA MUTUAL

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 2018

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of the Demerara Mutual Life Assurance Society Limited And Subsidiary, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 2 to 46.

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 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

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

Other Information in the annual report

Management is responsible for the other information. The other information comprises all the information included in the Company's 2018 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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 2018

Report on the Audit of Financial Statements

Responsibilities of Those Charged with Governance for the Financial Statements

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

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

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 entity's internal controls,

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,

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 2018

Report on the Audit of Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991 and the Insurance Act 2016.

TSD Lal & Co

TSD LAL & CO.
Chartered Accountants
Date: June 6,2019
77 Brickdam, Stabroek, Georgetown.

DEMERARA MUTUAL

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 DECEMBER 2018

	NOTES	COMPANY 2018 G$	COMPANY 2017 G$	GROUP 2018 G$	GROUP 2017 G$
Revenue					
Premiums	5	1,292,792,848	1,254,996,768	1,392,622,237	1,340,778,782
Investment & other income	6	473,045,676	479,015,643	495,397,823	500,033,224
Total revenue		1,765,838,524	1,734,012,411	1,888,020,060	1,840,812,006
Expenses					
Claims	7	306,213,261	251,974,037	328,146,000	265,944,672
Surrenders	8	329,606,540	322,392,008	329,606,540	322,392,008
Commissions	9	122,330,638	97,081,759	137,475,390	111,126,335
Donations		527,776	354,808	527,776	354,808
Management expenses	10	820,177,174	836,585,595	869,405,871	878,389,517
Taxation	11	29,826,398	25,795,652	40,048,426	36,620,808
Total expenses		1,608,681,787	1,534,183,859	1,705,210,003	1,614,828,148
Profit before movement in actuarial liabilities		157,156,737	199,828,552	182,810,057	225,983,858
Change in actuarial liabilities	24(a)	186,607,296	(218,411,130)	186,607,296	(218,411,130)
Profit for the year		(29,450,559)	418,239,682	(3,797,239)	444,394,988
Other comprehensive income items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit pension plan	35	1,016,073,709	493,638,373	1,016,073,709	493,638,373
Items that may be reclassified subsequently to profit or loss					
Adjustment to fair value of investments		5,127,352,231	1,872,042,674	5,153,753,667	1,880,139,639
Currency translation differences		41,895,856	(2,304,056)	41,895,856	(2,304,056)
Others		-	-	-	202,898
Other comprehensive income for the year		6,185,321,797	2,363,376,991	6,211,723,232	2,371,676,854
Total comprehensive income		6,155,871,237	2,781,616,673	6,207,925,993	2,816,071,842

The accompanying notes form an integral part of these financial statements

DEMERARA MUTUAL

STATEMENT OF CHANGES IN EQUITY 31 DECEMBER 2018

COMPANY

	Guartantee Capital	Retained Earnings	Revaluation Reserve	Investment Reserve	Exchange Difference Reserve	Total
	G$	G$	G$	G$	G$	G$
Balance at 1 January 2017	100,000	(1,450,544,564)	865,669,264	4,728,870,658	(1,035,139,311)	3,108,956,047
Total comprehensive income for the year	-	911,878,055	15,174,029	1,885,300,894	(30,736,305)	2,781,616,673
Balance at 31 December 2017	100,000	(538,666,509)	880,843,293	6,614,171,552	(1,065,875,616)	5,890,572,720
Total comprehensive income for the year	-	986,623,150	2,072,550	5,183,529,907	(16,354,370)	6,155,871,237
Balance at 31 December 2018	100,000	447,956,641	882,915,843	11,797,701,459	(1,082,229,986)	12,046,443,957

GROUP

	Guartantee Capital	Retained Earnings	Revaluation Reserve	Investment Reserve	Exchange Difference Reserve	Total
Balance at 1 January 2017	100,000	(1,382,613,434)	909,041,279	4,821,272,406	(1,035,139,311)	3,312,660,940
Total comprehensive income for the year	-	938,540,606	14,869,681	1,893,397,859	(30,736,305)	2,816,071,842
Balance At 31 December 2017	100,000	(444,072,828)	923,910,961	6,714,670,265	(1,065,875,616)	6,128,732,782
Total comprehensive income for the year	-	1,012,276,470	2,072,550	5,209,931,343	(16,354,370)	6,207,925,993
Balance At 31 December 2018	100,000	568,203,642	925,983,511	11,924,601,608	(1,082,229,986)	12,336,658,775

DEMERARA MUTUAL

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	NOTES	COMPANY 2018 G$	COMPANY 2017 G$	GROUP 2018 G$	GROUP 2017 G$
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,760,633,624	1,781,132,583	1,849,081,777	1,871,507,596
Commercial building	13	597,900,000	597,900,000	597,900,000	597,900,000
Deferred tax asset	14	-	-	12,730,483	16,138,535
Intangible assets	23	71,658,768	89,388,291	71,658,768	89,388,291
Investment in subsidiary company		111,863,250	111,863,250	-	-
Other financial assets					
Held to maturity	16(a)	1,300,873,121	1,043,713,108	1,300,873,121	1,043,713,108
Available for sale	16(c)	12,230,667,419	7,101,088,084	12,524,134,814	7,350,553,086
Loans & receivables	16(b)	467,201,744	540,882,942	467,201,744	540,882,942
Retirement benefit asset	35	1,854,839,765	825,632,443	1,854,839,765	825,632,443
		18,395,637,691	12,091,600,701	18,678,420,472	12,335,716,001
Current assets					
Inventories		5,256,751	5,310,418	5,824,483	5,935,220
Trade and other receivables	19	29,679,572	22,927,560	61,464,186	56,923,727
Accrued interest	20	50,864,856	43,961,388	50,988,957	44,069,315
Tax recoverable		47,376,509	46,863,842	49,011,523	51,578,596
Cash on deposits	21	3,986,815,731	4,155,869,505	4,095,177,438	4,245,227,527
Cash at bank and on hand		2,591,685,667	2,230,495,343	2,652,919,949	2,261,668,301
		6,711,679,086	6,505,428,056	6,915,386,536	6,665,402,686
Total assets		25,107,316,777	18,597,028,757	25,593,807,008	19,001,118,687
EQUITY AND LIABILITIES					
Capital and reserves					
Guarantee capital		100,000	100,000	100,000	100,000
Retained earnings		447,956,641	(538,666,509)	568,203,642	(444,072,828)
Exchange difference reserve		(1,082,229,986)	(1,065,875,616)	(1,082,229,986)	(1,065,875,616)
Revaluation reserve		882,915,843	880,843,293	925,983,511	923,910,961
Investment reserve	22	11,797,701,459	6,614,171,552	11,924,601,608	6,714,670,265
		12,046,443,957	5,890,572,720	12,336,658,775	6,128,732,782
Non current liabilities					
Actuarial liabilities	24(a)	6,962,440,713	6,756,493,727	6,962,440,713	6,756,493,727
Deposit administration fund	24(b)	5,673,267,388	5,441,112,180	5,673,267,388	5,441,112,180
Interest bearing borrowings	26	74,761,778	162,505,927	74,761,778	162,505,927
Deferred tax liability		-	-	102,311,876	84,710,919
		12,710,469,879	12,360,111,834	12,812,781,755	12,444,822,753
Current liabilities					
Insurance contract liabilities		69,357,885	60,719,262	148,149,571	135,469,262
Unpaid claims (net of reinsurance recoveries)	25	195,780,823	158,259,517	220,196,261	180,458,155
Trade and other payables	27	15,340,233	57,441,424	6,096,646	41,711,735
Current portion of interest-bearing borrowings	26	69,924,000	69,924,000	69,924,000	69,924,000
		350,402,941	346,344,203	444,366,478	427,563,152
Total equity and liabilities		25,107,316,777	18,597,028,757	25,593,807,008	19,001,118,687

These financial statements were approved on 6th June 2019

On behalf of the Board:

.... Director
Mr M Solomon

.... Director
Mr C B Reis

DEMERARA MUTUAL

STATEMENT OF CASH FLOW
31 DECEMBER 2018

	COMPANY		GROUP	
	2018	2017	2018	2017
Cash flow from operating activities	G$	G$	G$	G$
Profit before taxation	186,983,135	225,624,205	222,858,483	262,604,667
Depreciation	36,790,885	37,512,751	39,010,594	39,936,242
Amortization	17,914,692	33,246,381	17,914,692	33,246,381
Investment income	(473,045,676)	(479,015,643)	(495,397,823)	(500,033,224)
Net cash outflow before changes in operating assets	(231,356,964)	(182,632,306)	(215,614,053)	(164,245,934)
Increase (decrease) in deposits	169,053,774	(365,256,460)	150,050,089	(378,785,785)
(Increase) in receivables, prepayments & intangible assets	(6,883,510)	(48,365,879)	(4,614,888)	(53,446,938)
(Increase) / decrease in accrued interest	(6,903,469)	2,630,311	(6,919,643)	2,623,368
(Increase) /decrease in retirement obligation	(13,133,613)	1,192,742	(13,133,613)	1,192,742
Increase / (decrease) in unpaid claims	37,521,306	(21,165,872)	39,738,106	(18,322,872)
Increase in insurance & actuarial liabilities	27,978,313	109,737,857	32,019,999	107,581,683
Increase in deposit admin fund	232,155,207	827,961,394	232,155,207	827,961,394
(Decrease) in trade and other payables	(42,101,191)	(75,962,577)	(35,615,089)	(74,595,210)
Cash used in operations	166,329,853	248,139,210	178,066,115	249,962,448
Taxes paid	(30,339,066)	(33,179,417)	(34,073,302)	(40,248,007)
Net cash used in operating activities	135,990,787	214,959,793	143,992,812	209,714,441
Investing activities				
Dividend, rent and interest received	449,326,195	458,480,687	471,208,057	479,379,768
Proceeds from sale/redemption of securities	70,130,133	64,111,264	70,130,133	64,111,264
Other income	23,719,481	20,534,957	24,189,766	20,653,457
Purchase of securities	(329,517,250)	(251,205,710)	(329,517,250)	(251,205,710)
Mortgage	1,181,184	3,857,962	1,181,184	3,857,962
Policy loans	72,500,014	55,107,392	72,500,014	55,107,392
Purchase of property, plant & equipment	(16,291,926)	(45,821,568)	(16,584,775)	(47,301,654)
Net cash provided by investing activities	271,047,830	305,064,984	293,107,128	324,602,479
Financing activities				
Loan repayment	(87,744,149)	(83,586,720)	(87,744,149)	(83,586,720)
Net cash used in financing activities	(87,744,149)	(83,586,720)	(87,744,149)	(83,586,720)
Net increase in cash and cash equivalents	319,294,468	436,438,057	349,355,792	450,730,200
Effect of exchange rates	41,895,856	(2,304,056)	41,895,856	(2,304,056)
Net increase in cash and cash equivalents	361,190,324	434,134,001	391,251,648	448,426,144
Cash and cash equivalents at the beginning of period	2,230,495,343	1,796,361,342	2,261,668,301	1,813,242,157
	2,591,685,667	2,230,495,343	2,652,919,949	2,261,668,301
Represented by:				
Cash at bank and in hand	2,591,685,667	2,230,495,343	2,652,919,949	2,261,668,301

1 Incorporation and activities

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

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

No. of employees

The average number of employees of the Group was 98 (2017 - 97)

2 Adoption of the new and revised standards and interpretations

Effective for the current year	Effective for annual periods beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts With Customers	1 January 2018
Annual improvements to IFRS 2014-2016	1 January 2018
IFRS 2 Share based Payment: Classification and measurement of share based transactions	1 January 2018
IAS 40 Transfers of investment property	1 January 2018
IFRS 4 Insurance contracts: Applying IFRS 9 "Financial Instrument" with *'IFRS 4 'Insurance Contracts'"	1 January 2018

New and revised interpretations	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

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

Of the above, the following are relevant to the entity:

IFRS 9 - Financial Instruments

In July 2014, the IASB issued IFRS 9 which replaces the guidance in IAS 39. The standard includes the requirements for the classification and measurement of financial assets and financial liabilities. It also includes an expected credit loss model that replaces the incurred loss impairment model used currently. The standard also contains general hedge accounting requirements.

Extensive disclosures are required by the new standard which also contains transitional provisions for:
i) classification and measurement of financial assets;
ii) impairment of financial assets; and
iii) hedge accounting.

The company has opted to defer the application of the standard until the earlier of the application of the forthcoming insurance contracts' standard and January 01, 2021

IFRS 15 Revenue from Contracts With Customers

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

i) Identify the contract(s) with a customer
ii) Identify the performance obligations in the contract
iii) Determine the transaction price
iv) Allocate the transaction price to the performance obligations in the contract
v) Recognise revenue when (or as) the entity satisfies a performance obligation

Annual improvements to IFRS 2014-2016

Standard	Amendment(s)
IFRS 1 First Time Adoption of IFRS	This amendment deletes the short term exemptions covering transition provisions of IFRS 7, IAS19 and IFRS 10 available to Entities for passed reporting periods and therefore no longer applicable.
IAS 28 Investments in Associates and Joint Ventures	IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring investments in associates or joint ventures at fair value through profit or loss (FVTPL)

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

IFRS 2 Share based Payment: Classification and measurement of share based transactions

The amendment clarifies the measurement basis for cash-settled, share based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if was wholly equity- settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

IAS 40 Transfers of investment property

The amendment clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of an investment property. This change must be supported by evidence. The Board confirmed that a change in intention, in isolation, is not enough to support a transfer.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

The interpretation applies where an entity either pays or receives consideration in advance for foreign currency denominated contracts and considers how to determine the date of the transaction when applying IAS 21. The following conclusions were reached:

- The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.
- If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.

Pronouncements effective in future periods available for early adoption

New and Amended Standards	Effection for Annual Periods beginning on or after
IFRS 16 Leases	1 January 2019
IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation	1 January 2019
Annual Improvements 2015-2017	1 January 2019
IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28 Investments in Associates: Long Term Interests in Associates and Joint Ventures	1 January 2019
IFRS 17 Insurance contracts	1 January 2021

The Company has not opted for early adoption.

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

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

<u>IFRS 16: Leases</u>

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

<u>IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation</u>

This amendment enables companies to measure at amortised cost, some prepayable financial assets with negative compensation. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest.

<u>Annual Improvements 2015-2017</u>

Standard	**Amendment(s)**
IFRS 3 Business Combinations	The amendments clarity that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest of the joint operation at fair value at the acquisition date.
IFRS 11 Joint Arrangements	The amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure: its previously held interest in the joint operation.
IAS 12 Income Taxes	The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.
IAS 23 Borrowing Costs	The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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

IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

This amendment requires an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and;

• to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

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

IAS 28 Investments in Associates: Long Term Interests in Associates and Joint Ventures

The amendment clarified that long term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9, including the relevant impairment requirements.

IFRS 17 Insurance liabilities

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all 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 2021.

New and revised interpretations

Available for early adoption	Effective for annual periods beginning on or after
IFRIC 23 Uncertainty over Income Tax treatments	1 January 2019

IFRIC 23 Uncertainty over Income Tax Treatment

The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

• Whether tax treatment should be considered collectively;

• Assumptions for taxation authorities' examinations;

• The determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates;

• The effect of changes in facts and circumstances.

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

3 Summary of significant accounting policies

(a) Basis of preparation

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

(b) Recognition of income and expenditure

These statements are prepared on the accrual basis.

(c) Investment and other income

" Investments 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 on the revalutionof such land and building is recognized in other comprehensive income and accumlated in revaluatuion reserve.

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

3 Summary of significant accounting policies cont'd

(d) Property, plant and equipment and depreciation

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.

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 asset

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

(i) Consolidation

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

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

(j) Intangible assets

Intangible assets are amortised over a period of five years

3 **Summary of significant accounting policies cont'd**

(k) **Commercial building**

This is an investment property, which is held to earn rentals and/or capital appreciation and is stated at its fair value at the statement of financial position date.

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

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

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

(l) **Inventory**

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

(m) **Insurance contracts**

(i) Short term insurance contracts

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

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

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

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

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

Premiums are shown before the deduction of commissions.

3 **Summary of significant accounting policies cont'd**

(m) **Insurance contracts (continued)**

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

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

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

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

Interest sensitive contracts

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

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

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

3 Summary of significant accounting policies cont'd

(m) Insurance contracts (continued)

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

(iv) Deposit administration contracts

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

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.

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.

3 Summary of significant accounting policies cont'd

(n) Financial instruments (continued)

v) Derecognition

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

(o) Reinsurance

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

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

(p) Claims

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

Claims are reflected in the statement of comprehensive income 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.

3 Summary of significant accounting policies cont'd

(s) Liability adequacy test

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

(t) Impairment of tangible assets

At the end of the financial period, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

(u) Actuarial liability

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

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

i) Available for sale financial assets

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

ii) Held to maturity financial assets

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

iii) Useful lives of property, plant and equipment

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

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.

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

v) Trade receivables and other receivables

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

vi) Ultimate liability arising from claims made under insurance contract

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

5 PREMIUMS

	2018			2017		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G$	G$	G$	G$	G$	G$
Company						
Life, Health and Annuities Premiums	1,406,117,743	(113,324,895)	1,292,792,848	1,351,202,321	(96,205,553)	1,254,996,768
Group						
Life	1,305,811,726	(113,324,895)	1,192,486,831	1,244,934,775	(96,205,553)	1,148,729,222
Health	100,306,017	-	100,306,017	106,267,546	-	106,267,546
Fire	102,270,068	(58,878,585)	43,391,483	102,768,631	(58,930,308)	43,838,323
Motor	57,667,187	(1,229,281)	56,437,906	43,625,141	(1,681,450)	41,943,691
	1,566,054,998	(173,432,761)	**1,392,622,237**	1,497,596,093	(156,817,311)	**1,340,778,782**

6 INVESTMENT & OTHER INCOME

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
Interest, dividends and rent	449,326,195	458,480,686	471,208,057	467,454,542
Other income	23,719,481	20,534,957	24,189,766	32,578,682
	473,045,676	479,015,643	495,397,823	500,033,224
Held to maturity				
Bonds & debentures	1,294,122	42,820,388	1,294,122	42,820,388
Available for sale				
Shares & stocks	249,285,569	232,853,209	257,116,789	240,323,946
Loans and receivables				
Policy loans	33,038,719	13,758,134	33,038,719	13,758,134
Mortgage	722,248	1,101,216	722,248	1,101,216
Other financial assets				
Deposits	85,182,849	83,987,666	86,848,316	85,490,785
Treasury bills	1,953,958	3,853,007	1,953,958	3,853,007
Other Income	101,568,211	100,642,023	114,423,671	112,685,748
	473,045,676	479,015,643	495,397,823	500,033,224
Other Income				
Rent	74,140,775	76,632,970	86,525,950	76,632,970
Others	27,427,436	24,009,053	27,897,721	36,052,778
	101,568,211	100,642,023	114,423,671	112,685,748

7 CLAIMS (net)

	COMPANY		GROUP	
	2018	2017	2018	2017
	G$	G$	G$	G$
Motor	-	-	17,489,425	3,769,900
Fire	-	-	4,443,314	10,200,735
Death	73,919,702	58,187,416	73,919,702	58,187,416
Maturity	152,391,044	97,354,719	152,391,044	97,354,719
Annuities paid	30,841,366	33,692,078	30,841,366	33,692,078
T.D. claims	1,133,920	9,461,129	1,133,920	9,461,129
Health claims	46,857,395	51,836,671	46,857,395	51,836,671
Other Claims	1,069,834	1,442,024	1,069,834	1,442,024
	306,213,261	**251,974,037**	**328,146,000**	**265,944,672**

8 SURRENDERS

	COMPANY		GROUP	
	2018	2017	2018	2017
Cash value surrenders	156,250,030	169,417,286	156,250,030	169,417,286
Investment benefit withdrawals	173,303,336	152,898,287	173,303,336	152,898,287
Annuities	53,174	76,435	53,174	76,435
	329,606,540	**322,392,008**	**329,606,540**	**322,392,008**

9 COMMISSION

	COMPANY		GROUP	
	2018	2017	2018	2017
Life and annuities	122,330,638	97,081,759	122,330,638	97,081,759
Fire	-	-	11,825,135	9,945,460
Motor	-	-	3,319,617	4,099,116
	122,330,638	**97,081,759**	**137,475,390**	**111,126,335**

	COMPANY		GROUP	
	2018	2017	2018	2017
	G$	G$	G$	G$
10 MANAGEMENT EXPENSES	**820,177,174**	**836,585,595**	**869,405,871**	**878,389,517**
This includes:				
Employment cost (a)	256,091,717	249,455,333	282,257,446	251,187,833
Repairs and maintenance	14,513,534	15,343,926	18,226,125	15,530,286
Software license & admin fee	63,923,004	36,779,608	63,923,004	36,779,608
Internet service charge	11,295,100	12,517,659	12,500,363	12,637,625
Utilities	37,278,632	36,696,89	38,921,211	38,184,342
Sales expense	44,337,556	43,825,589	44,337,556	43,825,589
Professional service	24,394,727	23,961,100	24,394,727	23,961,100
Internet & bank charges	31,466,732	35,121,937	31,835,865	35,121,937
Legal fees	386,082	389,518	2,284,842	22,282,660
Facilities	49,142,287	47,444,553	49,545,727	50,220,631
Auditors remuneration	10,317,211	5,428,140	11,905,371	5,428,140
Directors' emoluments (b)	8,775,675	11,195,192	10,156,858	12,927,692
Depreciation	36,790,885	37,512,751	39,010,594	39,936,242

(a) Employment Cost				
Salaries and wages	183,455,690	181,116,185	199,151,265	184,128,549
Other staff costs	72,636,027	68,339,148	83,106,181	67,059,284
	256,091,717	**249,455,333**	**282,257,446**	**251,187,833**

(b) Chairman-Ronald Burch Smith	1,925,450	1,387,836	2,260,661	1,595,736
Directors:				
Clifford B. Reis, CCH	1,457,229	1,387,836	1,675,528	1,595,736
Dr. Leslie Chin	1,457,229	1,387,836	1,675,528	1,595,736
Maurice Solomon	1,457,229	1,387,836	1,675,528	1,595,736
Dr. Karen Gordon-Boyle	415,400	1,387,836	477,628	1,595,736
Louis Holder	605909	1,387,836	716,457	1,595,736
Deenwattie Panday	1,457,229	1,387,836	1,675,528	1,595,736
Richard B. Fields S.C (deceased)	-	1,480,340	-	1,757,540
	8,775,675	11,195,192	10,156,858	12,927,692

	COMPANY		GROUP	
	2018	2017	2018	2017
Corporation tax & W/tax (varying rates)	12,562,847	8,587,904	19,376,823	8,587,904
Premium Tax	17,263,551	17,207,748	17,263,551	17,207,748
Deferred Tax	-	-	3,408,052	10,825,156
	29,826,398	25,795,652	40,048,426	36,620,808

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

12 PROPERTY, PLANT AND EQUIPMENT

COMPANY

	Land G$	Buildings G$	Furniture, fittings, equipment and motor vehicles G$	Total G$
Cost/valuation				
At 1 January 2017	755,099,432	941,134,872	327,394,069	2,023,628,373
Exchange differences	12,509,235	20,888,238	1,888,738	35,286,210
Additions	-	5,238,232	6,756,576	11,994,808
At 31 December 2017	767,608,667	967,261,342	336,039,383	2,070,909,392
Exchange differences	1,708,578	2,863,626	270,497	4,842,702
Additions	-	1,290,021	10,431,355	11,721,376
At 31 December 2018	769,317,245	971,414,989	346,741,235	2,087,473,469
Comprising:				
Cost	251,104,099	606,712,292	346,741,235	1,204,557,626
Valuation	518,213,146	364,702,697	-	882,915,843
	769,317,245	971,414,989	346,741,235	2,087,473,469
Depreciation				
At 1 January 2017	-	-	250,804,607	250,804,607
Exchange differences	-	-	1,459,450	1,459,450
Charge for the year	-	19,345,227	18,167,523	37,512,751
At 31 December 2017	-	19,345,227	270,431,582	289,776,809
Exchange differences	-	57,273	214,878	272,151
Charge for the year	-	19,428,300	17,362,585	36,790,885
At 31 December 2018	-	38,830,800	288,009,045	326,839,845
Net book values:				
At 31 December 2018	769,317,245	932,584,189	58,732,190	1,760,633,624
At 31 December 2017	767,608,667	947,916,115	65,607,801	1,781,132,583

12 PROPERTY, PLANT AND EQUIPMENT CONT'D

GROUP

	Land G$	Buildings G$	Furniture, fittings, equipment and motor vehicles G$	Total G$
Cost/valuation				
At 1 January 2017	805,099,432	977,834,873	343,049,475	2,125,983,780
Exchange differences	12,509,235	20,888,238	1,888,738	35,286,210
Additions	-	5,238,232	8,236,662	13,474,894
At 31 December 2017	817,608,667	1,003,961,343	353,174,875	2,174,744,885
Exchange differences	1,708,578	2,863,626	270,497	4,842,702
Additions	-	1,290,021	10,724,204	12,014,225
At 31 December 2018	819,317,245	1,008,114,990	364,169,576	2,191,601,811
Comprising:				
Cost	268,104,099	614,837,679	364,169,576	1,247,111,354
Valuation	551,213,146	393,277,311	-	944,490,457
	819,317,245	1,008,114,990	364,169,576	2,191,601,811
Depreciation				
At 1 January 2017	-	61,167	261,780,426	261,841,594
Exchange differences	-	-	1,459,452	1,459,452
Charge for the year	-	20,079,228	19,857,016	39,936,243
At 31 December 2017	-	20,140,395	283,096,894	303,237,289
Exchange differences	-	57,273	214,878	272,151
Charge for the year	-	20,162,300	18,848,294	39,010,594
At 31 December 2018	-	40,359,968	302,160,066	342,520,034
Net book values:				
At 31 December 2018	819,317,245	967,755,022	62,009,511	1,849,081,777
At 31 December 2017	817,608,667	983,820,948	70,077,981	1,871,507,596

	Company and Group	

13 COMMERCIAL BUILDING

	2018	2017
	G$	G$
At 1 January and 31 December	597,900,000	597,900,000

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

14 DEFERRED TAX ASSET

	Group	
	2018	2017
	G$	G$

Deferred Tax Assets are attributable to tax losses recoverable in future years as follows:

At January 1	16,138,535	19,895,101
Movement for the period	(3,408,052)	(3,756,566)
At December 31	**12,730,483**	**16,138,535**

15 MORTGAGES

	Company and Group	
	2018	2017
	G$	G$
Guyana	2,342,953	2,780,563
Eastern Caribbean territories	5,469,844	6,213,418
	7,812,797	8,993,981

16 INVESTMENTS

	Company		Group	
	2018 Fair Value G$	2017 Fair Value G$	2018 Fair Value G$	2017 Fair Value G$
(a) "Held to Maturity"				
Bonds				
Commonwealth Caribbean Government	1,298,975,299	1,041,724,422	1,298,975,299	1,041,724,422
Other Commonwealth Government - United Kingdom	1,897,823	1,988,686	1,897,823	1,988,686
	1,300,873,121	1,043,713,108	1,300,873,121	1,043,713,108
(b) "Loans & Receivables"				
Policy loans (note 18)	459,388,947	531,888,961	459,388,947	531,888,961
Mortgage (note 15)	7,812,797	8,993,981	7,812,797	8,993,981
	467,201,744	540,882,942	467,201,744	540,882,942
(c) "Available for Sale"				
Guyana - equity	11,064,210,319	6,178,047,935	11,357,677,714	6,427,512,937
- equity	15,723,877	16,003,155	15,723,877	16,003,155
Grenada - equity	635,903,523	393,028,394	635,903,523	393,028,394
Trinidad - equity (i)	514,829,700	514,008,600	514,829,700	514,008,600
	12,230,667,419	7,101,088,084	12,524,134,814	7,350,553,086

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

2 Fair Value Estimation

Fair value measurement recognised in the statement of financial position

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The sections that follows 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) orindirectly (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 hiearchy of the Company and Group assets and liabilities.

Assets carried at fair value	2018 Level 2 G$	2018 Level 3 G$	2018 Total G$
Available for sale investments	12,009,305,114	514,829,700	12,524,134,814
Commercial building	597,900,000	-	597,900,000
Property, plant and equipment	1,787,072,267	62,009,511	1,849,081,778

	2017 Level 2 G$	2017 Level 3 G$	2017 Total G$
Available for sale investments	6,836,544,486	514,008,600	7,350,553,086
Commercial building	597,900,000	-	597,900,000
Property, plant and equipment	1,801,429,614	70,077,981	1,871,507,596

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

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

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

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

The valuations for property is classified at Level 2. If no revaluation of the land and buildings was done, the net book value of land and buildings would have been approximately G$ 1,247,111,353 (2017- G$1,232,326,976)

17 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

	IFRS 13 Level	2018 Carrying Value G$	2018 Fair Value G$	IFRS 13 Level	2017 Carrying Value G$	2017 Fair Value G$
Assets						
Investments						
Held to Maturity	2	1,300,873,121	1,300,873,121	2	880,646,043	880,646,043
Loans and Receivables	2	467,201,744	467,201,744	2	599,848,296	599,848,296
Trade and other receivables	2	29,679,572	29,679,572	2	64,296,062	64,296,062
Retirement benefit asset	2	1,854,839,765	1,854,839,765	2	825,632,443	825,632,443
Deposits	2	3,986,815,731	3,986,815,731	2	3,790,613,046	3,790,613,046
Accrued Interest	2	50,864,856	50,864,856	2	46,591,699	46,591,699
Tax recoverable	2	47,376,509	47,376,509	2	39,480,078	39,480,078
Cash on Hand and at Bank	1	2,591,685,667	2,591,685,667	1	1,796,361,342	1,796,361,342
		10,329,336,967	10,329,336,967		8,043,469,009	8,043,469,009
Liabilities						
Unpaid Claims (net of reinsurance recoveries)	2	195,780,823	195,780,823	2	179,425,389	179,425,389
Actuarial liabilities	2	6,962,440,713	6,962,440,713	2	6,756,493,727	6,756,493,727
Deposit administration fund	2	5,673,267,388	5,673,267,388	2	5,441,112,180	5,441,112,180
Trade and other payables	2	84,698,118	84,698,118	2	233,898,966	233,898,966
Current portion of interest-bearing borrowings	2	69,924,000	69,924,000	2	69,924,000	69,924,000
Interest bearing borrowings due after one year	2	74,761,778	74,761,778	2	246,092,648	246,092,648
		13,060,872,819	13,060,872,819		12,926,946,910	12,926,946,910

17 Group

		2018 Carrying Value G$	2018 Fair Value G$		2017 Carrying Value G$	2017 Fair Value G$
Assets						
Property, plant and equipment	2	1,849,081,777	1,849,081,777	2	1,864,142,187	1,864,142,187
Investments						
Held to Maturity	2	1,300,873,121	1,300,873,121	2	880,646,043	880,646,043
Loans and Receivables	2	467,201,744	467,201,744	2	599,848,296	599,848,296
Trade and other receivables	2	61,464,186	61,464,186	2	93,521,495	93,521,495
Deposits	2	4,095,177,438	4,095,177,438	2	3,866,441,743	3,866,441,743
Retirement benefit asset	2	1,854,839,765	1,854,839,765	2	825,632,443	825,632,443
Accrued Interest	2	50,988,957	50,988,957	2	46,692,683	46,692,683
Tax recoverable	2	49,011,523	49,011,523	2	44,194,832	44,194,832
Cash on Hand and at Bank	1	2,652,919,949	2,652,919,949	1	1,813,242,157	1,813,242,157
		12,381,558,461	12,381,558,461		10,034,361,878	10,034,361,878
Liabilities						
Unpaid Claims(net of reinsurance recoveries)	2	220,196,261	220,196,261	2	198,781,027	198,781,027
Actuarial liabilities	2	6,962,440,713	6,962,440,713	2	6,756,493,727	6,756,493,727
Deposit administration fund	2	5,673,267,388	5,673,267,388	2	5,441,112,180	5,441,112,180
Trade and other payables	2	154,246,217	154,246,217	2	293,708,084	293,708,084
Current portion of interest-bearing borrowings	2	69,924,000	69,924,000	2	69,924,000	69,924,000
Interest bearing borrowings due after one year	2	74,761,778	74,761,778	2	246,092,648	246,092,648
		13,154,836,356	13,154,836,356		13,006,111,666	13,006,111,666

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.

18 POLICY LOANS

	Company and Group	
	2018	2017
	G$	G$
Guyana	43,856,418	52,974,030
Eastern Caribbean Territories	517,902,047	797,044,371
	561,758,465	850,018,401
Policy Loans Provision (i)	102,369,518	318,129,440
	459,388,947	531,888,961

(i) Loans Provision		
Opening Balance	318,129,440	310,318,966
Adjustments	(216,826,719)	-
Exchange rate differences	1,066,796	7,810,474
Closing Balance	102,369,518	318,129,440

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
Prepayments	7,164,543	5,126,241	7,164,543	5,126,241
Loans and advances	41,463,449	34,719,104	41,463,449	34,719,104
Other receivables	25,023,121	28,326,363	128,276,287	133,791,082
Provision for bad debt (i)	(43,971,541)	(45,244,148)	(115,440,093)	(116,712,700)
	29,679,572	**22,927,560**	**61,464,186**	**56,923,727**

(i) Provision for impairment (individually assessed)

Balance as at 1 January	45,244,148	44,135,741	116,712,700	115,604,293
Adjustments during the year	(1,272,607)	1,108,407	(1,272,607)	1,108,407
Balance as at 31 December	43,971,541	45,244,148	115,440,093	116,712,700

20 ACCRUED INTEREST

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
Grenada	20,683,319	15,770,348	20,683,319	15,770,348
Guyana	16,559,159	16,055,138	16,683,260	16,163,065
Saint Lucia	10,430,911	9,859,259	10,430,911	9,859,259
St. Vincent	3,191,467	2,276,643	3,191,467	2,276,643
	50,864,856	**43,961,388**	**50,988,957**	**44,069,315**

21 CASH ON DEPOSIT

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
Guyana	1,724,862,014	1,621,601,629	1,833,223,721	1,710,959,651
Grenada	1,222,086,593	1,388,356,725	1,222,086,593	1,388,356,725
St Lucia	671,457,307	658,247,849	671,457,307	658,247,849
London	218,606,628	228,325,932	218,606,628	228,325,932
St Vincent	149,803,190	259,337,370	149,803,190	259,337,370
	3,986,815,731	4,155,869,505	4,095,177,438	4,245,227,527

These are short term deposits with varying rates ranging from 0.01% to 5.00% (2017 - 0.01% to 5.00%)

22 INVESTMENT RESERVE

This represents fair value gains on the revaluation of investments

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
At January 1	6,614,171,552	4,728,870,658	6,714,670,265	4,821,272,405
Adjustments	5,183,529,907	1,885,300,894	5,209,931,343	1,893,397,860
At December 31	**11,797,701,459**	**6,614,171,552**	**11,924,601,608**	**6,714,670,265**

23 INTANGIBLE ASSET

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
At 1 January and 31 December	71,658,768	89,388,291	71,658,768	89,388,291
Amortization				
Charges for the year	17,914,692	33,246,381	17,914,692	33,246,381
At 31 December	17,914,692	33,246,381	17,914,692	33,246,381

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

24(a) ACTUARIAL LIABILITIES

	Company and Group	
	2018	2017
	G$	G$
Balance at beginning	6,756,493,727	6,825,391,297
Changes in actuarial liabilities	186,607,296	(218,411,130)
Exchange rate differences	19,339,690	149,513,560
	6,962,440,713	6,756,493,727

An actuarial valuation is done for the Society annually by an independent actuary. The actuary's valuation methodology can result in an increase /(decrease) annually in actuarial liabilities which are reflected in the statement of profit and loss and other comprehensive income. The updated value of the actuarial liabilities are reflected under non-current liabilities in the statement of financial position and is accounted for in accordance with the Society's accounting policy.

24(b) DEPOSIT ADMINISTRATION FUND

	Company and Group	
	2018	2017
	G$	G$
Balance at beginning	5,441,112,180	4,613,150,787
Contributions received plus interest	673,430,071	1,369,223,423
Refund of contributions, claims & benefits	(445,230,090)	(43,693,961)
Effect of Exchange Rate	3,955,226	(497,568,069)
	5,673,267,388	5,441,112,180

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

25(a) Claims Unpaid

	Company 2018 G$	Company 2017 G$	Group 2018 G$	Group 2017 G$
Claims unpaid	220,880,823	183,359,517	259,931,453	220,193,347
Reinsurance recoveries	(25,100,000)	(25,100,000)	(39,735,192)	(39,735,192)
	195,780,823	158,259,517	220,196,261	180,458,155

25(b) Development Claims Tables

Development of claims tables provides a measure of the Group's ability to estimate the ultimate value of claims for its general insurance subsidary. 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 cummulative claims to the amount appearing in the consolidated statement of financial position.

Reporting Year	2013	2014	2015	2016	2017	2018	Total
Gross estimate of cumulative claims cost							
At the end year of claim	37,525,805	11,858,403	2,890,000	6,065,000	7,538,000	5,324,800	71,202,008
One year later	36,036,717	8,413,371	2,014,680	5,115,265	6,603,093	-	-
Two years later	34,221,385	8,413,371	2,014,680	5,095,265	-	-	-
Three years later	34,096,385	8,413,371	1,839,680	-	-	-	-
Four years later	33,871,385	8,338,371	-	-	-	-	-
Five years later	33,871,385	-	-	-	-	-	-
Current estimate of cumulative claims cost	33,871,385	8,338,371	1,839,680	5095265	6,603,093	5,324,800	61,072,594
Cumulative payments	(10,902,155)	(4,961,771)	(984,680)	(3,540,265)	(934,907)	(698,186)	(22,021,964)
Oustanding claims recognised in the statement of financial position	22,969,230	3,376,600	855,000	1,555,000	5,668,186	4,626,614	39,050,630

26 INTEREST BEARING BORROWINGS

	CITIZENS BANK	GBTI	Company and Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
At 1 January	121,367,527	111,062,401	232,429,927	316,016,648
Repayments during the year	(41,761,547)	(45,982,602)	(87,744,149)	(83,586,720)
At 31 December	79,605,980	65,079,799	144,685,778	232,429,928
Repayment due within one year	36,324,000	33,600,000	69,924,000	69,924,000
Repayment due within two to five years	43,281,980	31,479,799	74,761,778	162,505,927
	79,605,980	65,079,799	144,685,778	232,429,927

Citizens Bank Loan

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

GBTI Loan

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

27 TRADE AND OTHER PAYABLES

	COMPANY		GROUP	
Current liabilities	2018	2017	2018	2017
	G$	G$	G$	G$
Trade and other payables	4,385,541	48,763,088	(4,858,046)	33,033,399
Accruals	6,035,146	3,756,523	6,035,146	3,756,523
Claim option deposits	375,822	375,401	375,822	375,401
Premiums paid in advance	4,543,724	4,546,412	4,543,724	4,546,412
	15,340,233	57,441,424	6,096,646	41,711,735

28 RELATED PARTY TRANSACTIONS

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

	GROUP	
	2018	2017
	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	18,226,125	15,530,286
The Society's property, plant and equipment are insured by the Demerara Fire and General Insurance Company Limited.		
Coverage	851,519,302	851,519,302
Premiums	3,166,988	3,166,988
Key management personnel		
The Society's 6 (2017 - 6) key management personnel comprises its Executive Managers. The remuneration paid during the year to Executive Managers is included among the cost shared by Demerara Fire & General Insurance Ltd.	6,033,975	5,937,008
Directors Emoluments 7 (2017 - 8)	10,156,858	12,927,692

	GROUP	
	2018	2017
	G$	G$
28 Related party transactions cont'd		
c. Transactions with companies which have one common Director with Demerara Mutual Life Assurance Society Limited.		
- Investments in Banks DIH Limited Shares 81,575,035 (2017 - 81,575,035)	6,526,002,800	3,263,001,400
- Deposits held at Citizens' Bank Limited. Interest earned at the prevailing commercial rates.	1,653,380,186	1,402,622,130
- Investments in Citizens Bank Guyana Limited shares 1,000,000 (2017 - 1,000,000)	146,000,000	144,000,000
- Insurance Coverage to Company with common directors		
Coverage	13,084,788,895	12,175,008,281
Premiums	39,156,895	34,666,716

d. The Society has agreed to indemnify its Directors against any liability which may arise from the performance of their duties, provided that they act honestly and in good faith to the best interest of the Company.

29 SEGMENTAL INFORMATION

Line of Business	Life	Health	Fire & General	Total 2018	Total 2017
	G$	G$	G$	G$	G$
Revenue					
Premiums	1,192,486,831	100,306,017	99,829,389	1,392,622,237	1,340,778,782
Investment and other Income	473,045,676	-	22,352,147	495,397,823	500,033,224
Net Policy income	1,665,532,507	100,306,017	122,181,536	1,888,020,060	1,840,812,006
Benefits and expenses					
Claims	259,355,866	46,857,395	21,932,739	328,146,000	265,944,672
Surrenders	329,606,540	-	-	329,606,540	322,392,008
Commissions	119,240,638	3,090,000	15,144,752	137,475,390	111,126,335
Donations	527,776	-	-	527,776	354,808
Management expenses	817,164,469	3,012,705	49,228,697	869,405,871	878,389,517
Taxation	29,826,398	-	10,222,028	40,048,426	36,620,808
	1,555,721,687	52,960,100	96,528,216	1,705,210,003	1,614,828,148
Surplus of revenue over expenditure	109,810,820	47,345,917	25,653,320	182,810,057	225,983,858
Change in policy liabilities	188,325,718	(1,718,422)	-	186,607,296	(218,411,130)
Net Surplus after taxation	(78,514,899)	49,064,339	25,653,320	(3,797,239)	444,394,988
Assets	25,064,659,183	42,657,594	486,490,230	25,593,807,008	19,001,118,687
Liabilities	13,053,557,933	7,314,887	196,275,413	13,257,148,233	12,872,385,905

Geographical	Total 2018	Total 2017
Revenue		
Guyana	536,001,787	482,141,207
Out of Guyana	856,620,450	858,637,575
	1,392,622,237	1,340,778,782
Assets		
Guyana	18,790,311,361	12,347,324,313
Out of Guyana	6,803,495,647	6,653,794,373
Liabilities		
Guyana	7,189,582,662	6,656,092,941
Out of Guyana	6,067,565,571	6,216,292,964

30 PENDING LITIGATION

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

31 INSURANCE ACT 2016

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

32 Analysis of financial assets and liabilities by measurement basis.

Company	Held to maturity G$	Loans and receivable G$	"Available for sale" G$	Other assets and liabilities at amortised cost G$	Total G$	2017 G$
	2018					
Assets						
Cash resources	-	-	-	6,578,501,398	6,578,501,398	6,386,364,848
Investments	-	-	12,230,667,419	-	12,230,667,419	7,101,088,084
Bonds	1,300,873,121	-	-	-	1,300,873,121	1,043,713,108
Policy loans	-	459,388,947	-	-	459,388,947	531,888,961
Mortgages	-	7,812,797	-	-	7,812,797	8,993,981
Trade and other receivables	-	29,679,572	-		29,679,572	22,927,560
Accrued Interest	-	50,864,856	-	-	50,864,856	43,961,388
Tax Recoverable	-	-	-	47,376,509	47,376,509	46,863,842
	1,300,873,121	547,746,172	12,230,667,419	6,625,877,907	20,705,164,620	
2017	1,043,713,108	607,771,890	7,101,088,084	6,433,228,690		15,185,801,772
Liabilities						
Actuarial Liabilities	-	-	-	6,962,440,713	6,962,440,713	6,756,493,727
Deposit Administration Fund	-	-	-	5,673,267,388	5,673,267,388	5,441,112,180
Claims	-	-	-	195,780,823	195,780,823	158,259,517
Trade and other payables	-	-	-	4,385,541	4,385,541	48,763,088
Others	-	-	-	224,998,355	224,998,355	301,827,525
	-	-	-	13,060,872,820	13,060,872,820	
2017	-	-	-	12,706,456,037		12,706,456,037

33 Financial risk management

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

(a) Market risk

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

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

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimize these risk. The company does not actively trade in equity investments.

(ii) Foreign currency risk

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

			2018		
	£	EC$	TT$	B'dos$	Total G$ equivalent
Assets	1,373,734	77,192,899	16,419,679	44,625	6,952,264,663
Liabilities	-	(8,690,599)	(457,269)	-	(696,981,903)
	1,373,734	68,502,300	15,962,410	44,625	6,255,282,760
			2017		
	£	EC$	TT$	B'dos$	Total G$ equivalent
Assets	1,371,082	75,441,788	16,419,679	44,625	6,809,686,106
Liabilities	-	(12,159,681)	(457,269)	-	(966,050,751)
	1,371,082	63,282,107	15,962,410	44,625	5,843,635,355

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 G$ M	EC dollar impact G$ M	TT dollar impact G$ M	B'dos dollar impact G$ M
2018	9.23	134.52	12.51	0.12
2017	9.66	123.83	12.49	0.12

33 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 Company's profit would have been as illustrated on the following table:

	Increase/decrease in basis points	Impact on profit for year 2018	2017
Cash and cash equivalents		G$000	G$000
Local Currency	+/-50	11.732	9.961
Foreign Currencies	+/-50	1,227	1,191

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.

33 Financial risk management cont'd

(a) Market risk cont'd

(iv) Interest rate risk cont'd

	Company					
	Interest Rate Range	Maturing 2018 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non interest bearing G$	Total G$
ASSETS						
Cash resources	1.7	3,986,815,731	-	-	2,591,685,667	6,578,501,399
Investments	8.6	-	1,045,999,030	254,874,091	12,230,667,419	13,531,540,541
Policy loans	12.5	-	459,388,947	-	-	459,388,947
Mortgages	7.5	-	-	7,812,797	-	7,812,797
Loans and advances	12.0	41,463,449	-	-	-	41,463,449
Others		-	-	-	86,457,489	86,457,489
		4,028,279,180	**1,505,387,977**	**262,686,888**	**14,908,810,575**	**20,705,164,620**
LIABILITIES						
Actuarial liabilities					6,962,440,713	6,962,440,713
Deposit administration fund		-	-	-	5,673,267,388	5,673,267,388
Claims		-	-	-	195,780,823	195,780,823
Trade and other payables		-	-	-	4,385,541	4,385,541
Others	6.0	69,924,000	74,761,778	-	80,312,577	224,998,355
		69,924,000	**74,761,778**	**-**	**12,916,187,042**	**13,060,872,820**
Interest sensitivity gap		3,958,355,180	1,430,626,199	262,686,888		

	Company					
		Maturing 2017 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non interest bearing G$	Total G$
ASSETS						
Cash resources	2.5	4,155,869,505	-	-	2,230,495,343	6,386,364,848
Investments	5.7	-	789,747,544	253,965,564	7,101,088,084	8,144,801,192
Policy loans	12.5	-	531,888,961	-	-	531,888,961
Mortgages	7.5	-	-	8,993,981	-	8,993,981
Loans and advances	12.0	34,719,103	-	-	-	34,719,103
Others		-	-	-	79,033,687	79,033,687
		4,190,588,608	**1,321,636,505**	**262,959,545**	**9,410,617,114**	**15,185,801,772**
LIABILITIES						
Actuarial liabilities					6,756,493,727	6,756,493,727
Deposit administration fund		-	-	-	5,441,112,180	5,441,112,180
Claims		-	-	-	158,259,517	158,259,517
Trade and other payables		-	-	-	48,763,088	48,763,088
Others	6.0	69,924,000	162,505,927	-	69,397,598	301,827,525
		69,924,000	**162,505,927**	**-**	**12,474,026,110**	**12,706,456,037**
Interest sensitivity gap		4,120,664,608	1,159,130,578	262,959,545		

33 Financial risk management cont'd

(a) Market risk cont'd

(iv) Interest rate risk cont'd

	Group					
	Interest Rate Range	Maturing 2018 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non interest bearing G$	Total G$
ASSETS						
Cash resources	2.54	4,095,177,438	-	-	2,652,919,949	6,748,097,387
Investments	5.70	-	1,045,999,030	254,874,091	12,524,134,814	13,825,007,935
Policy loans	12.50	-	459,388,947	-	-	459,388,947
Mortgages	7.50	-	-	7,812,797	-	7,812,797
Loans and advances	12.00	41,463,449	-	-	-	41,463,449
Others		-	-	-	120,001,217	120,001,217
		4,136,640,887	**1,505,387,977**	**262,686,888**	**15,297,055,980**	**21,201,771,732**
LIABILITIES						
Actuarial liabilities		-	-	-	6,962,440,713	6,962,440,713
Deposit administration fund		-	-	-	5,673,267,388	5,673,267,388
Claims		-	-	-	220,196,261	220,196,261
Trade and other payables		-	-	-	(4,858,046)	(4,858,046)
Others	6.00	69,924,000	74,761,778	-	261,416,139	406,101,917
		69,924,000	**74,761,778**	**-**	**13,112,462,455**	**13,257,148,233**
Interest sensitivity gap		4,066,716,887	1,430,626,199	262,686,888		

	Group					
		Maturing 2017 Within 1 year G$	1 to 5 years G$	Over 5 years	Non interest bearing G$	Total G$
ASSETS						
Cash resources	4.99	4,245,227,527	-	-	2,261,668,301	6,506,895,828
Investments	5.31	-	789,747,544	253,965,564	7,350,553,086	8,394,266,194
Policy loans	12.50	-	531,888,961	-	-	531,888,961
Mortgages	7.50	-	-	8,993,981	-	8,993,981
Loans and advances	12.00	34,719,104	-	-	-	34,719,104
Others		-	-	-	117,852,534	117,852,534
		4,279,946,631	**1,321,636,505**	**262,959,545**	**9,730,073,922**	**15,594,616,602**
LIABILITIES						
Actuarial liabilities		-	-	-	6,756,493,727	6,756,493,727
Deposit administration fund		-	-	-	5,441,112,180	5,441,112,180
Claims		-	-	-	180,458,155	180,458,155
Trade and other payables		-	-	-	33,033,399	33,033,399
Others	6.00	69,924,000	162,505,927	-	228,858,517	461,288,444
		69,924,000	**162,505,927**	**-**	**12,639,955,978**	**12,872,385,905**
Interest sensitivity gap		4,210,022,631	1,159,130,578	262,959,545		

33 Financial risk management cont'd

(b) Liquidity risk

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

At 31 December 2018

	Company			
Assets	**1 to 12 months G$**	**1 to 5 years G$**	**Over 5 years G$**	**Total G$**
Trade and other receivables	29,679,572	-	-	29,679,572
Accrued Interest	50,864,856	-	-	50,864,856
Tax recoverable	47,376,509	-	-	47,376,509
Deposits	3,986,815,731	-	-	3,986,815,731
Policy Loans	-	459,388,947	-	459,388,947
Mortgages	-	-	7,812,797	7,812,797
Bonds	-	1,045,999,030	254,874,091	1,300,873,121
Securities	-	12,230,667,419	-	12,230,667,419
Cash at bank	2,591,685,667	-	-	2,591,685,667
	6,706,422,335	**13,736,055,396**	**262,686,888**	**20,705,164,620**
Liabilities				
Actuarial liabilities	181,367,027	273,667,429	6,507,406,257	6,962,440,713
Deposit administration fund	5,673,267,388	-	-	5,673,267,388
Trade and other payables	-	4,385,541	-	4,385,541
Unpaid Claims	195,780,823	-	-	195,780,823
Others	150,236,577	74,761,778	-	224,998,355
	6,200,651,814	**352,814,748**	**6,507,406,257**	**13,060,872,820**
	505,770,521	**13,383,240,648**	**(6,244,719,368)**	**7,644,291,800**

At 31 December 2017

	Company			
Assets	**1 to 12 months G$**	**1 to 5 years**	**Over 5 years G$**	**Total G$**
Trade and other receivables	22,927,560	-	-	22,927,560
Accrued Interest	43,961,388	-	-	43,961,388
Tax recoverable	46,863,842	-	-	46,863,842
Deposits	4,155,869,505	-	-	4,155,869,505
Policy Loans	-	531,888,961	-	531,888,961
Mortgages	-	-	8,993,981	8,993,981
Bonds	-	789,747,544	253,965,564	1,043,713,108
Securities	-	7,101,088,084	-	7,101,088,084
Cash at bank	2,230,495,343	-	-	2,230,495,343
	6,500,117,638	**8,422,724,589**	**262,959,545**	**15,185,801,772**
Liabilities				
Actuarial liabilities	196,590,740	306,341,225	6,253,561,761	6,756,493,727
Deposit administration fund	5,441,112,180	-	-	5,441,112,180
Trade and other payables	11,488,902	37,274,187	-	48,763,088
Unpaid Claims	158,259,517	-	-	158,259,517
Others	139,321,598	162,505,927	-	301,827,525
	5,946,772,936	**506,121,340**	**6,253,561,761**	**12,706,456,037**
	553,344,701	**7,916,603,249**	**(5,990,602,216)**	**2,479,345,735**

33 Financial risk management cont'd

(b) Liquidity risk - cont'd

At 31 December 2018

	Group			
Assets	**1 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	G$	**G$**	**G$**	**G$**
Trade and other receivables	61,464,186	-	-	61,464,186
Accrued Interest	50,988,957	-	-	50,988,957
Tax recoverable	49,011,523	-	-	49,011,523
Deposits	4,095,177,438	-	-	4,095,177,438
Policy Loans	-	459,388,947	-	459,388,947
Mortgages	-	-	7,812,797	7,812,797
Bonds	-	1,045,999,030	254,874,091	1,300,873,121
Securities	-	12,524,134,814	-	12,524,134,814
Cash at bank	2,652,919,949	-	-	2,652,919,949
	6,909,562,053	**14,029,522,791**	**262,686,888**	**21,201,771,732**
Liabilities				
Actuarial liabilities	181,367,027	273,667,429	6,507,406,257	6,962,440,713
Deposit administration fund	5,673,267,388	-		5,673,267,388
Trade and other payables	-	(4,858,046)	-	(4,858,046)
Unpaid Claims	220,196,261	-	-	220,196,261
Others	229,028,263	177,073,654	-	406,101,917
	6,303,858,939	**445,883,037**	**6,507,406,257**	**13,257,148,233**
	605,703,114	**13,583,639,754**	**(6,244,719,368)**	**7,944,623,499**

At 31 December 2017

	Group			
Assets	**1 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	G$	**G$**	**G$**	**G$**
Trade and other receivables	56,923,727	-	-	56,923,727
Accrued Interest	44,069,315	-	-	44,069,315
Tax recoverable	51,578,596	-	-	51,578,596
Deposits	4,245,227,527	-	-	4,245,227,527
Policy Loans	-	531,888,961	-	531,888,961
Mortgages	-	-	8,993,981	8,993,981
Bonds	-	789,747,544	253,965,564	1,043,713,108
Securities	-	7,350,553,086	-	7,350,553,086
Cash at bank	2,261,668,301	-	-	2,261,668,301
	6,659,467,466	**8,672,189,591**	**262,959,545**	**15,594,616,602**
Liabilities				
Actuarial liabilities	196,590,740	306,341,225	6,253,561,761	6,756,493,727
Deposit administration fund	5,441,112,180	-		5,441,112,180
Trade and other payables	11,488,902	21,544,498	-	33,033,399
Unpaid Claims	180,458,155	-	-	180,458,155
Others	214,071,598	247,216,846	-	461,288,444
	6,043,721,575	**575,102,569**	**6,253,561,761**	**12,872,385,905**
	615,745,890	**8,097,087,022**	**(5,990,602,216)**	**2,722,230,697**

33 Financial risk management cont'd

(c) Credit risk

Concentration of Risk

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

	Company		Group	
	2018	2017	2018	2017
	G$	G$	G$	G$
Investments				
Held to Maturity(i)	1,300,873,121	1,043,713,108	1,300,873,121	1,043,713,108
Available for sale(i)	12,230,667,419	7,101,088,084	12,524,134,814	7,350,553,086
Cash on Hand & in Bank(ii)	2,591,685,667	2,230,495,343	2,652,919,949	2,261,668,301
Cash on Deposits(ii)	3,986,815,731	4,155,869,505	4,095,177,438	4,245,227,527
Loans Receivables(v)	467,201,744	540,882,942	467,201,744	540,882,942
Trade and other receivables (iii)	29,679,572	22,927,560	58,636,403	54,457,384
Accrued Interest(iv)	50,864,856	43,961,388	50,988,957	44,069,315
Premium Receivable(vi)	-	-	2,827,783	2,466,343
Tax Recoverable	47,376,509	46,863,842	49,011,523	51,578,596
	20,705,164,620	**15,185,801,772**	**21,201,771,732**	**15,594,616,602**

(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 a number of advances and loans to staff and sales representatives on which interest is earned.

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

(v) Included in loans and receivables are policy loans which are fully secured against the cash value of the individual policies.
These amounts would either be received in the next financial year, or would materialise on maturity of the investment(s) in accordance with the terms and conditions.

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

The above balance are classified as follows:

	2018	2017	2018	2017
	G$	G$	G$	G$
Current	29,482,712	22,730,811	58,439,543	54,260,635
Past due over 179 days	196,861	196,749	196,861	196,749
	29,679,572	**22,927,560**	**58,636,403**	**54,457,384**

34 Insurance risk management

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

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

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

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

	Total benefits insured (G$ millions)			
Benefits assured per life assured at the end of 2018	Before reinsurance		After reinsurance	
0M - 3M	18,504	15.3%	16,041	19.4%
3M - 5M	26,763	22.2%	21,982	26.6%
5M - 10M	34,902	28.9%	27,830	33.7%
Over 10M	40,519	33.6%	16,700	20.2%
Total	120,688	100.0%	82,553	100.0%

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

34 Insurance risk management cont'd

Reserves for future policyholders' benefits

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

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

(i) Mortality
The mortality assumptions were based on 1986-92 Canadian Institute of Actuaries select and ultimate mortality tables. An investigation into the Society's mortality experience was performed, and the mortality tables were adjusted to reflect the Society's experience and territorial difference. Provisions for AIDS extra mortality, additional margin was provided for uncertainty based on US experience were added to the expected mortality assumptions.

For payout annuity policies, the mortality assumptions are based on 1983 Society of Actuaries.

Individual Annuitant Mortality tables. Mortality improvement was assumed for future years. An additional margin was provided for uncertainty in setting the expected assumptions.

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

(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.

34 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.

35 Defined benefit asset company and group

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

	Company and Group 2018 G$	Company and Group 2017 G$
Present value of obligation	(968,076,317)	(882,455,157)
Fair value of plan assets	2,822,916,082	1,708,087,600
Net defined benefit asset	1,854,839,765	825,632,443

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

	Company and Group 2018	Company and Group 2017
Opening defined benefit obligation	882,455,157	895,761,297
Current service cost	27,607,965	21,887,315
Interest cost	35,298,206	35,830,452
Benefits paid	(50,578,236)	(20,261,351)
Actuarial gain	73,293,226	(50,762,556)
Closing defined benefit obligation	968,076,317	882,455,157

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

	2018	2017
Opening fair value of plan assets	1,708,087,300	1,228,948,109
Expected return on plan assets	67,483,062	49,362,497
Contributions paid	8,556,722	7,162,528
Benefits paid	(50,578,236)	(20,261,351)
Actuarial gain	1,089,367,234	442,875,817
Closing fair value of plan assets	2,822,916,082	1,708,087,600

35 Defined Benefit Asset Company and Group cont'd

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

	Company and Group	
	2018 G$	2017 G$
Current service cost	27,607,965	21,887,315
Net interest on defined benefit obligation	(32,184,855)	(13,532,045)
	(4,576,890)	8,355,270

Reconciliation of amount recognised in the Statement of Financial Position

	Company and Group	
	2018 G$	2017 G$
Opening Balance	825,632,443	333,186,812
Net pension cost	4,576,890	(8,355,270)
Re-measurement recognised in Other Comprehensive Income	1,016,073,709	493,638,373
Contributions paid	8,556,722	7,162,528
	1,854,839,764	825,632,443

Experience History	2018 G$	2017 G$	2016 G$	2015 G$
Defined benefit obligation	(968,076,317)	(882,455,157)	(895,761,297)	(840,272,182)
Fair Value of plan assets	2,822,916,082	1,708,087,600	1,228,948,109	1,291,724,589
Surplus	1,854,839,765	825,632,443	333,186,812	451,452,407

Summary of main assumptions

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

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