

DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED
ANNUAL REPORT 2017

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DM OFFICES:

Head Office

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

Clarke's Branches

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

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

Mc Pherson's Unit

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

Linden Office

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

Berbice Sales Office

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

GRENADA

Grenada Branch Office/ Sales Office Granby Street

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

ST.LUCIA

St. Lucia's Branch Office

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

Dantes Unit

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

Kirton's Sales Office

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

Tappin's Sales Office

Bois D'Orange
Gros Islet, Rodney Bay
St Lucia
Tel: (758) 452 9665
Fax: (758) 451 7729
c_tappin@demeraramutual.com

ST. VINCENT

St. Vincent Branch Office/ Sales Office

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

Gordon's Unit

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

Phillips' Sales Office

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

DEMERARA FIRE & GENERAL

DEMFIREFOFFICES

Head Office:

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

Branch Offices:

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

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

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

NOTICE OF DATE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN pursuant to Regulation 35 of the Society's Regulations that the 126th 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 20th July 2018 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 20th July 2018 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 2017 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
29th June 2018

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 126th 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 20th July 2018 at 4.30 p.m.

AGENDA

1. To receive and consider the Reports of the Directors, the Accounts for the year ended 31st December, 2017 and the report of the Auditors thereon.
2. To elect Directors.
3. To fix the remuneration of the Directors.
4. To elect Auditors and fix their remuneration.
5. To approve an appropriation for donations to charity and for educational purposes.

By order of the Board



JAMES K MORGAN

Company Secretary
Demerara Mutual Life Assurance Society Ltd,
61 - 62 Avenue of the Republic and Robb Street, Georgetown, Guyana
13th July 2018

REQUIREMENTS FOR ATTENDING THE ANNUAL GENERAL MEETING

Members are asked to observe the following requirements for attendance and voting at the 126th Annual General Meeting.

Agenda

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

Proxies

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

Proof of Identity

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

Persons Entitled to Notice to Attend Meeting

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

Attendance

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

Invitation to attend meeting

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

CORPORATE INFORMATION

REGISTERED OFFICE:

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

REASSURERS:

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

AUDITORS:

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

ACTUARY:

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

BANKERS:

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

Republic Bank (Guyana) Limited

38-40 Water Street
Georgetown, Guyana

Citizens Bank Guyana Inc.

231 -233 Camp Street
Georgetown, Guyana

Bank of Nova Scotia

104 Carmichael Street
North Cummingsburg
Georgetown, Guyana

ATTORNEYS-AT-LAW:

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

CHAIRMAN'S REPORT

Fellow policyholders, I would like to extend to you a special welcome to this the 126th Annual General Meeting of the Demerara Mutual Life. This is the first time I am addressing you as Acting Chairman having been appointed to this position by your Board on the 18th June 2018.

I am pleased to say that in the year 2017 we have made many strides and experienced several changes resulting in greater efficiency and profitability in the Society's operations. Significant movements were experienced in several operational areas as the Society stayed focused on its strategic goals and objectives, despite the ongoing distractions and economic challenges which were in varying degrees in the territories where we operate.

We reassure that your Board and Management have the resolve and commitment to ensure that you the policyholders are all times provided you with such insurance products that satisfies your insurance needs. Also, that the real time services we offer enable you to have quick access to your records for prompt decisions regarding your insurance needs and settlement of your claims.

Tribute

I pause for us to pay respect and give tribute to our past Chairman, Mr. Richard Berkeley Fields, SC who died on the 26th August 2017.

Mr. Richard Fields joined the Board of Directors of the Demerara Mutual Life Assurance Society Limited on the 2nd May 1980 and which to the date of his demise gives a total of 37 years of service to the Society. He was elevated to the position of Chairman in March 1988, giving a total of 29 years of service as Chairman of the Society.

The Society is extremely grateful to Mr. Fields for the dedicated and invaluable services which he rendered to Demerara Mutual Life and its subsidiary, Demerara Fire and General. Mr. Fields will be greatly missed for his sterling contribution and dedication to the growth and development of the Company. His services will be highlighted in the annals of the Society.

Global Economy

The year 2017 has not been without its usual global challenges with different responses to enhance economic growth. The global economy according to IMF/ World Bank economic outlook projected a positive economic growth of 3.6%

for year 2017 compared to 3.2% for year 2016. Export and foreign exchange earnings have however, been a challenge.

The Guyana economy grew by 2.2% for the first six (6) months of 2017 and is projected to grow by 2.9% for year 2017 compared to its projected rate of 3.8%. Inflation is projected at 2%. In the eastern Caribbean territories where we operate namely Grenada, St Lucia and St Vincent, the growth rate averages 2% and inflation 1%.

Financial Performance

The Company has been resolute in its efforts to bring into effect revised systems and procedures for greater productivity and profitability through increased revenue and prudent management of expenses, notwithstanding the economic and competitive challenges that persisted in all the territories where we operate.

The total revenue for 2017 was \$1.73B. The contribution by territory was \$724M (42%) for Guyana, \$510M (29%) for Grenada, \$317M (18%) for St Lucia and \$184M (11%) for St Vincent. This compared to the \$2.15B achieved for 2016 was a 20% decrease. This significant percentage decrease is due to the charge up exercise that was completed in 2016 for several previous years and which accounted for the high level of premium income in 2016. The after tax surplus was \$418.2M which represented a 0.1% increase over the 2016 figure of \$415.4M. Investment income was \$479M, a 37% decrease compared to the 2016 figure of \$757M. This decrease stands out only because of a special one off dividend that was paid in year 2016 on one of the Society's investments. Management expenses totaled \$836M. This was a 5.6% increase when compared to the \$799M in 2016. Total claims paid were \$574M, a 15% decrease compared to the \$672M paid in 2016.

I would like to congratulate the entire Management team and members of the office and sales staff for their hard work and loyalty to the achieving of many of the set targets for attainment of the agreed 2017 goals and objectives. The results would have been greater had it not been for the limitations especially, not being able to sell in all the territories where we operate, new lines of business and several new products designed to give the company a greater competitive edge and meet your changing insurance needs.

Regulations

Implementation of new regulations has been ongoing. The new Insurance Act of 2016 and the new Regulations and Guidelines pertaining to this act came into effect on the 16th April 2018. These rules and measures provide for more stringent controls of the operations of the Society. Also, new legislation in the Eastern Caribbean territories would soon take effect for the Society that has Branches in Grenada, St Vincent and St Lucia to establish a new Company in one of these territories to govern its operations in the OECS. The effective



date is projected to be in year 2019/2020. We are confident that these changes would in no way impede our responses to the further strengthening and growth of the Society. We continue to work closely with all of our regulators to ensure that we are at all times compliant with the regulatory requirements in all the territories where we operate. We would keep you informed regarding the developments with the formation of this new company.

Information Technology

The newly acquired insurance administration software was successfully implemented in 2017 and the Society is now in a position to provide you the policyholders with real-time service and with greater efficiency and accuracy. This new system is now functional in all of the territories where we operate. Our insured

clients, agents and various service providers can now access directly their information for their specific use. We encourage that you make every use of the facilities offered as the benefits to be derived from our new system are significant. Also, policyholders would now have the opportunity to pay their premiums using the various options to be communicated to you.

Marketing

The premium income achieved for year 2017 was \$1.25B. This was a 10% decrease compared to the 2016 result of \$1.39B. This decrease was due to the restructuring of our sales operations for improved efficiency.

We commend all the members of our sales force and the office staff support team for their services which motivated improved performance for attainment of the agreed sales objectives. We would like to believe that the services which our marketing team provided you our valued customers contributed to the mitigation of your financial risks.

The top producer for 2017 was Mr. Charles Clarke of Guyana. Mr. Clarke has been the Society's lead performer consistently for several years. We extend very special congratulations to Mr. Clarke for this achievement. Also, his sales unit has been the leading unit for 2017. We give special kudos to all members of the Charles Clarke Team.

The producer in second place was Ms Sabina Charles-Kirton of St Lucia followed by Ms Camille Goring of Guyana in the third place.

Special thanks also to every member of the Demerara Life sales team. The overall achievement was a team effort. We are confident of our sales team and their commitment and their abilities to further penetrate the existing and new markets for greater production and increased revenue.

Corporate Governance

Good corporate governance is a matter which your Board and Management treat seriously given the importance for the Society to observe the principles of Good Governance for the effective governing of its operations with utmost integrity.

The consideration and approval of revised policies is an ongoing process of the Board to ensure that its governance objectives are being achieved and credibility of the Society is sustained.

We assure you our policyholders and corporate clients that much priority is placed on regulatory compliance, accountability, disclosures and transparency to ensure that confidence in the strength of Demerara Mutual is not in any way compromised.

Fire Company Subsidiary

The Demerara Fire & General Insurance Company Ltd, the sole subsidiary of the Life Company, has generated total revenue of \$106.8M. This when compared to the \$95.7M revenue for 2016 was a 12% increase. The after tax profit was \$26.2M and which was a 6% increase when compared to the previous year surplus of \$24.7M. Claims paid increased to \$14M. This compared to the previous year figure of \$10.1M was a 4% increase.

Conclusion

I would like to thank my fellow Directors for the confidence placed in me to hold the office as Chairman and for the dedication and support for the achievement of the strategic goals and objectives of the Society for year 2017. The Board's invaluable contribution and guidance have had a positive impact on the 2017 results of the Company.

Thanks to the Society's Management team for their immense dedication and loyalty to ensure the improved performance of the Society to realize greater profitability, and underwriting profits and achievement of the agreed strategic objective.

To you the policyholders, thank you for the confidence you have demonstrated in Demerara Mutual Life, a Company with an existence of over 126 years and a reputation of a very high standard which we cherish and are committed to upholding. We are pleased and confident of your continued support.

Thank You.

CHAIRMAN

BOARD OF DIRECTORS



Mr Ronald Burch-Smith
Chairman (ag)



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



Dr Leslie Chin, C.C.H.
Director



Mr Maurice Solomon
Director



Ms Deenawati Panday
Director

MANAGEMENT TEAM



Ms Kezia McDonald
Finance Controller



Ms Melissa De Santos
Legal Officer



Ms Orlean Charles
Insurance Operations Manager



Mr Clarence Perry
Marketing Manager



Mr James Morgan
Company Secretary

DIRECTORS' REPORT

The Directors have the pleasure to submit to you their report for the financial year ended 31st December 2017.

PRINCIPAL ACTIVITIES

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

SUMMARY FINANCIAL RESULTS

A summary of the financial results for the year ended 31st December 2017 is as follows:

	2017	2016
Revenue	1,734,012,411	2,150,999,009
Net surplus after taxation	418,239,684	415,360,245
Total Comprehensive income/(loss)	2,781,616,674	261,365,189
Total Assets	18,597,028,758	15,276,839,134
Total Liabilities	12,706,456,036	12,167,883,087

DIRECTORS' EMOLUMENTS

The emoluments paid to the Society's Directors' for the year 2017 were as follows:

	<u>2017</u>	<u>2016</u>
Mr. Richard B. Fields, SC (decd)	1,480,384	2,114,832
Mr. Clifford B. Reis, C.C.H.	1,387,836	1,321,740
Dr. Leslie Chin, CCH	1,387,836	1,321,740
Mr. Maurice Solomon	1,387,836	1,321,740
Mr Louis Holder	1,387,836	1,321,740
Miss Deenawati Panday	1,387,836	1,321,740
Dr Karen-Gordon Boyle	1,387,836	1,321,740
Mr Ronald Burch Smith	1,387,836	1,284,019

DIRECTORATE

Directors Mr. Louis Holder and Dr Karen-Gordon Boyle resigned in their positions as Directors of the Society effective the 16th April 2018 and 18th April 2018 respectively. We convey our best wishes to Mr. Louis Holder and Dr Karen Gordon-Boyle in their future endeavours.

The Directors who retire by rotation are Miss Deenawati Panday, Dr Leslie Chin and Mr C B Reis. 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. Clifford B. Reis, C.C.H.	100,000:
Dr. Leslie Chin, C.C.H.	100,000:
Mr Maurice Solomon	100,000:
Miss Deenawati Panday	500,000:
Mr Ronald Burch Smith	500,000:

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 2017 was \$11.9M.

AUDITORS

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

VALUATION

The Last Valuation Report done by the Actuary was for the year ended 31st December 2017.

The Society's policy liabilities for the long term insurance business of the Society as at 31st December 2017 were valued as \$12,197,605,922.

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

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

INTRODUCTION

The Society's Management considers it a privilege to have the opportunity to report on the operations of Demerara Mutual Life for the year 2017. We would like to thank the Board of Directors for the confidence placed in the Management Team to effectively manage the operations of the Company, carry out its mandates and implement the decisions taken by the Board of Directors.

We are of the view that the results of 2017 are satisfactory and encouraging as we have made significant strides in several areas to increase new business sales and achieve underwriting profitability which impacted positively on these results. The implementation of new technology and new systems and procedures enabled the Society to provide its policyholders and corporate clients with real-time and better quality service which resulted in enhanced policy retention and confidence in Demerara Life Group of Companies

The thrust of the Management Team was a unified effort and realized a commitment and a will for the accomplishment of the 2017 strategic goals and objectives and which efforts resulted in many changes for the continued growth of Demerara Mutual.

The ongoing economic and regulatory changes in the insurance industry in the territories where we operate continue to be a challenge but we stand resolute in our response to these new developments. These changes are making us stronger and more resilient to develop strategies and policies to achieve greater profitability and be compliant at all times with the accounting standards and insurance regulations. The Demerara Mutual, a Company with 126 years under its belt' would continue to be a force to reckon with.

MARKETING

Demerara Mutual continues to perform well despite operating in a highly competitive and challenging economic environment. In 2017 our sales force accredited themselves well. The quota for the company in terms of sales for 2017 surpassed that of 2016 by 12%. With the sales force in Guyana leading the way in terms of performance with 42% of the company's total sales for the Individual life insurance achievement. The Agency which stood out in terms of production achievement was Clarke's Agency with \$40,019,041 in annual premium income and 688 lives, which equates to 56% of Guyana's sales force production achievement.

The Company Group insurance portfolio also grew in terms of revenue by 7% over our 2016 achievement. Two new groups were added to the portfolio and a new unit was established within the Marketing Department to focus

on building our group portfolio and to provide a high level of service to our corporate clientele. Additionally the company has stepped up efforts to increase its visibility in the island territories with the establishment of two new sales agencies in St Lucia and St Vincent & the Grenadines. The intention of Demlife is to continue to expand its sales force in the Eastern Caribbean islands and Guyana so that the company continues to increase its market share for traditional life insurance in these markets.

Despite the many challenges facing the industry in Guyana and the Eastern Caribbean, the company's performance was solid. The expectation is that the technological enhancements, coupled with expansion in the range of products we now offer in the markets where we operate will lead to premium income growth in 2018. The expansion of our sales force and technological improvements will allow the company to offer its Policyholders a self service option through its revamped website and portal system

INSURANCE OPERATIONS

Our fully integrated Life Insurance Administration and Accounting system was implemented in 2017.

Our policyholders now have the option of viewing their policy information on line and being able to communicate with us electronically.

Conservation: Customer retention continues to be an important aspect of our day to day operations. The establishment of our Customer Call Centre has allowed us to communicate with our policyholders by phone or e-mail. We are now able to handle their queries and policy requests without them having to come into the office for these services.

Group Life: The Society's Group life premium income performance for 2017 was \$73 million at the end of December 2017 compared to \$55.8 million the year 2016. This represented a 30% growth over the 2016 performance.

The achievements of the Group Creditor's insurance for 2017 was \$41.3 million in premium income against that of \$40.4 million in 2016, representing a growth of 2%.

Group Pension: Contribution received in 2017 amounted to \$548M. The expansion of this portfolio reinforces the confidence of employers in DEMLIFE's ability to manage this asset base so as to provide pension benefits to their employees. We are continuously working with the insurance regulators to ensure the plans are compliant and to sensitize the employers and trustees of the plans on the impending pension legislation.

FINANCIAL PERFORMANCE

The Society forged ahead and was resilient in the implementation of new and revised systems and procedures for greater profitability through increased revenue and reduction of expenses.

The total revenue for 2017 was \$1.734B. The after tax surplus was \$418.2M which represented a 0.1% increase over the 2016 figure of \$415.4M.

Investment income was \$479M, a 37% decrease when compared to the 2016 figure of \$757M. Management expenses totaled \$836M and this was a 5.6% increase when compared to the \$799M in 2016. Total claims paid totaled \$574M. This was a 15% increase compared to \$672M paid in 2016.

The Society's 2017 Valuation report valued its policy liabilities for long term insurance business as at 31st December 2017 at \$12,197,605,922. This when compared to the 2016 value of \$11,438,542,098 is a 6.6% increase.

The entire staff, both office and field must be commended for their hard work and commitment to achieving many of the set objectives in the 2017 Strategic Plan notwithstanding the limitation for not being able to sell new lines of business and new products as provided for in one of the territories where we operate due to regulatory procedures and which matter is being addressed.

DEMERARA FIRE AND GENERAL

The total revenue of the Demerara Fire & General Insurance Company Ltd, a subsidiary of the Life Company was \$106.8M. This when compared to the \$95.7M for 2016 was a 12% increase. The total comprehensive income for 2017 was \$34.2M compared to \$29M in 2016, an increase of 18%. The after tax profit was \$26.2M, a 6% increase over the previous year figure of \$24.7M. Increased advertising and promotional activities combined with increased sales activities supported by our "Call Center" were the main factors which contributed to the growth in revenue. Management expenses totaled \$41.8M compared to \$38.3M an increase of 9%. Claims paid increased to \$14M. This compared to the previous year amount of \$10.1M was a 4% increase. We have maintained our commitment to settle promptly the claims of our policyholders which is the very nature of our business.

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. We are pursuing with the Regulator, our application for approval to sell liability policies. This would enable the Company to have a greater competitive advantage as it strives to be a one stop shop for general insurance business.

TECHNOLOGY

The newly acquired Insurance administration software was successfully implemented in 2017 and is in full use by all of our Branches. Our insured clients, agents and various service providers can also access their information via portals setup for their specific use. Also, all of our customers would

continue to have the opportunity to pay their premiums through various avenues that we have available for their comfort. As we continue with our “Go Green” effort, our next big project will be moving towards a paper free environment.

Policyholders would soon be able to access our website now being finalized, to communicate with us electronically. Our Call Centre operators would be contacting you via e-mails and telephone to introduce you to this service and to guide you through the steps. This would allow you to access real time information on your policies and get information regarding your policies, policy loans and other insurance needs.

HUMAN RESOURCES

The work our Human Resources Department does is critical to ensuring the Society’s most valuable asset - its employees – are supported in driving key business objectives. Over the past year, the department has focused on continuous improvement to increase efficiency and accountability, while improving services to our internal customers and streamlining administration. As the Society continues to integrate continuous improvement into business planning, human resources would play a critical role in ensuring that we have a high-performing and engaged workforce equipped to deliver results for the Society.

This year’s annual report focuses on performance reporting, which provides the structure for the department to measure its progress on meeting its goals, in alignment with the strategic plan of the Society. Training and operational efficiencies for the maintaining of new policies implemented was a priority. We are satisfied with the staff responses and the high motivation for the growth of the Company and also the personal growth of every team member.

REGULATORY MATTERS

The New Insurance Act in Guyana was passed and assented to on 18th July 2016. Implementation of this Act and the new regulations took effect the 16th April 2018. These new Regulations will provide for more stringent measures to ensure that the industry is regulated more closely to ensure the greater protection of the rights of policyholders. We assure of our commitment to at all times be in full compliance and maintain the principles of good governance, transparency and accountability.

In the Eastern Caribbean states, new legislations are being finalized for the standardization of the Insurance Regulations in the Organization of Eastern Caribbean State (OECS). The Bill, entitled “The Eastern Caribbean Currency Union Uniform Insurance Bill” provides for a Regional Insurance Regulator and formation of the “Central Insurance Commission” that would be the regulatory body for the insurance industry in the Eastern Caribbean States.

The Society would under these new Regulations be required to establish over

the next three (3) years (2019- 2021) a new insurance company in one of the OECS territories where it operates, namely, Grenada, St Lucia and St Vincent. The Society is presently addressing this matter with urgency and would keep you the policyholders updated on the developments.

CONCLUSION

We would like to say thanks to the members of the Board of Directors for their support of the efforts of Management to realise several of the strategic goals and objectives for the year and which accomplishments could not have been realised without their invaluable contribution.

To the members of the office and sales staff, the Management Team would like to convey our deepest appreciation. They remained focused and extended themselves to ensure implementation of new and amended policies for greater efficiency and profitability of the Society and better service to our customers in a highly competitive environment.

To you the valued policyholders of Demerara Life Group of Companies, we thank you for the confidence you demonstrated in the Society over the years for providing you such insurance products and customer service to ensure that your insurance needs were satisfied.

THE MANAGEMENT TEAM

CORPORATE GOVERNANCE

The current members of the Society's Board of Directors are Mr. Clifford B. Reis, C.C.H., Dr. Leslie Chin, C.C.H., Mr. Maurice Solomon, Miss Deenawati Panday and Mr. Ronald Burch - Smith

The Directors on a monthly basis would review the performance of the various operational areas of the Company and take decisions for the improved efficiency and performance of the Company. The Board has responsibility for the accuracy and transparency of the Company's annual financial statements and that the company was being managed efficiently and compliant with the regulatory requirements in all the territories where it had Branch operations.

The Board of Directors also ensures that the principles of good Corporate Governance are observed and that protection of the rights of its policyholders was in no way compromised. The Board considers and takes decisions on the recommendations of the various Board Committees established for the consideration of substantive matters.

AUDIT / FINANCE / INVESTMENT/BUILDING COMMITTEE

This Committee is made up of Mr. Maurice Solomon (Chairman), Mr. Clifford B. Reis and Miss Deenatawi Panday. It has responsibility for review of the monthly and yearly financial statements of the Company and informs the Board of their comments and recommendations for consideration and decision for the improved financial performance of the Society.

This Committee gives special attention to matters that could have a significant a financial impact on the Society and what its response should be. This Committee ensures that the Society is at all times compliant with all relevant financial and accounting standards. It reviews annual budget presentations and strategic plans from the Society's Management and gives guidance to the Board on changes to be implemented for improved financial results. It also considers such other reports as, Management Letters from the External Auditors and reports of the Internal Auditor and advise of appropriate action to be taken.

This Committee has responsibility for the Society's investment to ensure the maximisation of returns, spreading of risks and compliance with the regulatory investment guidelines.

MARKETING COMMITTEE

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

This Committee has responsibility for review of the sales performance of the Society and functioning of the respective sales agencies to determine if the level of production was satisfactory when compared to budget projections.

The Marketing Committee also addresses new strategies to be adopted for increase in the Society's market share and developments of new products that were needed for greater penetration.

PERSONNEL / HUMAN RESOURCE COMMITTEE

This Committee is made up of Directors, Mr Clifford B Reis, Chairman and Miss Deenawati Panday .

This HR Committee is responsible for reviewing annually the Society's Human Resource needs and staff benefits so as to ensure a healthy industrial climate. The revision of staff benefits of staff benefits based on staff performance and done annually.

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 considers submissions on pension benefits to be paid to pensionable employees of the Society and make recommendations to the Board on pension benefits to be approved.

The Trustees also reviews the annual Audited annual accounts and Actuarial Valuation of the Society's Pension Schemes for staff members of the Society

and its recommendations are considered by the Board for decision.

DEATH CLAIMS COMMITTEE

The Members of the Death Claims Committee are Directors, Miss Deenawati Panday and Mr. Ronald Burch Smith. This Committee reviews death claims recommended by Management for payment and advise at Board Meetings of its recommendations on the payment of these claims.

By Order of the Board.



James K. Morgan
Company Secretary

OUR 2017 SALES AWARDEES

The following agents are the 2017 Top Producers for the Society and are recognised for their sterling performance:

NAMES/AWARDS

Chairman's Diamond Award

Charles Clarke
Wilcox Roberts
Joel Mc Pherson

Chairman's Gold Award

Sabina Charles – Kirton
Camille Goring
Natasha Moseley

Chairman's Silver Award

Lydia Bubb – Frame

Chairman's Bronze Award

Michael Blair
Richard Seaton
Vanessa Ghanie
Haresh Ramsamooj
Mara Marcellin

Centurion Club

Charles Clarke
Camille Goring

Eighty Plus Club

Natasha Moseley
Richard Seaton

Fifty Plus Club

Sabina Charles - Kirton
Mara Marcellin
Vanessa Ghanie
Lydia Bubb – Frame
Haresh Ramsamooj
Michael Blair
Wilcox Roberts
Urland Wilkinson
Avanelle Telford
Pulashwari Jaikaran

Top producer -Line of Business – Life & Fire

Charles Clarke

Top producer -Line of Business – Motor

Kwesi Elliot

Rookies for the Year

Samantha Joseph
Linda Bishop
Kwesi Elliot

TERRITORIES

Guyana
Grenada
Guyana

St. Lucia
Guyana
Guyana

Grenada

Guyana
Guyana
Guyana
Guyana
St Lucia

Guyana
Guyana

Guyana
Guyana

St. Lucia
St Lucia
Guyana
Grenada
Guyana
Guyana
Grenada
Guyana
Guyana
Guyana

Guyana

Guyana

St. Lucia
Grenada
Guyana

**INDEPENDENT AUDITOR'S REPORT
 TO THE MEMBERS OF
 THE DEMERARA MUTUAL LIFE
 ASSURANCE SOCIETY LIMITED AND SUBSIDIARY
 ON THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017, 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 45.

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 2017, 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 2017 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Those Charged with Governance for the Financial Statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern,

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Companies Act 1991. Certain aspects of the Insurance Act 1998 were not complied with.

TSD LAL & CO. ,

TSD LAL & CO.
Chartered Accountants

Date 12th June 2018
77 Brickdam,
Stabroek,
Georgetown.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 DECEMBER 2017

	Notes	COMPANY		GROUP	
		2017	2016	2017	2016
		G\$	G\$	G\$	G\$
Revenue					
Premiums	5	1,254,996,768	1,393,543,638	1,340,778,782	1,469,154,264
Investment & other income	6	479,015,643	757,455,371	500,033,224	777,514,732
Total revenue		<u>1,734,012,411</u>	<u>2,150,999,009</u>	<u>1,840,812,006</u>	<u>2,246,668,996</u>
Expenses					
Claims	7	251,974,037	324,373,868	265,944,672	334,476,834
Surrenders	8	322,392,008	347,418,468	322,392,008	347,418,468
Commissions	9	97,081,759	83,983,779	111,126,335	94,427,413
Donations		354,808	973,274	354,808	973,274
Management expenses	10	836,585,595	799,409,766	878,389,517	837,705,130
Taxation	11	25,795,652	35,101,717	36,620,808	47,208,963
Total expenses		<u>1,534,183,859</u>	<u>1,591,260,872</u>	<u>1,614,828,148</u>	<u>1,662,210,082</u>
Profit before movement in actuarial liabilities		<u>199,828,552</u>	<u>559,738,137</u>	<u>225,983,858</u>	<u>584,458,914</u>
Change in actuarial liabilities	(24)a	(218,411,130)	144,377,892	(218,411,130)	144,377,892
Profit for the year		<u>418,239,682</u>	<u>415,360,245</u>	<u>444,394,988</u>	<u>440,081,022</u>
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation of property		-	73,943,906	-	77,145,304
Remeasurement of defined benefit pension plan	35	493,638,373	(119,974,862)	493,638,373	(119,974,862)
Items that may be reclassified subsequently to profit or loss					
Adjustment to fair value of investments		1,872,042,674	(38,276,568)	1,880,139,639	(37,299,808)
Currency translation differences		(2,304,056)	(69,687,532)	(2,304,056)	(69,687,532)
Others		-	-	202,898	199,233
Other comprehensive income for the year		<u>2,363,376,991</u>	<u>(153,995,056)</u>	<u>2,371,676,854</u>	<u>(149,617,665)</u>
Total comprehensive income		<u>2,781,616,673</u>	<u>261,365,189</u>	<u>2,816,071,842</u>	<u>290,463,357</u>

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

STATEMENT OF CHANGES IN EQUITY 31 DECEMBER 2017

COMPANY	Guarantee	Retained	Revaluation	Investment	Exchange	Total
	Capital	earnings	reserve	reserve	difference	
	G\$	G\$	G\$		reserve	
Balance at 1 January 2016	100,000	(1,745,929,947)	792,323,522	4,790,351,638	(989,254,356)	2,847,590,857
Total comprehensive income for the year	-	295,385,383	73,345,742	(61,480,980)	(45,884,955)	261,365,189
Balance at 31 December 2016	100,000	(1,450,544,564)	865,669,264	4,728,870,658	(1,035,139,311)	3,108,956,047
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
GROUP						
Balance at 1 January 2016	100,000	(1,703,217,673)	832,792,985	4,881,776,627	(989,254,356)	3,022,197,583
Total comprehensive income for the year	-	320,604,239	76,248,293	(60,504,222)	(45,884,955)	290,463,357
Balance at 31 December 2016	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	14,869,682	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

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

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017

	Notes	COMPANY		GROUP	
		2017 G\$	2016 G\$	2017 G\$	2016 G\$
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,781,132,583	1,772,823,767	1,871,507,596	1,864,142,187
Commercial building	13	597,900,000	597,900,000	597,900,000	597,900,000
Deferred tax asset	14	-	-	16,138,535	19,895,101
Intangible assets	23	89,388,291	32,926,411	89,388,291	32,926,411
Investment in subsidiary company		111,863,250	111,863,250	-	-
<u>Other financial assets</u>					
Held to maturity	16(a)	1,043,713,108	880,646,043	1,043,713,108	880,646,043
Available for sale	16(c)	7,101,088,084	5,205,018,030	7,350,553,086	5,440,988,091
Loans & receivables	16(b)	540,882,942	599,848,296	540,882,942	599,848,296
Retirement benefit asset	35	825,632,443	333,186,812	825,632,443	333,186,812
		<u>12,091,600,701</u>	<u>9,534,212,609</u>	<u>12,335,716,001</u>	<u>9,769,532,941</u>
Current assets					
Inventories		5,310,418	5,284,298	5,935,220	5,598,774
Trade and other receivables	19	22,927,560	64,296,062	56,923,727	93,521,495
Accrued interest	20	43,961,388	46,591,699	44,069,315	46,692,683
Tax recoverable		46,863,842	39,480,078	51,578,596	44,194,832
Cash on deposits	21	4,155,869,505	3,790,613,046	4,245,227,527	3,866,441,743
Cash at bank and on hand		2,230,495,343	1,796,361,342	2,261,668,301	1,813,242,157
		<u>6,505,428,056</u>	<u>5,742,626,525</u>	<u>6,665,402,686</u>	<u>5,869,691,684</u>
Total assets		<u>18,597,028,757</u>	<u>15,276,839,134</u>	<u>19,001,118,687</u>	<u>15,639,224,625</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Guarantee capital		100,000	100,000	100,000	100,000
Retained earnings		(538,866,509)	(1,450,544,564)	(444,072,828)	(1,382,613,434)
Exchange difference reserve		(1,065,875,616)	(1,035,139,311)	(1,065,875,616)	(1,035,139,311)
Revaluation reserve		880,843,293	865,669,264	923,910,961	909,041,280
Investment reserve	22	6,614,171,552	4,728,870,658	6,714,670,265	4,821,272,405
		<u>5,890,572,720</u>	<u>3,108,956,047</u>	<u>6,128,732,782</u>	<u>3,312,660,940</u>
Non current liabilities					
Actuarial liabilities	24(a)	6,756,493,727	6,825,391,297	6,756,493,727	6,825,391,297
Deposit administration fund	24(b)	5,441,112,180	4,613,150,787	5,441,112,180	4,613,150,787
Interest bearing borrowings	26	162,505,927	246,092,648	162,505,927	246,092,648
Deferred tax liability		-	-	84,710,919	79,515,842
		<u>12,360,111,834</u>	<u>11,684,634,732</u>	<u>12,444,822,753</u>	<u>11,764,150,574</u>

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

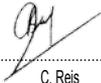
STATEMENT OF FINANCIAL POSITION (CONT'D)
31 DECEMBER 2017

Current liabilities

Insurance contract liabilities		60,719,262	100,494,964	135,469,262	177,401,138
Unpaid claims (net of reinsurance recoveries)	25	158,259,517	179,425,389	180,458,155	198,781,027
Trade and other payables	27	57,441,424	133,404,002	41,711,735	116,306,946
Current portion of interest-bearing borrowings	26	69,924,000	69,924,000	69,924,000	69,924,000
		<u>346,344,203</u>	<u>483,248,355</u>	<u>427,563,152</u>	<u>562,413,111</u>
Total equity and liabilities		<u>18,597,028,757</u>	<u>15,276,839,134</u>	<u>19,001,118,687</u>	<u>15,639,224,625</u>

These financial statements were approved on 12th June, 2018
 On behalf of the Board:


 Director
 M. Solomon


 Director
 C. Reis

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

STATEMENT OF CASH FLOW 31 DECEMBER 2017

	COMPANY		GROUP	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
Cash flow from operating activities				
Profit before taxation	225,624,205	594,839,854	262,604,667	631,667,877
Depreciation	37,512,751	21,156,858	39,936,242	23,410,269
Amorization	33,246,381	32,954,548	33,246,381	32,954,548
Investment income	<u>(479,015,643)</u>	<u>(757,455,371)</u>	<u>(500,033,224)</u>	<u>(777,514,732)</u>
Net cash outflow before changes in operating assets	(182,632,306)	(108,504,111)	(164,245,934)	(89,482,038)
Increase in deposits	(365,256,460)	(430,166,691)	(378,785,785)	(443,172,017)
(Increase) / decrease in receivables				
prepayments & intangible assets	(48,365,879)	(4,192,439)	(53,446,938)	(5,451,858)
(Increase) / decrease in accrued interest	2,630,311	(1,429,318)	2,623,368	(1,436,098)
(Increase) in retirement obligation	1,192,742	(1,709,267)	1,192,742	(1,709,267)
Increase / (decrease) in unpaid claims	(21,165,872)	65,560,380	(18,322,872)	70,457,448
Increase / (decrease) in insurance & actuarial liabilities	109,737,857	(91,948,183)	107,581,683	(87,058,471)
Increase in deposit admin fund	827,961,394	521,310,524	827,961,394	521,310,524
(Decrease) in trade and other payables	<u>(75,962,577)</u>	<u>(260,670,566)</u>	<u>(74,595,210)</u>	<u>(283,517,716)</u>
Cash used in operations	248,139,210	(311,749,671)	249,962,448	(320,059,493)
Taxes paid	<u>(33,179,417)</u>	<u>(28,330,014)</u>	<u>(40,248,007)</u>	<u>(34,383,637)</u>
Net cash used in operating activities	<u>214,959,793</u>	<u>(340,079,685)</u>	<u>209,714,441</u>	<u>(354,443,130)</u>
Investing activities				
Dividend, rent and interest received	458,480,687	587,315,002	479,379,768	607,190,144
Proceeds from sale/redemption of securities	64,111,264	385,871,808	64,111,264	385,871,808
Other income	20,534,957	165,140,368	20,653,457	165,324,587
Purchase of securities	(251,205,710)	(360,613,588)	(251,205,710)	(360,613,588)
Mortgage	3,857,962	4,465,538	3,857,962	4,465,538
Policy loans	55,107,392	24,569,747	55,107,392	24,569,747
Purchase of property, plant & equipment	(45,821,568)	(9,549,435)	(47,301,654)	(10,480,298)
Disposal of property, plant & equipment	-	4,799,856	-	4,799,856
Net cash provided by investing activities	<u>305,064,984</u>	<u>801,999,296</u>	<u>324,602,479</u>	<u>821,127,794</u>

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

STATEMENT OF CASH FLOW (CONT'D)
31 DECEMBER 2017

	COMPANY		GROUP	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
Financing activities				
Loan repayment	<u>(83,586,720)</u>	<u>(78,527,788)</u>	<u>(83,586,720)</u>	<u>(78,527,788)</u>
Net cash used in financing activities	<u>(83,586,720)</u>	<u>(78,527,788)</u>	<u>(83,586,720)</u>	<u>(78,527,788)</u>
Net increase in cash and cash equivalents	436,438,057	383,391,823	450,730,200	388,156,876
Effect of exchange rates	<u>(2,304,056)</u>	<u>(69,687,532)</u>	<u>(2,304,056)</u>	<u>(69,687,532)</u>
Net increase in cash and cash equivalents	434,134,001	313,704,291	448,426,144	318,469,344
Cash and cash equivalents at the beginning of period	1,796,361,342	1,482,657,051	1,813,242,157	1,494,772,813
	<u>2,230,495,343</u>	<u>1,796,361,342</u>	<u>2,261,668,301</u>	<u>1,813,242,157</u>
Represented by:				
Cash at bank and in hand	<u>2,230,495,343</u>	<u>1,796,361,342</u>	<u>2,261,668,301</u>	<u>1,813,242,157</u>

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

NOTES TO THE ACCOUNTS

1 *Incorporation and activities*

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

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

No. of employees

The average number of employees of the Group was 97 (2016 - 105)

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

Effective for the current year

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

New and amended standards

IAS 12 Income taxes	1 January 2017
IAS 7 Disclosure initiative	1 January 2017

IAS 12: Income Taxes

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

The amendments also clarify that:

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

NOTES TO THE ACCOUNTS (CONT'D)

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

IAS 7 Disclosure initiative

The amendments to IAS 7 Statement of Cash Flows respond to investors' requests for improved disclosures about changes in an entity's liabilities arising from financing activities. The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash flows.

Pronouncements effective in future period for early adoption

New and Amended Standards

IAS 40 Transfers of investment property	1 January 2018
IFRS 2 Share based Payment: Classification and measurement of share based transactions	1 January 2018
IFRS 4 Insurance contracts: Applying IFRS 9 "Financial Instrument" with "IFRS 4 "Insurance Contracts"	1 January 2018
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2018
IFRS 9 Additions for Financial Liability Accounting	1 January 2018
IFRS 15 Revenue from Contracts With Customers	1 January 2018
Annual improvements to IFRS 2014-2016	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance contracts	1 January 2021

The Company has not opted for early adoption.

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

IAS 40 Transfers of investment property

The amendments to IAS 40 Investment property amend the state that an entity shall transfer a property to or from investment property when and only when there is evidence of a change in use. A change in use occurs if property meets or ceases to meet the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

NOTES TO THE ACCOUNTS (CONT'D)

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

IFRS 2-Share based payment

The amendment to IFRS 2-Share Based Payment clarifies the classification and measurement of share-based payment transactions. The amendments are as follows:-

- (a) Accounting for cash-settled share-based payment transactions that include a performance condition;
- (b) Classification of share-based payment transactions with net settlement features;
- (c) Accounting for modifications of share-based payment transactions from cash-settled to equity-settled

IFRS 4- Insurance contracts

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

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

IFRS 9-Financial instruments

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

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

The standard contains specific transitional provisions for:

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

IFRS 15: Revenue From Contracts With Customers

This standard provides amendment to clarify how to:

- Identify the contract with the customer
- Determine whether an entity is a principal or an agent

NOTES TO THE ACCOUNTS (CONT'D)

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

- Determine whether the revenue from granting a licence to an entity's intellectual property should be recognize at a point in time or over time.

In addition to clarifications, the amendments include two additional reliefs to reduce cost and complexity for an entity when it first applies IFRS 15

IFRS 16: Leases

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

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.

Annual improvements 2014-2016

The annual improvements to IFRS Standards 2014-2016 cycle contains three amendments related to three standards. The following shows the topics addressed by these amendments:

Standard

IFRS1- First time adoption to IFRS

IFRS 12- Disclosure of interest in other entities

IAS 28-Investments in Associates and Joint Ventures

Subject of amendment

Deletion of short-term exemptions for first time adopters

Clarification of the scope of the Standard

Measuring an associate or Joint Venture at fair value

New and revised interpretations

Available for early adoption

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 23 Uncertainty over Income Tax treatments

Effective for annual periods beginning on or after

1 January 2018

1 January 2019

NOTES TO THE ACCOUNTS (CONT'D)

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

IFRIC 22 Foreign Currency Transactions and Advance Consideration

- There is consideration that is denominated or priced in a foreign currency;
- The entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
- The prepayment asset or deferred income liability is non-monetary

The interpretation committee came to the following conclusion:

- 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.

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.

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.

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies (cont'd)*

(d) **Property, plant and equipment and depreciation**

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

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

Depreciation is 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.

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies (cont'd)*

(e) Foreign currency translation (cont'd)

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

(f) Pension funding

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

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

(g) Charge-ups

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

(h) Deferred tax asset

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

(i) Consolidation

The consolidated accounts incorporate the accounts of Demerara Mutual Life Assurance Society Limited and its wholly 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.

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies (cont'd)*

(j) Intangible assets

Intangible assets are amortised over a period of five years.

(k) Commercial building

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

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

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

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

(l) Inventory

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

(m) Insurance contracts

(i) Short term insurance contracts

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

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

Group Life Insurance contracts protect the Group's members from 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.

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies (cont'd)*

(m) Insurance contracts (cont'd)

(i) Short term insurance contracts (cont'd)

Premiums are shown before the deduction of commissions.

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

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

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

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

Interest sensitive contracts

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

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

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

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

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies (cont'd)*

(m) Insurance contracts (cont'd)

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

(iv) Deposit administration contracts

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

(n) Financial instruments

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

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.

NOTES TO THE ACCOUNTS (CONT'D)

3 *Summary of significant accounting Policies (cont'd)*

(n) Financial instruments (cont'd)

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.

NOTES TO THE ACCOUNTS (CONT'D)

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.

NOTES TO THE ACCOUNTS (CONT'D)

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.

v) Trade receivables and other receivables

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

vi) Ultimate liability arising from claims made under insurance contract

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

NOTES TO THE ACCOUNTS (CONT'D)

5 PREMIUMS

	2017			2016		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
Company						
Life, Health and Annuities Premiums	1,351,202,321	(96,205,553)	1,254,996,768	1,429,350,000	(35,806,362)	1,393,543,638
Group						
Life	1,244,934,775	(96,205,553)	1,148,729,222	1,307,516,317	(35,806,362)	1,271,709,955
Health	106,267,546	-	106,267,546	121,833,684	-	121,833,684
Fire	102,768,631	(58,930,308)	43,838,323	85,504,327	(45,363,083)	40,141,244
Motor	43,625,141	(1,681,450)	41,943,691	36,295,406	(826,024)	35,469,382
	<u>1,497,596,093</u>	<u>(156,817,311)</u>	<u>1,340,778,782</u>	<u>1,551,149,733</u>	<u>(81,995,469)</u>	<u>1,469,154,264</u>

6 INVESTMENT & OTHER INCOME

	Company		Group	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
Interest, dividends and rent	458,480,686	587,315,002	467,454,542	607,190,144
Other income	20,534,957	170,140,369	32,578,682	170,324,588
	<u>479,015,643</u>	<u>757,455,371</u>	<u>500,033,224</u>	<u>777,514,732</u>
Held to maturity				
Bonds & debentures	42,820,388	83,659,866	42,820,388	83,659,866
Available for sale				
Shares & stocks	232,853,209	262,068,394	240,323,946	269,862,823
Loans and receivables				
Policy loans	13,758,134	64,931,922	13,758,134	64,931,922
Mortgage	1,101,216	1,106,422	1,101,216	1,106,422
Other financial assets				
Deposits	83,987,666	78,205,239	85,490,785	79,504,876
Treasury bills	3,853,007	2,808,180	3,853,007	2,808,180
Other Income	<u>100,642,025</u>	<u>264,675,348</u>	<u>112,687,213</u>	<u>275,640,643</u>
	<u>479,015,643</u>	<u>757,455,371</u>	<u>500,034,687</u>	<u>777,514,732</u>

NOTES TO THE ACCOUNTS (CONT'D)

6 INVESTMENT & OTHER INCOME (cont'd)

	Company		Group	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
Other Income				
Rent	76,632,970	72,006,703	76,632,970	82,787,779
Profit sharing income	-	101,219,389	-	101,219,389
Commercial bld revaluation	-	5,000,000	-	5,000,000
Sale of shares	-	21,251,439	-	21,251,439
Others	24,009,054	65,197,817	36,054,242	65,382,036
	<u>100,642,025</u>	<u>264,675,348</u>	<u>112,687,213</u>	<u>275,640,643</u>

7 CLAIMS (net)

	Company		Group	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
Motor	-	-	3,769,900	1,167,767
Fire	-	-	10,200,735	8,935,199
Death	58,187,416	117,821,272	58,187,416	117,821,272
Maturity	97,354,719	150,978,042	97,354,719	150,978,042
Annuities paid	33,692,078	(849,729)	33,692,078	(849,729)
T.D. claims	9,461,129	22,278	9,461,129	22,278
Health claims	51,836,671	55,931,025	51,836,671	55,931,025
Other Claims	1,442,024	470,980	1,442,024	470,980
	<u>251,974,037</u>	<u>324,373,868</u>	<u>265,944,672</u>	<u>334,476,834</u>

8 SURRENDERS

	Company		Group	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
Cash value surrenders	169,417,286	216,630,016	169,417,286	216,630,016
Investment benefit withdrawals	152,898,287	130,367,197	152,898,287	130,367,197
Annuities	76,435	421,255	76,435	421,255
	<u>322,392,008</u>	<u>347,418,468</u>	<u>322,392,008</u>	<u>347,418,468</u>

NOTES TO THE ACCOUNTS (CONT'D)

9 COMMISSION

	Company		Group	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
Life and annuities	97,081,759	83,983,779	97,081,759	83,983,779
Fire	-	-	9,945,460	8,477,743
Motor	-	-	4,099,116	1,965,891
	97,081,759	83,983,779	111,126,335	94,427,413

10 MANAGEMENT EXPENSES

	Company		Group	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
	836,585,595	799,409,766	878,389,517	837,705,130
This includes:				
Employment cost (a)	249,455,333	227,583,478	251,187,833	247,849,649
Repairs and maintenance	15,343,926	13,853,028	15,530,286	16,270,482
Software license & admin Fee	36,779,608	80,085,989	36,779,608	80,085,989
Internet service charge	12,517,659	14,250,239	12,517,659	14,250,239
Utilities	36,696,689	41,940,440	38,184,342	43,439,108
Sales expense	43,825,589	31,794,432	43,825,589	31,794,432
Professional service	23,961,100	19,661,993	23,961,100	19,661,993
Internet & bank charges	35,121,937	40,638,483	35,121,937	40,882,872
Legal fees	389,518	447,464	22,282,660	1,951,822
Facilities	47,444,553	44,219,763	50,220,631	45,928,645
Auditors remuneration	5,428,140	4,718,776	5,428,140	5,579,566
Directors' emoluments (b)	11,195,192	11,329,291	12,927,692	13,105,641
Depreciation	37,512,751	21,156,858	37,512,751	21,156,858
(a) Employment Cost				
Salaries and wages	181,116,185	171,036,317	184,128,549	173,332,943
Other staff costs	68,339,148	56,547,161	67,059,284	74,516,706
	249,455,333	227,583,478	251,187,833	247,849,649

NOTES TO THE ACCOUNTS (CONT'D)

10 MANAGEMENT EXPENSES (cont'd)

	Company		Group	
	2017	2016	2017	2016
	G\$	G\$	G\$	G\$
(b) Chairman- Richard B. Fields S.C (dec'd)	1,480,340	2,114,832	1,757,540	2,510,832
Directors:				
Clifford B. Reis, CCH	1,387,836	1,321,740	1,595,736	1,519,740
Dr. Leslie Chin	1,387,836	1,321,740	1,595,736	1,519,740
Maurice Solomon	1,387,836	1,321,740	1,595,736	1,519,740
Dr. Karen Gordon-Boyle	1,387,836	1,321,740	1,595,736	1,519,740
Louis Holder	1,387,836	1,321,740	1,595,736	1,519,740
Deenwattie Panday	1,387,836	1,321,740	1,595,736	1,519,740
Ronald Burch Smith	1,387,836	1,284,019.00	1,595,736	1,476,369.00
	<u>11,195,192</u>	<u>11,329,291</u>	<u>12,927,692</u>	<u>13,105,641</u>

11 TAXATION

Corporation tax & W/tax (varying rates)	8,587,904	11,005,005	8,587,904	17,058,628
Premium Tax	17,207,748	24,096,712	17,207,748	24,096,712
Deferred Tax	-	-	10,825,156	6,053,623
	<u>25,795,652</u>	<u>35,101,717</u>	<u>36,620,808</u>	<u>47,208,963</u>

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

NOTES TO THE ACCOUNTS (CONT'D)

12 PROPERTY, PLANT AND EQUIPMENT

COMPANY

	<u>Land</u>	<u>Buildings</u>	<u>Furniture, fittings, equipment and motor vehicles</u>	<u>Total</u>	2016 <u>Total</u>
	G\$	G\$	G\$	G\$	G\$
Cost/valuation					
At 1 January	755,099,432	941,134,872	327,394,069	2,023,628,373	2,037,247,931
Exchange differences	12,509,235	20,888,238	1,888,739	35,286,212	(1,572,960)
Revaluation	-	-	-	-	73,943,906
Additions	-	5,238,232	6,756,576	11,994,808	10,967,846
Disposals	-	-	-	-	(41,955,206)
Depreciation transfer	-	-	-	-	(55,003,144)
At 31 December	<u>767,608,667</u>	<u>967,261,342</u>	<u>336,039,383</u>	<u>2,070,909,392</u>	<u>2,023,628,373</u>
Comprising:					
Cost	250,518,307	603,508,409	336,039,383	1,190,066,099	1,212,962,253
Valuation	517,090,360	363,752,933	-	880,843,293	865,669,264
	<u>767,608,667</u>	<u>967,261,342</u>	<u>336,039,383</u>	<u>2,070,909,392</u>	<u>2,023,628,373</u>
Depreciation					
At 1 January	-	-	250,804,607	250,804,607	321,960,793
Exchange differences	-	-	1,459,452	1,459,452	(154,549)
Write back on disposals	-	-	-	-	(37,155,351)
Write back on revaluation	-	-	-	-	(55,003,144)
Charge for the year	-	19,345,227	18,167,523	37,512,751	21,156,858
At 31 December	<u>-</u>	<u>19,345,227</u>	<u>270,431,582</u>	<u>289,776,809</u>	<u>250,804,607</u>
Net book values:					
At 31 December 2017	<u>767,608,667</u>	<u>947,916,115</u>	<u>65,607,801</u>	<u>1,781,132,583</u>	<u>-</u>
At 31 December 2016	<u>755,099,432</u>	<u>941,134,872</u>	<u>76,589,462</u>	<u>-</u>	<u>1,772,823,767</u>

NOTES TO THE ACCOUNTS (CONT'D)

12 PROPERTY, PLANT AND EQUIPMENT COMPANY (cont'd)

GROUP

	Land	Buildings	Furniture, fittings, equipment and motor vehicles	Total	2016 Total
	G\$	G\$	G\$	G\$	G\$
Cost/valuation					
At 1 January	805,099,432	977,834,873	343,049,475	2,125,983,780	2,136,672,475
Revaluation	-	-	-	-	78,115,905
Exchange differences	12,509,235	20,888,238	1,888,739	35,286,212	(1,572,960)
Additions	-	5,238,232	8,236,661	13,474,893	11,898,709
Disposals	-	-	-	-	(41,955,206)
Depreciation transfer	-	-	-	-	(57,175,143)
At 31 December	<u>817,608,667</u>	<u>1,003,961,343</u>	<u>353,174,875</u>	<u>2,174,744,885</u>	<u>2,125,983,780</u>
Comprising:					
Cost	274,118,306	623,540,743	353,174,875	1,250,833,924	1,256,955,385
Valuation	543,490,361	380,420,600	-	923,910,961	854,038,135
	<u>817,608,667</u>	<u>1,003,961,343</u>	<u>353,174,875</u>	<u>2,174,744,885</u>	<u>2,125,983,780</u>
Depreciation					
At 1 January	-	61,167	261,780,426	261,841,594	333,580,035
Exchange differences	-	-	1,459,452	1,459,452	(154,549)
Write back on disposals	-	-	-	-	(37,155,351)
Write back on revaluation	-	-	-	-	(57,838,810)
Charge for the year	-	20,079,228	19,857,016	39,936,244	23,410,269
At 31 December	<u>-</u>	<u>20,140,395</u>	<u>283,096,894</u>	<u>303,237,289</u>	<u>261,841,594</u>
Net book values:					
At 31 December 2017	<u>817,608,667</u>	<u>983,820,948</u>	<u>70,077,981</u>	<u>1,871,507,596</u>	
At 31 December 2016	<u>805,099,432</u>	<u>977,773,706</u>	<u>81,269,049</u>		<u>1,864,142,187</u>

NOTES TO THE ACCOUNTS (CONT'D)

13 COMMERCIAL BUILDING

	Company and Group	
	2017	2016
	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.

	Group	
	2017	2016
	G\$	G\$
14 DEFERRED TAX ASSET		

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

At January 1	19,895,101	25,948,724
Movement for the period	(3,756,566)	(6,053,623)
At December 31	16,138,535	19,895,101

15 MORTGAGES

	Company and Group	
	2017	2016
	G\$	G\$
Guyana	2,780,563	6,374,311
Eastern Caribbean territories	6,213,418	6,477,632
	8,993,981	12,851,943

NOTES TO THE ACCOUNTS (CONT'D)

16 INVESTMENTS

	Company		Group	
	2017	2016	2017	2016
	Fair Value G\$	Fair Value G\$	Fair Value G\$	Fair Value G\$
(a) "Held to Maturity"				
Bonds				
Commonwealth Caribbean Government	1,041,724,422	878,837,036	1,041,724,422	878,837,036
Other Commonwealth Government -				
United Kingdom	1,988,686	1,809,007	1,988,686	1,809,007
	<u>1,043,713,108</u>	<u>880,646,043</u>	<u>1,043,713,108</u>	<u>880,646,043</u>
(b) "Loans & Receivables"				
Policy loans (note 18)	531,888,961	586,996,353	531,888,961	586,996,353
Mortgage (note 15)	8,993,981	12,851,943	8,993,981	12,851,943
	<u>540,882,942</u>	<u>599,848,296</u>	<u>540,882,942</u>	<u>599,848,296</u>
(c) "Available for Sale"				
Guyana - equity	6,178,047,935	4,414,930,085	6,427,512,938	4,650,900,146
- equity	16,003,155	15,696,025	16,003,155	15,696,025
Grenada - equity	393,028,394	273,520,920	393,028,394	273,520,920
Trinidad - equity (i)	514,008,600	500,871,000	514,008,600	500,871,000
	<u>7,101,088,084</u>	<u>5,205,018,030</u>	<u>7,350,553,087</u>	<u>5,440,988,091</u>

(i) The Society held 7,000,000 ordinary shares in Mega Life Insurance Company of Trinidad and Tobago. This resulted from a combination of the portfolio of Demerara Life Assurance Company of Trinidad and Tobago and GTM Life Insurance Company of Trinidad and Tobago Limited. A court decision was finalised in 2010 regarding the formation of Mega Life Insurance which resulted in the reversal of the merger and the company's previous holding in Demerara Mutual Life of Trinidad and Tobago of 40% was reinstated. With this court decision, the Society has to decide on whether it would sell or retain its ownership in Demerara Life Demerara Life Assurance Company of Trinidad and Tobago

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

NOTES TO THE ACCOUNTS (CONT'D)

17 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) or indirectly (i.e derived from prices).

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

The following table provides analysis of the fair value measurement hierarchy of the Company and Group assets and liabilities

Assets carried at fair value	2017		
	Level 2 G\$	Level 3 G\$	Total G\$
Available for sale investments	6,836,544,487	514,008,600	7,350,553,087
Commercial building	597,900,000	-	597,900,000
Property, plant and equipment	<u>1,801,429,614</u>	<u>70,077,981</u>	<u>1,871,507,596</u>
	2016		
	Level 2 G\$	Level 3 G\$	Total G\$
Available for sale investments	4,940,117,091	500,871,000	5,440,988,091
Commercial building	597,900,000	-	597,900,000
Property, plant and equipment	<u>1,782,873,138</u>	<u>81,269,049</u>	<u>1,864,142,187</u>

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\$ 1,290,542,460 (2016- G\$1,256,955,385)

NOTES TO THE ACCOUNTS (CONT'D)

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	2017		IFRS 13 Level	2016	
		Carrying Value	Fair Value		Carrying Value	Fair Value
		G\$	G\$		G\$	G\$
Assets						
Investments						
Held to Maturity	2	1,043,713,108	1,043,713,108	2	880,646,043	880,646,043
Loans and Receivables	2	540,882,942	540,882,942	2	599,848,296	599,848,296
Trade and other receivables	2	22,927,560	22,927,560	2	64,296,062	64,296,062
Retirement benefit asset	2	825,632,443	825,632,443	2	333,186,812	333,186,812
Deposits	2	4,155,869,505	4,155,869,505	2	3,790,613,046	3,790,613,046
Accrued Interest	2	43,961,388	43,961,388	2	46,591,699	46,591,699
Tax recoverable	2	46,863,842	46,863,842	2	39,480,078	39,480,078
Cash on Hand and at Bank	1	2,230,495,343	2,230,495,343	1	1,796,361,342	1,796,361,342
		<u>8,910,346,131</u>	<u>8,910,346,131</u>		<u>7,551,023,378</u>	<u>7,551,023,378</u>
Liabilities						
Unpaid Claims (net of reinsurance recoveries)	2	158,259,517	158,259,517	2	179,425,389	179,425,389
Actuarial liabilities	2	6,756,493,727	6,756,493,727	2	6,825,391,297	6,825,391,297
Deposit administration fund	2	5,441,112,180	5,441,112,180	2	4,613,150,787	4,613,150,787
Trade and other payables	2	118,160,686	118,160,686	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	162,505,927	162,505,927	2	246,092,648	246,092,648
		<u>12,706,456,037</u>	<u>12,706,456,037</u>		<u>12,167,883,087</u>	<u>12,167,883,087</u>
Group						
		2017			2016	
		Carrying Value	Fair Value		Carrying Value	Fair Value
		G\$	G\$		G\$	G\$
Assets						
Investments						
Held to Maturity	2	1,043,713,108	1,043,713,108	2	880,646,043	880,646,043
Loans and Receivables	2	540,882,942	540,882,942	2	599,848,296	599,848,296
Trade and other receivables	2	56,923,727	56,923,727	2	93,521,495	93,521,495
Deposits	2	4,245,227,527	4,245,227,527	2	3,866,441,743	3,866,441,743
Retirement benefit asset	2	825,632,443	825,632,443	2	333,186,812	333,186,812
Accrued Interest	2	44,069,315	44,069,315	2	46,692,683	46,692,683
Tax recoverable	2	51,578,596	51,578,596	2	44,194,832	44,194,832
Cash on Hand and at Bank	1	<u>2,261,668,301</u>	<u>2,261,668,301</u>	1	<u>1,813,242,157</u>	<u>1,813,242,157</u>
		9,069,695,959	9,069,695,959		7,677,774,061	7,677,774,061
Liabilities						
Unpaid Claims (net of reinsurance recoveries)	2	180,458,155	180,458,155	2	198,781,027	198,781,027
Actuarial liabilities	2	6,756,493,727	6,756,493,727	2	6,825,391,297	6,825,391,297
Deposit administration fund	2	5,441,112,180	5,441,112,180	2	4,613,150,787	4,613,150,787
Trade and other payables	2	177,180,997	177,180,997	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	<u>162,505,927</u>	<u>162,505,927</u>	2	<u>246,092,648</u>	<u>246,092,648</u>
		<u>12,787,674,986</u>	<u>12,787,674,986</u>		<u>12,247,047,843</u>	<u>12,247,047,843</u>

NOTES TO THE ACCOUNTS (CONT'D)

17 FAIR VALUE ESTIMATION (cont'd)

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.

18 POLICY LOANS

	Company and Group	
	<u>2017</u>	<u>2016</u>
	G\$	G\$
Guyana	52,974,030	56,376,269
Eastern Caribbean Territories	797,044,371	840,939,050
	<u>850,018,401</u>	<u>897,315,319</u>
Policy Loans Provision (i)	<u>318,129,440</u>	<u>310,318,966</u>
	531,888,961	586,996,353
(i) Loans Provision		
Opening Balance	310,318,966	310,661,865
Exchange rate differences	7,810,474	(342,899)
Closing Balance	<u>318,129,440</u>	<u>310,318,966</u>

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Company		Group	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	G\$	G\$	G\$	G\$
Prepayments	5,126,241	6,520,842	5,126,241	6,520,842
Loans and advances	34,719,104	31,597,750	34,719,104	31,597,750
Other receivables	28,326,363	70,313,211	133,791,082	171,007,196
Provision for bad debt (i)	<u>(45,244,148)</u>	<u>(44,135,741)</u>	<u>(116,712,700)</u>	<u>(115,604,293)</u>
	<u>22,927,560</u>	<u>64,296,062</u>	<u>56,923,727</u>	<u>93,521,495</u>

NOTES TO THE ACCOUNTS (CONT'D)

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Company		Group	
	2017 G\$	2016 G\$	2017 G\$	2016 G\$
(i) Provision for impairment (individually assessed)				
Balance as at 1 January	44,135,741	27,534,820	115,604,293	99,003,372
Increase during the year	<u>1,108,407</u>	<u>16,600,921</u>	<u>1,108,407</u>	<u>16,600,921</u>
Balance as at 31 December	<u>45,244,148</u>	<u>44,135,741</u>	<u>116,712,700</u>	<u>115,604,293</u>

21 CASH ON DEPOSIT

	Company	Company	Group	Group
	2017 G\$	2016 G\$	2017 G\$	2016 G\$
Guyana	1,621,601,629	1,470,402,603	1,710,959,651	1,546,231,300
Grenada	1,388,356,725	1,224,121,604	1,388,356,725	1,224,121,604
St Lucia	658,247,849	627,795,978	658,247,849	627,795,978
London	228,325,932	207,603,780	228,325,932	207,603,780
St Vincent	<u>259,337,370</u>	<u>260,689,080</u>	<u>259,337,370</u>	<u>260,689,080</u>
	4,155,869,505	3,790,613,045	4,245,227,527	3,866,441,742

These are short term deposits with varying rates ranging from 0.01% to 5.00%
(2016 - 0.01% to 5.00%)

22 INVESTMENT RESERVE

This represents fair value gains on the revaluation of investments

	Company		Group	
	2017 G\$	2016 G\$	2017 G\$	2016 G\$
At January 1	4,728,870,658	4,790,351,638	4,821,272,405	4,881,776,627
Adjustments	<u>1,885,300,894</u>	<u>(61,480,980)</u>	<u>1,893,397,860</u>	<u>(60,504,222)</u>
At December 31	6,614,171,552	4,728,870,658	6,714,670,265	4,821,272,405

NOTES TO THE ACCOUNTS (CONT'D)

23 INTANGIBLE ASSET

	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
At 1 January and 31 December	89,388,291	32,926,411	89,388,291	32,926,411
Amortization				
Charges for the year	<u>33,246,381</u>	<u>32,954,548</u>	<u>33,246,381</u>	<u>32,954,548</u>
At 31 December	33,246,381	32,954,548	33,246,381	32,954,548

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

24(a) ACTUARIAL LIABILITIES

	<u>Company and Group</u>	
	<u>2017</u>	<u>2016</u>
	G\$	G\$
Balance at beginning	6,825,391,297	6,687,189,767
Changes in actuarial liabilities	(218,411,130)	144,377,891
Exchange rate differences	149,513,560	(6,176,361)
	<u>6,756,493,727</u>	<u>6,825,391,297</u>

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

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

24(b) DEPOSIT ADMINISTRATION FUND

	<u>Company and Group</u>	
	<u>2017</u>	<u>2016</u>
	G\$	G\$
Balance at beginning	4,613,150,787	4,091,840,263
Contributions received plus interest	1,369,223,423	680,325,045
Refund of contributions, claims & benefits	(43,693,961)	(157,924,307)
Effect of exchange rate	<u>(497,568,069)</u>	<u>(1,090,214)</u>
	5,441,112,180	4,613,150,787

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.

NOTES TO THE ACCOUNTS (CONT'D)

25 CLAIMS UNPAID

	Company		Group	
	2017 G\$	2016 G\$	2017 G\$	2016 G\$
Claims unpaid	183,359,517	179,425,389	220,193,347	213,416,219
Reinsurance recoveries	(25,100,000)	-	(39,735,192)	(14,635,192)
	<u>158,259,517</u>	<u>179,425,389</u>	<u>180,458,155</u>	<u>198,781,027</u>

26 INTEREST BEARING BORROWINGS

	CITIZENS BANK	GBTI LOAN	Company and Group	
			2017	2016
			G\$	G\$
At 1 January	162,615,782	153,400,866	316,016,648	394,544,436
Repayments during the year	<u>(41,248,255)</u>	<u>(42,338,465)</u>	<u>(83,586,720)</u>	<u>(78,527,788)</u>
At 31 December	121,367,527	111,062,401	232,429,927	316,016,648
Repayment due within one year	36,324,000	33,600,000	69,924,000	69,924,000
Repayment due within two to five years	<u>85,043,527</u>	<u>77,462,401</u>	<u>162,505,927</u>	<u>246,092,648</u>
	121,367,527	111,062,401	232,429,927	316,016,648

Citizens Bank Loan

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

GBTI Loan

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

NOTES TO THE ACCOUNTS (CONT'D)

27 TRADE AND OTHER PAYABLES

	COMPANY		GROUP	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	G\$	G\$	G\$	G\$
Current liabilities				
Trade and other payables	48,763,088	126,908,537	33,033,399	109,811,481
Accruals	3,756,523	1,557,053	3,756,523	1,557,053
Claim option deposits	375,401	372,320	375,401	372,320
Premiums paid in advance	4,546,412	4,566,092	4,546,412	4,566,092
	<u>57,441,424</u>	<u>133,404,002</u>	<u>41,711,735</u>	<u>116,306,946</u>

28 RELATED PARTY TRANSACTIONS

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

NOTES TO THE ACCOUNTS (CONT'D)

NOTES TO THE ACCOUNTS (CONT'D)