

# 2019 Annual Report





## ANNUAL REPORT **2019**

*I'm With Dem!*

### **Our Vision:**

To develop, promote and sustain  
a customer-focused organisation

### **Our Mission:**

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

# ANNUAL REPORT 2019

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**HEAD OFFICE**

61 & 62 AVENUE OF THE REPUBLIC & ROBB STREET  
GEORGETOWN, GUYANA  
TEL: (592) 225 8991-3  
FAX: (592) 225 8994-5  
CORPORATE@DEMERRARAMUTUAL.COM

**CLARKE'S AGENCIES**

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AND ROBB STREET  
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EAST COAST DEMERRARA, GUYANA  
TEL: (592) 221 2276/2061  
FAX: (592) 221 2283  
MAHAICONY@DEMERRARAMUTUAL.COM

**MC PHERSON'S UNIT**

63 AVENUE OF THE REPUBLIC & ROBB STREET  
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**LINDEN OFFICE**

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**BERBICE SALES OFFICE**

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NEW AMSTERDAM,  
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**GRENADA****GRENADA BRANCH OFFICE/  
SALES OFFICE**

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**ROBERTS SALES OFFICE  
DEMERRARA MUTUAL OFFICE**

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GRENADA  
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**TAPPIN'S SALES OFFICE**

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65 GRENVILLE STREET  
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**DEMERARA FIRE  
& GENERAL**



**DFG OFFICES**

**HEAD OFFICE:**

DEMERARA FIRE & GENERAL INSURANCE COMPANY LIMITED  
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**BRANCH OFFICES:**

LOT 4 WAPPING LANE  
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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 128th Annual General Meeting of members of Demerara Mutual Life Assurance Society Ltd will be held Virtually via Zoom Meeting Portal from its premises 63 Robb Street, Georgetown, Guyana, on Friday 25th September 2020 at 3.00 p.m.

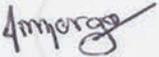
If any member desires to bring any matter before the meeting, he/she should, no later than fourteen (14) days before the 25th September 2020 deliver to the Society's Home Office, a statement in writing in the form of a motion setting forth specifically, such matter.

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 2019 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  
4th September 2020



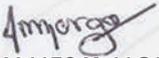
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**AGENDA**

1. To approve resolution authorising the holding of a virtual 128th annual general meeting due to the restrictions of the Covid 19 Emergency Measures imposed by the Guyana Government under the Public Health Ordinance Cap 145.
2. To receive and consider the Reports of the Directors, the Accounts for the year ended 31st December, 2019 and the report of the Auditors thereon.
3. To elect Directors.
4. To fix the remuneration of the Directors.
5. To elect Auditors and fix their remuneration.
6. To approve an appropriation for donations to charity and for educational purposes.

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  
18th September 2020

# Corporate Information

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

**REGISTERED OFFICES:**

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

**REASSURERS:**

Hannover Ruck SE  
Karl-Wiechert-Allee 50  
30625 Hannover, Germany

**AUDITORS:**

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

**ACTUARY:**

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

**BANKERS:**

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

**Republic Bank (Guyana) Limited**

38-40 Water Street  
Georgetown, Guyana

**Citizens Bank Guyana Inc.**

231 -233 Camp Street  
Georgetown, Guyana

**Bank of Nova Scotia**

104 Carmichael Street  
North Cummingsburg  
Georgetown, Guyana

**ATTORNEYS-AT-LAW:**

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

## Chairman's Report



Dear Policyholders, the end of year 2019 marks the 128th year for the Demerara Mutual Life in Guyana. This achievement affirms the strength and stability of Demerara Mutual and of which all policyholders should be proud.

While we are all still trying to grapple with the current unprecedented 2020 disaster of the COVID 19 Pandemic, I can say that the year 2019 has been a fair one for the Society. This was evidenced from its audited 2019 financial results. The entire Dem Life Team in my view responded well during the year under review to the many challenges and opportunities in an insurance environment that has been transformed by new and ongoing

regulations. Every effort was made to ensure that our reputation and position as a leading Insurance Provider in Guyana, Grenada, St Lucia and St Vincent was sustained and we are pleased that this was achieved.

Undoubtedly however, the COVID 19 pandemic, Guyana's volatile political climate and the worldwide economic challenges, are expected to most certainly have serious negative impacts on the Society's 2020 financial performance. We have been reviewing many of our plans and objectives and making such necessary changes to respond to these adverse developments to cushion the decline and sustain profitability.

I wish to express my profound thanks to all our employees and agents who have adapted to the challenges of this year to date. Our continued resilience and adaptability to the needs of policyholders and the communities we serve remains critical for as these unique circumstances exist.

### Global Economy

The world economic outlook projected the growth rate for 2019 to be 3% compared to 3.5% in 2018. In the Eastern Caribbean territories where we have a presence, i.e. Grenada, St Lucia and St Vincent, the 2019 average growth rate projected at 2% compared to 1.4% in 2018. The Guyana growth rate was projected at 4.6% compared to 4.1% for 2018. The Oil Industry brings to Guyana's Economy the expectation of

# Chairman's Report

wealth creation and significant changes in the country's economic and social sectors. The major drop in oil prices as a result of the COVID 19 Pandemic would now result in a delay and reduction of this benefit.

## Financial Performance

**Total revenue** for 2019 was \$2.14B compared to \$1.77B in 2018 which was a 20% increase. The contributions by territory were Guyana - \$849M (40%), Grenada - \$689M (31%), St Lucia - \$357M (17%) and St Vincent - \$249M (12%). The net result for 2019 was a surplus of \$186.8M. This is a reversal of the 2018 results which was a deficit of (\$29.5M).

**Investment income** was \$550M, a 16% increase compared to the \$473M achieved in 2018. The Company is reviewing its investment strategies given the investment climate that exists to achieve better investment returns.

The limited investment opportunities in the places where we do business and Regulators' restrictions regarding overseas investment where statutory fund assets should be invested, are measures that restrict the Society's investments flexibility for higher returns.

**Management expenses** totaled \$827.3M, a 1% increase when compared to the 2018 figure of \$820.2M. We are continuing in our efforts to greater control our expenses to achieve lower expense ratios without compromising on our efficiency and the services offered to our clients.

**Claims paid** totaled \$660M, a 3% increase when compared to the \$635M claims paid in 2018. We continue to honour our commitment for prompt payment of claims and pride ourselves on being an industry leader in this regard.

## Regulations

The regulatory environment of the insurance industry has been constantly changing over the years with the introduction of several new standards, which resulted in major changes in the way we do business to better serve our policyholders and protect their interests. The Society remains committed to working closely with the Regulators in all the territories where we operate to attain and maintain full compliance with all regulatory requirements.

The Board of Directors and Management as is now required, is developing for implementation of an enterprise risk management framework that will outline our risk governance approach for identifying, assessing, managing, monitoring and reporting risks. These processes will support risk-based decision making which will in-turn aid in determining new opportunities to be pursued.

# Chairman's Report

The finalisation of the proposed Insurance and Pensions Bill for the Organisation of Eastern Caribbean States is still under consideration for legislative approval later this year. The draft Act intends to replace and consolidate the individual Insurance Acts within the Eastern Caribbean territories where we operate. As mentioned last year, the Society has commenced taking steps to address the new regulatory provisions when implemented.

The Society also is working closely with the Regulators for its compliance with the New Standard as set out in IFRS 17 dealing with Corporate Governance and Insurance Accounting. This is the new regulation which requires many changes to the methods used for financial reporting.

## Information Technology

Our "Gone Green" mission we continue to pursue commencing with the scanning and storing of documents using our Document Management System. Our IT infrastructure is being upgraded bringing the benefit of increased security of our database.

## Marketing

The Society's individual life sales performance in 2019 totaled \$191.2M representing a 1% increase over the previous year achievement of \$190.1M. The marginal improvement in the individual sales was as a result the turnover of agents in the Eastern Caribbean territories. The best performing territories for individual life sales were Grenada and St Lucia. The best performing sales office was the Clarke's Agency, with an achievement of 122% of their annual sales quota.

The Society's Group premiums from all product lines totaled \$171.1M, a decrease of 17.5% compared to the 2018 performance of \$207.4M. The decline was primarily due to regulatory restrictions in the medical insurance business in Guyana, a situation which was resolved in January 2020. The performance of group pension improved in 2019 with pension contributions amounting to \$744.8M compared to \$444M in 2018, a 40.4% increase. The total value of pensions under management by the Society is now \$6.1B.

The Society has been strengthening its training programmes for our sales personnel and supporting staff to improve on the gains made in 2019. We assure of new and improved product lines to enhance our competitiveness in 2020 and beyond.

## Corporate Governance

Your Board and Management do recognize its role for the adoption of the best practices for managing the Society's Operations consistent with the Corporate Governance guidelines. These governance principles guide the way we do business and defines the relationship between the Society's Board of Directors, Management, policyholders. We maintain our commitment to transparency; accountability, disclosures and integrity and which were in no way compromised.

# Chairman's Report

## Fire Company Subsidiary

The Demerara Fire & General Insurance Company Ltd, the sole subsidiary of the Life Company, has generated total revenue of \$132.9M which was an 8% increase when compared to the 2018 revenue of \$122.2M.

The profit after tax was \$41.8M, a 63% increase when compared to the \$25.6M achieved in 2018.

Claims paid totaled \$13.1M. This was a 59% decrease when compared to the \$21.9M paid in 2018. We are proud of our reputation as being the number one company for the prompt settlement of claims.

## Conclusion

I conclude by expressing my heartfelt gratitude to you the policyholders for remaining committed to Demerara Mutual, a Society with a family tradition and which treats your insurance and financial needs with the greatest of importance.

To management and staff, and members of the Sales Force, it has been a pleasure working with you to ensure you had the needed support and tools to enable you to fulfill your responsibilities and perform to the best of your abilities. I convey to you all my deepest appreciation for dedication resulting in the Society's satisfactory performance in 2019.

To my fellow Directors, I thank you for your invaluable contribution to ensuring the Society's positive response to the many challenges and opportunities that confront us at this time as we forge ahead to fulfill our obligations to policyholders and remain viable and compliant with the insurance regulations.

Thank You,  
**Ronald Burch-Smith,**  
**CHAIRMAN**

## Chief Executive Officer's Report



Dear Policyholders, it is indeed a distinct privilege in this the second year as Chief Executive Officer to share with you on the 2019 journey of the Society and its subsidiary, Demerara Fire & General Insurance Co Ltd.

This year was marked with our greater efforts and focus on improving the service and products we offer to better meet your current financial needs given the many economic and regulatory changes experienced by the financial sector. This concomitant effect and our managing of expenses have resulted in an increase in revenue in Life Insurance premium income which is our core business and investments.

We are delighted to be able to better provide you the needed insurance services with much ease, comfort

and at a reduced cost given our enhanced technology and real time service.

We are very pleased to inform you that in January 2020 we finally received approval of our Regulators for the sale of Health Insurance products and have also obtained our Licence for the sale of Accident and Liability, and Marine and Aviation Products.

We have already experienced a positive impact of this Licence which confirms our confidence of maintaining our position as one of the leading insurance providers in a small but very competitive insurance environment.

Product development to ensure that your financial needs are not compromised due to economic changes continues to be a priority. There are new products which we are hoping to introduce in the current year and which we are sure will be very beneficial to you and at a minimal cost.

We remind that our rates are very competitive and ask that any thought for change should be discussed to confirm that a decision to remain with Demerara Fire is a right one. More so, since we boast being the number one when it comes to the settlement of claims and a service that is prompt and efficient. We remind that Corporate Clients and families can enjoy higher discount rates.

Due to the Corona virus Pandemic and the post elections issues in Guyana we are cautiously optimistic about our 2020 financial performance and assure that the Society is doing everything in its power to mitigate the possible loss in revenue in the year 2020 and beyond. We assure that all precautions are being taken to ensure the safety and wellbeing of our staff, agents and policyholders.

## Chief Executive Officer's Report

### MARKETING

The Society's individual life sales performance in 2019 totaled \$ 191.2 million representing a 1% increase over the previous year achievement of \$ 190.1 million. The marginal improvement in the individual sales came as result of set-backs in certifying agents due to the unavailability of any certifying programme for the entire year of 2019 and the high turnover of agents in the Eastern Caribbean territories of St Lucia and St Vincent. The best performing territories for individual life sales were Grenada and St Lucia. However, the best performing Agency was the Clarke's Agency, with an achievement of 122% of their annual sales quota.

The company Group premiums from all product lines amounted to \$171.1 million; this represented a decrease of 17.5% from the 2018 performance of \$207.4 million. The decline was primarily due to the Society not having the necessary clearance to market medical insurance in Guyana. The performance of group pension improved in 2019 with pension contributions received amounting to \$744.8 million compared to \$444 million in 2018, representing a 40.4% increase.

The performance of the Society sales force has shown minor improvements despite the high turnover in personnel in the Eastern Caribbean. To improve on the gains made in 2019 the Society will be strengthening its training programmes for insurance sales personnel and supporting staff. Also the Society plans to introduce new life insurance products and a new health plan to the market in 2020 coupled with improvements in our internal procedures that will enhance our competitiveness in 2020 and beyond.

We continue to operate in a most competitive Insurance Business environment with each competitor striving to increase its market share through primarily reduced rates. We assure through our prudent management and control of expenses, we are able to offer you a variety of products at very competitive rates and quality service of which we are most satisfied with.

With the approval for our sale of health insurance and licence for the subsidiary to sell liability and marine insurance, we are very proud that we can now offer you any type of insurance for the security of your financial future.

### INSURANCE OPERATIONS

#### Customer Retention

Our Customer Care Team is organized in three functional areas, i.e., Frontline, Back office and Premium Processing. Our team of courteous and dynamic Customer Care Representatives caters for all of our customers' needs with our goal being to "Surpass Our Customers' Expectations..." We process transactions relating to financial and non financial aspects of the ordinary life portfolio which includes but is not limited to loans, withdrawals, surrenders, claims, assignments, matures and endorsements.

Below is a snapshot of our transaction processing in 2019:

## Chief Executive Officer's Report

### 2019 Requests



### Transactions 2019

Withdrawals	1775
Claims	3139
Loans	299
Surrenders	336
Matures	313
Others	1609

### Conservation

We understand the importance of securing your Insurance needs with DEMLIFE. Towards this end our Conservation Unit has been very active in reminding policyholders of their obligation to keep their policies active and for those in default to advise and or assist in reactivating the lapsed policies. At the end of December 2019, 823 policies were reinstated with an annual premium of \$237.3M and total life coverage of \$5.3B.

**Group Life and Group Creditors** premium income for 2019 totaled \$201M, resulting in a 45% increase over the previous year of \$137.8M. This increase is due mainly to increase in sums assured and new members. We closed the year with a total of 6,257 members for this line of business.

**Group Pension** contributions received for 2019 amounted to \$694M in comparison to 2018 of \$544M. Our portfolio size increased from 4,634 members for year 2018 to 5,211 at the end of year 2019 with 24 Corporate Clients.

**Group and Individual Health** accounted for \$68.5M in premiums of which \$44M was paid in claims to our individual policyholders and group members. We closed the year with a claims ratio of 64%.

### CALL CENTER

The Call Centre is mainly responsible for receiving and answering queries on our Products (Life/Motor/Fire/Pension/Health) and to ensure our customers' queries are resolved satisfactorily and in a timely manner. Since the Society has Gone Green, we have been communicating with our policyholders via email, mobile numbers and Whatsapp. Our stakeholders (Bankers/Lending Institutions) now have easy access to our customer portal, where they can view their clients' information online. Our Policyholders, with email addresses benefit from this feature also, and can access loans/withdrawals using this feature (Web Withdrawals/Loans)

### TRAINING

Training of our administrative staff and agents continue to be of high import for the Society. During the year 2019 Internal and External training were conducted in the areas of Product Knowledge, Customer Service and Anti Money Laundering procedures and policies (AML).

## Chief Executive Officer's Report

### FINANCIAL PERFORMANCE

The Company's financial performance for 2019 was better than that for 2018 and this was due to more prudent management, control of expenses and greater efforts by members of the Sales Team in each of the territories where we operate.

**Revenue:** Total revenue was \$2.14B compared to \$1.77B in the previous year, a 20% increase.

**Premium:** Premium income was \$1.59B compared to \$1.29B in the previous year, a 23% increase.

**Investment:** Investment income was \$550M compared to \$473M in 2018, a 16% increase.

**Total Expenses:** This amounted to \$1.64B compared to \$1.61B in 2018 a 1% increase.

**Management Expenses:** Management expenses totaled \$827.3M compared to \$820.2M for the previous year, a 1% increase.

**Claims:** Claims totalled \$659M, an increase of 4% when compared to the previous year figure of \$635M.

**Valuation:** The 2019 Valuation informs of a policy liability of \$13,455,036,546: for the Society's long term insurance business.

### HUMAN RESOURCES

Our Human Resources Department is committed to providing human resource management that promotes competence, impartiality, integrity, respect, and service. The department plays a critical role in helping the Society achieve business results through its focus on people while providing the specific tools and processes to facilitate such services.

While the front-line department focuses largely on delivering services to our policy holders, the Human Resources Department mandate is to provide services related to staff recruitment and development, employee compensation and classification, labour relations (including collective bargaining), pensions and benefits administration. In this way, the department supports the workforce to drive the Society's strategic objectives and goals.

In our pursuit of maintaining a green Society, in 2019 the Company invested in a user friendly Human Resource Management Software System (HRIS) that includes a biometric tool. This software can be used to track all staff details, time and leave management, staff recruitment, appraisals and management of human resource procedures while significantly reducing the use of paper and improving our carbon footprint.

The Human Resources Department will continue to implement responsive programs that enable us to support and invest in our greatest resource, our people in 2020 and beyond.

## Chief Executive Officer's Report

### INFORMATION SYSTEMS

As we move forward with the upgrading of our IT infrastructure, we are currently working on the following:

- Digitizing all our documents, beginning from the recent ones and working through to the older documents while the new ones are done immediately upon receipt. As a company that is more than one hundred years old, you would understand that we have a massive amount of what we refer to as historical documents, which we would like to preserve.
- Upgrading of all network cabling beginning at Head Office before moving on to our branches.
- We have upgraded our security camera surveillance system at Head Office
- Begun the process of upgrading security for our servers and databases to safeguard from risk of any disaster or cyber-attack.
- We have installed and are using a new Human Resource System that includes a biometric check in and checkout module for staff at our Head Office.
- Completed system conversion to a new Administration System for the Demerara Fire & General Co and are almost through with the testing for Property and Motor processing

### REGULATORY MATTERS

The Insurance Act 2016 (Guyana) has become effective and the Regulator has been working closely with the industry to implement the corporate governance and risk management provisions which the new Act stipulates. The requirements of the new provisions have been treated by management with the greatest of importance since it will require some level of readjustment in our traditional business procedures which will now have to be aligned with the new standards being introduced.

We are committed to adopting best practice governance processes that will ensure quality management of our operating procedures to create long-lasting value to the satisfaction of our policyholders. In addition, the implementation of an enterprise risk management framework will ensure that we maintain sound internal risk management systems and controls so that our policyholders will have confidence in our operations.

We await the implementation of the new Insurance and Pensions Legislation for the Organisation of Eastern Caribbean States (OECS), which is yet to be finalised. The draft Bill for this Act may be considered for legislative approval later this year (2020). We are continuing to analyse the proposed provisions of the legislation that will impact our operations in the territories we operate and will take appropriate steps to address the new measures when implemented.

## Chief Executive Officer's Report

Our AML/CFT policy and procedures remain an integral part of our compliance programme, which will continue to be strengthened to ensure compliance with regulatory requirements and reflective of best practices.

New insurance Regulations have been an ongoing process requiring significant changes to the way insurance business is being conducted in Guyana and the other territories where we do business, namely, Grenada, St Lucia and St Vincent. These new 'measures' while they would ensure that we conform to international standards would enable us to be more competitive in a changing economic environment, in particular Guyana, with the new Oil & Gas sector.

### DEMERARA FIRE & GENERAL

We are happy to report that we have now obtained regulatory approval for the sale of Liability and Health Insurance Products. We have also been licensed to sell Accident & Liability and Marine & Aviation Products. These approvals are very significant for the Company as they make the Demerara Mutual and its subsidiary Fire Company a one stop shop for all types of insurance products and would result in a significant positive financial impact in our 2020 performance.

This has now placed the Society in a most strategic position for greater growth and to be able to meet all of the insurance needs of its policyholders.

### Revenue

**Total Net Revenue** for the year was \$132.9M compared to \$122.2 M in 2018 which was an 8% increase. The gross premium income revenue was \$177.8M compared to \$166.8M, a 6% increase.

**Profit** Total after tax profit was \$41.8M compared to \$25.6M in 2018. This was a 63% increase.

**Expenses** Expense for 2019 totalled \$75.6M compared to \$86M in 2018, 13% reduction.

**Automation** The automation of the service offered by the Fire Company is to better serve you, the policyholders.

### CONCLUSION

My sincere thanks to the members of my Management Team and staff, both office and field, in each territory where we operate, namely, Guyana, Grenada, St Lucia and St Vincent. Your dedication, commitment and going beyond the call of duty to ensure the Society's plans, objectives and goals were realized, notwithstanding the challenging encounters, are specially recognized.

I also would like to express my sincerest appreciation to the Chairman and Board of Directors for the support and guidance they have given me during the year to ensure that I did not vary from the path towards a more efficient and profitable Operation.

Finally to you the policyholders, special thanks for placing your insurance business with The Demerara Mutual and its subsidiary, Demerara Fire & General to satisfy your insurance needs. We remain committed to ensuring that you have a service that is second to none.

**Melissa De Santos**  
**CHIEF EXECUTIVE OFFICER**

# MEET OUR BOARD OF DIRECTORS



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



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



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



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



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



**Deenawati Panday, L.L.B.**  
Director



**Dr Arron Fraser, PhD**  
Director

# MEET OUR MANAGEMENT TEAM



**Melissa De Santos**  
Chief Executive Officer



**James Morgan**  
Company Secretary



**Kezia Mc Donald-Eleazer**  
Finance Controller



**Clarence Perry**  
Marketing Manager



**Sean Seaton**  
Chief Risk & Compliance Officer



**Orlean Charles**  
Insurance Operations Manager

# Director's Report

The Directors have the pleasure to submit to you their report for the financial year ended 31st December 2019.

## 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 2019 is as follows:

	2019	2018
Revenue	2,144,351,777	1,765,838,524
Net Loss after taxation	186,764,148	(29,450,559)
Total Comprehensive income/(loss)	2,509,302,903	6,155,871,237
Total Assets	28,392,107,434	25,107,316,777
Total Liabilities	13,998,248,614	13,222,760,860

## APPOINTMENT OF DIRECTOR

The Board appointed Dr Mahendra Carpen to the Board of Directors effective 20th May 2019 to fill the vacancy left with the resignation of Dr Karen Boyle. Dr Carpen is Consultant Cardiologist at the Caribbean Heart Institute. He is also a Consultant Cardiologist, Head of Internal Medicine, Co-Director, Guyana Partnership for Advanced Cardiovascular Care and Chairman, Cardiac Services Committee at the Georgetown Public Hospital. Dr Carpen holds the position of Director of Electrophysiology at the St Clair Medical Center, Trinidad.

## DIRECTORATE

The Directors who retire by rotation are Mr. Clifford B Reis, Dr Mahendra Carpen and Dr Leslie Chin. These Directors are eligible and offer themselves for election.

## DIRECTORS' EMOLUMENTS

The emoluments paid to the Society's Directors' for the year 2019 were as follows:

	2019	2018
Mr Ronald Burch-Smith		
Mr. Clifford B. Reis, C.C.H.	2,424,876	1,924,450
Dr. Leslie Chin, CCH	1,515,516	1,457,229
Mr. Maurice Solomon	1,515,516	1,457,229
Ms Deenawati Panday	1,515,516	1,457,229
Dr Aaron Fraser	1,515,516	1,457,229
Dr Mahendra Carpen	1,595,417	0
	884,007	0

## DIRECTORS' INTEREST

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

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

# Director's Report

## SERVICE CONTRACTS

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

## CAPITAL EXPENDITURE

The capital investment for the year 2019 was \$24.2M.

## AUDITORS

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

## VALUATION

The Society's policy liabilities for the long-term insurance business of the Society as at 31st December 2019 were valued as \$13,455,036,619.

## 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

## THE BOARD OF DIRECTORS

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

The Board of Directors of the Society provides oversight, guidance and stewardship of the Society's operations, risk management functions and activities. It also reviews significant risk issues to be considered by the Board of Directors to better enable timely and effective governance of the Society. Other functions of the Board include:

- a. Reviewing the performance of all operational activities of the Society, holding meetings on a monthly basis and taking decisions for the Society's improved performance and efficiency.
- b. Ensuring that the Company is being managed efficiently and in keeping with the insurance regulations in all the territories where it operates.
- c. Ensuring that the principles of good Corporate Governance are observed and that protection of the rights of its policyholders was in no way compromised.
- d. Establishing strategic objectives and direction of the Society.

## FINANCE, INVESTMENT, MARKETING and BUILDING COMMITTEE

This Committee comprises Mr. Maurice Solomon (Chairman), Mr. Clifford B. Reis, Ms. Deenawati Panday, Dr. Leslie Chin and Dr. M Carpen. This committee reviews the monthly and yearly financial statements of the Company and advises the Board of its recommendations for the improved financial performance of the Society. Other functions include:

### Finance Responsibilities:

- a. Reviews Annual Budgets of the income and expenses of the Society together with capital budgets to ensure its growth, development and efficiency and make recommendation to the Board for approval.
- b. Reviews the monthly Financials of the Society compared to budget and makes recommendations on actions to be taken for improved financial performance.
- c. Ensures the Society is at all times compliant with current financial and accounting standards.

### Investment Responsibilities

- i. Examine and approve the investment policy of the Society and review this policy periodically.
- ii. Examine the reports on the quality and performance of the investment portfolio.
- iii. Review and ensure the insurer's compliance with the Investment Regulations.

## Marketing Responsibilities

- a. Reviews of the sales performance of the Society and functioning of the respective sales agencies to determine the level of production when compared to budget projections and advise of recommended actions.
- b. Addresses the various Marketing issues of the Society to ensure that it is customer focused, its rates are competitive in a highly competitive environment, its products are meeting the expectations of its customers and that its service is of a superior quality.

## Building Responsibilities

1. Responsible for building construction.
2. Ensures that the Society's properties reflect the Society's image.

## AUDIT COMMITTEE

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

The responsibilities of this Committee include:

1. Reviewing the insurer's audit plans (internal and external) to ensure that they are appropriate, risk-based and address all the relevant activities of the Society and ensure that the work of internal and external auditors are coordinated.
2. Assessing whether the Society's Accounting and actuarial practices are appropriate and within the bounds of acceptable practice.
3. Oversight of the Society's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

## HUMAN RESOURCE/DEATH CLAIM COMMITTEE

This Committee comprises Directors, Mr. Clifford B Reis (Chairman) Ms. Deenawati Panday and Dr Mahendra Carpen.

The responsibilities of this Committee include:

- a) Review of the Society's Human Resource structure to ensure adequacy to achieve the Society's objectives.
- b) Working closely with the Society's Management to ensure a good industrial climate, staff safety and security.
- c) Ensures that the existing and new policies and guidelines conform not only to local laws, regulations and policies, but also to international conventions and standards pertaining to human rights, equal employment opportunity and working conditions.

## Death Claims responsibilities

- i. Reviews claims presented by Management for approval and submits recommendation to the Board for consideration and decision.
- ii. Considers and makes recommendations to the Board on review of claims procedures.

## RISK COMMITTEE

The members of this Committee comprise Dr Aaron Fraser, Chairman, Dr. Leslie Chin, Mr. Clifford B Reis and Mr. Maurice Solomon. This Committee gives guidance to the Board on activities of the Society that are risk taking and the approach to be taken by the Society regarding these activities. This Committee also has responsibility for the development of a Risk Appetite Framework which has to be approved by the Board, and to ensure that the Society is within the risk limitations approved by the Board.

Other functions include:

- a. Considering the risk profile with regard to the current and future corporate strategy and risk appetite, identify trends, concentrations, exposures and make recommendations for policy changes if necessary.
- b. Reviewing the designs and implementation of risk management techniques across the Society and the periodic assessment of procedures to measure the techniques effectiveness and adequacy.

By Order of the Board.



**James K. Morgan,**  
Company Secretary



**Charles Clarke**  
Guyana

Chairman's Diamond Award  
Centurion Club  
Top Producer 2019 - Life & Fire & Motor



**Wilcox Roberts**  
Grenada

Chairman's Diamond Award  
Eighty Plus Club  
Top Producer 2019 Grenada- Life



**Nathalie Gibbs**  
Grenada

Chairman's Diamond Award  
Fifty Plus Club



**Sabina Charles-Kirton**  
St. Lucia

Chairman's Diamond Award  
Fifty Plus Club



**Haresh Ramsamooj**  
Guyana

Chairman's Gold Award  
Fifty Plus Club



**Lydia Bubb-Frame**  
Grenada

Chairman's Silver Award  
Fifty Plus Club



**Mara Marcellin**  
St. Lucia

Chairman's Silver Award  
Fifty Plus Club



**Michael Blair**  
Guyana

Chairman's Bronze Award  
Fifty Plus Club



**Camille Goring**  
Guyana

Chairman's Bronze Award  
Fifty Plus Club



**Richard Seaton**  
Guyana

Chairman's Silver Award  
Fifty Plus Club

## **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 2019**

### **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 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 28 to 69.

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 2019, and 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 2019 annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED AND SUBSIDIARY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **Report on the Audit of Financial Statements**

#### **Responsibilities of Those Charged with Governance for the Financial Statements**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

We also:

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE DEMERARA MUTUAL LIFE ASSURANCE SOCIETY LIMITED AND SUBSIDIARY ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### Report on the Audit of Financial Statements

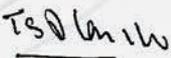
#### Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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.

### Report on Other Legal and Regulatory Requirements

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



**TSD LAL & CO.**

**Chartered Accountants**

**Date: August 10, 2020**

**77 Brickdam, Stabroek, Georgetown.**

	NOTES	COMPANY		GROUP	
		2019	2018	2019	2018
		G\$	G\$	G\$	G\$
<b>Revenue</b>					
Premiums	5	1,594,772,178	1,292,792,848	1,704,305,185	1,392,662,237
Investment & other income	6	549,579,599	473,045,676	572,920,250	495,397,823
<b>Total revenue</b>		<u>2,144,351,777</u>	<u>1,765,838,524</u>	<u>2,277,225,435</u>	<u>1,888,020,060</u>
<b>Expenses</b>					
Claims	7	342,537,361	306,213,261	355,682,036	328,146,000
Surrenders	8	317,579,474	329,606,540	317,579,474	329,606,540
Commissions	9	114,656,360	122,330,638	128,022,322	137,475,390
Donations		1,179,461	527,776	1,179,461	527,776
Management expenses	10	827,319,842	820,177,174	876,451,373	869,405,871
Taxation	11	40,081,578	29,826,398	55,446,900	40,048,426
<b>Total expenses</b>		<u>1,643,354,076</u>	<u>1,608,681,787</u>	<u>1,734,361,566</u>	<u>1,705,210,003</u>
<b>Profit before movement in actuarial liabilities</b>		<u>500,997,701</u>	<u>157,156,737</u>	<u>542,863,869</u>	<u>182,810,057</u>
Change in actuarial liabilities	24(a)	314,233,553	186,607,296	314,233,553	186,607,296
<b>Profit/(Loss) for the year</b>		<u>186,764,148</u>	<u>(29,450,559)</u>	<u>228,630,316</u>	<u>(3,797,239)</u>
<b>Other comprehensive income items that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of defined benefit pension plan	35	405,761,297	1,016,073,709	405,761,297	1,016,073,709
<b>Items that may be reclassified subsequently to profit or loss</b>					
Adjustment to fair value of investments	22	1,908,795,580	5,127,352,231	1,957,753,600	5,153,753,667
Currency translation differences		7,981,878	41,895,856	7,981,878	41,895,856
Others		-	-	405,799	-
<b>Other comprehensive income for the year</b>		<u>2,322,538,755</u>	<u>6,185,321,796</u>	<u>2,371,902,574</u>	<u>6,211,723,232</u>
<b>Total comprehensive income</b>		<u>2,509,302,903</u>	<u>6,155,871,237</u>	<u>2,600,532,890</u>	<u>6,207,925,993</u>

<b>COMPANY</b>	<b>Guarantee Capital</b>	<b>Retained Earnings</b>	<b>Revaluation Reserve</b>	<b>Investment Reserve</b>	<b>Exchange Difference Reserve</b>	<b>Total</b>
	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>
<b>Balance at 1 January 2018</b> (as previously reported)	100,000	(538,666,509)	880,843,293	6,614,171,552	(1,065,875,616)	5,890,572,720
Restatement (note 36)	-	(161,888,040)	-	-	-	(161,888,040)
Balance at January 1 2018 (restated)	<u>100,000</u>	<u>(700,554,549)</u>	<u>880,843,293</u>	<u>6,614,171,552</u>	<u>(1,065,875,616)</u>	<u>5,728,684,680</u>
<b>Total comprehensive income/(loss) for the year</b>	-	986,623,150	2,072,550	5,183,529,907	(16,354,370)	6,155,871,237
Balance at 31 December 2018 (restated)	<u>100,000</u>	<u>286,068,601</u>	<u>882,915,843</u>	<u>11,797,701,459</u>	<u>(1,082,229,986)</u>	<u>11,884,555,917</u>
<b>Total comprehensive income/(loss) for the year</b>	-	592,525,445	2,738,727	1,914,785,438	(746,707)	2,509,302,903
<b>Balance at 31 December 2019</b>	<u>100,000</u>	<u>878,594,046</u>	<u>885,654,570</u>	<u>13,712,486,897</u>	<u>(1,082,976,693)</u>	<u>14,393,858,820</u>

## GROUP

<b>Balance at 1 January 2018</b> (as previously reported)	100,000	(444,072,828)	923,910,961	6,714,670,265	(1,065,875,616)	6,128,732,782
Restatement (note 36)	-	(161,888,040)	-	-	-	(161,888,040)
Balance at January 1 2018 (restated)	<u>100,000</u>	<u>(605,960,868)</u>	<u>923,910,961</u>	<u>6,714,670,265</u>	<u>(1,065,875,616)</u>	<u>5,966,844,742</u>
<b>Total comprehensive income/(loss) for the year</b>	-	1,012,276,470	2,072,550	5,209,931,343	(16,354,370)	6,207,925,993
Balance at 31 December 2018 (restated)	<u>100,000</u>	<u>406,315,602</u>	<u>925,983,511</u>	<u>11,924,601,608</u>	<u>(1,082,229,986)</u>	<u>12,174,770,735</u>
<b>Total comprehensive income/(loss) for the year</b>	-	635,406,106	2,130,033	1,963,743,458	(746,707)	2,600,532,890
<b>Balance at 31 December 2019</b>	<u>100,000</u>	<u>1,041,721,708</u>	<u>928,113,544</u>	<u>13,888,345,066</u>	<u>(1,082,976,693)</u>	<u>14,775,303,625</u>

The accompanying notes form an integral part of these financial statements



Notes	COMPANY			GROUP			
	2019 G\$	2018 G\$ restated	2017 G\$ restated	2019 G\$	2018 G\$ restated	2017 G\$ restated	
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	12	1,743,444,918	1,760,633,624	1,781,132,583	1,838,970,692	1,849,081,777	1,871,507,596
Commercial building	13	597,900,000	597,900,000	597,900,000	597,900,000	597,900,000	597,900,000
Deferred tax asset	14	-	-	-	4,653,649	12,730,483	16,138,535
Intangible assets	23	53,890,890	71,658,768	89,388,291	67,090,891	71,658,768	89,388,291
Investment in subsidiary company		111,863,250	111,863,250	111,863,250	-	-	-
<b>Other financial assets</b>							
Held to maturity	16(a)	1,399,173,559	1,300,873,121	1,043,713,108	1,399,173,559	1,300,873,121	1,043,713,108
Available for sale	16(c)	14,142,993,982	12,230,667,419	7,101,088,084	14,518,058,077	12,524,134,814	7,350,553,086
Loans & receivables	16(b)	617,945,804	467,201,744	540,882,942	617,945,804	467,201,744	540,882,942
Retirement benefit asset	35	2,316,099,822	1,854,839,765	825,632,443	2,316,099,822	1,854,839,765	825,632,443
		20,983,312,225	18,395,637,691	12,091,600,701	21,359,892,494	18,678,420,472	12,335,716,001
<b>Current assets</b>							
Inventories		5,529,303	5,256,751	5,310,418	5,992,403	5,824,483	5,935,220
Trade and other receivables	19	147,475,323	29,679,572	22,927,660	179,163,953	61,464,180	56,923,727
Accrued interest	20	48,970,183	50,864,856	43,961,388	49,104,487	50,988,957	44,069,315
Tax recoverable		44,750,698	47,376,509	46,863,842	49,360,568	49,011,523	51,578,596
Cash on deposits	21	3,927,099,725	3,986,815,731	4,155,869,505	4,087,249,983	4,095,177,438	4,245,227,527
Cash at bank and on hand		3,234,969,977	2,591,685,667	2,230,495,343	3,290,967,255	2,652,919,949	2,261,668,301
		7,408,795,209	6,711,679,086	6,505,428,056	7,661,838,649	6,915,386,536	6,665,402,686
<b>Total assets</b>		<b>28,392,107,434</b>	<b>25,107,316,777</b>	<b>18,597,028,757</b>	<b>29,021,731,143</b>	<b>25,593,807,008</b>	<b>19,001,118,687</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and reserves</b>							
Guarantee capital		100,000	100,000	100,000	100,000	100,000	100,000
Retained earnings		878,594,046	286,068,601	(700,554,549)	1,041,721,708	406,315,602	(605,960,868)
Exchange difference reserve		(1,082,976,893)	(1,082,229,986)	(1,085,875,616)	(1,082,976,893)	(1,082,229,986)	(1,065,875,616)
Revaluation reserve		885,654,570	882,915,843	880,843,293	928,113,544	925,983,511	923,910,961
Investment reserve	22	13,712,486,897	11,797,701,459	6,614,171,552	13,888,345,066	11,924,601,608	6,714,670,265
		14,393,859,820	11,884,555,917	5,728,684,680	14,775,303,625	12,174,770,735	5,966,844,742
<b>Non current liabilities</b>							
Actuarial liabilities	24(a)	7,302,672,490	6,962,440,713	6,756,493,727	7,302,672,490	6,962,440,713	6,756,493,727
Deposit administration fund	24(b)	6,152,364,129	5,673,267,388	5,441,112,180	6,152,364,129	5,673,267,388	5,441,112,180
Interest bearing borrowings	26	-	74,761,778	162,505,927	-	74,761,778	162,505,927
Deferred tax liability		-	-	-	134,544,780	102,311,876	84,710,919
		13,455,036,619	12,710,469,879	12,360,111,834	13,589,581,379	12,812,781,755	12,444,822,753
<b>Current liabilities</b>							
Insurance contract liabilities		24,973,338	69,357,885	60,719,262	96,135,891	148,149,571	135,469,262
Unpaid claims (net of reinsurance recoveries)	25(a)	230,514,415	195,780,823	158,259,517	270,251,565	220,196,261	180,458,155
Trade and other payables	27	247,006,956	177,228,273	219,329,464	249,741,397	167,984,686	203,599,775
Current portion of interest-bearing borrowings	26	40,717,286	69,924,000	69,924,000	40,717,286	69,924,000	69,924,000
		543,211,995	512,290,981	508,232,243	656,846,139	606,254,518	589,451,192
<b>Total equity and liabilities</b>		<b>28,392,107,434</b>	<b>25,107,316,777</b>	<b>18,597,028,757</b>	<b>29,021,731,143</b>	<b>25,593,807,008</b>	<b>19,001,118,687</b>

These financial statements were approved on 10th August 2020.

On behalf of the board:

  
..... Director  
**Mr M Solomon**

  
..... Director  
**Mr C B Reis**

The accompanying notes form an integral part of these financial statements



	COMPANY		GROUP	
	2019	2018	2019	2018
	G\$	G\$	G\$	G\$
<b>Cash flow from operating activities</b>				
Profit before taxation	541,079,279	186,983,135	598,310,769	222,858,483
Depreciation	35,560,591	36,790,885	39,597,032	39,010,594
Amortization	17,963,629	17,914,692	17,914,692	17,914,692
Investment income	(549,579,599)	(473,045,676)	(572,920,250)	(495,397,823)
<b>Net cash outflow before changes in operating assets</b>	<b>(45,023,900)</b>	<b>(231,356,964)</b>	<b>82,951,180</b>	<b>(215,614,054)</b>
Increase/(decrease) in deposits	59,716,006	169,053,774	7,927,455	150,050,089
Increase/(Decrease) in receivables, prepayments & intangible assets	(118,264,053)	(6,883,510)	(131,263,438)	(4,614,888)
(Increase) / decrease in accrued interest	1,894,673	(6,903,469)	1,884,470	(6,919,643)
(Increase) / decrease in retirement obligation	(55,498,760)	(13,133,613)	(55,498,760)	(13,133,613)
Increase / (decrease) in unpaid claims	34,733,592	37,521,306	50,055,304	39,738,106
Increase in insurance & actuarial liabilities	(18,386,323)	27,978,313	(26,015,456)	32,019,999
Increase in deposit admin fund	479,096,741	232,155,207	479,096,741	232,155,207
Increase (Decrease) in trade and other payables	69,778,680	(42,101,191)	81,756,710	(35,615,089)
<b>Cash generated from operations</b>	<b>498,094,456</b>	<b>166,329,853</b>	<b>490,894,206</b>	<b>178,066,114</b>
Taxes paid	(37,455,766)	(30,339,066)	(47,719,110)	(34,073,302)
<b>Net cash generated from operating activities</b>	<b>460,638,690</b>	<b>135,990,787</b>	<b>443,175,096</b>	<b>143,992,812</b>
<b>Investing activities</b>				
Dividend, rent and interest received	530,484,954	449,326,195	552,393,101	471,208,057
Proceeds from sale/redemption of securities	357,167,291	70,130,133	357,167,291	70,130,133
Other income	19,094,645	23,719,481	20,527,149	24,189,766
Purchase of securities	(458,998,710)	(329,517,250)	(458,998,710)	(329,517,250)
Mortgage	684,175	1,181,184	684,175	1,181,184
Policy loans	(151,428,236)	72,500,014	(151,428,236)	72,500,014
Purchase of property, plant & equipment	(18,371,885)	(16,291,926)	(30,200,372)	(16,584,775)
Disposal of property, plant & equipment	-	-	714,426	-
<b>Net cash provided by investing activities</b>	<b>278,632,234</b>	<b>271,047,830</b>	<b>290,858,824</b>	<b>293,107,129</b>
<b>Financing activities</b>				
Loan repayment	(103,968,492)	(87,744,149)	(103,968,492)	(87,744,149)
<b>Net cash used in financing activities</b>	<b>(103,968,492)</b>	<b>(87,744,149)</b>	<b>(103,968,492)</b>	<b>(87,744,149)</b>
<b>Net increase in cash and cash equivalents</b>	<b>635,302,432</b>	<b>319,294,468</b>	<b>630,065,428</b>	<b>349,355,792</b>
Effect of exchange rates	7,981,878	41,895,856	7,981,878	41,895,856
<b>Net increase in cash and cash equivalents</b>	<b>643,284,310</b>	<b>361,190,324</b>	<b>638,047,306</b>	<b>391,251,648</b>
Cash and cash equivalents at the beginning of period	2,591,685,667	2,230,495,343	2,652,919,949	2,261,668,301
	<u>3,234,969,977</u>	<u>2,591,685,667</u>	<u>3,290,967,255</u>	<u>2,652,919,949</u>
Represented by:				
Cash at bank and in hand	3,234,969,977	2,591,685,667	3,290,967,255	2,652,919,949

The accompanying notes form an integral part of these financial statements

## 1 Incorporation and activities

Demerara Mutual Life Assurance Society Limited was incorporated by Ordinance 19 of 1991 and its major activity is the issuance of life assurance.

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

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

### No. of employees

The average number of employees of the Group was 105 (2018 - 98).

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

Effective for the current year	Effective for annual periods beginning on or after
IFRS 16 Leases	1 January 2019
Amendments to IFRS 9, 'Financial instruments' – Prepayment features with negative compensation	1 January 2019
Amendments to IAS 28, 'Investments in associates' – Long term interests in associates and joint ventures	1 January 2019
Amendments to IAS 19, 'Employee benefits' – Plan amendment, curtailment or settlement	1 January 2019
Annual improvements 2015-2017	1 January 2019

### New and revised interpretations

IFRIC 23, 'Uncertainty over income tax'	1 January 2019
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### IFRS 16 Leases

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets, however, this exemption can only be applied by lessees. IFRS 16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17.

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

### Amendments to IFRS 9, 'Financial instruments' - Prepayment features with negative compensation

The IASB issued a narrow-scope amendment to IFRS 9 to enable companies to measure at amortised cost some prepayable financial assets with negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL).

Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract.

In addition, to qualify for amortised cost measurement, the asset must be held within a 'held to collect' business model.

### Amendments to IAS 28, 'Investments in associates' - Long term interests in associates and joint ventures

The IASB issued a narrow scope amendment to IAS 28 that clarified that these long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9. This includes the impairment requirements in IFRS 9. An illustrative example is also provided.

### Amendments to IAS 19, 'Employee benefits' - Plan amendment, curtailment or settlement

This amendment requires an entity:

- To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- To recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

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

### Annual Improvements 2015-2017

#### **Standard/ Interpretation**

#### **Amendment(s)**

IFRS 3, 'Business combinations'

The amendments clarify that obtaining control of a business that is a joint operation, is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.

IFRS 11, 'Joint arrangements'

The amendments clarify that the party obtaining joint control of a business that is a joint operation should not re-measure its previously held interest in the joint operation.

IAS 12, 'Income taxes'

The amendment clarifies that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

IAS 23, 'Borrowing costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

### IFRIC 23 Uncertainty over Income Tax

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.

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

### Pronouncements effective in future periods available for early adoption

<b>New and Amended Standards</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to IFRS 3, 'Business combinations' – Definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8 - Definition of material	1 January 2020
IAS 12, 'Income taxes'	1 January 2020
Amendments to the Conceptual framework	1 January 2020
IFRS 17, 'Insurance contracts'	1 January 2022

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.

#### Amendments to IFRS 3, 'Business combinations' - Definition of a business

To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organized workforce.

#### Amendments to IAS 1 and IAS 8 - Definition of material

The amendment to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies', changes in accounting estimates and errors', and other consequential amendments to other IFRSs:

- i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- ii) Clarify the explanation of the definition of material; and
- iii) Incorporate some of the guidance in IAS 1 about immaterial information.

The amendments clarify the definition of material and make IFRSs more consistent, but are not expected to have a significant impact on the preparation of financial statements.



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

### Amendments to the Conceptual framework

The IASB has revised its Conceptual Framework. This will not result in any immediate changes to IFRS however the revised framework will be used in future standard setting decisions. It is therefore helpful for stakeholders to understand the concepts in the framework and the potential ways in which they may impact future guidance. Preparers might also use the framework to develop accounting policy where an issue is not addressed by an IFRS.

### IFRS 17, 'Insurance contracts'

On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

On transition to IFRS 17, an entity applies IFRS 17 retrospectively to groups of insurance contracts, unless it is impracticable. In this case, the entity is permitted to choose between a modified retrospective approach and the fair value approach.

The Directors anticipate that the adoption of IFRS 17 will have a material impact on the financial statements of the Society

## 3 Summary of significant accounting Policies

### (a) Basis of preparation

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

### (b) Recognition of income and expenditure

These statements are prepared on the accrual basis.

### (c) Investment and other income

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

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



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

#### (c) Investment and other income (cont'd)

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

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

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

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

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

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

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

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

No depreciation is provided on Land.

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

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

#### (e) Foreign currency translation

Transactions in currencies other than Guyana Dollars are recorded at the rate of exchange prevailing on the dates of the transactions. At each reporting date monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on that date.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing when the fair value was determined. Gains and losses arising on retranslation are included in the statement of profit or loss and other comprehensive income for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised in the statement of changes in equity.

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

#### (f) Pension funding

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

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

#### (g) Charge-ups

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

#### (h) Deferred tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization 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.

Investment in subsidiary is carried at historical cost.

### 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 home-owners' property. Motor insurance provides coverage for damage, theft and personal accident.

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

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

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

Premiums are shown before the deduction of commissions.

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.

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

#### (m) Insurance Contracts (cont'd)

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

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

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

Interest sensitive contracts:

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

##### (iii) Long term insurance contracts with fixed and guaranteed terms and with discretionary participation feature

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

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

##### (iv) Deposit administration contracts

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

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

#### (n) Financial instruments

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

##### i) Trade receivables

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

##### ii) Bank borrowings

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

##### iii) Trade payables

Trade payables are recognised at amortised cost.

##### iv) Cash and cash equivalents

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

##### v) Derecognition

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

#### (o) Reinsurance

The Group has reinsurance coverage in place for insurance risk that it underwrites. 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.

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

#### (q) Commissions

This represents expenses incurred in the acquisition of insurance business contracts mainly through sales representatives and brokers. Various rates are used in the computation of commissions.

#### (r) Taxation

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

#### (s) Liability adequacy test

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

#### (t) Impairment of tangible assets

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

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

#### (u) Actuarial liability

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

### 4 Critical accounting judgements and key sources of estimation uncertainty

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

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

##### 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.

5 PREMIUMS	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
<b>Company</b>						
Life, Health and Annuities Premiums	1,692,707,738	(97,935,560)	<b>1,594,772,178</b>	1,406,117,743	(113,324,895)	<b>1,292,792,848</b>
<b>Group</b>						
Life	1,618,786,200	(97,935,560)	1,520,850,640	1,305,811,726	(113,324,895)	1,192,486,831
Liability	5,836,936	(5,149,235)	687,701	-	-	-
Health	73,921,538	-	73,921,538	100,306,017	-	100,306,017
Fire	108,350,173	(54,340,150)	54,010,023	102,270,068	(58,878,585)	43,391,483
Motor	56,266,432	(1,431,149)	54,835,283	57,667,187	(1,229,281)	56,437,906
	<b>1,863,161,279</b>	<b>(158,856,094)</b>	<b>1,704,305,185</b>	<b>1,566,054,998</b>	<b>(173,432,761)</b>	<b>1,392,622,237</b>
	<b>Company</b>		<b>Group</b>			
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>		
	G\$	G\$	G\$	G\$		
<b>6 INVESTMENT &amp; OTHER INCOME</b>						
Interest, dividends and rent	530,484,954	449,326,195		552,393,101	471,208,057	
Other income	19,094,645	23,719,481		20,527,149	24,189,766	
	<b>549,579,599</b>	<b>473,045,676</b>		<b>572,920,250</b>	<b>495,397,823</b>	
<b>Held to maturity</b>						
Bonds & debentures	40,254,499	1,294,122		40,254,499	1,294,122	
<b>Available for sale</b>						
Shares & stocks	278,170,513	249,265,569		284,931,256	257,116,789	
<b>Loans and receivables</b>						
Policy loans	24,436,678	33,038,719		24,436,678	33,038,719	
Mortgage	618,580	722,248		618,580	722,248	
<b>Other financial assets</b>						
Deposits	99,394,904	85,182,849		101,361,246	86,848,316	
Treasury bills	4,705,885	1,953,958		4,705,885	1,953,958	
<b>Other income</b>	<b>101,998,540</b>	<b>101,568,211</b>		<b>116,612,106</b>	<b>114,423,671</b>	
	<b>549,579,599</b>	<b>473,045,676</b>		<b>572,920,250</b>	<b>495,397,823</b>	
<b>Other Income</b>						
Rent	77,297,501	74,140,775		90,478,563	86,525,950	
Others	24,701,039	27,427,436		26,133,543	27,897,721	
	<b>101,998,540</b>	<b>101,568,211</b>		<b>116,612,106</b>	<b>114,423,671</b>	



	COMPANY		GROUP	
	2019	2018	2019	2018
	G\$	G\$	G\$	G\$
<b>7 CLAIMS (net)</b>				
Motor	-	-	11,354,333	17,489,425
Fire	-	-	1,790,342	4,443,314
Death	140,416,311	73,919,702	140,416,311	73,919,702
Maturity	106,021,073	152,391,044	106,021,073	152,391,044
Annuities paid	54,923,660	30,841,366	54,923,660	30,841,366
T.D. claims	500,000	1,133,920	500,000	1,133,920
Health claims	40,380,391	46,857,395	40,380,391	46,857,395
Other Claims	295,926	1,069,834	295,926	1,069,834
	<b>342,537,361</b>	<b>306,213,261</b>	<b>355,682,036</b>	<b>328,146,000</b>
<b>8 SURRENDERS</b>				
Cash value surrenders	146,391,541	156,250,030	146,391,541	156,250,030
Investment benefit withdrawals	171,187,933	173,303,336	171,187,933	173,303,336
Annuities	-	53,174	-	53,174
	<b>317,579,474</b>	<b>329,606,540</b>	<b>317,579,474</b>	<b>329,606,540</b>
<b>9 COMMISSION</b>				
Life and annuities	114,656,360	122,330,638	114,656,360	122,330,638
Fire	-	-	12,170,944	11,825,135
Motor	-	-	1,161,890	3,319,617
Liability	-	-	33,128	-
	<b>114,656,360</b>	<b>122,330,638</b>	<b>128,022,322</b>	<b>137,475,390</b>



	COMPANY		GROUP	
	2019	2018	2019	2018
	G\$	G\$	G\$	G\$
<b>10 MANAGEMENT EXPENSES</b>	<b>827,319,842</b>	<b>820,177,174</b>	<b>876,461,373</b>	<b>869,405,871</b>
This includes:				
Employment cost (a)	283,622,131	256,091,717	301,795,542	282,257,446
Repairs and maintenance	12,608,373	14,513,534	16,778,991	18,226,125
Software license & admin fee	44,982,760	63,923,004	44,982,760	63,923,004
Internet service charge	11,686,075	11,295,100	12,885,395	12,500,363
Utilities	36,467,578	37,278,632	38,065,799	38,921,211
Sales expense	44,615,358	44,337,556	44,615,358	44,337,556
Professional service	31,238,130	24,394,727	31,238,130	24,394,727
Internet & bank charges	17,101,967	31,466,732	17,422,294	31,835,865
Legal fees	386,827	386,062	2,558,849	2,284,842
Facilities	51,807,828	49,142,287	52,213,834	49,545,727
Auditors remuneration	9,243,185	10,317,211	11,315,207	11,905,371
Directors' emoluments (b)	10,966,364	8,775,675	12,700,013	10,156,858
Depreciation	35,560,591	36,790,885	39,597,032	39,010,594
(a) Employment Cost				
Salaries and wages	181,954,448	183,455,690	195,584,083	199,151,265
Other staff costs	101,667,683	72,636,027	106,211,459	83,106,181
	<b>283,622,131</b>	<b>256,091,717</b>	<b>301,795,542</b>	<b>282,257,446</b>
(b) Chairman-Ronald Burch Smith	2,424,876	1,925,450	2,878,932	2,260,661
Directors:				
Clifford B. Reis, CCH	1,515,516	1,457,229	1,742,556	1,675,528
Dr. Leslie Chin	1,515,516	1,457,229	1,742,556	1,675,528
Maurice Solomon	1,515,516	1,457,229	1,742,556	1,675,528
Deenwattie Panday	1,515,516	1,457,229	1,742,556	1,675,528
Dr. Aaron Fraser	1,595,417	-	1,834,410	-
Dr. Mahendra Carpen	884,007	-	1,016,447	-
Dr. Karen Gordon-Boyle	-	415,400	-	477,628
Louis Holder	-	605,909	-	716,457
	<b>10,966,364</b>	<b>8,775,675</b>	<b>12,700,013</b>	<b>10,156,858</b>
<b>11 TAXATION</b>				
Corporation tax & W/tax (varying rates)	19,761,791	12,562,847	27,050,279	19,376,823
Premium Tax	20,319,787	17,263,551	20,319,787	17,263,551
Deferred Tax	-	-	8,076,834	3,408,052
	<b>40,081,578</b>	<b>29,826,398</b>	<b>55,446,900</b>	<b>40,048,426</b>

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

**12 PROPERTY, PLANT AND EQUIPMENT**

**COMPANY**

	<u>Land</u> G\$	<u>Buildings</u> G\$	<u>Furniture, fittings, equipment and motor vehicles</u> G\$	<u>Total</u> G\$
Cost/valuation				
At 1 January 2018	767,608,667	967,261,342	336,039,383	2,070,909,392
Exchange differences	1,708,578	2,863,626	270,497	4,842,701
Additions	-	1,290,021	10,431,355	11,721,376
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	769,317,245	971,414,989	346,741,235	2,087,473,469
Exchange differences	2,257,764	3,790,152	378,648	6,426,564
Additions	-	-	12,403,026	12,403,026
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	<u>771,575,009</u>	<u>975,205,141</u>	<u>359,522,908</u>	<u>2,106,303,058</u>
Comprising:				
Cost	251,878,180	609,247,400	359,522,909	1,220,648,488
Valuation	519,696,829	365,957,741	-	885,654,570
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>771,575,009</u>	<u>975,205,141</u>	<u>359,522,908</u>	<u>2,106,303,058</u>
Depreciation				
At 1 January 2018	-	19,345,227	270,431,582	289,776,809
Exchange differences	-	57,273	214,878	272,151
Charge for the year	-	19,428,300	17,362,585	36,790,885
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	38,830,800	288,009,045	326,839,845
Exchange differences	-	227,288	230,416	457,704
Charge for the year	-	19,428,300	16,132,291	35,560,591
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	<u>-</u>	<u>58,486,388</u>	<u>304,371,752</u>	<u>362,858,140</u>
Net book values:				
At 31 December 2019	<u>771,575,009</u>	<u>916,718,753</u>	<u>55,151,156</u>	<u>1,743,444,918</u>
At 31 December 2018	<u>769,317,245</u>	<u>932,584,189</u>	<u>58,732,190</u>	<u>1,760,633,624</u>



12 PROPERTY, PLANT AND EQUIPMENT CONT'D

GROUP

	<u>Land</u> G\$	<u>Buildings</u> G\$	<u>Furniture, fittings, equipment and motor vehicles</u> G\$	<u>Total</u> G\$
Cost/valuation				
At 1 January 2018	817,608,667	1,003,961,343	353,174,875	2,174,744,885
Exchange differences	1,708,578	2,863,626	270,497	4,842,701
Additions	-	1,290,021	10,724,204	12,014,225
At 31 December 2018	819,317,245	1,008,114,990	364,169,576	2,191,601,811
Exchange differences	2,257,764	3,790,152	378,648	6,426,564
Additions	-	-	24,231,513	24,231,513
Disposals	-	-	(9,337,462)	(9,337,462)
At 31 December 2019	<u>821,575,009</u>	<u>1,011,905,142</u>	<u>379,442,275</u>	<u>2,212,922,426</u>
Comprising:				
Cost	268,878,180	616,919,278	379,442,275	1,265,239,733
Valuation	552,696,829	394,985,864	-	947,682,693
At 31 December 2019	<u>821,575,009</u>	<u>1,011,905,142</u>	<u>379,442,275</u>	<u>2,212,922,426</u>
Depreciation				
At 1 January 2018	-	20,140,395	283,096,894	303,237,289
Exchange differences	-	57,273	214,878	272,151
Charge for the year	-	20,162,300	18,848,294	39,010,594
At 31 December 2018	-	40,359,968	302,160,066	342,520,034
Exchange differences	-	227,288	230,416	457,704
Write back on disposal	-	-	(8,623,036)	(8,623,036)
Charge for the year	-	20,162,300	19,434,732	39,597,032
At 31 December 2019	<u>-</u>	<u>60,749,556</u>	<u>313,202,178</u>	<u>373,951,734</u>
Net book values:				
At 31 December 2019	<u>821,575,009</u>	<u>951,155,587</u>	<u>66,240,098</u>	<u>1,838,970,692</u>
At 31 December 2018	<u>819,317,245</u>	<u>967,755,022</u>	<u>62,009,511</u>	<u>1,849,081,777</u>

**Company and Group**

**13 COMMERCIAL BUILDING**

	<b>2019</b>	<b>2018</b>
	<b>G\$</b>	<b>G\$</b>
At 1 January and 31 December	<u>597,900,000</u>	<u>597,900,000</u>

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

**Group**

**14 DEFERRED TAX ASSET**

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

	<b>2019</b>	<b>2018</b>
	<b>G\$</b>	<b>G\$</b>
At January 1	12,730,483	16,138,535
Movement for the period	<u>(8,076,834)</u>	<u>(3,408,052)</u>
At December 31	<u><b>4,653,649</b></u>	<u><b>12,730,483</b></u>

**15 MORTGAGES**

Guyana  
Eastern Caribbean territories

<b>Company and Group</b>	
<b>2019</b>	<b>2018</b>
<b>G\$</b>	<b>G\$</b>
2,318,894	2,342,953
<u>4,809,728</u>	<u>5,469,844</u>
<u><b>7,128,622</b></u>	<u><b>7,812,797</b></u>

**16 INVESTMENTS**

	<b>Company</b>		<b>Group</b>	
	<b>2019</b> G\$	<b>2018</b> G\$	<b>2019</b> G\$	<b>2018</b> G\$
<b>(a) "Held to Maturity"</b>				
<b>Bonds</b>				
Commonwealth Caribbean Government	1,397,212,689	1,298,975,298	1,397,212,689	1,298,975,298
Other Commonwealth Government - United Kingdom	<u>1,960,869</u>	<u>1,897,823</u>	<u>1,960,869</u>	<u>1,897,823</u>
	<u><b>1,399,173,559</b></u>	<u><b>1,300,873,121</b></u>	<u><b>1,399,173,559</b></u>	<u><b>1,300,873,121</b></u>
<b>(b) "Loans &amp; Receivables"</b>				
Policy loans (note 18)	610,817,183	459,388,947	610,817,183	459,388,947
Mortgage (note 15)	<u>7,128,622</u>	<u>7,812,797</u>	<u>7,128,622</u>	<u>7,812,797</u>
	<u><b>617,945,804</b></u>	<u><b>467,201,744</b></u>	<u><b>617,945,804</b></u>	<u><b>467,201,744</b></u>
<b>(c) "Available for Sale"</b>				
Guyana				
- equity	12,981,117,781	11,064,210,319	13,356,181,876	11,357,677,714
- equity	6,136,439	15,723,877	6,136,439	15,723,877
Grenada				
- equity	636,476,122	635,903,523	636,476,122	635,903,523
Trinidad				
- equity (i)	<u>519,263,640</u>	<u>514,829,700</u>	<u>519,263,640</u>	<u>514,829,700</u>
	<u><b>14,142,993,982</b></u>	<u><b>12,230,667,419</b></u>	<u><b>14,518,058,077</b></u>	<u><b>12,524,134,814</b></u>

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

## 17 Fair Value Estimation

### Fair value measurement recognised in the statement of financial position

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

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

Level 2: Fair value measurements are those derived from inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

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

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

Assets carried at fair value	2019		
	Level 2	Level 3	Total
	G\$	G\$	G\$
Available for sale investments	13,998,794,437	519,263,640	14,518,058,077
Commercial building	597,900,000	-	597,900,000
Property, plant and equipment	1,772,730,596	66,240,098	1,838,970,694
	2018		
	Level 2	Level 3	Total
	G\$	G\$	G\$
Available for sale investments	12,009,305,114	514,829,700	12,524,134,814
Commercial building	597,900,000	-	597,900,000
Property, plant and equipment	1,787,072,267	62,009,511	1,849,081,778

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\$1,373,408,926 (2018 - G\$1,247,111,353)

**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	2019			2018		
	IFRS 13 Level	Carrying Value G\$	Fair Value G\$	IFRS 13 Level	Carrying Value G\$	Fair Value G\$
<b>Assets</b>						
<b>Investments</b>						
Held to Maturity	2	1,399,173,559	1,399,173,559	2	1,300,873,121	1,300,873,121
Loans and Receivables	2	617,945,804	617,945,804	2	467,201,744	467,201,744
Trade and other receivables	2	147,475,323	147,475,323	2	29,679,572	29,679,572
Retirement benefit asset	2	2,316,099,822	2,316,099,822	2	1,854,839,765	1,854,839,765
Deposits	2	3,927,099,725	3,927,099,725	2	3,986,815,731	3,986,815,731
Accrued Interest	2	48,970,183	48,970,183	2	50,864,856	50,864,856
Tax recoverable	2	44,750,698	44,750,698	2	47,376,509	47,376,509
Cash on Hand and at Bank	1	3,234,969,977	3,234,969,977	1	2,591,685,667	2,591,685,667
		<u>11,736,485,091</u>	<u>11,736,485,091</u>		<u>10,329,336,965</u>	<u>10,329,336,965</u>
<b>Liabilities</b>						
Unpaid Claims (net of reinsurance recoveries)	2	230,514,415	230,514,415	2	195,780,823	195,780,823
Actuarial liabilities	2	7,302,672,490	7,302,672,490	2	6,962,440,713	6,962,440,713
Deposit administration fund	2	6,152,364,129	6,152,364,129	2	5,673,267,388	5,673,267,388
Trade and other payables	2	271,980,294	271,980,294	2	246,586,158	246,586,158
Current portion of interest-bearing borrowings	2	40,717,286	40,717,286	2	69,924,000	69,924,000
Interest bearing borrowings due after one year	2	-	-	2	74,761,778	74,761,778
		<u>13,998,248,614</u>	<u>13,998,248,614</u>		<u>13,222,760,859</u>	<u>13,222,760,859</u>

**17 Group**

	2019		2018			
	Carrying Value G\$	Fair Value G\$	Carrying Value G\$	Fair Value G\$		
<b>Assets</b>						
<b>Investments</b>						
Held to Maturity	2	1,399,173,559	1,399,173,559	2	1,300,873,121	1,300,873,121
Loans and Receivables	2	617,945,804	617,945,804	2	467,201,744	467,201,744
Trade and other receivables	2	179,163,953	179,163,953	2	61,464,186	61,464,186
Deposits	2	4,087,249,983	4,087,249,983	2	4,095,177,438	4,095,177,438
Retirement benefit asset	2	2,316,099,822	2,316,099,822	2	1,854,839,765	1,854,839,765
Accrued Interest	2	49,104,487	49,104,487	2	50,988,957	50,988,957
Tax recoverable	2	49,360,568	49,360,568	2	49,011,523	49,011,523
Cash on Hand and at Bank	1	3,290,967,255	3,290,967,255	1	2,652,919,949	2,652,919,949
		<u>11,989,065,431</u>	<u>11,989,065,431</u>		<u>10,532,476,683</u>	<u>10,532,476,683</u>
<b>Liabilities</b>						
Unpaid Claims(net of reinsurance recoveries)	2	270,251,565	270,251,565	2	220,196,261	220,196,261
Actuarial liabilities	2	7,302,672,490	7,302,672,490	2	6,962,440,713	6,962,440,713
Deposit administration fund	2	6,152,364,129	6,152,364,129	2	5,673,267,388	5,673,267,388
Trade and other payables	2	345,877,288	345,877,288	2	316,134,257	316,134,257
Current portion of interest-bearing borrowings	2	40,717,286	40,717,286	2	69,924,000	69,924,000
Interest bearing borrowings due after one year	2	-	-	2	74,761,778	74,761,778
		<u>14,111,882,758</u>	<u>14,111,882,758</u>		<u>13,316,724,396</u>	<u>13,316,724,396</u>

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

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

**"Loans & Receivables"**

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

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

The carrying amounts of certain financial instruments are assumed to approximate to their fair value due to their short-term nature. These include cash resources and other financial liabilities and assets. Interest bearing borrowings due after one year are fixed by contract and they are not likely to be changed. The fair value is equal to cost.

**"Actuarial Liabilities"**

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



18 POLICY LOANS

	Company and Group	
	2019 G\$	2018 G\$
Guyana	61,316,390	43,856,418
Eastern Caribbean Territories	652,308,637	517,902,047
	713,625,027	561,758,465
Policy Loans Provision (i)	102,807,844	102,369,518
	<b>610,817,183</b>	<b>459,388,947</b>
(i) Loans Provision		
Opening Balance	102,369,518	318,129,440
Adjustments	-	(216,826,719)
Exchange rate differences	438,326	1,066,797
Closing Balance	<b>102,807,844</b>	<b>102,369,518</b>

	Company		Group	
	2019 G\$	2018 G\$	2019 G\$	2018 G\$
<b>19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS</b>				
Prepayments	8,853,928	7,164,543	8,853,928	7,164,543
Loans and advances	17,926,765	41,463,449	17,926,765	41,463,449
Other receivables	152,873,655	25,023,121	184,562,285	128,276,287
Provision for bad debt (i)	(32,179,025)	(43,971,541)	(32,179,025)	(115,440,093)
	<b>147,475,323</b>	<b>29,679,572</b>	<b>179,163,953</b>	<b>61,464,186</b>

(i) Provision for impairment (individually assessed)

Balance as at 1 January	43,971,541	45,244,148	115,440,093	116,712,700
Adjustments during the year	(11,792,516)	(1,272,607)	(83,261,068)	(1,272,607)
Balance as at 31 December	<b>32,179,025</b>	<b>43,971,541</b>	<b>32,179,025</b>	<b>115,440,093</b>

20 ACCRUED INTEREST

	2019 G\$	2018 G\$	2019 G\$	2018 G\$
Grenada	15,412,136	20,683,319	15,412,136	20,683,319
Guyana	17,087,137	16,559,159	17,221,441	16,683,260
Saint Lucia	12,828,355	10,430,911	12,828,355	10,430,911
St. Vincent	3,642,555	3,191,467	3,642,555	3,191,467
	<b>48,970,183</b>	<b>50,864,856</b>	<b>49,104,487</b>	<b>50,988,957</b>

21 CASH ON DEPOSIT

	Company		Group	
	2019 G\$	2018 G\$	2019 G\$	2018 G\$
Guyana	1,818,531,785	1,724,862,013	1,978,682,043	1,833,223,720
Grenada	1,041,074,899	1,222,086,593	1,041,074,899	1,222,086,593
St Lucia	685,740,624	671,457,307	685,740,624	671,457,307
London	227,108,873	218,606,628	227,108,873	218,606,628
St Vincent	154,643,544	149,803,190	154,643,544	149,803,190
	<b>3,927,099,725</b>	<b>3,986,815,731</b>	<b>4,087,249,983</b>	<b>4,095,177,438</b>

These are short term deposits with varying rates ranging from 0.01% to 5.00% (2018 - 0.01% to 5.00%).

**22 INVESTMENT RESERVE**

This represents fair value gains on the revaluation of investments

	Company		Group	
	2019 G\$	2018 G\$	2019 G\$	2018 G\$
At 1 January	11,797,701,459	6,614,171,552	11,924,601,608	6,714,670,265
Fair value adjustment	1,908,795,580	5,127,352,231	1,957,753,600	5,153,753,667
Exchange difference	5,989,858	56,177,676	5,989,858	56,177,676
At 31 December	<u>13,712,486,897</u>	<u>11,797,701,459</u>	<u>13,888,345,066</u>	<u>11,924,601,608</u>

**23 INTANGIBLE ASSET**

	Company		Group	
	2019 G\$	2018 G\$	2019 G\$	2018 G\$
Cost				
At 1 January	89,573,460	89,388,291	89,573,460	89,388,291
Exchange difference	244,688	185,169	244,688	185,169
Additions	-	-	13,200,000	-
At 31 December	<u>89,818,148</u>	<u>89,573,460</u>	<u>103,018,148</u>	<u>89,573,460</u>
Amortisation				
At 1 January	17,914,692	-	17,914,692	-
Exchange difference	48,937	37,034	48,937	37,034
Amortisation for the year	17,963,629	17,877,658	17,963,629	17,877,658
At 31 December	<u>35,927,258</u>	<u>17,914,692</u>	<u>35,927,258</u>	<u>17,914,692</u>
<b>Net Book Value</b>	<u><b>53,890,890</b></u>	<u><b>71,658,768</b></u>	<u><b>67,090,891</b></u>	<u><b>71,658,768</b></u>

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

**24(a) ACTUARIAL LIABILITIES**

	Company and Group	
	2019 G\$	2018 G\$
Balance at beginning	6,962,440,713	6,756,493,727
Changes in actuarial liabilities	314,233,553	186,607,296
Exchange rate differences	25,998,224	19,339,690
	<u>7,302,672,490</u>	<u>6,962,440,713</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**

	Company and Group	
	2019 G\$	2018 G\$
Balance at beginning	5,673,267,388	5,441,112,180
Contributions received plus interest	902,266,721	673,430,071
Refund of contributions, claims & benefits	(427,356,785)	(445,230,090)
Effect of Exchange Rate	4,186,805	3,955,227
	<u>6,152,364,129</u>	<u>5,673,267,388</u>

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

	Company		Group	
	2019 G\$	2018 G\$	2019 G\$	2018 G\$
<b>25(a) CLAIMS UNPAID</b>				
Claims unpaid	255,614,415	220,880,823	295,351,565	259,931,453
Reinsurance recoveries	(25,100,000)	(25,100,000)	(25,100,000)	(39,735,192)
	<u>230,514,415</u>	<u>195,780,823</u>	<u>270,251,565</u>	<u>220,196,261</u>

**25(b) DEVELOPMENT CLAIM TABLES**

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

Reporting Year	2013	2014	2015	2016	2017	2018	2019	Total
Gross estimate of cumulative claims cost								
At the end year of claim	37,525,805	11,858,403	2,890,000	6,065,000	5,634,907	5,324,800	7,916,320	77,215,235
One year later	36,111,717	6,069,071	2,484,680	6,065,000	5,634,907	3,740,090	-	-
Two years later	34,280,685	6,069,071	2,484,680	5,399,265	4,891,057	-	-	-
Three years later	34,280,685	6,069,071	2,484,680	5,399,265	-	-	-	-
Four years later	34,280,685	6,069,071	2,484,680	-	-	-	-	-
Five years later	34,280,685	6,069,071	-	-	-	-	-	-
Current estimate of cumulative claims cost								
	34,280,685	6,069,071	2,484,680	5,399,265	4,891,057	3,740,090	7,916,320	84,781,168
Cumulative payments	(9,537,155)	(4,961,771)	(984,680)	(3,724,265)	(2,691,057)	(3,145,090)	-	(25,044,018)
Outstanding claims recognised in the statement of financial position								
	24,743,530	1,107,300	1,500,000	1,675,000	2,200,000	595,000	7,916,320	39,737,150

**26 INTEREST BEARING BORROWINGS**

	CITIZENS BANK	GBTI	Company and Group	
	2019	2019	2019	2018
	G\$	G\$	G\$	G\$
At 1 January	79,605,980	65,079,798	144,685,778	232,429,927
Repayments during the year	(48,486,472)	(55,482,020)	(103,968,492)	(87,744,149)
At 31 December	<u>31,119,508</u>	<u>9,597,778</u>	<u>40,717,286</u>	<u>144,685,778</u>
Repayment due within one year	31,119,508	9,597,778	40,717,286	69,924,000
Repayment due within two to five years	-	-	-	74,761,778
	<u>31,119,508</u>	<u>9,597,778</u>	<u>40,717,286</u>	<u>144,685,778</u>

**Citizens Bank Loan**

This loan was obtained from Citizens Bank and is repayable over a five year period with a monthly instalment 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 instalment 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.

**27 TRADE AND OTHER PAYABLES**

	COMPANY		GROUP	
	2019	Restated 2018	2019	Restated 2018
	G\$	G\$	G\$	G\$
Current liabilities				
Trade and other payables	150,534,460	89,091,498	153,268,901	79,847,911
Accruals	5,173,678	6,035,146	5,173,678	6,035,146
Claim option deposits	376,378	375,822	376,378	375,822
Premiums paid in advance	90,922,440	81,725,807	90,922,440	81,725,807
	<u>247,006,966</u>	<u>177,228,273</u>	<u>249,741,397</u>	<u>167,984,686</u>

**28 RELATED PARTY TRANSACTIONS**

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

	GROUP	
	2019	2018
	G\$	G\$
a. The company shares a common Chairman and Board of Directors with Demerara Fire and General Insurance Company Limited. Some of the Company's staff and facilities were utilized by Demerara Fire and General Insurance Company Limited during the year.		
Fees Charged	<u>16,778,991</u>	<u>18,226,125</u>
The Society's property, plant and equipment are insured by the Demerara Fire and General Insurance Company Limited.		
Coverage	<u>861,519,302</u>	<u>851,519,302</u>
Premiums	<u>3,216,988</u>	<u>3,166,988</u>
Key management personnel		
The Society's 5 (2018 - 6) key management personnel comprises its Executive Managers. The remuneration paid during the year to Executive Managers is included among the cost shared by Demerara Fire & General Insurance Ltd.	<u>6,316,571</u>	<u>6,033,975</u>
Directors Emoluments 7 (2018 - 7)	<u>12,700,013</u>	<u>10,156,858</u>



	GROUP	
	2019	2018
	G\$	G\$
<b>28 Related party transactions cont'd</b>		
c. Transactions with companies which have one common Director with Demerara Mutual Life Assurance Society Limited.		
- Investments in Banks DIH Limited Shares 81,575,035 (2018 - 81,575,035 )	<u>6,607,577,835</u>	<u>6,526,002,800</u>
- Deposits held at Citizens' Bank Limited. Interest earned at the prevailing commercial rates.	<u>1,745,464,341</u>	<u>1,653,380,186</u>
- Investments in Citizens Bank Guyana Limited shares 1,000,000 (2018 - 1,000,000)	<u>146,000,000</u>	<u>146,000,000</u>
- Insurance Coverage to Company with common directors		
Coverage	<u>14,435,252,358</u>	<u>12,232,471,319</u>
Premiums	<u>45,408,602</u>	<u>35,989,907</u>
d. The Society has agreed to indemnify its Directors against any liability which may arise from the performance of their duties, provided that they act honestly and in good faith to the best interest of the Company.		



29 SEGMENTAL INFORMATION

<u>Line of Business</u>	Life	Health	Fire, General & Liability	Total 2019	Total 2018
	G\$	G\$	G\$	G\$	G\$
<b>Revenue</b>					
Premiums	1,520,850,640	73,921,538	109,533,007	1,704,305,185	1,392,622,237
Investment and other Income	549,579,599	-	23,340,651	572,920,250	495,397,823
Net Policy income	<u>2,070,430,239</u>	<u>73,921,538</u>	<u>132,873,658</u>	<u>2,277,225,435</u>	<u>1,888,020,060</u>
<b>Benefits and expenses</b>					
Claims	302,156,970	40,380,391	13,144,675	355,682,036	328,146,000
Surrenders	317,579,474	-	-	317,579,474	329,606,540
Commissions	114,345,270	311,090	13,365,962	128,022,322	137,475,390
Donations	1,179,461	-	-	1,179,461	527,776
Management expenses	824,162,777	3,157,065	49,131,531	876,451,373	869,405,871
Taxation	40,081,578	-	15,365,322	55,446,900	40,048,426
	<u>1,599,505,530</u>	<u>43,848,546</u>	<u>91,007,490</u>	<u>1,734,361,566</u>	<u>1,705,210,003</u>
Surplus of revenue over expenditure	<u>470,924,709</u>	<u>30,072,992</u>	<u>41,866,168</u>	<u>542,863,869</u>	<u>182,810,057</u>
Change in policy liabilities	<u>311,178,553</u>	<u>3,055,000</u>	<u>-</u>	<u>314,233,553</u>	<u>186,607,296</u>
Net Surplus/(deficit) after taxation	<u>159,746,156</u>	<u>27,017,992</u>	<u>41,866,168</u>	<u>228,630,316</u>	<u>(3,797,239)</u>
<b>Assets</b>	<u>28,349,506,346</u>	<u>42,601,088</u>	<u>629,623,709</u>	<u>29,021,731,143</u>	<u>25,593,807,008</u>
<b>Liabilities</b>	<u>13,990,933,727</u>	<u>7,314,887</u>	<u>248,178,904</u>	<u>14,246,427,518</u>	<u>13,257,148,233</u>
<b>Geographical</b>					
<b>Revenue</b>					
Guyana				568,120,485	536,001,787
Out of Guyana				1,136,184,700	856,620,450
				<u>1,704,305,185</u>	<u>1,392,622,237</u>
<b>Assets</b>					
Guyana				21,954,221,836	18,790,311,361
Out of Guyana				7,067,509,307	6,803,495,647
<b>Liabilities</b>					
Guyana				7,823,711,019	7,189,582,662
Out of Guyana				6,422,716,499	6,067,565,571



### 30 Pending Litigation

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

### 31 Insurance Act 2016

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

### 32 Analysis of financial assets and liabilities by measurement basis

Company	2019					2018
	Held to maturity	Loans and receivable	"Available for sale"	Other assets and liabilities at amortised cost	Total	
	G\$	G\$	G\$	G\$	G\$	G\$
<b>Assets</b>						
Cash resources	-	-	-	7,162,069,702	7,162,069,702	6,578,501,398
Investments	-	-	14,142,993,982	-	14,142,993,982	12,230,667,419
Bonds	1,399,173,559	-	-	-	1,399,173,559	1,300,873,121
Policy loans	-	610,817,183	-	-	610,817,183	459,388,947
Mortgages	-	7,128,622	-	-	7,128,622	7,812,797
Trade and other receivables	-	147,475,323	-	-	147,475,323	29,679,572
Accrued Interest	-	48,970,183	-	-	48,970,183	50,864,856
Tax Recoverable	-	-	-	44,750,698	44,750,698	47,376,509
	<b>1,399,173,559</b>	<b>814,391,311</b>	<b>14,142,993,982</b>	<b>7,206,820,400</b>	<b>23,563,379,252</b>	
<b>2018</b>	<b>1,300,873,121</b>	<b>547,746,172</b>	<b>12,230,667,419</b>	<b>6,625,877,907</b>		<b>20,705,164,619</b>
<b>Liabilities</b>						
Actuarial Liabilities	-	-	-	7,302,672,490	7,302,672,490	6,962,440,713
Deposit Administration Fund	-	-	-	6,152,364,129	6,152,364,129	5,673,267,388
Claims	-	-	-	230,514,415	230,514,415	195,780,823
Trade and other payables	-	-	-	150,534,460	150,534,460	89,091,498
Others	-	-	-	162,163,120	162,163,120	302,180,440
	-	-	-	<b>13,998,248,614</b>	<b>13,998,248,614</b>	
<b>2018</b>	-	-	-	<b>13,222,760,861</b>		<b>13,222,760,861</b>
<b>Group</b>						
	2019					2018
	Held to maturity	Loans and receivable	"Available for sale"	Other assets and liabilities at amortised cost	Total	
	G\$	G\$	G\$	G\$	G\$	G\$
<b>Assets</b>						
Cash resources	-	-	-	7,378,217,238	7,378,217,238	6,748,097,387
Investments	-	-	14,518,058,077	-	14,518,058,077	12,524,134,814
Bonds	1,399,173,559	-	-	-	1,399,173,559	1,300,873,121
Policy loans	-	610,817,183	-	-	610,817,183	459,388,947
Mortgages	-	7,128,622	-	-	7,128,622	7,812,797
Trade and other receivables	-	179,163,953	-	-	179,163,953	61,464,186
Accrued Interest	-	49,104,487	-	-	49,104,487	50,988,957
Tax Recoverable	-	-	-	49,360,568	49,360,568	49,011,523
	<b>1,399,173,559</b>	<b>846,214,245</b>	<b>14,518,058,077</b>	<b>7,427,577,805</b>	<b>24,191,023,685</b>	
<b>2018</b>	<b>1,300,873,121</b>	<b>579,654,887</b>	<b>12,524,134,814</b>	<b>6,797,108,910</b>		<b>21,201,771,732</b>
<b>Liabilities</b>						
Actuarial Liabilities	-	-	-	7,302,672,490	7,302,672,490	6,962,440,713
Deposit Administration Fund	-	-	-	6,152,364,129	6,152,364,129	5,673,267,388
Claims	-	-	-	270,251,565	270,251,565	220,196,261
Trade and other payables	-	-	-	153,268,901	153,268,901	79,847,911
Others	-	-	-	367,870,433	367,870,433	483,284,000
	-	-	-	<b>14,246,427,518</b>	<b>14,246,427,518</b>	
<b>2018</b>	-	-	-	<b>13,419,036,272</b>		<b>13,419,036,272</b>

### 33 Financial Risk Management

#### Financial risk management objectives

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

#### (a) Market risk

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

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

##### (i) Price risk

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

##### (ii) Foreign currency risk

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

	2019				
	£	EC\$	TT\$	B'dos\$	Total G\$ equivalent
Assets	1,378,199	80,011,340	16,419,679	44,625	7,221,220,502
Liabilities	-	(8,696,043)	(457,269)	-	(700,750,597)
	<u>1,378,199</u>	<u>71,315,297</u>	<u>15,962,410</u>	<u>44,625</u>	<u>6,520,469,905</u>

	2018				
	£	EC\$	TT\$	B'dos\$	Total G\$ equivalent
Assets	1,373,734	77,192,899	16,419,679	44,625	6,952,264,663
Liabilities	-	(8,690,599)	(457,269)	-	(696,981,903)
	<u>1,373,734</u>	<u>68,502,300</u>	<u>15,962,410</u>	<u>44,625</u>	<u>6,255,282,760</u>

#### Foreign Currency Sensitivity Analysis

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

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

	£ Sterling impact G\$ M	EC dollar impact G\$ M	TT dollar impact G\$ M	B'dos dollar impact G\$ M
2019	<u>9.57</u>	<u>140.71</u>	<u>12.62</u>	<u>0.12</u>
2018	<u>9.23</u>	<u>134.52</u>	<u>12.51</u>	<u>0.12</u>

**33 Financial Risk Management (cont'd)**

**(a) Market risk cont'd**

(iii) Interest rate sensitivity analysis

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

	Increase/decrease in basis points	Impact on profit for year	
		2019	2018
		G\$000	G\$000
<b>Cash and cash equivalents</b>			
Local Currency	+/-50	14,400	11,732
Foreign Currencies	+/-50	1,775	1,227

Apart from the foregoing with respect to the other financial assets and liabilities, it was not possible to determine the expected impact of a reasonable possible change in interest rates on profit or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of the assets and liabilities.

(iv) Interest rate risk

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

	Interest Rate Range	Company				
		Maturing 2019			Non interest bearing G\$	Total G\$
		Within 1 year G\$	1 to 5 years G\$	Over 5 years		
<b>ASSETS</b>						
Cash resources	1.7	3,927,099,725	-	-	3,234,969,977	7,162,069,702
Investments	8.6	-	1,143,098,915	256,074,644	14,142,993,982	15,542,167,541
Policy loans	12.5	-	610,817,183	-	-	610,817,183
Mortgages	7.5	-	-	7,128,622	-	7,128,622
Loans and advances	12.0	17,926,765	-	-	-	17,926,765
Others		-	-	-	223,269,439	223,269,439
		<b>3,945,026,490</b>	<b>1,753,916,097</b>	<b>263,203,266</b>	<b>17,601,233,398</b>	<b>23,563,379,252</b>
<b>LIABILITIES</b>						
Actuarial liabilities		-	-	-	7,302,672,490	7,302,672,490
Deposit administration fund		-	-	-	6,152,364,129	6,152,364,129
Claims		-	-	-	230,514,415	230,514,415
Trade and other payables		-	-	-	150,534,460	150,534,460
Others	6.0	40,717,286	-	-	121,445,834	162,163,120
		<b>40,717,286</b>	-	-	<b>13,957,531,328</b>	<b>13,998,248,614</b>
Interest sensitivity gap		<b>3,904,309,204</b>	<b>1,753,916,097</b>	<b>263,203,266</b>		

	Interest Rate Range	Company				
		Maturing 2018			Non interest bearing G\$	Total G\$
		Within 1 year G\$	1 to 5 years G\$	Over 5 years		
<b>ASSETS</b>						
Cash resources	1.7	3,986,815,731	-	-	2,591,685,667	6,578,501,398
Investments	8.6	-	1,045,999,030	254,874,091	12,230,667,419	13,531,540,540
Policy loans	12.5	-	459,388,947	-	-	459,388,947
Mortgages	7.5	-	-	7,812,797	-	7,812,797
Loans and advances	12.0	41,463,448	-	-	-	41,463,448
Others		-	-	-	86,457,489	86,457,489
		<b>4,028,279,179</b>	<b>1,505,387,977</b>	<b>262,686,888</b>	<b>14,908,810,575</b>	<b>20,705,164,619</b>
<b>LIABILITIES</b>						
Actuarial liabilities		-	-	-	6,962,440,713	6,962,440,713
Deposit administration fund		-	-	-	5,673,267,388	5,673,267,388
Claims		-	-	-	195,780,823	195,780,823
Trade and other payables		-	-	-	89,091,498	89,091,498
Others	6.0	69,924,000	74,761,778	-	157,494,660	302,180,438
		<b>69,924,000</b>	<b>74,761,778</b>	-	<b>13,078,075,081</b>	<b>13,222,760,859</b>
Interest sensitivity gap		<b>3,958,355,179</b>	<b>1,430,626,199</b>	<b>262,686,888</b>		

**33 Financial Risk Management (cont'd)**

(iv) Interest rate risk (cont'd)

		Group				
Interest Rate Range	Maturing 2019					Total G\$
	Within 1 year G\$	1 to 5 years G\$	Over 5 years	Non interest bearing G\$		
<b>ASSETS</b>						
Cash resources	2.54	4,087,249,983	-	-	3,290,967,255	7,378,217,238
Investments	5.70	-	1,143,098,915	256,074,644	14,518,058,077	15,917,231,636
Policy loans	12.50	-	610,817,183	-	-	610,817,183
Mortgages	7.50	-	-	7,128,622	-	7,128,622
Loans and advances	12.00	17,926,765	-	-	-	17,926,765
Others		-	-	-	259,702,243	259,702,243
		<b>4,105,176,748</b>	<b>1,753,916,097</b>	<b>263,203,266</b>	<b>18,068,727,575</b>	<b>24,191,023,686</b>
<b>LIABILITIES</b>						
Actuarial liabilities		-	-	-	7,302,672,490	7,302,672,490
Deposit administration fund		-	-	-	6,152,364,129	6,152,364,129
Claims		-	-	-	270,251,565	270,251,565
Trade and other payables		-	-	-	153,268,901	153,268,901
Others	6.00	40,717,286	-	-	327,153,147	367,870,433
		<b>40,717,286</b>	-	-	<b>14,205,710,232</b>	<b>14,246,427,518</b>
Interest sensitivity gap		<b>4,064,459,462</b>	<b>1,753,916,097</b>	<b>263,203,266</b>		

		Group				
Interest Rate Range	Maturing 2018					Total G\$
	Within 1 year G\$	1 to 5 years G\$	Over 5 years	Non interest bearing G\$		
<b>ASSETS</b>						
Cash resources	2.54	4,095,177,438	-	-	2,652,919,949	6,748,097,387
Investments	5.70	-	1,045,999,030	254,874,091	12,524,134,814	13,825,007,935
Policy loans	12.50	-	459,388,947	-	-	459,388,947
Mortgages	7.50	-	-	7,812,797	-	7,812,797
Loans and advances	12.00	41,463,449	-	-	-	41,463,449
Others		-	-	-	120,001,217	120,001,217
		<b>4,136,640,887</b>	<b>1,505,387,977</b>	<b>262,686,888</b>	<b>15,297,055,980</b>	<b>21,201,771,732</b>
<b>LIABILITIES</b>						
Actuarial liabilities		-	-	-	6,962,440,713	6,962,440,713
Deposit administration fund		-	-	-	5,673,267,388	5,673,267,388
Claims		-	-	-	220,196,261	220,196,261
Trade and other payables		-	-	-	79,847,911	79,847,911
Others	6.00	69,924,000	74,761,778	-	338,598,222	483,284,000
		<b>69,924,000</b>	<b>74,761,778</b>	-	<b>13,274,350,494</b>	<b>13,419,036,272</b>
Interest sensitivity gap		<b>4,066,716,887</b>	<b>1,430,626,199</b>	<b>262,686,888</b>		

**33 Financial Risk Management (cont'd)**

(b) Liquidity risk

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

At 31 December 2019

Assets	Company			Total G\$
	1 to 12 months G\$	1 to 5 years	Over 5 years G\$	
	Trade and other receivables	147,475,323	-	
Accrued Interest	48,970,183	-	-	48,970,183
Tax recoverable	44,750,698	-	-	44,750,698
Deposits	3,927,099,725	-	-	3,927,099,725
Policy Loans	-	610,817,183	-	610,817,183
Mortgages	-	-	7,128,622	7,128,622
Bonds	-	1,143,098,915	256,074,644	1,399,173,559
Securities	-	14,142,993,982	-	14,142,993,982
Cash at bank	3,234,969,977	-	-	3,234,969,977
	<b>7,403,265,906</b>	<b>15,896,910,079</b>	<b>263,203,266</b>	<b>23,563,379,252</b>
<b>Liabilities</b>				
Actuarial liabilities	181,367,027	273,667,429	6,847,638,034	7,302,672,490
Deposit administration fund	6,152,364,129	-	-	6,152,364,129
Trade and other payables	-	150,534,460	-	150,534,460
Unpaid Claims	230,514,415	-	-	230,514,415
Others	162,163,120	-	-	162,163,120
	<b>6,726,408,691</b>	<b>424,201,889</b>	<b>6,847,638,034</b>	<b>13,998,248,614</b>
	<b>676,857,215</b>	<b>15,472,708,190</b>	<b>(6,584,434,768)</b>	<b>9,565,130,638</b>

At 31 December 2018

Assets	Company			Total G\$
	1 to 12 months G\$	1 to 5 years	Over 5 years G\$	
	Trade and other receivables	29,679,572	-	
Accrued Interest	50,864,856	-	-	50,864,856
Tax recoverable	47,376,509	-	-	47,376,509
Deposits	3,986,815,731	-	-	3,986,815,731
Policy Loans	-	459,388,947	-	459,388,947
Mortgages	-	-	7,812,797	7,812,797
Bonds	-	1,045,999,030	254,874,091	1,300,873,121
Securities	-	12,230,667,419	-	12,230,667,419
Cash at bank	2,591,685,667	-	-	2,591,685,667
	<b>6,706,422,335</b>	<b>13,736,055,396</b>	<b>262,686,888</b>	<b>20,705,164,619</b>
<b>Liabilities</b>				
Actuarial liabilities	181,367,027	273,667,429	6,507,406,257	6,962,440,713
Deposit administration fund	5,673,267,388	-	-	5,673,267,388
Trade and other payables	-	89,091,498	-	89,091,498
Unpaid Claims	195,780,823	-	-	195,780,823
Others	227,418,660	74,761,778	-	302,180,439
	<b>6,277,833,899</b>	<b>437,520,705</b>	<b>6,507,406,257</b>	<b>13,222,760,861</b>
	<b>428,588,436</b>	<b>13,298,534,691</b>	<b>(6,244,719,369)</b>	<b>7,482,403,758</b>

**33 Financial Risk Management (cont'd)**

(b) Liquidity risk (cont'd)

At 31 December 2019

Assets	Group			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$
Trade and other receivables	179,163,953	-	-	179,163,953
Accrued Interest	49,104,487	-	-	49,104,487
Tax recoverable	49,360,568	-	-	49,360,568
Deposits	4,087,249,983	-	-	4,087,249,983
Policy Loans	-	610,817,183	-	610,817,183
Mortgages	-	-	7,128,622	7,128,622
Bonds	-	1,143,098,915	256,074,644	1,399,173,559
Securities	-	14,518,058,077	-	14,518,058,077
Cash at bank	3,290,967,255	-	-	3,290,967,255
	<b>7,655,846,246</b>	<b>16,271,974,174</b>	<b>263,203,266</b>	<b>24,191,023,686</b>
<b>Liabilities</b>				
Actuarial liabilities	181,367,027	273,667,429	6,847,638,034	7,302,672,490
Deposit administration fund	6,152,364,129	-	-	6,152,364,129
Trade and other payables	-	153,268,901	-	153,268,901
Unpaid Claims	270,251,565	-	-	270,251,565
Others	233,325,673	134,544,760	-	367,870,433
	<b>6,837,308,394</b>	<b>561,481,090</b>	<b>6,847,638,034</b>	<b>14,246,427,518</b>
	<b>818,537,852</b>	<b>15,710,493,084</b>	<b>(6,584,434,768)</b>	<b>9,944,596,168</b>

At 31 December 2018

Assets	Group			
	1 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$
Trade and other receivables	61,464,186	-	-	61,464,186
Accrued Interest	50,988,957	-	-	50,988,957
Tax recoverable	49,011,523	-	-	49,011,523
Deposits	4,095,177,438	-	-	4,095,177,438
Policy Loans	-	459,388,947	-	459,388,947
Mortgages	-	-	7,812,797	7,812,797
Bonds	-	1,045,999,030	254,874,091	1,300,873,121
Securities	-	12,524,134,814	-	12,524,134,814
Cash at bank	2,652,919,949	-	-	2,652,919,949
	<b>6,909,562,053</b>	<b>14,029,522,791</b>	<b>262,686,888</b>	<b>21,201,771,732</b>
<b>Liabilities</b>				
Actuarial liabilities	181,367,027	273,667,429	6,507,406,257	6,962,440,713
Deposit administration fund	5,673,267,388	-	-	5,673,267,388
Trade and other payables	-	79,847,911	-	79,847,911
Unpaid Claims	220,196,261	-	-	220,196,261
Others	380,972,124	102,311,876	-	483,284,000
	<b>6,455,802,800</b>	<b>455,827,217</b>	<b>6,507,406,257</b>	<b>13,419,036,274</b>
	<b>453,759,253</b>	<b>13,573,695,574</b>	<b>(6,244,719,369)</b>	<b>7,782,735,459</b>

**33 Financial Risk Management (cont'd)**

(c) Credit risk

Concentration of Risk

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

	Company		Group	
	2019	2018	2019	2018
	G\$	G\$	G\$	G\$
<b>Investments</b>				
Held to Maturity(i)	1,399,173,559	1,300,873,121	1,399,173,559	1,300,873,121
Available for sale(i)	14,142,993,982	12,230,667,419	14,518,058,077	12,524,134,814
Cash on Hand & in Bank(ii)	3,234,969,977	2,591,685,667	3,290,967,255	2,652,919,949
Cash on Deposits(ii)	3,927,099,725	3,986,815,731	4,087,249,983	4,095,177,438
Loans Receivables(v)	617,945,804	467,201,744	617,945,804	467,201,744
Trade and other receivables (iii)	147,475,323	29,679,572	174,071,040	58,636,403
Accrued Interest(iv)	48,970,183	50,864,856	49,104,487	50,988,957
Premium Receivable(vi)	-	-	5,092,913	2,827,783
Tax Recoverable	44,750,698	47,376,509	49,360,568	49,011,523
	<b>23,563,379,251</b>	<b>20,705,164,619</b>	<b>24,191,023,686</b>	<b>21,201,771,732</b>

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

(ii) Cash and cash equivalent include balances held in commercial banks. These banks have been assessed by the Society as being credit worthy with very strong capacity to meet obligations as they fall due.

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

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

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

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

The above balance are classified as follows:

	2019 G\$	2018 G\$	2019 G\$	2018 G\$
Current	147,278,314	29,482,711	173,874,031	58,439,542
Past due over 179 days	197,009	196,861	197,009	196,861
	<b>147,475,323</b>	<b>29,679,572</b>	<b>174,071,040</b>	<b>58,636,403</b>

### 34 Insurance Risk Management

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

Firstly there is the company's underwriting principles that seek to ensure that all risks selected are insurable. The fact that the company operates in four different territories helps to guard against concentration of risks in one location. The company's risk is also mitigated through its reinsurance treaties. Guyana cedes liabilities over G\$400,000 for some policies while other policies are ceded for liabilities above G\$2,000,000. In the EC territories, the amount ceded are liabilities over EC\$100,000. This risk is also managed by the careful adjunction of all claims and avoids the payment of fraudulent claims.

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

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

Benefits assured per life assured at the end of 2019	Total benefits insured (G\$ millions)			
	Before reinsurance		After reinsurance	
0M - 3M	16,143	13.5%	14,914	16.8%
3M - 5M	24,306	20.4%	22,510	25.3%
5M - 10M	34,081	28.6%	29,073	32.7%
Over 10M	44,790	37.5%	22,452	25.2%
<b>Total</b>	<b>119,320</b>	<b>100.0%</b>	<b>88,949</b>	<b>100.0%</b>

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

#### Reserves for future policyholders' benefits

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

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

#### 34 Insurance Risk Management (cont'd)

##### (i) Mortality

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

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

Individual Annuitant Mortality tables. Mortality improvement was assumed for future years.

An additional margin was provided for uncertainty in setting the expected assumptions.

##### (ii) Interest Rate

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

##### (iii) Lapse

For individual life insurance policies, an investigation into the Society's lapse experience performed, and the lapse assumption was made based on the Society's experience. An additional margin was provided for uncertainty in setting the expected assumptions.

##### (iv) Expense and Inflation

Projected commission payments were assumed in accordance with the Society's commission schedule.

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

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

##### (v) Reinsurance

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

##### (vi) Exchange Rate

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

**35 Defined Benefit Asset Company and Group**

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

	<u>Company and Group</u>	
	<u>2019</u>	<u>2018</u>
	<u>G\$</u>	<u>G\$</u>
Present value of obligation	(1,093,052,820)	(968,076,317)
Fair value of plan assets	3,409,152,642	2,822,916,082
Net defined benefit asset	<u><u>2,316,099,822</u></u>	<u><u>1,854,839,765</u></u>

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

	<u>Company and Group</u>	
	<u>2019</u>	<u>2018</u>
Opening defined benefit obligation	968,076,317	882,455,157
Current service cost	38,723,053	27,607,965
Interest cost	26,669,019	35,298,205
Benefits paid	(45,023,973)	(50,578,236)
Actuarial gain	104,608,404	73,293,226
Closing defined benefit obligation	<u><u>1,093,052,820</u></u>	<u><u>968,076,317</u></u>

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

Opening fair value of plan assets	2,822,916,082	1,708,087,300
Expected return on plan assets	112,190,177	67,483,062
Contributions paid	8,700,655	8,556,722
Benefits paid	(45,023,973)	(50,578,236)
Actuarial gain	510,369,701	1,089,367,234
Closing fair value of plan assets	<u><u>3,409,152,642</u></u>	<u><u>2,822,916,082</u></u>

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

	<u>Company and Group</u>	
	<u>2019</u>	<u>2018</u>
	<u>G\$</u>	<u>G\$</u>
Current service cost	26,669,019	27,607,965
Net interest on defined benefit obligation	(73,467,124)	(32,184,855)
	<u><u>(46,798,105)</u></u>	<u><u>(4,576,890)</u></u>

Reconciliation of amount recognised in the Statement of Financial Position

	<u>Company and Group</u>	
	<u>2019</u>	<u>2018</u>
Opening Balance	1,854,839,765	825,632,443
Net pension cost	46,798,105	4,576,890
Re-measurement recognised in Other Comprehensive Income	405,761,297	1,016,073,709
Contributions paid	8,700,655	8,556,723
	<u><u>2,316,099,822</u></u>	<u><u>1,854,839,765</u></u>

**35 Defined Benefit Asset Company and Group (cont'd)**

Experience History	2019	2018	2017	2016
Defined benefit obligation	(1,093,052,820)	(968,076,317)	(882,455,157)	(895,761,297)
Fair Value of plan assets	3,409,152,642	2,822,916,082	1,708,087,600	1,228,948,109
<b>Surplus</b>	<b>2,316,099,822</b>	<b>1,854,839,765</b>	<b>825,632,443</b>	<b>333,186,812</b>

Summary of main assumptions

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

**36 Restatements**

The Society has adjusted amounts previously incorrectly classified as creditors. These changes have been applied retrospectively. The effect of the change to the statement of changes in equity and statement of financial position for the year ended December 31, 2018 has been summarized in the following tables.

<b>Statement of Financial Position</b>	<b>Previously Stated Value</b>	<b>Prior Year Adjustment</b>	<b>Restated Value</b>
	<b>G\$</b>	<b>G\$</b>	<b>G\$</b>
<b>Company</b>			
<b>Balance January 1, 2018</b>			
<b>Capital and Reserves</b>			
Retained earnings	(538,666,509)	(161,888,040)	(700,554,549)
<b>Current Liabilities</b>			
Trade payables	57,441,424	161,888,040	219,329,464
<b>Balance December 31, 2018</b>			
<b>Capital and Reserves</b>			
Retained earnings	447,956,641	(161,888,040)	286,068,601
<b>Current Liabilities</b>			
Trade payables	15,340,233	161,888,040	177,228,273

**36 Restatements (cont'd)**

Statement of Financial Position	Previously Stated Value	Prior Year Adjustment	Restated Value
	G\$	G\$	G\$
<b>Group</b>			
<b>Balance January 1, 2018</b>			
<b>Capital and Reserves</b>			
Retained earnings	<u>(444,072,828)</u>	<u>(161,888,040)</u>	<u>(605,960,868)</u>
<b>Current Liabilities</b>			
Trade payables	<u>41,711,735</u>	<u>161,888,040</u>	<u>203,599,775</u>
<b>Balance December 31, 2018</b>			
<b>Capital and Reserves</b>			
Retained earnings	<u>568,203,642</u>	<u>(161,888,040)</u>	<u>406,315,602</u>
<b>Current Liabilities</b>			
Trade payables	<u>6,096,646</u>	<u>161,888,040</u>	<u>167,984,686</u>

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2019 **Annual Report**

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